

The Arc  
High Street  
Clowne  
S43 4JY

To: Chair & Members of the Audit &  
Corporate Overview Scrutiny Committee

Contact: Joanne Wilson  
Telephone: 01246 242385  
Email: [joanne.wilson@bolsover.gov.uk](mailto:joanne.wilson@bolsover.gov.uk)

Friday, 15<sup>th</sup> July 2022

Dear Councillor

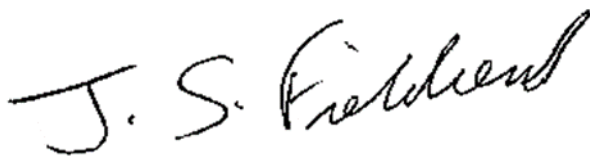
**AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE**

You are hereby summoned to attend a meeting of the Audit & Corporate Overview Scrutiny Committee of the Bolsover District Council to be held in the Council Chamber, The Arc, Clowne on Tuesday, 26<sup>th</sup> July, 2022 at 10:00 hours.

Register of Members' Interests - Members are reminded that a Member must within 28 days of becoming aware of any changes to their Disclosable Pecuniary Interests provide written notification to the Authority's Monitoring Officer.

You will find the contents of the agenda itemised on pages 2 and 3.

Yours faithfully



Solicitor to the Council & Monitoring Officer



**Bolsover**  
District Council

**We speak your language**  
Polish **Mówimy Twoim językiem**  
Slovak **Rozprávame Vaším jazykom**  
Chinese **我们会说你的语言**

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If you require an adjustment to enable you to participate in or access the meeting please contact the Governance Team at least 72 hours before the meeting starts.

# AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE AGENDA

*Tuesday, 26th July, 2022 at 10:00 hours taking place in the Council Chamber, The Arc,  
Clowne*

Item No.		Page No.(s)
1.	<b>Apologies for Absence</b>	
2.	<b>Urgent Items of Business</b>	
	To note any urgent items of business which the Chairman has consented to being considered under the provisions of Section 100(B) 4(b) of the Local Government Act 1972.	
3.	<b>Declarations of Interest</b>	
	Members should declare the existence and nature of any Disclosable Pecuniary Interest and Non Statutory Interest as defined by the Members' Code of Conduct in respect of:	
	a) any business on the agenda	
	b) any urgent additional items to be considered	
	c) any matters arising out of those items and if appropriate, withdraw from the meeting at the relevant time.	
4.	<b>Minutes</b>	4 - 8
	To consider the Minutes of the last meeting held on 26 <sup>th</sup> May, 2022.	
5.	<b>List of Key Decisions and Items to be Considered in Private</b>	9
	<i>(Members should contact the officer whose name appears on the List of Key Decisions for any further information. NB: If Members wish to discuss an exempt report under this item, the meeting will need to move into exempt business and exclude the public in accordance with the Local Government (Access to Information) Act 1985 and Local Government Act 1972, Part 1, Schedule 12a for that part of the meeting only).</i>	
6.	<b>Budget Monitoring Report - Financial Outturn 2021/22</b>	10 - 46
7.	<b>Annual Corporate Debt Monitoring Performance Report 2021/22</b>	47 - 53
8.	<b>Budget Monitoring Report - Quarter 1 - April to June 2022/23</b>	54 - 77
9.	<b>Report of Internal Audit - Summary of progress on the Internal Audit Plan</b>	78 - 83
10.	<b>Internal Audit Consortium Annual Report 2021/22</b>	84 - 97

11.	<b>Briefing on CIPFA Publication - Internal Audit Untapped Potential</b>	98 - 159
12.	<b>Audit &amp; Corporate Overview Scrutiny Committee Work Programme 2022/23</b>	160 - 166

## AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

Minutes of a meeting of the Audit and Corporate Overview Scrutiny Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne, on Thursday 26<sup>th</sup> May 2022 at 1000 hours.

### **PRESENT:-**

Councillor Tom Munro in the Chair

Councillors Tom Kirkham, Graham Parkin and Co-opted Member Ruth Jaffray.

Officers:- Jim Fieldsend (Monitoring Officer), Theresa Fletcher (Treasurer) (left during Minute No. ACO10-22/23), Claire Bamford (Principal Accountant) (joined during Minute No. ACO10-22/23), Kath Drury (Information, Engagement and Performance Manager), Joanne Wilson (Scrutiny & Elections Officer) and Tom Scott (Governance Officer).

Also in attendance at the meeting were Councillors Clive Moesby (Portfolio Holder – Finance), Jen Wilson (Chair of Local Growth Scrutiny Committee) and Mark Surridge (Mazars Director - Audit & Assurance) (joined during Minute No. ACO9-22/23).

### **ACO1-22/23      APOLOGIES FOR ABSENCE**

Apologies for absence were received on behalf of Councillors Rose Bowler, Jane Bryson, David Downes, Anne Clarke, Nick Clarke and Rita Turner.

### **ACO2-22/23      URGENT ITEMS OF BUSINESS**

There were no urgent items of business to consider.

### **ACO3-22/23      DECLARATIONS OF INTEREST**

There were no declarations of interest made.

### **ACO4-22/23      MINUTES - 26<sup>TH</sup> APRIL 2022**

Moved by Councillor Graham Parkin and seconded by Councillor Tom Kirkham  
**RESOLVED** that the Minutes of an Audit and Corporate Overview Scrutiny Committee held on 26<sup>th</sup> April 2022 be approved as a correct record.

### **ACO5-22/23      LIST OF KEY DECISIONS AND ITEMS TO BE CONSIDERED IN PRIVATE**

Committee considered the List of Key Decisions and items to be considered in private document.

**RESOLVED** that the List of Key Decisions and items to be considered in private document be noted.



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### **ACO6-22/23      AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE WORK PROGRAMME 2022/23**

Committee considered their work programme for 2022/23.

Moved by Councillor Tom Munro and seconded by Councillor Graham Parkin.

**RESOLVED** that the Work Programme 2022/23 be noted.

(Scrutiny & Elections Officer)

### **ACO7-22/23      CHANGE TO ORDER OF BUSINESS ON THE AGENDA**

With the consent of the other Committee Members, the Chair amended the order of the agenda items to move Item 7 'Report of External Audit (Mazars)' to the end of the agenda.

### **ACO8-22/23      MEMBER TRAINING 2022/23**

The Scrutiny and Elections Officer referred to the guidance document on knowledge and skills for Audit Committee Members, which had been on the agenda for the Committee meeting on 26<sup>th</sup> April 2022 (Appendix 2 to the Self-Assessment Action Plan). She explained how she had changed Appendix C of the document into a checklist, and would circulate the checklist to Audit Members for them to complete by 9<sup>th</sup> June.

The Scrutiny and Elections Officer informed Members that CIPFA were running Audit training in June and September 2022 and the LGA also had a Councillor Workbook which Members could complete.

Councillor Tom Kirkham believed it would be beneficial for current Audit Members to undergo Audit refresher training in order to better support the 2023 intake of elected Members.

### **ACO9-22/23      CORPORATE AMBITIONS PERFORMANCE UPDATE – JANUARY 2022 TO MARCH 2022 (Q4 - 2022/23)**

Committee considered a report informing them of the Quarter 4 outturns for the Council's Ambition targets 2020-2024. Out of the 31 targets:

18 (58%) were on track  
1 (3%) continued to be affected by Covid 19  
1 (3%) achieved in 2021/22  
1 (3%) failed in 2021/22  
3 (10%) had been placed on alert  
7 (23%) achieved previously.

The Information, Engagement and Performance Manager informed Members about the following Ambition Targets:

CUS.10 – the target of "Deliver a health intervention programme which provides 500 adults per year with a personal exercise plan" had been achieved.

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CUS.07 – the target of “Reduce average relet times for standard voids (council properties) to 20 calendar days by March 2021 and maintain thereafter” had been placed on alert as it was unlikely to meet its intended outturn in 2021/22.

ENV.08 – the target of “Bring 5 empty properties back into use per year through assistance and enforcement measures” failed to meet its annual outturn. The Information, Engagement and Performance Manager explained that the target had been missed because it took a long time to bring properties back into use.

ENV.03 – the target of “Achieve a combined recycling and composting rate of 50% by March 2023” had been placed on alert as it was unlikely to meet its intended outturn in 2021/22.

ENV.06 – the target of “Increase the number of fixed penalty notices issued for litter and dog fouling offences by 20% over 5 years (2023/24)” had been placed on alert as it was unlikely to meet its intended outturn in 2021/22. The Information, Engagement and Performance Manager explained that the target had been impacted by staffing issues and the inability to carry out face-to-face enforcement controls.

The Scrutiny and Elections Officer explained how questions from Members had been raised on these missed targets in the pre-meet, and she circulated written responses to the questions gathered by the Information, Engagement and Performance Manager as follows:

CUS.07 (standard voids) - Question: Is a temporary revised target needed for 2022/23?  
Response: We have discussed amending the target and are looking at alternatives. Once this piece of work is finalised, it will be presented to Members for consideration.  
(Assistant Director of Property Services & Housing Repairs)

The Chair noted the response and felt it was vital to ensure we had no unrealistic/unreasonable targets, particularly where we were currently affected by external issues, in this case supply of materials for works.

ENV.03 (recycling) - Question: Why is the estimate based on actuals from 2019/20 instead of 2020/21?

Response: The reason for using the 2019/20 data is because the 2020/21 data was substantially affected by COVID and the Wards recycling issue; hence, using the 2019/20 data which was more stable and reflecting service performance in 2021/22. An estimate is used because of the time lag in receiving the confirmed % from the Waste Data Flow system. Q4 actual will be known in July 2022 and then included on the performance report at Q1 2022/23. (Assistant Director of Streetscene)

ENV.06 (fixed penalties) - Question/Enquiry: Details were sought regarding the baseline from which the target is set.

Response: The baseline was the outturn for 19/20 – 56 FPN issued. Therefore the target by 2023/24 is 67 with interim targets of 59 in 21/22 and 62 in 22/23. There are discussions on withdrawing this target as it does not focus on outcomes. What we really want is a decrease in environmental crime. If we are successful in reducing it, we wouldn't need to issue as many FPNs. (Assistant Director of Environmental Health)

It was noted that the service was likely to review the educational work it carried out in relation to environmental offences.

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The Chair suggested that it would be beneficial to see targets other neighbouring authorities set (like North East Derbyshire District Council and Bassetlaw District Council) and have Council targets benchmarked against them, such as the standard voids target. The Information, Engagement and Performance Manager explained that the Council had put in a request to the East Midlands Performance Management Network, but a response had not been received.

Moving on to the Indicators section of the report, the Information, Engagement and Performance Manager also informed Members that target CSP 16 (% written complaints responded to in 15 working days) had been missed because of the flexible retirement of the Customer Standards and Complaints Officer.

*(Mark Surridge - Mazars Director - Audit & Assurance entered the meeting at this point.)*

The Scrutiny and Elections Officer referred to ENV.06 (fixed penalties) and asked if a separate target could be included on how many of the FPNs issued were for dog fouling. The Information, Engagement and Performance Manager indicated she would discuss the possibility with the Assistant Director for Environmental Health.

Councillor Jen Wilson (Chair of Local Growth Scrutiny Committee) referred to some of the missed targets for rent arrears, and felt it should be considered that COVID was making it difficult for tenants to pay rent. The Information, Engagement and Performance Manager explained that the Council had reduced the number of rent arrears in the last year.

**RESOLVED** that the quarterly outturns against the Council Ambition 2020-2024 targets and relevant performance indicators be noted.

### ACO10-22/23      REPORT OF EXTERNAL AUDIT (MAZARS)

Mark Surridge (Mazars Director - Audit & Assurance) presented the Mazars Audit Strategy Memorandum for the year ending 31<sup>st</sup> March 2022. The report included:

1. Engagement and responsibilities summary
2. Audit engagement team
3. Audit scope, approach and timeline
4. Significant risks and other key judgement areas
5. Value for money
6. Fees for audit and other services
7. Commitment to independence
8. Materiality and misstatements

The Mazars Director - Audit & Assurance drew Members' attention to the 'Wider reporting and electors' rights' heading in section 1, and explained that the Local Audit and Accountability Act 2014 required Mazars to give an elector (or any representative of the elector) the opportunity to question them about the accounting records of the Council.

He explained that the financial statements were planned for completion by November 2022, and he was confident this target would be met potentially by the end of September. He also explained that section 4 outlined some of the risks relevant to the audit of financial statements, which were:

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1. Management override of controls
2. Net defined benefit liability valuation
3. Valuation of land, building, council dwellings and investment properties

*The Treasurer left the meeting at this point. The Principal Accountant joined the meeting at this point.*

Members thanked the Mazars Director for his report.

**RESOLVED** that the report of the External Auditor be noted.

The meeting concluded at 1053 hours.



**List of Key Decisions and items to be considered in private**

The latest version of the Forward Plan can be found here:

<https://committees.bolsover.gov.uk/mgListPlans.aspx?RPId=1147&RD=0&bcr=1>

Members should contact the officer whose name appears on the List of Key Decisions for any further information.

**NB:** If Members wish to discuss an exempt report under this item, the meeting will need to move into exempt business and exclude the public in accordance with the Local Government (Access to Information) Act 1985 and Local Government Act 1972, Part 1, Schedule 12a for that part of the meeting only.

## **Bolsover District Council**

### **Meeting of the Audit and Corporate Overview Scrutiny Committee on 26 July 2022**

#### **Financial Outturn 2021/22**

#### **Report of the Assistant Director of Finance and Resources**

<b>Classification</b>	This report is public
<b>Report By</b>	Assistant Director of Finance and Resources
<b>Contact Officer</b>	Assistant Director of Finance and Resources Theresa Fletcher 01246 242548 theresa.fletcher@bolsover.gov.uk

#### **PURPOSE/SUMMARY OF REPORT**

To inform Audit and Corporate Overview Scrutiny Committee of the outturn position of the Council for the 2021/22 financial year. This report was approved by Executive on 11 July 2022.

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#### **REPORT DETAILS**

##### **1. Background**

- 1.1 The Council published its draft Statement of Accounts in respect of 2021/22 on 27 May 2022. The statutory deadline of 31 May was extended to 31 July this year to take into consideration the impact of Coronavirus and as a result of Sir Tony Redmond's independent review of local authority financial reporting and external audit. The draft Statement of Accounts 2021/22 is now subject to the independent audit from the Council's external auditors, Mazars.
- 1.2 Until the accounts have been agreed by our external auditors, there remains the possibility that they will be subject to amendment. It is expected that the external audit will be undertaken remotely beginning in June. The statutory date for the final audited accounts has been extended from 31 July to 30 November 2022 but both the finance team and Mazars will be aiming for sign off by 30 September.
- 1.3 International Financial Reporting Standards (IFRS) dictate that the main focus of the Statement of Accounts is on reporting to the public in a format which is directly comparable with every country that has adopted IFRS i.e. not just UK or even other local authorities. By contrast, the focus of this report is on providing management information to Members and other stakeholders to assist in the financial management of the Council.

- 1.4 The following sections of this report will consider the 2021/22 outturn position in respect of the General Fund, the Housing Revenue Account (HRA), the Capital Programme and the Treasury Management activities. Within the report, consideration is given to the level of balances at the year end and the impact which the closing position has upon the Council's budgets in respect of the current financial year.

## 2. Details of Proposal or Information

### General Fund

- 2.1 The position in respect of the General Fund outturn is detailed in **Appendix 1** attached to this report. The appendix shows the Current Budget compared to the final Outturn position. The main variances against the current budget are shown in table 1 below with variances at service level shown in **Appendix 2**.

Table 1

	£000
ITC	(32)
Street Scene	(112)
Environmental Health	(91)
Homelessness	(52)
Pleasley Vale Mills	(58)
Planning Fee income	(52)
Salaries variances	(399)
Non-staff miscellaneous variances	(176)
<b>Net cost of services</b>	<b>(972)</b>
Debt Charges/Investment Interest	(143)
Additional general government grants	(37)
<b>Total Outturn Variance</b>	<b>(1,152)</b>
Changes to general fund balance since revised budget – until outturn	6
<b>Contribution to Reserves – 2021/22 Outturn</b>	<b>(1,146)</b>

## Financial Reserves

### Transfers from Earmarked Reserves

- 2.2 The use of earmarked reserves in 2021/22 was £4.250m. This reflects the expenditure incurred on projects at 31 March 2022 which have approval to use earmarked reserves. This also included £3.199m from the Covid-19 reserve to cover the S31 grants for business rates relating to the 2020/21 deficit on the collection fund. There are ongoing commitments for reserve expenditure in 2022/23 when the balance of this years' reserve funding (£0.134m) will be utilised.

### Transfers to Reserves

- 2.3 At the end of the financial year it has been necessary to agree transfers into 2 reserves in preparation for future expenditure commitments, some from income received in 2021/22. Transfers to reserves total £6.034m which is £1.146m higher than originally forecast, reflecting the outturn shown in table 1.

These consist of:

- £0.446m contribution to the IT Reserve to fund future expenditure requirements.
  - £0.700m contribution to the Legal Costs Reserve in preparation to fund a large housing benefit case recently lost at a tribunal.
- 2.4 The Transformation Reserve has a balance at the end of the year of £5.321m. Commitments already made against this reserve for 2022/23 and future years amount to £4.8m leaving £0.521m uncommitted at the date of writing this report.
- 2.5 As already discussed there are ongoing commitments against the earmarked reserves which will continue in 2022/23 and future years. Should any of these reserves prove unnecessary in the future, they will be moved back into unallocated General Fund resources.

### General Fund Balances

- 2.6 The General Fund Balances are considered to be at an acceptable level for a District Council rather than at a generous level. The General Fund balance has decreased to £2.101m in line with the MTFP. This needs to be considered against the background of ongoing changes to the level of Government funding together with the range of risks facing the Council. With only a limited level of General Fund reserves it is crucial that the Council continues to maintain robust budgetary control while securing its ongoing savings targets in order to safeguard both its reserves and its financial sustainability.
- 2.7 Given the current level of general balances, should either an over spend or an under achievement of income occur, then the Council would have a period of time in which to recover the situation. In a situation in which the Council were operating at a lower level of balances and an over spend or under achievement of income occurred which took balances to below minimum level then immediate 'crisis' remedial action would need to be considered. Such a response is not conducive to sound financial management but more importantly would have a significant



detrimental impact upon the Council's ability to deliver the planned and agreed level of services to local residents.

- 2.8 The main feature of the 2021/22 financial year is that the Council transferred £1.146m to Earmarked Reserves in preparation for future expenditure.
- 2.9 With regard to the underlying favourable variance on the General Fund in 2021/22 this will be reviewed as usual during the budget process for 2022/23 – 2026/27, from October onwards. The latest position for all years in the current MTFP is shown in Table 2.
- 2.10 It should be remembered that for all years from 2023/24 there is a transfer into the general fund from the NNDR Growth Protection Reserve to replace the losses caused by changes in Government funding. As a Council we made it our strategy to save extra income earned in years when we received more than we estimated, to be able to use it in future years when income was reduced.
- 2.11 These transfers are £0.004m into the reserve in 2022/23, then contributions from the reserve of £3.262m in 2023/24, £2.990m in 2024/25 and £1.802m for 2025/26. This reserve is not a sustainable source of income for the general fund. Included in the table for the first time this year is the Potential New Income line. As the name suggests this is potential new income from current projects and plans known about by the Council. Some of these we are working on ourselves and some are reliant on developers. At this stage none of this income is realised and is therefore not yet included in our budgets.

Table 2

	<b>2022/23 Budget £000</b>	<b>2023/24 Budget £000</b>	<b>2024/25 Budget £000</b>	<b>2025/26 Budget £000</b>
Budget Shortfall - MTFP Feb 2022	82	18	0	1,212
Pension costs to be funded by GF balance	(82)	(18)	0	0
Efficiencies identified to date (removed from budget)	(112)	(112)	(112)	(112)
<b>Current Budget Shortfall/(Surplus)</b>	<b>(112)</b>	<b>(112)</b>	<b>(112)</b>	<b>1,100</b>
Efficiencies Identified <u>not yet realised</u>	0	(110)	(220)	(330)
Potential New Income	(443)	(1,097)	(1,682)	(2,141)
<b>Closing Budget Surplus</b>	<b>(555)</b>	<b>(1,319)</b>	<b>(2,014)</b>	<b>(1,371)</b>

## 2.12 Covid-19 Pandemic

The following table shows the main sources of financial support the Council received from Government to support businesses, individuals and the Council's own additional cost pressures and losses in income due to the pandemic.

	Amount available to spend in 2021/22	Amount paid during 2021/22
Business support grant funding	£8.334m (including £3.995m b/f from 2020/21)	£5.510m
Test and trace support payments (for individuals)	£0.268m (including £0.097m b/f from 2020/21)	£0.202m
Emergency funding to cover our costs	£0.497m	£0.497m
Compensation for our income losses	£0.195m	n/a
Covid-19 Additional Relief Fund (CARF) for businesses	£0.595m	£0.595m

### **Housing Revenue Account (HRA)**

- 2.13 The Housing Revenue Account is provided in Appendix 3 to this report.
- 2.14 The Housing Revenue Account position shows a number of variances during the year. The main expenditure under spends £0.181m, are in relation to vacancies within repairs and maintenance and wardens/central control. Slightly lower void levels than estimated meant an increase in dwelling rents income of £0.076m. The overall expenditure position is £0.221m below the current budget. The overall income position is £0.166m above the current budget. This gives a net cost of services under spend of £0.387m, adjusting to £0.190m under spend after interest.
- 2.15 The surplus has been used to fund a contribution of £0.234m to the HRA Vehicle, Plant and Equipment Reserve which is available to fund future expenditure requirements. Where the use of Reserves has not been fully applied in 2021/22 and there are ongoing commitments for these activities in 2022/23, the funding will be carried forward and utilised.
- 2.16 The level of HRA Balances has decreased to £2.077m in line with the MTFP. The HRA balances are considered appropriate with the level of financial risk facing the HRA. Maintenance of this balance is necessary as it will help ensure the financial and operational stability of the HRA which is essential if we are to maintain the level of services and quality of housing provided to our tenants over the life of the 30 year Business Plan.

## **Capital Investment Programme**

- 2.17 Details of the capital expenditure incurred by the Council in 2021/22 on a scheme by scheme basis is provided in **Appendix 4**.

The Capital Programme may be summarised as follows:

	<b>Current Programme £'000</b>	<b>Outturn £'000</b>	<b>Variance £'000</b>
<b>General Fund:</b>			
GF Building Assets	819	440	(379)
GF ICT Schemes	255	146	(109)
Leisure Schemes	1,290	848	(442)
Disabled Facilities Grants	580	470	(110)
Joint Venture - Dragonfly	2,272	0	(2,272)
GF Vehicle Replacements	1,436	539	(897)
Other Capital Schemes	25	10	(15)
<b>General Fund Total</b>	<b>6,677</b>	<b>2,453</b>	<b>(4,224)</b>
<b>HRA:</b>			
HRA New Build Properties	7,509	6,262	(1,247)
HRA Vehicle Replacements	288	118	(170)
Public Sector Housing Schemes	6,894	6,061	(833)
HRA ICT Schemes	226	128	(98)
New Bolsover Scheme	1,479	524	(955)
<b>HRA Total</b>	<b>16,396</b>	<b>13,093</b>	<b>(3,303)</b>
<b>Programme Total</b>	<b>23,073</b>	<b>15,546</b>	<b>(7,527)</b>

### **General Fund Schemes**

- 2.18 In relation to the General Fund element of the Capital Programme during 2021/22, £4.224m was not undertaken. The 3G Playing Pitch, Joint Venture and Vehicle replacements were the main variances.

### HRA Schemes

- 2.19 Within the HRA the variances show that £3.303m of the total HRA programme has not been undertaken during the year. The New Build Properties, Public Sector Housing Schemes and New Bolsover Scheme were the main variances.
- 2.20 **Appendix 4** also details the proposed carry forward amounts to 2022/23. These requests relate to individual schemes that are still in progress, where there are outstanding commitments or where the scheme has been delayed. The carry forward amount is £6.488m with the impact on the 2022/23 capital programme detailed in the appendix. It should be noted that all these expenditure requirements will take forward a corresponding level of financial resources and thus have a neutral impact on the financial position in 2022/23.

### Capital Financing

- 2.21 The Capital Programme was financed as follows:

	<b>Current Programme</b>	<b>Outturn</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>General Fund:</b>			
The Better Care Fund	(580)	(467)	(113)
Reserves	(5,444)	(1,808)	(3,636)
External Funding	(653)	(178)	(475)
<b>Total General Fund</b>	<b>(6,677)</b>	<b>(2,453)</b>	<b>(4,224)</b>
<b>HRA:</b>			
Major Repairs Reserve	(6,229)	(5,597)	(632)
Prudential Borrowing	(1,156)	(1,004)	(152)
HRA Reserves	(6,120)	(3,808)	(2,312)
Usable Capital Receipts	(671)	(605)	(66)
External Funding	(2,220)	(2,079)	(141)
<b>Total HRA</b>	<b>(16,396)</b>	<b>(13,093)</b>	<b>(3,303)</b>
<b>Grand Total</b>	<b>(23,073)</b>	<b>(15,546)</b>	<b>(7,527)</b>

### General Fund Capital Financing

- 2.22 Officers have financed the General Fund Capital Programme from a combination of reserve contributions and external funding.

### HRA Capital Financing

- 2.23 Officers have financed the HRA Capital Programme from a combination of capital receipts, reserve contributions, prudential borrowing and external funding. The Prudential Borrowing financing arrangements were agreed by Council as part of the Treasury Management Strategy at its meeting in February 2021.

## **Treasury Management**

2.24 **Appendix 5** provides a brief report on the Treasury Management activity of the Council for 2021/22. In summary, the Council operated throughout 2021/22 within the Authorised and Operational Boundary limits approved in the Treasury Management Strategy as approved by the Council in February 2021.

2.25 The key points from the summary report are:

- The overall borrowing requirement of the Council (the Capital Financing Requirement) - £116.239m at 31 March 2022.
- The PWLB debt - £93.400m.
- Effective internal borrowing - £22.839m.
- £3.7m repayments of PWLB debt in year.
- No new PWLB borrowing was undertaken in 2021/22.
- PWLB interest paid in 2021/22 - £3.378m.
- Interest received on investments - £0.065m.

## **3. Reasons for Recommendation**

### **3.1 General Fund**

During the previous financial year the Council managed its budget effectively securing a favourable financial outturn. The Council was able to make contributions of £1.146m to reserves in preparation for future expenditure commitments. The Transformation Reserve, which is the Council's main general earmarked reserve, has £4.8m committed against it in 2022/23 and future years, so continued prudence is needed when committing against this reserve.

### **3.2 HRA**

The Council was able to make a contribution of £0.234m to the HRA Vehicle, Plant and Equipment Reserve. The HRA continues to operate within the parameters set by the 30 Year Business Plan and the MTFP. Officers will be working to ensure that the Business Plan continues to reflect the impact of government legislation, and that the HRA remains sustainable over the 30 year period of the Business Plan.

### **3.3 Capital Programme**

The Capital Programme saw good progress on approved schemes during the 2021/22 financial year. There are however, a number of schemes which are work in progress and this requires that the associated expenditure and funding be carried forward into the 2022/23 financial year.

### **3.4 Capital Financing**

Capital expenditure during 2021/22 has been fully financed in line with the approved programme.

### **3.5 Treasury Management**

The Council operated in line with its agreed Treasury Management Strategy during the 2021/22 financial year. This ensures that lending and borrowing arrangements were prudent and sustainable, minimising the risk of financial loss to the Council.

Effective management of these arrangements ensured that interest costs during the year were minimised in order to assist the Council's revenue position whilst interest receivable rose.

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

- 4.1 The financial outturn report for 2021/22 is primarily a factual report which details the outcome of previously approved budgets therefore there are no alternative options that need to be considered.
- 4.2 The allocation of resources to earmarked reserve accounts has been undertaken in line with the Council's policy and service delivery framework and in the light of the risks and issues facing the Council over the period of the current MTFP. If these risks do not materialise or are settled at a lower cost than anticipated then the earmarked reserves will be reassessed and returned to balances where appropriate.

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#### **RECOMMENDATION(S)**

1. That Members note the outturn position in respect of the 2021/22 financial year.
2. That Members note the transfers to earmarked reserves of £1.146m and £0.234m as outlined in detail in paragraphs 2.3 and 2.15 respectively.
3. That Members note the proposed carry forward of capital budgets detailed in Appendix 4 totalling £6.488m.

Approved by the Portfolio Holder - Cllr Clive Moesby, Executive Member for Finance

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#### **IMPLICATIONS:**

**Finance and Risk:**            Yes ☒            No ☐

**Details:**

The financial implications are set out within the body of the report.

Members should note that the budgets against which we have monitored the 2021/22 outturn were those agreed within the Council's Medium Term Financial Plan (MTFP). The MTFP gave careful consideration to both the affordability of the budgets that were approved and to ensuring that the level of balances remained adequate for purposes of enabling sound financial management.

The issue of financial risk is covered throughout the report. The risk of not achieving a balanced budget, together with the risk that the Council's level of financial balances will be further eroded are currently key corporate risks identified on the Council's Strategic Risk Register.

On behalf of the Section 151 Officer

**Legal (including Data Protection):**      Yes ☒      No ☐

**Details:**

The Statement of Accounts is currently required to be prepared by 31 May and audited by the 31 July each year, although again this year the deadlines have been moved to 31 July and 30 November respectively, due to the ongoing external audit capacity issue. The Council has now completed the draft Statement of Accounts and they have been signed off by the Chief Financial Officer as at 27 May 2022 which secures compliance with the Council's obligations.

On behalf of the Solicitor to the Council

**Staffing:**      Yes ☐      No ☒

**Details:**

There are no human resource issues arising directly out of this report.

On behalf of the Head of Paid Service

## DECISION INFORMATION

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <b>Revenue - £75,000</b> <input type="checkbox"/> <b>Capital - £150,000</b> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> <i>(Only Key Decisions are subject to Call-In)</i>	No

<b>District Wards Significantly Affected</b>	None
<b>Consultation:</b> <b>Leader / Deputy Leader</b> <input type="checkbox"/> <b>Executive</b> <input type="checkbox"/> <b>SLT</b> <input type="checkbox"/> <b>Relevant Service Manager</b> <input type="checkbox"/> <b>Members</b> <input type="checkbox"/> <b>Public</b> <input type="checkbox"/> <b>Other</b> <input type="checkbox"/>	<b>Details:</b>  Portfolio Holder for Finance

<b>Links to Council Ambition: Customers, Economy and Environment.</b>

DOCUMENT INFORMATION	
Appendix No	Title
1	General Fund Summary – Outturn 2021/22
2	General Fund Detail – Outturn 2021/22
3	Housing Revenue Account – Outturn 2021/22
4	Capital Expenditure – Outturn 2021/22
5	Treasury Management – Outturn 2021/22

Background Papers
<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive you must provide copies of the background papers).</i>
None



## GENERAL FUND SUMMARY - OUTTURN 2021/22

## Appendix 1

	Current Budget 2021/22 £	Outturn 2021/22 £	Variance £
Corporate Resources (including S106 expenditure, recharge to HRA and year end entries)	2,739,189	2,363,815	(375,374)
Development (including S106 expenditure and year end entries)	2,514,221	2,193,368	(320,853)
Environment and Enforcement (including year end entries)	5,282,102	5,005,886	(276,216)
<b>Net Cost of Services</b>	<b>10,535,512</b>	<b>9,563,069</b>	<b>(972,443)</b>
Investment Property net income	(248,134)	(248,134)	0
Revenue contribution to Capital Programme	37,938	37,938	0
Debt Charges	925,686	937,642	11,956
Investment Interest	(89,167)	(244,392)	(155,225)
Contributions to Reserves	4,887,219	6,034,067	1,146,848
Contributions from Earmarked Reserves	(4,250,421)	(4,250,421)	0
Contribution (from)/to S106 Holding A/cs, Grant A/cs and Miscellaneous Holding A/cs	(658,578)	(658,578)	0
Parish Precepts	3,294,344	3,294,344	0
<b>Total Spending Requirement</b>	<b>14,434,399</b>	<b>14,465,535</b>	<b>31,136</b>
Revenue Support Grant	(1,194,913)	(1,194,913)	0
Business Rate Retention	(4,732,419)	(4,732,420)	(1)
New Homes Bonus Grant	(724,765)	(724,764)	1
BDC Council Tax Requirement	(3,992,970)	(4,002,491)	(9,521)
Parish Council, Council Tax Requirement	(3,294,344)	(3,294,344)	0
Miscellaneous un-ring-fenced grant	0	(27,715)	(27,715)
COVID-19 net funding	(408,213)	(408,218)	(5)
<b>Funding Requirement</b>	<b>(14,347,624)</b>	<b>(14,384,865)</b>	<b>(37,241)</b>
<b>Opening General Fund Balance</b>	<b>(2,181,642)</b>	<b>(2,181,642)</b>	
<b>Transfer (to)/from Balances</b>	<b>86,775</b>	<b>80,670</b>	
<b>Closing General Fund Balance</b>	<b>(2,094,867)</b>	<b>(2,100,972)</b>	

# Appendix 2

## Appendix 2

GENERAL FUND DETAIL - OUTTURN 2021/22					
		Current Budget	Outturn	Variance	
		2021/22	2021/22		
Directorate cost centres		£	£	£	Main variances
G001	Audit Services (G001)	123,903	123,903	0	
G002	I.C.T. (G002)	837,311	805,326	(31,985)	Hardware maintenance £4k under spend, hardware rental £4k under spend, Leased lines £4k under spend, Business Software £7k under spend, income from NE under by £2k.
G003	Reprographics (printing) (G003)	269,083	263,882	(5,201)	Staffing £1k under spent, Equipment Tools and Materials under spent £1k, income over achieved by £1k.
G006	CEPT (G006)	430,454	414,499	(15,955)	Salaries £1k under spent, Grants to Vol. Orgs. £16k under spent.
G011	Head of Leader's Executive (G011)	71,219	75,255	4,036	Salaries 4k over spent due to regrading.
G012	Community Champions (G012)	61,505	61,505	0	
G014	Customer Contact Service (G014)	760,440	718,371	(42,069)	Staffing costs under spent by £33k due to vacancies, overtime £4k under spent. Uniforms £1k under spent, Repairs and Maintenance £1k under spent.
G015	Customer Service + Improvement (G015)	117,015	104,609	(12,406)	Youth Parliament £4k under spent, recharges from NE £7k under spent.
G016	Skills Audit (G016)	25,760	25,760	0	
G038	Concessionary Fares & TV Licenses (G038)	(10,283)	(10,244)	39	
G039	Children and YP Emotional Well-being (G039)	(100,000)	(100,000)	0	
G040	Corporate Management (G040)	170,565	171,395	830	Apprenticeship levy charge £1k under spent, bank fees £1k over spent, external audit fees £2k over spent.
G041	Non Distributed Costs (G041)	685,609	665,802	(19,807)	Added-years charge £19k under spent.
G044	Financial Services (G044)	304,895	272,582	(32,313)	Staffing £28k under spent due to restructure, postages £1k over spent, H+C £2k under spent, £2k income over achieved.
G052	Human Resources (G052)	219,877	200,432	(19,445)	Salaries £20k under spent due to vacancies, H+C £1k over spent, Recharges from NE £8k over spent due to change after budget, recharges to NE £3k under spent.
G054	Electoral Registration (G054)	179,059	142,871	(36,188)	Electoral Reg fees £10k under spent, mileage £1k under spent, salaries £15k under spent due to vacancy, Software Rental £4k under spent, H+C £2k under spent.
G055	Democratic Representation & Management (G055)	536,062	521,429	(14,633)	Training costs £7k under spent, equipment £3 under spent, advertising costs £1k under spent, mileage £1k under spent.
G056	Land Charges (G056)	1,099	5,727	4,628	Land Searches income £4k under achieved, H+C £1k over spent.
G057	District Council Elections (G057)	16,688	10,785	(5,903)	Includes share of local election income.
G058	Democratic Services (G058)	273,822	239,207	(34,615)	Salaries £29k under spent due to a vacancies, hardware rental £1k under spent, expenditure from NE £3k under spent.
G060	Legal Services (G060)	236,853	219,560	(17,293)	Salaries £15k under spent due to vacancies, Professional + Consultancy £1k under spent, Fees and Charges £4k over achieved, Income from NE £5k under achieved.
G061	Bolsover Wellness Programme (G061)	117,792	117,876	84	
G062	Extreme Wheels (G062)	(24,052)	(26,936)	(2,883)	Staffing costs £2k under spent.
G063	The Girl Can (G063)	(1,908)	(1,908)	0	
G064	Bolsover Sport (G064)	141,606	140,904	(702)	Staffing over spent £4k, income over achieved by £7k.
G065	Parks, Playgrounds & Open Spaces (G065)	39,825	35,994	(3,831)	Income Over achieved £3k.
G069	Arts Projects (G069)	44,980	43,471	(1,509)	
G070	Outdoor Sports & Recreation Facilities (G070)	19,849	15,433	(4,416)	Building maintenance under spend £1k, Electricity £1k over spend, Water £1k under spend, income over achieved £2k.
G072	Leisure Services Mgmt & Admin (G072)	262,681	258,584	(4,097)	Staffing £2k over spend, misc expenses £1k under spend, marketing £4k under spend, H+C £1k under spend, income £1k under achieved.
G084	Head of Partnerships (G084)	37,638	23,325	(14,313)	Staffing £29k under spend due to vacancy, income from NE £15k under achieved due to staff no longer shared.
G086	Alliance (G086)	5,250	3,250	(2,000)	Sheffield City Region contribution no longer payable.
G094	Director of Corporate Resources (G094)	18,954	18,989	35	

GENERAL FUND DETAIL - OUTTURN 2021/22					
		Current Budget	Outturn	Variance	
		2021/22	2021/22		
Directorate cost centres		£	£	£	Main variances
G100	Benefits (G100)	357,684	270,028	(87,656)	Year end entry £57k budget for bad debt provision on corporate code G953, salaries £18k under spent due to vacancies, Postages £3k over spend, software maintenance £1k under spent, professional/consultancy fees £1k under spent.
G103	Council Tax / NNDR (G103)	22,624	(143,921)	(166,545)	Receipt of new burdens admin grant £160k, General Fees £16k under spend, Software maintenance £12k under spend, H+C £1k under spend, Salaries over spent £1k.
G111	Shared Procurement (G111)	46,557	43,881	(2,676)	Staffing £4k under spend due to timing of hiring staff members, income from NE £5k under achieved, Income from other authorities £3k under achieved.
G117	Payroll (G117)	72,934	69,175	(3,759)	Staffing costs £1k under spend due to vacancy now filled, Recharges from NE £3K under spent.
G125	S106 Percent for Art (G125)	(8,200)	(8,200)	0	
G126	S106 Formal and Informal Recreation (G126)	(3,996)	(3,996)	0	
G129	Bolsover Apprenticeship Programme (G129)	(8,500)	(8,500)	0	
G146	Pleasley Vale Outdoor Activity Centre (G146)	54,165	45,613	(8,552)	Electricity £2k over spend, income £9k over achieved.
G155	Customer Services (G155)	36,596	27,230	(9,366)	Staffing £4k under spend due to reduced hours, Hired/contract £5k under spend.
G157	Controlling Migration Fund (G157)	86,277	86,277	0	
G161	Rent Rebates (G161)	(112,204)	(19,704)	92,500	Difference from mid-year estimate to final claim.
G162	Rent Allowances (G162)	24,701	74,254	49,553	Difference from mid-year estimate to final claim.
G164	Support Recharges (G164)	(4,020,859)	(4,020,859)	0	
G168	Multifunctional Printers (G168)	39,900	35,702	(4,198)	Hardware + Software rental under spent - lower usage/clicks due to staff working remotely.
G170	S106 Outdoor Sports (G170)	52,164	52,164	0	
G179	School Sports Programme (G179)	2,572	(6,851)	(9,423)	Holding account no longer required, £12k income released to GF.
G180	Special Events (G180)	154	154	0	
G181	STEP (G181)	671	671	0	
G182	Community Outreach Programme (G182)	(2,225)	(2,225)	0	
G183	Holiday Activity + Food Programme (G183)	(1,678)	(1,678)	0	
G186	PL4S Satellite Programme (G186)	816	816	0	
G191	Bolsover Community Lottery (G191)	(2,204)	(5,496)	(3,291)	Additional income added to the holding account for use in the community in future years.
G192	Scrutiny (G192)	22,126	21,732	(394)	
G195	Head of Governance + Monitoring (G195)	39,192	37,809	(1,383)	Staffing £10k under spend due to vacancy - post covered through legal team (now filled), Income from NE £6k under achieved as post now 100% BDC.
G197	Head of Finance + Resources (G197)	72,077	77,471	5,394	Staffing £5k over spend due to grading review.
G207	Balanceability (G207)	452	(1,014)	(1,466)	
G218	I-Venture/Namibia Bound (G218)	6,842	6,842	0	
G220	Locality Funding (G220)	(32,834)	(32,834)	0	
G221	Sports Leaders (G221)	1,861	(92)	(1,953)	Holding account no longer required, £2k income released to GF.
G228	Go Active Clowne Leisure Centre (G228)	(37,708)	59,107	96,815	Staffing £5k over spend, Building Maintenance £3k under spend, Utilities £7k under spend, Music licence £5k under spend, Marketing £4k under spend, Pulse Fees £13k under spend, catering provisions £2k under spend, income £126k under achieved, Covid Compensation of £209k.
G238	HR Health + Safety (G238)	87,618	80,556	(7,061)	Equipment £1k under spend, income from other authorities £6k.
G241	Community Rail (G241)	(18,593)	(18,593)	0	
G244	Bolsover Business Growth Fund (G244)	86,657	86,657	0	
<b>Total for Corporate Resources</b>		<b>2,739,189</b>	<b>2,363,815</b>	<b>(375,374)</b>	
G009	Dragonfly (G009)	0	(17,730)	(17,730)	Income unknown at budget time.
G031	S106 - Biodiversity (G031)	357	357	0	

GENERAL FUND DETAIL - OUTTURN 2021/22					
		Current Budget	Outturn	Variance	
		2021/22	2021/22		
Directorate cost centres		£	£	£	Main variances
G073	Planning Policy (G073)	228,440	175,474	(52,966)	Staffing £24k under spend due to vacancy, professional and consultancy £1k under spend, recharges from NE £60k under spend as now 100% BDC, Income from NE under achieved £33k.
G074	Planning Development Control (G074)	(100,894)	(152,909)	(52,015)	Planning fee income over achieved by £61k, Postages £1k under spend, advertising £9k over spend, Mileage £1k under spend.
G076	Planning Enforcement (G076)	116,031	94,481	(21,550)	Staffing £20k under spend due to vacancy, mileage £1k under spend.
G077	LGA Housing Advisers Programme (G077)	(25,000)	(25,000)	0	
G078	LGA Net Zero Innovation Programme (G078)	(30,000)	(30,000)	0	
G079	Planning Services Mgmt & Admin (G079)	22,698	22,294	(404)	
G080	Engineering Services (ESRM) (G080)	104,718	104,233	(485)	
G082	Tourism Promotion + Development (G082)	13,732	13,732	0	
G083	Building Control Consortium (G083)	55,000	48,108	(6,892)	£7k under spend.
G085	Economic Development (G085)	73,168	70,910	(2,258)	
G088	Derbyshire Economic Partnership (G088)	15,000	15,000	0	
G089	Premises Development (G089)	1,919	0	(1,919)	Building maintenance £1k under spend, Electricity £1k under spend.
G090	Pleasley Vale Mills (G090)	51,153	0	(51,153)	Water charges £2k under spent, H+C £1k under spent, Equipment £1k under spent, income over achieved by £51k.
G091	CISWO Duke St Building (G091)	6,570	6,570	0	
G092	Pleasley Vale Electricity Trading (G092)	12,106	0	(12,106)	YE entry £2k w/offs, income over achieved £12k, electricity under spent £2k.
G095	Estates + Property (G095)	531,436	473,869	(57,567)	£53k year end capital admin allowance + deminimis receipts, salaries under spent £3k due to vacancy during the year, mileage £1k under spent.
G096	Building Cleaning (General) (G096)	105,096	109,134	4,038	Store issues £3k over spend.
G099	Catering (G099)	500	12	(488)	More meetings taking place remotely.
G109	Director of Development (G109)	114,231	121,695	7,464	Salaries £7k over spent due to regrading.
G110	Asst Director of Development (G110)	71,718	75,283	3,565	Staffing costs £4k over spend due to regrading.
G114	Strategic Investment Fund (G114)	50,117	50,117	0	
G132	Planning Conservation (G132)	82,622	82,338	(284)	
G133	The Tangent Business Hub (G133)	(54,356)	(49,967)	4,389	Income under achieved overall by £36k, building maintenance/utilities costs under spent £10k, H+C £13k under spent.
G139	Proptech Engagement Fund (G139)	(152,391)	(152,391)	0	
G151	Street Lighting (G151)	36,025	34,271	(1,754)	Electric £2k under spend.
G156	The Arc (G156)	144,737	130,324	(14,414)	Income under achieved £1k, staffing £6k under spend due to vacancy, building maintenance/running costs underspent overall £2k, H+C £7k under spent.
G167	Facilities Management (G167)	13,724	14,041	317	
G169	Closed Churchyards (G169)	8,780	8,776	(4)	
G188	Cotton Street Contact Centre (G188)	29,745	25,324	(4,421)	£2k building maintenance costs under spent and H+C £2k under spent.
G193	Economic Development Management + Admin (G193)	961,511	918,902	(42,609)	Salaries £40k under spent due to vacant posts (now filled), mileage £1k under spend.
G200	Head of Property Services + Housing Repairs (G200)	7,050	7,442	392	Staff costs over spent due to regrading.
G226	S106 - Highways (G226)	30,464	30,464	0	
G227	S106 - Public Health (G227)	(11,785)	(11,785)	0	
<b>Total for Development</b>		<b>2,514,221</b>	<b>2,193,368</b>	<b>(320,853)</b>	
G007	Community Safety - Crime Reduction (G007)	52,179	49,867	(2,312)	Salaries under spent £2k due to vacancy.
G010	Neighbourhood Management (G010)	65,268	65,750	482	Recharge from NE over.
G013	Community Action Network (G013)	286,217	288,657	2,440	Salaries £2k over spent.
G017	Private Sector Housing Renewal (G017)	83,845	77,029	(6,816)	Recovered expenditure £6k under achieved.
G018	Environmental Health - Covid Team (G018)	(132,217)	(3,834)	128,383	External funding - £128k income allocated during budget process - £88k spent and £40k to be carried forward to next year via grant accounting.

GENERAL FUND DETAIL - OUTTURN 2021/22					
		Current Budget	Outturn	Variance	
		2021/22	2021/22		
Directorate cost centres		£	£	£	Main variances
G020	Public Health (G020)	(98,000)	(98,000)	0	
G021	Pollution Reduction (G021)	202,492	187,224	(15,268)	Recharge from NE £13k under spent, income £2k over achieved.
G022	Health & Safety (G022)	(470)	(769)	(299)	
G023	Pest Control (G023)	45,594	50,000	4,406	Recharge from NE £4k over and income slightly under achieved.
G024	Street Cleansing (G024)	318,979	298,561	(20,418)	Income over achieved by £13k, staffing costs under spent by £11k due to vacancies, H+C £2k over spend, Recharges from NE £1k over spend.
G025	Food Safety (G025)	133,331	134,019	688	Recharge from NE £4k over, income £2k over.
G026	Animal Welfare (G026)	99,136	77,427	(21,709)	Recharged from NE £21k under, income £1k over achieved overall.
G027	Emergency Planning (G027)	365,676	372,056	6,380	This is where the COVID expenditure was funded from and is all covered by grant/reserve postings.
G028	Waste Collection (G028)	990,649	942,779	(47,870)	Staffing related costs £49k under spent due to vacancies/agency workers not required, income over achieved £1k overall.
G030	Street Trading (G030)	20	0	(20)	
G032	Grounds Maintenance (G032)	699,625	686,580	(13,045)	Staff costs under spent £14k due to vacancies, income over achieved £2k. H+C £2k over spend.
G033	Vehicle Fleet (G033)	984,964	908,688	(76,276)	£72k year end capital admin allowance + deminimis receipts, Staffing £33k under spend due to vacancies, Fuel £29k over spend, income £5k over achieved.
G036	Environmental Health Mgmt & Admin (G036)	239,970	186,342	(53,628)	Recharges from NE £54k under spend.
G043	Director of Environment + Enforcement (G043)	100,651	109,309	8,658	Staffing £8k over spend due to regrading.
G046	Homelessness (G046)	139,933	87,824	(52,109)	Homelessness prevention £10k under spend, H+C £35k under spent.
G048	Town Centre Housing (G048)	(10,600)	(7,157)	3,443	less income received in rental than estimated.
G053	Licensing (G053)	25,591	22,819	(2,772)	Income over achieved by £1k, recharges from NE £3k under spent.
G097	Groundwork & Drainage Operations (G097)	69,693	66,353	(3,340)	Staffing £4k under spend due to vacancy.
G106	Housing Anti Social Behaviour (G106)	120,379	112,849	(7,530)	Staffing £7k under spend due to vacancy.
G113	Parenting Practitioner (G113)	35,481	35,372	(109)	
G123	Riverside Depot (G123)	159,968	156,945	(3,023)	Income £2k under achieved, utilities £3k under spent, building maintenance £4k under spent, staffing £1k over spend.
G124	Street Servs Mgmt & Admin (G124)	44,984	45,970	986	
G135	Domestic Violence Worker (G135)	11,220	9,893	(1,327)	
G142	Community Safety - CCTV (G142)	1,470	1,470	0	
G143	Housing Strategy (G143)	52,400	45,256	(7,144)	Recharges from NE £7k under spend.
G144	Enabling (Housing) (G144)	34,402	27,287	(7,115)	Recharges from NE £7k under spend.
G148	Trade Waste (G148)	(145,758)	(189,489)	(43,731)	Waste disposal costs £46k under spent. Trade Refuse income under achieved by £2k.
G149	Recycling (G149)	198,645	150,873	(47,772)	Staffing £30k under spend due to vacancies, additional cost of providing an in-house Recycling service, funded by COVID.
G153	Housing Advice (G153)	15,295	14,490	(805)	
G176	Affordable Warmth (G176)	21,124	20,977	(147)	
G198	Head of Housing (GF) (G198)	28,362	29,808	1,446	Staffing £2k over spend due to regrading.
G199	Head of Street Scene (G199)	39,851	43,121	3,270	Staffing £6k over spend due to now 100% BDC, Recharge from NE £3k under spend.
G229	Housing Standards (G229)	(2,500)	(4,156)	(1,656)	Income £2k over achieved.
G239	Housing + Comm Safety Fixed Penalty Acc (G239)	4,253	3,696	(557)	
<b>Total for Environment + Enforcement</b>		<b>5,282,102</b>	<b>5,005,886</b>	<b>(276,216)</b>	
<b>Total for: General Fund</b>		<b>10,535,512</b>	<b>9,563,069</b>	<b>(972,443)</b>	

### HOUSING REVENUE ACCOUNT - OUTTURN 2021/22

	Current Budget 2021/22 £	Outturn 2021/22 £	Variance £
<b>Expenditure</b>			
Repairs and Maintenance	5,237,688	5,185,493	(52,195)
Rents, Rates, Taxes & Other Charges	302,766	294,822	(7,944)
Supervision and Management	5,406,955	5,390,455	(16,500)
Special Services	426,341	376,387	(49,954)
Housing Related Support - Wardens	617,483	559,906	(57,577)
Housing Related Support - Central Control	300,714	270,470	(30,244)
Tenants Participation	84,405	82,122	(2,283)
New Build Schemes Evaluation	284,924	284,924	0
New Bolsover Project	4,808	818	(3,990)
Leasehold Flats	1,772	1,772	0
Debt Management Expenses	8,146	8,145	(1)
<b>Total Expenditure</b>	<b>12,676,003</b>	<b>12,455,315</b>	<b>(220,687)</b>
<b>Income</b>			
Dwelling Rents	(20,541,465)	(20,617,988)	(76,523)
Non-dwelling Rents	(112,812)	(99,547)	13,265
Leasehold Flats and Shops Income	(14,480)	(67,943)	(53,463)
Repairs and Maintenance	(43,538)	(109,913)	(66,375)
Supervision and Management	(562)	(2,486)	(1,924)
Special Services	(32,145)	(29,247)	2,898
Housing Related Support - Wardens	(404,924)	(404,215)	709
Housing Related Support - Central Control	(304,466)	(289,863)	14,603
New Bolsover Project	(808)	0	808
<b>Total Income</b>	<b>(21,455,200)</b>	<b>(21,621,203)</b>	<b>(166,003)</b>
<b>Net Cost of Services</b>	<b>(8,779,198)</b>	<b>(9,165,888)</b>	<b>(386,690)</b>
<b>Appropriations</b>			
Increase in Bad Debt Provision	180,000	181,253	1,253
Capital Interest Costs	3,170,593	3,365,497	194,904
Investment Interest Income	(1,335)	(1,335)	0
Depreciation	4,274,630	4,421,529	146,899
T/f to Major Repairs Reserve	1,112,070	965,171	(146,899)
Contribution to Insurance Reserve	50,000	50,000	0
Contribution to Development Reserve	200,000	200,000	0
Contribution to Vehicle Replacement Reserve	180,000	413,712	233,712
Use of Insurance Reserve	0	(36,896)	(36,896)
Use of Earmarked Reserves	(354,351)	(354,351)	0
Contribution (from) HRA Balance	(38,693)	(38,693)	(0)
<b>Net Operating (Surplus) / Deficit</b>	<b>(6,283)</b>	<b>(0)</b>	<b>6,283</b>
<b>HRA Balances</b>			
Opening Housing Revenue Account balance	(2,116,079)	(2,116,079)	
Budgeted Contribution from Balances	38,693	38,693	
Closing Housing Revenue Account Balance	(2,077,386)	(2,077,386)	

## CAPITAL EXPENDITURE OUTTURN - 2021/22

## Appendix 4

	Current Programme 2021/22	Outturn 2021/22	Variance 2021/22	Carried Forward requests 2022/23
	£	£	£	£
<b>General Fund</b>				
<b>Asset Management Plan</b>				
Investment Properties	8,443	4,435	(4,008)	4,008
Leisure Buildings	30,359	29,971	(388)	0
Pleasley Vale Business Park	105,078	85,079	(19,999)	19,999
Riverside Depot	16,655	16,603	(52)	0
The Arc	147,014	111,438	(35,576)	35,576
The Tangent	16,915	5,395	(11,520)	10,000
Refurbishment Work	20,236	0	(20,236)	0
	<b>344,700</b>	<b>252,920</b>	<b>(91,780)</b>	<b>69,583</b>
<b>Engineering Asset Management Plan</b>				
Car Parks	34,320	31,334	(2,986)	2,986
Shelters	10,000	8,872	(1,128)	1,128
Lighting	5,680	5,680	(1)	0
Church yards	16,758	16,757	(1)	0
	<b>66,758</b>	<b>62,642</b>	<b>(4,116)</b>	<b>4,114</b>
<b>Assets</b>				
Car Parking at Clowne - Additional	13,416	0	(13,416)	13,416
Land at Portland Drive Shirebrook	120,000	10,250	(109,750)	109,750
Pleasley Vale Mill 1 - Dam Wall	3,796	0	(3,796)	3,796
Shirebrook Crematorium	242,000	86,502	(155,498)	155,498
Electric Charging Points	27,828	27,828	0	0
	<b>407,040</b>	<b>124,580</b>	<b>(282,460)</b>	<b>282,460</b>
<b>ICT Schemes</b>				
ICT infrastructure	217,333	108,508	(108,825)	108,825
Digital Screens	37,938	37,938	0	0
	<b>255,271</b>	<b>146,446</b>	<b>(108,825)</b>	<b>108,825</b>
<b>Leisure Schemes</b>				
Playing Pitch Improvements (Clowne)	762,500	322,216	(440,284)	440,284
Go Active Equipment	15,000	14,997	(3)	0
Gym Equipment & Spin Bikes	392,100	392,093	(7)	0
Go Active Gym Flooring	40,000	39,979	(21)	0
Toning Tables	80,000	78,811	(1,189)	0
	<b>1,289,600</b>	<b>848,094</b>	<b>(441,506)</b>	<b>440,284</b>
<b>Private Sector Schemes</b>				
Disabled Facilities Grants	580,000	470,184	(109,816)	0
	<b>580,000</b>	<b>470,184</b>	<b>(109,816)</b>	<b>0</b>
<b>Financial Schemes</b>				
Economic Loan Fund - Capital	10,000	10,000	0	0
	<b>10,000</b>	<b>10,000</b>	<b>0</b>	<b>0</b>
<b>Joint Venture</b>				
Dragonfly - Limited Liability Partnership (LLP)	2,272,352	0	(2,272,352)	2,272,352
	<b>2,272,352</b>	<b>0</b>	<b>(2,272,352)</b>	<b>2,272,352</b>
<b>Vehicles and Plant</b>				
Vehicle Replacements	1,436,256	538,403	(897,853)	883,082
Vehicle Wash Area	1,000	0	(1,000)	1,000
Can Rangers Equipment	14,231	0	(14,231)	14,231
	<b>1,451,487</b>	<b>538,403</b>	<b>(913,084)</b>	<b>898,313</b>
<b>Total General Fund</b>	<b>6,677,208</b>	<b>2,453,270</b>	<b>(4,223,938)</b>	<b>4,075,931</b>

## CAPITAL EXPENDITURE OUTTURN - 2021/22

## Appendix 4

	Current Programme 2021/22	Outturn 2021/22	Variance 2021/22	Carried Forward requests 2022/23
	£	£	£	£
<b>Housing Revenue Account</b>				
<b>New Build Properties</b>				
Bolsover Homes-yet to be allocated	550,000	0	(550,000)	547,837
Avant Creswell	650,091	650,090	(1)	0
Ashbourne Extension	600,000	576,907	(23,093)	23,093
Keepmoat Properties at Bolsover	194,267	149,223	(45,044)	10,000
The Paddock Bolsover	0	25,428	25,428	0
The Whitwell Cluster	1,456,998	1,217,940	(239,058)	239,058
Langwith/Shirebrook Architects	90,000	84,486	(5,514)	0
Sandy Lane/Thorpe Ave Whitwell	3,226,650	2,849,910	(376,740)	376,740
West Street Langwith	90,540	40,457	(50,083)	50,000
The Woodlands	650,000	667,376	17,376	0
	<b>7,508,546</b>	<b>6,261,818</b>	<b>(1,246,728)</b>	<b>1,246,728</b>
<b>Vehicle Replacements</b>				
	288,000	118,418	(169,582)	144,000
	<b>288,000</b>	<b>118,418</b>	<b>(169,582)</b>	<b>144,000</b>
<b>Public Sector Housing</b>				
Bramley Vale	50,000	16,067	(33,933)	0
Electrical Upgrades	175,000	287,015	112,015	0
Environmental Works	85,976	44,781	(41,195)	0
External Door Replacements	148,741	148,808	67	0
External Wall Insulation	1,727,908	1,371,697	(356,211)	356,211
Flat Roofing	42,500	40,598	(1,902)	0
House Fire Damage (Insurance)	114,023	114,022	(1)	0
Kitchen Replacements	235,976	235,521	(455)	0
Re Roofing	1,000,000	1,029,804	29,804	0
Regeneration Mgmt. & Admin	94,888	94,888	(0)	0
Safe and Warm	2,378,780	2,014,634	(364,146)	364,146
Soffit and Fascia	30,000	0	(30,000)	0
Reactive Capital Works	135,327	89,707	(45,620)	0
Welfare Adaptations	555,425	531,664	(23,761)	23,761
Heating Upgrades	120,000	41,260	(78,740)	78,740
	<b>6,894,544</b>	<b>6,060,464</b>	<b>(834,080)</b>	<b>822,858</b>
<b>HRA ICT Schemes</b>				
Open Housing	118,233	88,547	(29,686)	29,686
Careline Upgrade	46,000	39,564	(6,436)	6,436
Rent Arrears Management System	62,000	0	(62,000)	62,000
	<b>226,233</b>	<b>128,111</b>	<b>(98,122)</b>	<b>98,122</b>
<b>New Bolsover Scheme</b>				
New Bolsover-Regeneration Scheme	1,478,696	523,977	(954,719)	100,000
	<b>1,478,696</b>	<b>523,977</b>	<b>(954,719)</b>	<b>100,000</b>
<b>Total HRA</b>				
	<b>16,396,019</b>	<b>13,092,788</b>	<b>(3,303,231)</b>	<b>2,411,708</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>23,073,227</b>	<b>15,546,058</b>	<b>(7,527,169)</b>	<b>6,487,639</b>



# **CAPITAL EXPENDITURE OUTTURN - 2021/22**

## **Appendix 4**

	<b>Current Programme 2021/22</b>	<b>Outturn 2021/22</b>	<b>Variance 2021/22</b>	<b>Carried Forward requests 2022/23</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Capital Financing</b>				
<b>General Fund</b>				
Better Care Fund	580,000	466,618	(113,382)	0
Reserves	5,444,400	1,808,498	(3,635,902)	3,635,647
External Funding	652,808	178,154	(474,654)	440,284
	<b>6,677,208</b>	<b>2,453,270</b>	<b>(4,223,938)</b>	<b>4,075,931</b>
<b>HRA</b>				
Major Repairs Reserve	6,229,217	5,597,364	(631,853)	631,853
Prudential Borrowing	1,155,885	1,003,709	(152,176)	152,176
Reserves	6,120,310	3,807,546	(2,312,764)	1,421,242
1-4-1 Capital Receipts	670,501	605,022	(65,479)	65,479
External Funding	2,220,106	2,079,148	(140,958)	140,958
	<b>16,396,019</b>	<b>13,092,788</b>	<b>(3,303,231)</b>	<b>2,411,708</b>
<b>TOTAL CAPITAL FINANCING</b>	<b>23,073,227</b>	<b>15,546,058</b>	<b>(7,527,169)</b>	<b>6,487,639</b>

**BDC TREASURY MANAGEMENT – OUTTURN 2021/22****Capital Financing Requirement**

The key area of Treasury Management is the measurement and control of the overall debt position of the Council. This is calculated through the Capital Financing Requirement (CFR). The CFR calculates the Council's underlying need to borrow in order to finance its capital expenditure. The revised estimate of the CFR for 2021/22 and the actual outturn CFR are shown in the table below: -

	<b>Current Budget 2021/22 £000</b>	<b>Actual Outturn 2021/22 £000</b>
<b><i>Capital Financing Requirement 1 April</i></b>	<b>116,581</b>	<b>116,581</b>
Prudential Borrowing HRA	1,203	1,004
Minimum Revenue Provision (MRP)	(705)	(705)
Additional Voluntary Contributions	0	(571)
Movement on other debt – retentions	0	(70)
<b><i>Capital Financing Requirement 31 March 2022</i></b>	<b>117,079</b>	<b>116,239</b>

The overall outturn position shows a net decrease of outstanding debt of £0.342m in 2021/22 when compared to the opening CFR. Prudential borrowing has been undertaken by the Council in 2021/22 totalling £1.004m on new HRA Council Dwellings.

The Capital Financing requirement is split between the HRA and General Fund, the balance of each is shown below:

<b>Capital Financing Requirement at 31 March 2022</b>	<b>£000</b>
General Fund	6,100
Housing Revenue Account	110,139
<b>Total CFR</b>	<b>116,239</b>

**How the CFR is covered.**

As mentioned above the CFR is the Council's underlying need to borrow to finance capital expenditure. To finance the CFR the Council has external borrowing and the use of its own reserves and balances. The position as at 31 March 2022 is as follows:

	<b>£000</b>
Capital Financing Requirement 31 March 2022	116,239
Financed from:	
External Borrowing via PWLB	93,400
Use of internal balances and reserves	22,839
<b>Total Financing of CFR</b>	<b>116,239</b>

### PWLB Borrowing

The Council's total outstanding PWLB debt amounted to £97.100m at 1 April 2021. During 2021/22 £3.7m of principal has been repaid. No new loans have been taken out with the PWLB during 2021/22. The profile of the outstanding debt is analysed as follows: -

<b>PWLB BORROWING</b>	<b>Maturity Profile 31 March 2021 £</b>	<b>Maturity Profile 31 March 2022 £</b>
<b>Term</b>		
12 Months	3,700,000	4,000,000
1 - 2 years	4,000,000	3,400,000
2 - 5 years	12,600,000	12,200,000
5 - 10 years	22,800,000	23,800,000
Over 10 years	54,000,000	50,000,000
<b>Total PWLB Debt</b>	<b>97,100,000</b>	<b>93,400,000</b>

### PWLB Interest

The interest cost to the Council of the PWLB debt for 2021/22 is £3.378m. The cost is split within the accounts between the HRA and General Fund based on the level of debt outstanding within the CFR.

### Temporary Borrowing

Cash flow monitoring and management serves to identify the need for short term borrowing to cover delays in the receipt of income during the course of the year. During 2021/22 no short term borrowing was undertaken by the Council and therefore no interest charges were incurred.

## Temporary / Fixed Investments

The table below details the fixed investments held at 31 March 2022

<b>Bank Name</b>	<b>Balance Invested 31 March 22 £000</b>
<b>Fixed</b>	
Local Authorities	10,459
<b>Call Accounts</b>	
Bank Accounts	5,000
Money Market Funds	27,000
<b>Total</b>	<b>42,459</b>

From the table above it can be seen that the balance invested by the Council at 31 March 2022 is £42.459m. Interest earned from temporary investments during 2021/22 amounted to £0.065m and is detailed in the following table:

	<b>Average Period each Investment</b>	<b>Total Investment during year £000</b>	<b>Interest Received 2021/22 £</b>
Local Authorities	1 year	20,000	27,581
Local Authorities	9 months	10,000	7,614
Local Authorities	6 months	6,372	5,055
Money Market Funds	Overnight	Average interest rate 0.07%	17,481
Banks	Overnight	Average interest rate 0.14%	6,921
<b>Total</b>			<b>64,652</b>

## Overnight Balances

The balance of any daily funds is retained in the Council's general account with Lloyds Bank.

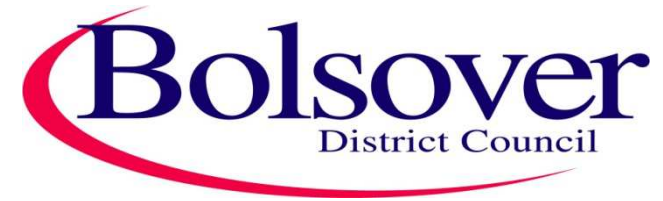
### Compliance with Treasury Limits

During the financial year the Council continued to operate within the treasury limits set out in the Council's Borrowing and Investment Strategy.

	<b>Set Limits in year 2021/22 £000</b>	<b>Actual in year 2021/22 £000</b>
Authorised (total Council external borrowing limit)	127,081	126,239
Operational Boundary	122,081	121,239

# Financial Outturn 2021/22

# Introduction to the reports – General Fund



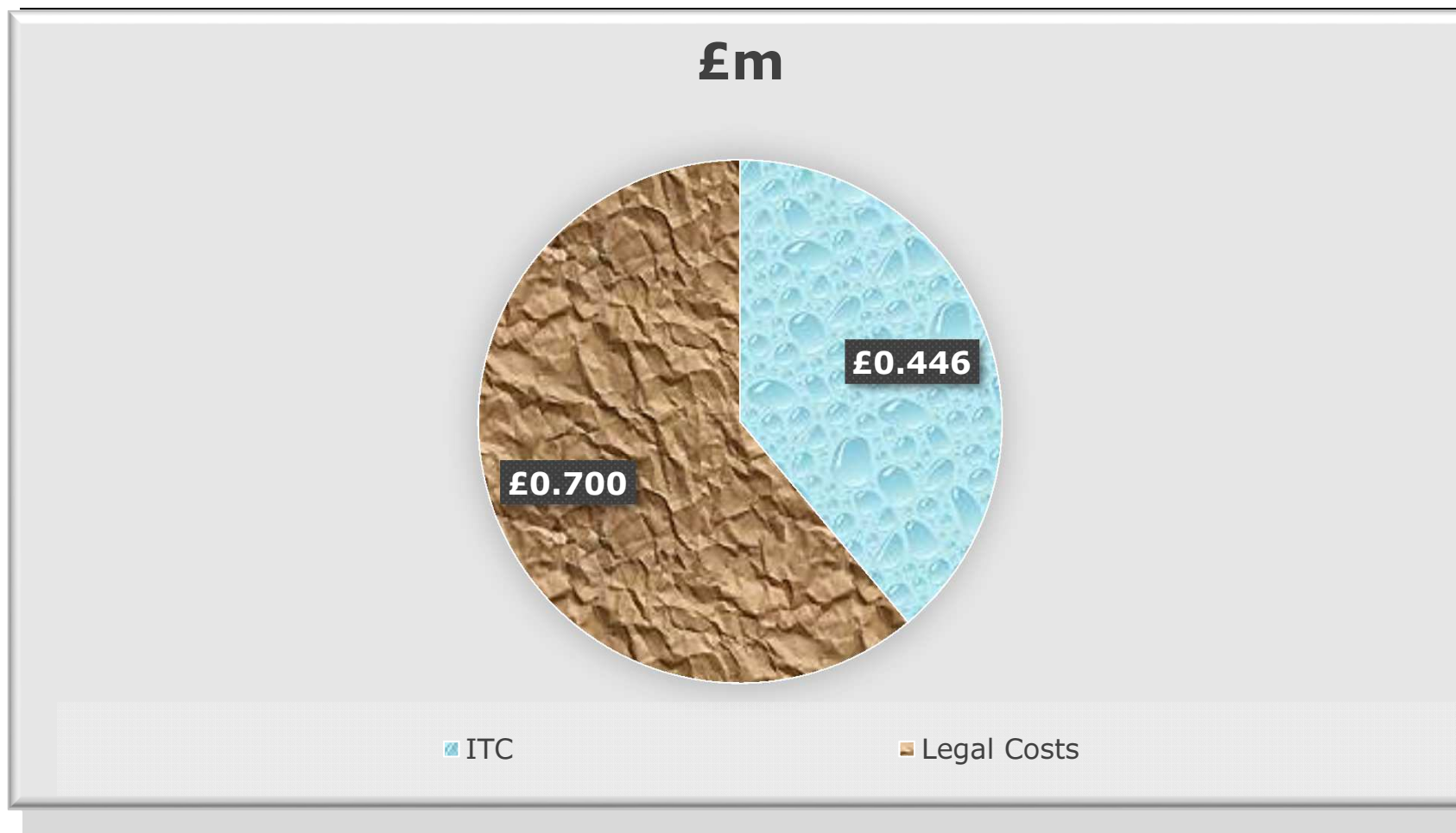
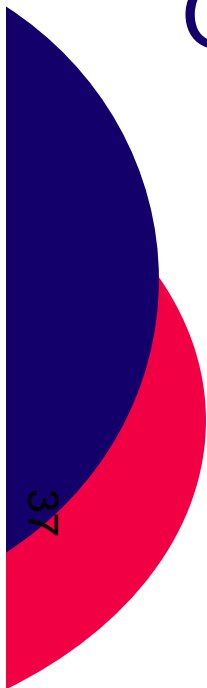
- 
- General Fund is every service except housing stock related.
  - In February 2021 we set the council tax for the year 1/4/21 – 31/3/22.
  - To enable us to do this we produced the Medium Term Financial Plan (MTFP).
  - This included revenue budgets made up of income and expenditure for 2022/23 and projections for 2023/24, 2024/25 and 2025/26.
  - This report shows how the financial position for 2021/22 turned out.
  - Appendix 1 and 2 are the general fund elements and show the summary and detail for 2021/22.

# General Fund – the outturn

The main variances	£'000
ICT service	(32)
Street Scene	(112)
Environmental Health	(91)
Homelessness	(52)
Pleasley Vale Mills	(58)
Planning fee income	(52)
Salaries variances	(399)
Non-staff miscellaneous variances	(176)
Debt charges/Investment interest	(143)
Additional general government grants	(37)
<b>Total Outturn Variance</b>	<b>(1,152)</b>
Net change since revised budget	<b>6</b>
<b>Contribution to Reserves at Outturn</b>	<b>(1,146)</b>

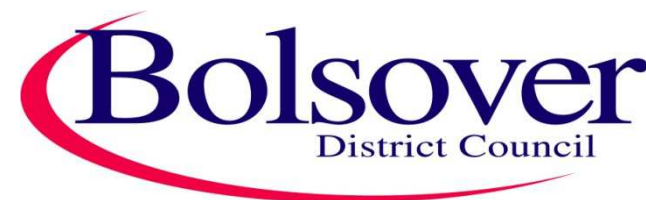


# General Fund – transfers to reserves



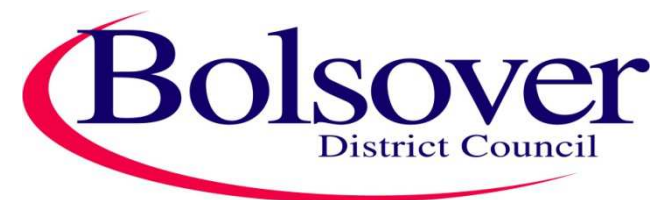
# General Fund – future years

(please refer to paragraph 2.11 of the report for this slide)



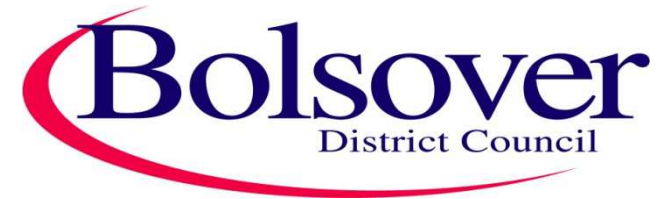
	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000
Budget Shortfall – MTFP Feb 2022	82	18	0	1,212
Pension costs to be funded by GF balance	(82)	(18)	0	0
Efficiencies identified to date	(112)	(112)	(112)	(112)
<b>Current Budget Shortfall/(Surplus)</b>	<b>(112)</b>	<b>(112)</b>	<b>(112)</b>	<b>1,100</b>
Efficiencies identified not yet realised	0	(110)	(220)	(330)
Potential new income	(443)	(1,097)	(1,682)	(2,141)
<b>Closing Budget Shortfall</b>	<b>(555)</b>	<b>(1,319)</b>	<b>(2,014)</b>	<b>(1,371)</b>

# Covid-19 Pandemic



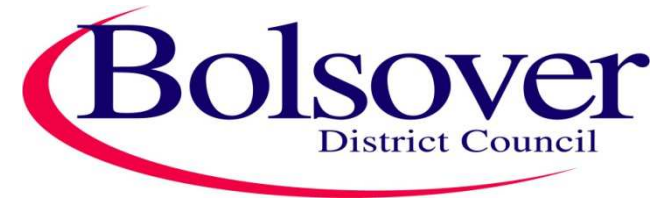
	<b>Amount received in 21/22</b>	<b>Amount paid at 31/3/22</b>
Business Support grant funding	£8.334m	£5.510m
Test + Trace support payments for individuals	£0.268m	£0.202m
Emergency funding to cover our costs	£0.497m	£0.497m
Compensation for our income losses	£0.195m	n/a
Covid-19 Additional Relief Fund (CARF) for businesses	£0.595m	£0.595m

# Introduction to the reports – Housing Revenue Account



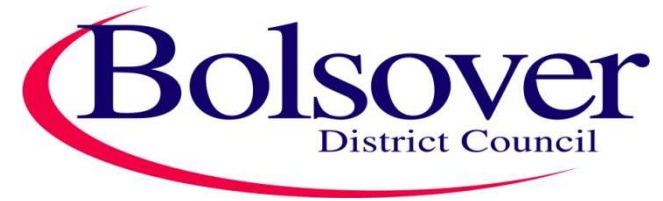
- 
- This is purely income and expenditure relating to our housing stock.
  - In February 2021 we set the rents for the year 1/4/21 – 31/3/22.
  - This fed into the Medium Term Financial Plan (MTFP).
  - This included revenue budgets made up of income and expenditure for 2022/23 and projections for 2023/24, 2024/25 and 2025/26.
  - This report shows how the financial position for 2021/22 turned out.
  - Appendix 3 is the housing revenue account element showing the summary for 2021/22.

# Housing Revenue Account – the outturn



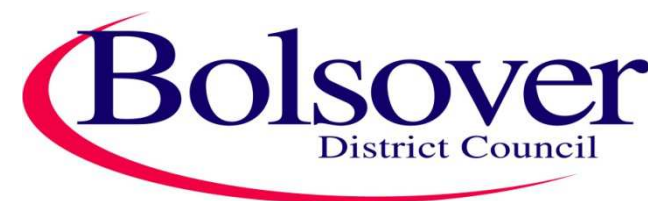
The main variances	£'000
Repairs + Maintenance expenditure	(52)
Special Services expenditure	(50)
Housing Related Support, Wardens expenditure	(58)
Remainder of HRA expenditure	(97)
Dwelling rents income	(77)
Remainder of HRA income	(89)
Additional interest cost	195
Budgeted surplus	(6)
<b>Total Outturn Variance</b>	<b>(234)</b>
Contribution to HRA Vehicle, Plant + Equipment Reserve at Outturn	234

# Introduction to the reports – Capital Programme



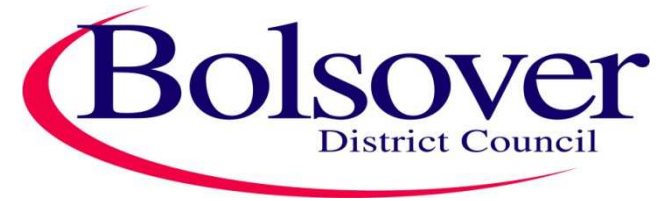
- This is expenditure to purchase new assets or enhance existing ones.
- Capital is shown separately for general fund and housing.
- We also show how we are going to pay for the expenditure.
- In February 2021 the Medium Term Financial Plan (MTFP) included estimates for both.
- We included expenditure and financing for 2022/23 and projections for 2023/24, 2024/25 and 2025/26.
- This report shows how the financial position for 2021/22 turned out.
- Appendix 4 is the capital programme showing the detail of individual schemes and financing for 2021/22.

# Capital Programme – the outturn



The main variances	£'000
GF Building Assets	(379)
GF ICT Schemes	(109)
Disabled Facilities Grants	(110)
Joint Venture - Dragonfly	(2,272)
Leisure Schemes	(442)
GF vehicle replacements	(897)
Other GF Capital Schemes	(15)
HRA New Build Properties	(1,247)
Public Sector Housing Schemes	(833)
New Bolsover Scheme	(955)
Other HRA Capital Schemes	(268)
Total under spend	<b>(7,527)</b>

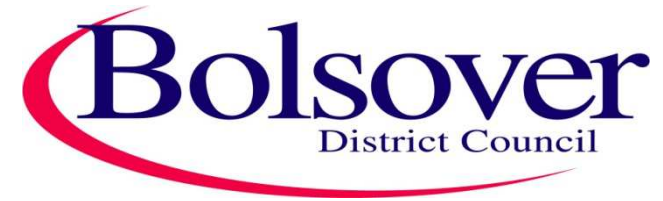
# Introduction to the reports – Treasury Management



- 
- Treasury Management is the management of the Authority's cash flows (because it has surplus cash as a result of its day-to-day activities), borrowing and investments and the associated risks.
  - In February 2021 the Medium Term Financial Plan (MTFP) included estimates of interest payable on loans and receivable on our investment balances.
  - We included estimates for 2022/23 and projections for 2023/24, 2024/25 and 2025/26.
  - This report shows how the financial position for 2021/22 turned out.
  - Appendix 5 covers treasury management for 2021/22.



# Treasury Management – the outturn



- 
- Our over all borrowing requirement was £116.239m which was £0.840m less than budgeted due mainly to less capital expenditure than anticipated.
  - Public Works Loan Board (PWLB) debt was reduced to £93.4m due to a repayment of £3.7m in year.
  - Effective internal borrowing is £22.839m being the difference between the PWLB debt and the borrowing requirement.
  - PWLB debt interest paid was £3.378m.
  - Investment income received was £0.065m.

# Any Questions?

Please email

[Theresa.fletcher@Bolsover.gov.uk](mailto:Theresa.fletcher@Bolsover.gov.uk)

**Bolsover District Council**

**Meeting of the Audit and Corporate Overview Scrutiny Committee**  
**on 26<sup>th</sup> July 2022**

**Corporate Debt – 2021/22**

**Report of the Assistant Director of Finance and Resources**

<b>Classification</b>	This report is public
<b>Report By</b>	Assistant Director of Finance and Resources
<b>Contact Officer</b>	Assistant Director of Finance and Resources Theresa Fletcher 01246 242548 theresa.fletcher@bolsover.gov.uk

**PURPOSE/SUMMARY OF REPORT**

To present to Audit and Corporate Overview Scrutiny Committee a summary of the corporate debt position at 31 March 2022.

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**REPORT DETAILS**

**1. Background**

- 1.1 The main sources of income for the Council's General Fund are business rates, council tax, a small number of government grants and service related income. The main source of income for the Council's Housing Revenue Account is dwelling rent, often referred to as 'housing rents'. Government grants are paid over to us on agreed dates direct into our bank account so there is no need to include them on any of our debtor systems. For most other sources of income we have to request the income due to us.
- 1.2 We request the income due to us on the relevant system by raising bills for business rates, council tax and housing rents. There is legislation in place for each of these sources which determines the rules of collecting this income.
- 1.3 For service related income, invoices are raised on the sundry debtor system which is a module of our Civica Financial Management System. Examples of types of income include: housing benefit overpayment, trade refuse, industrial unit rent, garage site rent, wardens service and alarms and leisure hire of facilities. This income is reported in two amounts with housing benefit overpayments identified from the rest.

- 1.4 The following table shows the sources of income for Bolsover District Council as at 31 March 2022 and 2021 for comparison:

Table 1 – Sources of Income

	2020/21	2021/22	
position at end of	Q4	Q4	variance
	£'000	£'000	£'000
NNDR	(28,585)	(28,616)	(31) *
Council tax	(43,683)	(45,797)	(2,114) **
Housing Rents	(20,330)	(20,618)	(288)
Overpaid housing benefits	(391)	(338)	53
Sundry Debtors	(5,146)	(5,794)	(648)
	(98,135)	(101,163)	(3,028)
* This is 100%, our share of this is 40%			
** This is 100%, our share of this is 16.46% 20/21 + 16.76% 21/22			

- 1.5 (\*and \*\*) these debts are part of the collection fund and are shared with major preceptors including the County, police and fire. Only a percentage of these debts belong to Bolsover District Council.
- 1.6 The figures in table 1 show an increase in income billed in the year for most sources. The reduction in income from housing benefit overpayments is good news as it means less claimants have been paid too much benefit so we've therefore had less income to reclaim.
- 1.7 Debtors of a Local Authority are very sensitive to change. If a tenant/tax payer's circumstances change it can become difficult for them to keep paying their rent or council tax. Informing us of a change in personal circumstances late can mean more benefit is paid than they are entitled to which can mean they become benefit overpayment debtors.
- 1.8 Circumstances can change quickly and mean debtors fall into arrears. It is very common for Local Authority's to have arrears balances due to the vulnerable nature of some of its debtors. Debt management is how the Council manages its arrears and debtors. The following table shows the level of arrears for Bolsover

District Council at 31 March for the last two financial years. This information is published in the Council's Statement of Accounts document each year.

Table 2 – Level of Arrears

	2020/21	2021/22	
position at end of	Q4	Q4	variance
	£	£	£
NNDR	555,701	628,635	72,934 *
Council tax	3,540,825	3,982,873	442,048 **
Housing Rents	1,709,514	1,598,520	(110,994)
Overpaid housing benefits	1,643,213	1,501,936	(141,277)
Sundry Debtors	610,706	835,380	224,674
	8,059,959	8,547,344	487,385

1.9 As you can see from table 2, arrears have increased in 2021/22 for nnDR, council tax and sundry debtors. During 2021/22 there was a lot less relief provided by Government for businesses and individuals compared to 2020/21. The current levels of arrears for both nnDR and council tax are the highest they've been in recent years, this is almost certainly a consequence of the pandemic. Sundry debtor arrears fluctuate depending on if large invoices are raised close to 31 March, but aren't paid until April.

1.10 Part of managing the debt is assessing the likelihood of future non-collection. At each year end, an estimate of non-collection is made based on historic payment information for the same class of debt. An amount equal to the non-collection is charged against our revenue account and saved in a provision for future use. The provision is often referred to as the bad debt provision. It is considered prudent to not include all the income in the revenue accounts in a year when there is a chance it won't all be collected.

1.11 As part of year end work the provision balance for each class of debt is reviewed, compared against latest arrears balances to ensure it still covers the amount of non-collection in case we have to write-off debts, and either increased or decreased, whichever is appropriate.

1.12 For the last 2 years when we've assessed the provision levels at year end, we've increased the provisions by £1.6m in total, in anticipation of the financial effect of the pandemic on businesses and individuals.

1.13 As you can see from the following table which shows the bad debt provision for each class of debtor at 31 March for the last two financial years, we felt it necessary to increase the provision again this year but not significantly. Although arrears levels for some sources are higher than normal, the provision pots we've built up over the last 2 years mean only a small increase was required this year.

Table 3 - Bad Debt Provisions

	2020/21	2021/22	
position at end of	Q4	Q4	variance
	£	£	£
NNDR	(555,701)	(564,538)	(8,837) *
Council tax	(2,206,432)	(2,229,115)	(22,683) **
Housing Rents	(1,154,736)	(1,188,238)	(33,502)
Overpaid housing benefits	(1,365,626)	(1,397,313)	(31,687)
Sundry Debtors	(140,518)	(224,804)	(84,286)
	(5,423,013)	(5,604,008)	(180,995)

1.14 As previously mentioned there is legislation that governs the collection of business rates, council tax and housing rents. As a Local Authority it is necessary to have a debt collection process that adheres to legislation but ensures the maximum amount of income is collected.

1.15 Members will be aware that throughout the pandemic recovery action for debt collection was completely suspended a number of times. Each time we restarted with soft recovery where staff made contact with debtors to help them settle their debts by providing reminders and setting up payment plans.

1.16 We have been carrying out pre-Covid debt collection processes for most of 2021/22 and it is clear that the pandemic has had an effect on business and individuals' ability to pay, as the arrears levels demonstrate. The current 'cost of living' crisis may exacerbate this but we will continue to provide the payment plan facility for debtors to help where we can and carry out recovery action as necessary.

1.17 Indicators for debt collection are monitored through the 'Perform' system and reported at the quarterly performance meetings where any areas of concern are raised. Targets for collecting income and reducing arrears for each class of debt are set and monitored. The performance data on debt collection is also reported

quarterly to Executive for information where any areas of concern are raised/discussed.

- 1.18 The following table shows for 2021/22 the movement since last financial year in the value of each source of income, the amount that is outstanding as arrears and the bad debt provision which relates to that source of income.

Table 4 – Summary for 2021/22

	Income	Arrears	Provision	
	£	£	£	
NNDR	(31,000)	72,934	(8,837)	*
Council tax	(2,114,000)	442,048	(22,683)	**
Housing Rents	(288,000)	(110,994)	(33,502)	
Overpaid housing benefits	53,000	(141,277)	(31,687)	
Sundry Debtors	(648,000)	224,674	(84,286)	
<b>Totals</b>	<b>(3,028,000)</b>	<b>487,385</b>	<b>(180,995)</b>	

- 1.19 Over all in 2021/22 we have raised on our systems £3.028m (net) more in income. Our arrears have increased by £0.487m but if we exclude the reductions in arrears for housing rents and housing benefit overpayments, the increase is £0.740m. We have increased the bad debt provisions by £0.181m.

## **2. Reasons for Recommendation**

- 2.1 To ensure that Audit and Corporate Overview Scrutiny Committee are informed of the latest position concerning the Council's debt.

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

- 3.1 This report is for information only.

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## **RECOMMENDATION(S)**

1. That Audit and Corporate Overview Scrutiny Committee note the report concerning the Council's Corporate Debt as at 31 March 2022.

Approved by the Portfolio Holder - Cllr Clive Moesby, Executive Member for Finance

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## **IMPLICATIONS:**

**Finance and Risk:**      Yes ☒      No ☐

**Details:**

The current position regarding corporate debt is given throughout the report. Failure to collect this debt would have a detrimental impact on the Council's financial position if sufficient bad debt provisions were not in place. It must be remembered that the Covid-19 pandemic continues to impact on the arrears for all our main sources of income at 31<sup>st</sup> March 2022.

On behalf of the Section 151 Officer

**Legal (including Data Protection):**      Yes ☐      No ☒

**Details:**

There are no legal or data protection issues arising directly from this report.

On behalf of the Solicitor to the Council

**Staffing:**      Yes ☐      No ☒

**Details:**

There are no human resource issues arising directly out of this report.

On behalf of the Head of Paid Service

**DECISION INFORMATION**

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <b>Revenue - £75,000   <input type="checkbox"/>   Capital - £150,000   <input type="checkbox"/></b> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> <i>(Only Key Decisions are subject to Call-In)</i>	No

<b>District Wards Significantly Affected</b>	None directly
<b>Consultation:</b> <b>Leader / Deputy Leader   <input type="checkbox"/>   Executive   <input type="checkbox"/></b> <b>SLT   <input type="checkbox"/>   Relevant Service Manager   <input type="checkbox"/></b> <b>Members   <input type="checkbox"/>   Public   <input type="checkbox"/>   Other   <input type="checkbox"/></b>	<b>Details:</b>  Portfolio Holder for Finance



<b>Links to Council Ambition: Customers, Economy and Environment.</b>

<b>DOCUMENT INFORMATION</b>	
<b>Appendix No</b>	<b>Title</b>

<b>Background Papers</b>
<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive you must provide copies of the background papers).</i>
None

## **Bolsover District Council**

### **Meeting of the Audit and Corporate Overview Scrutiny Committee** **on 26<sup>th</sup> July 2022**

#### **Budget Monitoring Report**

#### **Report of the Assistant Director of Finance and Resources**

<b>Classification</b>	This report is public
<b>Report By</b>	Assistant Director of Finance and Resources
<b>Contact Officer</b>	Assistant Director of Finance and Resources Theresa Fletcher 01246 242548 theresa.fletcher@bolsover.gov.uk

#### **PURPOSE/SUMMARY OF REPORT**

To update the Committee on the financial position of the Council following the first quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account (HRA), Capital Programme and Treasury Management activity.

#### **REPORT DETAILS**

- 1.1 This report provides the current financial position following the 2022/23 quarter 1 monitoring exercise.

#### **General Fund Revenue Account**

- 1.2 The General Fund Revenue Account summary is shown in **Appendix 1**. The original budget for 2022/23 showed a funding deficit of £0.082m. The current budget shows this has reduced to £0.008m surplus after the Council tax increase and other small movements are included. As savings are identified and secured they are moved into the relevant cost centres within the main General Fund Directorates. **Appendix 2** details the net cost of each cost centre within the Directorates.
- 1.3 Salary budgets for 2022/23 were last reviewed by officers in October 2021 as part of preparing the 2022/23 Medium Term Financial Plan (MTFP). Officers have reviewed the opportunities to reduce the salary budgets where savings arose in the first quarter and a further amount of £0.131m will now be removed from budgets.
- 1.4 Within the Directorates there is the following to report:

- The Resources Directorate shows a favourable variance of £0.229m. This relates mainly to :
    1. Under spends due to invoices not yet paid and vacancies at the end of the quarter (£0.340m) – favourable.
    2. Income received in advance of any expenditure (£0.783m) – favourable
    3. Annual invoices were paid in quarter 1 which makes the profiled budget look overspent (£0.570m) – adverse.
    4. Expenditure has been spent but the income hadn't been received as it is claimed in arrears (£0.198m) – adverse.
    5. Over spends against quarter 1 budget due to less income received, new pressures or where expenditure is seasonal and not profiled over 4 quarters (£0.159m) – adverse
  - The Strategy and Development Directorate shows an adverse variance of £0.197m. This relates mainly to:
    1. Under spends due to invoices not yet paid and vacancies at the end of the quarter (£0.314m) – favourable.
    2. Income received in advance of any expenditure (£0.097m) – favourable.
    3. Annual invoices were paid in quarter 1 which makes the profiled budget look overspent (£0.410m) – adverse.
    4. Expenditure has been spent but the income hadn't been received as it is claimed in arrears (£0.102m) – adverse.
    5. Over spends against quarter 1 budget due to less income received, new pressures or where expenditure is seasonal and not profiled over 4 quarters (£0.049m) – adverse.
- 1.5 In order to improve the monitoring and control of Section 106 monies received by the Council, the sums due to be utilised in a financial year are now recorded within the General Fund directorate budgets with the expenditure recorded against these sums. The amount budgeted to be spent in 2022/23 is £1.449m. Of this £0.030m has to be spent by 1/8/22 and a further £0.068m has to be spent by December 2022. Officers are working to ensure that this spend is undertaken in line with the S106 legal requirements.
- 1.6 The overall position at the end of quarter 1 shows that there is a favourable variance of £0.032m, with most identified variances as a consequence of timing. However, when officers begin working with budget managers during the next quarter to compile a revised budget for 2022/23, it is expected there will be necessary increases to fuel, utilities and pay budgets as a minimum, for price increases mainly caused by the current level of inflation.
- 1.7 The table below shows the latest position of all years in the current MTFP. It should be remembered that for all years from 2023/24 there is a transfer into the general fund from the NNDR Growth Protection Reserve to replace the losses caused by changes in Government funding. As a Council we made it our strategy to save extra income earned in years when we received more than we estimated, to be able to use it in future years' when income was reduced.

- 1.8 These transfers are £0.004m into the reserve in 2022/23, then contributions from the reserve of £3.262m in 2023/24, £2.990m in 2024/25 and £1.802m 2025/26. Any surplus made since April 2022 will be returned to the reserve to extend the use of the reserve for as long as possible.
- 1.9 This reserve is not a sustainable source of income for the general fund. For this reason we now include in table1, estimates of potential new income from current projects and plans known about by the Council. As part of updating the MTFP these income estimates will be reviewed.

<u>Table 1</u>	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000
Budget Shortfall – MTFP Feb 2022	82	18	0	1,212
Pension costs to be funded by GF balance	(82)	(18)	0	0
Efficiencies identified to date (removed from budget)	(90)	(112)	(112)	(112)
<b>Current Budget Shortfall/(Surplus)</b>	<b>(90)</b>	<b>(112)</b>	<b>(112)</b>	<b>1,100</b>
Efficiencies identified <u>not yet realised</u>	0	(110)	(220)	(330)
Potential new income	(443)	(1,097)	(1,682)	(2,141)
<b>Target Budget Surplus</b>	<b>(533)</b>	<b>(1,319)</b>	<b>(2,014)</b>	<b>(1,371)</b>

- 1.10 Once work that begins next quarter on revised budgets has been completed, the revised position will be presented to Members in November and December. The work on the MTFP update and new year will also begin in the next quarter with the final MTFP report presented to Members in January and February.

### **Government funding update**

- 1.11 In his speech to the Local Government Association (LGA) conference on 28 June 2022, Michael Gove promised to give local authorities greater “financial certainty”. “A 2-year financial settlement will be introduced next year”, which it is assumed will cover 2023/24 and 2024/25.
- 1.12 Michael Gove wants to reduce the number of funding streams and reduce the burdens on local government. “The local government financial situation will be kept under review”, with a commitment from him that he will fight for more resources for the sector.
- 1.13 The proposal for a 2-year settlement suggests that there will be rollover settlements in 2023/24 and 2024/25, broadly similar to the 2022/23 settlement. The Fair Funding Review, business rates baseline reset and other funding reforms

now look set to be pushed back to 2025/26. Pushing these major changes back to 2025/26 means that they can be aligned with the next spending review period.

- 1.14 It is expected a consultation paper will be published soon, covering the principles that will be applied in the 2-year settlement. It is likely that the changes for 2023/24 and 2024/25 will be limited as there is no new money to allocate from within the current Spending Review (SR21). The principles should be about how to manage 2 rollover settlements.
- 1.15 However, what local government really want to know is how the Government is going to address the impact of inflation on local services and whether any additional funding will be built into the 2-year settlements. One option would be to allow local authorities to raise more from council tax. The current threshold of 1.99% is now well below the level of inflation, which was 9.1% in the Consumer Price Index (CPI) for May 2022. Pushing the threshold much higher though, would collide with the Government's efforts to manage the cost of living.
- 1.16 Another option would be for the Government to find additional funding for local authorities in 2023/24 or 2024/25 but the Treasury is still resisting calls for any additional funding. The Treasury's line is that departments (of which local government is one) will have to "stick within" their spending review allocations. According to the Treasury, the spending review assumed 3% for public sector pay increases and higher increases will be not be funded. This is quite worrying as pay rise increases between 4-5% have been suggested as a minimum, if the sector is to avoid becoming a minimum wage employer and then struggle to recruit and retain staff at all levels.

### **Housing Revenue Account (HRA)**

- 1.17 The Housing Revenue Account summary for the first quarter of 2022/23 is set out in **Appendix 3** to this report. At the end of quarter 1 the HRA is showing a net surplus of £0.101m.

#### **Expenditure**

- 1.18 Expenditure shows an overall favourable variance of £0.118m. The main areas to highlight are listed below:
1. Vacancies for quarter 1 across all areas of the HRA are £0.126m. There are a number of vacancies currently being recruited to. The savings from vacancies will now be removed from the budgets.
  2. Rent, Rates, Taxes and Other Charges expenditure is £0.063m under spent due to the Council Tax liability on void properties not being paid until later in the year.
  3. Expenditure on new build scheme evaluations looks over spent for the quarter due to committing one of the reserve funded schemes for the whole year at £0.120m.

#### **Income**

- 1.19 The quarter 1 income figures show an adverse variance of £0.017m. This is largely due to voids. The budget was based on a 3% voids level assumption but at the end of quarter 1, the voids were averaging 3.86%.

- 1.20 Other variances for income are a favourable £0.017m where garage site rents are billed in April for the whole year; £0.026m adverse variance where the Travis Perkins profit share has not yet been received for 2021/22 and favourable variances for the independent living service and community alarms due to DCC notifying us after we'd produced the budget that they were extending their use of the services mentioned.

#### HRA – Overall Summary

- 1.21 In light of the above and the expenditure patterns to date, the only significant issue to report regarding the overall position for the HRA at the end of the first quarter is the reduction in income caused by voids being at a level higher than budgeted for.
- 1.22 The additional void rent loss is as a result of the on-going ambitions of the Council with the delivery of a wide range of capital schemes, the nature of these schemes often requires the decanting of tenants. Once schemes are completed it is the aim to then let all of the properties within the scheme.

### **Capital Programme**

#### Capital Expenditure

- 1.23 The capital programme summary for the first quarter of 2022/23 is provided in **Appendix 4** to this report.
- 1.24 In headline terms, the capital programme profiled budget for quarter 1 is £6.193m and the actual spend and known commitments total £5.155m, which is £1.038m behind the planned spend position. The main areas to highlight are listed below:
1. The new 3G playing pitch has already been completed so is showing £0.202m over spent for the quarter.
  2. Dragonfly loan and acquisition of share capital are showing as £0.550m under spent which is due to a delay to the start of the next phase of the scheme.
  3. The GF Vehicle Replacements are showing as over spent for the quarter £0.161m but the scheme can't be quarterly profiled.
  4. The new build HRA properties are together £1.203m under spent for the quarter due to the phasing of the individual schemes.
  5. The HRA Vehicle Replacements appear over spent at £0.211m but again the scheme can't be quarterly profiled.
  6. The Public Sector Housing schemes on our own properties are currently £0.247m under spent at the end of the first quarter.
- 1.25 Whilst there are no significant financial issues to report regarding capital expenditure at the end of the first quarter, it must be noted that the delivery of the approved capital programme is behind the profiled position as at quarter 1.

#### Capital Resources

- 1.26 HRA – The Council has sufficient capital resources in place to finance the HRA actual expenditure and commitments at the end of the first quarter.

General Fund – The financing of the General Fund part of the capital programme is in line with the approved financing arrangements.

## **Treasury Management**

- 1.27 The treasury management function covers the borrowing and investment of Council money. This includes both the management of the Council's day to day cash balances and the management of its long term debt. All transactions are conducted in accordance with the Council's approved strategy and the CIPFA Code of Practice. Good treasury management plays an important role in the sound financial management of the Council's resources.
- 1.28 The Council approved the 2022/23 Treasury Management Strategy at its meeting in February 2022. **Appendix 5** identifies the Treasury Management activity undertaken during the first quarter of 2022/23 and demonstrates that this is in line with the plans agreed as part of the strategy. The income received from investments is currently higher than budgeted although interest rates being received on investments is generally quite low.
- 1.29 We have used a number of Money Market Funds (MMF's) during quarter 1 to place the cash that we don't have an immediate need to use. MMF's are currently offering better interest rates than banks although we are still achieving below bank base rate on our investments. Careful monitoring of our cash balances is being undertaken on a daily basis and we are looking where we could put investments out for a longer period in order to obtain better rates. A full assessment of this will be done during the next quarter in preparation for revised budgets.

## **2 Reasons for Recommendation**

- 2.1 The report summarises the financial position of the Council following the first quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account, Capital Programme and Treasury Management activity.

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

- 3.1 The Budget Monitoring report for 2022/23 is primarily a factual report which details progress against previously approved budgets. Accordingly, there are no alternative options to consider.

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## **RECOMMENDATION(S)**

- 1 That Audit and Corporate Overview Scrutiny Committee notes the monitoring position of the General Fund at the end of the first quarter as detailed on **Appendix 1** (A net favourable variance of £0.032m against the profiled budget) and the key issues highlighted within this report.
- 2 That Audit and Corporate Overview Scrutiny Committee notes the position on the Housing Revenue Account (HRA), the Capital Programme and Treasury Management at the end of the first quarter (**Appendices 3, 4 and 5**).

Approved by the Portfolio Holder - Cllr Clive Moesby, Executive Member for Finance

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**IMPLICATIONS:****Finance and Risk:**            Yes ☐            No ☒**Details:**

Financial implications are covered throughout this report.

The issue of Financial Risk is covered throughout the report. In addition, however, it should be noted that the risk of not achieving a balanced budget is outlined as a key risk within the Council's Strategic Risk Register. While officers are of the view that these risks are being appropriately managed it needs to be recognised that there may be pressures on all of the Council's main budgets as these have been or are being reduced to minimum levels. These will need to be managed carefully during the course of this financial year if we are to protect the existing financial balances and reduce the funding deficit in 2025/26 in light of current inflation levels.

On behalf of the Section 151 Officer

**Legal (including Data Protection):**            Yes ☐            No ☒**Details:**

There are no legal or data protection issues arising directly from this report.

On behalf of the Solicitor to the Council

**Staffing:**            Yes ☐            No ☒**Details:**

There are no human resource issues arising directly out of this report.

On behalf of the Head of Paid Service

**DECISION INFORMATION**

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <b>Revenue - £75,000   <input type="checkbox"/>   Capital - £150,000   <input type="checkbox"/></b> <b><input checked="" type="checkbox"/> Please indicate which threshold applies</b>	No
<b>Is the decision subject to Call-In?</b> <i>(Only Key Decisions are subject to Call-In)</i>	No



<b>District Wards Significantly Affected</b>	All
<b>Consultation:</b> <b>Leader / Deputy Leader</b> <input type="checkbox"/> <b>Executive</b> <input type="checkbox"/> <b>SLT</b> <input type="checkbox"/> <b>Relevant Service Manager</b> <input type="checkbox"/> <b>Members</b> <input type="checkbox"/> <b>Public</b> <input type="checkbox"/> <b>Other</b> <input type="checkbox"/>	<b>Details:</b>  Portfolio Holder for Finance

<b>Links to Council Ambition: Customers, Economy and Environment.</b>

<b>DOCUMENT INFORMATION</b>	
<b>Appendix No</b>	<b>Title</b>
1	General Fund Summary
2	General Fund Detail
3	HRA Summary
4	Capital Programme
5	Treasury Management Update

<b>Background Papers</b>
<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive you must provide copies of the background papers).</i>
None

# Appendix 1

## GENERAL FUND SUMMARY - 2022/23

## APPENDIX 1

	Per Council 2/2/22	Per FMS			
	Original Budget £	Current Budget £	3 months Budget £	3 months Actuals £	3 months Variance £
Resources	5,710,234	11,157,273	2,789,318	2,961,095	171,777
Strategy and Development	4,805,410	5,242,912	1,310,728	1,775,695	464,967
<u>S106 due in year</u>					
Resources	534,579	659,176	164,794	(235,813)	(400,607)
Strategy and Development	789,479	789,908	197,477	(70,245)	(267,722)
<b>Net Cost of Services</b>	<b>11,839,702</b>	<b>17,849,269</b>	<b>4,462,317</b>	<b>4,430,732</b>	<b>(31,585)</b>
Debt Charges	562,762	562,762	140,691	140,691	0
Investment Interest	(97,944)	(97,944)	(24,486)	(24,486)	0
Contributions to Reserves	1,411,667	1,502,185	375,546	375,546	0
Contributions from Earmarked Reserves	(316,084)	(448,413)	(112,103)	(112,103)	0
Contribution (from)/to S106 Holding A/cs and Miscellaneous Holding A/cs	(1,600,416)	(1,832,073)	(458,018)	(458,018)	0
Contribution from Grant A/cs	0	(8,517,568)	(2,129,392)	(2,129,392)	0
Parish Precepts	3,294,344	3,645,990	911,498	911,498	0
<b>Total Spending Requirement</b>	<b>15,094,031</b>	<b>12,664,208</b>	<b>3,166,052</b>	<b>3,134,467</b>	<b>(31,585)</b>
Revenue Support Grant	(1,231,521)	(1,231,521)	(307,880)	(307,880)	0
Business Rate Retention	(5,325,514)	(5,325,514)	(1,331,379)	(1,331,379)	0
New Homes Bonus Grant	(1,036,272)	(1,036,272)	(259,068)	(259,068)	0
BDC Council Tax Requirement	(4,124,314)	(4,323,074)	(1,080,769)	(1,080,769)	0
Parish Council, Council Tax Requirement	(3,294,344)	(3,645,990)	(911,498)	(911,498)	0
COVID-19 Related Support funded by Grants	0	2,889,884	722,471	722,471	0
<b>Funding Requirement</b>	<b>(15,011,965)</b>	<b>(12,672,487)</b>	<b>(3,168,122)</b>	<b>(3,168,122)</b>	<b>0</b>
<b>Funding gap/(surplus)</b>	<b>82,066</b>	<b>(8,279)</b>	<b>(2,070)</b>	<b>(33,655)</b>	<b>(31,585)</b>

# General Fund Detail - 2022/23

# APPENDIX 2

List of net budgets per cost centre per directorate			Full Years	3 months	3 months	3 months	
			Budget	Budget	Actuals	Variance	
			£	£	£	£	
RES	G001	Audit Services	128,660	32,165	128,660	96,495	Budget committed for the full year (call-off order).
RES	G002	I.C.T.	966,750	241,688	341,061	99,373	Business software contracts paid for full year £115k. Hired + contract £6k under spent. Various other invoices not yet paid.
RES	G007	Community Safety - Crime Reduction	62,755	15,689	2,863	(12,825)	
RES	G008	Community Safety Grant	0	0	4,240	4,240	
RES	G010	Neighbourhood Management	66,885	16,721	16,575	(147)	
RES	G013	Community Action Network	303,367	75,842	78,456	2,614	
RES	G014	Customer Contact Service	781,188	195,297	198,917	3,620	
RES	G017	Private Sector Housing Renewal	85,378	21,345	19,207	(2,138)	
RES	G018	Environmental Health Covid Team	40,448	10,112	81	(10,031)	
RES	G020	Public Health	(70,000)	(17,500)	70,000	87,500	£70k income accrual still outstanding from CBC. Usually paid in July. 2022/23 income will not be received until July 2023.
RES	G021	Pollution Reduction	234,844	58,711	62,096	3,385	
RES	G022	Env Health - Health + Safety	0	0	(192)	(192)	
RES	G023	Pest Control	33,314	8,329	8,916	587	
RES	G024	Street Cleansing	330,528	82,632	80,786	(1,846)	
RES	G025	Food, Health & Safety	133,397	33,349	32,282	(1,068)	
RES	G026	Animal Welfare	98,632	24,658	25,999	1,341	
RES	G028	Domestic Waste Collection	1,020,138	255,035	231,685	(23,350)	
RES	G030	Street Trading	0	0	(452)	(452)	
RES	G032	Grounds Maintenance	717,112	179,278	209,759	30,481	Agency income from DCC showing £17k under achieved for the 1/4 but not due until later in the year. Grass cutting showing £11k under achieved.

Appendix 2

## General Fund Detail - 2022/23

## APPENDIX 2

List of net budgets per cost centre per directorate			Full Years	3 months	3 months	3 months	
			Budget	Budget	Actuals	Variance	
			£	£	£	£	
RES	G033	Vehicle Fleet	1,031,204	257,801	386,199	128,398	Staff costs £15k under spent for 1/4. Diesel showing £65k over the 1/4 due to price increases. Road fund licences paid £5k more than a 1/4 but can't profile evenly. Hired + contract committed more than 1/4 £50k. Equipment, tools + materials £14k under spent for 1/4 of budget. Diesel recharge to NE not yet done £20k. MOT income under achieved by £6k. Equipment committed more than 1/4 £24k.
RES	G036	Environmental Health Mgmt & Admin	261,162	65,291	64,750	(541)	
RES	G038	Concessionary Fares & TV Licenses	(10,380)	(2,595)	(165)	2,430	
RES	G040	Corporate Management	185,183	46,296	(587)	(46,883)	Not yet received invoice for Q4 21/22 and Q1 22/23 not yet paid for Mazars.
RES	G041	Non Distributed Costs	664,737	166,184	36,768	(129,417)	June superann. payment £80k not due until July. Added years commitment for Q1 not yet on - £50k.
RES	G043	Director of Resources	141,306	35,327	34,423	(903)	
RES	G044	Financial Services	325,785	81,446	84,589	3,143	
RES	G046	Homelessness	180,111	45,028	(39,974)	(85,001)	Grant funding received in advance £110k and homelessness prevention £19k committed for more than 1/4 year.
RES	G048	Town Centre Housing	(10,600)	(2,650)	0	2,650	
RES	G053	Licensing	34,049	8,512	10,763	2,251	
RES	G061	Bolsover Wellness Programme	64,921	16,230	34,890	18,660	
RES	G062	Extreme Wheels	(3,408)	(852)	15,979	16,831	
RES	G063	This Girl Can	1,908	477	409	(68)	
RES	G064	Bolsover Sport	140,573	35,143	22,302	(12,842)	
RES	G065	Parks, Playgrounds & Open Spaces	41,364	10,341	11,405	1,064	
RES	G069	Arts Projects	51,157	12,789	5,902	(6,887)	

## General Fund Detail - 2022/23

## APPENDIX 2

List of net budgets per cost centre per directorate			Full Years	3 months	3 months	3 months	
			Budget	Budget	Actuals	Variance	
			£	£	£	£	
RES	G070	Outdoor Sports & Recreation Facilities	19,663	4,916	10,337	5,421	
RES	G071	New Creswell Leisure Centre	0	0	7,419	7,419	To be fully recharged to the Health + Wellbeing Trust.
RES	G072	Leisure Services Mgmt & Admin	263,237	65,809	58,655	(7,154)	
RES	G097	Groundwork & Drainage Operations	72,914	18,229	14,182	(4,047)	
RES	G100	Benefits	406,470	101,618	4,317	(97,301)	£133k income received in advance for the year. Software maintenance invoices paid for full year £42k.
RES	G103	Council Tax / NNDR	384,537	96,134	172,434	76,300	Fees + charges income not transferred until year end showing £60k under for the 1/4. Invoices paid in advance for the year £27k.
RES	G105	Council Tax Energy Rebate	5,327,550	1,331,888	1,331,888	1	£5,064,699 of the grant is paid to date - 95%.
RES	G106	Housing Anti Social Behaviour	137,313	34,328	31,021	(3,307)	
RES	G113	Parenting Practitioner	37,779	9,445	8,940	(505)	
RES	G117	Payroll	75,160	18,790	18,312	(478)	
RES	G123	Riverside Depot	164,981	41,245	83,123	41,877	Business rates paid for year £30k plus hired and contract paid more than 1/4.
RES	G124	Street Servs Mgmt & Admin	46,078	11,520	13,209	1,690	
RES	G125	S106 Percent for Art	30,985	7,746	(11,206)	(18,952)	
RES	G126	S106 Formal and Informal Recreation	203,328	50,832	(116,795)	(167,627)	Income received from developer, can't be 1/4ly profiled.
RES	G135	Domestic Violence Worker	76,985	19,246	(21,034)	(40,280)	Grant Received for year £32k - Cannot Profile 1/4ly plus Hired + contract under spent for 1/4 £8k.
RES	G143	Housing Strategy	37,731	9,433	13,495	4,062	
RES	G144	Enabling (Housing)	19,249	4,812	9,625	4,812	
RES	G146	Pleasley Vale Outdoor Activity Centre	85,922	21,481	25,504	4,024	
RES	G148	Commercial Waste	(141,600)	(35,400)	(191,236)	(155,836)	Income over achieved by £107k as sundry debtor invoices have been raised for Mth 1-6. Waste disposal cost awaiting invoices for Q1 22/23 £45k.

## General Fund Detail - 2022/23

## APPENDIX 2

List of net budgets per cost centre per directorate			Full Years	3 months	3 months	3 months	
			Budget	Budget	Actuals	Variance	
			£	£	£	£	
RES	G149	Recycling	298,950	74,738	89,707	14,970	No invoices received for hired and contract £75k. Income credits not raised £108k.
RES	G153	Housing Advice	15,927	3,982	3,668	(314)	
RES	G161	Rent Rebates	(134,349)	(33,587)	(33,587)	0	
RES	G162	Rent Allowances	38,352	9,588	9,588	0	
RES	G164	Support Recharges	(4,393,307)	(1,098,327)	(1,098,327)	0	
RES	G168	Multifunctional Printers	37,600	9,400	27,495	18,095	
RES	G170	S106 Outdoor Sports	424,863	106,216	(107,812)	(214,028)	Income received from developer and expenditure not yet incurred, can't be 1/4ly profiled.
RES	G176	Affordable Warmth	21,631	5,408	0	(5,408)	
RES	G179	School Sports Programme	0	0	(5,845)	(5,845)	
RES	G181	STEP	0	0	430	430	
RES	G182	Community Outreach Programmes	12,879	3,220	1,657	(1,563)	
RES	G183	Holiday Activity + Food (HAF) programme	0	0	(1,965)	(1,965)	
RES	G197	Assistant Director of Finance + Resources	93,665	23,416	22,774	(643)	
RES	G198	Assistant Director of Housing (GF)	35,049	8,762	8,457	(305)	
RES	G199	Assistant Director of Street Scene	86,530	21,633	21,300	(332)	
RES	G207	Cycling	0	0	193	193	
RES	G228	Go Active Clowne Leisure Centre	(3,091)	(773)	147,470	148,243	Total income £19k over achieved, business rates bill paid 12 months for £122k, plus net over spends for 1/4 £40k but June income not yet included.
RES	G229	Housing Standards	0	0	(718)	(718)	
RES	G239	Housing + Comm Safety Fixed Penalty Acc	1,000	250	18	(233)	
		<b>Total for Resources Directorate</b>	<b>11,816,449</b>	<b>2,954,112</b>	<b>2,725,282</b>	<b>(228,830)</b>	
STR	G003	Communications, Marketing + Design	287,854	71,964	80,282	8,319	
STR	G006	Partnership, Strategy & Policy	445,350	111,338	123,898	12,561	

## General Fund Detail - 2022/23

## APPENDIX 2

List of net budgets per cost centre per directorate			Full Years	3 months	3 months	3 months	
			Budget	Budget	Actuals	Variance	
			£	£	£	£	
STR	G009	Dragonfly	0	0	(2,580)	(2,580)	
STR	G011	Assistant Director of Leader's Executive Team	86,903	21,726	21,098	(628)	
STR	G012	Community Champions	9,599	2,400	2,650	250	
STR	G015	Customer Service + Improvement	130,942	32,736	34,179	1,444	
STR	G016	Skills Audit	15,160	3,790	3	(3,787)	
STR	G019	Kickstart	0	0	(1,493)	(1,493)	
REF	G027	Emergency Planning	16,447	4,112	527	(3,585)	
STR	G031	S106 - Biodiversity	14,679	3,670	0	(3,670)	
STR	G039	Children and YP Emotional Well-being	37,500	9,375	0	(9,375)	
STR	G052	Human Resources	224,490	56,123	38,477	(17,646)	
STR	G054	Electoral Registration	190,775	47,694	43,210	(4,484)	
STR	G055	Democratic Representation & Management	521,076	130,269	141,819	11,550	
STR	G056	Land Charges	(1,378)	(345)	(1,672)	(1,327)	
STR	G057	District Council Elections	25,000	6,250	0	(6,250)	
STR	G058	Democratic Services	338,775	84,694	51,309	(33,385)	Salaries under spent £43k due to vacancies and invoices paid in advance £14k.
STR	G060	Legal Services	243,175	60,794	52,731	(8,063)	
STR	G073	Planning Policy	281,669	70,417	98,456	28,039	
STR	G074	Planning Development Control	23,352	5,838	10,933	5,095	
STR	G076	Planning Enforcement	130,039	32,510	19,872	(12,638)	
STR	G077	LGA Housing Advisers Programme (HAP)	25,000	6,250	0	(6,250)	
STR	G078	LGA Net Zero Innovation Programme (NZIP)	30,000	7,500	6,686	(814)	
STR	G079	Senior Urban Design Officer	23,174	5,794	13,835	8,042	
STR	G080	Engineering Services (ESRM)	99,280	24,820	65,367	40,547	Business rates bill paid for 12 months.
STR	G082	Tourism Promotion + Development	42,816	10,704	0	(10,704)	
STR	G083	Building Control Consortium	55,000	13,750	0	(13,750)	

## General Fund Detail - 2022/23

## APPENDIX 2

List of net budgets per cost centre per directorate			Full Years	3 months	3 months	3 months	
			Budget	Budget	Actuals	Variance	
			£	£	£	£	
STR	G085	Economic Development	38,230	9,558	28,407	18,850	Invoices paid or committed for full year.
STR	G086	Alliance	5,250	1,313	3,413	2,101	
STR	G088	Derbyshire Economic Partnership	15,000	3,750	0	(3,750)	
STR	G089	Premises Development	(44,030)	(11,008)	10,877	21,884	
STR	G090	Pleasley Vale Mills	(156,231)	(39,058)	98,236	137,294	Hired & Contract budget and repairs budget committed for the year £166k + income received in advance £56k, business rates paid for 12 months £23k.
STR	G092	Pleasley Vale Electricity Trading	(67,312)	(16,828)	10,347	27,175	
STR	G095	Estates + Property	551,714	137,929	129,317	(8,612)	
STR	G096	Building Cleaning (General)	105,222	26,306	28,588	2,282	
STR	G099	Catering	500	125	0	(125)	
STR	G109	Director of Strategy and Development	141,401	35,350	34,656	(694)	
STR	G110	Assistant Director of Development	86,888	21,722	21,125	(597)	
STR	G111	Shared Procurement	49,171	12,293	14,468	2,175	
STR	G114	Strategic Investment Fund	100,000	25,000	0	(25,000)	Can't be 1/4ly profiled.
STR	G116	Parish Council Elections	0	0	(812)	(812)	
STR	G129	Bolsover Apprenticeship Programme		0	(3,000)	(3,000)	
STR	G131	Bolsover Community Woodlands Project	0	0	44,913	44,913	Expenditure not yet incurred £4k. Income not yet received £49k.
STR	G132	Planning Conservation	29,231	7,308	11,056	3,748	
STR	G133	The Tangent Business Hub	(56,528)	(14,132)	38,285	52,417	Hired & Contract budget & Telephone budget committed for the year £50k.
STR	G138	Bolsover TC Regeneration Scheme	0	0	19,350	19,350	
STR	G139	PropTech Engagement Fund	152,391	38,098	28,806	(9,292)	
STR	G151	Street Lighting	38,604	9,651	9,566	(85)	
STR	G155	Customer Services	37,655	9,414	9,401	(13)	



## General Fund Detail - 2022/23

## APPENDIX 2

List of net budgets per cost centre per directorate			Full Years	3 months	3 months	3 months	
			Budget	Budget	Actuals	Variance	
			£	£	£	£	
STR	G156	The Arc	153,472	38,368	129,960	91,592	Business rates bill paid for full year £70k and repair and maintenance committed more than 1/4 £25k.
STR	G157	Controlling Migration Fund	14,597	3,649	1,052	(2,597)	
STR	G167	Facilities Management	10,571	2,643	72,115	69,472	Accrual for NEDDC income due still outstanding from 21/22.
STR	G169	Closed Churchyards	10,000	2,500	0	(2,500)	
STR	G172	S106 - Affordable Housing	1,116	279	0	(279)	
STR	G188	Cotton Street Contact Centre	31,007	7,752	16,957	9,206	
STR	G191	Bolsover Community Lottery	0	0	(1,830)	(1,830)	
STR	G192	Scrutiny	23,308	5,827	5,331	(496)	
STR	G193	Economic Development Management + Admin	384,176	96,044	128,674	32,630	Not yet received grant from 21/22 ERDF £46k.
STR	G195	Assistant Director of Governance + Monitoring	94,105	23,526	12,820	(10,707)	
STR	G200	Assistant Director of Property + Housing Repairs	8,688	2,172	2,119	(53)	
STR	G211	UK Shared Prosperity Fund	0	0	4,000	4,000	
STR	G216	Raising Aspirations	51,250	12,813	41,000	28,188	Self financing cost centre, spend cannot be profiled quarterly.
STR	G218	I-Venture/Namibia Bound	12,484	3,121	0	(3,121)	
STR	G220	Locality Funding	5,050	1,263	7,327	6,065	
STR	G226	S106 - Highways	569,000	142,250	0	(142,250)	Expenditure not yet incurred, can't be 1/4ly profiled.
STR	G227	S106 - Public Health	205,113	51,278	(48,040)	(99,318)	Expenditure not yet incurred and extra income received. Can't be 1/4ly profiled.
STR	G238	HR Health + Safety	96,605	24,151	27,894	3,743	
STR	G241	Community Rail	0	0	(40,511)	(40,511)	External funding received in advance and expenditure not being spent in quarters.
STR	G244	Bolsover Business Growth Fund	38,445	9,611	10,000	389	
		<b>Total for Strategy + Development Directorate</b>	<b>6,032,820</b>	<b>1,508,205</b>	<b>1,705,450</b>	<b>197,245</b>	
		<b>Total Net Cost of Services</b>	<b>17,849,269</b>	<b>4,462,317</b>	<b>4,430,732</b>	<b>(31,586)</b>	

# Appendix 3

## APPENDIX 3

### Housing Revenue Account - 2022/23

	Full Years Budget £	3 months Budget £	3 months Actuals £	3 months Variance £
<b>Expenditure</b>				
Repairs and Maintenance	5,886,947	1,471,737	1,443,426	(28,311)
Rents, Rates, Taxes + Other Charges	295,675	73,919	12,986	(60,933)
Supervision and Management	5,944,344	1,486,086	1,503,770	17,684
Special Services	436,940	109,235	97,785	(11,450)
Housing Related Support - Wardens	639,755	159,939	148,982	(10,957)
Housing Related Support - Central Control	343,721	85,930	90,038	4,108
Tenants Participation	71,055	17,764	17,538	(226)
New Build Schemes Evaluations	915,000	228,750	201,201	(27,549)
New Bolsover Project	5,000	1,250	808	(442)
Leasehold Flats	4,834	1,209	-	(1,209)
Debt Management Expenses	8,250	2,063	3,458	1,396
<b>Total Expenditure</b>	<b>14,551,521</b>	<b>3,637,880</b>	<b>3,519,992</b>	<b>(117,888)</b>
<b>Income</b>				
Dwelling Rents	(21,768,926)	(5,442,231)	(5,356,411)	85,820
Non-dwelling Rents	(117,402)	(29,351)	(46,810)	(17,459)
Leasehold Flats and Shops Income	(14,480)	(3,620)	(2,057)	1,563
Repairs and Maintenance	(17,708)	(4,427)	20,891	25,318
Supervision and Management	-	-	-	-
Special Services	(32,145)	(8,036)	(4,240)	3,796
Housing Related Support - Wardens	(129,906)	(32,477)	(102,445)	(69,969)
Housing Related Support - Central Control	(210,767)	(52,692)	(64,608)	(11,916)
	0			
<b>Total Income</b>	<b>(22,291,334)</b>	<b>(5,572,834)</b>	<b>(5,555,680)</b>	<b>17,154</b>
<b>Net Cost of Services</b>	<b>(7,739,813)</b>	<b>(1,934,953)</b>	<b>(2,035,688)</b>	<b>(100,735)</b>
<b>Appropriations</b>				
Provision for Doubtful Debts	130,000	32,500	32,500	-
Capital Interest Costs	3,095,942	773,986	773,986	-
Investment Interest Income	(1,985)	(496)	(496)	-
Depreciation	4,274,630	1,068,658	1,068,658	-
Transfer to Major Repairs Reserve	725,370	181,343	181,343	-
Contribution to HRA Reserves	566,000	141,500	141,500	-
Use of HRA Earmarked Reserves	(1,012,134)	(253,034)	(253,034)	-
Contribution from HRA Balance	(38,693)	(9,673)	(9,673)	-
<b>Net Operating (Surplus) / Deficit</b>	<b>(683)</b>	<b>(171)</b>	<b>(100,906)</b>	<b>(100,735)</b>

## CAPITAL PROGRAMME SUMMARY - 2022/23

## APPENDIX 4

	Full Years Budget £	3 months Budget £	3 months Actuals £	3 months Variance £
<b>General Fund</b>				
<b>Asset Management Plan</b>				
Investment Properties	4,008	1,002	3,643	2,641
Leisure Buildings	22,000	5,500	0	(5,500)
Pleasley Vale Business Park	135,574	33,894	20,522	(13,372)
Riverside Depot	5,463	1,366	5,463	4,097
The Arc	83,336	20,834	44,706	23,872
The Tangent	15,000	3,750	0	(3,750)
Contact Centres	10,000	2,500	1,685	(815)
General	6,200	1,550	0	(1,550)
Asset Management Plan not yet allocated to an individual scheme	48,002	12,001	0	(12,001)
	<b>329,583</b>	<b>82,396</b>	<b>76,019</b>	<b>(6,377)</b>
<b>Engineering Asset Management Plan</b>				
Car Parks	27,986	6,997	0	(6,997)
Shelters	11,128	2,782	0	(2,782)
Lighting	15,000	3,750	0	(3,750)
	<b>54,114</b>	<b>13,529</b>	<b>0</b>	<b>(13,529)</b>
<b>Assets</b>				
Car Parking at Clowne	13,416	3,354	0	(3,354)
Pleasley Vale Mill - Dam Wall	100,410	25,103	3,796	(21,307)
Land at Portland Street	109,750	27,438	57,342	29,905
Shirebrook Crematorium	277,030	69,258	252,380	183,123
CISWO - former Creswell Leisure Centre	166,000	41,500	166,000	124,500
	<b>666,606</b>	<b>166,652</b>	<b>479,518</b>	<b>312,867</b>
<b>ICT Schemes</b>				
ICT infrastructure	306,825	76,706	2,162	(74,544)
Digital Screens	31,970	7,993	792	(7,201)
Town Centre Regeneration	29,000	7,250	27,070	19,820
	<b>367,795</b>	<b>91,949</b>	<b>30,024</b>	<b>(61,925)</b>
<b>Leisure Schemes</b>				
Playing Pitch Improvements (Clowne)	440,284	110,071	311,906	201,835
Kitchen & Associated Equipment	25,000	6,250	0	(6,250)
Go-Active Equipment	15,000	3,750	0	(3,750)
Houfton Rd Play Area (Insurance)	25,000	6,250	0	(6,250)
Community Assets (Leisure)	10,000	2,500	5,630	3,130
	<b>515,284</b>	<b>128,821</b>	<b>317,536</b>	<b>188,715</b>
<b>Private Sector Schemes</b>				
Disabled Facility Grants	500,000	125,000	180,847	55,847
<b>Joint Venture</b>				
Dragonfly Joint Venture Shares	519,150	129,788	18,179	(111,609)
Dragonfly Joint Venture Loan	1,753,202	438,301	0	(438,301)
	<b>2,272,352</b>	<b>568,088</b>	<b>18,179</b>	<b>(549,909)</b>
<b>Vehicles and Plant</b>				
Vehicle Replacements	1,509,082	377,271	538,259	160,989
Vehicle Wash Area	1,000	250	811	561
CAN Rangers Equipment	14,231	3,558	0	(3,558)

**CAPITAL PROGRAMME SUMMARY - 2022/23****APPENDIX 4**

	<b>Full Years Budget £</b>	<b>3 months Budget £</b>	<b>3 months Actuals £</b>	<b>3 months Variance £</b>
	<b>1,524,313</b>	<b>381,078</b>	<b>539,070</b>	<b>157,992</b>
<b>Total General Fund</b>	<b>6,230,047</b>	<b>1,557,512</b>	<b>1,641,193</b>	<b>83,681</b>

**CAPITAL PROGRAMME SUMMARY - 2022/23**
**APPENDIX 4**

	<b>Full Years Budget £</b>	<b>3 months Budget £</b>	<b>3 months Actuals £</b>	<b>3 months Variance £</b>
<b>Housing Revenue Account</b>				
<b>New Build Properties</b>				
Ashbourne Extension	1,023,093	255,773	89,652	(166,121)
Bolsover Homes-yet to be allocated	1,468,325	367,081	0	(367,081)
Harlethorpe Ave adaptation	125,000	31,250	0	(31,250)
Keepmoat Properties at Bolsover	10,000	2,500	10,000	7,500
Market Close Shirebrook	3,928,644	982,161	420,464	(561,697)
Sandy Lane/Thorpe Ave Whitwell	376,740	94,185	237,206	143,021
The Whitwell Cluster	239,058	59,765	9,436	(50,329)
The Woodlands Langwith	3,000,000	750,000	972,858	222,858
Valley View (Bungalows & extension)	750,000	187,500	0	(187,500)
West Street Langwith	850,000	212,500	232	(212,268)
	<b>11,770,860</b>	<b>2,942,715</b>	<b>1,739,848</b>	<b>(1,202,867)</b>
<b>Vehicle Replacements</b>				
	598,350	149,588	360,779	211,192
	<b>598,350</b>	<b>149,588</b>	<b>360,779</b>	<b>211,192</b>
<b>Public Sector Housing</b>				
Electrical Upgrades	125,000	31,250	8,280	(22,970)
External Door Replacements	80,000	20,000	47,815	27,815
External Wall Insulation	756,211	189,053	315,974	126,921
Fencing	80,000	20,000	75,000	55,000
Flat Roofing	75,000	18,750	43,524	24,774
Heating Upgrades	78,740	19,685	16,905	(2,780)
Kitchen Replacements	200,000	50,000	44,583	(5,417)
Re Roofing	750,000	187,500	233,203	45,703
Property Services Mgmt. & Admin	97,810	24,453	24,452	(0)
Safe & Warm	2,774,946	693,737	91,128	(602,609)
Soffit and Facia	30,000	7,500	0	(7,500)
Unforeseen Reactive Capital Works	162,190	40,548	86,491	45,944
Welfare Adaptations	423,761	105,940	224,525	118,585
Wet Rooms	200,000	50,000	0	(50,000)
	<b>5,833,658</b>	<b>1,458,415</b>	<b>1,211,880</b>	<b>(246,534)</b>
<b>HRA ICT Schemes</b>				
Careline Upgrade	6,436	1,609	0	(1,609)
Rent Arrears Management System	112,000	28,000	56,332	28,332
Open Housing	79,686	19,922	7,200	(12,722)
	<b>198,122</b>	<b>49,531</b>	<b>63,532</b>	<b>14,002</b>
<b>New Bolsover Scheme</b>				
New Bolsover-Regeneration Scheme	140,000	35,000	137,599	102,599
	<b>140,000</b>	<b>35,000</b>	<b>137,599</b>	<b>102,599</b>
<b>Total HRA</b>	<b>18,540,990</b>	<b>4,635,248</b>	<b>3,513,638</b>	<b>(1,121,609)</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>24,771,037</b>	<b>6,192,759</b>	<b>5,154,831</b>	<b>(1,037,928)</b>

**CAPITAL PROGRAMME SUMMARY - 2022/23****APPENDIX 4**

	<b>Full Years Budget £</b>	<b>3 months Budget £</b>	<b>3 months Actuals £</b>	<b>3 months Variance £</b>
<b>Capital Financing</b>				
<b>General Fund</b>				
Better Care Fund	500,000	125,000	180,847	55,847
Reserves	4,701,179	1,175,295	989,133	(186,162)
Capital Receipts	512,614	128,154	145,815	17,662
External Funding	516,254	129,064	325,398	196,335
	<b>6,230,047</b>	<b>1,557,512</b>	<b>1,641,193</b>	<b>83,681</b>
<b>HRA</b>				
Major Repairs Allowance	5,833,658	1,458,415	1,211,880	(246,534)
Prudential Borrowing	1,521,033	380,258	0	(380,258)
Reserves	9,664,330	2,416,083	2,301,758	(114,325)
External Funding	1,521,969	380,492	0	(380,492)
	<b>18,540,990</b>	<b>4,635,248</b>	<b>3,513,638</b>	<b>(1,121,609)</b>
<b>TOTAL CAPITAL FINANCING</b>	<b>24,771,037</b>	<b>6,192,759</b>	<b>5,154,831</b>	<b>(1,037,928)</b>

## Treasury Management Update - Quarter 1 2022/23

## APPENDIX 5

The Council's main current account is held with Lloyds Bank and the current contract is due to expire on 9th February 2025.

**PWLB Borrowing**

As at 1 April 2022 the Authority's total outstanding PWLB debt amounted to £93,400,000.

The Council has not taken any new loans from the PWLB during the first three months.

At 30 June 2022 nothing has been repaid to the PWLB as no repayments were due.

The profile of the outstanding debt is analysed as follows:

<b>PWLB Borrowing Term</b>	<b>Maturity Profile 30-Jun-22</b>
	£
12 Months	4,000,000
1-2 years	6,300,000
2-5 years	9,300,000
5-10 years	23,800,000
10-15 years	25,000,000
over 15 years	25,000,000
<b>Total PWLB Debt</b>	<b>93,400,000</b>

**PWLB Interest**

The total interest cost to the Council of the PWLB debt for 2022/23 is estimated at £3,204,492. This cost is split between the HRA and General Fund based on the level of debt outstanding. Interest paid to the PWLB in the three months was £153,812.

**Temporary Borrowing**

Cash flow monitoring and management identifies the need for short term borrowing to cover delays in the receipt of income during the year. No interest charges were incurred during the first three months on overdrawn bank balances. At 30 June 2022 the only temporary borrowing undertaken by the Council was £906,924 which is the investment balances held on behalf of Parish Councils.

**Compliance with Treasury Limits**

During the financial year the Council continued to operate within the treasury limits set out in the Council's Borrowing and Investment Strategy.

	Actual to Date 2022/23	Approved Limits 2022/23
Authorised Limit (Total Council external borrowing limit)	£117,355,018	£127,888,000
Operational Boundary	£117,355,018	£122,888,000

**Temporary Investments****Interest Received**

The performance of the Council's investments is as follows:

	<b>3 months Actual</b>	<b>3 months Budget</b>	<b>3 months Variance</b>
Interest generated (£)	(61,936)	(22,250)	(39,687)
Average rate of interest	0.71%	0.25%	-
Bank of England base rate	0.95%	0.25%	-

The investments have been made in accordance with the Council's Treasury Management Strategy.

The Bank of England base rate is currently 1.25%. In the table above, the actual figure is the 3 month average rate and the budget figure is the base rate used when setting the budget.

Interest rates offered by most institutions still remain low and haven't yet caught up with the most recent bank base rate increase.

The following tables show the investments and interest earned to 30 June 2022:

**Investments on call**

<b>Counterparty</b>	<b>Balance at 1/4/22 £</b>	<b>Deposits £</b>	<b>Withdrawals £</b>	<b>Interest received £</b>	<b>Balance at 30/06/22 £</b>
Aberdeen (MMF)	5,000,000		(10,133)	10,133	5,000,000
Federated (MMF)	5,000,000	4,500,000	(4,508,316)	8,316	5,000,000
Invesco (MMF)	2,000,000	4,500,000	(1,506,566)	6,566	5,000,000
CCLA (MMF)	5,000,000		(3,609,391)	9,391	1,400,000
Aviva (MMF)	5,000,000		(5,965)	5,965	5,000,000
SSGA (MMF)	5,000,000		(10,073)	10,073	5,000,000
Santander	5,000,000		(5,002,494)	2,494	0
	<b>32,000,000</b>	<b>9,000,000</b>	<b>(14,652,938)</b>	<b>52,938</b>	<b>26,400,000</b>



## Fixed-term investments

Counterparty	Term of Loan	Balance at 1/4/22	Deposits	Withdrawals	Interest received at three months	No of Days Interest at three months	Balance at 30/06/22	Maturity Date
		£	£	£	£		£	
<b>Local Authorities</b>								
Thurrock Council (Unitary)	1 year	5,000,000			4,363	91	5,004,363	03/01/23
Shirebrook Town Council	6 months	459,037		(459,176)	139	13	0	15/04/22
London Borough of Waltham Forest	1 year	5,000,000		(5,004,185)	4,185	47	0	18/05/22
Shirebrook Town Council	29 days	0	460,972	(461,283)	311	29	0	13/05/22
		10,459,037	460,972	(5,924,644)	8,998		5,004,363	

## **Bolsover District Council**

### **Meeting of the Audit and Corporate Overview Scrutiny Committee**

**26<sup>th</sup> July 2022**

### **Summary of Progress on the 2021/22 Internal Audit Plan**

### **Report of the Head of the Internal Audit Consortium**

<b>Classification</b>	This report is Public
<b>Report By</b>	Head of the Internal Audit Consortium
<b>Contact Officer</b>	Jenny Williams – 01246 959770 Jenny.williams@ne-derbyshire.gov.uk

### **PURPOSE/SUMMARY OF REPORT**

To present, for members' information, a progress report in respect of the 2021/22 Internal Audit Plan.

### **REPORT DETAILS**

#### **1. Background**

- 1.1 The Public Sector Internal Audit Standards require that the Head of the Internal Audit Consortium reports periodically to the Audit and Corporate Overview Scrutiny Committee in respect of performance against the audit plan. Significant risk and control issues should also be reported.

#### **2. Details of Proposal or Information**

- 2.1 Appendix 1 is a summary of reports issued between the end of March 2022 and the end of June 2022. The Appendix shows for each report the level of assurance given and the number of recommendations made / agreed where a full response has been received. This provides an overall assessment of the system's ability to meet its objectives and manage risk. The definitions of the assurance levels used can be seen in the table below:-

<b>Assurance Level</b>	<b>Definition</b>
<b>Substantial Assurance</b>	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
<b>Reasonable Assurance</b>	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
<b>Limited Assurance</b>	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
<b>Inadequate Assurance</b>	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

2.2 In this period 7 reports have been issued 6 with substantial assurance and 1 with reasonable assurance.

2.3 Reports are issued as Drafts with five working days being allowed for the submission of any factual changes, after which time the report is designated as a Final Report. Fifteen working days are allowed for the return of the Implementation Plan.

2.4 In respect of the audits being reported, it is confirmed that no issues arising relating to fraud were identified.

### **3. Reasons for Recommendation**

3.1 To inform Members of progress on the 2021/22 Internal Audit Plan and to provide details of the Audit Reports issued to date.

3.2 To comply with the requirements of the Public Sector Internal Audit Standards.

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

4.1 N/A

## **RECOMMENDATION**

1. That the report be noted.

### **IMPLICATIONS:**

**Finance and Risk:**            Yes ☒            No ☐

**Details:**

Internal audit reviews help to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained.

On behalf of the Section 151 Officer

**Legal (including Data Protection):**            Yes ☒            No ☐

**Details:**

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 the Public Sector Internal Audit Standards or guidance”.

On behalf of the Solicitor to the Council

**Staffing:**            Yes ☐            No ☒

**Details:**

On behalf of the Head of Paid Service

## **DECISION INFORMATION**

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <b>Revenue - £75,000</b> <input type="checkbox"/> <b>Capital - £150,000</b> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No

<b>District Wards Significantly Affected</b>	None
<b>Consultation:</b> <b>Leader / Deputy Leader</b> <input type="checkbox"/> <b>Executive</b> <input type="checkbox"/> <b>SLT</b> <input type="checkbox"/> <b>Relevant Service Manager</b> <input checked="" type="checkbox"/> <b>Members</b> <input type="checkbox"/> <b>Public</b> <input type="checkbox"/> <b>Other</b> <input type="checkbox"/>	Details:

<b>Links to Council Ambition: Customers, Economy and Environment.</b>
Internal audit reviews help to ensure that the Council is delivering high quality, cost effective services.

DOCUMENT INFORMATION	
Appendix No	Title
1	Summary of Internal Audit reports issued in respect of the 2021/22 Internal Audit Plan between the end of March 2022 and the end of June 2022

<b>Background Papers</b>
<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive you must provide copies of the background papers).</i>

## **BOLSOVER DISTRICT COUNCIL**

### **Internal Audit Consortium - Report to Audit and Corporate Overview Scrutiny Committee** **Summary of Internal Audit Reports Issued between the end of March 2022 and the end of June 2022**

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B015	Housing Benefits and Council Tax Support	To ensure that housing benefits are paid promptly and accurately	Substantial	8/4/22	29/4/22	0	0
B016	National Non Domestic Rates	To ensure that bills are raised promptly and accurately and that debt collection procedures are operating	Substantial	19/4/22	12/5/22	0	0
B017	Domestic Waste Management	To review the controls and procedures in place	Substantial	4/5/22	25/5/22	1L	1
B018	Digital Transformation	To ensure that there are sound project management procedures in place and that progress on projects is monitored	Reasonable	12/5/22	6/6/22	6 (3M 3L)	Note 1
B019	Business Continuity Through COVID-19	To ensure that the Council's key services have continued to operate effectively throughout the pandemic	Substantial	17/5/22	9/6/22	2L	2

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B020	Section 106 Agreements	To ensure that trigger points are monitored, income collected promptly and spend by the applicable deadlines	Substantial	23/5/22	15/6/22	1M	1
B021	Clowne Leisure Centre	To review the procedures in place	Substantial	26/5/22	20/6/22	3L	Note 1

H = High Priority M = Medium Priority L = Low Priority

Note 1 Response not received at time of writing report

## **Bolsover District Council**

### **Meeting of Audit and Corporate Overview Scrutiny Committee on 26<sup>th</sup> July 2022**

#### **Internal Audit Consortium Annual Report 2021/22**

#### **Report of the Head of the Internal Audit Consortium**

<b>Classification</b>	This report is Public
<b>Report By</b>	Head of The Internal Audit Consortium
<b>Contact Officer</b>	Jenny Williams – 01246 959770 Jenny.williams@ne-derbyshire.gov.uk

### **PURPOSE/SUMMARY OF REPORT**

The purpose of this report is to: -

- Present a summary of the internal audit work undertaken during 2021/22 from which the opinion on governance, risk and internal control is derived.
- Provide an opinion on the overall adequacy and effectiveness of the Council's governance, risk and control arrangements including any qualifications to that opinion.
- Draw attention to any issues that need to be considered for inclusion in the Annual Governance Statement.
- Compare work undertaken with that which was planned and summarise performance.
- Comment on compliance with the Public Sector Internal Audit Standards (PSIAS) and Code of Ethics.
- Comment on the results of the internal quality assurance programme.
- Confirm the organisational independence of internal audit
- Review the performance of the Internal Audit Consortium against the current Internal Audit Charter.

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### **REPORT DETAILS**

#### **1. Background**

- 1.1 The Public Sector Internal Audit Standards require that the Head of the Internal Audit Consortium delivers an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.



## 2. Details of Proposal or Information

- 2.1 COVID- 19 along with staff vacancies and the training requirements of new staff has impacted on the extent of completion of the 2021/22 internal audit plan. However, enough of the internal audit plan (along with reliance on other assurances) has been completed to be able to give an unlimited audit opinion in respect of the 2021/22 financial year.
- 2.2 Appendix 1 details the audit reports issued in respect of audits included in the 2021/22 internal audit plan. The appendix shows for each report the overall assurance level provided on the reliability of the internal controls and the assurance level given at the last audit. The report opinions can be summarised as follows:

<b>Assurance Level</b>	<b>2020/21 Number</b>	<b>2021/22 %</b>	<b>2021/22 Number</b>	<b>2021/22 %</b>
Substantial	17	74	17	71
Reasonable	6	26	4	19
Limited	0	0	0	0
Inadequate	0	0	0	0
<b>Total</b>	<b>23</b>	<b>100</b>	<b>21</b>	<b>100</b>

- 2.3 A definition of the above assurance levels is shown at the bottom of Appendix 1.
- 2.4 No fraud was identified.
- 2.5 The following table summarises the performance indicators for the Internal Audit Consortium as detailed in the Internal Audit Service Plan:

<b>Description</b>	<b>2021/22</b>		<b>2022/23</b>
	Plan	Actual	Plan
Cost per Audit Day	£306	£288	£310
Percentage of Plan Completed (BDC)	75%	71%	75%
Sickness Absence (Average Days per Employee)	8.0 (Corporate Trigger)	1.2	8.0
Customer Satisfaction Score (BDC)	85%	95%	85%
To issue internal audit reports within 10 days of the close out meeting	90%	100%	90%
Quarterly reporting to Audit and Corporate Overview Scrutiny Committee	100%	100%	100%

## OPINION ON THE ADEQUACY AND EFFECTIVENESS OF GOVERNANCE, RISK AND CONTROL ARRANGEMENTS

- 2.6 The Head of the Internal Audit Consortium is responsible for the delivery of an annual audit opinion that can be used by the council to inform its governance system. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 2.7 In my opinion reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2021/22. Due to the ongoing impact of COVID-19 in 2021/22, less internal audit work has been completed than usual. Audits have been undertaken in critical areas or high risk areas to ensure the Council's governance remains robust. In my opinion, sufficient work has been completed and assurances ascertained to be able to provide an unlimited opinion on the systems of governance, risk management and control in place. '
- 2.8 Assurance can never be absolute. In this context "reasonable assurance" means that arrangements are in place to manage key risks and to meet good governance principles, but there are some areas where improvements are required.
- 2.9 As well as internal audit work assurance has also been gained from previous years' work, the work of the risk management group, PSN compliance, external audit and compliance with the Code of Corporate Governance.
- 2.10 Overall, 100% of the areas audited received Substantial or Reasonable Assurance demonstrating that there are effective systems of governance, risk management and control in place.
- 2.11 The Audit and Corporate Overview Scrutiny Committee receive a 6-monthly report in relation to outstanding audit recommendations. Where a limited or inadequate assurance audit report is issued or where the Committee has concerns, managers are required to attend the Committee to discuss progress and to provide assurance that recommendations are being implemented in a timely fashion.

## ISSUES FOR INCLUSION IN THE ANNUAL GOVERNANCE STATEMENT

- 2.12 The internal control issues arising from audits completed in the year and outstanding internal audit recommendations have been considered during the preparation of the Annual Governance Statement. There are no issues arising from internal audit work that require raising in the Annual Governance Statement.

## COMPARISON OF PLANNED WORK TO ACTUAL WORK UNDERTAKEN

- 2.13 The Internal Audit Plan for 2021/22 was approved by the Audit and Corporate Overview Scrutiny Committee on the 27th of April 2021. The majority of audits have been completed with the remaining audits being scheduled into the 2022/23 Internal Audit Plan. Appendix 2 details the audits completed and those deferred.

## COMPLIANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS / CODE OF ETHICS AND OTHER QUALITY ASSURANCE RESULTS

- 2.14 Quality control procedures have been established within the Internal Audit Consortium and these are documented in the Quality and Assurance Improvement Programme at Appendix 3. These procedures are designed to ensure compliance with the PSIAS and Code of Ethics.

## ORGANISATIONAL INDEPENDENCE

- 2.15 It can be confirmed that the internal audit activity is organisationally independent. Internal audit reports directly to the Assistant Director Treasurer and Section 151 Officer but has a direct and unrestricted access to the Senior Leadership Team and the Audit and Corporate Governance Overview Scrutiny Committee.

## REVIEW OF PERFORMANCE OF THE INTERNAL AUDIT CONSORTIUM AGAINST THE CURRENT INTERNAL AUDIT CHARTER

- 2.16 The Internal Audit Charter was last reported to and approved by the Audit and Corporate Overview Scrutiny Committee in September 2021.
- 2.17 Based on the information provided in this report on the completion of the 2021/22 internal audit plan, it is considered that the requirements of the Charter were met during the year.

### **3. Reasons for Recommendation**

- 3.1 To present to Members the annual report for the Internal Audit Consortium in respect of Bolsover District Council for 2021/22.
- 3.2 To ensure compliance with the Public Sector Internal Audit Standards.
- 3.3 To provide an annual opinion on the overall adequacy and effectiveness of the Council's governance, risk and control arrangements including any qualifications to that opinion.

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

- 4.1 Not Applicable.

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## **RECOMMENDATION(S)**

1. That the Internal Audit Consortium Annual Report for 2021/22 be accepted.

**IMPLICATIONS:****Finance and Risk:**            Yes ☒            No ☐**Details:**

Internal audit reviews help to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained. 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.

On behalf of the Section 151 Officer

**Legal (including Data Protection):**            Yes ☒            No ☐**Details:**

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”.

On behalf of the Solicitor to the Council

**Staffing:**            Yes ☐            No ☒  
**Details:**

On behalf of the Head of Paid Service

**DECISION INFORMATION**

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <b>Revenue - £75,000</b> <input type="checkbox"/> <b>Capital - £150,000</b> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No

<b>District Wards Significantly Affected</b>	(please state which wards or state All if all wards are affected)
<b>Consultation:</b> <b>Leader / Deputy Leader</b> <input type="checkbox"/> <b>Executive</b> <input type="checkbox"/> <b>SLT</b> <input type="checkbox"/> <b>Relevant Service Manager</b> <input checked="" type="checkbox"/> <b>Members</b> <input type="checkbox"/> <b>Public</b> <input type="checkbox"/> <b>Other</b> <input type="checkbox"/>	Details:

<b>Links to Council Ambition: Customers, Economy and Environment.</b>
<p>Audit reviews help to ensure that the council's resources and priorities are focused on achieving the objectives within the Council Ambition and that there are appropriate governance, risk and control arrangements in place.</p>

DOCUMENT INFORMATION	
Appendix No	Title
1	Internal Audit Reports Issued 2021/22
2	Comparison of planned work to work completed 2021/22
3	Quality and Assurance Improvement Programme

<b>Background Papers</b>
<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive you must provide copies of the background papers).</i>

# Appendix 1

## Appendix 1

### Bolsover District Council – Internal Audit Reports Issued 2021/22

Ref	Report Title	Assurance Level 2021/22	Opinion Previous Audit
1	Land Charges	Substantial	Good
2	Insurance	Substantial	Substantial
3	Health and Safety	Substantial	Substantial
4	Payroll	Substantial	Substantial
5	Corporate Targets	Substantial	Substantial
6	Partnership Working	Substantial	Substantial
7	Safeguarding	Reasonable	Reasonable
8	Creditors	Substantial	Substantial
9	Disaster Recovery Arrangements	Substantial	Substantial
10	HRA 30 Year Business Plan	Reasonable	New
11	Stores	Substantial	Substantial
12	Treasury Management	Substantial	Substantial
13	Ethical Governance	Reasonable	New
14	Housing Rents	Substantial	Substantial
15	Housing Benefits	Substantial	Substantial
16	National Non- Domestic Rates	Substantial	Substantial
17	Domestic Waste Collection	Substantial	Substantial
18	Digital Transformation	Reasonable	New
19	Business Continuity Through COVID	Substantial	New
20	Section 106 Agreements	Substantial	Substantial
21	Clowne Leisure Centre	Substantial	Substantial

Assurance Level	Definition
<b>Substantial Assurance</b>	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
<b>Reasonable Assurance</b>	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
<b>Limited Assurance</b>	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
<b>Inadequate Assurance</b>	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

## Comparison of Planned Work to Actual Work Completed

	Audit Completed
	Audit Deferred

Audit Area	Days
Main Accounting / Budgetary Control / MTFP	15
Creditor Payments (key controls)	10
Cash and Banking	18
Debtors	15
Treasury Management	15
NNDR	20
Housing Benefits	18
Housing Rents	20
HRA Business Plan	5
Payroll	15
Business Grants	15
<b>Total Main Financial Systems</b>	<b>166</b>
<b>Other Operational Audits</b>	<b>2021/22</b>
Clowne Leisure - Financial	13
Committee Processes	8
Final Accounts (contracts)	5
Food Hygiene	12
Grounds Maintenance – Swapped with waste	8
Homelessness	12
Housing Allocations & Lettings	12
Insurance	10
Members Expenses	10
Partnership working arrangements	12
Section 106	12
Stores	12
<b>Total Operational Areas</b>	<b>126</b>
<b>IT Related</b>	

	Disaster Recovery	6
	IT Transformation Programme / Digital Agenda	8
	<b>Total IT</b>	<b>14</b>
		<b>2021/22</b>
	<b>Corporate / Cross Cutting Issues</b>	
	Business Continuity	8
	Corporate Governance / Assurance Statement	2
	Corporate Targets	10
	Financial Advice / working groups	12
	Safeguarding	8
	Health and Safety	12
	Ethics	10
	Risk Management	7
	Transformation Agenda	10
	<b>Total Corporate/Cross Cutting Issues</b>	<b>79</b>
	Special Investigations / Contingency/ emerging risks	<b>43</b>
	NFI Key Contact	<b>10</b>
	Apprenticeships / training	<b>30</b>
	Audit Committee / Client Liaison	<b>15</b>
	<b>Grand Total</b>	<b>483</b>

### Reserve Areas

Taxi Licences

Sickness absence

Land Charges

Sheltered Housing Scheme

IT Disposal of old equipment



# **Internal Audit Consortium**

## **Quality Assurance and Improvement Programme (QAIP)**



## **Introduction**

The Public Sector Internal Audit Standards require that the Head of Internal Audit develops and maintains an improvement programme that covers all aspects of the internal audit activity.

A quality assurance and improvement programme (QAIP) is designed to enable an evaluation of the internal audit activity's conformance with the Public Sector Internal Audit Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The quality assurance and improvement programme must include both internal and external assessments.

**Internal assessments** must include:

- Ongoing monitoring of the performance of the internal audit activity.
- Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.

**External assessments** must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.

This QAIP covers: -

- 1) Internal Assessments
- 2) External Assessments
- 3) Staff qualifications / experience
- 4) Training
- 5) Other elements

### **1) Internal Assessments**

Internal assessments consist of the following: -

- An annual assessment against the Public Sector Internal Audit Standards by the Head of the Internal Audit Consortium. This was undertaken in May 2022 and the review confirmed that there were no significant areas of non-compliance.
- Reviews of working papers – All audit working papers are reviewed by the Head of Internal Audit or a Senior Auditor to ensure that they meet required standards and support the findings of the review. These reviews are documented.

- Review of audit reports – The Head of Internal Audit reviews all reports for quality and consistency before they are formally issued.
- Key performance indicators – these are reported to each Audit Committee in the annual report.
- Customer feedback – Customer satisfaction surveys are issued with every report and the results monitored. Based on the customer satisfaction survey forms returned (13 returned for BDC), the average score was 95% for customer satisfaction during 2021/22.
- The results of the annual Client Officer survey for BDC were a score of 97% (a score of 34/35 over 7 questions).

## **2) External Assessments**

An external review of internal audit took place in May 2021 the results of which concluded “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”.

The results of the external assessment were fully reported to each Audit Committee and to the Joint Board.

An action plan was developed from the points arising in the 2021 external review and has been used to further drive improvement. All of the recommendations made have been implemented and are in the process of being embedded.

## **3) Audit Staff qualifications / experience**

The table below summarises the qualifications and experience of the Internal Audit Consortium staff.

<b><u>Post</u></b>	<b><u>Qualification</u></b>	<b><u>Experience</u></b>
Head of Internal Audit	CIPFA	25 years
Senior Auditor - NEDDC	Vacant post	
Senior Auditor - BDC	AAT and IIA	30 plus years
Senior Auditor - CBC	AAT	30 plus years
Auditor	AAT / studying for IIA	7 years
Auditor	Vacant Post	
Auditor	AAT	9 months
Auditor	-	2 years
Auditor	AAT	30 plus years
Auditor	-	14 years

## **Training Undertaken in 2021/22**

Training records are maintained to monitor both professional and ad hoc training received by staff.

Training is delivered via webinars, team meetings, professional journals etc. All staff undertake CPD.

During 2021/22 training was received by various staff in the following areas: -

- Ethics and culture
- Emergency and response plans
- Creating an anti- fraud culture
- Lean auditing
- Effective audit reporting
- Project Management
- Carbon literacy
- Introduction to internal audit
- Risk based internal audit
- Understanding the impact of the pandemic on local government finances
- Mental health awareness
- CIPFA Summer School – various topics
- Delivering and stress testing the HRA Business Plan
- Conflicts of interest
- Post pandemic fraud landscape
- CIPFA Good Governance 2022 update
- Safeguarding

One member of staff is undertaking an apprenticeship that will lead to the Institute of Internal Auditors qualification.

## **Other Elements**

- A spreadsheet is populated by members of the audit team with ideas for service improvement. The ideas are discussed at team meetings and actions agreed accordingly.
- Performance Development Reviews – All staff have a full and mid- year performance review. These reviews set and monitor the achievement of objectives and identify any training requirements.
- 1:1's – All staff have 1:1 meetings with their manager at least monthly.
- The Internal Audit Manual is a comprehensive record of audit procedures and requirements and is updated at least every 2 years.
- Declarations of Business Interest – Staff are required to complete a declaration of business interests form on an annual basis and cannot undertake audits where there is a potential conflict of interest.

- Team meetings – Monthly team meetings are held which discuss points of practice, audit findings, information sharing and include elements of training and brainstorming. Team meetings have been via zoom during the pandemic but are now taking place in person.

## **Bolsover District Council**

### **Audit and Corporate Overview Scrutiny Committee on 26<sup>th</sup> July 2022**

### **Briefing on CIPFA Publication – Internal Audit Untapped Potential**

### **Report of the Head of the Internal Audit Consortium**

<b>Classification</b>	This report is Public
<b>Report By</b>	Head of the Internal Audit Consortium
<b>Contact Officer</b>	Jenny Williams – 01246 959770 Jenny.williams@ne-derbyshire.gov.uk

## **PURPOSE/SUMMARY OF REPORT**

The purpose of this report is to make Members aware of a recent CIPFA publication – Internal Audit Untapped Potential.

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## **REPORT DETAILS**

### **1. Background**

- 1.1 CIPFA have recently conducted a survey in respect of internal audit and the results of that survey are reflected in their publication - Internal Audit Untapped Potential (Appendix 1).
- 1.2 The publication promotes the importance of internal audit and the benefit that it can bring to the organisation in terms of managing risks and improving the governance and control framework.
- 1.3 This report is valuable as it highlights for Members and Officers what makes an effective internal audit service, what the current impact of internal audit is and how internal audit can become more effective.

### **2. Details of Proposal or Information**

- 2.1 The CIPFA publication covers the following areas:-
  1. Identifying the impact of internal audit
  2. How internal audit is making an impact

3. The potential for internal audit
4. What is holding internal audit back

Some of the main points arising from the survey are:-

- That since 2008 the perception of internal audit has improved.
- The role of internal audit varies greatly between organisations.
- That internal audit provide a range of services in addition to assurance such as providing advice and sharing best practice.
- The independence of internal audit is critical – internal audit can attend steering or project groups as a critical friend but should not have a decision making role
- Capacity is highlighted as a key issue for many internal audit services.
- Internal audit need to be able to provide assurance on emerging issues whilst still providing a core assurance on business as usual activities.
- That recruiting and retaining the right skills is a challenge.

2.2 The research highlights the top 6 areas that should be covered by internal audit for the most impact in coming years:-

1. Cybersecurity
2. Digitisation and the greater use of data within the organisation
3. Environmental sustainability / climate change
4. Financial viability
5. Culture and ethics
6. Supporting improved risk maturity

2.3 It is pleasing to note that all of these areas are covered within BDC's internal audit plan although we will continue to develop our work in these areas. The research recognises that internal audit are unlikely to have the significant technical knowledge in respect of cyber security but can provide assurance in terms of the Council's strategic approach.

2.4 The conclusions of the publication are that things need to change:-

1. Successful organisations need to have robust and effective management and governance, including an understanding of assurance. Improving this understanding will enable the most effective use of internal audit.
2. Internal audit is often not allowed to unleash its full potential. The importance of its contribution must be fully understood and appreciated by clients – management and audit committees. Internal audit managers must become greater advocates in promoting the function within organisations.
3. Internal audit must be kept independent to achieve its maximum impact in an organisation. Auditors frequently take on additional roles, which may compromise their independence. They must have a sole focus and a direct reporting line to the leadership team as required by the Public Sector Internal Audit Standards.
4. Discussion on public sector policy issues, be they social care, financial resilience or technological change, should acknowledge the importance of

assurance and highlight internal audit's contribution. This would help raise the expectations of internal audit's clients.

### 3. **Reasons for Recommendation**

- 3.1 To ensure that Members are aware of the role, impact and future potential of internal audit as identified by the CIPFA survey.

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

- 4.1 Not Applicable

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## **RECOMMENDATION**

1. That the report be noted.

### **IMPLICATIONS:**

**Finance and Risk:** Yes ☐ No ☒

**Details:**

On behalf of the Section 151 Officer

**Legal (including Data Protection):** Yes ☐ No ☒

**Details:**

On behalf of the Solicitor to the Council

**Staffing:** Yes ☐ No ☒

**Details:**

On behalf of the Head of Paid Service

## **DECISION INFORMATION**

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <b>Revenue - £75,000</b> <input type="checkbox"/> <b>Capital - £150,000</b> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> <i>(Only Key Decisions are subject to Call-In)</i>	No



<b>District Wards Significantly Affected</b>	(please state which wards or state All if all wards are affected)
<b>Consultation:</b> <b>Leader / Deputy Leader</b> <input type="checkbox"/> <b>Executive</b> <input type="checkbox"/> <b>SLT</b> <input type="checkbox"/> <b>Relevant Service Manager</b> <input type="checkbox"/> <b>Members</b> <input type="checkbox"/> <b>Public</b> <input type="checkbox"/> <b>Other</b> <input type="checkbox"/>	Details:

<b>Links to Council Ambition: Customers, Economy and Environment.</b>
<p>This document highlights how internal audit can contribute to ensuring that the Council has sound governance, risk and control arrangements in place.</p>

DOCUMENT INFORMATION	
Appendix No	Title
1	CIPFA Publication – Internal Audit Untapped Potential

<b>Background Papers</b>
<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive you must provide copies of the background papers).</i>

Rpttemplate/BDC/040222

# Internal audit: untapped potential

May 2022

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# Acknowledgements

We would like to thank Khalid Hamid for his helpful comments and support and Jonathan Gordon for his expertise on the research survey. Milan Palmer, Sarah Delaurey, Mark Davey and Ursula Dale also provided essential support on the project.

We would also like to thank Liz Sandwith at the Chartered Institute of Internal Auditors for her comments and support on both the survey and report.

The input of all those who shared the survey link, responded to the survey or attended a focus group has been invaluable. In addition, we are grateful to the individuals we spoke to during the research.

The views expressed in this report are those of the authors unless otherwise stated and the responsibility for any errors or omissions lies with them.

## Report authors

Diana Melville, CIPFA  
Rachel Bowden, CIPFA

## Making it count

CIPFA is committed to changing lives for the better.

As a global leader in public financial management and governance, our aim is to make a difference to the world we live in. Our work enables people to prosper, protects the vulnerable and helps sustain the environment for future generations.

As a professional institute, we support our members and students to act with integrity and deliver excellence in public financial management throughout their careers.

By setting standards and advising public bodies and governments, we help ensure the money and resources used on behalf of citizens are raised and spent fairly, transparently, efficiently and are free from fraud and corruption.

Our thought leadership puts us at the heart of the policy debate, while our education and training offerings and range of advisory services support our members, students and other public finance professionals, helping them add value to their teams and the organisations for which they work.

CIPFA is a global body, operating at local, national and international level. Wherever we find ourselves and whoever we are supporting, our goal is to always make it count.

# Foreword

CIPFA advocates best practice in assurance, governance, management and financial control across the public services. As such, we think it's time to put public service organisations' internal audit capabilities in the spotlight.

We know internal audit has the potential to help organisations achieve their goals, but this potential is not currently realised. In a technologically advancing world and with tackling climate change high up on the agenda, it's time to address this. This report, and the research that has been conducted to create it, explores the changing landscape of internal audit in the public services and how vital it is for an organisation in terms of its future success.

As the pandemic has shown us, managing emerging risks and responding to ongoing geopolitical and technological change remain top priorities for organisations. This means that internal audit must respond too, and the profession must continually evolve to remain effective and efficient.

To keep pace with these changes, we have identified several aspects of internal audit that require attention, including resourcing, the need for specialisms, reporting lines within organisations, and investment in training to attract long-term expertise into the profession. The public services also need to keep pace with their expectations of internal audit, ensuring they make full use of its expertise.

Our intention with this report is to open a dialogue across public service organisations, the internal audit profession, audit committees, as well as those considering a career in internal audit. Internal audit is an important part of the solution for effective management of the public services, and we hope to facilitate change that will see greater independence of internal audit, sustainability of recruitment into the role and an increased understanding of assurance.

Allowing internal audit to achieve its full potential benefits organisations, the public services overall and the public finance professionals of the future. We hope this report gives the internal audit profession the confidence to champion the critical work it does.



**Rob Whiteman CBE**  
CIPFA CEO

# Executive summary



We need to talk about internal audit – talk about it more and talk about it in the right way.

This report is titled *Internal audit: untapped potential* because CIPFA believes that internal audit has a vital role to play in supporting public service organisations to achieve their goals.

CIPFA has conducted UK-wide research, sending an open survey to those in the public services, including those in the internal audit profession, management clients and audit committee members. The survey received a strong response with 831 submissions. The outcome of the research concludes that where internal audit is operating effectively, it is already providing this support, but there are pockets where internal audit is unable to do this. This report will examine how internal audit is currently making an impact, identify where it can do more and what is holding it back. Better internal audit means better public services.

As with all organisations, the public services must respond and adapt to global trends and areas of risks. The COVID-19 pandemic put the public services on the front line of the UK's response, requiring them to be agile and redirect resources accordingly to meet new challenges. Advances in technology present new opportunities for service redesign but also challenges around complexity and security. Many parts of the public services are people focused, and rising needs and demographic changes result in challenges across health and social care. The impact of climate change on services and carbon reduction initiatives are core parts of the public sector agenda.

At the same time, the public services have experienced a sustained period of financial pressure, resulting in reductions to core functions, loss of expertise and difficulties maintaining demand-led services within allocated budgets. Long-term financial planning is challenging, and many public bodies have explored new structures to deliver services or generate income.

Demonstrating stewardship of public funds, building and maintaining public trust and confidence in decision making and delivering a sustainable future for taxpayers and service users are fundamental expectations of all those working within the public services.

Where does this leave internal audit? What contribution can internal audit make to this complex web of expectations, obligations, ambitions and challenges?

When internal audit provides support, it does so in a unique way. It provides independent assurance. Achieving this requires a resource base of trained internal auditors supported by modern approaches and professional standards. It needs both capacity and capability. Internal audit also needs to work in conjunction with an organisation's governance, risk, control and assurance frameworks. A professional team of internal auditors will not have the desired impact in an organisation that doesn't understand its assurance requirements or have good governance arrangements. Assurance requirements are constantly evolving, and internal audit must keep up with the pace of change to stay relevant. Concerns that organisations face such as climate change and increased cyber security and financial risks are areas where internal audit can have a great impact.

Currently, the role of internal audit varies greatly between organisations. There is a need for consistency, quality and adherence to professional practice to ensure that an organisation has access to the assurance requirements it needs as opposed to just those that are available. Internal audit must also develop the capacity and ability to be sustainable. To achieve this, organisations must ensure the provision of internal audit expertise. The sections on recruitment, retention and training in this report explore this further.

Our conclusion is that things need to change.

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1

Successful organisations need to have robust and effective management and governance, including an understanding of assurance.

Improving this understanding will enable the most effective use of internal audit.

3

Internal audit must be kept independent to achieve its maximum impact in an organisation. Auditors frequently take on additional roles, which may compromise their independence.

They must have a sole focus and a direct reporting line to the leadership team as required by the Public Sector Internal Audit Standards (PSIAS).

2

Internal audit is often not allowed to unleash its full potential. The importance of its contribution must be fully understood and appreciated by clients – management and audit committees.

Internal audit managers must become greater advocates in promoting the function within organisations.

4

Discussions on public sector policy issues, be they social care, financial resilience or technological change, should acknowledge the importance of assurance and highlight internal audit's contribution.

This would help raise the expectations of internal audit's clients.



Internal audit is not the only solution to supporting effective public services, but it is part of the solution.

### Where do we go from here?


This report makes several recommendations. Some are directed at the internal audit teams working within and for the public services. Others are directed at the client organisations, both management and audit committees. There are areas of planned work that CIPFA will be taking forward, some in collaboration with the Chartered Institute of Internal Auditors (CIIA) and the Internal Audit Standards Advisory Board (IASAB).

### Continuing support for internal audit

CIPFA and the CIIA are keen to keep supporting high-quality internal audit within the public services. The institutes are exploring ways that they can collaborate more to continue the work set out in this report. Working together and with IASAB, they will support internal auditors to meet the PSIAS.

Both institutes have identified specific areas where they can collaborate. These include raising the profile of the internal audit profession in the public services, improving internal audit's status and cultivating a greater understanding between internal audit clients and audit committees. They will also examine issues raised in the report around professional standards, such as the head of internal audit's annual opinion and the quality assurance and improvement programme, to identify where guidance or support could improve practice.

Both institutes are mindful of the challenges that internal audit teams experience in the recruitment and retention of staff. Therefore, they will undertake some research on options for career paths and routes into internal audit to encourage long-term, sustainable recruitment into the role.



# Identifying the impact of internal audit

Internal audit is vital because it focuses on the areas that are important for organisations and therefore supports their success.

Internal auditors help management, boards and their audit committees understand how well risks are managed, and the effectiveness of the governance and control framework in place – key things senior stakeholders need to know to be effective in discharging their own role. Strong internal audit functions will be more prepared to support the public services of the future, and to support organisations going through change.

In this research, we have focused on making an impact: internal audit that is not only effective in what it can offer but achieves influence with key decision makers for the benefit of organisational objectives.

There is no ‘formula’ for assessing or quantifying the impact of internal audit, as many of the indicators of an effective internal audit service are, to some extent, subjective.

Indicators of effective internal audit

- 1

Good engagement with senior management and the audit committee, while maintaining independence and objectivity.
- 2

Internal audit plans clearly aligned to the topics that are most important for the success of the organisation.
- 3

Timely and meaningful assurance, communicated in a way that is understood by stakeholders.
- 4

The ability to challenge constructively and to help management find solutions.
- 5

The ability to respond to emerging risks or issues and changing priorities for the organisation.

Additionally, internal auditors must be able to demonstrate their conformance with internal auditing standards, including the PSIAS, which are mandated for the UK public sector, and which are based on global internal auditing standards.

However effective and impactful internal audit teams may be, our research shows they are enhanced when operating in an organisation that understands assurance and the role of internal audit and engages with internal audit to obtain the maximum benefit from the function.

Our research concludes that the impact of internal audit is determined by interlinking factors in both the internal audit team and in the organisation. We have developed a model to highlight this.

## Impact

The impact of internal audit can be defined as its ability to support the organisation in achieving its strategic objectives and priorities. This will be through an appropriate mix of assurance, consulting activity and advice. The impact of internal audit will vary across organisations based on assurance needs, organisational culture and capacity for continual improvement.

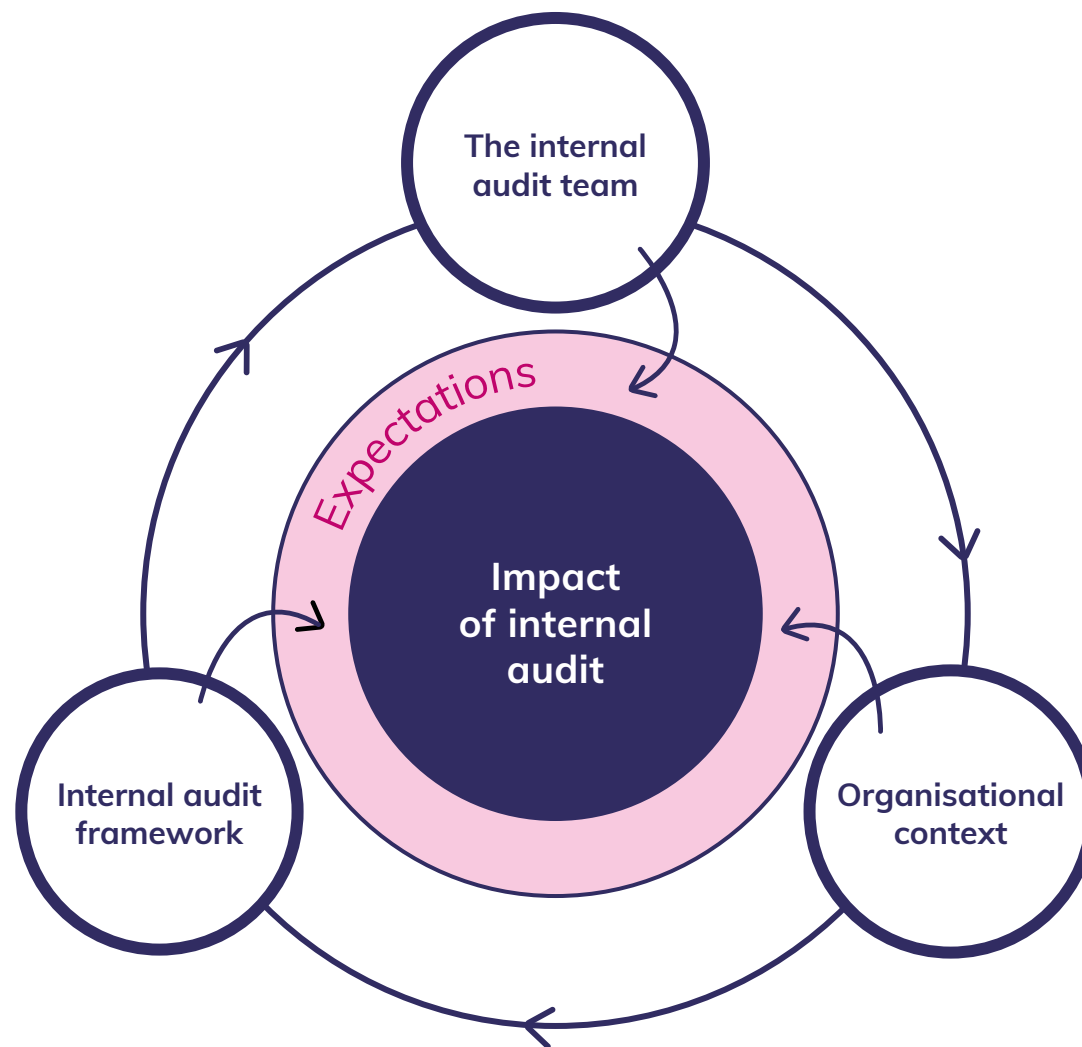
The impact of internal audit is dependent on the quality of the internal audit team, the framework and the organisation in which internal audit operates. Each of these will shape expectations of what internal audit can and should deliver. The individual components of internal audit impact are discussed in Appendix A.

## Our findings and recommendations

Many of the findings from our research are interwoven. We cannot consider the impact of internal audit teams without considering, for example, the environment in which they work, the stakeholders and clients they serve, and the skills and resources needed to provide that service.

Our research included an extensive survey of internal auditors and their clients, including audit committee members, from across the public services. This was supported by focus groups and a literature review. The next section of the report will identify the evidence from our research that shows how internal audit is currently making an impact. We will then consider the future potential for internal audit. What can it do more of and where can it be more effective?

Finally, we will consider the factors that currently hold some internal audit teams back.



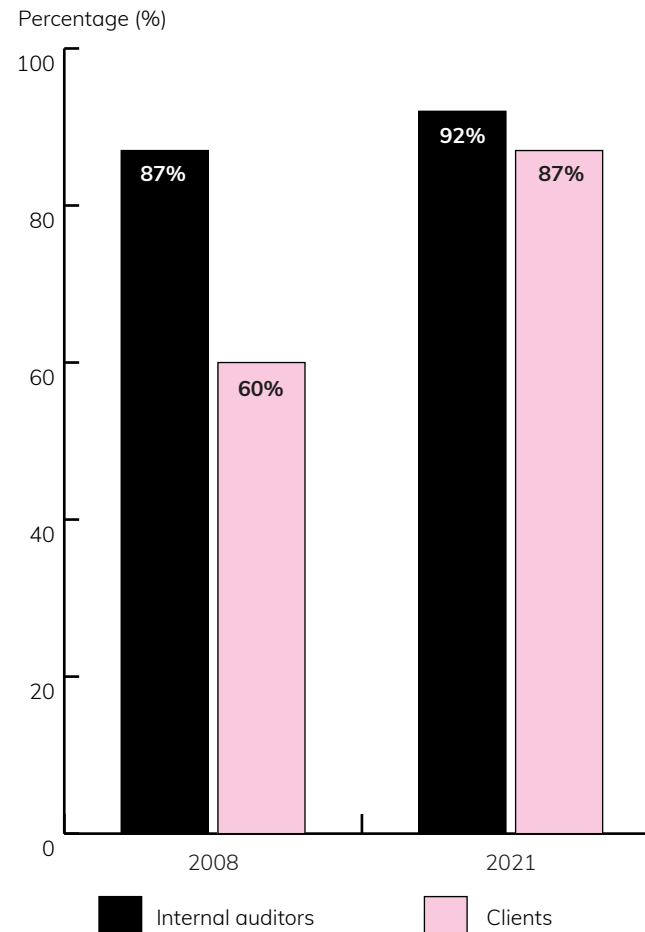
CIPFA's findings:

# How internal audit is making an impact

## Internal audit's contribution has improved

In 2008<sup>1</sup> CIPFA identified an expectation and perception gap between local government internal auditors and their clients. Our new research identifies significant progress on closing this gap. This is most notable in terms of the contribution that internal audit makes in supporting the management of the organisation. The 2021 survey feedback is more positive than CIPFA's 2008 survey; a positive view of internal audit's contribution from clients increased significantly from 60% to 87%.

In the 2021 responses concerning the contribution of internal auditing, audit committee members are more positive than management (92% agreed, compared with 84% of management). Similarly, heads of internal audit are upbeat about this, with 96% agreeing that internal audit makes a positive contribution, reducing to 89% across other members of the internal audit team.



**Respondents agreeing or strongly agreeing with the statement: the contribution internal audit makes supports the management of the organisation.**

### Making an impact on governance arrangements

Worcestershire Children First is a wholly owned company of Worcestershire County Council. Following high-profile governance failures in other LATCs, WCF identified that it would be good practice to review its arrangements.

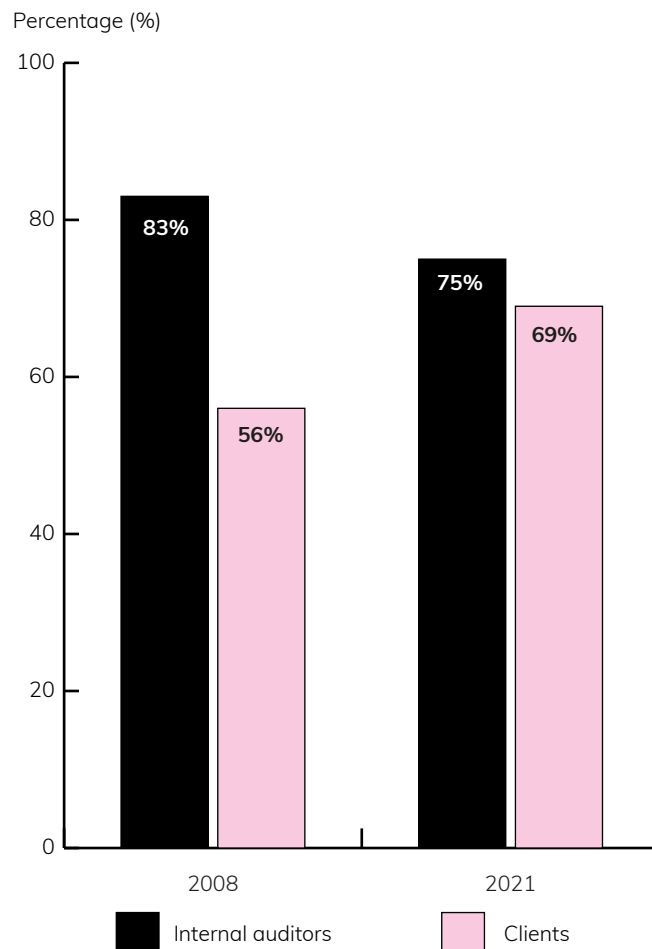
The Director of Resources undertook a review of the company's governance arrangements, as well as the council's shareholding and commissioning arrangements. Internal audit reviewed the outcome of the self-assessment, which provided independent assurance and added value to share good practice across the council. Internal audit had to challenge themselves and work differently with a self-assessment model, and in doing this, they were able to add value to the review and the outcome. They helped to embed understanding about governance and roles across both organisations. The review was used as a board refreshers training session and used with the leader and senior cabinet members.

<sup>1</sup> [Perceptions of audit quality: a survey analysis](#) (CIPFA, 2009).

One of the reasons for the improved contribution, and perception of the contribution, of internal audit may be better communication between internal auditors and their clients.

In 2008, just 56% of clients agreed that internal audit communicated effectively; in 2021, this has increased to 69% of clients. For internal auditors, there was a decline in their positive view of their communications, but this was primarily noted among audit team members rather than heads of internal audit. This could reflect the wider experience of communications among heads of audit.

Effective communication is a core skill required at every stage of the audit process, from explaining the rationale for conducting an audit to exploring options for control improvements with clients. To have impact, internal auditors need to ensure that the communication is consistently of a high standard and meeting client expectations. The improvement in client perceptions is very welcome, but auditors will need to continue to focus on effective communications.

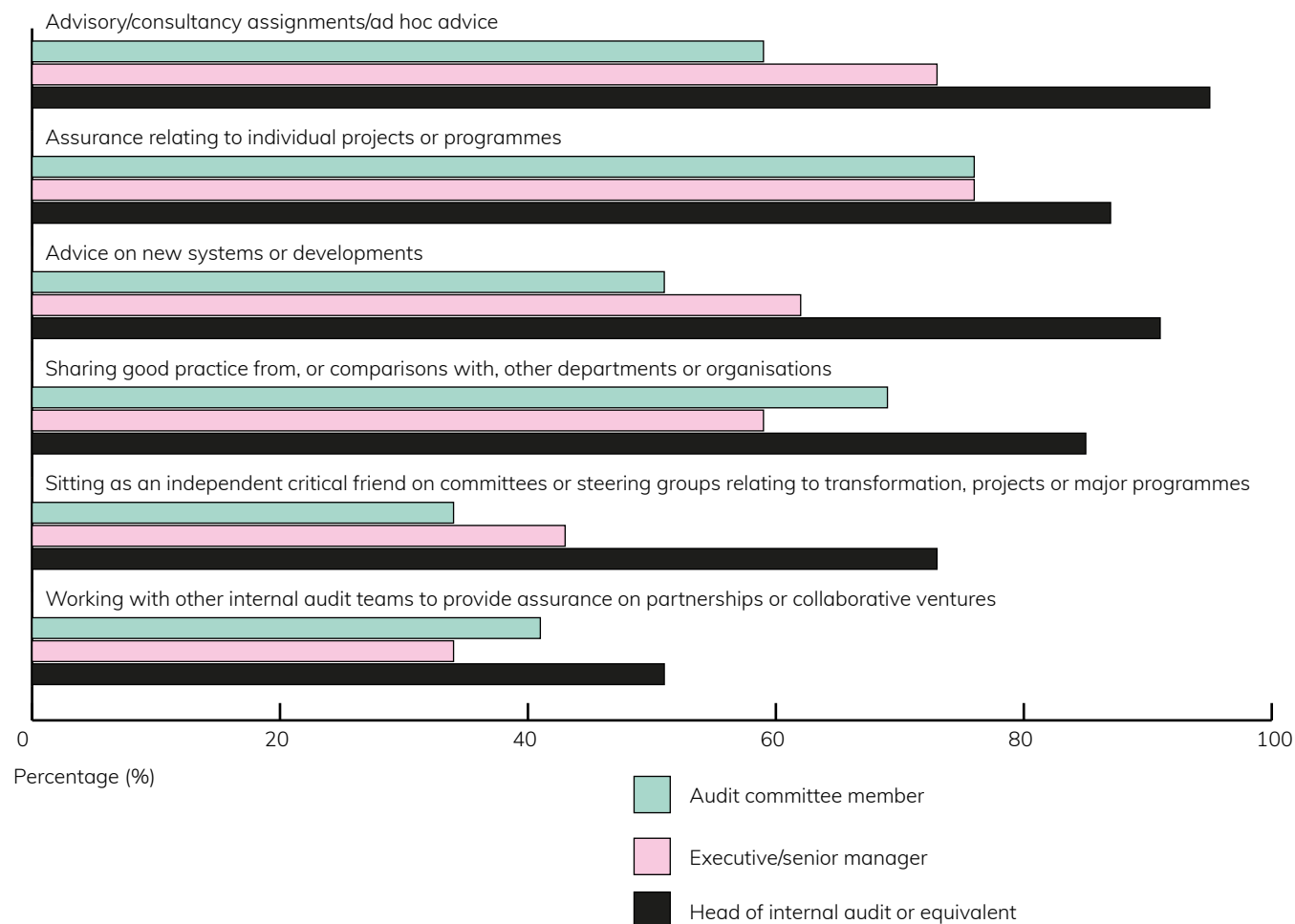


**Respondents agreeing or strongly agreeing with the statement: internal audit builds and maintains effective communication at all levels within the organisation.**

## The services provided by internal audit vary

Internal auditors make an impact through a range of approaches. Our survey identified that while most internal audit teams were already offering broad coverage, their clients did not always recognise this.

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**The view of what internal audit currently delivers, split by role.**



The disparity is most marked in relation to the role of internal audit sitting on project or steering groups and in advice provided on new systems or developments. Heads of audit will have a full understanding of their team's activities, while clients perhaps only recognise those where they have had direct interaction. There is also a difference in perception between management and audit committees, perhaps reflecting that not all advisory work is reported to the audit committee in detail.

#### **Recommendations:**

-  Part of the role of the head of internal audit should be to advocate for and explain the role of internal audit. This could usefully include explaining the nature of internal audit consultancy or advisory work and draw out the benefits of internal audit interventions. Engagement and communication with senior stakeholders are core skills for effective heads of internal audit.
- Internal audit should provide the audit committee with an overview of all work it undertakes to ensure that there is visibility of any advisory activity. This does not necessitate a detailed report to the committee on all advisory work.

## **Showcasing internal audit: how the pandemic created opportunities**

Another opportunity to have an impact is to ensure that internal audit is responsive to change and clients' needs. The pandemic provided considerable challenges for public sector bodies. Survey respondents were asked how the impact of internal audit has changed due to the COVID-19 response. Views were similar across respondent groups and sectors, with a mild positive response. Forty-two percent of respondents said that internal audit colleagues attended COVID-19 response meetings with management.

A number of participants reflected that the quick response by their internal audit function to provide agile and targeted assurance and advice had been an opportunity to showcase the ability of internal audit and had helped raise the profile of the team and how it is able to support the organisation. This may have helped individual relationships with senior managers and departments rather than bringing about an overall change in perception of impact.

# The potential for internal audit

Our research explored different ways to improve the impact of internal audit within organisations. When considering these opportunities, it is essential to consider them from both the perspective of a client as well as an internal auditor.

## Expectations and understanding

There is a range of expectations of internal audit from management and audit committees, as well as a difference in the perception of what internal audit delivers for the organisation.

Examples shared through discussion groups ranged from internal audit teams that provide fundamental assurance on core financial controls but little coverage of strategic topics, through to internal audit teams that have flexible plans clearly aligned to strategic goals and that can provide advice or swift assurance in response to emerging issues. This variation was reflected not only in the discussion of internal audit plans and proposed activity, but also in the expectations of senior management and audit committees. Some clients recognised they received a basic assurance plan around core systems and did not want additional coverage. Others already received a broader plan linked to strategic priorities or encouraged the internal audit plan to move towards this.

CIPFA believes that higher expectations by management and audit committees will provide both a challenge and support for internal audit. Higher expectations would ultimately be beneficial for the profession in the public services. This means there is a need for organisations to focus on what assurance or advice is needed rather than what assurance internal audit is currently able to deliver.

CIPFA has established expectations of internal audit through the CIPFA statement on the role of the head of internal audit.

The head of internal audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:

- objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control
- championing best practice in governance and commenting on responses to emerging risks and proposed developments.

While heads of internal audit might have these expectations, clients and audit committees also need to share them if internal audit is to have greater opportunity for impact.

**Stable, supportive leadership has a huge role to play in getting the best out of internal audit, setting the culture of accountability and improvement.**

**Assistant Director**, Metropolitan Council

## Planned developments

CIPFA will consider how its forthcoming publication on assurance frameworks can build on its statement on the role of the head of internal audit to aid the understanding of assurance needs among leadership teams. CIPFA would like to see a culture of engaging with assurance and raised expectations for the internal audit profession in the public services.

## Present and forthcoming actions:

The global IIA is currently undertaking a refresh of the International Professional Practices Framework on which the PSIAS are based. Once the new international framework is known, the IASAB, along with the relevant internal audit standard setters for the public services in the UK, will review the PSIAS and update accordingly. This may also be an opportunity, with a simplified framework, to raise the profile of internal auditing standards, and the role that management and the audit committee play in creating a culture of engaged assurance, to create an environment in which internal audit can make a greater impact.

## More strategic coverage

A key factor of the impact of internal auditing is the nature of the areas in which internal audit invests its time and focus. We were interested in topics where internal audit should be focusing and also the nature of activities that internal audit should include in its work.

We asked survey respondents to identify three themes that internal audit should focus on in the coming three years that would have the greatest impact on an organisation. Cybersecurity was the top priority area identified by all groups of respondents. Second was digitisation and the use of data. Technology and the impact of digitisation is not a new priority. In 2008, internal auditors ranked information technology as their second most important priority area for future internal audit coverage; at that time, clients saw this as a lower priority.

The top six areas that should be covered to achieve impactful internal audit in the coming three years, as identified by our research, are as follows.

- Cybersecurity
- Digitisation and the greater use of data within the organisation
- Environmental sustainability/climate change
- Financial viability
- Culture and ethics
- Supporting improved risk maturity.

There were some differences in the views of internal auditors and clients. Internal auditors thought cybersecurity, culture and climate change were a higher priority compared with clients. Management thought internal audit's role in helping to improve risk maturity was more of a priority compared with audit committee members or internal auditors. Of these six topics, management were least interested in audit coverage around culture and ethics and were less interested in assurance linked to financial viability than internal auditors and audit committees.

Some internal audit teams are already providing assurance on these areas, although not necessarily in as much depth or with as much coverage that heads of internal audit or their clients would like to see in future.

## Balancing the need for deep specialisms

Heads of internal audit recognised that both cybersecurity and climate change would be areas of increased focus for internal audit, but that they would not be able to develop deep specialisms.

Topics such as cybersecurity will require significant technical knowledge, and often, this will be unrealistic for in-house teams that do not have access to additional skills through a co-sourced arrangement to provide assurance on some aspects of cyber risks. Internal audit should still be able to provide assurance over the strategic approach of the organisation, however.

As public sector organisations work towards zero carbon strategies, many may have made carbon reduction commitments but have yet to finalise detailed plans to achieve this target. There is an opportunity for internal audit to play the role of critical friend in terms of how other plans, priorities and goals may impact, support or contradict climate priorities and targets.

To enable internal audit to have impact in these areas, audits should be carefully scoped and other assurances available considered. For example, in relation to cybersecurity, there will be some areas of risk and control that internal audit can consider in all audit work (such as access controls and data governance). A useful role of internal audit may be to recognise a wider range of existing assurance and specialist input, some of which may not be visible to the audit committee, and to help develop a map of assurance needs and priorities and how such assurance can be obtained.

### Developing a golden thread through controls, assurance and internal audit

Across central government, the Government Internal Audit Agency (GIAA) and HM Treasury have been working with finance and risk colleagues to clarify the control framework that underpins the responsibilities of accounting officers. The team is also considering how assurance can be provided on the elements of the control framework. A third stage will shape how internal audit plans and reports its work. As well as supporting a better understanding of controls and assurance, the project should help internal auditors deliver internal audit opinions that can be compared across government.

This example shows how internal audit can have an impact in improving internal control and assurance arrangements, as well as helping internal audit opinions to be more meaningful for their clients.

### Auditing financial risks

Traditionally, internal audit has provided assurance over financial systems and processes such as payments, income collection and payroll. In many organisations, such systems operate well, and the risks associated with them are well managed. Is there still a role for internal audit to provide assurance over financial risks? To what extent can internal audit provide assurance over the big financial risks associated with policy and strategy as well as the more traditional assurance over internal financial control systems? Our survey shows that financial viability is an area of priority for future internal audit coverage.

Examples of such risks are financial resilience, medium-term financial strategies and decisions around commercial strategies. Typically, the planning and decision making on such strategies will take place at a senior level within the organisation, and they can be complex and technical. This can mean they are difficult for internal audit to approach. However, their strategic importance to the organisation is such that they come with big financial risks. They are also areas the audit committee should be seeking independent assurance on.

Neither the audit committee nor internal audit will be seeking to influence the financial policies themselves, but they will want to feel confident that the strategy is sound, supported by robust data and incorporates risk management measures. They should therefore audit the arrangements and assumptions underpinning those decisions, plans and strategies.

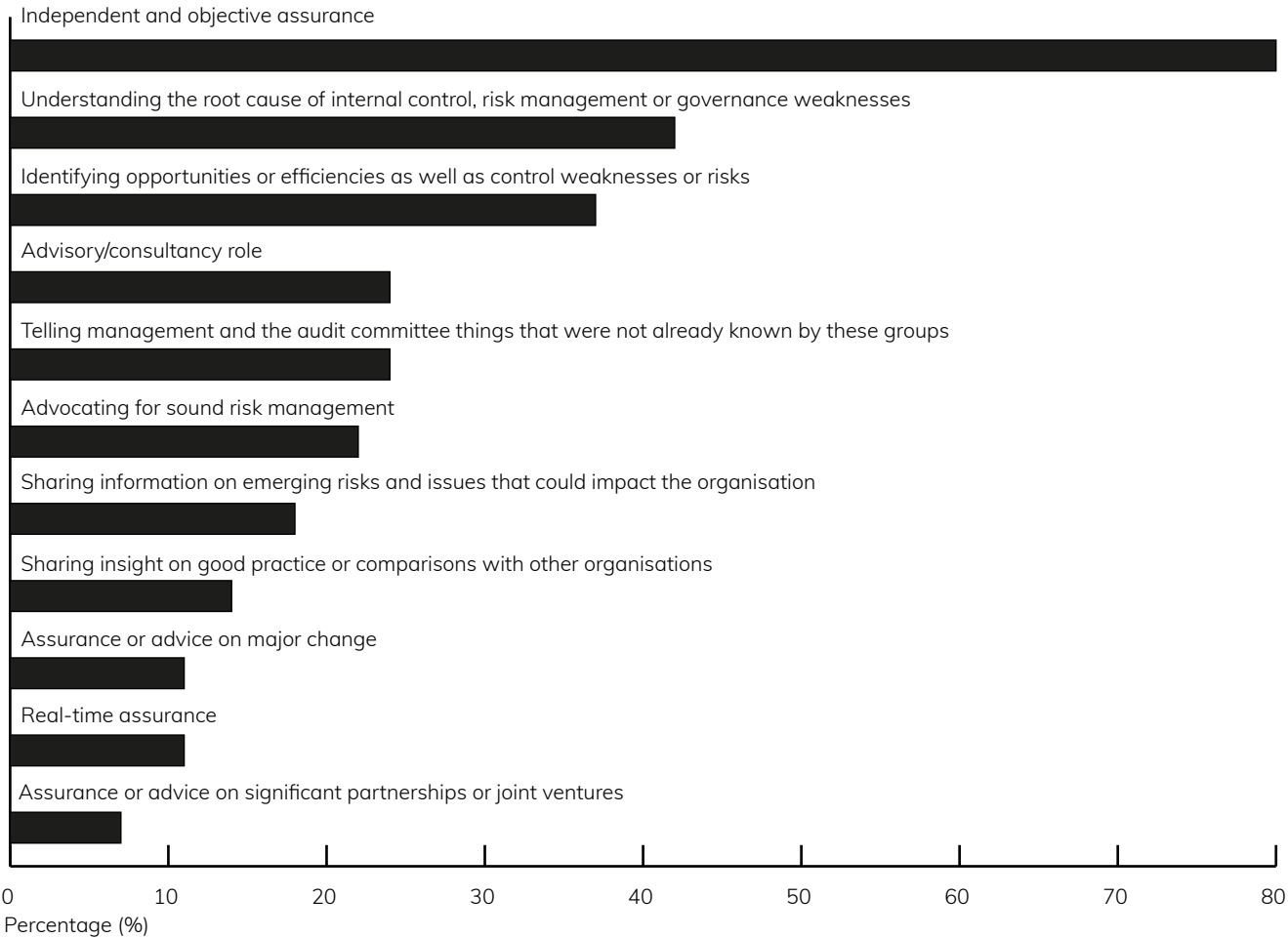
This area provides an opportunity for internal audit to have an impact in an area clearly linked to the achievement of organisational objectives. To be most effective in this area, auditors will need to have a good understanding of the financial framework in which their organisation operates. In public bodies, particularly local government, this can be complex, involving government grants, local taxation, rental income, investment income, fees and charges and its own capital management. The auditor will also need to understand how macro trends will impact on the organisation; for example, demographics, inflation, interest rates, national and local economic growth and technological innovation may all be relevant. Changes to government policy can also impact directly on public bodies' plans, so their internal auditors need to keep up to date with the wider policy agenda.

## Going beyond assurance

### Internal auditors provide a range of services as well as assurance

We have not asked internal auditors or their clients to provide an overview of their current internal audit plan and its priorities but did ask for feedback on the internal audit approach, engagement and particular tools or activities.

The responses to a question on how internal audit currently contributes to an organisation reflect a somewhat traditional view of internal audit activity. Unsurprisingly, independent and objective assurance is the highest-ranking response. Other activities that would perhaps be expected in a high-functioning internal audit team such as providing advice, helping to understand the root cause of weaknesses and audit coverage relating to major change receive a much lower ranking and may reflect that internal audit could have more of an impact in delivering its core role and current assurance plans.

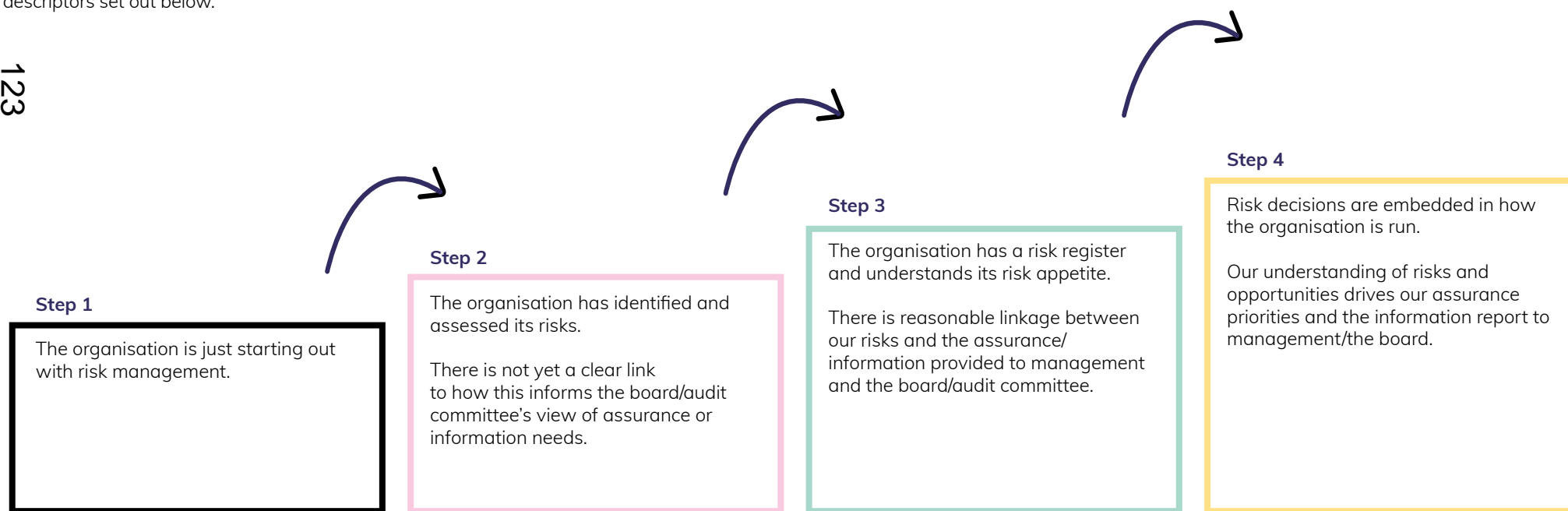


Respondents' views on how internal audit currently contributes to the organisation.

## Supporting improved risk maturity

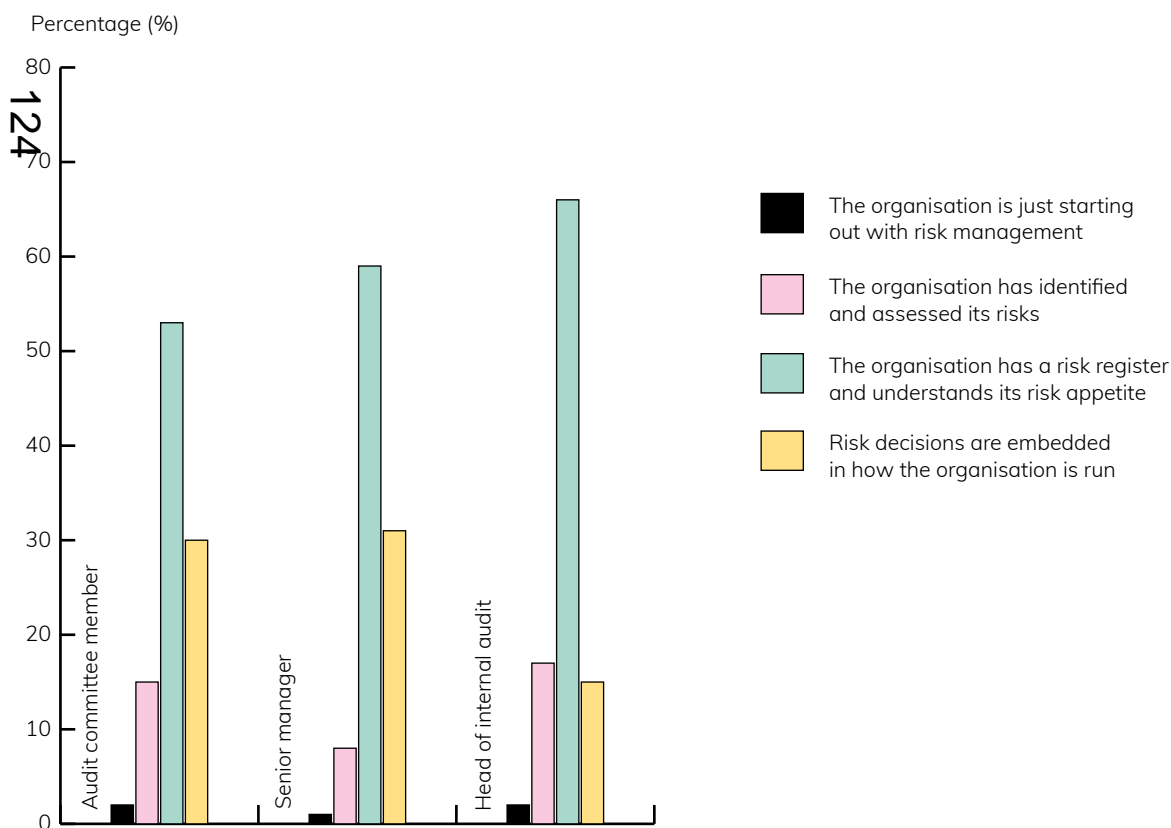
There are several different models of risk maturity available. We set out a simple, four-scale descriptive framework and asked respondents to share their view of their organisation's current risk maturity, with maturity increasing from left to right on the descriptors set out below.

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We can see a difference between the views of heads of internal audit, management and audit committees. Overall, management and audit committee members considered that their risk management arrangements were more mature than the view of internal auditors.

The results from both auditors and clients indicate that there is scope to improve arrangements for managing risk in public sector bodies. Thirty-one percent of respondents believe that the impact of internal audit would be enhanced if there was greater support to help the organisation understand risk and its risk maturity – areas where there is scope for internal audit to bring its advisory role to bear.



Respondents' views on risk maturity (by role).

## Recommendation:

Leadership teams and audit committees should strengthen their risk management arrangements. Internal audit's annual opinion on risk management should provide clarity over aspects for improvement and identify opportunities for support.

## Sharing best practice

On the theme of value, clients' perceptions of quality were influenced by the ability of internal audit to share ideas and good practice across departments or from other organisations. Such insight was found to be useful and added value to the internal audit process.

Fourteen percent of respondents said that internal audit currently contributes to the organisation's success and delivery of strategic priorities by sharing good practice and/or comparisons with other organisations. A further 19% of respondents identified this as a future priority for internal audit.

**Our internal audit service is able to provide comparisons and informal insights from other blue light organisations. This helps the audit committee gauge its response, particularly regarding systemic issues.**

**Jonathan Swan**, Chair of the Joint Audit Committee for the Essex Police, Fire and Crime Commissioner and Essex Police



## Data analysis

The impact of internal audit comes not only from the nature of topics on which it focuses, but also the tools used. Many internal audit teams are using some form of data analytics, including spreadsheets, specialist analytical tools such as ACL and IDEA, and data visualisation tools such as Power BI and Tableau.

Where data analytics are not already being used by the internal audit function, 68% of internal auditors and 40% of clients think that adding analytics to the audit toolkit would be beneficial.

Respondents were aware that internal auditors are seeking to use analytics and to upskill team members, but also reflected barriers such as multiple legacy systems and challenges to accessing the organisation's data.

During 2021, we recruited at trainee level and had a tremendous response in the number of applicants. One of the lessons learnt from the recruitment process is the number of potential recruits with significant data analytics experience.

In subsequent processes, this will be an area that we specifically highlight in the job adverts to further increase the talents required for the service moving forward.

Jonathan Idle, Head of Internal Audit, Kent County Council

## The consulting role of internal audit

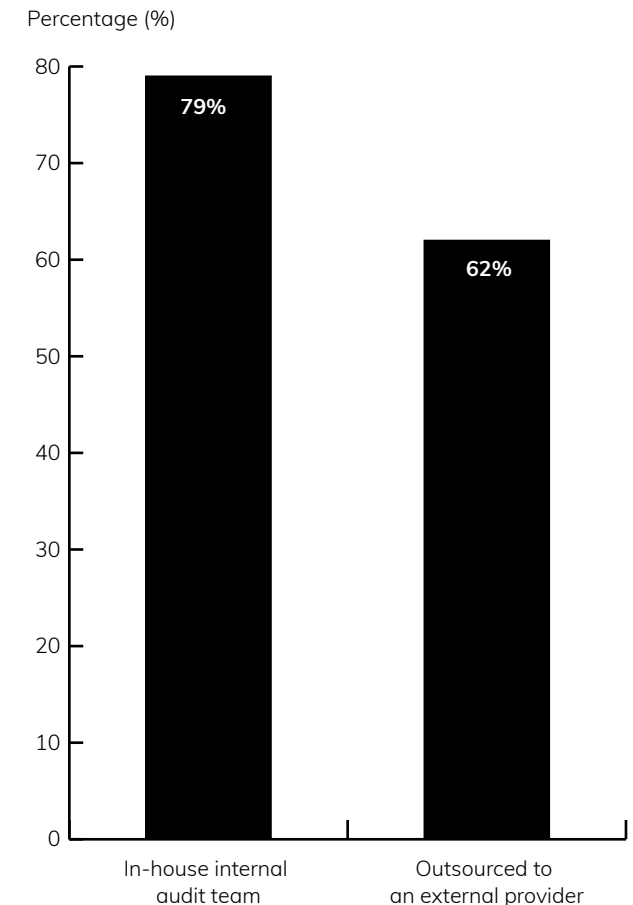
The definition of internal auditing recognises that internal audit has both an assurance and consulting role.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

*International Standards for the Professional Practice of Internal Auditing/PSIAS*

Eighty-six percent of respondents stated that internal audit delivered advisory or consulting work or provided ad hoc advice to the organisation. Notably, stakeholders appear less aware of this, with just 59% of audit committee respondents confirming this role compared with 73% of management and 95% of heads of internal audit. However, only 24% of respondents saw the advisory role as a current priority in terms of best describing how internal audit contributes to the success of the organisation.

When responses about advisory work are compared by the internal audit resourcing model, more respondents with in-house internal audit agreed that their internal audit service provided advisory assignments or advice on new developments. The response regarding in-house teams using co-sourced arrangements reflected a similar response to in-house teams that did not use co-sourcing.



Respondents who stated that internal audit provided advisory work or advice on new systems and developments.


Our roundtable discussions with a range of internal auditors and stakeholders reflected a varied understanding of the advisory role of internal audit. Some stakeholders – audit committee members in particular – voiced their concern that internal audit undertaking consulting work can impair its independence and objectivity when it needs to later provide assurance in that same area.

Internal audit consulting input may not always be a standalone assignment; for many internal audit teams, a core element of their advisory role is to attend project or steering groups to act as a critical friend. It is key that internal auditors should not have a decision-making role at any such meeting; however, being present enables internal audit to be aware of progress and make decisions to determine how it can best respond to support the organisation (including planning, real-time assurance or being able to ask questions to check that decisions made are well thought through). Internal audit will also seek to ensure good governance, with risk management and control built into any new development, control framework or scheme.

I have found that sitting on various programme and change boards has helped the organisation better understand how internal audit can support programmes. We are now invited in by programme teams rather than having to assert our right to provide assurance or advice.

A recent example is the new case management system. The programme board asked for internal audit input during the development phase. We are able to provide challenge on how the new system meets the needs of the organisation, whether previous audit findings have been addressed, and test the proposed control framework early enough to make a difference.

**Paula Mills**, Head of Governance and Assurance, Basildon Borough Council



What is holding  
internal audit  
back?

The challenges set out in the following pages are faced by many public sector organisations. That is not to say that these are faced by all, or that internal audit teams, senior management or audit committees are not seeking solutions or taking action. There are also variations across different parts of the public sector and differing views between internal auditors and their clients.

The obstacles noted will be interdependent for some organisations; it is likely that internal audit functions with a low profile will also be less likely to argue the need for more resource or enhanced training. Similarly, an organisation that is not yet risk mature may be less likely to seek assurance on strategic priorities.

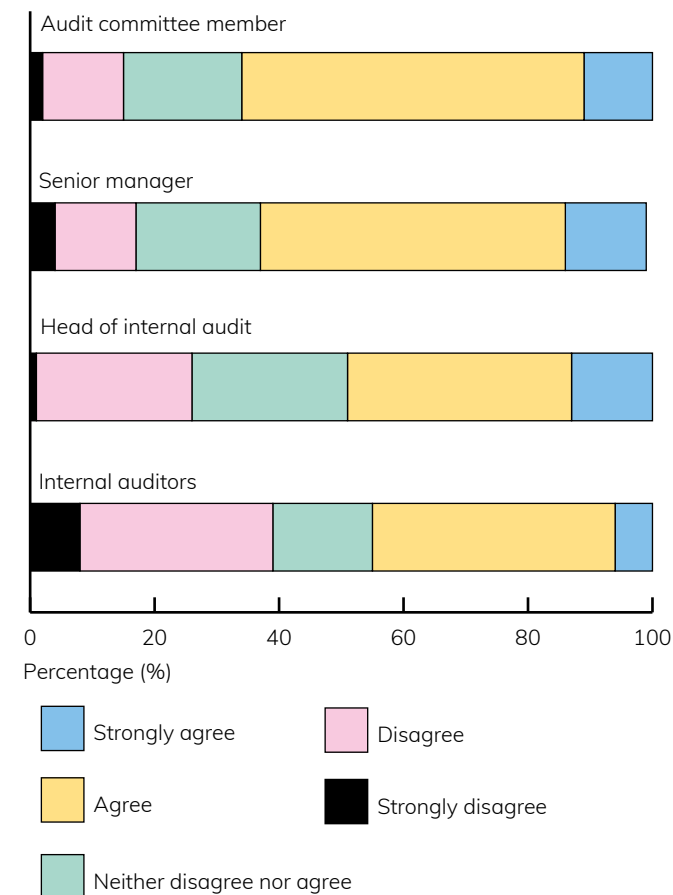
## Resourcing

### Capacity of internal audit

The level of internal audit resourcing is often a difficult one. How much assurance is sufficient? What other assurances exist? What skills and experience are needed to deliver the required assurance? Internal audit functions, alongside those in other departments, have seen headcount reductions over the past decade.

In our 2021 survey, CIPFA asked clients and internal auditors for their views on internal audit resourcing. When asked specifically about the resource capacity of internal audit, there is a difference in views between groups of respondents, with clients more positive than internal auditors on the current capacity of the internal audit service to provide the service the organisation requires.

Forty-three percent of internal auditors said that increasing the capacity of internal audit was a priority for improving its impact and effectiveness. Less than 30% of clients agreed this was a priority. However, a related question (see right) on whether internal audit has the resource capacity to provide the service the organisation requires indicated a higher percentage of clients recognising capacity constraints



**Internal audit has the resources (capacity) to provide the service the organisation requires. View based on role of respondent.**

Balancing resource

Resourcing was a topic of discussion at our roundtable events, with several heads of internal audit noting that there can be a difference between the levels of assurance an organisation requires (client appetite for assurance) and the levels of assurance an organisation needs. Many commented on the need for more resources in comments within their survey responses, together with the challenges in ensuring there are sufficiently experienced auditors to complete more complex work as well as provide coaching and support to trainees. A change in the skills and experience of the internal audit team was also seen as a route to being able to provide real-time assurance and to innovate, with some respondents welcoming trainees but noting a reduced ability to address strategic issues when a team is reliant on new entrants.

In its 2019 report on local authority governance, the National Audit Office (NAO) identified that there was a decrease of 34.2% in real-term spending on corporate support services by local authorities from 2010/11 to 2017/18. Internal audit has faced similar levels of budget reduction, and the trend has continued. Other parts of the public services have also faced resource pressures.

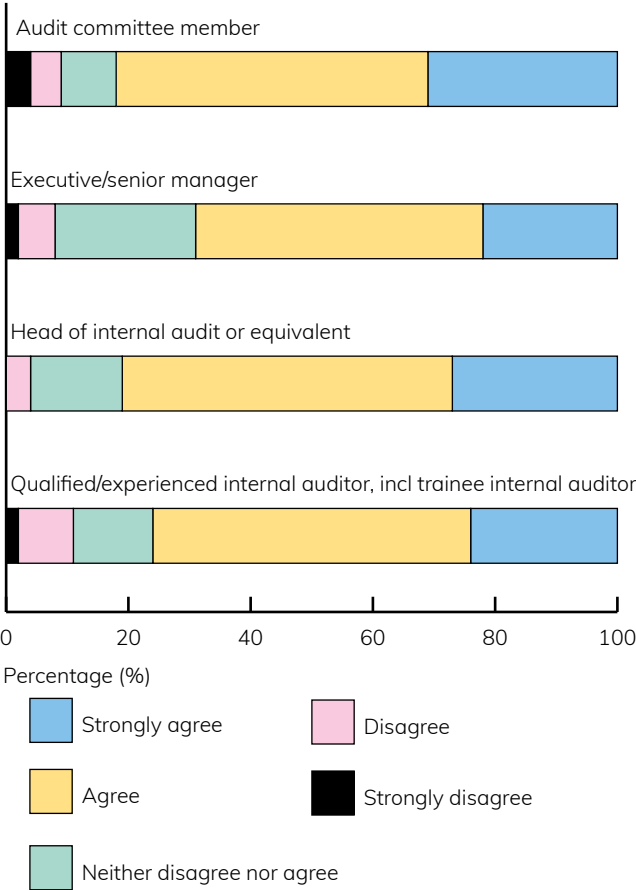
The capacity of internal audit functions in local government has decreased significantly at a time when the challenges and risks facing the sector have increased massively.

Local government survey respondent

Skills, experience and internal audit approaches

It may be that for many organisations, the overall budget for internal audit – and therefore the quantum of audit days – is in the gift of the leadership team, but how that budget is used and the skills available to deliver the internal audit plan are the responsibility of the head of internal audit or internal audit provider.

Views on skills and experience are notably more positive than views on resource capacity across all groups of respondents.



Internal audit has the skills and experience to provide the service the organisation requires. View based on role of respondent.

We also asked respondents if any tools or approaches were not currently used by their internal audit function that would be beneficial. Use of analytics within the internal audit approach significantly outweighed other tools and approaches. As with other skills and experience, this will require investment in the internal audit team to develop analytical skills, provide the right tools and embed analytics into the internal audit approach.

In addition to greater integration of analytics, survey respondents identified the following approaches as being of benefit to their internal audit function.

- Real-time assurance
- Sharing insight on good practice or comparisons with other organisations
- Assurance or advice on major change
- Identifying opportunities or efficiencies as well as control weaknesses or risks
- Sharing information on emerging risks and issues that could impact the organisation.

Internal auditors and their stakeholders recognise the fast pace of change, and that internal audit needs to keep ahead to best support the organisation. This results in the need for internal audit to:

- provide assurance on emerging issues and areas of change or transformation
- be equipped to play a constructive yet independent advisory role
- respond to the pace of change by providing real-time assurance
- understand and adopt new technologies
- maintain the ability to provide a core assurance on business-as-usual risks and operations.

This does not mean that internal auditors need to be experts in every topic, but that the wider team has appropriate analytical, critical thinking, communication and risk-based auditing skills to be able to approach those topics. The role of internal audit could also be to understand other assurance that's available and any potential gaps in assurance. This assists the head of internal audit in developing the internal audit plan, but also management and the audit committee when considering the quantum of assurance and any additional assurance required. For example, while cyber risk was an area that nearly two thirds of respondents identified as an area where assurance will be required, this does not mean that internal audit will have the in-depth subject matter expertise of cyber specialists.

From our research, CIPFA has concluded that internal auditors are agreeing plans for which they have the skills to deliver. Under internal auditing standards, internal auditors should not undertake work that the function does not have the skills or experience for. However, it is recognised that the assurance needs of organisations are changing and that internal audit must be able to respond to this. Internal audit needs to be ahead of the organisation to help it understand its risks and to plan focused assurance on emerging issues, transformation and strategic objectives, and therefore there is pressure on internal audit to progress, evolve and address new areas, as discussed later in this report.

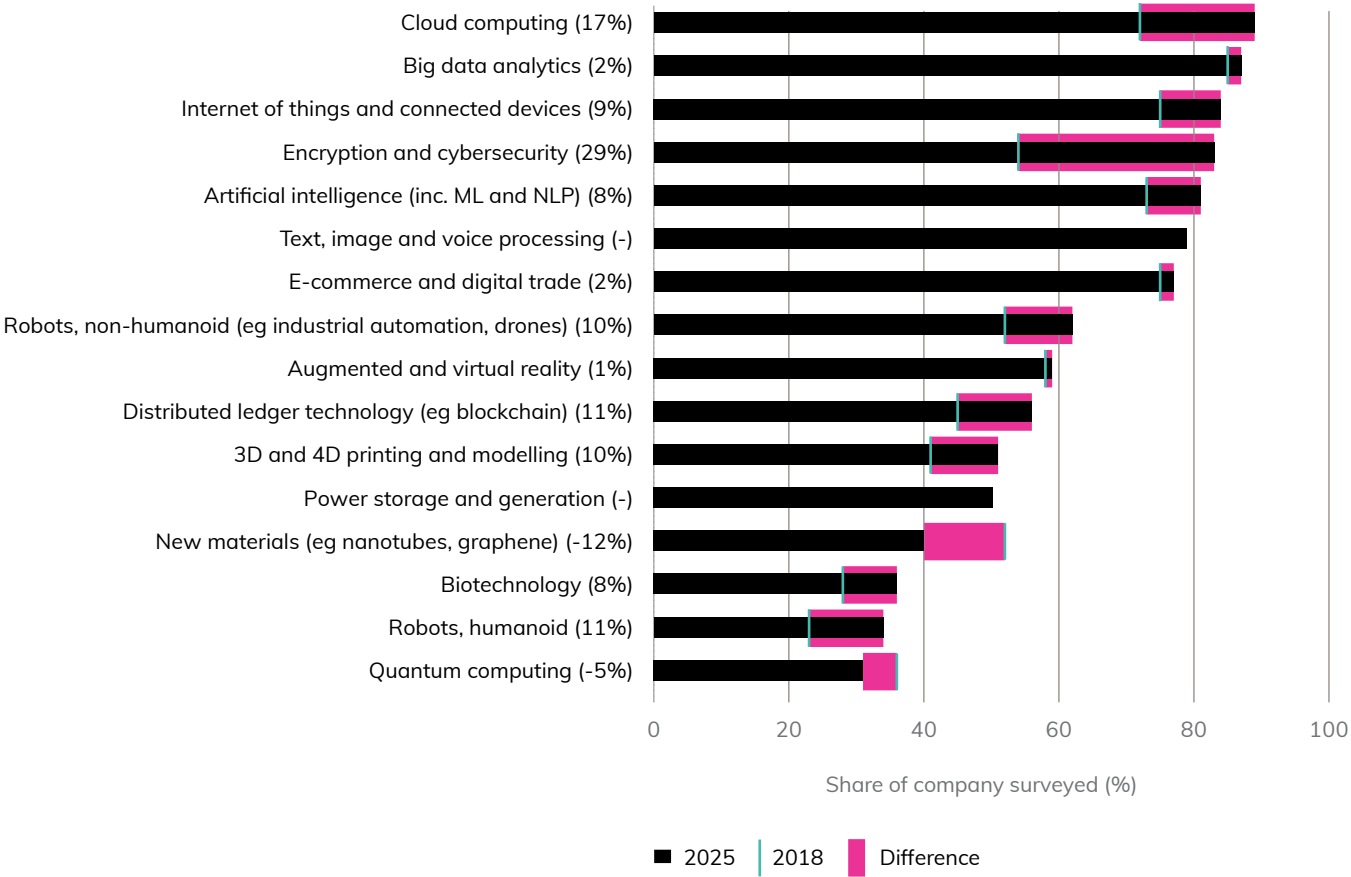
**We need to be realistic about the skills we expect from internal audit. Our subject matter expertise is auditing; we cannot expect to be subject matter experts in every topic we audit. Internal audit teams need core skills that include risk-based internal auditing that can be applied to any topic, financial literacy, technological capability and data literacy.**

**Stan Farmer**, Chief Auditor, The Open University

### The wider economic view of skills and roles required

In its 2020 report on the future of jobs, the World Economic Forum (WEF) noted the technologies that companies thought were likely to be adopted by 2025, reflecting the need for internal auditors to keep pace with the use of data and digitisation in their organisations.

The same report notes that there is an expected demand for data analysts and data scientists, machine learning specialists and big data specialists. This reflects the suggestions for future coverage by internal audit as seen earlier in this report, indicating the ever-growing use of data and technology and the corresponding need for assurance providers to be able to work with data.



Technologies likely to be adopted by 2025 (by share of companies surveyed).

Source: [The Future of Jobs Report 2020](#) (World Economic Forum).

## Attracting recruits to the profession in the public services

Another factor holding internal audit back is the challenge of recruitment and retaining the right skills within the internal audit function. While views on levels of resources and how those resources are used varied across respondents and those participating in roundtable discussions, one theme was common in discussions and interviews: the challenge of attracting and retaining quality internal auditors.

**132** We need internal audit to be seen as a valuable career route for the benefit of the profession and the organisations in which we audit.

Glen Bissett, Senior Financial Auditor, Scottish Prison Service

Survey respondents shared insights into the challenges of recruiting to the internal audit function and the ability to match the nature of internal audit coverage with appropriate skills and resources. There was also feedback that some small internal audit teams are only able to deliver a basic assurance plan covering the bare minimum, which can impact the desirability of a role within that function, leading to challenges in recruiting or retaining the right staff.

Based on our research, CIPFA's view is that there are four key factors impairing internal audit's capacity and ability to recruit, retain or procure the required skills.

## Key factors impacting internal audit's capacity and ability to procure and retain the required skills

### 1 Continuing development of the internal audit team

- Lack of funding to improve knowledge and skills, which can impair internal audit's ability to build skills in emerging areas such as analytics.
- Training budgets are often the first to be cut.
- Challenges in arranging secondments or guest auditors to augment the skill set of the existing internal audit team. Obstacles exist around the desirability of such opportunities or the capacity of other departments to release staff to internal audit.

### 2 Attracting people to the audit profession

- The need for more apprentices and school and university leavers to join the internal audit profession (and indeed the external audit profession).
- Consideration of how internal audit can be part of a wider career path, so that internal audit skills are seen as a beneficial experience for other roles and internal audit teams can benefit from specialist knowledge other than internal auditing.
- Training and qualifications for internal auditors need to reflect the skills that the auditors of tomorrow will require.
- Concerns that in some parts of the public sector, there may be a disparity between pay/grading for internal auditors compared with their peers in accountancy roles.

### 3 Culture

- Lack of recognition of the advisory or consulting capability of internal audit can impact the morale and retention rates in the internal audit team.
- Some internal audit teams are looking to strengthen skills in particular areas where the organisation is perceived to be weak (implying there was an expectation that upskilling internal audit teams would help compensate for lack of skills in the wider organisation).
- The need for management to address the findings from internal audit reports.
- The varied profile of internal audit within organisations. For some, this can impede internal audit's access to top management.
- Some organisations have a culture of tolerating internal audit rather than using and seeking internal audit and assurance.

### 4 Behaviours and soft skills

- Internal audit functions need the right behaviours and softer skills as well as technical competencies, including strategic thinking, and the ability to work proactively, flexibly and at pace.



### Recent and forthcoming action:

CIPFA recently updated the syllabus for its Professional Accountancy Qualification, which contains greater content that will be relevant to internal auditors compared with previous iterations. The qualification is also available as a Level 7 apprenticeship.

Future plans:

- CIPFA and the CIIA have agreed to work together to raise the profile of the profession in the public sector.

CIPFA and the CIIA will support the profession in the public services through encouraging different routes into the profession. The institutes will undertake research on career paths and routes into internal audit to help develop sustainable teams, including for guest auditors or professionals who join internal audit later in their career. This should also help raise the awareness of internal audit, its benefits and its purpose.

### Recommendations:

- Organisations should ensure that the responsibilities of internal auditors are recognised – for example, the need to engage at a senior level and have access to commercial and sensitive information. This may warrant a review of role or pay/grading structure and should recognise the unique role of internal auditing rather than simply reflecting line management responsibilities and comparisons with accounting colleagues.
- To build sustainable career paths for internal auditors, heads of internal audit, senior management and audit committees should recognise opportunities for models such as secondments, guest auditors and rotational programmes to support internal audit's skills needs. Rotation of staff within the organisation could also help to build awareness of the benefits and the purpose of internal audit.
- Internal audit functions should develop not only a plan of the audit work they will undertake, but also a strategy for their function's development and how it will flex to meet the future needs of the organisation. This is likely to include the nature of the work, the tools and skills required to undertake it and resources. This should be agreed with top management and the audit committee and progress reported on as part of the quality and improvement programme of the function.
- Where an individual manages the internal audit team and delivers the responsibilities of the chief audit executive as set out in PSIAS, the responsibility of the head of internal audit should be recognised in terms of job title, ability to present to senior management committees and meetings, and access to the most senior personnel.

The majority of our training budget goes to support our trainees. Experienced internal auditors get very little targeted or personalised training or development.

**Internal Audit Manager**, the public sector

Selecting the right model of internal audit

Internal auditing standards apply to any internal audit service, regardless of the model employed, but do not mandate the model that should be used. There are several different models of internal audit service.

- In-house – the internal audit service is provided by a team of people who are employees of the organisation.
- Outsourced – the internal audit service is provided by a team of people who are not employees of the organisation. This may be through a shared service, a formal commercial contract or another partnership arrangement.
- Co-sourced – an in-house internal audit service that secures some of its resource from external parties. This may be on an ad hoc basis or a formal partnering contract or arrangement. This is often a model used by in-house teams to procure particular expertise or skills to augment the existing team.

Our survey did not demonstrate that one model has clear strengths or weaknesses above the others. There were, however, some individuals with strong preferences for a particular model of delivery.

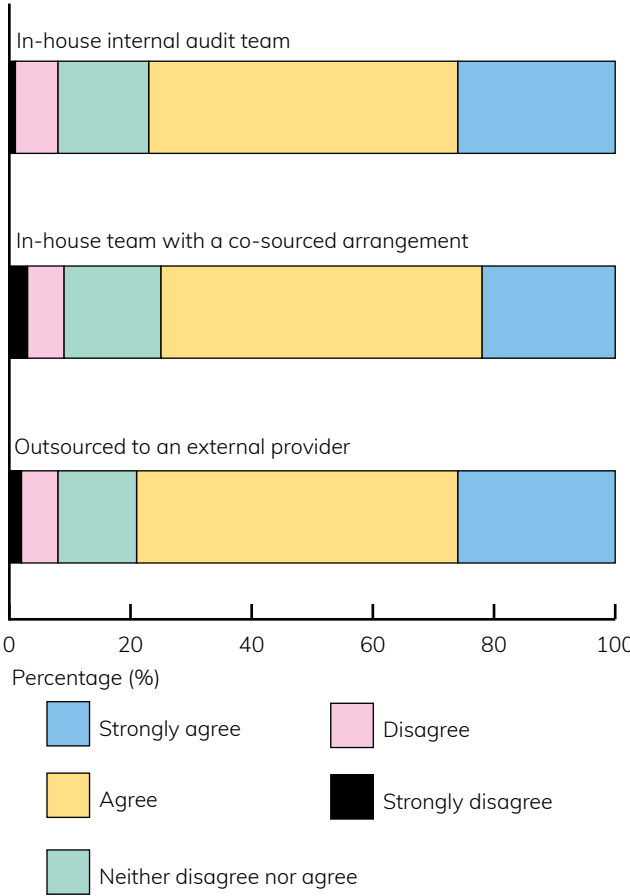
Our survey respondents reported that outsourced services have greater capacity, but there was little difference in views on the skills and capability across different models. As noted earlier, survey responses reflected a greater perception of advisory work from in-house internal audit teams compared with outsourced services.

When comparing views on the available resources based on the model of internal audit, an outsourced service has stronger capacity. Given these responses come from individuals who provide such a service or have likely been involved in procuring that service, this may not be surprising,



Internal audit has the resources (capacity) to provide the service the organisation requires. View based on internal audit resourcing model.

given most tenders are based on a view on the overall quantum of resource to be delivered, and therefore, in effect, are an agreement on the level of assurance that the organisation will receive.



Internal audit has the skills and experience to provide the service the organisation requires. View based on internal audit resourcing model.

All models can be made to work, but the organisation must be mindful of what it needs to do to make its chosen model work. When selecting a model, the focus should be on what assurance is needed to facilitate informed prioritisation of coverage and the skills and quantum of assurance, not what assurance can be afforded in the allocated budget. Organisations that have a good understanding of their assurance requirements and priorities will be better placed to make an informed decision about the nature of internal audit required and the best way to deliver that.

Although there are three broad models – in-house, co-sourced and outsourced – some shared service and audit partnership models try to operate in a similar way to in-house teams, for example by basing a permanent team within an organisation, supplemented with flexibility and support.

This table below sets out broad advantages and disadvantages of in-house and outsourced models. The exact operational arrangement may, in practice, bridge both models.

Advantages	Disadvantages
<b>In-house internal audit</b>	
Better knowledge of the organisation and people within it.	Many internal audit teams are facing challenges in recruiting quality candidates with the skills required.
Easier to build effective working relationships with a constant presence.	The smaller the audit team, the more challenging it will be to have all the skills required within that team.
An effective internal audit department can be used as a secondment to support management development programmes.	The risk of long-tenured team members may lead to impaired objectivity and innovation.
Regular liaison with other internal assurance functions and management.	Small internal audit teams in particular may find it difficult to provide succession and promotion opportunities.
Some heads of internal audit have a role in the management team and are therefore present for discussions on emerging issues and determining how internal audit can best support the organisation as priorities change.	Unplanned absences can delay the internal audit plan and impact service delivery.
If the internal audit budget allows for consultancy/advice, this can be provided as part of a budgeted cost rather than an additional fee.	

Advantages	Disadvantages
<b>Outsourced internal audit</b>	
Able to share good practice and lessons learned observed in other organisations.	Lack of clarity over responsibility and accountability for internal audit and assurance.
Able to provide benchmarking or comparative data from similar organisations.	There may be reluctance to provide formal assurance opinions on certain topics.
More options and flexibility to provide staff or subject matter expertise.	The risk that management will not perceive their responsibility for maintaining an effective internal audit function.
<div> <div></div> <div> <div></div> <div></div> <div></div> </div> </div> A shared service model could allow for staff to be based predominantly with one client and therefore to build knowledge of the organisation.	The organisation may not engage as effectively with an external provider.
	Lack of organisational knowledge, including of the culture of the organisation.
	A contract manager or key contact is still required to ensure effective liaison between the organisation and the internal audit provider.
	The risk of high staff rotation leading to lack of familiarity with the organisation.
	A focus on price rather than quality when contracting for an outsourced service may prohibit extensive input from senior staff or specialists.

A co-sourced internal audit service is one with an in-house team that also has an arrangement to draw on resources from an external provider. In many ways, this helps the internal audit service reap the benefits from both the in-house and outsourced models; in particular, a co-sourced arrangement provides access to additional staff and subject matter expertise. Intelligent procurers of co-sourced services will also seek to ensure skills and knowledge transfer between the external and internal teams, and to obtain to share insights and experience from the co-sourced partner's wider client base.

## Managing internal audit independence

Independence and objectivity are essential to effective internal audit. Some of the barriers discussed below may be factors of perception, which can then impair stakeholders' views on the quality of internal audit.

### Roles beyond internal audit

Fifty percent of the heads of internal audit who responded to the survey have other responsibilities as well as leading the internal audit function. This figure rises to 60% in local government.

Of the additional responsibilities that heads of internal audit have, the most common were:

- risk manager
- head of counter fraud
- governance.

There was also a range of additional roles for heads of internal audit who have a clear second-line function, such as business continuity, health and safety, insurance and data protection. Internal auditing standards provide guidance on how such additional roles should be managed and risks to independence and objectivity communicated.

It was surprising to find some heads of internal audit state they had responsibilities for operational areas such as procurement, council tax or debtors, meaning those heads of internal audit would have to find other approaches to providing assurance on those areas rather than providing the assurance themselves.

#### Chief audit executive roles beyond internal auditing

Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.

#### Interpretation:

The chief audit executive may be asked to take on additional roles and responsibilities outside of internal auditing, such as responsibility for compliance or risk management activities. These roles and responsibilities may impair, or appear to impair, the organisational independence of the internal audit activity or the individual objectivity of the internal auditor. Safeguards are those oversight activities, often undertaken by the board, to address these potential impairments, and may include such activities as periodically evaluating reporting lines and responsibilities and developing alternative processes to obtain assurance related to the areas of additional responsibility.

*Extract from the International Standards for the Professional Practice of Internal Auditing and the PSIAS*

### Recommendation:

Organisations should minimise or avoid passing on additional roles to the head of internal audit. Where heads do have roles beyond internal auditing, there must be adequate safeguards in place to preserve independence in accordance with the standards. For example, a budget should be provided to fund the commissioning of internal audit assurance in those areas that come under the responsibility of the head.

One concern flagged by clients was that internal auditors may impair their independence by undertaking advisory or consulting work. The consulting role of internal audit is set out within PSIAS, as are a number of safeguards. The head of internal audit must take a balanced view on priorities that can be delivered with the available skills and resource, and for some internal audit teams, this may preclude significant amounts of advisory work. Undertaking advisory work can also mean that internal audit cannot provide formal assurance around that area. Internal auditing standards state that internal audit can provide assurance where it has previously provided consulting services, provided the nature of the consulting input does not impair objectivity and steps are taken to manage individual objectivity when assigning team members to the audit – something that will be easier to manage for larger internal audit functions.

However, many internal auditors undertake advisory work below the radar, such as sitting on project or steering groups as an observer or critical friend. There is a need for internal auditors to communicate more, not only about these activities but also the benefits they bring to the organisation.

A third factor was also present in concerns about internal audit independence and objectivity: the fact that some internal auditors have been in post for many years. In its Internal Audit Code of Practice, the CIIA recommends:

**“Where the tenure of the chief internal auditor exceeds seven years, the audit committee should explicitly discuss annually the chair’s assessment of the chief internal auditor’s independence and objectivity”.**

This does not mean that long-serving heads of internal audit lack independence or objectivity, but that the audit committee should have greater understanding of the risk of over-familiarity and actions to mitigate that risk. This code does not apply to the public sector but will be relevant to third sector and not-for-profit organisations aligned with the public services.

## Internal audit reporting lines

When commenting on organisational independence, both global internal auditing standards and PSIAS state that the head of internal audit “must report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities”. The standards go on to explain the nature of internal audit’s relationship and interactions with the board<sup>2</sup> (and/or audit committee). The PSIAS go further, setting out an explicit expectation about access to the chief executive and chair of the audit committee.

The chief audit executive<sup>3</sup> must report functionally to the board. The chief audit executive must also establish effective communication with, and have free and unfettered access to, the chief executive and the chair of the audit committee.

*Public Sector Internal Audit Standards*

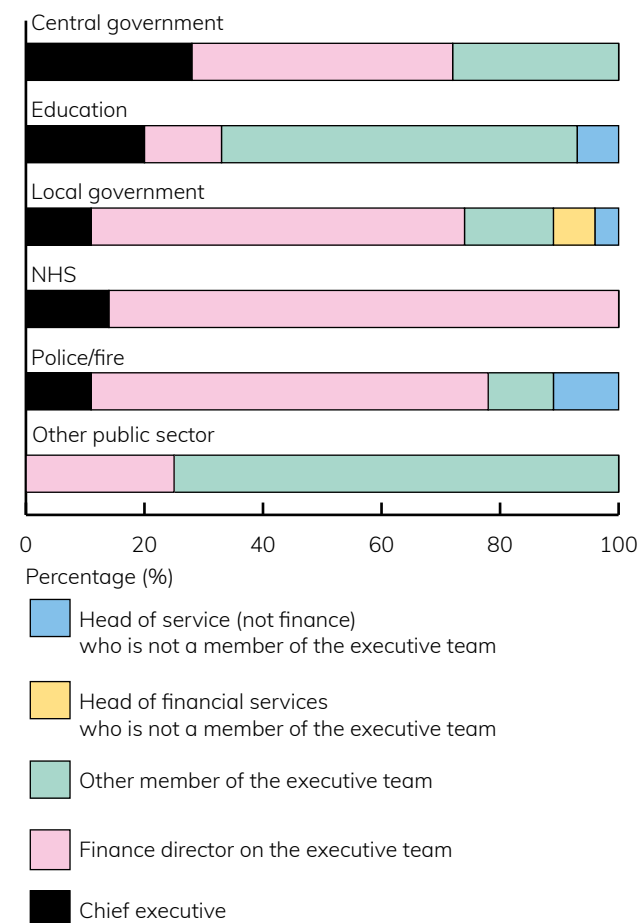
We asked heads of internal audit about their functional and administrative reporting lines. It is recognised that many heads of internal audit in effect have two reporting lines: one within the management structure and one to the audit committee.

<sup>2</sup> Internal auditing standards recognise that for most organisations, this role will be discharged by the audit committee on behalf of the board.

<sup>3</sup> Internal auditing standards use the phrase ‘chief audit executive’ for the person who leads the internal audit function. In many UK public sector organisations, this role will be known as the head of internal audit, chief internal auditor or similar.

## Reporting lines within the management structure

The traditional internal audit reporting line to the chief financial officer remains a common model. As shown below, there are significant differences in typical internal audit reporting lines across sectors:



## Analysis of reporting lines by sector.

We noted in roundtable discussions and survey responses that there remains a perception that internal audit in local government must report to the section 151 officer. As the NAO reiterated in its 2019 report on local authority governance, the legal responsibility for maintaining the system of internal control, including arrangements for the management of risk and an effective internal audit, lies with the elected council members, and therefore responsibility no longer rests solely with the section 151 officer. Comments were also made that for some local government and policing organisations, it was perceived that section 151 officers benefited more from internal audit and that there should be clear emphasis on internal audit being for the wider organisation and not solely focused on financial control. This also reflects the various views we heard from management on their expectations from internal audit, ranging from an appetite for assurance on core systems only through to managers who were actively seeking greater engagement and focus on wider strategic risks and priorities.

Our analysis showed no apparent correlation between reporting lines and whether the internal audit service was provided in-house or through an outsourced provider.

... while the section 151 or similar legislative provisions require the authority to appoint a suitably qualified officer responsible for the proper administration of its affairs, responsibility for proper financial administration still rests ultimately with elected members. The local authority itself has a statutory responsibility for maintaining a system of internal control including the management of risk, an effective internal audit and preparing annual accounts.

*Extract from CIPFA's Financial Management Code*

CIPFA's guidance on the role of the head of internal audit says that heads of internal audit must report functionally to a member of the leadership team. In total, 9% of heads of internal audit told us that they do not have a reporting line into the chief executive or a member of the executive team. This could mean that the leadership team lacks understanding of the role of internal audit and the audit team lacks engagement with its principal client.

### Reporting line to the audit committee

Eighty-six percent of heads of internal audit confirmed that they have a formal reporting line to the chair of the audit committee, meaning 14% do not have this formal reporting line. This could mean that the head of internal audit's ability to report independently to the audit committee is compromised.

### Recommendation:

*As a minimum, the head of internal audit should report to a member of the executive team for administration purposes and also have a reporting line to the chair of the audit committee.*

## Audit committees

Low expectations by audit committees are another factor in holding back internal audit from fulfilling its potential. This is in part due to the weakness of some audit committees in some public bodies.

### Role and oversight

The role of the audit committee is vital in setting the expectation within the governance structure for risk-based assurance on strategic priorities. It is also key, alongside senior management, in setting the expectations for internal audit's performance.

One third of respondents to our survey were ambivalent or negative about their audit committee providing robust oversight, although 95% of heads of internal audit said they felt the audit committee listened to them.

CIPFA's own research on audit committees in local government has identified that while committees are supportive of the work of internal audit, they are less effective in providing professional oversight and providing challenge.<sup>4</sup> This was mirrored by some survey respondents who commented that management needs to be better at responding to internal audit recommendations and that the audit committee has a role to ensure action is taken.

Some audit committee chairs and heads of internal audit have regular meetings, and discussions between meetings, along with private sessions between the audit committee and head of internal audit before or after committee meetings.

However, this relationship is not in place for all. Some audit committee chairs have had to push for private meetings to be included in the committee's terms of reference.

### Recommendation:

*There should be regular private meetings between the audit committee and the head of internal audit with no management present. If such meetings are diarised, this avoids either party having to ask for such a meeting to be arranged before/after a planned committee meeting, which can create an expectation that significant issues need to be discussed. Such meetings should not prevent there being open and regular communication between the head of internal audit and audit committee chair throughout the year and between committee meetings.*

### Independent audit committee members

Another factor raised at roundtable discussions was the potential for political bias at local authority audit committees and the appointment of independent members to those committees.

In 2019, the NAO emphasised the benefit of independent audit committee members, in particular as chair of the committee. The 2020 [Redmond Review](#) noted that 56% of local authorities had no independent member on the audit committee. One of the recommendations from the Redmond Review was that the governance arrangements within local authorities be reviewed by local councils to consider appointing at least one suitably qualified, independent member to the audit committee.

It is noteworthy that several local government participants in our roundtable discussions commented on the audit committee being perceived as a low-status committee role in some authorities. Local government respondents were the least positive regarding the effectiveness of audit committees. While some committees in this sector are clearly high performing, others were described in survey responses as ineffective, with members who were not engaged or interested.

While Redmond's recommendation focused on encouraging the appointment of at least one co-opted independent member, there has been considerable activity since. A working group of the Local Audit Monitoring Board (a board commissioned by the Department for Levelling Up, Housing and Communities (DLUHC)) was set up to look at this recommendation, among others.

### New guidance:

CIPFA published [strengthened guidance on audit committees](#) in April 2022.

*The Position Statement emphasises the role that audit committees should have in the oversight of internal audit and ensuring accounts are prepared to a high standard, alongside broader changes including the appointment of independent members.*

In Wales, there has been a requirement since 2011 to have at least one lay member on council audit committees. New legislation through the Local Government and Elections Wales Act 2021 means there should be one-third lay members and a lay member as chair.

<sup>4</sup> CIPFA survey of audit committees in local authorities and police (2016).



## Role of the audit committee with respect to internal audit planning

Through roundtable discussions, we noted different approaches to internal audit across different organisations. There were differing views on the role of the audit committee regarding the internal audit plan. This varied from audit committee members who considered it their role to determine what the internal audit plan should be, potentially reducing the independence of the head of internal audit in determining internal audit priorities, through to committees that agreed plans they were not fully happy with.

While the audit committee should approve the internal audit plan, the plan should ultimately be the work of the head of internal audit setting out their independent view of the assurance priorities for the organisation. The plan should be developed according to the strategic priorities and risks of the organisation, and by consulting key stakeholders such as management and the audit committee. While the audit committee will be asked to approve the plan and may request additional topics or challenge why certain areas are flagged as priorities, the plan should remain a reflection of the head of internal audit's view of the organisation's assurance needs. It should also reflect how internal audit can help address those assurance requirements.

The chief audit executive must report functionally to the board. The chief audit executive must also establish effective communication with, and have free and unfettered access to, the chief executive (or equivalent) and the chair of the audit committee.

Public sector requirement from PSIAS

**If we are looking for rigour and added value, we can't have peer reviews for our internal audit external quality assessment.**

**If organisations are not prepared to spend once every five years on this type of review, what does that say about how they view the importance of a quality internal audit service?**

**Vice Chair**, of a London local authority audit committee

## Assuring the audit committee on internal audit quality

The quality of internal audit must include conforming with relevant professional standards. Both the PSIAS and the International Standards include a requirement for an independent external assessment of internal audit to be undertaken at least once every five years.

Several roundtable participants had received a review or had been involved; others were aware of the requirement, but budgetary constraints prevented such an external assessment from being progressed. Several authorities, particularly in local government, have undertaken peer reviews as a route to an external assessment. Some participants were concerned that this does not add the value that a truly independent review would and may miss the opportunity to share new practices and ideas, as well as potentially being less rigorous.

### Agreed action:

CIPFA and the CIIA will consider the operation of the quality assurance and improvement programme in the public services and consult with the Internal Audit Standards Advisory Board.

## Lack of understanding of assurance – immature first and second lines

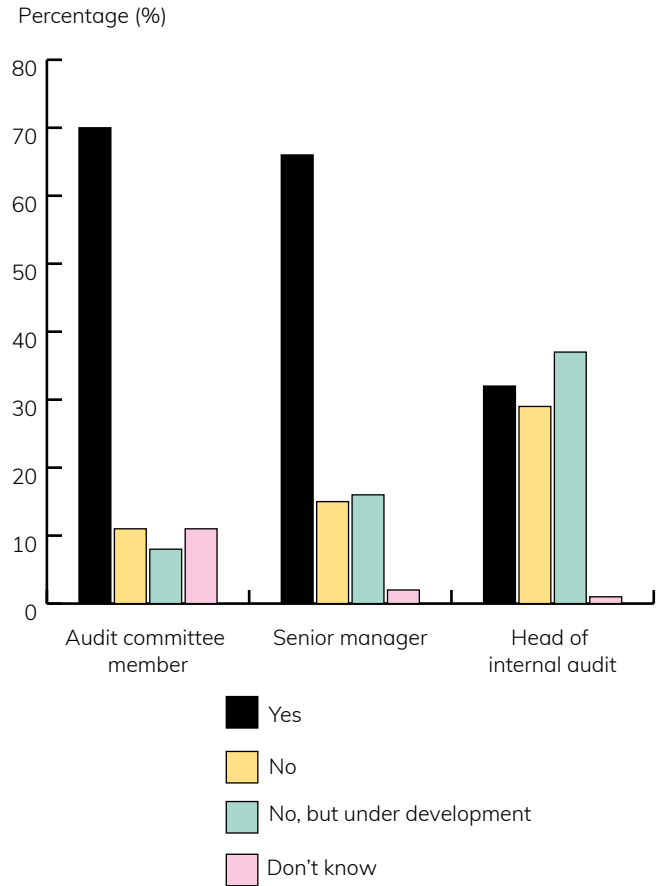
Internal audit will have the greatest impact in organisations that understand and embrace assurance. We look below at some of the organisational factors that can hold internal audit back.

### A holistic view of assurance?

Assurance is a key element of the governance and risk management framework. It provides information and feedback to help management and the audit committee understand the effectiveness of the internal control framework and the robustness of risk management arrangements. The independence of assurance is also a key factor. Typically, organisations will have assurance activity within the first line (front-line activities and the role of management), the second line (functions such as risk management, compliance and health and safety), with internal audit as the most independent source of assurance referred to as the third line.

An assurance framework is a structured means of identifying and mapping the main sources of assurance in an organisation, and co-ordinating them to best effect.

Assurance frameworks, HM Treasury, 2012



Has the organisation identified how it obtains assurance across the full range of its activities (sometimes called an assurance framework or assurance map)? Responses by role.

CIPFA was keen to understand the wider culture of risk management and assurance within the public services, and therefore the context in which internal audit is provided. We asked respondents about the status of an assurance framework or similar mechanism within their organisation.

When asked if the organisation has identified how it obtains assurance across the full range of its activities, clients were significantly more positive than heads of internal audit. This may be for a number of reasons, including the understanding of what constitutes an effective assurance map, or that internal auditors may have higher expectations on the formality of such an exercise.

Of all respondents, only 48% confirmed that their organisation had identified how it obtains assurance across the full range of its activities. This is surprisingly low, given the concept of assurance maps or frameworks has been in use for over 20 years. The most positive responses came from NHS, police and fire respondents.

Sixty-four percent of respondents noted that internal auditors worked with risk colleagues to support assurance maps and identify and understand different sources of assurance.

There is a need for audit committees to have a key role in overseeing the assurance framework, with internal auditors being integral not only to delivering assurance, but in collecting information and assessing the robustness of other assurance activity to help the committee’s understanding of the assurances available to the organisation. Through this approach, the audit committee acts as a sponsor alongside senior management and can help create a culture of seeking assurance, feedback and continual improvement to support risk management and decision making.

Internal auditors have a vested interest in an effective assurance framework and a robust three lines of assurance within the organisation. Twenty-five percent of respondents thought that internal audit could be more effective if other formal assurance activity in the organisation was developed (either first or second line).

Some heads of internal audit noted that where there is no second line of assurance, or where second line functions are weak, internal audit functions can end up filling that gap by providing compliance-focused assurance. This may mean less internal audit resource is available for risk-based assurance on strategic priorities.

Crucially, organisations that do not share a good understanding of their assurances across management, the audit committee and internal audit can be less confident that they have robust control arrangements in place. The lack of clarity means it is more difficult to make full and effective use of internal audit.

### Working with other assurance providers

The survey considered internal audit teams' work with other assurance providers and the results showed less awareness of this area of activity among clients.

Sixty-eight percent of heads of internal audit are working with risk management colleagues to understand other assurances available to the organisation. Fifty-nine percent of clients said this was happening in their organisations.

For some organisations, there will be shared working, partnerships or joint ventures with third parties that could necessitate internal audit teams from different authorities working together. Forty-nine percent of heads of internal audit said they are working with internal audit teams from other organisations.

### Recommendations:

- Internal audit plans should set out what other assurances are available and any work internal audit has undertaken to consider the reliability/scope of those assurances. If internal audit has not undertaken any such assessment, this should also be noted. For example, the internal audit plan could include a different aspect of the second line each year to provide assurance on those functions.
- CIPFA will be publishing guidance on assurance frameworks in autumn 2022. While internal audit has an important part to play and significant insight to bring to the framework, the framework itself should be owned by the organisation, typically with sponsorship and oversight from the audit committee.
- Organisations should use CIPFA's guidance to review and improve their assurance arrangements.

For audit committee members, an assurance map gives you a clear view of the assurance you need, and where and how that is provided. Where the second line is mature, internal audit can be freed up to focus on more strategic areas.

**Clare Minchington**, Chair of the Audit and Risk Assurance Committee, Government Internal Audit Agency

## The impact of external audit disruption on organisations and internal audit

The assurance available to some public sector organisations has changed since the Audit Commission was abolished in 2015. The scope of input, quality and timeliness of external audit has changed. The external audit of local government and health bodies in England has experienced a period of disruption that goes beyond the impact of the COVID-19 pandemic. The problem has been most acute in local government, where audits are undertaken largely after those in health bodies are completed.

The root of the problem is the change to a market provider model, where firms compete for contracts. Although local audit clients have audit arrangements in place, firms have been unable to deliver in accordance with contract expectations. The reasons for this were examined in the [Redmond Review](#) in 2020.

Following the Redmond Review, the government is taking steps to improve the resilience of the public sector external audit market and address the report's recommendations. As of spring 2022, the local audit arrangements are still fragile and are likely to remain so for a while.

In some bodies, working relations between the external auditor and client have become strained because of these difficulties. While most bodies initially welcomed reduced audit fees, there has been frustration with delays and the reduced value that the audit process has offered. External auditors themselves report dissatisfaction with the arrangements, citing a lack of understanding of the audit process among audit committees, low fees and a lack of regard for audit findings.

Some internal auditors have reported that they have little contact with external auditors. The reduced reputation of external audit in the local government community and less interaction between the auditors also contributed to the difficulties faced by internal audit teams. Recent events, where the consequences of poor governance and poor financial management have been exposed, have created a greater understanding of the need to invest in and support internal audit alongside other aspects of corporate arrangements. The changes to the reporting on value for money introduced by the NAO from April 2020 onwards are helpful, as they create a narrative on the strength of local arrangements.

There are opportunities for internal audit to interact more with external auditors to share findings and conclusions. To make a real success of this opportunity, the local audit market needs to be more robust.

## The quantum of internal audit resource and assurance

‘How much assurance is enough?’ is perhaps the million-dollar question, and one to which there is no simple answer. The amount of coverage varies from organisation to organisation and is informed by various factors such as the size and complexity of the organisation, appetite for assurance, and the remit of the internal audit function. This will, in turn, determine the volume and nature of internal audit work and its ability to have an impact.

### Appetite for assurance

As already seen, many respondents felt that internal audit has sufficient resources to provide the service the organisation requires. Some roundtable participants challenged the perception of the quantum of assurance required and that organisations may need more assurance than they appreciate. Therefore, there may be a gap between the assurance the organisation has agreed and the level of assurance it needs to obtain sufficient feedback and comfort on key risks, priorities and systems.

The quantum of audit provided is perhaps the most challenging question for management and the head of internal audit, and it is not easy to set out a de minimis level that would work for two similar organisations, as there will be many factors that affect the risk profile and assurance needs of two organisations that, from the outside, seem similar.

Questions around this may therefore cover areas that are not always easily quantifiable.

- How much assurance do I need to provide to support the annual internal audit opinion? What areas of coverage should that include?
- Is there an imbalance between the assurance I believe is needed by the organisation and what we are able to provide?
- What change or transformation is occurring and where would assurance or advice from internal audit be useful? How do we maintain a balance between assurance on business as usual and areas of change and development?
- What other sources of assurance exist? Does the scope of these support the work of the audit committee and is that assurance robust and reliable?

One of the main factors in different levels of assurance is the wider organisation and the budget and resources available for internal audit, likely linked to attitude to assurance and previous impact of the internal audit function. From group discussions, it is possible that difficult conversations will be needed around priorities, coverage, resources and internal audit's ability to deliver a more strategic plan.

Smaller internal audit teams noted that networking and maintaining relationships with senior management is important, but more challenging when the size of the internal audit plan does not allow for internal audit to do more than a minimum assurance plan – an interdependency between resources, impact and engagement with the organisation.

### Recommendation:

*Internal audit plans should provide information on any areas not included within the plan and where the head of internal audit believes that assurance may be required. This should include an explanation of the rationale for non-inclusion, which can be used to inform discussions around prioritisation of the use of internal audit resources to facilitate a meaningful discussion with the audit committee.*

## Impact of the pandemic

The question of how much assurance is needed has been a particular focus during the pandemic. From March 2020, the amount of internal audit delivered was impacted in many organisations, with internal auditors often redeployed to support the first line elsewhere in the organisation. For some local government and NHS organisations, this meant halting the internal audit plan for April to summer 2020, with further redeployments and delays during infection surges in winter 2020/21 and 2021/22.

Forty-six percent of respondents said that their internal audit plan had been suspended for a period of time. Fifty-four percent noted that at least some of the internal audit team was redeployed to other roles. Eighty-five percent of internal audit plans were flexed to respond to emerging risks and priorities relating to the pandemic. One of the challenges of such disruption is the impact on the ability to provide an annual internal audit opinion. Guidance was provided by the IASAB, CIPFA, GIAA and HFMA for internal auditors across different parts of the public sector. During the pandemic, many heads of internal audit had to decide what work must continue as a bare minimum to be able to give an annual internal audit opinion.

During the pandemic, internal audit team members were redeployed in both 2020/21 and 2021/22 to support the trust where additional resource was needed. While internal audit resource was reduced, we pivoted the work of remaining team members to provide quick-response advisory reviews on emerging issues such as the setup of a Nightingale Hospital. Even when the team returned to internal audit, delivery of the plan was challenging due to pressures on frontline personnel and management.

While I determined how much assurance I needed to support my annual opinion during the pandemic, these were exceptional times. As a profession, we must acknowledge that the reduced quantity of assurance is not sustainable to routinely support an opinion in the longer term.

**Mike Townsend**, Head of Internal Audit, Barts Assurance

It was also noted that working remotely has reduced internal audit's ability (as with many teams) to have quick, informal chats with colleagues across the organisation, which help maintain effective working relationships. Others noted that greater pressure on management in response to the pandemic meant that in some areas there was less willingness to engage with internal audit.

## Challenges in delivering the annual internal audit opinion

The PSIAS require public sector internal auditors to provide an annual opinion. This should inform the organisation's annual governance statement. In some sectors such as higher education, the annual internal audit opinion will be used by the audit committee in developing its own annual report to the governing body.

147 The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

*Extract from PSIAS*

It is the head of internal audit's responsibility to ensure that the audit plan, when taken together with other sources of assurance, will provide sufficient assurance to support this opinion. In CIPFA's experience of quality assessments, a range of approaches exist to underpin the opinion. For this report, we undertook a review using publicly available resources of the 2020/21 annual opinion provided at 33 London boroughs. This analysis reflects the variability of the nature and volume of audit work that heads of internal audit drew on when forming their annual opinion for 2020/21.

Many of the opinions reflect the considerations of the head of internal audit regarding whether sufficient work has been completed on which to base the opinion; reference was made in reports to CIPFA's guidance for internal auditors during the pandemic.

Other variations noted across those authorities' annual internal audit reports include the following.

- **The scope of the opinion given.** While relevant coverage may have been included within internal audit plans, 36% of the opinions reviewed did not explicitly mention governance or risk management in the opinion statement, therefore appearing to omit a requirement of PSIAS.
- **The scope of the organisation on which the opinion is given.** Some annual opinions appear to be based on work both at the authority's centre as well as in schools. Others were silent on this or appear to omit schools audit from their opinions, setting out schools' audit work as a separate schedule of activity.
- **The volume of audit work supporting the opinion.** Several heads of internal audit made a clear statement confirming they were satisfied that sufficient quantity and coverage of work had been undertaken to allow a conclusion to be drawn, and there were none stating they were unable to provide an opinion. There was a significant difference in the number of audits undertaken across the boroughs to support the 2020/21 opinion, varying from seven 'systems audits' and four 'schools audits' to authorities drawing on over 40 audits to form the opinion.

- **The form of wording.** Many reports remind the reader that the assurance provided cannot be absolute, and therefore only reasonable assurance can be provided. However, the specific wording of the opinion varies, and these variations include the following: "adequate and effective", "generally satisfactory", "reasonable assurance", "moderate assurance", "limited assurance", "a reasonable level of confidence", "adequate and remains robust" and "good with improvements required in a few areas". The most common conclusion wording used was "reasonable assurance".
- **The work and assurances on which the opinion is based.** Some opinions clearly state that they are based solely on work undertaken by internal audit. Others refer to consideration of risk management arrangements and other assurances available, including the work of second line functions such as anti-fraud teams. Some annual reports reflect the nature of audit work, setting out the number of assignments in year that were assurance, consultancy, follow-up or grant claim reviews, for example. Hillingdon is a useful example of this, informing the reader that the total number of audit assignments in each year has reduced by nearly a third between 2017 and 2021, although the overall number of assurance assignments has increased within that period.

Notwithstanding CIPFA's recognition that factors such as organisational complexity and appetite for assurance will impact on the quantum of audit, the variability identified in the quantum of audits underpinning the annual opinion is concerning.

### Agreed action

- CIPFA will work with the CIIA and IASAB to develop guidance on annual internal audit opinions to help heads of internal audit provide an opinion and audit committees in using that opinion.
- CIPFA will consider options on how it can facilitate a thematic review of annual internal audit opinions, which will help heads of internal audit provide context and comparators with peers.

### 14 Recommendation:

For local government with education responsibilities, consider an annual internal audit report that splits out schools' audit work from the main opinion. This would make clearer the nature and quantum of assurance on which the opinion relating to the organisation's central risk management, governance and control environment is based.

As a small internal audit team covering both the police force and office of the police and crime commissioner, I proactively seek out other independent assurances and feedback that are relevant to the framework of governance, risk management and control.

The annual opinion I give each year is based on the internal audit work my team has delivered. I use the other assurances available to support and sense-check that opinion; it is a useful triangulation and also provides the Joint Independent Audit Committee with a view of the broader assurances and feedback from external parties during the year. This may include a report by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, or assurance from another organisation's internal audit function where a service is outsourced or with whom the force collaborates.

**Neil Shovell**, Chief Internal Auditor, Thames Valley Police and the Office of the Police and Crime Commissioner



## Organisational culture

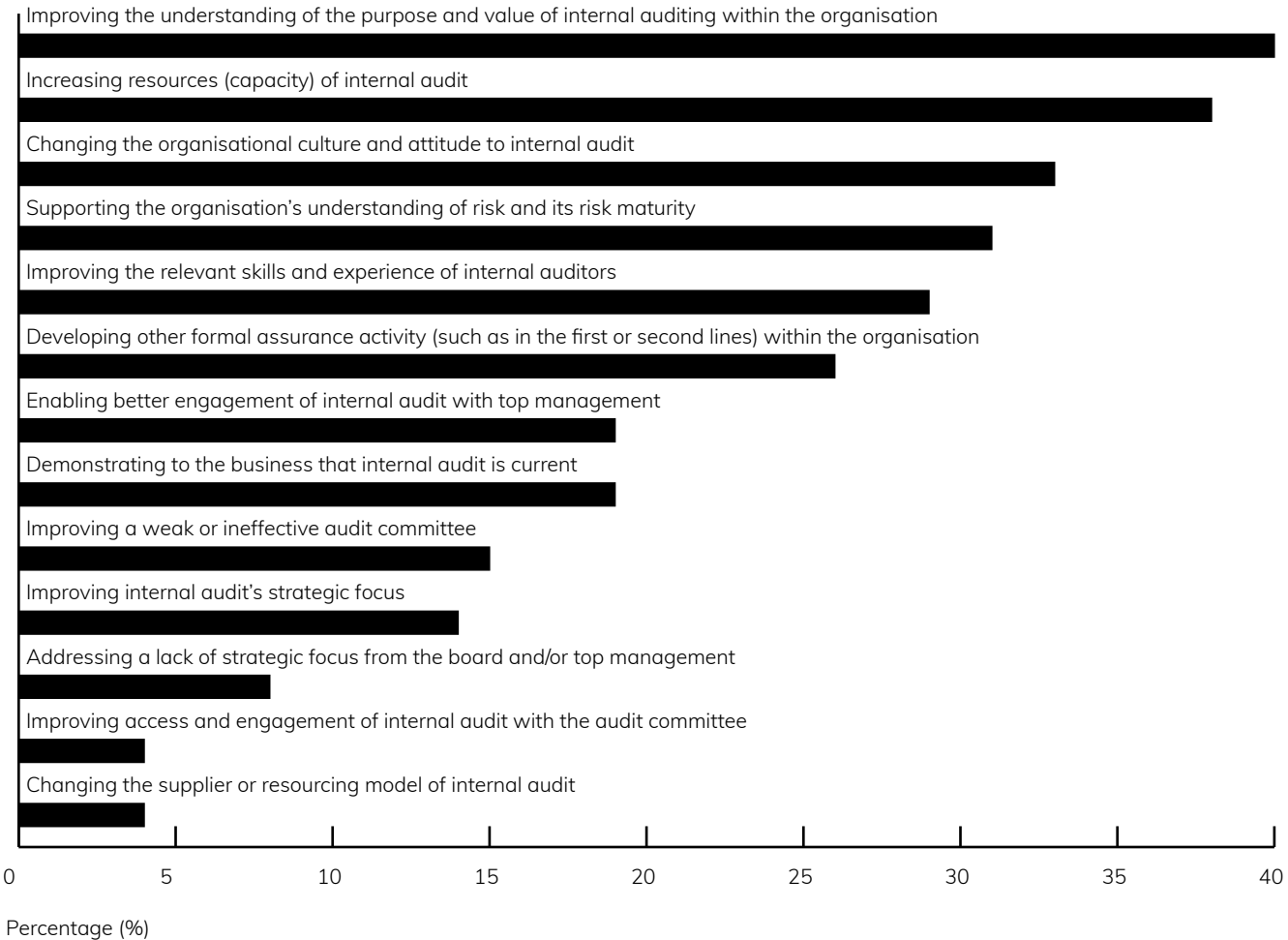
Respondents were invited to provide any additional comments at the end of the survey. Analysis of text responses highlighted that culture was commented on as much as resources available for internal audit.

Comments were shared on the scope and coverage of internal audit, and that it is important to have a culture where internal audit findings are taken as independent, objective, professional advice to be acted on and taken into consideration. The need for a risk management culture to be embedded was also shared, and the ability for internal audit to have a voice at the top table to be able to engage in new initiatives, change or transformation at an early stage. Twenty-six percent of heads of internal audit surveyed felt that their role did not have appropriate status within the organisation.

There was also recognition that greater use of data-driven tools for routine coverage should release audit resource to focus on more impactful work, including areas such as ethics and culture as well as governance.

Survey respondents shared views on what could improve the impact of internal audit in their organisation. As well as comments regarding resources and skills, the responses reflect the need for a cultural change, including one of assurance in all lines and not just by internal audit, and improving the risk maturity of the organisation.

While these areas will require buy-in from management and the audit committee, there is clearly a driver for internal audit to demonstrate its currency and that it can be strategic in its coverage and approach.



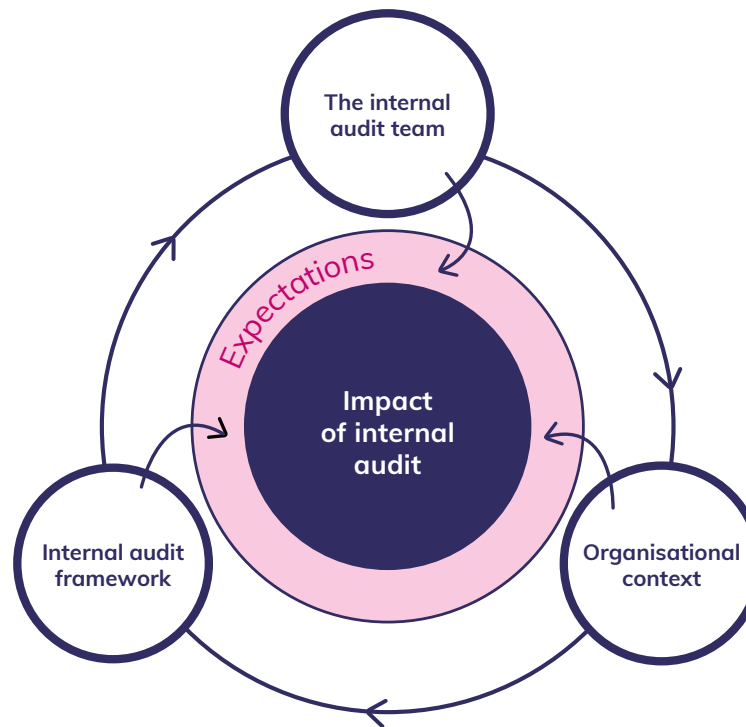
**Views on what could improve the impact of internal audit in the organisation (respondents were asked to select their top three priorities).**

## Appendix A:

150

# The framework for internal audit impact

The key elements of the internal audit impact model are defined below:



## Impact

The ability of internal audit to support the organisation in achieving its strategic objectives and priorities. This will be through an appropriate mix of assurance, consulting activity and advice. The impact of internal audit will vary across organisations based on assurance needs, organisational culture, appetite for assurance and driving continual improvement.

## Expectations

**Stakeholder expectations:** an impactful internal audit service will understand and manage stakeholder expectations. Where expectations of internal audit are low, the function will exceed these and raise expectations to help stakeholders understand the benefits of a modern, engaged internal audit function. Stakeholders are likely to include senior management, the audit committee and other assurance functions.

**Audit expectations:** internal auditors also set their own expectations in response to their professional judgement based on standards and their assessment of risks and audit needs.

## Internal audit framework

**Internal auditing standards:** the professional framework that provides the foundation for the core quality of internal auditing. As a minimum, internal audit functions should be conforming with the requirements of these standards.

**Internal audit leadership:** the function must be led in such a way that it strives to make an impact, while engaging with the organisation and maintaining its independence and objectivity. The head of internal audit must be a senior manager with regular and open engagement across the organisation, particularly with the leadership team and the audit committee.

**Alignment with strategic priorities:** the internal audit plan should be developed to address not only the key risks that the organisation faces but also support strategic objectives and priorities. This will also entail understanding where other assurance exists around strategic objectives and avoiding duplication or gaps in assurance.

## Internal audit team

**Internal audit skills and resources:** there should be a clear view of the skills and resources required to deliver the assurance that is needed by the organisation to support an effective governance and risk management framework. Where there are gaps, there are discussions with top management and the audit committee to understand the impact and to agree action.

**Service delivery model:** the selected model of delivery should enable internal audit's professional delivery to the organisation according to its needs.

## Organisational context

**Governance framework:** the organisation has an effective governance framework and a high-performing audit committee, with members with appropriate skills and experience. There are clear and unrestricted reporting lines for the head of internal audit to the audit committee, including private meetings between the head of internal audit and the committee.

**Internal audit access to senior management:** internal audit has unrestricted access to senior management, including the chief executive. There is regular dialogue, and the head of internal audit attends senior management meetings to be able to best understand the changing risks and assurance needs of the organisation.

**Risk and assurance culture:** the organisation, led by those charged with governance, seeks assurance as an integral part of its risk management framework and the decision-making process. Assurance is used to drive improvement and is viewed as an activity that supports decision making in all aspects of the organisation, both strategic and operational. The three lines model may be used as a structure to identify and plan assurance activity.

# Appendix B:

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## Maximising the impact of internal audit

### Ten questions to ask your internal auditors

Suggested questions that senior management and audit committees should be asking to obtain the maximum impact from internal audit. Comparing views on these questions with the head of internal audit may also lead to some useful discussions.

### Engagement with the organisation

1. Does internal audit receive the right level of support and engagement from the audit committee?
2. Does internal audit get good engagement from across the organisation when it plans and conducts audits?
3. Do managers within the organisation seek advice or assurance from internal audit?  
*What are the drivers of or obstacles to this?*
4. Has the head of internal audit indicated that resources (capability or capacity) need to increase?  
*What steps are being taken to address this?*

## Quality, impact and continual improvement

5. Does internal audit conform to PSIAS as demonstrated by an independent external quality assessment undertaken within the last five years?  
*For local government organisations, this should also include conformance with the Local Government Application Note.*
6. What action is internal audit taking to continually improve its quality, engagement and impact for the organisation?  
*Is internal audit considering the skills and competencies it will need in the future as well as now?*

## Assurance

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7. Is there a clear view of the assurance that internal audit does, and does not, provide?  
*What assurance is provided by other functions or parties?*  
*Are there gaps in the assurance that management or the audit committee require?*
8. How do internal audit plans map to the organisation's strategic priorities and risks?
9. How is internal audit developing its approach to providing assurance – for example, making greater use of data or undertaking audits with a more strategic focus?

## Strategy

10. What factors currently determine our internal audit strategy?  
*Are we confident that the strategy will deliver our internal audit needs in the future?*

# Appendix C:

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## References and literature considered in our research

In addition to references cited in footnotes, a wide range of literature, websites and reports were reviewed as part of this research. The following bibliography provides details of the main sources consulted and contains links to the relevant website or document for ease of access.

### CIPFA resources

[Benchmarking analysis: internal audit in local government](#) (2015)

[Facing up to COVID-19 in the public sector: the internal audit response](#) (2020)

[Financial Management Code](#) (2019)

[Financial Resilience Index](#) (2022)

[Local Government Application Note for the UK PSIAS](#) (2019 edition)

[Perceptions of audit quality: a survey analysis](#) (2009)

[Position statement on audit committees in local authorities and police](#) (2018)


[Statement on the role of the head of internal audit in public service organisations](#) (2019)

## Online resources

[Assurance frameworks](#) (HM Treasury, 2012)

[Assurance, reassurance and performance](#) (Good Governance Institute, 2021)

[Audit and Inspection of Local Authorities in England: five years after the Local Audit and Accountability Act 2014 – Parliamentary Academic Fellowship report by Professor Laurence Ferry](#) (UK Parliament, 2019)

 [Avoiding the blind spot: supporting financial stability and resilience](#) (Chartered Institute of Internal Auditors, 2021)

[Developing an overall opinion during the pandemic crisis – considerations for 2021/22 and reflections on 2020/21](#) (Internal Audit Standards Advisory Board)

[Government Functional Standard GovS 009: Internal Audit](#) (Government Internal Audit Agency)

[Head of internal audit annual opinion: key considerations for 2021/22](#) (HFMA, 2022)

[Independent review into the oversight of local audit and the transparency of local authority financial reporting](#) (Sir Tony Redmond, 2020)

[Internal Audit Code of Practice: guidance on effective internal audit in the private and third sectors](#) (Chartered Institute of Internal Auditors, 2020)

[Local authority governance](#) (National Audit Office, 2019)

[Models of effective internal audit: how to organise a successful internal audit function](#) (Chartered Institute of Internal Auditors, 2015)

[Public Sector Internal Audit Standards \(PSIAS\)](#) (Internal Audit Standards Advisory Board, 2017)

[The Future of Jobs Report](#) (World Economic Forum, 2020)

[Value proposition for internal audit](#) (The Institute of Internal Auditors)

## Legislation

[The Accounts and Audit Regulations 2015](#)

### Other academic references

Domingos M. Sequeira de Almeida (2007): *The Value of Internal Audit* (first published in *Auditoria Interna*), Lisbon: Instituto Português de Auditoria Interna (IPAI)

Eulerich, M and Lenz, R (2020): *Defining, Measuring and Communicating the Value of Internal Audit*, Florida: Internal Audit Foundation

Eulerich A and Eulerich M (2020): *What is the value of internal auditing? – A literature review on qualitative and quantitative perspectives* (published in *Maandblad Voor Accountancy en Bedrijfseconomie*, Amsterdam University Press)

# Appendix D:

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## Research methodology

This project was initiated in autumn 2021, with a survey open for one month, and roundtable discussions, wider research and interviews held during winter 2021.

### Online survey – technical summary

On 6 October 2021, 5,120 individuals were invited by email to take part in the 'Internal audit in public services' online survey.

These individuals worked in central government, education, local government or housing and were in a job role described as being either audit or finance related or were a political appointment, eg a councillor.

Each person was contacted a maximum of four times: the initial email followed by up to three reminders (issued on 13 October, 20 October and 27 October). Potential respondents only received a reminder if they had not started or fully completed the survey. The number of people contacted/responded per wave is as follows.

- Wave 1 (initial): 5,120 issued/193 completed (45%)
- Wave 2 (first reminder): 4,921 issued/112 completed (26%)
- Wave 3 (second reminder): 4,179 issued/83 completed (20%)
- Wave 4 (third reminder): 4,720 issued/37 completed (9%)
- **Total completed: 425**

Links to the survey were also distributed to members of the following organisations and groups: HAIF, TIAN, CHEIA, National Housing Federation, GIAA, BUFDG, CIPFA Internal Audit Special Interest Group, IASAB, CIIA and the CIPFA Governance Audit Risk and Assurance working group. This yielded a further 328 responses. We also received 78 responses that we judged to be sufficiently complete to include in our report. This brought the total number of responses to 831.



The survey consisted of 23 questions, and if the respondent was not in an audit role, four questions were omitted. From a statistical perspective, while we're unable to provide a total response rate, we can make certain judgements about the reliability of our results.

Responses	Confidence level	Error rate
400	95%	±5.0%
700	95%	±4.0%
1,000	95%	±3.0%

Consequently, the statistical validity for this survey can be viewed as being highly credible.

Responses	Confidence level	Error rate
831	95%	±3.4%

What does this mean, or what impact does this error rate of ±3.4% have on our results? The simplest way to describe this is by example. If the result for any given question is, say, 51% 'yes' and 49% 'no', then this difference (2%) is lower than our error rate and is consequently not significant. If the result is 55% 'yes' and 45% 'no', then the difference (10%) is greater than the error and can be consequently said to be significant.

The other method by which we can assess the integrity of the survey is by undertaking an evaluation of potential bias. In other words: to what extent do the profiles of respondents match those of our population of interest? However, this assessment of bias comes with a caveat: the only profile information we have access to is that of the 5,120 we originally canvassed. Consequently, we have to assume that the profile of this cohort is similar to that of the other member organisations that raised awareness of our survey.

The profiling information being used for assessing bias relates to the person's level of seniority and their job role – see tables below.

Level of seniority	Population	Respondents	Difference
Operational	53.2%	38.1%	-15.1%
Head	16.2%	23.7%	7.5%
Director	16.1%	18.5%	2.4%
Manager	13.3%	16.8%	3.5%
Other	1.2%	2.8%	1.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	

The 'difference' illustrates the extent to which the respondent profile differs from that of the population of interest, ie the 5,130 people canvassed. The results would appear to suggest that we had a smaller proportion of operational staff taking part than that of our population, and consequently larger proportions of managers and senior managers. It could be argued that having a larger proportion of managers/senior managers' views is a positive thing.

Job role	Population	Respondents	Difference
Audit	69.1%	67.5%	-1.5%
Finance	12.4%	14.6%	2.2%
Councillor	11.2%	7.6%	-3.5%
Other	7.4%	10.2%	2.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	

An identical comparison but based on the job role shows that any bias is far less obvious. Essentially, where the 'difference' is at or around 2%, then we would claim that any bias is within acceptable bounds. From this perspective, we can claim that our results are representative.

## Roundtable meetings

Of the 831 survey respondents, 143 agreed to get involved. Respondents were organised into five groups, generally corresponding to their job roles, eg heads of internal audit; clients, audit committee chairs; clients, senior managers; auditors, excluding heads of; and selected heads of internal audit together with clients. Four of these roundtables took place in November 2021 and one took place in December 2021. To help stimulate debate and to ensure that specified topics were discussed, a guide was created based on the findings from the online survey.

However, the content did vary from group to group, but it generally covered:

- assurance frameworks/risk management
- resources and skills
- IT, including digitisation, real-time assurance and analytics
- being strategic
- changing perceptions/improving understanding of internal audit
- the future.

Each roundtable was hosted on Microsoft Teams and, with the necessary approvals in place, recorded. The recordings were uploaded to Otter AI for transcription, and a Word document was created for each roundtable. The original audio/visual document was also retained. The contents of the various Word documents were imported into NVivo's text analytics software, allowing us to identify the key themes arising and the comments that best illustrated them.

Sector of respondents	%
Local government body	76
Civil Service – central government department, including NDPB/agencies	9
Police/fire	6
Education/FE/HE	4
Other public sector/social enterprise/charity/not-for-profit/housing/social care	3
NHS/health body	2
Role of respondents	%
Qualified/experienced internal auditor, including trainee internal auditor	37
Head of internal audit or equivalent	29
Executive/senior manager	18
Audit committee member	13
Other	3
Internal audit resourcing model	%
In-house internal audit team	57
Outsourced to an external provider	23
In-house team with a co-sourced arrangement	18
Contractor/outsourced head of internal audit managing an in-house team	3



77 Mansell Street, London E1 8AN

+44 (0)20 7543 5600

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[cipfa.org](http://cipfa.org)

## **Bolsover District Council**

### **Meeting of the Audit & Corporate Overview Scrutiny Committee on 26 July 2022**

#### **Scrutiny Committee Work Programme 2022/23**

#### **Report of the Scrutiny & Elections Officer**

<b>Classification</b>	This report is Public
<b>Report By</b>	Joanne Wilson, Scrutiny & Elections Officer, 01246 242385, <a href="mailto:joanne.wilson@bolsover.gov.uk">joanne.wilson@bolsover.gov.uk</a>
<b>Contact Officer</b>	Joanne Wilson, Scrutiny & Elections Officer, 01246 242385, <a href="mailto:joanne.wilson@bolsover.gov.uk">joanne.wilson@bolsover.gov.uk</a>

#### **PURPOSE/SUMMARY OF REPORT**

- To provide members of the Scrutiny Committee with an overview of the meeting programme of the Committee for 2022/23.

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#### **REPORT DETAILS**

##### **1. Background**

- 1.1 The main purpose of the report is to inform members of the meeting programme for the year 2021/22 and planned agenda items (Appendix 1).
- 1.2 This programme may be subject to change should additional reports/presentations be required, or if items need to be re-arranged for alternative dates.
- 1.3 Review Scopes submitted will be agreed within Informal Session in advance of the designated meeting for Member approval to ensure that there is sufficient time to gather the information required by Members and to enable forward planning of questions.
- 1.4 Members may raise queries about the programme at the meeting or at any time with the Scrutiny & Elections Officer should they have any queries regarding future meetings.

- 1.5 All Scrutiny Committees are committed to equality and diversity in undertaking their statutory responsibilities and ensure equalities are considered as part of all Reviews. The selection criteria when submitting a topic, specifically asks members to identify where the topic suggested affects particular population groups or geographies.
- 1.6 The Council has a statutory duty under s.149 Equality Act 2010 to have due regard to the need to advance equality of opportunity and to eliminate discrimination.
- 1.7 As part of the scoping of Reviews, consideration is given to any consultation that could support the evidence gathering process.

## **2. Details of Proposal or Information**

- 2.1 Attached at Appendix 1 is the meeting schedule for 2021/22 and the proposed agenda items for approval/amendment.

## **3. Reasons for Recommendation**

- 3.1 This report sets the formal Committee Work Programme for 2021/22 and the issues identified for review.
- 3.2 The Scrutiny Programme enables challenge to service delivery both internally and externally across all the Council Ambitions.
- 3.3 The Scrutiny functions outlined in Part 3.6(1) of the Council's Constitution requires each Scrutiny Committee to set an annual work plan.

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

- 4.1 There is no option to reject the report as the Scrutiny functions outlined in Part 3.6(1) of the Council's Constitution requires each Scrutiny Committee to set an annual work plan.

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## **RECOMMENDATION(S)**

- 1. That Members review this report and the Programme attached at Appendix 1 for approval and amendment as required. All Members are advised to contact the Scrutiny & Elections Officer should they have any queries regarding future meetings.

**IMPLICATIONS:****Finance and Risk:** Yes ☐ No ☒**Details:**

None from this report.

On behalf of the Section 151 Officer

**Legal (including Data Protection):** Yes ☒ No ☐**Details:**

In carrying out scrutiny reviews the Council is exercising its scrutiny powers as laid out in s.21 of the Local Government Act 2000 and subsequent legislation which added to/amended these powers e.g. the Local Government and Public Involvement in Health Act 2007.

On behalf of the Solicitor to the Council

**Staffing:** Yes ☐ No ☒**Details:**

None from this report.

On behalf of the Head of Paid Service

**DECISION INFORMATION**

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <b>Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/></b> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> <i>(Only Key Decisions are subject to Call-In)</i>	No
<b>District Wards Significantly Affected</b>	N/A
<b>Consultation:</b> <b>Leader / Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/></b> <b>SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/></b> <b>Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></b>	Yes  Details: Committee Members

**Links to Council Ambition: Customers, Economy and Environment.**

All

DOCUMENT INFORMATION	
Appendix No	Title
1.	ACOSC Work Programme 2022/23

Background Papers
<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive you must provide copies of the background papers).</i>
Previous versions of the Committee Work Programme.

Rpttemplate/BDC/040222

## Audit & Corporate Overview Scrutiny Committee

### Work Programme 2022/23

#### Formal Items – Report Key

Treasury Management	Capital	Borrowing & Investment	Budget Monitoring	Audit/Risk	Performance	Update from Scrutiny Chairs

Date of Meeting	Items for Agenda	Lead Officer
<b>Thursday 26 May 2022, 10am</b> 2024	• Report of External Audit	Mazars
	• Member Training 2022/23 – Member Discussion	Feedback from Committee Members on training requirements
	• Corporate Ambitions Performance Update – January to March 2022 (Q4 – 2022/23)	Information, Engagement and Performance Manager
	• Audit & Corporate Overview Scrutiny Committee Work Programme 2022/23 – Approval of Programme	Scrutiny & Elections Officer
<b>Tuesday 26 July 2022, 10am</b>	• Budget Monitoring Report – Financial Outturn 2021/22	Treasurer and Section 151 Officer
	• Annual Corporate Debt Monitoring Performance Report 2021/22	Treasurer and Section 151 Officer
	• Budget Monitoring Report – Quarter 1 – April to June 2022/23	Treasurer and Section 151 Officer
	• Report of Internal Audit – Summary of progress on the Internal Audit Plan	Head of Internal Audit Consortium
	• Internal Audit Consortium Annual Report 2021/22	Head of Internal Audit Consortium
	• Briefing on CIPFA Publication – Internal Audit Untapped Potential	Head of Internal Audit Consortium
	• Audit & Corporate Overview Scrutiny Committee Work Programme 2022/23	Scrutiny & Elections Officer
<b>Tues 13 Sept 10am</b>	• Report to those charged with Governance – Mazars Audit Completion report	Mazars



Date of Meeting	Items for Agenda	Lead Officer
165	<ul style="list-style-type: none"> <li>Strategic Risk Register and partnership arrangements</li> </ul>	Director of Corporate Resources
	<ul style="list-style-type: none"> <li>Annual Corporate Governance Statement and Local Code of Corporate Governance</li> </ul>	Assistant Director of Governance/Monitoring Officer
	<ul style="list-style-type: none"> <li>Report of Internal Audit – Summary of progress on the Internal Audit Plan</li> </ul>	Head of Internal Audit Consortium
	<ul style="list-style-type: none"> <li>Implementation of Internal Audit Recommendations</li> </ul>	Head of Internal Audit Consortium
	<ul style="list-style-type: none"> <li>Review of the Internal Audit Charter</li> </ul>	Head of Internal Audit Consortium
	<ul style="list-style-type: none"> <li>BDC Statement of Accounts 2021/22</li> </ul>	Treasurer and Section 151 Officer
	<ul style="list-style-type: none"> <li>Assessment of Going Concern Status</li> </ul>	Treasurer and Section 151 Officer
	<ul style="list-style-type: none"> <li>Scrutiny Annual Report – Approval of Audit &amp; Corporate Overview section</li> </ul>	Treasurer and Section 151 Officer/ Scrutiny & Elections Officer
	<ul style="list-style-type: none"> <li>Corporate Ambitions Performance Update – April to June 2022 (Q1 – 2022/23)</li> </ul>	Information, Engagement and Performance Manager
	<ul style="list-style-type: none"> <li>Audit &amp; Corporate Overview Scrutiny Committee Work Programme 2022/23</li> </ul>	Scrutiny & Elections Officer
Tues 29 Nov 10am	<ul style="list-style-type: none"> <li>Budget Monitoring Report – Quarter 2 – July to September 2022/23</li> </ul>	Treasurer and Section 151 Officer
	<ul style="list-style-type: none"> <li>Revised Budgets 2022/23</li> </ul>	Treasurer and Section 151 Officer
	<ul style="list-style-type: none"> <li>Setting of Council Tax 2023/24</li> </ul>	Treasurer and Section 151 Officer
	<ul style="list-style-type: none"> <li>Corporate Ambitions Performance Update – July to September 2022 (Q2 – 2022/23)</li> </ul>	Information, Engagement and Performance Manager
	<ul style="list-style-type: none"> <li>Audit &amp; Corporate Overview Scrutiny Committee Work Programme 2022/23</li> </ul>	Scrutiny & Elections Officer
Tues 24 Jan 2023, 10am	<ul style="list-style-type: none"> <li>Report of External Auditor – Auditor's Annual Report 2021/22</li> </ul>	Treasurer and Section 151 Officer / Mazars

Date of Meeting	Items for Agenda	Lead Officer
166	• Report of External Auditor - External Audit Progress Report	Treasurer and Section 151 Officer / Mazars
	• Strategic Risk Register and partnership arrangements	Executive Director of Resources
	• Report of Internal Audit – Summary of progress on the Internal Audit Plan	Head of Internal Audit Consortium
	• Treasury Management Briefing	Treasurer and Section 151 Officer and Arlingclose
	• Proposed Budget – Medium Term Financial Plan 2023/24 to 2026/27	Treasurer and Section 151 Officer
	• Treasury Management Strategy	Treasurer and Section 151 Officer / Principal Accountant
	• Capital Strategy	Treasurer and Section 151 Officer / Principal Accountant
	• Corporate Investment Strategy	Treasurer and Section 151 Officer / Principal Accountant
	• Audit & Corporate Overview Scrutiny Committee Work Programme 2022/23	Scrutiny & Elections Officer
	• Update from Scrutiny Chairs (Verbal report)	Scrutiny & Elections Officer
<b>Thurs 16 March 2023, 10am</b>	• Report of Internal Audit – Summary of progress on the Internal Audit Plan 2022/23	Head of Internal Audit Consortium
	• Implementation of Internal Audit Recommendations	Head of Internal Audit Consortium
	• Report of Internal Audit – Internal Audit Plan 2023/24	Head of Internal Audit Consortium
	• Audit & Corporate Overview Committee – Self-assessment for effectiveness	Treasurer and Section 151 Officer
	• Accounting Policies 2022/23	Treasurer and Section 151 Officer
	• Corporate Ambitions Performance Update – October to December 2022 (Q3 – 2022/23)	Information, Engagement and Performance Manager
	• Audit & Corporate Overview Scrutiny Committee Work Programme 2022/23	Scrutiny & Elections Officer