

The Arc
High Street
Clowne
S43 4JY

To: Chair & Members of the Audit
Committee

Contact: Alison Bluff
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Monday 18th September 2023

Dear Councillor

AUDIT COMMITTEE

You are hereby summoned to attend a meeting of the Audit Committee of the Bolsover District Council to be held in the Council Chamber, The Arc, Clowne on Tuesday 26th September 2023 at 14:00 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 page 3.

Yours faithfully



Solicitor to the Council & Monitoring Officer

Equalities Statement

Bolsover District Council is committed to equalities as an employer and when delivering the services it provides to all sections of the community.

The Council believes that no person should be treated unfairly and is committed to eliminating all forms of discrimination, advancing equality, and fostering good relations between all groups in society.

Access for All statement

You can request this document or information in another format such as large print or **language** or contact us by:

- **Phone:** [01246 242424](tel:01246242424)
- **Email:** enquiries@bolsover.gov.uk
- **BSL Video Call:** A three-way video call with us and a BSL interpreter. It is free to call Bolsover District Council with Sign Solutions, you just need WiFi or mobile data to make the video call, or call into one of our Contact Centres.
- Call with [Relay UK](#) - a free phone service provided by BT for anyone who has difficulty hearing or speaking. It's a way to have a real-time conversation with us by text.
- **Visiting** one of our [offices](#) at Clowne, Bolsover, Shirebrook and South Normanton

AUDIT COMMITTEE

AGENDA

**Tuesday 26th September 2023 at 14:00 hours taking place in the Council Chamber,
The Arc, Clowne**

Item No.		Page No.(s)
1.	Apologies For Absence	
2.	Urgent Items of Business	
	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.	Declarations of Interest	
	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.	Minutes	5 - 7
	To consider the minutes of the last meeting held on 27 th June 2023	
	<u>REPORT OF THE COUNCIL'S EXTERNAL AUDITORS, MAZARS</u>	
5.	Audit Progress Report - Year Ended 31st March 2023	8 - 30
	<u>REPORT OF THE DIRECTOR GOVERNANCE, LEGAL SERVICES & MONITORING OFFICER</u>	
6.	Annual Governance Report	31 - 85
	<u>REPORT OF THE DIRECTOR OF FINANCE AND SECTION 151 OFFICER</u>	
7.	Audit Committee Annual Report	86 - 90
	<u>REPORTS OF THE HEAD OF THE INTERNAL AUDIT CONSORTIUM</u>	
8.	Summary of Progress on the 2023/24 Internal Audit Plan	91 - 98

9.	Review of the Internal Audit Charter	99 - 109
10.	Implementation of Internal Audit Recommendations	110 - 122
11.	Audit Committee Work Plan 2023/24	123 - 125

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne, on Tuesday 27th June 2023 at 1000 hours.

PRESENT:-

Members:-

Councillor Tom Munro in the Chair

Councillors Duncan Haywood, Cathy Jeffrey, Lisa Powell, Carol Wood and Ruth Jaffray (Independent Member).

Officers:- Theresa Fletcher (Section 151 Officer), Jenny Williams (Head of the Internal Audit Consortium) and Alison Bluff (Governance).

Also in attendance at the meeting was Nomfundo Magwaza MAZARS, and Mark SurrIDGE MAZARS (from during Minute No. AUD5-23/24).

AUD1-23/24 APOLOGIES FOR ABSENCE

An apology for absence was received on behalf of Councillor Chris Kane.

AUD2-23/24 URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

AUD3-23/24 DECLARATIONS OF INTEREST

There were no declarations of interest made.

AUD4-23/24 MINUTES – 16TH MARCH 2023

Moved by Councillor Tom Munro and seconded by Councillor Carol Wood
RESOLVED that the Minutes of an Audit and Corporate Overview Scrutiny Committee held on 16th March 2023 be approved as a correct record.

REPORTS OF THE COUNCIL'S EXTERNAL AUDITORS MAZARS

AUD5-23/24 AUDIT STRATEGY MEMORANDUM

Committee considered the Council's External Auditors, MAZARS, Audit Strategy Memorandum for the year ending 31st March 2023, presented by Nomfundo Magwaza.

The purpose of the document was to summarise MAZARS audit approach, highlight significant audit risks and areas of key judgements.

AUDIT COMMITTEE

For the current year 2023/24, Members were advised that an additional enhanced risk would be included in relation to the Council's acquisition of Dragonfly and how the whole process had taken place.

The Chair emphasised to Members that there were no issues of any note that the Council's external auditors, MAZARS, had found necessary to highlight and make recommendations on. This had been the case for the last 8 years that he had been Chair of the Committee and was something to be proud of. The Chair's comments were echoed by the Independent Member, Ruth Jaffray.

In response to a Member's query, the Council's external auditor, Nomfundo Magwaza, provided an explanation on how MAZARS would plan and conduct their audit work on the Council's 2022/23 accounts.

Moved by Councillor Carol Wood and seconded by Councillor Lisa Powell
RESOLVED that the report be noted.

REPORTS OF THE INTERNAL AUDIT CONSORTIUM MANAGER

AUD6-23/24 SUMMARY OF PROGRESS ON THE 2022/23 AND 2023/24 INTERNAL AUDIT PLAN

Committee considered a report which provided a summary of progress on the 2022/23 and 2023/24 internal audit plan.

In respect of the 2022/23 Internal Audit Plan, Appendix 1 to the report showed that seven reports (B014-B020) had been issued between March 2023 and May 2023; two with substantial assurance and five with reasonable assurance. The definitions of the assurance levels used were set out in a table in the report and were linked to the definitions of risk within the risk management strategy. During this period, no issues relating to fraud had been identified.

Regarding the audit in relation to Taxi Licensing arrangements, the Head of the Internal Audit Consortium confirmed that a response had been received since the publication of the report and all recommendations agreed.

Work had started on the 2023/24 Internal Audit Plan, and progress against this plan would be reported in full at the next Audit Committee meeting.

A Member referred to 'reasonable' assurance given in relation to the Network Security audit and queried if the recommendations were being dealt with as a matter of urgency. The Head of the Internal Audit Consortium explained that the key recommendations made were to be implemented by July with one recommendation already actioned. Refresher training for every member of staff would take place later in the year with an assurance that all staff had received the training.

Moved by Councillor Tom Munro and seconded by Councillor Carol Wood
RESOLVED that the report be noted.

AUDIT COMMITTEE

AUD7-23/24 INTERNAL AUDIT CONSORTIUM ANNUAL REPORT 2022/23

Committee considered the Internal Audit Consortium Annual report 2022/23.

The Public Sector Internal Audit Standards (PSIAS) required that the Head of the Internal Audit Consortium delivered an annual internal audit opinion and a report that could be used by the organisation to inform its governance statement.

The 2022/23 plan was based on the Internal Audit Consortium being fully staffed, however, staff vacancies during the year and training requirements of new staff had impacted on the extent of completion of the plan. Nevertheless, enough of the plan (73%), along with reliance on other assurances, had been completed to be able to give an unlimited audit opinion in respect of the 2022/23 financial year.

Appendix 1 to the report showed that twenty reports had been issued in 2022/23, all of which were either substantial or reasonable assurance. Each of these reports had been considered at Audit Committee during the year. Appendix 2 to the report detailed audits completed and those deferred. Appendix 3 to the report provided a quality assurance and improvement programme.

The internal control issues arising from audits completed in the year and outstanding internal audit recommendations had been considered during the preparation of the Annual Governance Statement by the Section 151 Officer. There had been no issues directly arising from internal audit work that required raising in the Annual Governance Statement.

In response to Members' queries, the Head of the Internal Audit Consortium explained that there had been different areas of audit focus on data protection in 2022/23, to previous audits, and this was why a different assurance level had been given. When comparing assurance levels on audits carried out in 2022/23 against the previous audit, it was not necessarily that the previous audit had been carried out in 2021/22, and could have been carried out in 2018/19 or before.

Moved by Councillor Duncan Haywood and seconded by Councillor Carol Wood
RESOLVED that the Internal Audit Consortium Annual Report for 2022/23 be accepted.

AUD8-23/24 AUDIT COMMITTEE WORK PROGRAMME 2023/24

Committee considered their work programme 2023/24.

The Section 151 Officer advised Members that the work programme was flexible and subject to change should additional reports/presentations be required, or if items needed to be rearranged for alternative dates.

Moved by Councillor Tom Munro and seconded by Councillor Duncan Haywood
RESOLVED that the Audit committee Work Programme 2023/24 be noted.

The meeting concluded at 1430 hours.

Audit Progress Report

Bolsover District Council – Year ended 31
March 2023

September 2023

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- 02** Fiscal pressure & inflation challenges for the public & social sector – our 2023/24 survey
- 03** National publications

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Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.



Audit Committee
Bolsover District Council
The Arc
High Street
Clowne
Derbyshire
S43 4JY

26 September 2023

Dear Committee Members

Audit Progress Report – Year ended 31 March 2023

We are pleased to present our Audit Progress Report for the year ended 31 March 2023. The purpose of this document is to summarise the present status of the audit of the accounts for the year ended 31 March 2023.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 27 June 2023. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team who continue to support the audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me via the following email james.collins@mazars.co.uk.

Yours faithfully

James Collins

Mazars LLP

Mazars LLP
The Corner
Newcastle
NE1 1DF

01

Section 01: **Status of the audit**

1. Status of the audit

Introduction

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO').



Opinion on the financial statements

With the audit work ongoing we intend to sign our audit report and provide to the audit committee an audit completion report when the audit is concluded in November 2023. In the following pages we detail the areas that remain outstanding.



Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.



Value for Money arrangements

Work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources is still ongoing. We are currently in progress with VFM work, the audit results report will be made available within the timetable after signing the audit report.






Wider reporting responsibilities


The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. In the current year we have received an objection from a local elector. This mainly relates to the decision making in the acquisition of Dragonfly Development Limited. Work in this area is ongoing.


2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Land, Buildings and Investment properties		Our work is ongoing. Evidence supporting the valuation is being reviewed and further queries may arise from this work.
Pensions		Part of our assurance over the pension asset and pension liability is derived from specified procedures commissioned from the external auditors of the Derbyshire Pension Fund. We are yet to receive their final report for our consideration and completion of the testing required
Journals		We are reviewing evidence with minor queries raised with management.
Treatment of Dragonfly Development Investment		Our work on considering the treatment of Dragonfly is ongoing.
CIES – Interest received		Work is in progress and the audit team are evaluating supporting evidence received from management.
Financial Instruments		
Minimum Revenue Provision		
HR&W		
Collection Fund		
Provisions and capital Commitments		Manager and engagement lead review of audit work is ongoing.
Cash flow statement		
Audit Quality Control and Completion Procedures		There are closure procedures to complete, including review of final financial statements, updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations.

 Likely to result in material adjustment or significant change to disclosures within the financial statements.

 Potential to result in material adjustment or significant change to disclosures within the financial statements.

 Not considered likely to result in material adjustment or change to disclosures within the financial statements.



02

Section 02:

Fiscal pressure & inflation challenges for the public & social sector – our 2023/24 survey

Against a backdrop of political uncertainty, unprecedented strike action and the prevailing cost of living crisis – itself a consequence of the conflict in Ukraine among other factors – many of the UK's most vulnerable communities are at risk of becoming more marginalised and desperate. In response, we sought to understand how the public sector plans to support vulnerable people, communities, and service users in 2023/24.

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Fiscal pressure & inflation challenges for the public & social sector – our 23/24 survey

Key Findings at a Glance

1. Supporting vulnerable communities is a public and social sector imperative: The public sector is taking proactive steps to strengthen support and service delivery to deprived communities, but could more be done to safeguard vulnerable citizens?

To support people, communities, and service users, 61% said they are seeking new funding/income streams to maintain services; and 54% said they are reassessing the breadth and depth of services. In particular, respondents highlighted the creation of hardship funds, diversion of critical services, and streamlining of internal processes.

81% said lack of funding; 67% said lack of staffing resources; and 46% said focus on short term not long term all pose the greatest barrier to supporting vulnerable people and communities.

2. Innovation and collaboration are key enablers in the fight against financial constraints: As the public sector moves to meet rising demand with renewed vigour, what role will innovation and collaboration play in the fight against poverty?

The majority of public sector organisations are looking externally for support and solutions, with 90% agreeing that external collaboration could strengthen their response to deep-running fiscal challenges and 87% of respondents positive that engaging with third parties could improve efficiency and productivity organisation wide. There were similar reflections about the importance of leveraging internal networks, with 83% of respondents agreeing that staff collaboration across their organisation, e.g. cross-departmental, would improve efficiency and productivity. Organisations are therefore advocating a unified approach, which values the existing workforce's skills and insight, and supplements this with external perspectives to diversify thinking and continually improve.

Both innovation and technology were identified as potential opportunities for improved service delivery. Respondents highlighted the need for digital transformation strategies, sharing good practice, and using artificial intelligence to identify the people and communities most at risk. Efficient and digitised services have the potential to free up resources and there was a particular spotlight on self-help tools for their dual function in creating capacity and empowering citizens.

3. The Public and social sector must redefine its place in an evolving economic landscape: Many service providers are still thinking short-term. How can we ensure public services are future fit, and what will the biggest priorities be over the next 12-24 months?

Organisations referred to targeting priorities across both key inputs (31% securing funding; 41% continuous employee wellbeing and development) and outputs (54% improving citizen/service user experience; 45% supporting local communities to cope with rising living costs).

Public sector organisations remain alert to issues on the external horizon that could impact success, with uncertainty both in relation to energy costs and inflation (90%) and the current UK political landscape (79%) being a key concern for most respondents. Instability in the workforce completed the top three concerns, with 77% of organisations responding that higher level skills shortages were having a high (43%) or medium (34%) impact.

These themes are consistent with previous findings – employees need to be nurtured, new funding streams secured, and significant efficiency gains made. Upstream investment in people and relationships should intrinsically support the achievement of outputs and outcomes, maximising medium to long term impact. However, our survey suggests the sector needs an injection of confidence that there will be the financial and political security to deliver this success.

Our full report of our survey and responses can be downloaded for free from our website. <https://www.mazars.com/Home/Insights/Latest-insights/Public-and-social-sector-study-2023>

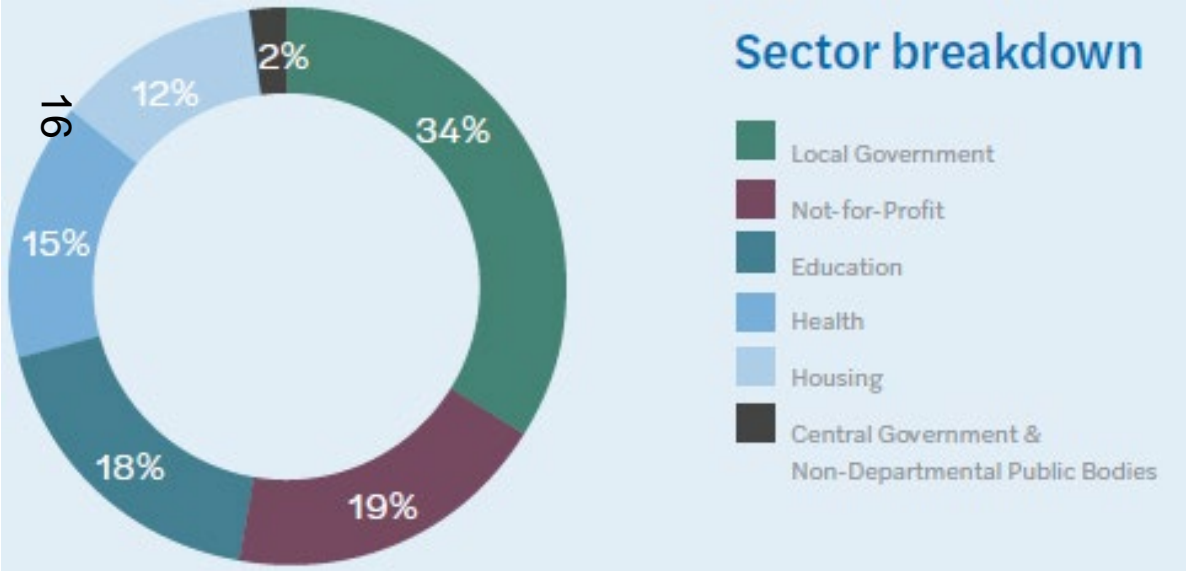
Key findings at a glance

Survey methodology and breakdown

A survey to measure fiscal pressure and inflation challenges for the public & social sector was conducted by Surveys in Public Sector in partnership with Mazars. The consultation period ran from Tuesday 7th February 2023 to Monday 6th March 2023. A total of 332 individuals from 312 unique organisations participated in the survey, representing a broad cross-section of job functions across the UK public sector.

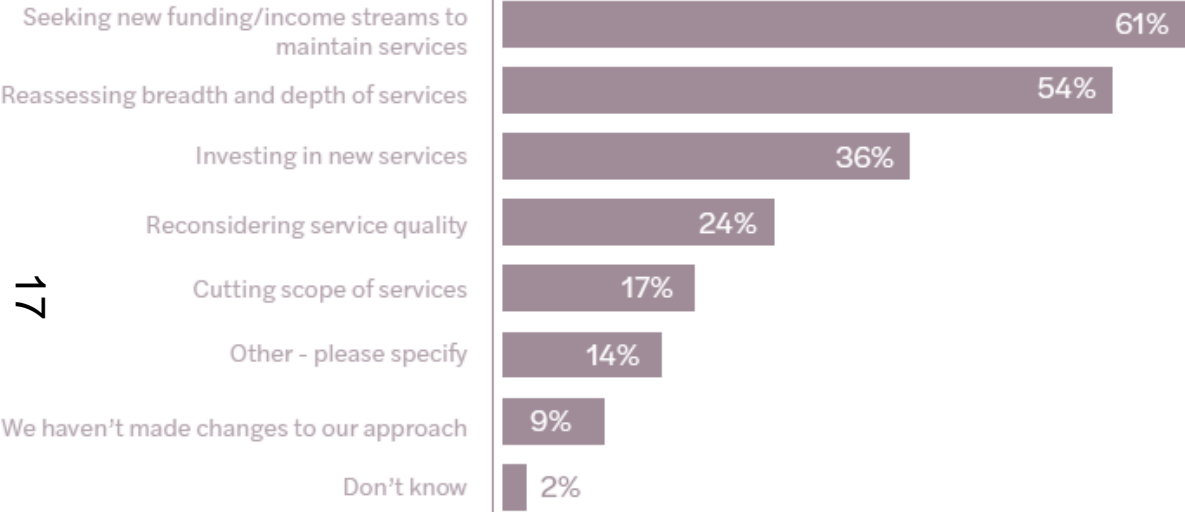
All survey participants have received a complimentary copy of the key findings report. There was no inducement to take part in our research project, and Mazars was not introduced as the survey partner.

The results discussed throughout our report are based on those who fully completed the questionnaire and are displayed as a percentage of this group, unless explicitly stated otherwise.



Key findings at a glance

How is your organisation currently changing its approach to supporting people, communities, and service users?



Key findings at a glance

Supporting vulnerable communities is a public & social sector imperative

How is your organisation currently changing its approach to supporting people, communities, and service users?

- 61% said they are seeking new funding/income streams to maintain services
- 54% said they are reassessing the breadth and depth of services
- 36% said they were investing in new services to meet increasing demand
- 17% said they were cutting the scope of services

The comments section was used to expand on these points, highlighting the creation of hardship funds, diversion of critical services, and streamlining of internal processes.

In your opinion, which of the following poses the greatest barrier to your organisation's ability to support vulnerable people/communities?

- 81% said lack of funding
- 67% said lack of staffing resources
- 46% said focus on short term not long term

Key findings at a glance

In your opinion, which of the following poses the greatest barrier to your organisation's ability to support vulnerable people/communities?



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Key findings at a glance

Innovation and collaboration are key enablers in the fight against financial constraints:

How much do you agree that the following ways of working together/collaboration could help address the fiscal and inflationary challenges your organisation faces?

- Increasing opportunities for easy collaboration locally, regionally, and nationally:
90% agreed that external collaboration could strengthen their response to deep-running fiscal challenges.
- Working with partners to identify innovative solutions to improve efficiency and productivity:
87% of respondents felt that engaging with third parties could improve efficiency and productivity organisation wide.
- Improved/increased staff collaboration across the organisation:
83% of respondents agreed that staff collaboration across their organisation, e.g. cross-departmental, would improve efficiency and productivity.

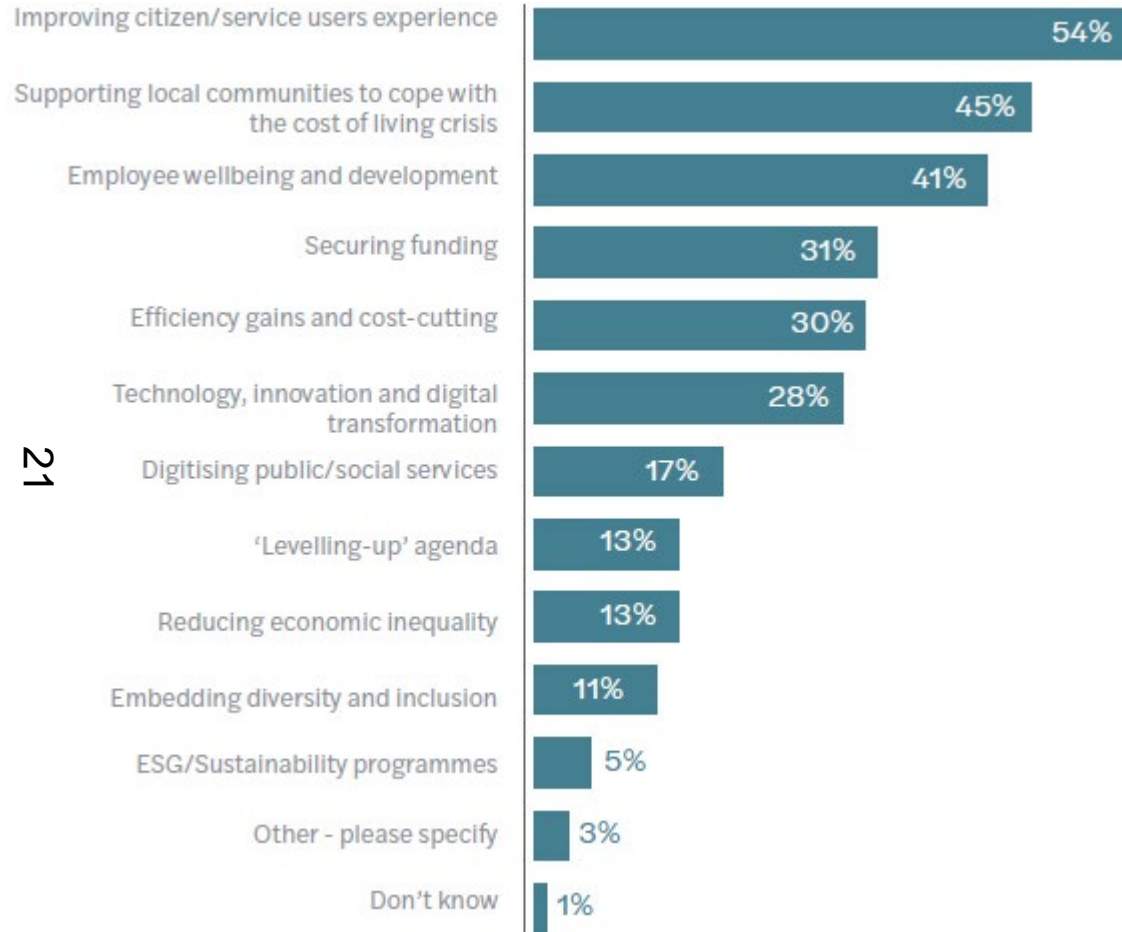
Innovation and technology were identified as potential opportunities for improved service delivery – respondents highlighted the need for ‘digital transformation strategies’, sharing good practice, and using artificial intelligence to identify the people and communities most at risk.

Self-help tools were highlighted to free up internal resources and empower citizens – e.g. raising awareness of services to reduce demand through inappropriate referrals.

Efficient and digitised services were identified as having the potential to free up resources.

Key findings at a glance

Which of the following areas do you believe will be key priorities of your organisation in the next 12-24 months?



Key Findings at a glance

The public and social sector must redefine its place in an evolving economic landscape (long term):

Key priorities for the next 12-24 months

- 54% of respondents saw 'improving citizen/service user experience' as a high priority
- 45% saw supporting local communities to cope with rising living costs as a key priority
- 41% agreed with the importance of continuous employee wellbeing and development
- 31% identified securing funding

These themes are consistent with previous findings – employees need to be nurtured, new funding streams secured, and significant efficiency gains made.

To what extent are the following global and national factors impacting your organisation's decision making?

- 90% of respondents said national economic uncertainty due to energy costs and inflation had a high (64%) or medium (26%) impact
- 77% responded that higher level skills shortages were having a high (43%) or medium (34%) impact
- 79 % of respondents said the current UK political landscape had a high (42%) or medium (37%) impact

03

Section 03: **National publications**

National publications

	Publication/update	Key points
Key issues		
National Audit Office (NAO)		
1	Good practice in annual reporting	The NAO published an interactive guide that provides examples of good practice in annual reporting.
2	Tackling Fraud and Corruption in Government	This report sets out the recent trends from NAO audits and reports, reviews how well-placed government is to understand and tackle fraud and corruption across government and sets out insights from their work and engagement with experts on what more government can do to better prevent fraud and corruption.
3	Digital Transformation	This report evaluates government's approach to addressing the underlying issues of why past attempts at digital transformation have run into problems.
Department for Levelling Up, Housing and Communities		
4	Levelling up enquiry on Local Audit	The Levelling Up, Housing and Communities Committee has launched an inquiry into financial reporting and audit, examining a range of issues relating to the purpose and understanding of local audit and the impact of local authority accounts and audit findings.
Other		
24 ⁹	ICAEW Vision for Local Audit	The Institute for Chartered Accountants in England and Wales (ICAEW) has published its vision for local audit to accompany the recent publication of a Memorandum of Understanding (MoU) between the Department of Levelling Up, Housing and Communities (DLUHC) and the Financial Reporting Council (FRC).
	Public Interest Report – Croydon Council	Following the publication of a public interest report in October 2020, Croydon Council commissioned local government expert Richard Penn, through the Local Government Association to compile an independent report on the issues at the council.

NATIONAL PUBLICATIONS

National Audit Office

1. Good practice in Annual Reporting – February 2023

The NAO has published an [interactive guide](#) that provides examples of good practice in annual reporting, drawing on examples from the public sector and other organisations shortlisted for the Building Public Trust Awards, which recognise trust and transparency in corporate reporting.

The guide draws on examples of good practice for annual reporting from organisations who are leading the way in this area. These examples are grouped by the sections of an annual report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

It also provides further examples where bodies have made their reports easier to understand with the use of graphics, clear and accessible language and signposting. The list is not definitive, but the NAO hopes it provides ideas for all bodies in both the public and private sector to think about as they plan their annual reporting for 2022-23.

NATIONAL PUBLICATIONS

National Audit Office

2. Tackling Fraud and Corruption against Government – March 2023

Since the start of the COVID-19 pandemic, government has recorded a higher level of fraud in the accounts we audit. This reflects the nature of the government's response to the pandemic, including the rapid implementation of large new spending and loan programmes that came with an unusually high risk of fraud.

This report sets out the recent trends from NAO audits and reports, reviews how well-placed government is to understand and tackle fraud and corruption across government and sets out insights from their work and engagement with experts on what more government can do to better prevent fraud and corruption.

The report follows NAO previous work which found government did not have a good understanding of fraud before the pandemic. In NAO's 2016 Fraud landscape review, they found a large disparity between the level of fraud and error that the UK government reports and the level reported in other countries and the private sector. NAO also found there were few incentives for departments to record and report the true scale of potential fraud; a lack of data or metrics to evaluate performance in detecting and preventing fraud; and mixed capability across departments to tackle fraud.

The report can be found at the following link:

<https://www.nao.org.uk/reports/tackling-fraud-and-corruption-against-government/>

3. Digital Transformation in Government – Addressing the Barriers - March 2023

This report evaluates government's approach to addressing the underlying issues of why past attempts at digital transformation have run into problems. NAO focus on the approach to transforming government, how the Central Digital and Data Office, its Roadmap and departmental leaders will support and promote this, and whether senior business leaders across government have a suitable level of digital capability.

The report can be found at the following link:

<https://www.nao.org.uk/reports/digital-transformation-in-government-addressing-the-barriers/>

NATIONAL PUBLICATIONS

Department for Levelling Up, Housing and Communities

4. Levelling Up Committee launches inquiry on local audit – March 2023

The Levelling Up, Housing and Communities Committee has launched an inquiry into financial reporting and audit, examining a range of issues relating to the purpose and understanding of local audit and the impact of local authority accounts and audit findings.

The inquiry will scrutinise the role of audit in local accountability and democracy and the extent to which accounts provide a clear picture of the financial sustainability and resilience of a local authority.

The inquiry is also likely to explore how local authority financial reporting could be made more accessible, the role of local audits in acting as ‘red flag’ for action by councils to address financial issues, and how auditors in local government could work together to share best practice.

The Committee welcomes written evidence on the terms of reference, which fall under the following headings:

- Users and uses of local authority accounts and audit
- Understandability and accessibility of local authority accounts and audit
- Making local authority accounts meet the needs of users better
- Addressing findings in audits and sharing best practice

<https://committees.parliament.uk/work/7348/financial-reporting-and-audit-in-local-authorities/news/186485/levelling-up-committee-launches-inquiry-on-local-audit/>

NATIONAL PUBLICATIONS

ICAEW

5. ICAEW Publishes its Vision for Local Audit – March 2023

The Institute for Chartered Accountants in England and Wales (ICAEW) has published its vision for local audit to accompany the recent publication of a Memorandum of Understanding (MoU) between the Department of Levelling Up, Housing and Communities (DLUHC) and the Financial Reporting Council (FRC).

The ICAEW welcomes the MoU, which covers the role of the 'shadow' system leader for local audit pending the establishment of the Audit, Reporting and Governance Authority (ARGA). The ICAEW also believes more needs to be done urgently if the local financial reporting and audit crisis is to be resolved.

The ICAEW's vision for local audit is designed to prompt discussion, identifying a series of challenges the ICAEW believes need to be overcome, and actions it supports to address those challenges. These are grouped into the following areas:

- Improve financial reporting to enhance transparency and accountability
- Deliver high-quality local audits on a timely basis
- Strengthen financial management and governance
- Reform finances to ensure value for money and protect the public interest
- Build a thriving profession that is highly valued

<https://www.icaew.com/insights/viewpoints-on-the-news/2023/mar-2023/ICAEW-publishes-its-vision-for-local-audit>

NATIONAL PUBLICATIONS

Public Interest Report

6. Croydon Council Public Interest Report – February 2023

Following the publication of a public interest report in October 2020, Croydon Council commissioned local government expert Richard Penn, through the Local Government Association to compile an independent report on the issues at the council. His report, completed in March 2021, but only just published in February 2023 found that the dysfunctional leadership and poor governance arrangements contributed to the authority's financial collapse.

Fairfield Hall is an arts, entertainment and conference centre situated in Croydon. Refurbishment of this building was agreed by Croydon Council and work was undertaken between June 2016 and September 2019. It was delivered late and cost substantially more than the original £30m budget agreed by cabinet. Originally a Value for Money review, this became a Report in the Public Interest by their Internal Auditors Grant Thornton which highlighted failings of financial control and governance of this project.

The report found that the 'governance gaps' at the time 'prevented scrutiny and challenge that may have allowed corrective action to have been taken.' The report found that the statutory officers and chief officers throughout the time of the refurbishment failed to fulfil their statutory duties. All have since left the council. An action plan will be put in place to address the recommendations arising from this report.

This has led the Council putting in place new measures to address the findings. The Council has overhauled and strengthened its financial, legal, decision-making and other governance processes, and through its Croydon Renewal Plan is creating a new culture of good decision-making, transparency, accountability, and value for money.

It also led the council to undertake an external independent review of its companies and company structures. Following that review, the council's intention is to wind down its development company Brick by Brick once it has completed its outstanding building work. The Fairfield Halls refurbishment contracts were taken back under direct Council control. The full report, which includes a number of lessons that other Councils can learn from, can be seen here:

<https://www.croydon.gov.uk/council-and-elections/budgets-and-spending/reports-and-reviews/report-public-interest-fairfield-halls>

James Collins

Mazars

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

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Bolsover District Council

Meeting of Audit Committee on 26th September 2023

Annual Governance Report

Report of the Service Director Governance, Legal Services & Monitoring Officer

Classification	This report is Public.
Report By	Jim Fieldsend Service Director Governance, Legal Services & Monitoring Officer

PURPOSE/SUMMARY OF REPORT

To seek the agreement of the Audit Committee to the conclusions and content of the Annual Governance Statement which it is proposed to incorporate within the Council's Statement of Accounts for 2022/23.

To increase awareness of governance issues amongst Members and Employees of the Council and more generally amongst all stakeholders.

REPORT DETAILS

1. Background

1.1 As part of its Statement of Accounts the Council is required to include an Annual Governance Statement. Preparation of the Statement needs to be undertaken in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) framework, which sets out the fundamental principle of corporate governance that needs to be addressed. The CIPFA / SOLACE Framework sets out the following core principles which Authorities should follow:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder agreement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.

- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

One of the main purposes of the Annual Governance Statement is to assess the extent to which the above key principles are in place within an authority and are adhered to in practice. In short it is an annual assessment process for the Council's governance arrangements. As part of this process the Audit Committee will also be requested to consider the Council's updated Code of Corporate Governance.

- 1.2 A key principle for CIPFA/SOLACE is that the Annual Governance Statement together with the Code of Corporate Governance are corporate documents, which must be owned by the whole organisation. Some key principles which are set out in the Code are as follows:
 - The key focus of the governance structures should be the attainment of sustainable economic, societal, and environmental outcomes.
 - Local authorities must focus on the long-term, having responsibilities to more than their current electors as they must take into account the impact of current decisions and actions on future generations.
 - Local Authorities should assess their governance structures and partnerships on at least an annual basis reporting publicly on compliance.
- 1.3 The Draft Annual Governance Statement for consideration and approval by this Committee is attached as **Appendix 1**. While it is anticipated that the version considered by the Audit Committee will effectively be the final version of the Annual Governance Statement there may be a requirement to make some final changes before the Statement of Accounts is authorised for issue by the Section 151 Officer. It is therefore recommended that delegated powers be given to the Section 151 Officer in consultation with the Chair or Deputy Chair of this Committee to agree any final changes. It should be noted that the only changes that will be made under these delegated powers will relate to amendments agreed with the Council's external auditors Mazars.
- 1.4 The preparation of the draft Annual Governance Statement sits alongside the Council's Local Code of Corporate Governance. The Code of Corporate Governance is attached at **Appendix 2** to this report for consideration by the Audit Committee. The Code is due a full review no later than 31st March 2025 however minor reviews and updates can be made in the meantime where required. No updates are proposed at this time.
- 1.5 Included in section 4 of the Code of Corporate Governance is a requirement for the Senior Leadership and Management teams to assess the arrangements which were operational within the Council during the previous financial year (in this case 2022/23) to ensure that it is meeting the requirements of the code and to set out the results in the Annual Governance Statement.
- 1.6 As can be seen from section 4 of the Annual Governance Statement the review supports the assessment that there are appropriate governance arrangements in place, and they are fit for purpose. Where significant issues have been identified the Statement says that these will be addressed to ensure governance arrangements remain robust.

2. Reasons for Recommendation

To enable the Audit Committee to assess the appropriateness of the draft Annual Governance Statement and to make recommendations concerning any amendments which they consider appropriate.

3. Alternative Options and Reasons for Rejection

There are no alternative options for consideration.

RECOMMENDATION(S)

- 1. That the Audit Committee consider the draft Annual Governance Statement as set out in **Appendix 1** and make any observations or recommendations which they consider to be appropriate prior to the final version being incorporated within the Council’s Statement of Accounts.
- 2. That the Audit Committee having reviewed the effectiveness of the Governance Framework are satisfied that the Council’s governance and internal control arrangements are fit for purpose.
- 3. That delegated powers are granted to the Section 151 Officer in consultation with the Chair or Deputy Chair of the Audit Committee to agree any changes which may be necessary in order to ensure the finalisation of the external audit currently being concluded by the Council’s external auditors Mazars to ensure completion of the Statement of Accounts by the statutory deadline of 30th September 2023.

IMPLICATIONS.

Finance and Risk: Yes No

Details:

There are no additional financial implications arising from this report.

Risk Effective governance arrangements for local authorities are crucial if authorities are to meet the standards of accountability, integrity, consumer focus, democratic engagement and organisational effectiveness that are expected of them. The preparation of the Annual Governance Statement is one of the mechanisms that helps ensure that effective governance arrangements are in place. The gross impact of not having effective governance arrangements in place would be significant with the CIPFA / SOLACE guidance taking the view that effective governance lies at the heart of a Council’s managerial, performance and financial arrangements. The Governance Statement and supporting documentation do, however, demonstrate that the Council has in place a range of processes and procedures which taken together amount to a culture of effective governance. While there remain a limited number of significant individual issues that need to be addressed and resolved to improve the Council’s governance arrangements the overall framework is sound and provides an appropriate base from which to address the individual issues identified within this report.

On behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

The requirement to include an Annual Governance Statement within the Council’s Statement of Accounts is set out within the Accounts and Audit Regulations 2015 and associated best practice. The processes outlined in the report should be sufficient to ensure that the Council’s Governance Statement together with the Local Code of Corporate Governance meet the requirements of both the relevant legislation and associated good practice.

On behalf of the Solicitor to the Council

Environment: Yes No

Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.

Details:

There are no environmental implications contained within this report.

Staffing: Yes No

Details: There are no staffing implications contained within this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

<p>Is the decision a Key Decision? 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: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies.</i></p>	<p>No</p>
<p>Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i></p>	<p>No</p>

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

Links to Council Ambition: Customers, Economy, and Environment.
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Demonstrating good governance

DOCUMENT INFORMATION

Appendix No	Title
1	Annual Governance Statement for year ending 31 st March 2023
2	Code of Corporate Governance

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>

BOLSOVER DISTRICT COUNCIL
CORPORATE GOVERNANCE CODE

INTRODUCTION

1. The purpose of this Code is to state the importance to the Council of good corporate governance and to set out the Council's commitment to the principles involved.
2. The Code is based on guidance to all UK local authorities.
3. The Code is included in the Council's Constitution and therefore applies to all Members and employees of the Council and also to any individuals or bodies authorised to act on its behalf.
4. How the effectiveness of the Code is reviewed is set out in Section 4.
5. The Code will be reviewed in its entirety by no later than 31 March 2025, but minor reviews and updates will be made annually as required.

Approvals

Approved by Audit and Corporate Overview Committee on 14th September 2021

Approved by Head of Finance and Resources and section 151 Officer
and Head of Corporate Governance and Monitoring Officer- 31st March 2021

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SECTION 1: THE IMPORTANCE OF GOOD CORPORATE GOVERNANCE

1.1. Corporate Governance refers to the processes by which organisations such as the Council are directed, controlled, led and held to account. It is also about culture and values - the way that Councillors (Members) and employees think and act. In summary, if management is about running the Council, corporate governance is about seeing that it is run properly.

1.2. The Council is a complex organisation which affects all who live and work in Bolsover District Council's area and businesses and organisations that are based here. It is therefore essential that there is confidence in our corporate governance, and the Council must therefore ensure that:

- as a democratic body, we engage with and account to our citizens and stakeholders effectively;
- we conduct our business in accordance with the law and to proper standards;
- public money is properly accounted for and is used economically, efficiently and effectively;
- controls are proportionate to risk so as not to impede performance;
- we continuously improve the way in which we function, in terms of effectiveness, quality, service availability, fairness, sustainability and innovation; and
- we fulfil our purpose and meet our priorities as set out in the Council Ambition.

1.3. The Council is therefore committed to good corporate governance and to doing the right things in the right way for the right people in a way which is timely, inclusive, open, honest and accountable. This Code sets out that commitment and how we evidence it.

1.4. This commitment includes improving governance on a continuing basis across the Council as a whole, through a process of evaluation and review. This is detailed further in Section 4.

SECTION 2: THE BASIS OF THIS CODE

2.1 This Code is based on guidance provided to all UK local authorities which are centred on seven Core Principles, designed to underpin the governance arrangements of all public sector bodies.

1 Delivering Good Governance in Local Government Framework 2016, issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

2 From the International Framework: Good Governance in the Public Sector (CIPFA/International Federation of Accountants, 2014)

2.2 These Core Principles are as follows:

A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

B Ensuring openness and comprehensive stakeholder engagement

C Defining outcomes in terms of sustainable economic, social, and environmental benefits

D Determining the interventions necessary to optimise the achievement of the intended outcomes

E Developing the entity's capacity, including the capability of its leadership and the individuals within it

F Managing risks and performance through robust internal control and strong public financial management

G Implementing good practices in transparency, reporting, and audit to deliver effective accountability

2.3 Core Principles A and B are fundamental to the application of the other principles. Further good governance requires all of the principles to be met and through a dynamic approach good governance can be achieved.

2.4 This Code sets out our commitment to all seven of the Core Principles shown above and to the various elements of our governance framework the policies, strategies and processes - which help us to ensure that the principles are met (Section 3).

2.6 Since effective Corporate Governance relies on the way that Councillors (Members) and employees think and act, the Code also recognises the importance of the seven "Principles of Public Life" (the Nolan Principles) which are the basis of the ethical standards expected of public office holders (Appendix A). These support the seven Core Principles of this Code which in turn underpin the Council's approach to planning fair, effective and sustainable services and its responsibilities for sustainable development.

SECTION 3: COMMITMENTS TO GOVERNANCE PRINCIPLES

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Council is accountable not only for how much it spends, but also for how we use the resources under our stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes we have achieved. In addition, we have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, we can demonstrate the appropriateness of all our actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

To support Principle A, the Council is committed to:

Behaving with integrity	What is in place to support this?
<p>A1. Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Council</p> <p>A2. Ensuring members take the lead in establishing specific standard operating principles or values for the Council and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)</p> <p>A3. Leading by example and using these standard operating principles or values as a framework for decision making and other actions</p> <p>A4. Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</p>	<ul style="list-style-type: none"> • Agreed Values • Organisation Development and Workforce Strategy • Codes of Conduct for members and employees • Registers of interests, gifts and hospitality • Induction training for members and employees • Members Allowances Scheme • Financial Regulations rules • Contract Procurement rules • Planning Protocol • Standards and Audit Committees • Anti-Fraud Bribery and Corruption Strategy • Anti-Money Laundering Policy • Whistleblowing Policy • Compliments, Comments and Complaints Procedure • Internal Audit Charter • Safeguarding Responsibilities • Health and Safety Policy • Single Equality Plan and review • Transparency around decision making • Member Development Plan

<p>Demonstrating strong commitment to ethical values</p> <p>A5. Seeking to establish, monitor and maintain the Council's ethical standards and performance</p> <p>A6. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the Council's culture and operation</p> <p>A7. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</p> <p>A8. Ensuring that external providers of services on behalf of the Council are required to act with integrity and in compliance with high ethical standards expected by the Council</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Agreed Values • Organisation Development and Workforce Strategy • Codes of Conduct for members and employees • Registers of interests, gifts and hospitality • Financial Regulations rules • Contract Procurement rules • Planning Protocol • Induction training for members and employees • Regular governance awareness raising for employees • Planning Principles • Commissioning, Procurement & Contract Management Strategy • Partnership & collaborative working arrangements • Bolsover Sustainable Community Strategy
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<p>Respecting the rule of law</p> <p>A9. Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</p> <p>A10. Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</p> <p>A11. Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders</p> <p>A12. Dealing with breaches of legal and regulatory provisions effectively</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Key statutory responsibilities set out in the Council's Constitution • Compliance with CIPFA Statement of the ~Role of the Chief Financial Officer in Local Government) • Protocol on Member/Officer relations (Constitution) • Job Descriptions • Regular governance awareness raising for employees • Standards Committee • Audit Committee • Anti-Fraud Bribery and Corruption Strategy • Anti-Money Laundering Policy • Whistleblowing Procedure • Complaints Procedure
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A13. Ensuring corruption and misuse of power are dealt with effectively	<ul style="list-style-type: none">• General Data Protection Regulation guidance• Governance Codes of Practice
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Principle B. Ensuring openness and comprehensive stakeholder engagement

Local government is run for the public good, and organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

To support Principle B, the Council is committed to:

Openness	What is in place to support this?
<p>B1. Ensuring an open culture through demonstrating, documenting and communicating our commitment to openness</p> <p>B2. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</p> <p>B3. Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</p> <p>B4. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action</p>	<ul style="list-style-type: none"> • Constitution • Commissioning, Procurement & Contract Management Strategy • Contract Procedure Rules • Whistleblowing Procedure. • Council Ambition • External audit and inspection reports • Directory of published information. • Online Council Tax information • Reporting and publishing & distribution timetables • Delegation of Powers Scheme • Meetings open to public • Minutes • Webcasting page • Codes of Conduct for members and employees • Bolsover TV • Bolsover Partnership Executive Board • Public Participation in Council and Planning meetings • Webcasting Meetings and library of Meeting recordings • Publishing of Delegated Decisions

<p>Engaging comprehensively with institutional stakeholders</p> <p>B5. Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</p> <p>B6. Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</p> <p>B7. Ensuring that partnerships are based on trust, a shared commitment to change and a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Consultation and Engagement Strategy • Current consultations • Complaints Procedure • Partnership & collaborative working arrangements via Bolsover Partnership Executive Board and Thematic Action Groups
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<p>Engaging stakeholders effectively, including individual citizens and service users</p> <p>B8. A clear policy on the type of issues that the Council will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of intended outcomes</p> <p>B9. Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement</p> <p>B10. Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Consultation and Engagement Strategy • Medium Term Financial Plan • Planning Principles • Complaints Procedure (and compliments) • Employee survey • Children and Young People's Participation Strategy • Bolsover Partnership statutory partners, public, private and the Community and Voluntary sector infrastructure provider
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<p>B11. Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account</p> <p>B12. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</p> <p>B13. Taking account of the interests of future generations of tax payers and service users</p>	
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Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

To support Principle C, the Council is committed to:

Defining outcomes	What is in place to support this?
<p>C1. Having a clear vision which is an agreed formal statement of the Council’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the Council’s overall strategy, planning and other decisions</p> <p>C2. Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</p> <p>C3. Delivering defined outcomes on a sustainable basis within the resources that will be available</p> <p>C4. Identifying and managing risks to the achievement of outcomes</p> <p>C5. Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available.</p>	<ul style="list-style-type: none"> • Council Ambition Planning Principles • Local Plan • Consultation and Engagement Strategy • Medium Term Financial Plan • Half-yearly performance reports to the Executive • Risk Management Strategy • Bolsover Sustainable Community Strategy

<p>Sustainable economic, social and environmental benefits</p> <p>C6. Considering and balancing the combined economic, social and environmental impact of policies, plans</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Medium Term Financial Plan • Budget consultation exercises • Risk Management Strategy
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<p>and decisions when taking decisions about service provision</p> <p>C7. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints</p> <p>C8. Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</p> <p>C9. Ensuring fair access to services</p>	<ul style="list-style-type: none"> • Commissioning, Procurement & Contract Management Strategy • Member workshops • Strategic Equality Plan • Equality Impact Assessments • Customer Focus Strategy • ICT & Digital Strategy • Bolsover Sustainable Community Strategy
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Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised

To support Principle D, the Council is committed to:

<p>Determining necessary interventions</p> <p>D1. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.</p> <p>D2. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Council Ambition • Reporting requirements for Full Council and Executive • Decision making Principles (Constitution) • Scrutiny committees and support • Risk Management Strategy • Consultation and Engagement Strategy • Medium Term Financial Plan • Senior Management Structure • Officer Delegation Scheme • Calendar of meetings • Pre-meetings • The Forward Plan
<p>Planning interventions</p> <p>D3. Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</p> <p>D4. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</p> <p>D5. Considering and monitoring risks facing each partner when working collaboratively including shared risks</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Council Ambition • Reporting and publishing & distribution timetables • Consultation and Engagement Strategy • Medium Term Financial Plan • Partnership & collaborative working arrangements • Half-yearly performance reports to the Executive • Budget and Policy Framework • Procedure Rules • Budget Monitoring & Control Procedures

D6. Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances

- Council Procedure Rule
- Financial Regulations
- Senior Management Structure
- Regular Portfolio Holder meetings

Principle E: Developing the Council’s capacity, including the capability of its leadership and the individuals within it

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity.

To support Principle E, the Council is committed to:

<p>Developing Capacity</p> <p>E1. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.</p> <p>E2. Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness,</p> <p>E3. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the Council’s resources are allocated so that outcomes are achieved effectively and efficiently,</p> <p>E4. Recognising the benefits</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Scrutiny committees and support • Senior Management Structure • Reviews commissioned by Senior Management • External audit and inspection reports • Partnership & collaborative working arrangements • Corporate Land and Buildings Strategy • LGA Peer Review • Employee Celebratory Awards
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<p>Developing the capability of the leadership and other individuals</p> <p>E5. Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</p> <p>E6. Publishing a statement that specifies the types of decisions that are delegated</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Constitution • Protocol on Member/Officer relations (Constitution) • Regular meetings between Strategic Leadership Team and Lead Members • Delegation of Powers Scheme • Financial Regulation • Contract Procurement Rules
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and those reserved for the collective decision making of the governing body

E7. Ensuring the leader and the senior management team have clearly defined and distinctive leadership roles within a structure, whereby the senior management team leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority

E8. Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the Council to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged, ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis, ensuring personal, organisation and system-wide development through shared learning, including lessons learnt from both internal and external governance weaknesses

E9. Ensuring that there are structures in place to encourage public participation

E10. Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections

E11. Holding staff to account through regular performance reviews which take account of training or development needs

- Learning and Development function
- Member Development Working Group and programme of training
- Performance Review and Development Process
- Consultation and Engagement Strategy
- Organisation Development and Workforce Strategy
- Workforce Policies
- Code of Conduct for employees
- Internal Communication
- Health and Safety Policy
- Corporate Health Standard
- HR Policies
- Appraisals
- Member Inductions and midterm Member Induction refresh
- Employee training

Principle F: Managing risks and performance through robust internal control and strong public financial management

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services.

Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.

It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

To support Principle F, the Council is committed to:

<p>Managing Risk</p> <p>F1. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</p> <p>F2. Implementing robust and integrated risk management arrangements and ensuring they are working effectively</p> <p>F3. Ensuring that responsibilities for managing individual risks are clearly allocated</p>	<p>What is in place to support this ?</p> <ul style="list-style-type: none"> • Risk management group • Risk Management Strategy, Risk and Control Registers and Internal / External audit coverage of risk management • Audit Committee • Partnership and Collaborative Working arrangements • Reporting requirements for Full Council and Executive • Service Continuity arrangements • Annual review of Constitution
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<p>Managing Performance</p> <p>F4. Monitoring service delivery effectively including planning, specification, execution and independent post-implementation review</p> <p>F5. Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the Council’s financial, social and environmental position and outlook</p>	<p>What is in place to support this ?</p> <ul style="list-style-type: none"> • Council Ambition • Service Plans and service planning guidance • Commissioning, Procurement & Contract Management Strategy • Half-yearly performance reports to the Executive • Forward Work Programmes • Reporting and publishing & distribution timetables
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<p>F6. Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made, thereby enhancing the Council's performance and that of any organisation for which it is responsible</p> <p>F7. Providing members and senior management with regular reports on progress towards outcome achievement.</p> <p>F8. Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)</p>	<ul style="list-style-type: none"> • Scrutiny committees and support • Scrutiny reviews • Report preparation guidance • Report screening (Full Council and Executive) • Member Development • Financial Regulations • Budget and Policy Framework Procedure Rules • Budget Monitoring & Control Procedures • Budget – Medium Term Financial Plan • Annual Statement of Accounts • Bolsover Sustainable Community Strategy
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<p>Robust Internal Control</p> <p>F9. Aligning the risk management strategy and policies on internal control with achieving objectives</p> <p>F10. Evaluating and monitoring risk management and internal control on a regular basis</p> <p>F11. Ensuring effective counter fraud and anti-corruption arrangements are in place</p> <p>F12. Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</p> <p>F13. Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment and that its recommendations are listened to and acted upon</p>	<p>What is in place to support this ?</p> <ul style="list-style-type: none"> • Risk Management Strategy • Principal Risk Register • Heads of Departments Internal Control Assurances • Internal Audit Charter (inc Annual Plan) • Audit Committee Terms of Ref (Constitution) • Audit Committee effectiveness surveys and training • Financial Regulations • Contract Procurement Rules • Counter Fraud Policy & Procedures • Anti-Money Laundering Strategy • Annual Governance Statement & Action Plan • Head of Internal Audit's Annual Report • Audit Committee Chair's Annual Report to Executive • Identification of Assurance Gaps
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<p>Managing Data</p> <p>F14.Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</p> <p>F15.Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</p> <p>F16.Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring</p>	<p>What is in place to support this ?</p> <ul style="list-style-type: none"> • General Data Protection Regulation guidance • GDPR clauses in contracts • Freedom of Information guidance • Information Management Strategy and Action Plan • Acceptable Use of ICT Facilities • ICT Security Policy and Guidelines • Secure Data Transfer Standards and Procedures • Information Security Policy • Records Management Policy • Corporate Records Retention Scheme • Regular data protection training
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<p>Strong public financial management</p> <p>F17.Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance</p> <p>F18.Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</p>	<p>What is in place to support this ?</p> <ul style="list-style-type: none"> • Budget monitoring • Annual Governance Statement • External Audit reports
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Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

To support Principle G, the Council is committed to:

<p>Implementing good practice in transparency</p> <p>G1. Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</p> <p>G2. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Report preparation guidance • Report screening (Full Council and Executive) • Website including summary and easy-to-read reports • Compliance with access requirements
<p>Implementing good practice in reporting</p> <p>G3. Reporting at least annually on performance, value for money and the stewardship of resources</p> <p>G4. Ensuring owners and senior management own the results</p> <p>G5. Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Quarterly reporting of performance • Annual Governance Statement and Action Plan • Risk Management Strategy • Risk and Control Registers • Annual Statement of Accounts

G6. Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	
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<p>Assurance and effective accountability</p> <p>G8. Ensuring that recommendations for corrective action made by external audit are acted upon</p> <p>G9. Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon</p> <p>G10. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</p> <p>G11. Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</p> <p>G12. Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met</p>	<p>What is in place to support this?</p> <ul style="list-style-type: none"> • Audit Committee Terms of Reference (Constitution) • Regular reporting of progress on implementing audit recommendations to Audit Committee • External audit and inspection reports • Internal Audit Charter • Head of Internal Audit's Annual Report • Internal Audit self assessment and compliance with Public Sector Internal Audit Standards • Partnership and collaborative working arrangements • Annual review of Constitution
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SECTION 4: HOW CORPORATE GOVERNANCE IS REVIEWED

1. The Leader and Senior Management Team are required to ensure that each year, a review is undertaken to measure the extent to which the Council as a whole has met the requirements of this Code.
2. The results of the review are included in the Annual Governance Statement which is published with the Annual Statement of Accounts.
3. Where the review reveals possible gaps or weaknesses, action is agreed to ensure effective governance in future. Agreed action is monitored for implementation.
4. Where necessary, this Code will be amended as a result of the annual review, changes in best practice or statutory changes. Minor amendments to wording, titles and to details of 'what is in place' to support the principles (Section 3 above) may be approved by the Head of Finance but any substantive changes to the Code and the principles will require Executive approval.
5. This code will be renewed no later than 31st March 2025

APPENDIX A.

THE SEVEN PRINCIPLES OF PUBLIC LIFE (THE NOLAN PRINCIPLES)

These apply to anyone who works as a public office-holder. This includes people who are elected or appointed to public office, nationally and locally, and all people appointed to work in:

- the civil service
- local government
- the police
- the courts and probation services
- non-departmental public bodies
- health, education, social and care services.

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Annual Governance Statement

for year ended 31 March 2023



Foreword

“To continue to be a dynamic, self-sufficient and flexible Council that delivers excellent services, whilst adapting to local aspirations and acting as the economic and environmental driver for Bolsover District...”

...this is the Council’s Ambition for 2020-2024 and it has been developed as an alternative to a Council Plan as a series of ambitions.

The Ambition is flexible and adaptable. It has the scope for new projects to be delivered alongside the provision of excellent services, whilst having the preparedness to address uncertainties such as reductions in funding and income we receive, changes in legislation that affect our services or influences that affect our local communities and their way of life.

Bolsover District Council is publicly funded and the projects we implement to help us achieve this ambition must and will be subject to revision, scrutiny and audit as we continue to respond to the changing needs of our District.

This Annual Governance Statement assesses the corporate governance arrangements we had in place during 2022/23.



Karen Hanson
**Chief Executive Officer
(Head of Paid Service)**



Steve Fritchley
Leader

What is Corporate Governance?

Corporate governance is the combination of rules, practices and processes by which organisations are directed, regulated and controlled. It is also about culture, values and ethics. It is the way that councillors and employees act.

The Council's corporate governance arrangements aim to ensure that it does the right things at the right time for the right people in a way that is timely, inclusive, open, honest and accountable.



The Annual Governance Statement

Bolsover District Council has approved and adopted a code of corporate governance which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) - the

'Delivering Good Governance in Local Government Framework' 2016 edition.

This statement explains how the Council has complied with the code for the year ended 31 March 2023 and also how it meets the requirements of the Accounts and Audit (England) Regulations 2015.

1. The Council's Governance Responsibilities

Bolsover District Council is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, that public money is safeguarded and properly accounted for and is used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is

responsible for putting in place proper arrangements for the governance of its affairs and for facilitating the effective exercise of its functions. This includes arrangements for the management of risk.

The Council's Governance Code, which was renewed in accordance with the new governance guidance produced by CIPFA and SOLACE, states the importance to the Council of good corporate governance and sets out its commitment to the principles involved. The Code can be obtained from the Monitoring Officer.

Governance and Partnerships

In addition to giving appropriate consideration to the Council's internal governance arrangements, it needs to be recognised that the Council is working in a number of partnership arrangements.

Since April 2011, the Council has worked in a number of areas with North East Derbyshire District Council, a neighbouring authority.

Joint working takes place across some services including Environmental Health which is a fully shared service hosted by North East Derbyshire District Council.

In addition, we have joint arrangements with Chesterfield Borough Council, Derbyshire Dales District Council, Amber Valley Borough Council and Gedling Borough Council for a range of services.

The Council is a partner of the Derbyshire Building Control Partnership (DBCP) along with six other district councils and Derby City

Council. The DBCP provides building control services across Derbyshire and Staffordshire Moorlands.

Dragonfly Development Co. Ltd is a development company, wholly owned by Bolsover District Council, as a company limited by shares. Dragonfly Management (Bolsover) Ltd. is a management company which is a wholly owned subsidiary of Dragonfly Development Co. Ltd, as a company limited by shares. These two entities form the Dragonfly Group and have been established to take advantage of the wider trading powers provided by the Localism Act 2011.

We have a Local Strategic Partnership which engages with a range of local partners including NHS bodies. We also actively participate in the D2N2 Local Enterprise Partnership.

Where the Council has entered into partnership arrangements it seeks to ensure that they are subject to appropriate governance management arrangements.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the Council is directed and controlled, together with those activities through which it accounts to, engages with and leads the local community.

It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost effective services.

In order to review the effectiveness of the governance framework, assurances are provided to, and challenged by, the Audit and Corporate Overview Scrutiny Committee, Scrutiny Committees,

Executive or Council as appropriate.

Some of the key elements of the governance framework are highlighted on the next pages.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.



Purpose: To become a dynamic, self-sufficient and flexible Council that delivers excellent services, whilst adapting to local aspirations and acting as the economic and environmental driver for Bolsover District.

Governance Code

Assurance Required on:

- Delivery of Corporate Plan/Council Ambition
- Communication of performance
- Financial management
- Service quality and best use of resources
- Any failures in service delivery addressed effectively
- Councillors and officers working together effectively
- Compliance with laws and regulations, policies and procedures
- High standards of conduct and behaviour
- Informed and transparent decision making
- Management of risk and effective internal controls
- Developing the capacity and capability of members and employees
- Democratic engagement and robust public accountability

Sources of Assurance:

- Community Strategy
- Planning principles for services
- Constitution
- Strategic Leadership and Senior Management structures
- Medium Term Financial Strategy
- Financial Procedure Rules
- Contract Procedure Rules
- Procurement Strategy
- Consultation and Engagement Strategy
- Single Equality Scheme
- Organisational Development and Workforce Strategy
- Information Management Strategy
- ICT & Digital Strategy
- Health and Safety Policy
- Risk Management Strategy
- Partnership Working
- Internal & External Audit and inspection
- Counter Fraud Strategy and Policy & Procedures
- Audit and Standards committees
- Codes of Conduct (Employees and Members)

Sources of Assurance (continued)

- Whistleblowing Policy
- Performance Review and Development
- Complaints system
- Member Development Programme

Assurances Received:

- Statement of Accounts
- External Audit and Inspection reporting
- Internal Audit reporting
- Risk and Control Registers and Risk Management Reporting
- Scrutiny Reviews
- Reviews commissioned by management
- Annual review of the Constitution
- Peer Reviews
- Ombudsman Reports
- Ongoing review of Corporate Governance and of gaps in assurance
- Quarterly performance reports to Executive

Opportunities for Improvement

- The setting up and operation of Dragonfly as a wholly owned company and the transfer of services and staff into it.
- Development of the role and responsibilities of the Junior Cabinet Members as proposed by the Leader at Annual Council on 24th May 2023.
- The lack of housing stock to meet the current need.
- The impact of cost of living on the Council and the residents of Bolsover.

**Annual
Governance
Statement**

Governance Framework

The Council Ambition

The Council Ambition 2020-2024 was developed in early 2020. The Ambition replaced the Corporate Plan and outlined the key areas that the Council would focus on over the following four years.

The Council's overall Ambition is 'to become a dynamic, self-sufficient and flexible Council that delivers excellent services, whilst adapting to local aspirations and acting as the economic and environmental driver for Bolsover District.'

The Ambition sets out three strategic themes - Customers, Economy and Environment. Beneath each of these are a number of priorities which will be considered in the delivery of services.

A suite of performance indicators support the Ambition.

In preparation for the next four years the Leader of the Council invited the Local Government Association to undertake a Peer Review during November 2019.

The feedback from the review was considered when developing the new Council Ambition.

Performance Management

Performance monitoring is undertaken by the Scrutiny Committees. In addition, Portfolio Holders meet regularly with officers, Assistant Directors and the Chief Executive to ensure effective performance management across the suite of agreed performance indicators supporting the Ambition. Executive and Council receive an Annual report which identifies key achievements and challenges, celebrates successes and identifies areas of work which require focus over the forthcoming year.

In addition, the Narrative Report which is included within the Council's Statement of Accounts, contains a summary of progress made in the past year against each of the Council's targets which support our priorities.

Social Media

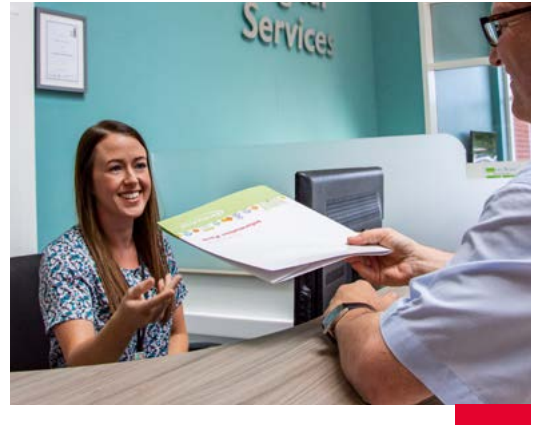
Join the conversation on all aspects of Bolsover District Council services and activities.

The Council provides its customers access to our services and information in the most appropriate Social Media channels and through its own Bolsover TV channel.

OUR PRIORITIES

Customers:

- Increasing customer satisfaction with our services
- Improving customer contact and removing barriers to accessing information
- Actively engaging with partners to benefit our customers
- Promoting equality, diversity and supporting vulnerable and disadvantaged people
- Providing good quality council housing where people choose to live
- Improving health, wellbeing and increasing participation in sport and leisure activities



Economy:

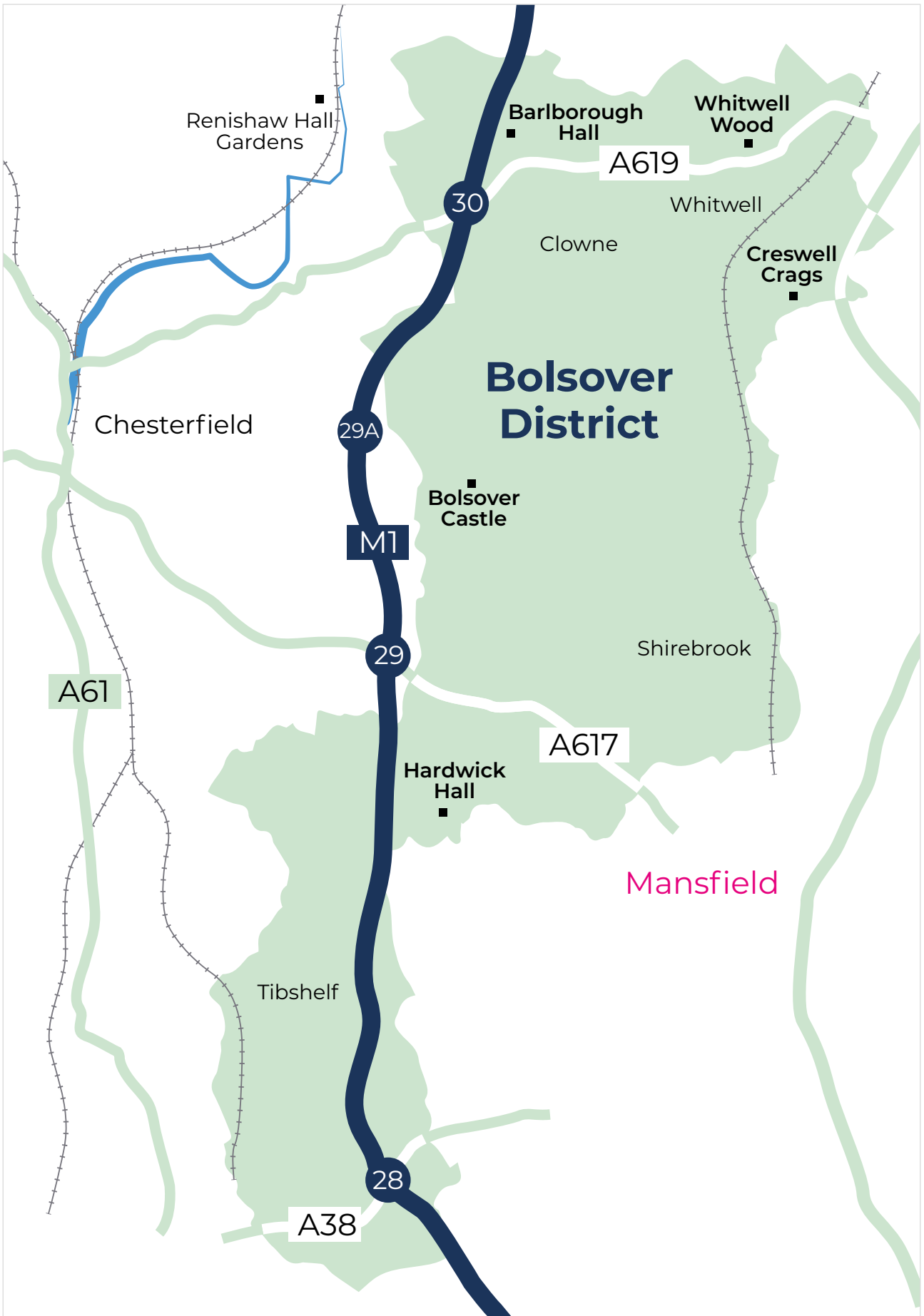
- Working with partners to support enterprise, innovation, jobs and skills
- Unlocking Development Potential: unlocking the capacity of major employment sites
- Enabling Housing Growth: increasing the supply, quality and range of housing to meet the needs of the growing population and support economic growth
- Making the best use of our assets
- Ensuring financial sustainability and increasing revenue streams
- Promoting the District and working with partners to increase tourism



Environment:

- Reducing our carbon footprint whilst supporting and encouraging residents and businesses to do the same
- Increasing recycling
- Ensuring a high standard of environmental cleanliness, undertaking appropriate enforcement activity where required
- Enhancing biodiversity and developing attractive neighbourhoods that residents feel proud of and take responsibility for
- Working with partners to reduce crime and anti-social behaviour
- Actively engaging with partners to benefit our communities





Managing Risk and Opportunities

The Council has a Risk Management Strategy and associated framework in place.

The Council has embedded risk management by the establishment of a Risk Management Group, Elected Member led and attended by senior officers, internal audit and health and safety.

The group regularly reviews all risk registers, offering challenge to the assessment process. The group leads on the development and review of all risk related policies, plans and strategies across the Council. These are supported by a Risk Management Strategy which identifies and mitigates the Strategic and Operational risks.

The Risk Management framework includes a quarterly reporting process to Audit and Corporate Overview Scrutiny Committee.

The Council is risk aware rather than risk averse. The extent to which the Council is risk averse, will undoubtedly impact on its potential to progress available opportunities to secure benefits for local residents.

The Risk Management approach, both in the identification of risks and the action taken to address the risks, is flexible and has the ability to respond to change. National policies, service delivery arrangements, national and local circumstances, together with Council priorities have and will continue to change and evolve over time. The Council's Risk Management focus and arrangements are able to adjust in order to ensure that current threats and opportunities are effectively addressed and not stifled

by inappropriate risk management arrangements.

Although the Council can do much to manage the risks it faces, it does need to be recognised that some of the major Strategic Risks are only partially within its direct influence. Key risks included in the Strategic Risk Register at present are:

STR1

The introduction of Government Legislation/Parliamentary uncertainty which has an adverse impact on the Council's budget or ability to carry out its statutory functions, for example the Government White Paper on Levelling Up and the potential impact of an East Midlands Combined Mayoral Authority.

STR2

Failure to deliver a balanced budget in line with the MTFP.

STR3

Operational failure which has a major impact upon the provision of services to residents, communities and/or businesses (for example ICT failure, utilities failure or building/depot failure).

STR4

Difficulty recruiting to professional posts (for example Environmental Health Officers qualified lawyers and auditors).

**STR5**

Delivery of statutory services alongside the Council's Vision, initiatives, major projects and reforms, potentially overstressing limited resources.

STR6

Emergency Planning and Business Continuity arrangements fail to meet required standards.

STR7

Lack of appropriate strategic direction.

STR8

Failure to meet required standards of governance.

STR9

Failure to have in place robust, comprehensive and up to date policies and procedures for safeguarding children and vulnerable adults.

STR10

Failure to recover from the impact of COVID-19 upon the organisation, local economy and community.

STR11

Cyber security attack which severely impacts ICT systems and data. E.g. Ransomware attack rendering access to ICT unavailable for some time.

STR12

Significant increases to general cost of living which may impact on Council income including Council Tax, Business Rates, increased rent arrears and reduced leisure income.

STR13

Housing Pressures: Homelessness and pressure on suitable housing provision across the District. Increases in the number of Section 21 Notices being issued by private sector landlords. Housing resettlement programmes.

STR14

The impact of Climate Change.

Decision Making and Responsibilities

The Council consists of 37 elected members, with an Executive of lead members who are supported and held to account by four scrutiny committees.

The Council has a formal Constitution in place which sets out how the Council operates, how decisions are made and the procedures for ensuring that the Council is efficient, transparent and accountable to local people. It contains the basic rules governing the Council's business, and a section on responsibility for functions, which includes a list of decisions that can be taken by officers. It also contains the rules, protocols and codes of practice under which the Council, its members and officers operate.

In November 2022, the Council approved the secondment of 3 members of its senior leadership team to its wholly owned company Dragonfly Developments Limited.

The November report also approved the Executive Director of Resources be seconded to Chief Executive Officer of the Council and recommended the senior management structure for the Council be reviewed to ensure it remains fit for purpose.

In February 2023, the Council approved the secondments be made permanent within Dragonfly Group and the Council.

In the report, council approved a revised senior management structure which due to staff and trade union consultation, was not implemented until after 1 April 2023.

The Constitution is available on the Council's website and is reviewed annually through Standards Committee and Annual Council.

Open Decision-making

Meetings of the Council, Executive and the main Committees are open to the public except where exempt or confidential matters are being discussed, and all reports considered and the minutes of decisions taken are, unless confidential, made available on the Council's website.

The Council's Forward Plan contains information about matters that are likely to be the subject of a decision taken by Executive during the forthcoming four months.



The Constitution sets out the functions of key governance officers, including the statutory posts of 'Head of Paid Service' (Chief Executive Officer), 'Monitoring Officer' (Assistant Director of Corporate Governance) and 'Section 151 Officer' (Assistant Director of Finance and Resources)

and explains the role of these officers in ensuring that processes are in place for enabling the Council to meet its statutory obligations and also for providing advice to members, officers and committees on staff management, financial, legal and ethical governance issues.





Equality

The Council is committed to delivering equality and improving the quality of life for the people of Bolsover District Council. Our Single Equality Scheme and Equality Policy for service delivery clearly sets out that no person should be treated unfairly and commits the Council to eliminating all forms of discrimination, advancing equality and fostering good relations between all groups in society.

Any new Council policy, proposal or service, or any change to these that affects people must be the subject of an Equality Impact Assessment to ensure that equality issues have been consciously considered throughout the decision making processes.

Financial Management

The Chief Financial Officer is responsible for the proper administration of the Council's financial affairs, as required by Section 151 of the Local Government Act 1972, and our financial management arrangements are compliant with the governance requirements set out in the Chartered Institute of Public Finance and Accountancy's 'Statement on the Role of the Chief Financial Officer in Local Government' (2016). The Council's Chief Financial Officer is a full member of the Strategic Leadership Team and is supported by appropriately qualified and experienced staff.

Internal financial control is based on a framework of management information that includes the Financial Regulations, Contract and Procurement Procedure Rules, our accounting procedures and key financial systems. These include established budget planning procedures and quarterly budget reports to Audit and Corporate Overview Scrutiny Committee and Executive.

The Medium Term Financial Strategy sets out the Council's strategic approach to the management of its finances and outlines some of the financial issues that we will face over the next four years.

Despite our established success in delivering savings, the Council faces the challenge of designing a sustainable budget for the future in the face of continuing changes to our income from Government funding. Since 2011/12, Bolsover District Council has delivered savings of over £5m. We have a good track record of finding

efficiencies and new ways of working but new budget savings are becoming increasingly difficult to identify and deliver now we have reduced service budgets to minimal levels. For this reason it is essential that the Council continues to identify areas where costs can be reduced but more importantly, income can be increased, to close any budget gaps.

The Financial Management Code

CIPFA has developed a Financial Management Code (FM Code) which is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code has been introduced because the exceptional financial circumstances faced by local authorities have revealed concerns about fundamental weaknesses in financial management, particularly in relation to a small number of high-profile failures across local government which threaten stakeholder's confidence in the sector as a whole.

Although the FM Code does not have legislative backing, it applies to all local authorities and it must be demonstrated that the requirements of the FM Code are being met. Demonstrating this compliance with the Code is a collective responsibility of Elected Members, the Section 151 Officer and the Corporate Leadership Team.

As a first step towards ensuring that this Council meets the FM Code, the Council's Internal Audit Consortium carried out an audit during September 2020. The audit concluded that the Council complied

with the majority of the FM Code already. Three recommendations were raised, of which two have since been implemented.

The remaining recommendation was Assistant Director of Finance and Resources (Section 151 Officer) maintains an overview of current benchmarking arrangements and adopts a methodology that can demonstrate the Council's financial resilience has been assessed. (Priority: Low)

To satisfy this recommendation, we subscribed to a benchmarking service for 2021/22. The service used our levels of reserves and balances for 2020/21 and compared us to other Local Authorities using their published accounts information. The resulting comment was that 'Bolsover has a healthy level of reserves and a positive direction of travel.'

When the renewal notice for this benchmarking service arrived the price had increased considerably, and it was felt we would not be

getting good value for our money if we had continued the subscription. It was decided to look for other means by which we could meet this recommendation and part of the FM Code. The CIPFA index of resilience of English Councils is being looked at as an alternative.

The Cost of Living

The invasion of Ukraine created significant uncertainty in the global economy, particularly in energy markets. Higher than expected global energy and goods prices led to an increase in the cost of living in the UK. To try to counter the rise in inflation the UK bank base rate increased from 0.75% in April 2022 to 4.25% by the end of March 2023.

Throughout 2022/23 the Government provided various financial support schemes to help households with the increased costs, these were paid to billing authorities and administered by the Council's revenues and benefits section. The table below shows the main schemes and how much was paid out for each.

	Amount available to spend in 2022/23	Amount paid at 31/3/23
Council Tax Rebate, support for energy prices which provided £150 non-refundable rebate for households in England in Council tax bands A-D.	£5.170m	£5.155m
Discretionary Fund, to support households in need who would not otherwise be eligible for the above scheme.	£0.157m	£0.151m
Energy Bills Support Scheme Alternative Funding Grant, facilitates a £400 payment for domestic energy consumers in UK that would otherwise not receive support due to the absence of a domestic electricity supply.	£0.331m	£0.008m
Alternative Fuel Payment Scheme Alternative Fund Grant provides £200 to domestic energy consumers in UK that use alternative fuels.	£0.070m	£0.013m

In addition the Government made payments to County Councils to provide more general support to households most in need. During 2022/23, Derbyshire County Council provided the following amounts to Bolsover which were administered by our revenues and benefits and housing team.

	Amount available to spend in 2022/23	Amount paid at 31/3/23
Household Support Fund, support for households who may not be eligible for other forms of support. Not necessarily for energy costs this also supported arrears on council tax or rent accounts.	£0.208m	£0.208m

The effect on inflation caused increased costs for businesses as well as households. The extra costs to the Council caused by the effect of inflation were considerable. When the budgets were revised during November 2022, the increased costs for gas, electric, diesel and pay award, just for 2022/23 were £0.912m for general fund. The cost for the HRA was £0.532m.

To meet these additional costs which were all outside of the Council's control, a transfer from the NNDR Growth Protection reserve had to be made for the general fund element. To ensure the HRA remained in balance it was necessary to reduce the planned contributions to the HRA reserves.

When the MTFP was updated 6 weeks later, the increase in these costs was greater still for 2023/24. For general fund the additional cost was £2.08m due to the cumulative effect of the pay award, for the HRA the additional cost was £1.2m. Again, contributions to and from reserves were used to keep the 2 separate funds in balance.

The budget assumptions used in preparing the MTFP were that inflation will be less of an issue for future years of the MTFP, although we are not anticipating that costs will ever fall to their previous levels.

Procurement of Goods and Services

Strategic procurement is a series of activities and processes that sits at the heart of the Council, providing the framework by which the Council obtains value for money in all of the goods and services that it procures.

The Council's current Procurement Strategy was approved during 2021/22 and training sessions were provided to staff throughout the Council.

The strategy outlines how the procurement of goods and services is achieved and describes the Council's

Contract Procurement Rules which form part of the Council's Constitution.



Managing Information

Information is central to the Council and its decision making processes and it therefore needs to be accurate and accessible to those who need it at the time and place that is required. The Council also recognises that it has a responsibility to safeguard the information it holds and to manage it with care and accountability.

The Council complies with the Transparency Agenda, Freedom of Information obligations and the requirements of the General Data Protection Regulation regarding the collection, use and transfer of personal data with an appropriately qualified and experienced Data Protection Officer in post.

To support these high standards of openness and probity the Council has in place an effective complaints policy.

Freedom of Information

Details of how to access information held by the Council and its Freedom of Information policy are available on the Council's website at www.bolsover.gov.uk

Assurance from Internal and External Audit

The Council's external auditor is Mazars LLP. In accordance with their statutory requirements, their annual audit includes examining and certifying whether the financial statements are 'true and fair', and assessing our arrangements for securing economy, efficiency and effectiveness in the use of resources which also includes financial sustainability and governance. For 2021/22 the External Auditor gave an unqualified audit opinion on both the financial statements and the use of resources.

The Council's Internal Audit function is provided on a consortium basis and includes three other Councils.

The Internal Audit service is a key means of assurance. It is responsible for reviewing the adequacy of the controls throughout all areas of the Council and is compliant with the Public Sector Internal Audit Standards (PSIAS).

The Audit and Corporate Overview Scrutiny Committee approve the Internal Audit Charter, which sets out the Internal Audit role and its responsibilities and clarifies its independence, and the planned audit coverage.

The Head of Internal Audit Consortium's annual opinion as to the effectiveness of the Council's internal control environment for 2022/23 was:

"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 2022/23.

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."



The **Audit and Corporate Overview Scrutiny Committee** provides independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment. The Committee also oversees the Council's corporate governance arrangements. It is a statutory requirement and consists of eight Councillors appointed annually on a politically balanced basis by the Council and one co-opted member appointed by the Council.

Its main functions include:

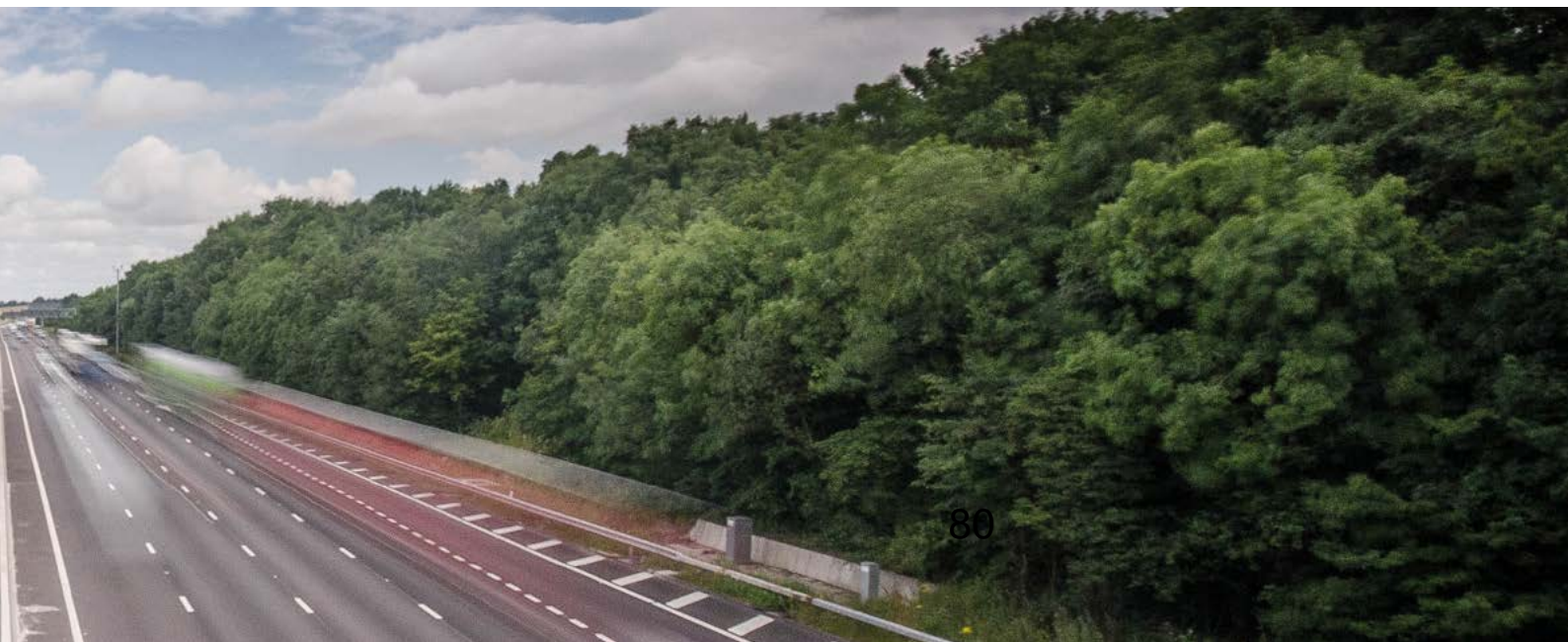
- Agreeing the Annual Governance Statement and the Annual Statement of Accounts.
- Overseeing Internal Audit's independence, objectivity, performance and professionalism and supporting the effectiveness of Internal Audit.
- Considering the effectiveness of Risk Management, including the risks of bribery, fraud and

corruption.

- Considering the reports of External Auditors and Inspectors.
- Ensuring effective scrutiny of the Treasury Management Strategies and associated policies.
- Receiving the Executive's budget proposals and scrutinise them in accordance with the Budget and Policy Framework Procedure Rules in the Council's Constitution.
- Receiving a quarterly update on performance against relevant Corporate Plan targets from Portfolio Holders.

The Committee's effectiveness is reviewed on an annual basis utilising CIPFA's self-assessment of good practice, specifically aimed at Audit Committees.

CIPFA recommends that Audit Committee should have no other functions, and explicitly no decision making role. Work is currently under way to follow this guidance and re-introduce a standalone Audit Committee for the new municipal year.



Conduct

The Council's Members' Code of Conduct and Employee code of conduct sets out the standards of conduct and behaviour that are required by all Councillors and staff respectively. The Council is legally required to have a Code of Conduct for Councillors by virtue of the Localism Act 2011. The Members' code including its compliance is managed by the Council's Monitoring Officer whereas employee conduct is managed by the Human Resources Team.

In 2021 the Local Government Association (LGA) produced a model Code of Conduct following recommendation from the Committee for Standards in Public Life. This Council adopted the new Code of Conduct for Councillors during 2021/22.

Key elements of the code require members to register relevant interests and to declare them at times when the Council, its committees or Executive, are making decisions. The code also sets out the standard of behaviour expected which follows the Seven Principles of Public Life also

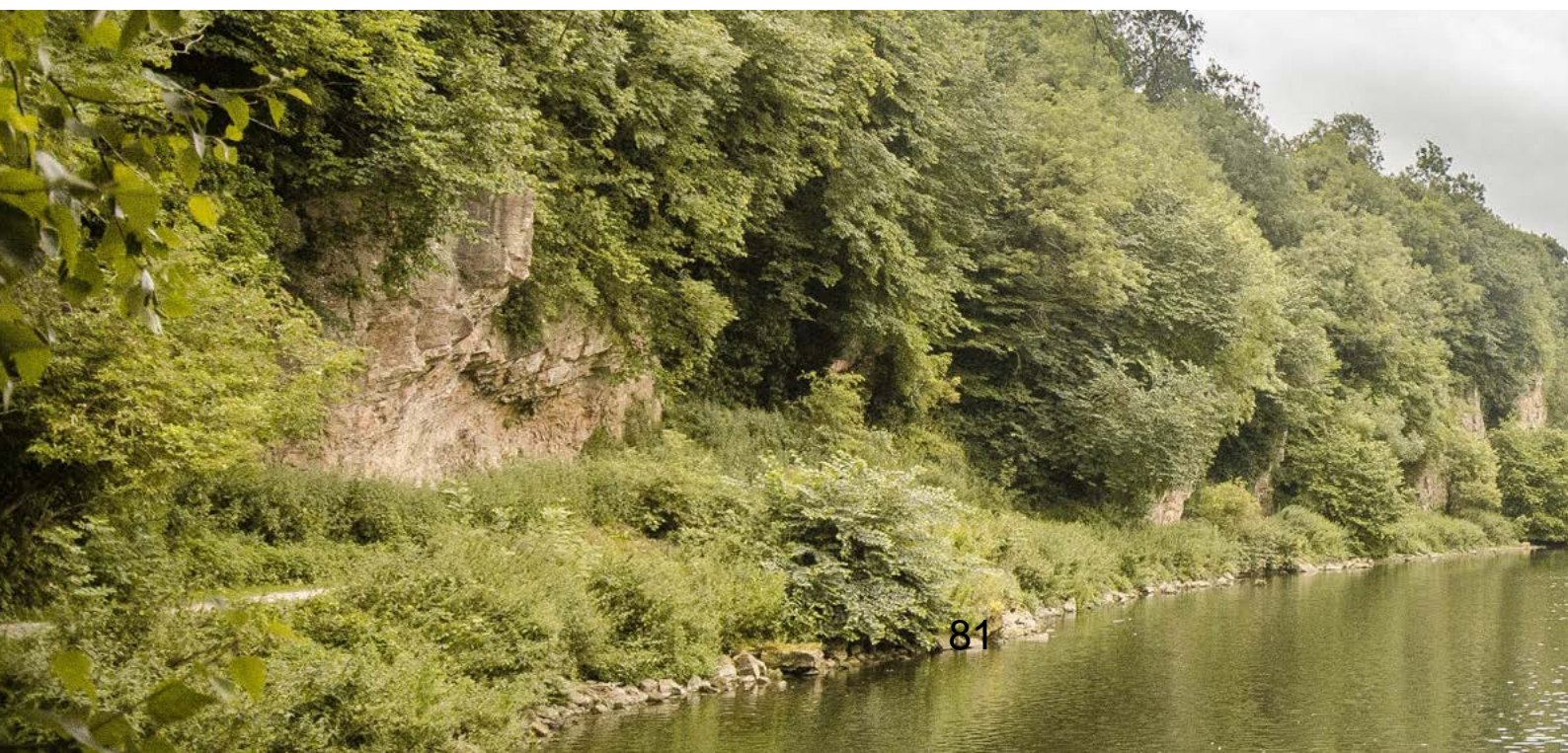
known as the Nolan Principles. These are selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The code also provides guidance on predisposition and predetermination when it comes to decision making.

Training on the new code of conduct has been provided to Members by the Monitoring Officer and Deputy Monitoring Officer.

In addition to the Code of Conduct members are subject to codes and protocols as set out in Part 5 of the Council's Constitution, namely:

- Social Media Guidance for Councillors;
- Gifts & Hospitality Guidance;
- Protocol on Member/Officer Relations
- Planning Protocol
- Member's Roles & Responsibilities

Training on all codes and protocols will be provided to returning and new members following the 2023 local elections.



Whistleblowing

People who work for or with the Council are often the first to realise that there may be something wrong within the Council. However, they may feel unable to express their concerns for various reasons, including the fear of victimisation.

The Council has a Whistleblowing Policy that advises staff and others who work for the Council how to

raise concerns about activities in the workplace. The Whistleblowing policy is reviewed annually by the Standards Committee who also consider any entries on the whistleblowing register for the preceding 12 months. Full details are provided on the Council's website at www.bolsover.gov.uk

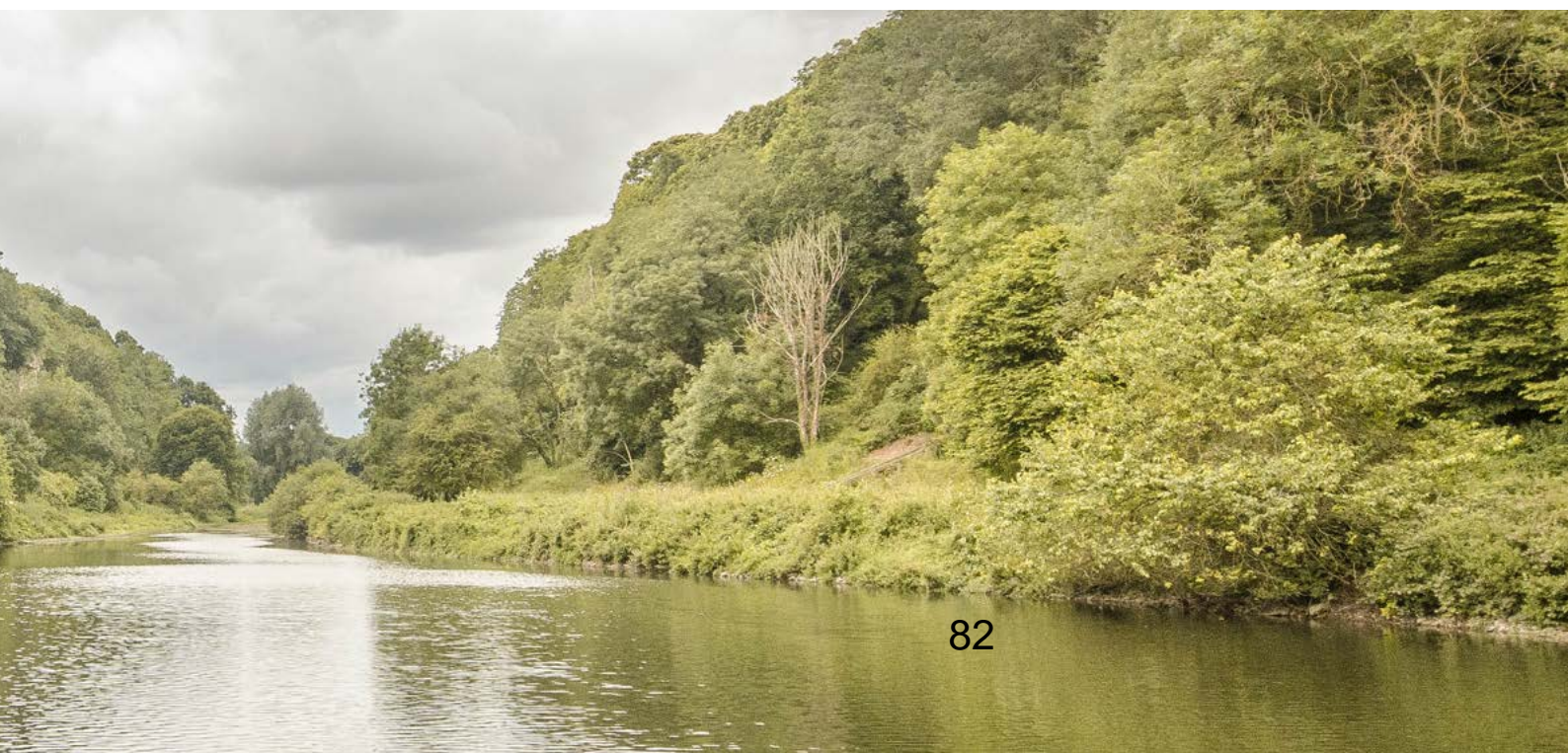
Anti-Fraud, Bribery and Corruption

We recognise that as well as causing financial loss, fraud and corruption also detrimentally impact service provision and morale, and undermine confidence in the Council's governance and that of public bodies generally.

There is little evidence that the incidence of fraud is currently a major issue for the Council, but the risk is increasing nationally. The Council's

policy on Anti-Fraud, Bribery and Corruption was approved by Executive at its meeting on 3rd October 2022. Training on Anti-Fraud, Bribery and Corruption and Anti-Money Laundering will be provided for returning and new members following the 2023 local elections.

Our website tells you how you can report suspected fraud against the Council.



3. Significant Governance Issues

The progress made during 2022/23 on the significant issues identified in our 2021/22 Annual Governance Statement is shown below:

Issue identified	Commentary
<p>1. To support residents of the district in response to the current external events including the 'cost of living crisis' and the war in Ukraine.</p>	<p>The Council ensured wherever possible that the financial support received from the Government was made available in a timely fashion to all those eligible to receive it. Officers worked with residents to ensure all funding received was spent in line with the funding conditions and made sure it was well advertised to all parts of the community.</p>
<p>2. To continue to manage the risk of cyber-security attack through the ICT Strategic working group, monitor the increased risks due to new working arrangements including agile working and the external environment.</p>	<p>During 2022/23 staff and Members were provided with refresher training from the IT department. We continue to use external consultants to test the resilience of our systems and to provide advice and guidance to the Council around this important issue.</p>
<p>3. Address the recent difficulties in the recruitment to some professional posts, including the areas of legal and audit.</p>	<p>Recruitment within internal audit remains a challenge however the Internal Audit Consortium has made a number of appointments during the year and is currently fully staffed. Recruitment of lawyers has also proven difficult but this is a national issue across local government. After initially receiving little or no interest on placing adverts, adjustments to the advert or specification have managed to attract more suitable candidates.</p>
<p>4. Monitor the impact of the changes to the Governance Team to ensure continuous improvement.</p>	<p>Following a restructure in 2022 and the return to work of the Governance and Civic Manager from maternity leave, the Governance Team are performing well. Following the elections in May 2023 significant work was undertaken by the team leading up to Annual Council to ensure that all the necessary governance arrangements were made. Support has been and will continue to be provided in relation to governance of the Dragonfly companies. Further changes will take place from August 2023 with the transfer of the team to the Director of Corporate and Legal Services & Monitoring Officer, who will continue to monitor performance.</p>

Issue identified	Commentary
5. Continue to use the Risk Management Group to review the current Risk Strategy, regularly review the Corporate Strategic Risk Register and ensure a corporate grip on all risks identified.	The Corporate Risk Management Strategy was reviewed and approved by Executive on 31st October 2022. An Internal Audit of risk management has also taken place and an action plan for the Risk Management Group has been developed for the year 2023/24.

Based on our review of the governance framework, the following significant issues will be addressed in 2023/24:

Issue identified	Commentary
1. The setting up and operation of Dragonfly as a wholly owned company and the transfer of services and staff into it.	
2. Development of the role and responsibilities of the Junior Cabinet Members as proposed by the Leader at Annual Council on 24th May 2023.	
3. The lack of housing stock to meet the current need.	
4. The impact of cost of living on the Council and the residents of Bolsover.	

These issues will be supported by a detailed action plan, progress on which will be monitored during 2023/24 and reported to senior management and to the Audit Committee.

No other major changes to the Council's governance framework are planned for 2023/24, but we will continue to review and adapt it so that it continues to support the Council in meeting its challenges and in fulfilling its purpose, and ensure that the framework remains proportionate to the risks that are faced.

4. Opinion

The Council is satisfied that appropriate governance arrangements are in place and are fit for purpose.

We propose over the coming year to take steps to address the significant governance issues set out above to ensure that our governance arrangements remain robust.

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: _____ Date: _____

Chief Executive Officer (Head of Paid Service)

Signed: _____ Date: _____

Leader

Equalities Statement

Bolsover District Council is committed to equalities as an employer and when delivering the services it provides to all sections of the community. The Council believes that no person should be treated unfairly and is committed to eliminating all forms of discrimination, advancing equality and fostering good relations between all groups in society.

Access for All statement

You can request this document or information in another format such as large print or language or contact us by:

- **Phone** – 01246 242424
- **Email** – enquiries@bolsover.gov.uk
- **BSL Video Call** – a three way video call with us and a BSL interpreter. It is free to call Bolsover District Council with Sign Solutions, you just need wifi or mobile data to make the video call, or call into one of our Contact Centres.
- **Call with Relay UK** via textphone or app on 0800 500 888 – a free phone service provided by BT for anyone who has difficulty hearing or speaking. It's a way to have a real time conversation with us by text.
- **Visiting one of our offices** at Clowne, Bolsover, Shirebrook and South Normanton.

Bolsover District Council

Audit Committee on 26th September 2023

AUDIT COMMITTEE ANNUAL REPORT

Report of the Director of Finance and Section 151 Officer

Classification	This report is public
Contact Officer	Theresa Fletcher Director of Finance and Section 151 Officer

PURPOSE / SUMMARY

To report to Members on how the committee has complied with the Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement: Audit Committees in Local Authorities and Police 2022.

REPORT DETAILS

1 Background

- 1.1 During 2022, CIPFA updated its 2018 Position Statement. CIPFA’s revised statement includes new expectations in England following the Redmond Review. All authorities and police bodies are encouraged to use the publication to review and develop their arrangements in accordance with the Position Statement.
- 1.2 Audit committees are a key component of an authority’s governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk, and control arrangements. The committee’s role in ensuring that there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective.
- 1.3 In a local authority, full Council is the body charged with governance. The Audit committee may be delegated some governance responsibilities but will be accountable to full Council. The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.
- 1.4 The Audit committee should be established so that it is independent of Executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

- 1.5 The committee should include co-opted independent members in accordance with the appropriate legislation. Where there is no legislative direction, CIPFA recommends that each authority should include at least 2 co-opted independent members to provide appropriate technical expertise.
- 1.6 The core functions of the Audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.
- 1.7 The specific responsibilities include Maintenance of governance, risk, and control arrangements; Financial and governance reporting; Establishing appropriate and effective arrangements for audit and assurance.
- 1.8 CIPFA recommends that Audit committee should have no other functions, and explicitly no decision-making role. For this reason, the former committee of Audit and Corporate Overview Scrutiny was separated at the end of the last municipal year into the Audit Committee and the Finance and Corporate Overview Scrutiny Committee.
- 1.9 This report is focused purely on the Audit element of the previous committee and the report for the Scrutiny element of the committee will be included on the Council agenda for the 11th of October 2023.

2 **Details of Proposal or Information**

Audit-related Committee Business

- 2.1 During 2022/23, Members received a range of reports to the Committee. Some were routine reports for monitoring, others were linked to the development of new policies and others were to provide information and guidance to help Members of the Audit and Corporate Overview Scrutiny Committee carry out their role effectively.
- 2.2 The Committee met on 7 occasions during the 2022/23 financial year. Chaired by Councillor Munro it was advised by the Director of Finance and Section 151 Officer and the Head of the Internal Audit Consortium. The committee had 6 Councillors as members plus 1 co-opted independent member and it was also attended by the Council's external auditor Mazars.
- 2.3 During the year, the Committee received the following Audit-related reports:
 - Report of the Internal Auditor, Summary of progress on the Internal Audit plan– quarterly reports
 - Implementation of Internal Audit recommendations – ½ yearly report
 - Internal Audit Consortium – annual report 2021/22
 - Strategic Risk Register and Partnership Arrangements report
 - Mazars report to those charged with Governance (audit completion report)
 - Results of the external review of Internal Audit

- Assessment of Going Concern Status
- Review of the Internal Audit Charter
- Report of the External Auditor – Auditor’s Annual Report 2021/22
- Report of the External Auditor – External Audit progress report
- External review of Internal Audit – action plan progress
- Report of the Internal Auditor, Internal Audit plan approved for 2022/23
- BDC Statement of Accounts 2021/22
- Annual Governance Statement and Local Code of Corporate Governance 2021/22
- Accounting Policies 2022/23
- Report of the Internal Auditor, Internal Audit plan approved for 2023/24
- Audit and Corporate Overview Scrutiny Committee – Self-assessment for effectiveness and resulting action plan
- Briefing on CIPFA publication – Internal Audit Untapped Potential
- Anti-Fraud, Bribery and Corruption Policy

The Committee’s Main Achievements/Outcomes

2.4 The Committee aims to add value through its activity and in particular has:

- Scrutinised the statement of accounts prior to approval thereby ensuring that they are an accurate reflection of the Council’s finances.
- Reviewed the Code of Corporate Governance and approved the Annual Governance Statement to ensure it is a true and fair view of the Council’s governance and risk management arrangements.
- Reviewed the strategic risk register to ensure that risks are being appropriately mitigated thus providing additional assurance that risk is being managed appropriately.

2.5 The self-assessment for effectiveness exercise was not carried out in 2022/23 and was postponed until 2023/24. It was thought it would be more appropriate to form the new committee, let the Members settle in and undertake the assessment towards the end of the next financial year. The exercise is on the work programme to be completed at the 12th of March 2024 meeting and the results will be reported in the annual report for this current year.

3 Reasons for Recommendation

3.1 To provide assurance to those charged with governance that the Committee fulfils its purpose and can demonstrate its impact.

4 Alternative Options and Reasons for Rejection

4.1 None.

RECOMMENDATIONS

That the Audit Committee note the report.

Approved by Councillor Clive Moesby, Portfolio Holder for Finance

<u>IMPLICATIONS.</u>	
<u>Finance and Risk:</u>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Details: There are no direct financial implications arising from this report.	
On behalf of the Section 151 Officer	
<u>Legal (including Data Protection):</u>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Details: There are no legal or data protection issues arising directly from this report.	
On behalf of the Solicitor to the Council	
<u>Environment:</u> Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.	
Details: Not applicable to this report	
<u>Staffing:</u>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Details: There are no human resource implications arising directly from this report.	
On behalf of the Head of Paid Service	

DECISION INFORMATION

Is the decision a Key Decision? 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: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i>	No

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

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

DOCUMENT INFORMATION	
Appendix No	Title

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

Bolsover District Council

Meeting of the Audit Committee on 26th September 2023

Summary of Progress on the 2023/24 Internal Audit Plan

Report of the Head of the Internal Audit Consortium

Classification	This report is Public
Contact Officer	Jenny Williams Head of the Internal Audit Consortium

PURPOSE/SUMMARY OF REPORT

To present, for Members' information, a progress report in respect of the 2023/24 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 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 June - August 2023 in respect of the 2023/24 Internal Audit Plan. 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. The assurance levels have also now been linked to definitions of risk within the risk management strategy.

Assurance Level	Internal Audit Definition	Risk Register Link
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.	Minor / negligible impact
Reasonable Assurance	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.	Minor / moderate
Limited Assurance	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.	Moderate / Severe Impact
Inadequate Assurance	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.	Catastrophic Impact

2.2 In this period 5 reports have been issued 1 with substantial assurance and 4 with reasonable assurance.

2.3 No issues arising relating to fraud were identified.

2.4 Appendix 2 provides full details of the audits completed and those in progress.

3. Reasons for Recommendation

3.1 To inform Members of progress on the 2023/24 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

That the report be noted.

<u>IMPLICATIONS:</u>	
<u>Finance and Risk:</u>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
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	
<u>Legal (including Data Protection):</u>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
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	
<u>Environment:</u>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.	
Details: N/A	
<u>Staffing:</u>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Details: On behalf of the Head of Paid Service	

DECISION INFORMATION

Is the decision a Key Decision? 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: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i>	No

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

Links to Council Ambition: Customers, Economy and Environment.
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 June - August 2023
2	Audits completed and those in progress

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>

BOLSOVER DISTRICT COUNCIL
Internal Audit Consortium - Report to Audit Committee
Summary of Internal Audit Reports Issued June - August 2023

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B001	Sickness Absence Management and Wellbeing	To ensure that the Council has appropriate policies and procedures in place that are operating well	Reasonable	22/5/23	12/06/23	8 (3M 5L)	8
B002	VAT	To ensure that VAT returns are accurate and timely and that VAT is considered when making decisions	Substantial	19/6/23	10/7/23	3L	3
B003	Procurement	To ensure that legislation and financial regulations are complied with and that there is a current strategy in place	Reasonable	10/7/23	28/7/23	7 (1M 6L)	7
B004	Commercial Waste	To ensure there are signed contracts in place, fees are collected timely and accurately and the Council complies with its duties as a waste carrier.	Reasonable	31/7/23	18/8/23	1M	1

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B005	Right to Buy Sales	To ensure compliance with legislation, documentation is complete and checked, arrears are cleared prior to sale.	Reasonable	25/8/23	18/9/23	5 (1M 4L)	5

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

Note 1 – Response not due at time of writing report

Bolsover District Council Internal Audit Plan 2023/24

In progress
Ongoing through year
Complete

	Risk	2023/24 Days
Main Financial Systems		
CIPFA Management Code of Practice	M	12
Payroll	H	20
Non Domestic Rates	M	20
Housing Rents	M	20
Housing Benefits	M	20
Housing Repairs	M	20
Total Main Financial Systems		112
Corporate / Cross Cutting		2022/23
Corporate Governance / Assurance Statement	H	2
Financial advice / working groups	H	20
Safeguarding	M	12
Climate Change	H	12
Procurement	M	15
Total Cross Cutting		61
Other Operational Audits		
Asset Management Arrangements	M	12
Clowne Leisure Centre	M	15
Commercial Waste	L	10
Compliance Cncl Properties, gas		12

electric, legionella	M	
Dragonfly	H	20
E.H Pollution Prevention & Control	L	8
Expenses and Allowances	L	12
Contractor Final Accounts	M	5
FOI / Env Regs	L	10
Gas Servicing	M	12
Homelessness	H	12
Members Expenses	L	10
Planning Fees	M	10
Pleasley Vale Outdoors Centre	M	12
Rechargeable Repairs (housing)	L	6
Right to Buy Sales	M	12
Sickness absence / Wellbeing	M	12
VAT	M	8
Total Operational Areas		198
IT Related		
IT Inventory / disposal of old equipment	M	10
Members IT Equipment	L	12
Total IT		22
Special Investigations / Contingency/ emerging risks		40
NFI		5
Apprenticeships / training		30
Audit Committee / Client Liaison		15
Grand Total		483

Reserve Areas

Gifts and Hospitality
Money Laundering

Bolsover District Council

Meeting of the Audit Committee on 26th September 2023

Review of the Internal Audit Charter

Report of the Head of the Internal Audit Consortium

Classification	This report is Public
Contact Officer	Jenny Williams Head of the Internal Audit Consortium

PURPOSE/SUMMARY OF REPORT

To report to Members for information and approval the results of a review of the Internal Audit Charter. The Public Sector Internal Audit Standards (PSIAS) state that the Head of Internal Audit must periodically review the Internal Audit Charter and present it to the relevant Committee for approval.

REPORT DETAILS

1. Background

- 1.1 The Public Sector Internal Audit Standards (PSIAS) which took effect from the 1st April 2013 require that the purpose, authority, and responsibility of internal audit must be formally defined in an Internal Audit Charter (Appendix 1).

2. Details of Proposal or Information

- 2.1 The Internal Audit Charter was last formally approved by this Committee in September 2022. It was agreed that the Charter would be reviewed every year to ensure that it is kept up to date and in accordance with CIPFA recommended practice.
- 2.2 There have been no updates to the PSIAS since the last review of the Charter.
- 2.3 The current Internal Audit Charter has been reviewed and it is felt that it is still fit for purpose.
- 2.4 The Internal Audit Charter is attached as Appendix 1.
- 2.5 It is worth noting that there has been consultation in respect of some new Global Internal Audit Standards that are due to be issued at the end of 2023. Following this, CIPFA intend to review the Public Sector Internal Audit Standards by the

end of 2024. Where necessary I will review our approach to ensure that we remain compliant with the Standards.

3. Reasons for Recommendation

- 3.1 To comply with the Public Sector Internal Audit Standards and to clearly set out the purpose, authority, and principal responsibilities of the Internal Audit Consortium.

4 Alternative Options and Reasons for Rejection

- 4.1 N/A

RECOMMENDATIONS

1. That Members note the outcome of the review of the Internal Audit Charter.
2. That subject to any comments Members may wish to make, that the Internal Audit Charter be agreed.
3. That the agreed Internal Audit Charter be reviewed in a years' time or sooner in the event of any significant changes being made to the Public Sector Internal Audit Standards.

IMPLICATIONS:

Finance and Risk: Yes No

Details:

The adoption of a Charter in line with the PSIAS helps to ensure that the Internal Audit Consortium is operating in line with best practice and thereby providing value for money.

On behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

On behalf of the Solicitor to the Council

Environment: Yes No

Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.

Details:

N/A

Staffing: Yes No

Details:

On behalf of the Head of Paid Service

DECISION INFORMATION

<p>Is the decision a Key Decision? 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:</p> <p>Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i></p>	No

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

<p>Links to Council Ambition: Customers, Economy, and Environment.</p>
<p>The Internal Audit Charter 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	Internal Audit Charter

<p>Background Papers</p>
<p><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></p>

BOLSOVER, CHESTERFIELD AND NORTH EAST DERBYSHIRE DISTRICT COUNCILS'

INTERNAL AUDIT CHARTER

INTRODUCTION

1. The Public Sector Internal Audit Standards (PSIAS) which took effect from 1 April 2013 require the adoption of an Internal Audit Charter. The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit Consortium that have been established to provide the internal audit service to the three Councils'.

PSIAS/REGULATORY BASIS OF OPERATION

2. The adoption of the PSIAS is mandatory and includes a
 - Definition of Internal Auditing
 - Code of ethics
 - International Standards for the Professional Practice of Internal Auditing

3. The Mission of Internal Audit is: -

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

4. The Internal Audit Consortium adopts the PSIAS and the purpose and definition of Internal Audit as specified by the PSIAS: -

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.

5. The Internal Audit Consortium also adopts and is mindful of the Core Principles for the Professional Practice of Internal Auditing. So, the Internal Audit Consortium: -

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.

- Promotes organisational improvement.

The requirement for an internal audit function in local government is specified within the Accounts and Audit (England) Regulations 2015, which state:

A relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

6. The Consortium agreement details how the Consortium will operate in terms of finance, staffing, reporting and independence.
7. Internal Audit is also governed by policies, procedures, rules and regulations established by the host Council. These include Financial Regulations, Conditions of Service, Codes of Conduct and Anti-Fraud and Corruption strategies.
8. Where key services are to be provided to one of the partner Councils by other contractors or through a partnership, in order for internal audit to form an opinion on the risk management, governance and internal controls in place, a right of access to relevant information and documents should be included in contracts or agreements concerned.

DEFINITIONS

9. The PSIAS require that the Charter must define the terms “Board” and “Senior Management” for the purposes of internal audit activity.
10. The PSIAS glossary defines the board as:

The highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation. Typically this includes an independent group of directors (e.g. a board of directors, a supervisory board or a board of governors or trustees). If such a group does not exist, the “board” may refer to the head of the organisation, “Board” may refer to an audit committee to which the governing body has delegated certain functions.
11. At Chesterfield Borough Council the “Board” will be the Standards and Audit Committee.
At Bolsover District Council the “Board” will be the Audit Committee
At North East Derbyshire District Council the “Board” will be the Audit Committee.
12. In addition to this the Joint Board will approve and monitor the annual business plan and financial position of the Consortium.
13. “Senior Management” – those responsible for the leadership and direction of the Council. This will be each Council’s Senior Management Team.

14. The PSIAS adopt the term “Chief Audit Executive”, this role is met by the Head of the Internal Audit Consortium.

SCOPE AND OBJECTIVES OF INTERNAL AUDIT

15. The scope of the Internal Audit Consortium encompasses the examination and evaluation of the adequacy and effectiveness of each organisation’s governance, risk management and internal control processes in relation to each organisation’s defined goals and objectives.
16. The Audit Consortium’s remit covers all functions and services for which the Council’s are responsible and this extends to the entire risk management, governance and internal control processes of the organisations and not just financial controls.
17. The Consortium will objectively examine, evaluate and report on the adequacy of the risk management, governance and internal controls in place as a contribution to the proper, economic, efficient and effective use of resources.
18. The internal audit service will be delivered on the basis of a risk assessment of auditable areas at each of the partner authorities. A predominantly systems based approach to most audits will be adopted.
19. The risk management, governance and internal control processes comprises the whole network of systems established within each partner authority to provide reasonable assurance that corporate objectives will be achieved, with particular reference to: -
- Consistency of operations with established objectives and goals,
 - The reliability and integrity of financial and operational information,
 - The effectiveness and efficiency of operations and programmes,
 - Safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption,
 - Compliance with laws, regulations, policies, procedures and contracts,
 - The economic and efficient use of resources (value for money) and effective monitoring systems and optimum use of performance management information.
20. With the introduction of the PSIAS, internal audit may also provide “consultancy” services. This work could take any form, provided that the independence of the service is not compromised, but will typically include special reviews or assignments where requested by management, which fall outside the approved plan and for which a contingency is included in the audit plan. There will be no significant consultancy work undertaken without the approval of the relevant Audit Committee.

RESPONSIBILITIES AND REPORTING

21. The PSIAS requires that the Internal Audit Charter should establish the responsibilities and reporting arrangements of internal audit.
22. The Head of the Internal Audit Consortium reports directly to each Council's Audit Committee and to each Chief Financial Officer/Director. The Head of the Internal Audit Consortium also has direct access to each Council's Chief Executive / Directors, Monitoring Officer and where necessary elected Members.
23. The Head of the Internal Audit Consortium will manage the provision of the Internal Audit service to each Council by: -
 - Preparing each year in advance a risk- based audit plan for discussion and agreement by each council's Client Officer and approval by the Audit Committee. Any in-year significant changes to the audit plan shall be agreed by the respective Client Officers and Audit Committees,
 - Preparing the internal audit budget and resource plan for approval by the Joint Board,
 - Presenting an annual report to each Council's Audit Committee that meets the requirements of the PSIAS and includes: -
 - An overall opinion on the adequacy and effectiveness of the organisation's risk management, governance and internal control processes (including any qualifications to that opinion),
 - Presents a summary of the audit work from which the opinion is derived, including reliance placed on the work by other assurance bodies,
 - Draws attention to any issues the Head of the Internal Audit Consortium judges particularly relevant to the preparation of the Annual Governance Statement,
 - Compares work actually undertaken with work that was planned and to report relevant performance measures and targets.
 - Presenting periodic reports to each Audit Committee summarising all internal audit reports issued and if considered necessary providing copies of the reports,
 - Formally report the findings and recommendations of audit work to senior management and the respective Audit Committee throughout the year. Audit reports will: -
 - Include an audit opinion on the reliability of the risk management, governance and internal control processes in the system or area audited,
 - Identify inadequately addressed risks and non-effective control processes,
 - Detail management's response and timescale for corrective action,
 - Identify issues of good practice.
 - Ensuring audit work is supervised, reviewed, recorded and reported,
 - Implementing a follow up process for ensuring the effective implementation of audit recommendations or ensuring senior management are aware of the consequences of not implementing a recommendation and are prepared to accept the risk,
 - Liaising as needed with the External Auditor for each Council and with other regulators,

- Maintaining and managing a risk assessment in relation to the functions of the Consortium,
 - Ensuring that there is an up to date Audit Manual in place setting out expected standards for the service, and monitoring compliance with these standards, including in relation to the planning, conduct, quality assurance and reporting of audit assignments.
24. Senior managers should assist audit to discharge their duties by:
- The prompt provision of information and explanations,
 - Providing input to the audit plan to ensure attention is focused on areas of greatest risk,
 - Informing the Audit Consortium of any plans for change, including new systems,
 - Responding to the draft internal audit report, including provision of management responses to recommendations, within the timescale requested by the audit team,
 - Implementing agreed management actions in accordance with agreed timescales,
25. The respective Audit Committees must:
- Approve the Internal Audit Charter,
 - Approve the risk based internal audit plan,
 - Receive progress reports and an annual report from the Head of the Internal Audit Consortium in respect of the audit plan,
 - Approve any large variances or consulting services not already included in the audit plan.
26. The Joint Board will:
- Approve the internal audit budget and outturn.

AUDIT RESOURCES

27. The Chief Financial Officer at each Council will ensure that the Audit Consortium has the necessary resource to enable the Head of the Internal Audit Consortium to be able to give an annual evidence-based opinion.
28. The staffing and budget of the Internal Audit Consortium will be kept under review by the Head of the Internal Audit Consortium, bearing in mind the resource requirements identified in the audit plan process. Where resources available do not match the resource requirements identified by the annual audit plans, the Head of the Internal Audit Consortium will report to the Joint Board.
29. The Head of the Internal Audit Consortium will be professionally qualified (CMIIA, CCAB or equivalent) and have wide internal audit and management experience. The Head of the Internal Audit Consortium will ensure that the internal audit service is appropriately skilled in terms of qualifications, knowledge and experience.

QUALITY AND ASSURANCE PROGRAMME

30. The PSIAS state that a quality assurance and improvement programme must include both internal and external assessments. Internal assessments should be ongoing and periodical and external assessments must be undertaken at least once every 5 years.
31. All internal audits are subject to a management quality review. Policies and procedures to guide staff in performing their duties have been established within the audit manual.
32. The internal self- assessment of internal audit will be undertaken annually by completing the checklist for assessing conformance with the PSIAS included within the PSIAS Application Note.
33. External assessment can be satisfied by either arranging a full external assessment or by undertaking a self assessment with independent validation. External assessments must be by a qualified, independent assessor from outside the organisations. The Head of the Internal Audit Consortium must discuss the format of the external assessments and the qualifications and independence of the assessor with the Audit Committee.
34. An external assessment of the internal audit function will take place at least once every 5 years and the results reported back to the Audit Committee of each Council.
35. The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.

INDEPENDENCE, AUTHORITY AND ETHICS

36. In order to achieve its objectives effectively, Internal Audit must be seen to be independent. Internal auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that no quality compromises are made.
37. The scope of internal audit allows for unrestricted access at each partner authority to all records, personnel, premises and assets deemed necessary to obtain information and explanations as it considers necessary to fulfil its responsibilities in the course of the audit. Such access shall be granted on demand and not subject to prior notice.
38. This right of access is included in the agreement signed by the three authorities establishing the Internal Audit Consortium and in each authority's Financial Regulations. In addition, where necessary, the Head of the Internal Audit Consortium will have unrestricted access at each authority to:
 - The Chief Executive / Relevant Director
 - The Chief Financial Officer
 - Members
 - The Monitoring Officer

- The Chair and Members of the Audit Committee
 - Individual Directors / Heads of Service
 - All Other Employees
 - The External Auditor
39. The Head of the Internal Audit Consortium will confirm to the Audit Committees' at least annually, the organisational independence of the internal audit activity.
40. Independence is further achieved by:
- Reporting to the Audit Committee and senior management at each authority,
 - Not being part of system and procedures being audited,
 - Rotating responsibility for audit assignments within the audit team,
 - Completing declaration of interest forms on an annual basis,
 - Internal Audit staff not undertaking an audit in an area where they have had operational roles for at least two years.
41. If any member of the Internal Audit Consortium considers there is or could be a conflict of interest, this must be declared to the Head of the Internal Audit Consortium who will direct alternative and independent resources to the audit.
42. Where internal audit staff are required to undertake non-audit duties, the Head of the Internal Audit Consortium will make it clear that those audit staff are not fulfilling those duties as internal auditors. The Head of the Internal Audit Consortium will ensure that within the service there remains sufficient impartiality to enable the actions and activities of those internal audit staff to be subject to audit by those independent from the activity.
43. Internal auditors must conform to the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Ethics in addition to those of other professional bodies of which they hold membership.
44. The Code of Ethics promotes an ethical, professional culture to ensure fairness, objectivity and freedom from conflicts of interest. The key principles are: -
- Integrity – to establish trust thus providing reliance on their judgement;
 - Objectivity – in gathering, evaluating and communicating information about the activity or process being examined in order to make a balanced assessment of all relevant circumstances without influence;
 - Confidentiality – to respect the value and ownership of information received which should not be disclosed without appropriate authority or a legal or professional obligation to do so, nor be used for personal gain; and
 - Competence – to apply knowledge, skills and experience appropriately.

FRAUD AND CORRUPTION

45. Managing the risk of fraud and corruption is the responsibility of management. Each Council has an Anti Fraud and Corruption strategy and a zero tolerance towards fraud.
46. The Head of the Internal Audit Consortium should be notified of all suspected or detected fraud, corruption or impropriety in accordance with each Council's Financial Regulations and Anti Fraud and Corruption strategies, in order to inform their opinion of the risk management, governance and internal control arrangements in place.
47. Subject to availability of resources with the internal audit plan, internal audit may assist management in the investigation of suspected fraud and corruption.
48. The Head of the Internal Audit Consortium will report any instances of fraud detected as a result of audits undertaken to the Audit Committee.

REVIEW OF THE INTERNAL AUDIT CHARTER

49. The Internal Audit Charter will be reviewed every year by the Head of the Internal Audit Consortium and will be reported to each Council's Audit Committee for approval.



Bolsover District Council

Meeting of the Audit Committee on 26th September 2023

Implementation of Internal Audit Recommendations

Report of the Head of the Internal Audit Consortium

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

PURPOSE/SUMMARY OF REPORT

To present, for members’ information, a summary of the internal audit recommendations made and implemented for the financial years 2020/21 - 2023/24 to date.

REPORT DETAILS

1. Background

1.1 Internal Audit make recommendations to improve the governance, risk and control processes in place. It is important to monitor the implementation of these recommendations to improve the control environment and to reduce the risk of fraud and error.

2. Details of Proposal or Information

2.1 This report is to inform Members of the Audit Committee of the internal audit recommendations made and progress in respect of implementing them.

2.2 Appendix 1 provides an analysis of the number of recommendations made and implemented for the financial years 2020/21 – 2023/24 to date. The table also summarises the number of recommendations that have been implemented and those that are outstanding. Below this the table details every outstanding recommendation.

2.3 There is 1 high, 6 medium and 8 Low recommendations outstanding. Managers have provided up to date comments in respect of the overdue recommendations and these can be seen at Appendix 1.

3. Reasons for Recommendation

3.1 To inform Members of the internal audit recommendations made and outstanding so that it can be assessed if appropriate and timely action is being taken.

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:

The implementation of internal audit recommendations helps to ensure that there are effective controls in place to reduce the risk of fraud and error.

On behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

On behalf of the Solicitor to the Council

Environment:

Details:

N/A

Staffing: Yes No

Details:

On behalf of the Head of Paid Service

DECISION INFORMATION

<p>Is the decision a Key Decision? 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:</p> <p>Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i></p>	No

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

Links to Council Ambition: Customers, Economy and Environment.
The implementation of Internal audit recommendations help to ensure that the Council is delivering high quality, cost effective services.

DOCUMENT INFORMATION	
Appendix No	Title
1	Summary of Internal Audit Recommendations Made and Implemented

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>

Summary of Internal Audit Recommendations made and implemented 2020/21 – 2023/24 (August 2023)

Recommendations Made	2020/21	2021/22	2022/23	2023/24
Number of High Priority	1	1	0	0
Number of Medium Priority	20	13	18	5
Number of Low priority	32	27	37	14
Total	53	41	55	19
Recommendations Implemented	52	38	31	10
High Recommendations Outstanding	0	1	0	0
Medium Recommendations Outstanding	0	1	5	0
Low Recommendations Outstanding	1	1	6	0
Not overdue yet	0	0	13	9
Total Overdue Recommendations	1	3	11	0
Percentage due implemented or carried fwd to next audit	98%	93%	74%	100%

BDC Internal Audit Recommendations Outstanding

2020/21

Report Ref	Audit	Directorate	Conclusion	Recommendations			Total	Not Overdue	Overdue	Implemented
				High	Medium	Low				
B018	Laptops & Removable Media	Corporate Resources	Reasonable		2	4	6		1L Revised Target April 23	5
Total					2	4	6		1	5

2021/22

Report Ref	Audit	Directorate	Conclusion	Recommendations			Total	Not Overdue	Overdue	Implemented
				High	Medium	Low				
B009	Disaster Recovery	Strategy & Development	Substantial			3	3		1L	2
B010	30 Year HRA Business Plan	Both	Reasonable	1	2		3		2 (1H 1M)	1
Total				1	2	3	6		3	3

2022/23

Report Ref	Audit	Directorate	Conclusion	Recommendations			Total	Not Overdue	Overdue	Implemented
				High	Medium	Low				
B002	Food Hygiene	Resources	Reasonable*		2	5	7	3		4
B004	Risk Management	Resources	Reasonable		1	1	2		1M	1
B007	Pleasley Vale Business Centre	Strategy & Development	Reasonable		2	4	6	1	1L	4
B008	The Tangent Business Centre	Strategy & Development	Reasonable		2	4	6	1	1L	4
B013	Housing Repairs	Strategy & Development	Reasonable		1	2	3		1L	2
B014	Data Protection	Strategy & Development	Reasonable		2	2	4		1M	3
B015	Main Accounting & Budgetary Control	Resources	Reasonable		1	2	3	2		1
B016	Committee Processes	Strategy & Development	Reasonable		1	3	4		4 (1M 3L)	
B018	Network Security	Resources	Reasonable		4		4	1	2M	1
B019	Taxi Licensing Arrangements	Resources	Reasonable		1	4	5	5		
Total					18	28	46	13	11	20

2023/24

Report Ref	Audit	Directorate	Conclusion	Recommendations			Total	Not Overdue	Overdue	Implemented
				High	Medium	Low				
B001	Sickness Absence Management & Wellbeing	Corporate & Legal Services	Reasonable		3	5	8	1		7
B002	VAT	Finance	Substantial			3	3	3		
B003	Procurement	Corporate & Legal Services	Reasonable		1	6	7	4		3
B004	Commercial Waste	Services	Reasonable		1		1	1		
Total					5	14	19	9	0	10

BDC Outstanding Internal Audit Recommendations as at August 2023

Audit and date audit completed	Recommendation Outstanding	Priority and Original Target Date	Managers Comment August 2023
Laptops and Removable Media – March 21	As part of its next review, the Joint Information Security Policy should be examined and updated where appropriate to reflect any lessons learned from the effects of the rapid move to home working experienced during the Covid-19 pandemic.	Low January 22 Revised Target Date April 2023	Information Security Policy being re-written for approval End September 2023.
IT Disaster Recovery – November 2021	It would be beneficial to complete internal phishing exercises on an annual basis across all 3 authorities to increase awareness of threats within the authorities	Low December 2022	Reduced resources has made this difficult and priorities diverted to other cyber related mitigation tasks. However phishing training was distributed in June to all Staff and members with real examples highlighted. Currently investigating use of additional tools provided with M365 suit, however this may take some time to implement.
HRA Business Plan – December 2021	The 30 Year HRA Business Plan should be revisited at least every 5 years in line with the MTFP to ensure that it is financially viable and meets the objectives of the Council Ambition. Once finalised the 30 year Plan that is currently	High Once finalised then every 5 years	Finance currently have capacity issues due to implementing Civica FMS for Dragonfly. This is on the 'to do' list and will be picked up as soon as staff are able.

Audit and date audit completed	Recommendation Outstanding	Priority and Original Target Date	Managers Comment August 2023
	in development should be formally approved by Council.		
HRA Business Plan – December 2021	Whilst developing the new HRA 30 Year Business Plan the assumptions made should be stress tested to ensure that the plan is robust i.e. looking at best and worst case scenarios for important factors such as voids, inflation and rent levels.	Medium Once finalised then every 5 years	Please see previous comment.
Risk Management – August 2022	It should be ensured that risk training is provided for officers and Members to generate an inherent awareness and drive risk management further to ensure that risk is embedded within the culture of the organisation.	Medium July 2023	Training for Members has been provided. Zurich (the Council's insurers) have been approached in relation to potentially providing training for Officers.
Pleasley Vale and the Tangent Business Centres – November 2022	Risk assessments for the business centres should be completed and subject to regular review to provide	Low March 2023	This is an outstanding action, but will be reviewed as part of the transfer of functions in to Dragonfly to ensure H&S and Risk responsibilities sit with the correct responsible officer/s.

Audit and date audit completed	Recommendation Outstanding	Priority and Original Target Date	Managers Comment August 2023
	assurance against any potential incidents.		
Housing Repairs – February 2023	Future consideration should be given on how best to achieve the 10% post inspection responses so assurances can be ascertained that work carried out is to a satisfactory standard.	Low 31 st July 2023	Partially complete. Post inspections procedure reviewed and undergoing final testing in Open Housing and Total Mobile systems with go live scheduled for 29/9/2023. The post inspections will be completed by Repairs Coordinators utilising mobile technology generated forms
Data Protection - April 2023	The Data Protection Officer needs to remind managers about the importance of ensuring access to sensitive data is adequately controlled and not saved within a part of the network with public view. Sample checks of public networks should be resumed.	Medium End June 2023	This has slipped due to workload pressures and staff absence. DPO will be reminding Service Managers in September for cascade through team meetings. S drive checks will also recommence then as the team is now back up to full strength.
Committee Processes – April 2023	To require completion of the standard report template for all formal committees (excluding Planning Application reports) therefore	Low End June 2023	The requirement to complete the standard report template will be included in the report writing guidance, which is currently being updated. This will be issued to report writers once it is complete.

Audit and date audit completed	Recommendation Outstanding	Priority and Original Target Date	Managers Comment August 2023
	capturing all implications (Finance/ Legal/Staffing/Environment) to ensure a consistent approach,		The Governance Team have been briefed to check that all reports for formal committees are on the standard report template.
Committee Processes – April 2023	<p>An officer be designated to proactively review all Environment Implications on Committee Reports on the same footing as Finance/Legal and HR matters are or further training or advice is given to report authors to ensure Environment issues are fully considered.</p> <p>As a minimum further guidance should be provided through the update of the 'Report Writers Hints & Tips document the 'Decision and Report Process Notes' including the contact point of where further advice can be sought.</p>	<p>Low</p> <p>End June 2023</p>	<p>The Service Director for Executive, Corporate and Customer Services and Partnerships is now the Climate Change Lead and can be contacted for advice.</p> <p>This will be included in the updated report writing guidance.</p>

Audit and date audit completed	Recommendation Outstanding	Priority and Original Target Date	Managers Comment August 2023
Committee Processes – April 2023	To demonstrate that Environment matters have been considered add a check box for the Environment Implications for authors to complete.	Low End June 2023	The report template has been amended to include a check box. This will be issued once the report writing guidance is finalised.
Committee Processes – April 2023	<p>In order to be compliant with the Local Government Act 1972 and promote openness and transparency the Constitution be updated to reflect that:-</p> <p>i) when determining whether a report is exempt, the public interest test is completed;</p> <p>ii) reports may only be classified as exempt with the agreement of the Assistant Director, Solicitor to the Council.</p> <p>To assist authors, the agreed process be added to the 'Report Writers Hints & Tips document the 'Decision and Report Process'.</p>	Medium 30 th June 2023	<p>The constitution has now been amended to include reference to the public interest test and to place responsibility with the Monitoring Officer for determining whether reports are exempt.</p> <p>The report writing guidance is currently being updated.</p>

Audit and date audit completed	Recommendation Outstanding	Priority and Original Target Date	Managers Comment August 2023
Network Security – May 2023	It is essential that all policies and strategies are reviewed, updated and approved on a timely basis. Once approved the policies should be published on the Joint ICT Intranet site.	Medium July 2023 Original target End October 2021	Re-write in progress for approval. Policy area under s Drive. Target End September 2023.
Network Security – May 2023	ICT should consider the development of an I-Cloud Policy for NEDDC and BDC and include this on the Council's Joint ICT Intranet Site.	Medium July 2023 Original Target End March 2022	Re-write in progress for approval. Policy area under s Drive. Target End September 2023.

Audit Committee Work Programme 2023/24

Formal Items – Report Key

Treasury Management	Audit/Risk

Date of Meeting	Items for Agenda	✓	Lead Officer
27th June 2023	• Report of External Auditor - Audit Strategy Memorandum	✓	Mazars
	• Summary of Progress on the 2022/23 and 2023/24 Internal Audit Plan	✓	Head of Internal Audit Consortium
	• Internal Audit Consortium Annual Report	✓	Head of Internal Audit Consortium
	• Audit Committee Work Programme 2023/24	✓	S151 Officer
25th July 2023	• Report of Internal Audit – Summary of progress on the Internal Audit Plan 2023/24	Sep	Head of Internal Audit Consortium
	• Member Training 2023/24 – Member Discussion March 2024 meeting	Mar '24	Feedback from Committee Members on training requirements
	• Annual Governance Statement and Local Code of Corporate Governance Sept meeting	Sep	Director of Governance/Monitoring Officer
	• Audit Committee Work Programme 2023/24	Sep	Governance / S151 Officer
26th September 2023	• Report to those charged with Governance – Mazars Audit Completion report	Nov	Mazars
	• Audit Progress Report – Year ended 31/3/23	✓	Mazars
	• Strategic Risk Register and partnership arrangements	Nov	Chief Executive
	• Report of Internal Audit – Summary of progress on the Internal Audit Plan 2023/24	✓	Head of Internal Audit Consortium

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Agenda Item 11

Date of Meeting	Items for Agenda	✓	Lead Officer
	• Implementation of Internal Audit Recommendations	✓	Head of Internal Audit Consortium
	• Review of the Internal Audit Charter	✓	Head of Internal Audit Consortium
	• Annual Governance Statement and Local Code of Corporate Governance	✓	Director of Governance/Monitoring Officer
	• BDC Statement of Accounts 2022/23	Nov	Section 151 Officer
	• Assessment of Going Concern Status	Nov	Section 151 Officer
	• Annual Report of Committee	✓	Section 151 Officer
	• Audit Committee Work Programme 2023/24	✓	Governance / Section 151 Officer
27th November 2023	• Report to those charged with Governance – Mazars Audit Completion Rpt		Mazars
	• BDC Statement of Accounts 2022/23		Section 151 Officer
	• Assessment of Going Concern Status		Section 151 Officer
	• Strategic Risk Register and partnership arrangements		Chief Executive
	• Audit Committee Work Programme 2023/24		Governance / Section 151 Officer
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24th January 2024	• Report of Internal Audit – Summary of progress on the Internal Audit Plan		Head of Internal Audit Consortium
	• Accounting Policies 2023/24		Section 151 Officer
	• Report of External Auditor – Auditor’s Annual Report 2022/23		Mazars
	• Report of External Auditor - External Audit Progress Report		Mazars
	• Audit Committee Work Programme 2023/24		S151 Officer

Date of Meeting	Items for Agenda	✓	Lead Officer
12 th March 2024	• Strategic Risk Register and partnership arrangements		Chief Executive
	• Report of Internal Audit – Summary of progress on the Internal Audit Plan 2023/24		Head of Internal Audit Consortium
	• Implementation of Internal Audit Recommendations		Head of Internal Audit Consortium
	• Report of Internal Audit – Internal Audit Plan 2024/25		Head of Internal Audit Consortium
	• Audit Committee – Self-assessment for effectiveness		Section 151 Officer
	• Member Training 2023/24 – Member Discussion		Feedback from Committee Members on training requirements
	• Audit Committee Work Programme 2023/24		S151 Officer