

Bolsover District Council

Meeting of the Audit Committee on 27th June 2023

Internal Audit Consortium Annual Report

Report of the Head of the Internal Audit Consortium

Classification	This report is Public
Report By	Jenny Williams Head of the Internal Audit Consortium
Contact Officer	As above

PURPOSE/SUMMARY OF REPORT

The purpose of this report is to: -

- Present a summary of the internal audit work undertaken during 2022/23 from which the opinion on governance, risk and internal control is derived.
- Provide an opinion on the overall adequacy and effectiveness of the Council's governance, risk and control arrangements including any qualifications to that opinion.
- Draw attention to any issues that need to be considered for inclusion in the Annual Governance Statement.
- Compare work undertaken with that which was planned and summarise performance.
- Comment on compliance with the Public Sector Internal Audit Standards (PSIAS) and Code of Ethics.
- Comment on the results of the internal quality assurance programme.
- Confirm the organisational independence of internal audit
- Review the performance of the Internal Audit Consortium against the current Internal Audit Charter.

REPORT DETAILS

1. Background

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

2. Details of Proposal or Information

- 2.1 Staff vacancies and the training requirements of new staff has impacted on the extent of completion of the 2022/23 internal audit plan. However, enough of the

internal audit plan (along with reliance on other assurances) has been completed to be able to give an unlimited audit opinion in respect of the 2022/23 financial year.

SUMMARY OF WORK UNDERTAKEN

- 2.2 Appendix 1 details the audit reports issued in respect of audits included in the 2022/23 internal audit plan. The appendix shows for each report the overall assurance level provided on the reliability of the internal controls and the assurance level given at the last audit. The report opinions can be summarised as follows:

Assurance Level	2021/22	2021/22	2022/23	2022/23
	Number	%	Number	%
Substantial	17	71	9	45
Reasonable	4	19	11	55
Limited	0	0	0	0
Inadequate	0	0	0	0
Total	21	100	20	100

- 2.3 A definition of the above assurance levels is shown at the bottom of Appendix 1.

- 2.4 No fraud was identified.

- 2.5 The following table summarises the performance indicators for the Internal Audit Consortium as detailed in the Internal Audit Service Plan:

Description	2022/23		2023/24
	Plan	Actual	Plan
Cost per Audit Day	£310	£283	£343
Percentage of Plan Completed (BDC)	75%	73%	75%
Sickness Absence (Average Days per Employee)	8.0 (Corporate Trigger)	10.0	8.0
Customer Satisfaction Score (BDC)	85%	89%	85%
To issue internal audit reports within 10 days	90%	100%	90%

of the close out meeting			
Quarterly reporting to Audit and Corporate Overview Scrutiny Committee	100%	100%	100%

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

- 2.6 The Head of the Internal Audit Consortium is responsible for the delivery of an annual audit opinion that can be used by the council to inform its governance system. The annual opinion concludes on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.
- 2.7 In my opinion reasonable assurance can be provided on the overall adequacy and effectiveness of the council’s framework for governance, risk management and control for the year ended 2022/23.
- 2.8 Assurance can never be absolute. In this context “reasonable assurance” means that arrangements are in place to manage key risks and to meet good governance principles, but there are some areas where improvements are required.
- 2.9 As well as internal audit work assurance has also been gained from previous years’ work, the work of the risk management group, PSN compliance, external audit and compliance with the Code of Corporate Governance.
- 2.10 Overall, 100% of the areas audited received Substantial or Reasonable Assurance demonstrating that there are effective systems of governance, risk management and control in place.

ISSUES FOR INCLUSION IN THE ANNUAL GOVERNANCE STATEMENT

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

COMPARISON OF PLANNED WORK TO ACTUAL WORK UNDERTAKEN

- 2.12 The Internal Audit Plan for 2022/23 was approved by the Audit and Corporate Overview Scrutiny Committee on the 26th of April 2022. The majority of audits have been completed with the remaining audits being scheduled into the 2023/24 Internal Audit Plan. Appendix 2 details the audits completed and those deferred.

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

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

ORGANISATIONAL INDEPENDENCE

- 2.14 It can be confirmed that the internal audit activity is organisationally independent. Internal audit reports directly to the Director of Finance and Section 151 Officer but has a direct and unrestricted access to the Chief Executive and the Audit Committee (previously Audit and Corporate Overview Scrutiny Committee).

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

- 2.15 The Audit Charter was last reported to and approved by the Audit and Corporate Overview Scrutiny Committee in September 2022.
- 2.16 Based on the information provided in this report on the completion of the 2022/23 internal audit plan, it is considered that the requirements of the Charter were met during the year.

3. Reasons for Recommendation

- 3.1 To present to Members the annual report for the Internal Audit Consortium in respect of Bolsover District Council for 2022/23.
- 3.2 To ensure compliance with the Public Sector Internal Audit Standards.
- 3.3 To provide an annual opinion on the overall adequacy and effectiveness of the Council's governance, risk and control arrangements including any qualifications to that opinion.

4 Alternative Options and Reasons for Rejection

- 4.1 N/A
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RECOMMENDATION

That the Internal Audit Consortium Annual Report for 2022/23 be accepted.

IMPLICATIONS:

Finance and Risk: Yes No

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

Regular audit reviews help to ensure that risk is managed appropriately. Internal audit makes recommendations to reduce the level of risk and improve the control environment.

On behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details: The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account the Public Sector Internal Audit Standards or guidance”.

On behalf of the Solicitor to the Council

Environment:

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

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? (Only Key Decisions are subject to Call-In)	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	Internal Audit Reports issued 2022/23
2	Comparison of Completed work to Planned Work
3	Quality Assurance Improvement Plan

Background Papers

(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).

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