

**Annual Report of the
Internal Audit Consortium
2023/24
Bolsover District Council**



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Head of the Internal Audit Consortium

Introduction and Background

1.1 The Public Sector Internal Audit Standards (PSIAS) apply to all internal audit service providers, whether in-house, shared services or outsourced.

1.2 The PSIAS state: -

- The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.
- The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

1.3 This report will: -

- Present a summary of the internal audit work undertaken during 2023/24 from which the opinion on governance, risk and internal control is derived.
- Look at the performance of the Internal Audit Consortium.
- 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.
- Include the Quality Assurance Improvement Programme (QAIP) along with an improvement plan.
- Confirm the organisational independence of internal audit.
- Review the performance of the Internal Audit Consortium against the current Internal Audit Charter.

Summary of Work Undertaken

2.1 Appendix 1 details the audit reports issued in respect of audits included in the 2023/24 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	2022/23 Number	2022/23 %	2023/24 Number	2023/24 %
Substantial	9	45	6	33
Reasonable	11	55	10	56
Limited	0	0	2	11
Inadequate	0	0	0	0
Total	20	100	18	100

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

2.3 No fraud was identified.

Performance of the Internal Audit Consortium

3.1 The following table summarises the performance indicators for the Internal Audit Consortium.

Description	2023/24		2024/25
	Plan	Actual	Plan
Cost per Audit Day	£343	£308	£346
Percentage of Plan Completed BDC	75%	84%	75%
Sickness Absence (Average Days per Employee)	8.0	26.0*	8.0
Customer Satisfaction Score (BDC)	85%	92%	85%
To issue internal audit reports within 10 days of the close out meeting	90%	100%	90%
Quarterly reporting to Audit Committee	100%	100%	100%

* 2 long term absences (both now resolved)

Audit Opinion 2023/24

- 4.1 Ill health and the training requirements of new staff has impacted on the extent of completion of the 2023/24 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 2023/24 financial year.
- 4.2 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.
- 4.3 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 2023/24. In terms of Dragonfly Management (Bolsover) Ltd reasonable assurance can also be provided. During the 2023/24 financial year, the governance arrangements with the wholly owned company Dragonfly Development Ltd have been in development and the operation of these will be assessed in the 2024/25 financial year. In terms of Dragonfly Development Ltd the Council is placing reliance on the assurance received from the company's external auditors. Assurance can never be absolute.
- 4.4 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.
- 4.5 This year 18 reports have been issued 6 with substantial, 10 with reasonable and 2 with limited assurance. Action plans have been agreed and managers are in the process of implementing the audit recommendations made.
- 4.6 The opinion does not imply that Internal Audit have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-

based plans. An internal audit plan for 2023/24 was developed with the intention of being able to provide independent assurance on the adequacy and effectiveness of systems of governance, risk and control across a range of financial and organisational areas.

- 4.7 As well as internal audit work assurance has also been gained from previous years' work, the work of the risk management group, Public Sector Network compliance and external audit.
- 4.8 The work of the risk management group provides assurance as key members of the Council's management team meet on a regular basis to discuss both strategic and operational risks and the mitigating factors in place or required to manage risk. There is a comprehensive, current Risk Management Strategy in place.
- 4.9 Holding a valid Public Sector Network Compliance certificate provides assurance that the Council's network security arrangements, policies and controls are sufficiently rigorous to be allowed to interact with the Public Sector Network and those connected to it.
- 4.10 External audit sign off the statement of accounts and review value for money arrangements. External audit progress reports provide positive assurance that the accounts are produced accurate and timely. For 2022/23 the External Auditor gave an unqualified opinion on both the financial statements and use of resources. Work is ongoing in respect of the sign off of the 2023/24 financial statements.
- 4.11 Overall, 89% of the areas audited received Substantial or Reasonable Assurance demonstrating that there are effective systems of governance, risk management and control in place.
- 4.12 The Audit Committee receive a 6 monthly report in relation to outstanding audit recommendations. Where a limited or inadequate assurance audit report is issued, managers are required to attend the Audit Committee to discuss progress

and to provide assurance that recommendations are being implemented in a timely fashion.

Issues for Inclusion in the Annual Governance Statement

- 5.1 The internal control issues arising from audits completed in the year and outstanding internal audit recommendations have been considered by the Director of Finance during the preparation of the Annual Governance Statement.
- 5.2 Two limited assurance audit reports were issued during the year in respect of Pollution Prevention and Control and Safeguarding. The recommendations were all agreed and have now been implemented so these are not seen as significant governance issues.

Comparison of Planned work to Actual Work Undertaken

- 6.1 The Internal Audit Plan for 2023/24 was approved by the Audit Committee on the 16th of March 2023. Most audits have been completed with the remaining audits being scheduled into the 2024/25 Internal Audit Plan. Appendix 2 details the audits completed and those deferred.

Compliance with the Public Sector Internal Audit Standards / Code of Ethics

- 7.1 From a self- assessment against the PSIAS undertaken in May 2024 it can be confirmed that the Internal Audit Consortium comply with the Public Sector Internal Audit Standards and the Code of Ethics.

Quality Assurance Improvement Programme (QAIP)

- 8.1 The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The Internal Audit Consortium's QAIP is shown at Appendix 3. The procedures and processes documented within the QAIP are designed to ensure compliance with the PSIAS and Code of Ethics. The QAIP includes an improvement plan for the 2024/25 financial year.

Confirmation of Independence

- 9.1 It can be confirmed that the internal audit activity is organisationally independent. Internal audit reports directly to the Director of Finance (Section 151 Officer) but has a direct and unrestricted access to the Audit Committee. The Head of Internal Audit attends every Audit Committee meeting.
- 9.2 During the 2023/24 financial year, all Auditors have acted with integrity and objectivity and at no point has their independence been compromised. Annually each Auditor completes a declaration of interests form to identify any potential conflicts of interest. Where declarations are made, work is allocated to ensure a conflict does not occur.

Review of performance against the Internal Audit Charter

- 10.1 The Audit Charter was last reported to and approved by the Audit Committee in September 2023.
- 10.2 Based on the information provided in this report on the completion of the 2023/24 internal audit plan, it is considered that the requirements of the Charter were met during the year.

Appendix 1

Bolsover District Council – Internal Audit Reports Issued 2023/2024

Ref	Report Title	Overall Opinion/ Assurance	
		2023/24	Previous Audit
1	Sickness Absence Management	Reasonable	Reasonable
2	VAT	Substantial	Substantial
3	Procurement	Reasonable	Reasonable
4	Commercial Waste	Reasonable	Substantial
5	Right to Buy Sales	Reasonable	Reasonable
6	Pollution Prevention and Control	Limited	N/A
7	Planning Fees	Substantial	Substantial
8	Expenses and Allowances	Substantial	Reasonable
9	Members IT	Reasonable	Reasonable
10	Non Domestic Rates	Substantial	Substantial
11	Safeguarding	Limited	Reasonable
12	FOI / EIR	Substantial	Substantial
13	Housing Rents	Reasonable	Substantial
14	Pleasley Vale Outdoor Activity Centre	Reasonable	Reasonable
15	Payroll	Reasonable	Substantial
16	Clowne Leisure Centre	Reasonable	Substantial
17	Homelessness	Substantial	Satisfactory
18	CIPFA Financial Management Code	Reasonable	Substantial

Internal Audit Assurance Level Definitions

Assurance Level	Definition
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.
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.
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.
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.

Comparison of Planned work to Completed Work

Ongoing through year
Complete
Deferred

	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 electric, legionella	M	12
Dragonfly Governance Arrangements	H	20
E.H Pollution Prevention & Control		8

		L	
	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

Internal Audit Consortium

Quality Assurance and Improvement Programme (QAIP)



Introduction

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

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

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

Internal assessments must include: -

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

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

This QAIP covers: -

- 1) Internal Assessments
- 2) External Assessments
- 3) Staff qualifications / experience
- 4) Training
- 5) Working Practices
- 6) Improvement Plan

1) Internal Assessments

Internal assessments consist of the following: -

- An annual assessment against the Public Sector Internal Audit Standards by the Head of the Internal Audit Consortium. This was undertaken in May 2024 and the review confirmed that there were no significant areas of non-compliance.
- Reviews of working papers – All audit working papers are reviewed by the Head of Internal Audit or a Senior Auditor to ensure that they meet required standards and support the findings of the review. These reviews are documented.
- Review of audit reports – The Head of Internal Audit reviews all reports for quality and consistency before they are formally issued.
- Key performance indicators – these are reported to each Audit Committee in the annual report.
- Customer feedback – Customer satisfaction surveys are issued with every report and the results monitored. Based on the customer satisfaction survey forms returned (14 for BDC), the average score was 92% for customer satisfaction during 2023/24.
- All staff completed a declaration of personal interests statement in September 2023.

2) External Assessments

An external review of internal audit took place in May 2021 the results of which concluded “Current services are assessed to “generally conform” with the PSIAS and compare favourably with peers, there are no areas where the service does not comply with the Standards”.

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

An action plan was developed from the points arising in the 2021 external review and has been used to further drive improvement. The action plan has now been fully implemented.

3) Audit Staff Qualifications / Experience

The table below summarises the qualifications and experience of the Internal Audit Consortium staff as at May 2024.

<u>Post</u>	<u>Qualification</u>	<u>Experience</u>
Head of Internal Audit	CIPFA	25 plus years
Senior Auditor	-	15 years plus
Senior Auditor	CIPFA	25 plus years
Senior Auditor	AAT	25 plus years
Auditor		2 months
Auditor	AAT	2 years
Auditor	-	1 year 3 months
Auditor	AAT	25 plus years
Auditor	-	5 years
Auditor	-	7 months

Training Undertaken in 2023/24

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

Training is delivered via webinars, team meetings, professional journals etc. All staff undertake Continuous Professional Development.

During 2023/24 training included: -

- CIPFA – lessons learnt from section 114 notices.
- Transforming public procurement.
- CIPFA – is commercial activity ever justified?
- LGA Cyber security 10 short videos.
- DLUHC Counter fraud webinar town deal money.
- Impact of global internal audit standards.
- CIPFA E Learning – introduction to Local Government Finance (new auditors).
- The developing Auditor (2 day webinar)
- Auditing Procurement and Contracts.
- Risk based internal audit.

- Auditing your organisation's commitment to climate change.
- Risk focused audit report.
- CIPFA'S weekly "bitesize" training topics
- New auditors all attend a 2 day webinar "introduction to Internal audit".
- CIPFA summer school finance update

In addition to this the Internal Consortium are members of the Midlands Audit Group, The Notts Audit Group and the Chief Auditors network. All of these groups share ideas and best practice.

Working Practices

- All staff have quarterly Valuing Individuals and Performance reviews. These reviews set and monitor the achievement of objectives and identify any training requirements.
- 1:1's – All staff have 1:1 meetings with their manager at least monthly.
- The Internal Audit Manual is a comprehensive record of audit procedures and requirements and is regularly updated.
- Declarations of Business Interest – Staff are required to complete a declaration of business interests form on an annual basis and cannot undertake audits where there is a potential conflict of interest.
- Team meetings – Monthly team meetings are held which discuss points of practice, audit findings, information sharing and include elements of training and brainstorming.

Internal Audit Consortium Improvement Plan 2024/25

	Opportunity for Improvement	Who	When by
1	To review the internal audit report format to see if it can be improved for the client / be more risk focused.	HOIAC / All	March 25, if changed to be implemented from the 25/26 financial year
2	To improve permanent file information to ensure that they contain system notes etc, labelling of files so clear what it is / deletion of outdated information.	All	Ongoing
3	To review the Global Internal Audit Standards that were published in January 2024 and assess and implement any changes that would be beneficial to the Internal Audit Consortium.	HOIAC	December 2024
4	To review Public Sector guidance re changes required in respect of the Global Standards (consultation due Autumn 24 with guidance published by the end of 24 to become mandatory April 2025).	HOIAC	December 2024
5	To update the Assurance mapping exercise last undertaken 2019/20 to be used to inform IA opinion and future audit plans. Assurance mapping to become a standard team meeting agenda item.	HOIAC / All	February 2025 and ongoing
6	To review and update the Internal Audit Manual with any new requirements following the update of the PSIAS.	HOIAC	February 2025

7	To review the customer satisfaction survey for continued relevance.	All	February 2025
8	To undertake relevant training / webinars to keep up to date / meet CPD requirements.	All	Ongoing
9	To review each Council's current Risk Management strategy to ensure that our risk definitions for High, Medium and Low recommendations still reflect any revised strategies	HOIAC	February 2025