

**Annual Report of the
Internal Audit Consortium
2024/25
Bolsover District Council**



Contents

Introduction and Background	Page 3
Summary of Work Undertaken	Page 3
Performance of the Internal Audit Consortium	Page 4
Audit Opinion 2024/25	Page 4-5
Issues for Inclusion in the Annual Governance Statement	Page 6
Comparison of Planned work to Actual Work Undertaken	Page 6
Compliance with the Public Sector Internal Audit Standards / Code of Ethics	Page 7
Quality Assurance Improvement Programme (QAIP)	Page 7
Confirmation of Independence	Page 7
Review of performance against the Internal Audit Charter	Page 8
Appendix 1 Reports Issued 2024/25	Page 9
Appendix 2 Comparison of Planned work to Completed Work	Page 10-11
Appendix 3 Quality Assurance and Improvement Programme (QAIP)	Page 12-26

Jenny Williams

Head of the Internal Audit Consortium

Introduction and Background

1.1 For the year 2024/25 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.

Summary of Work Undertaken

2.1 Appendix 1 details the audit reports issued in respect of audits included in the 2024/25 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	2023/24 Number	2023/24 %	2024/25 Number	2024/25 %
Substantial	9	45	10	56
Reasonable	11	55	6	33
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	2024/25		2025/26
	Plan	Actual	Plan
Cost per Audit Day	£346	£334	£366
Percentage of Plan Completed (BDC)	75%	74%	75%
Sickness Absence (Average Days per Employee)	8.0	3.16	8.0
Customer Satisfaction Score (BDC)	85%	93%	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%

Audit Opinion 2024/25

4.1 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.

4.2 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 2024/25. In terms of Dragonfly Management (Bolsover) Ltd reasonable assurance can also be provided. In respect of Dragonfly Development Ltd the Council is placing reliance on the assurance received from the company's external auditors. The governance arrangements between the Council and the companies have not been assessed by internal audit during the year as the Council

have commissioned an independent review by the Local Partnerships commencing in April 2025.

- 4.3 This year 18 reports have been issued 10 substantial, 6 reasonable, 2 limited and 0 inadequate assurance reports (including the climate change audit report that is pending issue). Managers have either already implemented or are in the process of implementing the audit recommendations made.
- 4.4 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.
- 4.5 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 2024/25 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.
- 4.6 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 the Social Housing Regulator.
- 4.7 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 reduce risk.
- 4.8 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.
- 4.9 A recent inspection of the Council’s housing services by the Regulator of Social Housing saw Bolsover District Council

achieve the second highest positive rating possible. The grade means that while there are some areas for improvement, overall, there is a positive level of 'assurance' that BDC are achieving the consumer standards set by the regulator.

- 4.10 Overall, 89% of the areas audited received Substantial or Reasonable Assurance demonstrating that in the main there are effective systems of governance, risk management and control in place.
- 4.11 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 asked 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 Audit work has identified that in particular, improvement is required in respect of the collection of sundry debtor arrears and decent homes reporting.

Comparison of Planned work to Actual Work Undertaken

- 6.1 The Internal Audit Plan for 2024/25 was approved by the Audit Committee on the 12th March 2024. 74% of the Internal Audit Plan has been completed with the remaining audits being scheduled into future Audit Plans. 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 (and new Global Internal Audit Standards) in November 2024 it can be confirmed that the Internal Audit Consortium comply with the

Public Sector Internal Audit Standards and the Code of Ethics. An action plan has been developed to work towards full compliance with the Global Internal Audit Standards (GIAS).

Quality Assurance Improvement Programme (QAIP)

- 8.1 The Head of the Internal Audit Consortium 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 for the 2024/25 financial year and the GIAS for the 2025/26 financial year. The QAIP includes an update on the improvement plan for the 2024/25 financial year and the new improvement plan in respect of achieving compliance with the GIAS.

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 but has a direct and unrestricted access to the Corporate Leadership Team and the Audit Committee. The Head of Internal Audit attends every Audit Committee meeting.
- 9.2 During the 2024/25 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 reported to and approved by the Audit Committee in September 2024 and a new Charter that complies with the GIAS is due to be approved in July 2025.

10.2 Based on the information provided in this report on the completion of the 2024/25 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 2024/2025

Ref	Report Title	Overall Opinion/ Assurance	
		2024/25	Previous Audit
1	Imprest Accounts	Substantial	N/A
2	Corporate Credit Card	Substantial	N/A
3	Non Decent Homes Reporting	Limited	N/A
4	Health and Safety	Substantial	Substantial
5	Disabled Facilities Grants	Substantial	Substantial
6	Members Allowances	Substantial	Satisfactory
7	Insurance	Substantial	Substantial
8	Section 106	Reasonable	Substantial
9	Creditors	Substantial	Substantial
10	Money Laundering	Reasonable	Reasonable
11	Housing Benefits and C Tax Support	Substantial	Substantial
12	Cash and Banking	Reasonable	Substantial
13	Corporate Targets	Reasonable	Substantial
14	Extreme Wheels	Substantial	Substantial
15	Sundry Debtors	Limited	Substantial
16	Cyber Security Governance	Reasonable	Reasonable
17	E.H Other Licensing	Substantial	Reasonable
18	Climate Change	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.

Appendix 2

Comparison of Planned Work to Completed Work

Complete
Ongoing
Deferred

	Risk	BDC 2024/25 Days
Main Financial Systems		
Main Accounting / Budgetary Control	M	15
Creditors	M	20
Debtors	M	15
Cash and Banking	M	20
Council Tax	M	20
Government Grants / sign off	M	3
Treasury Management	M	15
Housing Benefits	M	20
Total Main Financial Systems		128
Dragonfly		
Corporate Gov Arrangements - External review completed and issued May 2025	H	15
Total		15
Corporate / Cross Cutting		
Climate Change	M	12
Corporate Governance / Assurance Statement	H	2
Corporate Targets	M	12
Financial advice / working groups	H	20
Health and Safety (Joint with NEDDC)	M	10
Risk Management	M	10
Total Cross Cutting		66

	Risk	BDC 2024/25 Days
Other Operational Audits		
Asset Management Arrangements	M	8
Corporate Credit Cards	L	5
Petty Cash	L	5
Disabled Facilities Grants (Joint with NEDDC)	M	10
E.H Misc Licensing (Joint with NEDDC)	L	8
Extreme Wheels	L	8
Insurance	M	12
Members Expenses	L	12
Money Laundering	L	5
Section 106	M	12
Social Media / Facebook / Bolsover TV	L	10
Total Operational Areas		95
IT Related		
Network Security/Disaster Recovery etc (Joint with NEDDC)	H	15
Total IT		15
Dragonfly		73
Special Investigations / Contingency/ emerging risks		40
Apprenticeships / training		30
Audit Committee / Client Liaison/Board Meetings		15
National Fraud Initiative		6
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. For 2025/26 this will change to being compliance with the Global Internal Audit Standards.

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) 2024/25 Improvement Plan update

7) 2025/26 Improvement Plan / Compliance with Global Internal Audit Standards Action 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 November 2024 in tandem with an assessment against the Global Internal Audit Standards. An action plan is in place to aid achievement of full compliance with the Global Internal Audit Standards.
- 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 (11 for BDC), the average score was 93% for customer satisfaction during 2024/25.
- All staff completed a declaration of personal interests statement in September 2024.

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, which has now been fully implemented.

The next external review is due in May 2026 and will be against the GIAS.

3) Audit Staff Qualifications / Experience

The table below summarises the qualifications and experience of the Internal Audit Consortium staff as at May 2025.

<u>Post</u>	<u>Qualification</u>	<u>Experience</u>
Head of Internal Audit	CIPFA	25 plus years
Senior Auditor NEDDC	-	15 years plus
Senior Auditor BDC	Vacant from 18 th May	
Senior Auditor CBC	AAT	3 years
Auditor BDC	Vacant from 12 th May	
Auditor BDC	-	1 year 2 months
Auditor NEDDC	-	2 years 3 months
Auditor NEDDC	AAT	25 plus years
Auditor CBC	-	6 years
Auditor CBC	-	1.5 Years

Training Undertaken in 2024/25

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 2024/25 training included: -

- CIPFA'S weekly "bitesize" training topics
- New auditors all attend a 2 day webinar "introduction to Internal audit"
- Team building day – Communication skills for internal auditors
- Principles of risk assessment
- Elevating the impact of internal audit
- Driving regulatory success and strengthening risk management
- Code of practice for the governance of internal audit
- Preventing fraud before it happens
- Root cause analysis
- CIPFA Governance update
- Ethics
- VAT

In addition to this the Internal Consortium are members of the Midlands Audit Group, The Notts Audit Group and the Local Authority Chief Auditors network. 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.

Progress against 2024/25 Improvement Plan

	Opportunity for Improvement	Who	Comment
1	To review the internal audit report format to see if it can be improved for the client / be more risk focused.	HOIAC / Team	New report format agreed and being trialled from April 2025
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 All staff reminded to maintain permanent files and checked after each audit completed
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	Global Standards self assessment undertaken and an action plan developed to achieve full compliance
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	Complete
5	To update the Assurance mapping exercise last undertaken 2019/20 to be used to inform IA opinion and future audit plans.	HOIAC / Team	Complete and ongoing

	Assurance mapping to become a standard team meeting agenda item.		
6	To review and update the Internal Audit Manual with any new requirements following the update of the PSIAS.	HOIAC	In progress – added to GIAS action plan
7	To review the customer satisfaction survey for continued relevance.	Team	Reviewed and updated
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	Complete

Global Internal Audit Standards Action Plan / 2025/26 Improvement Plan

Complete
In Progress
Not Started

Domain	Principle	Standard	Standard Description	Action	Progress	Who
11	1	1.1	Internal Auditors must perform their work with honesty and professional courage.	To include ethics training annually on a team meeting agenda	March 2025	HOIAC
11	1	1.3	Internal Auditors must not engage in or be party to any activity that is illegal or discreditable to the organisation or the profession of internal auditing or that may harm the organisation or its employees.	To include training in laws, regulations, ethical and professional behaviour on team meeting agenda annually	March 2025	HOIAC
11	2	2.1 & 2.2	Internal Auditors must maintain professional objectivity when	Objectivity training to be undertaken in team meetings annually	March 2025	HOIAC

Domain	Principle	Standard	Standard Description	Action	Progress	Who
			performing all aspects of internal audit services			
11	4	4.1	The Internal Audit functions methodologies must be established, documented and maintained in alignment with the standards.	The Internal Audit Manual requires updating to reflect the Global Standards and principles instead of the Public Sector Internal Audit Standards	August 2025	HOIAC
11	4	4.2	Internal auditors must exercise due professional care by assessing the nature, circumstances and requirements of the services to be provided.	Due professional care to be discussed annually at team meetings	March 2025	HOIAC
111	6	6.1 & 6.2	The Head of the Internal Audit Consortium must provide the Audit Committee and Senior management with the necessary information to establish the internal audit mandate. The Internal Audit Charter	Internal Audit Charter to be updated to specifically record the Internal Audit Mandate i.e. Accounts and Audit Regulations 2015. Review of the current Internal Audit Charter to ensure that it reflects the requirements of the Global Internal Audit Standards	April 2025	HOIAC

Domain	Principle	Standard	Standard Description	Action	Progress	Who
			must include the legal requirements of the mandate.	e.g. a specific sentence must be included committing to adhering to the Global Standards		
111	6	6.3 & 7.1	The Audit Committee should meet periodically with Internal Audit without the presence of Senior Management	To be arranged as and when required but at least annually	July 2025	HOIAC
11	6	6.3 & 7.1	The Audit Committee should provide input to support senior management in the performance evaluation of the Head of the Internal Audit Consortium	The Audit Committee to be consulted by the Director of Finance on the performance of the Head of the Internal Audit Consortium and to feedback to the Service Director Finance at CBC for inclusion in the Head of audits performance review.	April 2026	Director of Finance
1V	9	9.2	The Head of the Internal Audit Consortium must develop and implement a strategy for the internal audit function that supports the	Develop an internal audit strategy including vision, strategic objectives and supporting initiatives	September 2025	HOIAC

Domain	Principle	Standard	Standard Description	Action	Progress	Who
			strategic objectives and success of the organisation and aligns with the expectations of the Standards and Audit Committee, senior management and other key stakeholders.			
1V	9	9.3	The Head of the Internal Audit Consortium must establish methodologies to guide the internal audit function in a systematic and disciplined manner to implement the internal audit strategy, develop the internal audit plan and conform with the standards.	There is a comprehensive internal audit manual however this requires updating to reflect the Global Standards citing specific standards rather than the PSIAS Standards at present and reference to the Strategy once written.	August 2025	HOIAC
1V	9	9.5	When the Internal Audit Function relies on the work of other assurance providers, the Head of	Other assurances that we are aware of are already documented. For the assurances that we rely on, the	April 2025	HOIAC

Domain	Principle	Standard	Standard Description	Action	Progress	Who
			the Internal Audit Consortium must document the basis for that reliance and is still responsible for the conclusions reached by the internal audit function	basis for reliance will be documented e.g. PSN certification, external audit, Derby City Internal Auditors re the operation of the Building Control partnership and Social Housing Regulator reviews.		
1V	10	10.3	The Head of the Internal Audit Consortium must strive to ensure that the internal audit function has technology to support the Internal Audit Process	Sections of the internal audit strategy should describe current or planned initiatives for using technology to advance the internal audit functions objectives. Development of AI to be kept under review for potential use by the Consortium.	September 2025	HOIAC
1V	11	11.1	The Head of the Internal Audit Consortium must promote formal and informal communication between the internal audit function and its stakeholders	A Guide to Internal audit is on the intranet but this was written some years ago and requires updating / refreshing.	September 2025	HOIAC

Domain	Principle	Standard	Standard Description	Action	Progress	Who
1V	2	11.2	The Head of the Internal Audit Consortium must establish and implement methodologies to promote accurate, objective, clear, concise, constructive, complete and timely internal audit communications	Recorded in the audit manual however this will be supplemented with a days training - Communication skills for internal auditors - training day arranged for February 25	February 2025	HOIAC
v	14	14.3 & 14.4	When evaluating potential engagement findings internal auditors must collaborate with management to identify the root causes when possible.	Test schedule conclusion for each test where there is a finding to be updated to include the root causes of an issue	25/26 audits onwards	HOIAC and Audit team
v	15	15.1	When internal auditors become aware that management has initiated or completed actions to address a finding before the final	Reports to reflect more consistently when actions have already been taken during audits to address the risks identified.	25/26 audits onwards	Audit team

Domain	Principle	Standard	Standard Description	Action	Progress	Who
			communication, the actions must be acknowledged in the communication			

Additional Requirements of the Application note and The Code of Practice for the Governance of Internal Audit in UK Local Government

Requirement	Action	When by	Who
When expressing conformance with Standards, Auditors must be clear that they are conforming to the GIAS subject to the Application note, and must refer to this as Conformance with Global Internal Audit Standards in the UK Public Sector	To be included in revised Charter and annual report 2025/25 onwards.	April 2025 and July 2026	HOIAC
Auditors must confirm adherence to the Application note and note any non -conformance	To be included in the Annual Report 2025/26	July 2026	HOIAC
The Authority should explain how it complies with the Code of Practice for the Governance of Internal Audit in UK Local Government in its Annual Governance Statement	To be included in the 2025/26 Annual Governance Statement	July 2026	HOIAC
The Code must be included in the Head of the Internal Audit Consortium's annual internal quality assessment and used in external assessments	Used for November 2024 self-assessment. Next external review due May 26	May 2026	HOIAC

<p>The Audit Committee must satisfy itself on the effectiveness of Internal Audit taking into account conformance with the Standards, interactions with the Committee, performance and feedback from Senior Management. Their conclusions should be reported to those charged with Governance e.g. as part of the Audit Committee annual report.</p>	<p>BDC & NEDDC section 151 Officer already takes a report to Audit Committee annually assessing the effectiveness of IA – to also be done by CBC & DDDC 151 Officers.</p>	<p>July 2026</p>	<p>Director of Finance</p>
<p>The Internal Audit Charter should reflect internal audits role – Championing good practice in governance through assurance, advice and contributing to the authority’s annual governance review.</p>	<p>To ensure included in the Internal Audit Charter</p>	<p>April 2025</p>	<p>HOIAC</p>