

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne, on Monday 7th July at 1000 hours.

PRESENT:-

Members:-

Councillor Catherine Tite in the Chair

Councillors:- Steve Fritchley, Cathy Jeffery, Tom Kirkham (From AUD10-25/26) and Ruth Jafray (Coopted Member).

Officers:- Theresa Fletcher (Section 151 Officer), Jim Fieldsend (Monitoring Officer), Steve Brunt (Strategic Director of Services), Jenny Williams (Head of Internal Audit Consortium), Katie Walters (Property Services Manager) and Alison Bluff (Senior Governance Officer).

AUD01-25/26.

APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillors Rob Hiney-Saunders and Carol Wood.

AUD02-25/26.

URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

AUD03-25/26.

DECLARATIONS OF INTEREST

There were no declarations of interest.

AUD04-25/26.

MINUTES – 22nd JANUARY 2025

Moved by Councillor Cathy Jeffery and seconded by Councillor Catherine Tite

RESOLVED that the Minutes of an Audit Committee held on 22nd January 2025 be approved as a true record.

AUD05-25/26.

EXTRAORDINARY MINUTES – 20th FEBRUARY 2025

Moved by Councillor Cathy Jeffery and seconded by Councillor Catherine Tite

RESOLVED that the Minutes of an Audit Committee held on 20th February 2025 be approved as a true record.

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AUD06-25/26.

MINUTES - 9TH APRIL 2025

Moved by Councillor Cathy Jeffery and seconded by Councillor Catherine Tite

RESOLVED that the Minutes of an Audit Committee held on 9th April 2025 be approved as a true record.

REPORT OF THE PORTFOLIO HOLDER FOR GROWTH

AUD07-25/26.

**HOMES ENGLAND: COMPLIANCE AUDIT REPORT
2024/25**

Committee considered a detailed report which advised Members of an audit outcome carried out by Homes England in compliance with their funding requirements regarding Bolsover Homes new build properties at Moorfield Lane, Langwith.

The Council had received funding of £355,205 from Homes England which had contributed towards building the Bolsover Homes development of seven homes at Moorfield Lane, Langwith, as shown on the layout plan attached at appendix 1 to the report.

Homes England had carried out an audit to ensure that the funding requirements were complied with. The audit had been awarded 'green' status which meant that it had met their grant criteria - this was the highest status that could be awarded. The audit report was attached at appendix 2 to the report for Members information.

Members welcomed the report.

Moved by Councillor Cathy Jeffery and seconded by Councillor Catherine Tite

RESOLVED that the report be noted.

REPORTS OF THE INTERNAL AUDIT CONSORTIUM MANAGER

AUD08-25/26.

**SUMMARY OF PROGRESS ON THE 2024/25 INTERNAL
AUDIT PLAN**

Committee considered a detailed report which provided progress on the 2024/25 Internal Audit Plan and the audit reports issued to date.

During the January 2025 to June 2025 period, seven reports had been issued; three with substantial assurance, three with reasonable assurance, and one with limited assurance. A summary of these reports was attached at appendix 1. In addition to this, two reports had been issued in respect of Dragonfly, both with reasonable assurance. No issues arising relating to fraud were identified.

As previously requested by Members, a full copy of the limited assurance sundry debtors report was attached at appendix 2. The recommendations had been agreed, and action was being taken to improve the controls and processes in place.

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This was the final progress report in respect of the 2024/25 Internal Audit Plan and not all of the plan had been completed, however, 74% had been completed and this was sufficient for the Head of Internal Audit Consortium to provide an opinion on governance, risk and control arrangements. The areas not completed had been rolled forward to future years and the annual report, which was the next item on the agenda, provided more detail.

With regard to staffing, the BDC Senior Auditor had recently left, and the role advertised twice, however, it had not been possible to recruit. CIPFA PENNA were now in the process of running a recruitment campaign on behalf of the Consortium and in the meantime, an Interim Senior Auditor from the Consortium had been recruited for a period of 6 months. In addition, there were two further vacancies: a full time BDC Auditor and a part time BDC Auditor. These posts were in the process of being advertised.

In response to a Member's query, the Head of Internal Audit Consortium noted that as the sundry debtor report had been completed on time, there was no link between the limited assurance issued and the current shortage of auditors. In response to another Member's query, the Head of Internal Audit Consortium noted there was a national shortage of qualified auditors due to a number of factors and from attending the Local Authorities Chief Auditors network meetings, all local authorities were struggling to recruit.

Members thanked the Head of Internal Audit Consortium for the work carried out on the plan and the report.

Moved by Councillor Steve Fritchley and seconded by Councillor Cathy Jeffery **RESOLVED** that the report be noted.

Councillor Kirkham entered the meeting at this point.

AUD9-25/26. INTERNAL AUDIT CONSORTIUM ANNUAL REPORT 2024/25

Committee considered a detailed report in relation to the Internal Audit Consortium Annual Report and the Head of Internal Audit's opinion on the adequacy of the Council's arrangements for governance, risk management and control.

The Public Sector Internal Audit Standards (PSIAS) (applicable for the 2024/25 financial year) required that the Head of Internal Audit Consortium delivered an annual internal audit opinion and report that could be used by the organisation to inform its Annual 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 internal control. The work of internal audit over the year allowed the Head of Internal Audit to form the annual internal audit opinion as required by the PSIAS. The opinion was also derived from other assurances such as the work of the Risk Management Group and Public Sector Network compliance.

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The Head of Internal Audit's opinion for 2024/25 was set out in the annual report and 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 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 a review by the Local Partnerships commencing in April 2025.

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. Assurance can never be absolute.

The annual report also provided a summary of the work undertaken by Internal Audit in 2024/25, information on the performance of the Internal Audit service, an assessment of conformance against the PSIAS and the results of the Quality Assurance and Improvement Programme (QAIP). A progress update in respect of the action plan to achieve full compliance with the Global Internal Audit Standards was also included.

In response to a Member's query, the Head of Internal Audit Consortium advised that when the Audit Plan was formulated, all areas of the Council were covered and also the risk and value of transactions. High risk areas were looked at every one to two years and low risk impact was looked at around every five years.

In response to a Member's queries regarding the non-decent homes audit, the Head of Internal Audit Consortium advised that this was a special project Internal Audit were asked to complete to see if non decent homes data was being submitted accurately. The Section 151 Officer added that if the stock condition survey data showed that certain work needed carrying out which was different to what was being carried out under the capital programme for the HRA, then the capital programme work would be changed to address the stock condition survey requirements, however, this could be carried out over a number of years and would be approved within the Medium Term Financial Plan.

Moved by Councillor Steve Fritchley and seconded Councillor Cathy Jeffery
RESOLVED that the 2024/25 Internal Audit Consortium Annual Report and the overall assurance opinion on the Council's governance, risk management and control arrangements, be accepted.

AUD10-25/26.

IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

Committee considered a detailed report which provided information regarding a summary of the internal audit recommendations made and implemented for the financial years 2021/22 - 2024/25 to date.

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Internal Audit made recommendations to improve the governance, risk and control processes in place and it was important to monitor the implementation of these recommendations to improve the control environment and to reduce the risk of fraud and error.

The appendix to the report provided an analysis of the number of recommendations made and implemented for the financial years 2021/22 – 2024/25 to date. The tables contained in the appendix summarised the number of recommendations that had been implemented and those which were outstanding, along with the relevant managers latest update on progress made.

There were five outstanding recommendations of which one was high risk, one medium risk and three low risk.

Moved by Councillor Steve Fritchley and seconded by Councillor Cathy Jeffery
RESOLVED that the report be noted.

AUD11-25/26.

INTERNAL AUDIT CHARTER

Committee considered a report which provided information and sought Members' approval of the new Internal Audit Charter that reflected the requirements of the Global Internal Audit Standards (GIAS) in the UK Public Sector. The proposed Internal Audit Charter was attached as appendix 1 to the report.

The current Internal Audit Charter met the requirements of the Public Sector Internal Audit Standards (PSIAS), however, from 1st April 2025, the GIAS in the UK Public Sector replaced the PSIAS. The new Charter had been developed to meet the requirements of the GIAS.

In accordance with the GIAS, the Head of Internal Audit Consortium must develop and maintain an Internal Audit Charter that specified, as a minimum, the internal audit functions:

- Purpose of internal auditing
- Commitment to adhering to the GIAS
- Mandate, including scope and types of service to be provided, and the audit committee's responsibilities and expectations regarding management's support of the internal audit function
- Organisational position and reporting relationships

In response to a Member's query regarding cyber security risk and the number of audit days, the Head of Internal Audit Consortium advised that Internal Audit had just completed an audit of cyber governance arrangements, and this had been done over 20 days in 2024/25 and would not be revisited until 2026/27, however, any recommendations made in 2024/25, would be followed up to ensure implementation. As Internal Audit were not IT technical experts, reliance was put on being compliant with the public sector network assurance and part of this was that external penetration testing was carried out to ensure firewalls were in place etc.

Moved by Councillor Tom Kirkham and seconded by Councillor Cathy Jeffery
RESOLVED that 1) the Internal Audit Charter be agreed,

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2) the Internal Audit Charter be reviewed annually or sooner in the event of any significant changes to the Internal Audit function or the GIAS.

AUD12-25/26.

INTERNAL AUDIT PLAN 2025/26

Committee considered a report which sought Members approval for the 2025/26 Internal Audit Plan. The plan was attached as an appendix to the report and had been reviewed by the Section 151 Officer and Senior Leadership Team.

The GIAS required the Head of Internal Audit Consortium to create an internal audit plan that supported the achievement of the Council's objectives, based on the strategies and risks of the Council and the Head of Internal Audit's understanding of the governance, risk management and control processes in place. The GIAS also required that the Audit Committee (highest level body charged with governance) approve the plan.

A summary of the internal audit plan for 2025/26 was shown in a table in the report and in detail in appendix 1.

Resource availability had been based on the Consortium Business Plan approved by the Joint Board on 26th March 2025. 483 days were allocated in total, and it was intended to allocate 73 days to Dragonfly this year.

The plan was ambitious and reliant upon having a full staffing complement and fully trained staff. However, as reported above at Minute Number AUD09 - 25/26, regarding a shortage of internal auditors, an interim Senior Auditor had been employed for 6 months and in addition to this, staff members based at NEDDC and CBC would also spend time working on audits from the BDC plan.

A Member queried if the Audit Consortium had yet considered the future implications of local government reform. The Head of Internal Audit Consortium advised that she was part of the local authority chief auditors' network and current discussions were around areas that would need to be considered and risks, however, in relation to what would happen to Audit in Derbyshire, it was still early days.

In response to queries raised by the Chair, the Head of Internal Audit Consortium advised that it was a requirement of the standards that any changes in relation to the internal audit plan would be brought to the Audit Committee for approval. With regard to resources, the Head of Internal Audit Consortium would be required to approach the Joint Board for further funding if this were necessary.

Moved by Councillor Steve Fritchley and seconded by Councillor Tom Kirkham
RESOLVED that 1) the internal audit plan for 2025/26 be approved,

2) that the plan was provisional and may require adjusting and prioritising in the light of any changes in the Council's business, risk operations, programs, systems, controls and organisational culture, be noted.

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AUD13-25/26.

WORK PROGRAMME 2025/26

Committee considered their work programme 2025/26. The Section 151 Officer noted that the self-assessment of the audit committee would need adding the programme for the meeting in April 2026

Moved by Councillor Catherine Tite and seconded by Councillor Cathy Jeffery
RESOLVED that the work programme 2025/26 be noted.

The meeting concluded at 1024 hours.