

**Bolsover District Council**

**Audit Committee**

**26th January 2021**

**Internal Audit Consortium Summary of Progress on the 2020/21 Internal Audit Plan**

**Report of the Internal Audit Consortium Manager**

This report is public

**Purpose of the Report**

- To present, for members' information, progress made by the Internal Audit Consortium in respect of the 2020/21 Internal Audit Plan.

**1 Report Details**

- 1.1 The Consortium Legal Agreement in paragraph 9.3 requires that the Head of the Internal Audit Consortium (HIAC) or his or her nominee will report to the Audit Committee of each Council on progress made in relation to their annual Audit Plan.

**Audits Issued**

- 1.2 Appendix 1 is a summary of reports issued between the 2nd September 2020 and the 31st December 2020. 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:-

<b>Assurance Level</b>	<b>Definition</b>
<b>Substantial Assurance</b>	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
<b>Reasonable Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>Inadequate Assurance</b>	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.

- 1.3 In this period 10 reports have been issued, 8 with substantial assurance and 2 with reasonable assurance.
- 1.4 Reports are issued as Drafts with five working days being allowed for the submission of any factual changes, after which time the report is designated as a Final Report. Fifteen working days are allowed for the return of the Implementation Plan.
- 1.5 In respect of the audits being reported, it is confirmed that no issues arising relating to fraud were identified.

#### **Progress on the 2020/21 Internal Audit Plan**

- 1.6 A mid- year review of progress against the internal audit plan and a discussion in relation to the potential risks arising due to COVID 19 has been undertaken with the Section 151 Officer. On the whole, it is felt that the plan is still appropriate. For the areas reviewed it will be ensured that COVID 19 has not adversely affected the controls in place.
- 1.7 Due to the value of business grants awarded (small business grants, leisure, retail and hospitality grants and discretionary grants) internal audit will be dedicating some time to the review of the procedures followed and ensuring that there has been an adequate separation of duties in place.

- 1.8 At the end of November 2020 CIPFA issued guidance in relation to the Head of Audits Annual Opinion: Addressing the Risk of a limitation of scope (Appendix 2). A limitation of scope should be considered if enough work has not been carried out to provide assurance on the Council's Governance, risk management and control processes in place. There is no definition of the amount of work required to provide an opinion, this is left up to professional judgement.
- 1.9 At this stage I believe that by prioritising the work for the remainder of the year I will be able to give a full audit opinion.
- 1.10 Appendix 3 shows the 2020/21 internal audit plan and details the audits that have been completed and those in progress. It is considered that reasonable progress is being made given the circumstances. However, there will be a need to carry some areas forward to 2021/22 and the 2020/21 plan may still be subject to change should significant risks emerge.

## **2 Conclusions and Reasons for Recommendation**

- 2.1 To inform Members of progress on the Internal Audit Plan for 2020/21 and to provide details of the Audit Reports issued to date.
- 2.2 To comply with the requirements of the Public Sector Internal Audit Standards.

## **3 Consultation and Equality Impact**

- 3.1 None.

## **4 Alternative Options and Reasons for Rejection**

- 4.1 None.

## **5 Implications**

### **5.1 Finance and Risk Implications**

- 5.1.1 The regular reporting of the progress made by the Internal Audit Consortium enables Members to monitor progress against the approved internal audit plan.

### **5.2 Legal Implications including Data Protection**

- 5.2.1 None.

### **5.3 Human Resources Implications**

- 5.3.1 None.

## 6 Recommendations

- 6.1 That the report be noted.
- 6.2 That the impact of COVID-19 on the ability to complete the current audit plan and the potential for future changes to the plan is noted and approved.
- 6.3 That the CIPFA guidance relating to the Head of Internal Audit Annual Opinion: Addressing the Risk of a limitation of scope be noted.

## 7 Decision Information

<b>Is the decision a Key Decision?</b> 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: <i>BDC: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>Has the relevant Portfolio Holder been informed</b>	N/A
<b>District Wards Affected</b>	All
<b>Links to Corporate Plan priorities or Policy Framework</b>	All

## 8 Document Information

Appendix No	Title
1	Summary of Internal Audit reports issued between the 2 <sup>nd</sup> September and the 31st December 2020
2	CIPFA guidance : Addressing the risk of a Limitation of Scope
3	Current progress on the 2020/21 Internal Audit Plan
<b>Background Papers</b> (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 Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	

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