



**OPEN REPORT
NAME OF DECISION MAKING BODY**

Governance and Resources Committee 22nd November 2022

Progress Update on the 2022/23 Internal Audit Plan

Report of the Director of Resources

Report Author and Contact Details

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Wards Affected

District Wide

Report Summary

To present for members' information a progress update in respect of the 2022/2023 Internal Audit Plan. The report includes a summary of internal audit reports issued since the last meeting of this committee.

Recommendations

1. That the report be noted.

List of Appendices

Appendix 1 Summary of Internal Audit Reports Issued in respect of the 2022/23 Internal Audit Plan.

Background Papers

None

Consideration of report by Council or other committee

N/A

Council Approval Required

No

Exempt from Press or Public

No

Progress Update on the 2022/23 Internal Audit Plan

1. Background

- 1.1 The 2022/23 Internal Audit Operational Plan was approved by the Governance and Resources Committee on the 17th March 2022. The plan was based on the Council having a full time Senior Auditor and a full time Auditor in post.
- 1.2 The plan provides a framework by which service functions are reviewed to test and report on the adequacy and effectiveness of the governance, risk and control arrangements in place. Completion of the plan enables the Head of Internal Audit to provide an annual opinion on the governance, risk and control arrangements in place.

2. Key Issues

- 2.1 In August 2022 both of the Council's Auditors left the Authority for promotions elsewhere.
- 2.2 Recruitment within the public sector internal audit field is proving increasingly difficult and this is acknowledged by CIPFA, the Local Authority Chief Internal Auditors Network and the Nottinghamshire and Midlands Audit Group.
- 2.3 The Senior Auditor post was advertised in July 2022 with a 9% and then a 12% market supplement however it was still not possible to recruit. The position has recently been re-advertised with a 15% market supplement and a Welcome Payment to try to attract qualified and experienced candidates of the calibre required.
- 2.4 If this recruitment round proves unsuccessful, the Director of Resources will consider the options available to DDDC in terms of the provision of an audit service.
- 2.5 In the meantime, progress on the 2022/23 Internal Audit Plan has stalled.
- 2.6 Before the Auditors left the Council's employment 3 reports were issued 2 with substantial assurance and 1 with reasonable assurance (see Appendix 1 for details).
- 2.7 No fraud was identified.
- 2.8 Appendix 1 shows for each report a summary of the level of assurance that can be given in respect of the audit area examined and the number of recommendations made / agreed where a full response has been received.

2.9 The assurance level is awarded in respect of the controls in place and the system's ability to meet its objectives and manage risk in accordance with the definitions below. As recommended by the external review of internal audit the assurance levels have now been linked to definitions of risk within the council's risk management strategy.

Assurance Level	Definition	Risk Register Link
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.	Rare Impact
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.	Possible/Unlikely Impact
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.	Major Impact
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.	Critical Impact

3. Options Considered and Recommended Proposal

3.1 N/A

4. Consultation

4.1 N/A

5. Timetable for Implementation

5.1 N/A

6. Policy Implications

6.1 N/A

7. Financial and Resource Implications

7.1 There are no financial implications arising from this report.

8. Legal Advice and Implications

8.1 There are no legal implications arising from this report

9. Equalities Implications

9.1 There are no equalities implications arising from this report.

10. Climate Change Implications

10.1 There are no climate change implications arising from this report.

11. Risk Management

11.1 There is a risk that a lack of independent assurance means that weaknesses in governance, risk and control may go undetected.

Report Authorisation

Approvals obtained from:-

	Named Officer	Date
Chief Executive	Paul Wilson	08/11/2022
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	07/11/2022
Monitoring Officer (or Legal Services Manager)		