

**North East Derbyshire District Council**

**Audit and Corporate Governance Scrutiny Committee**

**12th January 2022**

**External Review of Internal Audit – Action Plan Progress**

**Report of the Head of the Internal Audit Consortium**

Classification: This report is public

Report By: **Jenny Williams: Head of the Internal Audit Consortium**

Contact Officer: **Jenny.Williams@ne-derbyshire.gov.uk**

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**PURPOSE / SUMMARY**

- To present, for members' information, a progress update in respect of implementing the recommendations arising from the external review of internal audit.
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**RECOMMENDATION**

1. That the report be noted.
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**IMPLICATIONS**

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**Finance and Risk:** Yes  No

**Details:**

The action plan attached to this report addresses the recommendations arising from the external review of internal audit thereby minimising the risk that internal audit is not operating in accordance with the Public Sector Internal Audit Standards.

On Behalf of the Section 151 Officer

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**Legal (including Data Protection):** Yes  No

**Details:**

On Behalf of the Solicitor to the Council

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**Staffing:** Yes  No   
**Details:**

On behalf of the Head of Paid Service

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## DECISION INFORMATION

| Decision Information  |                     |
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| <b>Is the decision a Key Decision?</b><br>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:<br><br><b>BDC:</b><br>Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/><br><b>NEDDC:</b><br>Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/><br><input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i> | No                  |
| <b>Is the decision subject to Call-In?</b><br>(Only Key Decisions are subject to Call-In)   | No                  |
| <b>District Wards Significantly Affected</b>  | None                |
| <b>Consultation:</b><br>Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/><br>SAMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/><br>Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>   | Yes<br><br>Details: |

| Links to Council Plan priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications. |
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| An effective Internal audit service helps to ensure that the Council is delivering high quality, cost effective services. |
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## **REPORT DETAILS**

### **1 Background**

- 1.1 The Public Sector Internal Audit Standards require that the internal audit service must have an external review at least every 5 years. In May 2021 an external review of the Internal Audit Consortium was undertaken the results of which were reported to this Committee. Although the results of the review were positive and the service is deemed to be compliant with the Standards, some recommendations were made to help aid further improvement of the service. This report is to detail the progress made to date in implementing the recommendations to date.

### **2. Details of Proposal or Information**

- 2.1 Appendix 1 details the recommendations made by the external reviewer, the proposed action and an update of the progress achieved so far.
- 2.2 Some recommendations have already been implemented and others are in progress. A number of the recommendations will be implemented from the 2022/23 financial year in order that we are not changing procedures mid –year and to have time to train staff.
- 2.3 The main focus of the recommendations relates to ensuring that internal audit continues to increase their focus on risk and aligns to the Council’s risk appetite. In order to do this we are going to align our assurance levels and recommendation priorities to the risk appetite defined within the Council’s risk management Strategy. The likely impact of this is that there will be more low priority recommendations as the Council’s risk appetite is higher than our current recommendation priority definitions. A medium internal audit recommendation will therefore be more significant then at present.
- 2.4 All of our documentation has been reviewed and improvements made to our scoping document, audit test schedule and report template to embed risk management throughout the audit process.
- 2.5 A further update on progress will be brought to this committee as part of the 2021/22 Internal Audit Annual Report.

### **3 Reasons for Recommendation**

- 3.1 To provide members with the assurance that the Internal Audit Consortium is continually looking to improve and is actively implementing the recommendations arising from the external review.

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

- 4.1 Not Applicable

## DOCUMENT INFORMATION

| Appendix No  | Title  |
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| Appendix 1   | External Review of Internal Audit – Action Plan Progress |
| <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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