

**North East Derbyshire District Council**

**Audit and Corporate Governance Scrutiny Committee**

**20<sup>th</sup> January 2021**

Business Continuity – Maintaining Financial Control

**Report of the Internal Audit Consortium Manager**

This report is public

**Purpose of the Report**

- The purpose of this report is to provide members with assurance in terms of business continuity in relation to maintaining financial control.

**1 Report Details**

**Background**

- 1.1 At the last meeting of the Committee it was noted that one of the outstanding recommendations related to the updating of Service Area Business Continuity plans. This Committee is particularly concerned with business continuity in terms of maintaining financial control and therefore the Internal Audit Consortium Manager was asked to bring a report addressing this issue.
- 1.2 A review of wider business continuity arrangements and plans will be made a priority by the Internal Audit Consortium in the 2021/22 financial year.

**Key areas**

- 1.3 Several key areas have been reviewed to provide the required assurance on financial control:-
- Compliance with the CIPFA Financial Management Code
  - External Audit Assurance
  - Internal Audit of Key Financial Systems
  - Progress on Key Financial Areas in Recovery Plans

**Compliance with the CIPFA Financial Management Code**

- 1.4 In 2019 CIPFA published its Financial Management Code. The Code provides guidance for good and sustainable financial management in Local Authorities. By complying with the principles and standards within the Code Local Authorities can demonstrate their financial sustainability.

1.5 In August 2020 Internal Audit reviewed the extent of NEDDC compliance with the CIPFA Financial Management Code. The following key principles in determining financial stability were examined:-

- Leadership
- Accountability
- Transparency
- Standards
- Assurance
- Sustainability

1.6 The review concluded that the council's processes satisfy the principles of good financial management and is managing its resources effectively. A rating of Substantial Assurance was given. The full report can be seen at Appendix 1.

### **External Audit Assurance**

1.7 The Council has consistently achieved positive reports from external audit. The 2019/20 accounts have been completed and signed off within the required deadlines.

1.8 In terms of value for money in 2019/20 external audit have concluded that the council has proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources.

### **Internal Audit of Key Financial Systems**

1.9 Most of the key financial systems are audited on an annual basis. The latest results of these audits are:-

Main Accounting and Budgetary Control	- Substantial Assurance
Debtors	- Substantial Assurance
Housing Benefits	- Substantial Assurance
Council Tax	- Substantial Assurance
Treasury Management	- Substantial Assurance
Cash and Banking	- Substantial Assurance
Non Domestic Rates	- Substantial Assurance

1.10 This means that the Council can have confidence in the operation of these systems.

### **Progress on Key Financial Areas in Recovery Plans**

1.11 In order to help mitigate the risks of COVID-19 the Council developed detailed inward and outward recovery plans. The financial aspects of these plans have been extracted reviewed and updated with the section 151 Officer (Appendix 2).

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

2.1 The report demonstrates that as far as possible in the current climate and given the impact of Covid-19 on local authorities the Council has effective systems and processes in place to manage its finances effectively.

### **3 Consultation and Equality Impact**

3.1 None

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

4.1 Not Applicable

### **5 Implications**

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

5.1.1 The Covid-19 pandemic is having an unprecedented detrimental impact on the finances of local authorities across the country.

5.1.2 Whilst there are undoubtedly major financial challenges ahead the Council complies with the financial principles within the CIPFA Financial Management Code that enable it to demonstrate financial sustainability.

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

5.2.1 None

#### **5.3 Human Resources Implications**

5.3.1 None

### **6 Recommendation**

6.1 That the report 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>District Wards Affected</b>	All
<b>Links to Corporate Plan priorities or Policy Framework</b>	All

**8 Document Information**

Appendix No	Title
Appendix 1	Internal Audit Report – CIPFA Financial Management Code
Appendix 2	Progress on Recovery Plan at December 2020
<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)	
N/A	
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