



DERBY CITY COUNCIL

**AUDIT AND ACCOUNTS
COMMITTEE
25 MARCH 2010**

Report of the Strategic Director of
Resources

ITEM 13

INTERNAL AUDIT – ROLE IN THE COUNCIL’S TRANSFORMATION PROCESS

RECOMMENDATION

- 1.1 To note the report.

SUPPORTING INFORMATION

- 2.1 At the meeting on 3 December 2009, the Chair requested a report be brought to this meeting of the Committee which outlined my views on Internal Audit’s role in the Council’s Transformation process.
- 2.2 The transformation process will see a fundamental change across the whole organisation resulting in established processes and management controls being redesigned and new ways of working being introduced. This will inevitably have a major impact on the internal control environment and increase risk. The challenge for Internal Audit is to:
- keep up to date with the changes
 - provide robust challenge
 - add value to the process and help embed changes
 - be flexible and responsive; and
 - provide an assurance on the effectiveness of the control environment and management of risks
- 2.3 The key issue is how Internal Audit can meet this challenge. There are 4 potential options:
1. Internal audit could have a representative on each workshop or theme.
 2. Internal audit could undertake independent reviews around the themes and cases for change.
 3. A representative from Internal Audit could attend the Project Board and provide advice where appropriate.
 4. Internal Audit could monitor and review the risk log and issues log for each theme/case for change and provide advice accordingly.
- 2.4 Given the size of the transformation change programme the first option this is not possible. The transformation programme is based around 12 core transformational themes and 14 individual business cases for change and Internal Audit has neither the time nor resources to be involved at this level. Option 2 is also not viable as

there will be a resource issue and a timing issue concerning any output from the reviews in the respect of the overall timeframe of the transformation programme. Options 3 and 4 are both workable; however, option 4 is dependent on the existence of risk and issue logs. Internal Audit will need to maintain its independence and objectivity throughout its involvement, but will also need to be mindful of the required outcomes of the whole transformation agenda.

- 2.5 To provide this Committee and myself with the level of assurance we need on this process, I believe that Internal Audit should attend the Transformation Board, but should also review any risk/issue logs.

For more information contact:	Don McLure, Strategic Director of Resources, 01332 256263 don.mclure@derby.gov.uk
Background papers:	
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial

1. None directly arising

Legal

2. None directly arising

Personnel

3. None directly arising

Equalities impact

4. None directly arising.

Corporate objectives and priorities for change

- 5.1 The functions of the Committee have been established to support delivery of corporate objectives by enhancing scrutiny of various aspects of the Council's controls and governance arrangements.
- 5.2 Delivery of the DECATS project contributes to the Council's priority of Delivering Excellent Services and Value for Money.