



DERBY CITY COUNCIL

**AUDIT AND ACCOUNTS  
COMMITTEE  
2 APRIL 2009**

# ITEM XX

Report of the Head of Audit and  
Risk Management

## INTERNAL AUDIT PLAN

### RECOMMENDATION

- 1.1 To approve the proposed change to the 2009/10 internal audit planning period from 1 April to 31 March to 1 June to 31 May to better align with the Council's risk management cycle and Audit & Account Committee appointments.

### SUPPORTING INFORMATION

#### Background

- 2.1 Planning the audit coverage each year requires that several key factors are taken into account which will influence not only the nature of audit reviews, but the way the Section operates. The following key issues will influence the 2009/10 Plan:
- The CIPFA Code of Practice for Internal Audit for Local Government in the UK was published in 2006 and has set 11 Standards that all internal audit sections need to achieve.
  - The 2009/10 Plan needs to consider the risks to the Council achieving its objectives and to ensure that controls are in place to mitigate them. The national focus of internal audit work is moving towards more risk-based approaches within a wider corporate governance role.
  - The plan needs to reflect the extent to which the Council's key systems are computerised and the importance of local and national initiatives on information technology.
  - The need to avoid duplication with the reviews to be undertaken by external audit or other external inspection bodies.
- 2.2 Audit and Risk Management has a key role to play in governance. The Section is responsible for providing guidance corporately on risk management issues. Risk management is integral to a well managed Council. It is crucial that the aims and objectives of the Council can be clearly linked with the risks involved. Internal Audit's role is much broader than focusing only on internal control and now needs to be risk focused. It needs to be responsive to changes within the Council. From change arises risk, and as the key risk and control advisors in the Council, Audit and Risk Management needs to be offering advice on managing and controlling project risks and other risks brought about by programmes of change.

- 2.3 A key aspect to the Council's risk management process is the inclusion of Departmental and service risks in the Business Planning process. Internal Audit needs to take into consideration the risks identified in each Department's Business Plans, when formulating the Internal Audit Plan. The Council's Business Plans are produced at the end of May each year.
- 2.4 Also, with May elections, Internal Audit has produced Audit Plans for the April Audit & Accounts Committee meeting only to find the make up of the Committee has significantly changed by the next June Committee meeting.
- 2.5 There is no statutory requirement for the internal audit year to be 1 April to 31 March. A change to a start date for the internal audit year to 1 June to 31 May, would not impact upon the timing of the work upon which our external auditors seek to place reliance. The Head of Audit and Risk Management's opinion on the internal control environment that exists within the Council would still be reported through to the June meeting of the Audit and Accounts Committee as part of the Internal Audit Annual Report.

<b>For more information contact:</b>	Richard Boneham, Head of Audit and Risk Management, 01332 255688 richard.boneham@derby.gov.uk
<b>Background papers:</b>	Internal Audit Risk Assessment
<b>List of appendices:</b>	Appendix 1 - Implications

<b>IMPLICATIONS</b>
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**Financial**

1. None arising directly.

**Legal**

2. Under the Accounts and Audit Regulations 2003, the Council is required to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices.

**Personnel**

3. None directly arising.

**Equalities impact**

4. None directly arising.

**Corporate objectives and priorities for change**

5. Internal Audit contributes through its review work on the major corporate risks to the Council achieving corporate objectives and priorities. This is achieved by the audit of key systems and corporate governance issues and the associated risks. The work of Internal Audit is also relevant to the priority of 'value for money'.