

Denbighshire County Council

Draft Internal Audit Strategy

**Arrangements for delivering an
effective internal audit service**

2014-15

Contents

| | |
|---|---|
| Background to the service | 1 |
| Summary of proposed service delivery | 2 |
| Internal Audit performance & customer standards | 4 |

Background to the service

The Internal Audit Service is an independent and objective internal team that provides assurance and advice to all levels of management and elected members on the quality of operations within the Council. We particularly focus on governance, risk management, performance, efficiency and operational and financial control. We also provide internal audit services to Natural Resources Wales (NRW) and North Wales Police (NWP). This Strategy refers primarily to the service provided to Denbighshire County Council.

Our main objectives are to...

...provide independent assurance and advice to management and elected members on risk management, governance and internal control;

...develop and promote our role to make a significant contribution to the Council's priority to modernise and deliver efficiencies and improve services for our customers; and

...add value in all areas of our work, providing excellent service to our customers.

Our team is very proactive and innovative, constantly aiming to improve and we have recently moved to the Business Improvement & Modernisation Service to develop our role and to help co-ordinate assurance and improvement work across the Council. We have developed a very successful customer-focused approach to audit planning, project scoping and service delivery, involving elected members, senior management and operational staff that has made us a valued service within the Council, contributing to service improvement as well as providing assurance.

Our work provides a risk-based approach that allows the Head of Internal Audit (HIA) to form and evidence his opinion on the control environment to support the Council's annual review of its governance arrangements. Our Internal Audit Strategy therefore links closely to the Council's Governance Assurance Framework, taking account of other assurances that the Council may receive, internal or external, to prevent duplication and co-ordinate regulatory work. It also takes account of discussions with senior management.

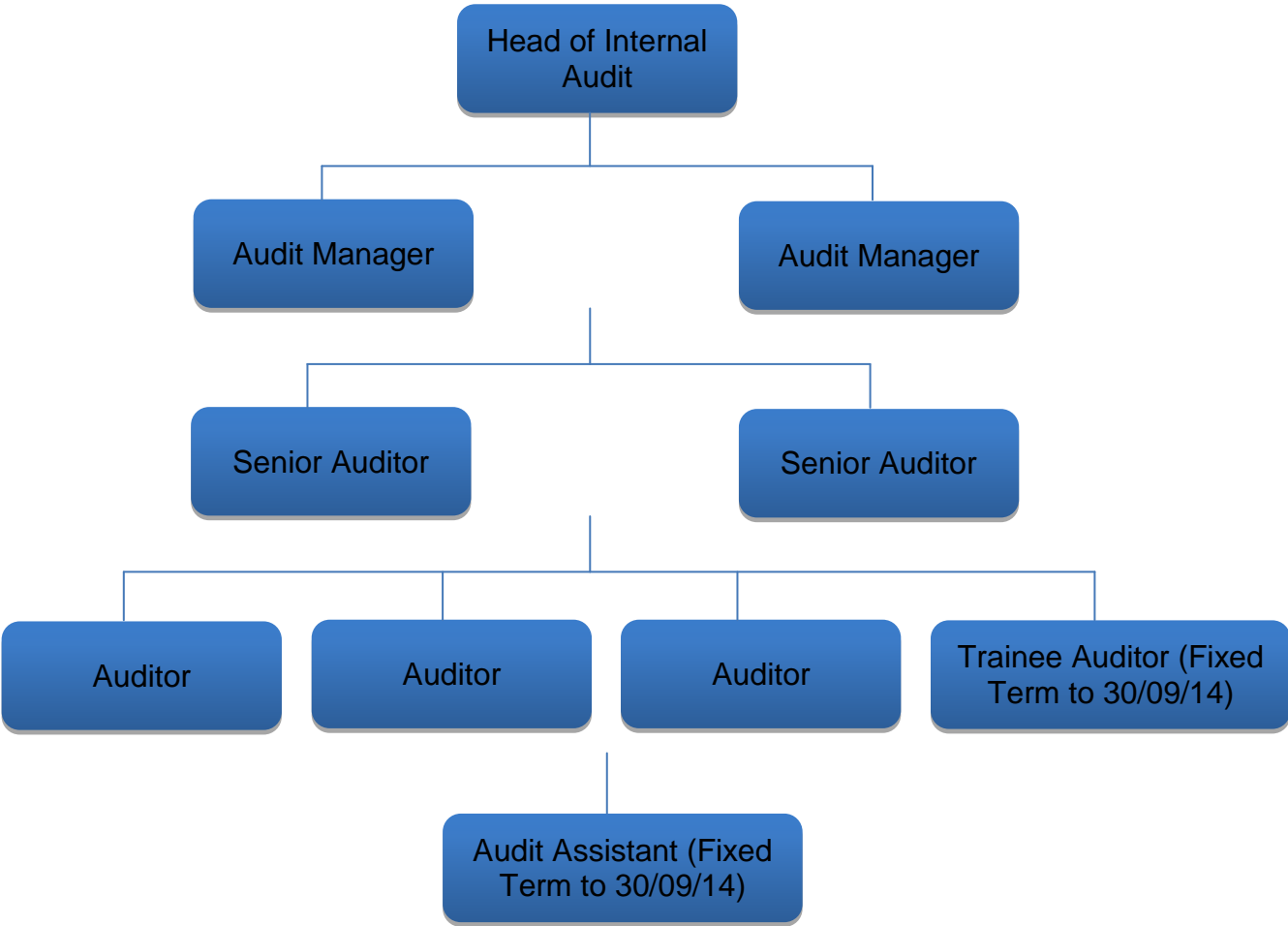
As the service is going through a transitional period following its move, this Strategy is in draft format and provides a general overview of where we will spend our time during 2014/15. The HIA is currently holding discussions with the Senior Leadership Team on how the service can be improved and co-ordinated and the internal audit requirements for 2014/15. He will then work with other managers within Business Improvement & Modernisation by the end of August 2014 to develop an approach to assurance and improvement work that will culminate in a new Internal Audit Strategy from September 2014.

Summary of proposed service delivery

The following provides an overview of how we plan to spend our time during 2014/15. It shows broadly how we will use our time to gather the necessary evidence to form our overall audit opinion and provide the necessary levels of assurance for the annual assessment of corporate governance.

At this stage, the Strategy is based on 2150 days, but this will reduce as we have one member of staff due to commence maternity leave during the year, but we have not yet been informed of the proposed length of absence. We will not be covering this post during the maternity leave.

The service structure below has all posts currently filled. Two posts are on fixed term contracts.



Internal Audit Assurance Strategy 2014/15

ESSENTIAL STATUTORY & GOVERNANCE ASSURANCE (22%)

| | | |
|---|----------|---|
| Financial Assurance | 100 days | <ul style="list-style-type: none"> Financial systems for S151 assurance Education grants for Welsh Government assurance |
| Grants & Other Certification | 60 days | <ul style="list-style-type: none"> Reviews for assurance on good corporate governance |
| Corporate Governance Assurance | 280days | <ul style="list-style-type: none"> Reviews for assurance of delivery of corporate priorities |
| High Corporate Risks | 30 days | <ul style="list-style-type: none"> Assurance on management of high inherent risks in Corporate Risk Register |

ESSENTIAL CORPORATE & SERVICE IMPROVEMENT ASSURANCE (24%)

| | | |
|--|----------|--|
| Corporate Projects | 60 days | <ul style="list-style-type: none"> Cross-cutting projects e.g. sickness absence, Town & Area Plans, Arms-length organisations |
| Service Operational & Improvement Assurance | 460 days | <ul style="list-style-type: none"> Reviews within specific services identified as high-risk, poor performing, in need of improvement or requests from Head of Service to look at modernisation and efficiencies |

EXTERNAL CONTRACTS (15%)

| | | |
|--------------------------------|----------|--|
| Natural Resources Wales | 100 days | <ul style="list-style-type: none"> Agreement ends 31 March 2015 |
| North Wales Police | 200 days | <ul style="list-style-type: none"> Contract ends 31 March 2017 |
| School Funds | 20 days | <ul style="list-style-type: none"> On request |

OTHER ESSENTIAL WORK (15%)

| | | |
|--|----------|---|
| Project Follow Up Work | 50 days | <ul style="list-style-type: none"> Project follow up to ensure improvements implemented |
| Special Investigations & Proactive Fraud Prevention | 100 days | <ul style="list-style-type: none"> Reactive & proactive fraud work to provide assurance to S151 officer |
| Consultancy & Corporate Work | 150 days | <ul style="list-style-type: none"> Reporting, advice & support to Corporate Governance Committee, Performance Scrutiny Committee etc. |
| IA Collaboration | 20 days | <ul style="list-style-type: none"> General support, guidance & advice to services Research & horizon scanning for new and emerging risks, good practice etc. Working with other internal audit services to provide assurance e.g. for partnerships |

IA SUPPORT (24%)

| | | |
|--------------------------------------|----------|--|
| IA Management & Admin | 400 days | <ul style="list-style-type: none"> Management & training of IA team |
| IA Training & Development | 120 days | |

Internal Audit performance & customer standards

To measure how well we deliver our essential audit work and a customer-focused service, we use following performance measures:

| Assurance Measures | Target |
|---|--------|
| Complete financial assurance reviews | 100% |
| Complete grants & other certification assurance | 100% |
| Complete corporate governance assurance reviews | 100% |
| Complete high corporate risk reviews | 100% |
| Customer Service Standards | Target |
| We will contact you at least 2 weeks in advance to arrange a suitable date for our visit. | 100% |
| We will discuss, agree & send you the Internal Audit Project Scoping Document before we commence work. | 100% |
| At the conclusion of our work, we will hold a closing meeting with all relevant people to discuss the outcome of our work, and then send you a draft report within 10 working days of that meeting. | 90% |
| Once we have agreed the draft report and any actions plan with you, we will send you the final audit report within 5 working days. | 90% |
| We will seek feedback on the review and our service and respond to you with 10 working days explaining any improvements made to our service or, if we have taken no action, explaining the reason. | 100% |