



**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**AUDIT COMMITTEE**

**19 March 2024**

**Report of the Assistant Director of Finance (Audit)**

**Annual Internal Audit Plan 2024-25 (Q1-Q2)**

**1. Purpose**

- 1.1 To present to Members for consideration and approval the proposed Internal Audit Plan for 2024-25 (Q1-Q2).

**2. Information and Analysis**

- 2.1 The Audit Services Plan is designed to provide assurance that the significant risks identified as part of the risk assessment process are being managed effectively and, where appropriate, to make recommendations for improvements in overall control, efficiency and effectiveness.

Approach

- 2.2 The paper presented is for a half year plan which is a move away from the traditional full year audit plan. A half year plan is designed to ensure a focused plan can be achieved and allow the Council to move to a continuous planning approach. This approach will deliver the benefits of a truly agile audit service that can deliver focused outputs as key risks facing the organisation emerge. Furthermore, this approach was recently suggested as part of the External Quality Assessment the service received from the Institute of Internal Auditors.

## Risk Focus

2.3 The Audit Services Plan has been formulated in accordance with the Internal Audit Strategy and informed by our risk assessment drawn from a wide range of sources including:-

- Council Plan
- Council's Strategic Risk Register
- Departmental Risk Registers
- Meetings with Corporate Management Team, Executive Directors and Directors including the Section 151 Officer and Monitoring Officer
- Previous cyclical Audit work, knowledge of systems, controls and follow up of previous Audit recommendations
- Proactive fraud work
- External Audit
- Sector knowledge and emerging risks.

## Balance Approach

2.4 The Audit Service supports the Council above and beyond the delivery of individual audits and time is allocated within the audit plan to support other key work streams including Corporate Governance, Anti-Fraud and Corruption as well as sitting on a number of key meetings such as Governance Group, Information Governance Group and Finance Officers Group to provide guidance on risk and controls.

## Delivery of Audit Work

2.5 As the Council continues to face significant budget challenges and restrictions upon service delivery, Audit Services resources are not immune from these pressures and the focus of the unit will be to ensure efficient and effective use of the units resources to ensure that sufficient assurance and compliance work is completed, to enable the Head of Internal Audit (HIA) to form an opinion in the 2024-25 Annual Audit Report.

2.6 The revised Audit staffing structure (see Appendix 2) will deliver **2,192** Audit days in total across 2024-25, therefore anticipated to be **1,096** delivering the Q1 & Q2 Plan presented. The audit days have been calculated using current and estimated resources. Several assumptions have been made in calculating the number of available Audit days including allowance for sickness, leave, training and other non-audit work that staff must completed as employees of the Council. Therefore,

the number of days is prone to fluctuations but will be reported at each progress report in terms of the input of audit days and the output delivered.

### **3. Consultation**

3.1 No consultation is required.

### **4. Alternative Options Considered**

4.1 The Council has a duty under the PSIAS to prepare an annual Internal Audit Plan. Therefore, no alternative options have been considered

### **5. Implications**

5.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

### **6. Background Papers**

6.1 Electronic files and Audit working papers held by Audit Services, Finance & ICT Services, County Hall.

### **7. Appendices**

7.1 Appendix 1 – Implications.

7.2 Appendix 2 – Audit Services Plan 24-25 (Q1-Q2).

### **8. Recommendation(s)**

That Committee:

- a) consider and endorse the approach taken to create the proposed Draft Internal Audit Plan for 2024-25 (Q1-Q2)
- b) note that the Plan may be subject to amendment in response to emerging risks
- c) subject to these comments, approve the draft Audit Services Plan which is attached at Appendix 2.

### **9. Reasons for Recommendation(s)**

- 9.1 Audit Committee is required to approve the Annual Audit Plan for the Council.

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## Appendix 1

### Implications

#### **Financial**

- 1.1 Costs associated with the proposed plan will be met from the approved Internal Audit Budget.

#### **Legal**

- 2.1 The Audit Services Unit discharges the Council's statutory responsibilities under Regulation 5 of the Accounts & Audit Regulations 2015 and significant aspects of the Director of Finance & ICT's statutory duties under Section 151, Local Government Act 1972.
- 2.2 The Public Sector Internal Audit Standards require that the Assistant Director of Finance (Audit), as Head of Internal Audit (HIA), 'must deliver an annual audit opinion and report that can be used' to inform the Council's Annual Governance Statement. This opinion must reflect the work done during the year and 'must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control'. In providing this opinion it is necessary to summarise the main findings and conclusions from Audit work together with any specific concerns the HIA has.

#### **Human Resources**

- 3.1 The Public Sector Internal Audit Standards require that the Assistant Director of Finance (Audit), as Head of Internal Audit (HIA), ensures that internal audit resources are effectively deployed to achieve the risk-based plan.

#### **Information Technology**

- 4.1 None.

#### **Equalities Impact**

5.1 None.

**Corporate objectives and priorities for change**

6.1 The Council is committed to ensuring good governance and compliance with applicable laws and regulations..

**Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)**

7.1 None.