



Derry City & Strabane
District Council

Comhairle Chathair Dhoire
& Cheantar an tSratha Báin

Derry Cittie & Stràbane
Destrìck Cooncil

Internal Audit Strategy

2019 - 2020

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1. Introduction

The purpose of this document is to outline:

- The strategic direction of the Internal Audit section;
- Our strategic objectives;
- Our key priorities and targets in 2019/20; and
- Our plan of work for 2019/2020.

2. Our Mission Statement

Our aim is to provide an independent assurance and advisory service, which will help the Council achieve its objectives and improve the effectiveness of its risk management, control and governance processes.

3. Our Strategic Direction

- To provide an assurance to the Assurance, Audit and Risk Committee on the contribution and effectiveness of risk management, control and governance processes to the achievement of the Council's corporate objectives.
- To work alongside management to develop and improve their risk management, controls and governance processes.

4. Our Strategic Objectives

- To provide an independent assurance to the Assurance, Audit and Risk Committee.
- To contribute to the effectiveness of the Council's corporate governance and risk management arrangements.
- To provide a service which is valued and trusted by management and relevant to the Council's objectives.
- To improve the Council's control environment.

5. Our Values

Respect	We will treat each other and our customers with fairness and respect.
Partnership	We will seek to work alongside management.
Progressive	We will encourage continuous improvement and innovation in our service delivery and by developing our staff.
Excellence	We will aim for the best performance in delivering our service.
Objectivity	We will aim to be objective in performing our duties.
Communication	We will work together; constantly listening; communicating and sharing information with each other and other services.

6. Our Key Priorities and Targets for 2019/2020

Priorities	Targets
To agree an annual audit plan.	Discuss and agree with Audit Committee, Senior Leadership Team and Local Government Auditor.
To deliver the operational audit plan.	<ul style="list-style-type: none"> • 70:30 ratio planned to unplanned audit work completed. • 90% of audit recommendations accepted. • 90% completion and issue of Final Audit Reports within 2 weeks of receipt of management responses.
To provide assurance on an annual basis to facilitate the signing of the Annual Governance Statement.	<ul style="list-style-type: none"> • Chief Executive able to produce Annual Governance Statement.
To provide an annual assurance statement to the Audit Committee.	<ul style="list-style-type: none"> • Bi Monthly Audit Committee meetings to be held. • Annual report to be produced by July (after the end of the financial year).

7. Plan 2019/2020

7.1 The key challenge for the Internal Audit Section over the coming year is to continue to provide an appropriate level of assurance for our council whilst also dealing with the demands of the following:

- Completion of audits / reviews that were started as part of the 2018/2019 plan;
- Follow-up Audit work;
- Audit of other areas;
- Other work;
- Provision of training;
- Additional audits

7.2 Completion of audit / reviews that were started as part of the 2018/2019 plan

A number of audits ongoing from the 2018/19 audit plan will be included in the 2019/20 plan. These audits include the income collection audit of Templemore Sports Complex and the audit of the Police and Community Safety Partnership (PCSP).

7.3 Follow-up Audit work

Follow up audit work is required to provide assurance to the Assurance, Audit and Risk Committee that progress is being made on the implementation of agreed recommendations in areas where significant issues were identified previously. Follow up work can also be instigated at the request of senior management. In the 2019/20 plan, follow up audit work will be carried out on Waste and Environmental Management and Licensing.

7.4 Audit of other areas

It will be important to carry out assurance work on identified risk areas or in areas requested by senior management. In 2019/20, the audits of Planning, Events and Information and Communications Technology will be included in the plan. Additionally, assurance work is planned to be carried out on the 'Agresso' Upgrade as it progresses. Furthermore, on an annual basis, Internal Audit will carry out audits of the North West Region Waste Management Group and the PCSP. As requested by senior management, Internal Audit will carry out an audit of the North West Development Group and an audit of the project of the transfer of the ILEX Strategy and Regeneration function to DCSDC (Year 2). In addition, Internal Audit plan to carry out an audit of Capital Projects, the Alley Arts Theatre, Payroll and further income collection audit work in other Council leisure centres.

7.5 Other work

A number of other pieces of work will be undertaken in line with Best Practice and to comply with regulation. This will include the provision of ad hoc advice, systems development consultancy, policy maintenance and training, annual stock take assurance work, review of council procedures, liaison with risk management process and NIAO liaison / completion of fraud questionnaire. Internal Audit will also undertake work to develop the annual governance statement and deliver an annual audit plan for CoDA Operations Ltd. The audit plan does not include a contingency for investigation work; however, if investigation work is required then the plan will be adjusted accordingly.

7.6 Provision of Training

The next Audit Committee training will be delivered to Members of the new Council in autumn 2019. Additionally, individual induction training will be provided to any new Members of the Committee as requested. Furthermore, in line with best practice and good corporate governance, Internal Audit will continue to offer fraud awareness training across the Council.

7.7 Additional Audits

Audit planning is based on the Audit Needs Assessment approved in 2017. The 2019/20 audit plan is challenging, however, additional audits will be scheduled, if possible, depending on the completion of the above plan of work. These will be the audits Grounds Maintenance, Visitor Services and Cemeteries.

7.8 In summary, the Internal Audit plan for 2019/2020 sets out how we will use our finite resources (per agreed staff complement) to enable us to evaluate and report on the risk, control and governance processes that contribute to the achievement of the Council's objectives. The plan is attached at Appendix 1.

7.9 It should be noted that, traditionally, the programme of audit work is closely integrated with the risk management process and its associated risk registers and action plans. In addition to this, all Internal Audits completed are risk based with the aim of providing assurance on the adequacy of the processes management have in place to manage their risks. As processes and systems develop, Internal Audit will continue to liaise with the Insurance and Risk Manager to facilitate the production and maintenance of risk registers throughout the organisation. In addition to this, the Insurance and Risk Manager will report on Risk Management to the Senior Leadership Team and the Assurance, Audit and Risk Committee on a bi-monthly basis.

8. Monitoring of Audit Plan

8.1 The resource requirement to deliver this plan is in line with the current complement of the Service. We will keep the plan under review to

identify any amendment required to reflect changing priorities and emerging risks.

8.2 Progress on completion of the plan will be reported to the Assurance, Audit and Risk Committee during the course of 2019/2020.

8.3 It should be noted that the completion of the plan is not an outcome measure in itself. The key outcome is that the Assurance, Audit and Risk Committee receives assurances on what is important to the Council. The Council is a large dynamic ever-changing organisation with multiple systems so the likelihood of the plan remaining unchanged is low. It is not the priority of Internal Audit to complete the plan at the expense of its relevance.

9. Annual Assurance Statement

9.1 Internal Audit will provide an annual statement on the adequacy and effectiveness of the Council's control environment. In forming its opinion, Internal Audit will take account of the Council's risk management, control and governance arrangements.

Appendix 1

Derry City & Strabane District Council Operational Audit Plan 2019 – 2020	
Audit Plan sub headings	Operational / Audit Area
Work on completion of 2018/19 plan:	
	Leisure Centre Audit – income collection Templemore Sports Complex
	Police and Community Safety Partnership 17/18 (PCSP)
Follow up Audit Work:	
	Waste and Environmental Management
	Licensing
Audit of other areas:	
	Planning
	Events
	Information and Communications Technology (ICT)
	Agresso Upgrade Assurance work – Accounts Payable / Accounts Receivable
	North West Region Waste Management Group
	Police and Community Safety Partnership 18/19 (PCSP)
	North West Development Group
	Audit of the project of the transfer of the ILEX Strategy and Regeneration function to DCSDC (Year 2)
	Capital Projects
	Alley Arts Theatre
	Payroll
	Leisure Centre Audit – income collection Location to be decided.

Audit Plan sub headings	Operational / Audit Area
Other work:	
	Delivery of the CoDA Operations Ltd Annual Audit Plan
	Ad hoc Advisory work
	Systems Development Consultancy
	Annual Stock takes Assurance work
	Review of Council procedures
	Liaison with Risk Management process
	Investigation work as required in line with Counter Fraud and Whistleblowing policies.
	Fraud Risk Management meetings
	Policy Maintenance & Training <ul style="list-style-type: none"> ○ Counter Fraud Policy; ○ Whistleblowing Policy; ○ Bribery Policy; ○ Gifts and Hospitality Training; ○ Conflict of Interest Policy.
	NIAO Liaison / Completion of Annual Questionnaire on Fraud Risk Management
	Audit Planning processes: <ul style="list-style-type: none"> ○ Annual Audit Strategy ○ Annual Audit Plan
	Completion of Annual Governance Statement and associated work; <ul style="list-style-type: none"> ○ Review of Code of Governance; ○ Review of compliance with Public Sector Internal Audit Standards ○ Annual Audit Report
	Preparation of Committee papers for Assurance, Audit and Risk Committee.

Audit Plan sub headings	Operational / Audit Area
Provision of Training:	
	Fraud Awareness Training
	Assurance, Audit and Risk Committee Training
Additional Audit Assignments:	
(These audits will be completed depending on completion of the above plan of work)	
	Grounds Maintenance
	Visitor Services
	Cemeteries