

## NORTH YORKSHIRE COUNTY COUNCIL

### AUDIT COMMITTEE

29 SEPTEMBER 2011

## PROGRESS ON 2011/12 INTERNAL AUDIT PLAN

### Report of the Head of Internal Audit

#### 1.0 PURPOSE OF THE REPORT

- 1.1 To inform Members of the progress made to date in delivering the 2011/12 Internal Audit Plan and any developments likely to impact on the Plan throughout the remainder of the financial year.

#### 2.0 BACKGROUND

- 2.1 Members approved the 2011/12 Audit Plan at their meeting on the 21 April 2011. The total number of planned audit days for 2011/12 is 3,016 (of which 155 relate to internal audit services delivered on behalf of the County Council to external clients). The performance target for Veritau is to deliver 93% of the agreed Audit Plan.

- 2.2 This report provides details of how work on the 2011/12 Plan is progressing.

#### 3.0 INTERNAL AUDIT PLAN PROGRESS BY 31 AUGUST 2011

- 3.1 Progress against the agreed performance targets and improvement actions for 2011/12 as at 31 August 2011 is detailed in **Appendix 1**.

- 3.2 At the time of this report, the majority of the 2011/12 audits which have been concluded relate to schools. **Appendix 2** provides details of all the 2010/11 audits that have been issued as a final report so far this year. A number of reports have also been issued in relation to special investigations. To date, no Priority 1 actions have been agreed with management.

- 3.3 A series of training sessions to school governors and CYPS finance officers have been delivered by the Veritau Schools' Audit Team. In addition, presentations have been given to a number of conferences for early years providers.

#### Computer Audit

- 3.4 The 2011/12 IT Audit Plan allows for 80 days of specialist IT audit work to be undertaken by PriceWaterhouseCoopers (PwC) in areas identified as high risk to the County Council. Each audit has been timetabled and initial fieldwork has

commenced in a number of areas. In addition, all the remaining audits from the 2010/11 Plan have now been finalised and the results reported to the Technical and WAN Implementation Group (TWIG). More detail on IT audit work is provided in a separate report on this Agenda.

- 3.5 A PwC representative periodically attends TWIG to present IT audit findings and/or to discuss any matters of concern. TWIG is chaired by the Corporate Director – Finance and Central Services and Veritau attend meetings on a periodic basis to understand key issues as they emerge.

### **Corporate Audits**

- 3.6 Corporate audits are key to providing the appropriate assurance to the County Council that its overall governance and control arrangements remain effective. The scope of each corporate audit is agreed with the relevant lead officers to ensure that Internal Audit resources are focused on areas of high risk.
- 3.7 To date, the only 2011/12 corporate audits to have been issued in final are the review of the Co-op on-line travel booking system and the Carbon Reduction Commitment (CRC) evidence pack.

### **Contingency and Counter Fraud Work**

- 3.8 Veritau auditors continue to handle a number of special investigations and assignments. Such assignments are carried out in response to issues raised by staff or members of the public via the Whistleblower Hotline, or as a result of management raising concerns.
- 3.9 Veritau uses its audit management system Galileo.net for recording the detail of investigations undertaken into alleged fraud, malpractice and corruption. Since the start of the current financial year, 17 cases of suspected malpractice or misappropriation have been referred to Veritau. However, not all of these issues have resulted in further investigation by Veritau as, depending upon the nature of the concern raised, cases will be referred to Human Resources, external agencies or to management as appropriate. Veritau investigates only those cases involving suspected fraud, malpractice or misappropriation.

### **Information Governance**

- 3.10 Veritau's Information Governance Team (IGT) continues to handle a significant number of information requests submitted under the Freedom of Information and Data Protection Acts. The number of FOI requests received continues to grow with a total of 448 requests received between 1 April and 31 August 2011 compared with 424 (5.6% increase) and 324 (38.2% increase) requests received during the corresponding periods in 2010/11 and 2009/10 respectively. The IGT is currently exceeding the performance response target of 95% for 2011/12 with 97% of requests so far being answered within the statutory 20 day deadline. The IGT also coordinates the County Council's subject access requests (excluding social care) and has received 39 such requests between 1 April and 31 August compared to 35 requests in the same period last year.

- 3.11 Veritau is also assisting with the implementation of the County Council's Information Governance framework. The Council's Corporate information Governance Group (CIGG2) meets frequently to discuss policy development and implementation. Veritau's Audit & information Assurance Manager and Information Governance Officer both attend these meetings. Encouraging progress continues to be made to address information governance matters at corporate and directorate level. Veritau auditors have also been undertaking a series of unannounced audit visits to a sample of County Council premises in order to confirm staff awareness of the need to secure personal and sensitive information.

### **Variations to the 2011/12 Audit Plan**

- 3.12 All proposed variations to the agreed Audit Plan arising as the result of emerging issues and/or requests from directorates are subject to a Change Control process. Where the variation exceeds 5 days then the change must be authorised by the Client Manager. Any significant variations will then be communicated to the Audit Committee for information.
- 3.13 The following variations have been agreed with management:

#### Co-op Travel System (+ 5 days)

A request by management to verify controls in system.

#### Flexible Working (+ 5 days)

A request by management to undertake further follow up work following 2010/11 audit.

#### New Working Arrangements (+ 10 days)

A request by management to undertake further follow up work following 2010/11 audit.

#### Audit work within HAS Directorate (net nil)

The re-allocation of time for planned audits in HAS to reflect changes in priorities, including the implementation of AIS Financials to replace Care Pay and the move to Fairer Contributions from Fairer Charging. The variation also includes splitting the planned audit of Personalisation and Direct Payments into two separate assignments. The variation consists of the following changes:

Learning Disabilities	(-25)
Payments and Charges – Residential Care	(+10)
Payments and Charges – Domiciliary Care	(+10)
Charges for Domiciliary care Electronic Invoicing	(+5)
Contracting – Block Contracts	(-20)
Personalisation and Direct Payments	(-30)
Personalisation	(+25)
Direct Payments	(+25)

### Audit work within CYPS Directorate (- 25 days)

The re-allocation of time for planned audits in CYPS to reflect changes in priorities, including the introduction of the new Schools Financial Value Standard which requires less work than originally planned and the transfer of a number of schools to Academy status. A reduction in the overall audit plan is also needed to reflect a delay in the secondment to Veritau of a trainee accountant. The variation consists of the following changes:

Schools Financial Value Standard	(-15)
Ingleborough Community Centre	(-2)
Secondary Schools	(-13)
Academy Transfer Process	(+5)

### Contingency (+ 20 days)

The allocation of time to reflect new requests in the period.

### **Net Reduction in the Audit Plan – 25 days**

#### **4.0 RECOMMENDATION**

- 4.1 Members to note the progress made by Veritau Ltd in delivering the 2011/12 Internal Audit Plan.

Report prepared and presented by Max Thomas, Head of Internal Audit

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15 September 2011

**Background Documents:** None

**APPENDIX 1 – PROGRESS AGAINST 2011/12 PERFORMANCE TARGETS AS AT 31/08/2011**

**Performance Targets**

<i>Indicator</i>	<i>Milestone</i>	<i>Position at 31/08/2011</i>
To deliver 93% of the agreed Internal Audit Plan.	93% by 30/4/12	33%
To achieve a positive customer satisfaction rating of 95%	95% by 31/3/12	100%
To ensure 95% of Priority 1 recommendations made are agreed.	95% by 31/3/12	100%
To ensure 95% of FOI requests are answered within the Statutory deadline of 20 working days.	95% by 31/3/12	97%

**Performance Improvements**

<i>Action</i>	<i>Target Date</i>	<i>Position at 31/1/2011</i>
Continue to develop and roll-out the new information governance framework	31/3/12	Ongoing
To undertake audit of compliance with information governance policies	31/3/12	Ongoing
To further develop and implement effective counter fraud measures in line with the actions highlighted in the Veritau Business Plan, with particular reference to issues relating to Health and Adult Services financial assessment and charging matters	31/3/12	Ongoing

## APPENDIX 2 – FINAL 2011/12 AUDIT REPORTS ISSUED TO DATE

<b>Audit Area</b>	<b>Directorate</b>	<b>Overall Opinion</b>
Trading Standards	BES	Substantial
Fuel Rebate claim	BES	N/A
Co-op Travel System	Corporate	Moderate
Carbon Reduction Commitment – review of evidence pack	Corporate	N/A