

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

10 OCTOBER 2018

PROGRESS ON 2018/19 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 2018/19 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 2018/19 Audit Plan on the 21 June 2018. The total number of planned audit days for 2018/19 is 1,100 (plus 956 days for other work including counter fraud and information governance). 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 2018/19 Audit Plan is progressing.

3.0 INTERNAL AUDIT PLAN PROGRESS BY 31 AUGUST 2018

- 3.1 The internal audit performance targets for 2018/19 were set by the County Council's client officer. Progress against these performance targets, as at 31 August 2018, is detailed in **Appendix 1**.
- 3.2 Work is ongoing to complete the agreed programme of work. It is anticipated that the 93% target for the year will be exceeded by the end of April 2019 (the cut off point for 2018/19 audits). **Appendix 2** provides details of the final reports issued in the period. A further 7 audit reports have been issued but remain in draft. Fieldwork is currently underway with a number of other scheduled audits.

Contingency and Counter Fraud Work

- 3.3 Veritau continues to handle cases of suspected fraud or malpractice. 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. Since the start of the current financial year, 18 cases of suspected fraud or malpractice have been referred to Veritau for investigation. 6 of these are internal fraud cases, 8 relate to social care and 3 are external fraud. A further case related to an application for a school place. A number of these investigations are still ongoing. Two adult social care cases were recently prosecuted by the CPS. The Veritau Fraud Team supported the Police with both investigations.

Information Governance

- 3.4 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 between 1 April 2018 and 31 August 2018 is 585 compared with 534 requests received during the corresponding period in 2017. The IGT is currently below the performance response target of 95% for 2018/19 with approximately 90% of requests so far being answered within the statutory 20 day deadline. The IGT also coordinates the County Council's subject access requests (SARs) and has received 100 such requests between 1 April 2018 and 31 August 2018 compared to 88 requests received during the corresponding period in 2017.
- 3.5 Veritau has been appointed as the County Council's Data Protection Officer following the implementation of the General Data Protection Regulation (GDPR) on 25 May 2018. The IGT has been assisting the County Council to update the information governance policy framework in line with the requirements of GDPR and the new Data Protection Act 2018. Other work has included preparing data sharing agreements, recording data security incidents, investigating serious data security incidents, and providing advice and support to service departments. Veritau auditors have also continued to undertake a programme of unannounced compliance visits to County Council premises in order to assess staff awareness of the need to secure personal and sensitive information.

Variations to the 2018/19 Audit Plan

- 3.6 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 officer. Any significant variations will then be communicated to the Audit Committee for information. The following variations have been authorised since the last progress report. The variations follow discussions with management and reflect changes in current priorities:

Financial safeguarding procedures (HAS)	+10 days
Direct Payments (HAS)	-10 days
Net change to plan	nil

Follow Up of Agreed Actions

- 3.7 Veritau follows up all agreed actions on a regular basis, taking account of the timescales previously agreed with management for implementation. An escalation process is in place for when agreed actions are not implemented or where management fail to provide adequate information to enable an assessment to be made. At this stage in the year, there are no actions which have needed to be escalated. On the basis of the follow up work undertaken during the year to date, the Head of Internal Audit is satisfied with the progress that has been made by management to implement previously agreed actions necessary to address identified control weaknesses.

External Assessment

- 3.8 In order to comply with the Public Sector Internal Audit Standards (PSIAS), internal auditors working in local government are required to maintain a quality assurance and improvement programme (QAIP). As part of this programme, providers are required to have an external assessment of their working practices at least once every five years. The last external assessment of Veritau was undertaken in April 2014 by the South West Audit Partnership (SWAP).
- 3.9 A further external assessment of Veritau will be undertaken by SWAP in November 2018. SWAP is a not for profit public services company operating primarily in the South West of England. As a large shared service internal audit provider it has the relevant knowledge and expertise to undertake external inspections of other shared services and is independent of Veritau. The assessment will include a review of documentary evidence, including self-assessments completed by Veritau, and face to face interviews with a number of senior officers at each of the Veritau clients and Veritau auditors. The assessors may also wish to speak to the chair of the audit committee as part of the assessment process. The results of the assessment will be included in future internal audit progress reports to the committee, once a report has been received from the assessor. Any specific areas identified as requiring further development and/or improvement will also be included in the QAIP.

4.0 RECOMMENDATION

Members are asked to note:

- 4.1 the progress made in delivering the 2018/19 Internal Audit programme of work and the variations agreed by the client officer.
- 4.2 the planned external quality assessment of audit working practices by the South West Audit Partnership.

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

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Background Documents: Relevant audit reports kept by Veritau at 50 South Parade, Northallerton.

PROGRESS AGAINST 2018/19 PERFORMANCE TARGETS (AS AT 31/8/2018)

Indicator	Milestone	Position at 31/8/2018
To deliver 93% of the agreed Internal Audit Plan	93% by 30/4/19	18.29%
To achieve a positive customer satisfaction rating of 95%	95% by 31/3/19	100%
To ensure 95% of Priority 1 recommendations made are agreed	95% by 31/3/19	100%
To ensure at least 30% of investigations completed result in a positive outcome (management action, sanction or prosecution)	30% by 31/3/19	54.55%
To identify actual fraud savings of £50k (quantifiable savings)	£50k by 31/3/19	£23,905
To ensure 95% of FOI requests are answered within the Statutory deadline of 20 working days	95% by 31/3/19	89.91%

FINAL 2018/19 AUDIT REPORTS ISSUED TO DATE

Audit Area	Directorate	Overall Opinion
Visits to Care Providers - Avalon (Scarborough)	HAS	Substantial assurance
Visits to Care Providers – Eldercare	HAS	Substantial assurance
Visits to Care Providers – Foresight	HAS	Reasonable assurance
Visits to Care Providers - Botton Village - Avalon Shared Lives	HAS	Substantial assurance
Developing Stronger Families April/May claim	CYPS	No opinion