

NORTH YORKSHIRE COUNTY COUNCIL**AUDIT COMMITTEE****21 JUNE 2019****2019/20 INTERNAL AUDIT PLAN****Report of the Head of Internal Audit****1.0 PURPOSE OF THE REPORT**

- 1.1 To seek approval for the planned programme of internal audit work to be undertaken in 2019/20.

2.0 BACKGROUND

- 2.1 In accordance with professional standards¹ and the County Council's Audit Charter, internal audit plans are prepared on the basis of a risk assessment. This is intended to ensure that limited audit resources are prioritised towards those systems and areas which are considered to be the most risky and/or which contribute the most to the achievement of the County Council's corporate priorities and objectives. The plan is required to be approved by this committee as part of its responsibility for overseeing the work of internal audit.

3.0 AUDIT PLAN 2019/20

- 3.1 The Audit Plan for 2019/20 forms part of the overall programme of work to be undertaken by Veritau on behalf of the County Council. The Plan details the proposed audits within each directorate or specialist area. The risk assessment process takes account of the County Council's corporate and directorate risk registers, management priorities (for example known areas of concern), the results of recent audit work and other changes in County Council services and systems. The views of senior management across the County Council were canvassed as part of the planning process. The Committee was also given the opportunity to provide comments on the outline plan at its last meeting on 7 March.
- 3.2 The Plan reflects the County Council's priorities for the coming year together with the financial and other pressures it faces. It includes:

¹ As set out in the Public Sector Internal Audit Standards and specific guidance on the application of those standards for local government, issued by CIPFA.

- systems where the volume and value of transactions processed are significant, or where the possible impact of any system failure is high, making the continued operation of regular controls essential;
- areas of known concern, where a review of risks and controls will add value to operations;
- areas of significant change. This may include providing direct support / challenge to projects, reviewing project management arrangements, or consideration of the impact of those changes on the control environment for example where the reduction in resources may result in fewer controls.

In particular, continued support will be given to individual transformation projects, ongoing data security compliance, health and social care integration, and increased commercial activities.

- 3.3 It is important that audit resources are used effectively and continue to focus on those areas which will add the most value. Continued dialogue and collaboration with management will therefore take place through the year to ensure that any new or emerging risks or changed priorities are identified and reflected in planned work. The Plan should therefore be viewed as a relatively flexible document.
- 3.4 The overall programme of work is attached at **Appendix 1**. Members should note that the programme of work for 2019/20 includes allocations of time for non-audit related activities including counter fraud and information governance. The overall programme total is 2,046 days (2018/19 – 2,056 days). The time allocated to internal audit work is 1,090 days (2018/19 – 1,100 days). The reduction in audit coverage is part of a planned savings programme which will see the overall programme reduce to 1,890 days by 2020/21.

4.0 **RECOMMENDATION**

- 4.1 Members are asked to approve the Internal Audit Plan for 2019/20.

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3 June 2019

Background Documents: None

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**NORTH YORKSHIRE COUNTY COUNCIL
INTERNAL AUDIT PLAN 2019/20**

CORPORATE / CROSS CUTTING	<u>Days</u>
Savings Delivery	20
An audit of the effectiveness of savings plans, monitoring, reporting arrangements and achievement of targets. The audit will focus on budget savings identified within CYPS and HAS.	
Information governance (data breaches)	20
An allocation of time to investigate significant data security incidents and/or provide support to other internal investigations.	
Information governance (data security compliance)	30
A programme of unannounced information security compliance audits. The audits will cover a variety of council premises with a focus on those considered to be high risk.	
Payroll / HR	25
An audit of payroll / HR controls and processing. The review will include the payment of annual increments, the changes to the grading system, and the processing of leavers.	
Customer Complaints and Compliments	20
A review of the Council's processes and management of risks in respect of complaints and compliments, with a particular emphasis on HAS (supporting ongoing efficiency and other work by management in the directorate).	
Commercial Investments	15
A review of the Council's arrangements for undertaking due diligence prior to the approval of commercial investments. The audit will also consider whether the arrangements are in line with relevant best practice guidance and the Code of Practice on Treasury Management in the Public Services.	
Assurance Mapping	10
A review of other sources of assurance to ensure that duplication of work is minimised and audit resources are used effectively. This was a specific recommendation from Veritau's external PSIAS assessment in 2018.	

CORPORATE / CROSS CUTTING

Days

IDEA data analytics and data matching

10

Time to undertake data matching and analytics to review large scale data sets to improve data quality and to identify possible data inconsistencies.

150

HEALTH AND ADULT SERVICES	<u>Days</u>
<p>Harrogate Adult Community Services Health and Social Care Integration</p> <p>A review of the effectiveness of the management of key risk areas and systems in respect of the integrated health and social care service model for adults in the Harrogate and Rural locality for 2019 and beyond.</p>	30
<p>Transferring of Care Programme</p> <p>To review the management of risks, processes and controls in respect of the Council's responsibilities towards the Transferring of Care Programme.</p>	20
<p>Safeguarding</p> <p>A review of controls and governance arrangements in place to manage the key risks relating to adult safeguarding.</p>	20
<p>Deprivation of Liberty Safeguards (DoLS)</p> <p>To review management of the key risks, systems and procedures that ensure deprivation of liberty cases are effectively managed. Work will cover current performance, including assessment activity, as well as consider the emerging risks of new DoLS related legislation which is expected in 2020.</p>	25
<p>Continuing Healthcare</p> <p>To review the management of risks, processes and controls in respect of the Council's responsibilities towards the Continuing Healthcare Programme. We will build on our knowledge from the detailed work we completed in 2017.</p>	20
<p>Financial Assessments</p> <p>A review of risks and controls in respect of financial assessments including those that ensure financial assessments are promptly completed.</p>	15
<p>Baseline Assessment of Care Providers</p> <p>The baseline assessment process reviews the contractual risks in respect of care providers. We will consider how information obtained from these reviews is used elsewhere in HAS to help reduce risk and increase awareness and knowledge. We will also review the spreadsheet system used to manage the process.</p>	20

Visits to Care Providers **20**

To provide support and ad-hoc guidance to officers on specific cases involving financial matters. The allocation of time will help provide assurance that appropriate financial controls are in place and operating effectively.

Suspension Process **15**

To review the policies and processes in place for the suspension of care providers.

Hardship process **15**

To review the policies and processes in place for when a care provider submits a request to the Council for hardship.

Public Health **20**

To provide assurance on the management of key risks arising from the provision of Public Health services.

BUSINESS AND ENVIRONMENTAL SERVICES	<u>Days</u>
Highways new arrangements	15
A review of the governance arrangements and management of risk in respect of the forthcoming new professional engineering and highways maintenance services contracts (the current arrangements end in 2020 and 2021).	
Highways demobilisation	15
A review of the de-mobilisation arrangements managing the final year/two years of the professional engineering and highways maintenance services contracts.	
Fleet Management	20
A review of the management of risk and effective use of management information in respect on the newly introduced systems and processes for the management of Council vehicles.	
Concessionary Fares	15
A review of the systems and procedures for reimbursing providers for the provision of concessionary bus fares.	
Allerton Waste Recycling Park	20
To provide assurance on the management of key risks in respect of the long term waste contract.	
Countryside Services	15
A review of the policies, systems and prioritisation in respect of countryside services.	
	<hr/> 100 <hr/>

CENTRAL SERVICES	<u>Days</u>
Creditors & Purchase to Pay	25
<p>To support and provide challenge to the introduction of the new P2P processes via membership of the P2P Project Board. This will also include an audit review of the operational P2P process to ensure it is operating effectively.</p>	
Budgetary preparation and management	20
<p>A review of the budget management process, building upon work in previous years, to ensure effective budget management is taking place and savings plans achieved</p>	
Debtors and Debt Management Project	20
<p>A review of the debtors system, including the processes in place to ensure debtors accounts are raised promptly and accurately. This will also include time to provide support and challenge to the Debt Management Project</p>	
Purchasing cards and VAT	15
<p>A review of the use of purchasing cards to ensure the issue of cards is monitored and that card payments are reviewed and reconciled. The audit will also review the recording of VAT on card purchases</p>	
Financial Processes	15
<p>To review the adequacy of controls within automated financial processes including the BACs Bureau and Direct Debits.</p>	
Asset Management	15
<p>To review the extent to which the Council's arrangements reflect best practice in the management of the assets they own.</p>	
	<hr/> 110 <hr/>

CHILDREN AND YOUNG PEOPLE'S SERVICES	<u>Days</u>
Adult Learning	15
The service was inspected by Ofsted in May/June 2017, and the audit will review progress made in implementing actions identified following that inspection.	
Safeguarding	20
A review of controls and governance arrangements in place to manage the key risks relating to safeguarding.	
Music Service	15
A review of the processes and controls for paying employees, collecting income and making other payments for the service	
High Needs	25
The audit will review the evidence and challenge in place to support decision making processes, and how the service responds to information requests from relevant parties	
Disabled Children's Service	20
A review of management and monitoring procedures in relation to direct payments and local commissioning budgets	
Developing Stronger Families	10
The Council receives funding from MHCLG as part of the Troubled Families Programme. MHCLG guidance expects internal audit to carry out a 10% check of each funding claim submitted.	
Schools Financial Value Standard (SFVS)	12
Provision to review the returns made by schools and to undertake any necessary follow up.	
Schools themed audits	65
Provision for 3 themed audits. Visits will be made to a number of schools to review their practices in each of the chosen areas with the aim of producing good practice guidance. Themed audits will cover procurement, cyber security and business continuity, and governance procedures. There will also be a small additional allowance for visits to individual schools with known issues.	

CHILDREN AND YOUNG PEOPLE'S SERVICES

Days

Audit support and advice to schools

30

An allocation of time to respond to requests for advice and support from schools.

212

COMPUTER AUDIT

Days

Technology and Change is accredited with ISO 27001. We have a developed an audit programme that will examine compliance in each area of ISO 27001 over a five year period. The audit(s) would also include testing to ensure compliance with the IT elements of the General Data Protection Regulation (GDPR) such as data retention schedules and privacy and protection of personally identifiable information.

65

Provision to provide support and advice on IT audit matters.

5

70

PROCUREMENT AND CONTRACT AUDIT	<u>Days</u>
Support to the development of the Procurement Strategic Action Plan	10
To provide advice, guidance and challenge to the development and implementation of the procurement strategic action plan.	
Specific procurement and contract management based reviews	50
An allocation of time to undertake individual procurement and contract management reviews.	
	60

NORTH YORKSHIRE PENSION FUND

Days

A programme of audits designed to review the management of Pension Fund risks, to be agreed with the Pensions Board.

Provision to provide support and advice on Pension Fund related audit matters.

50

COUNTER FRAUD AND CORRUPTION

Days

An allocation of time to support the provision of counter fraud services, including:

Data Matching

Provision to coordinate data submission, check data validity, assess referrals, and investigate potential frauds in relation to the National Fraud Initiative (NFI) and other local data matching exercises.

Fraud Awareness

Provision to deliver an overall programme of work to raise awareness of fraud issues. Activities include targeted fraud awareness training and organising counter fraud publicity (both internal and external).

Fraud Detection and Investigation

Provision to undertake investigations into suspected fraud, corruption or other wrongdoing. Examples of the types of investigation work that may be undertaken include internal, procurement and social care related fraud.

Other Counter Fraud Related Work

Provision to provide other counter fraud and corruption work including:

- review of council counter fraud arrangements and policies
- the provision of support and advice to directorates in relation to fraud issues
- reporting on outcomes from counter fraud work.

350

INFORMATION GOVERNANCE

Days

An allocation of time to support the provision of Information Governance services, including:

- the co-ordination of responses to Data Protection and Freedom of Information requests
- monitoring compliance with the Council's policy framework and data protection legislation (including undertaking a programme of audits) as Data Protection Officer
- the investigation of serious data security incidents, the coordination of remedial activity and liaison with the Information Commissioner's Office
- the provision of advice and guidance on all related matters (including privacy notices, data protection impact assessments, data sharing agreements and information asset registers).

606

OTHER CHARGEABLE AUDIT WORK	<u>Days</u>
Follow up	30
Provision to follow up previously agreed audit recommendations.	
Corporate governance strategy	2
An allocation of time to support the development of the Council's corporate governance arrangements and the preparation of the Annual Governance Statement. The time allocation includes attendance at meetings of the Corporate Governance Officer Group.	
Audit planning	14
A provision of time for the preparation of the Annual Audit Plan. Corporate Directors and service managers will be consulted as part of the planning process.	
Audit support, advice and liaison	30
Provision to provide ongoing advice and support on the design, implementation and operation of appropriate controls and for the overall management of audit work in each directorate.	
External audit liaison	2
Ongoing liaison with the external auditors to avoid duplication of effort and to maximise the overall benefit of the audit services provided to the County Council.	
Audit Committee	30
A provision of time to prepare and present reports on internal audit and governance related work undertaken during the financial year. The reports will be presented in accordance with the agreed timetable of the Audit Committee. Time is also included to provide training to Members of the Audit Committee as and when required.	
Contingency	10
Provision to undertake additional work in response to:	
<ul style="list-style-type: none"> • specific requests from the Corporate Director – Strategic Resources (the S151 Officer) or other chief officers • new or previously unidentified risks which impact on Audit Plan priorities 	

- significant changes in legislation, systems or service delivery arrangements
- requests from customers to audit specific services, systems or activities usually as a result of weaknesses in controls or processes being identified by management
- urgent or otherwise unplanned work arising from investigations into information breaches or suspected frauds which identify potential control risks.

SUMMARY OF AUDIT DAYS 2016 TO 2020

Audit Area	2019/20	2018/19	2017/18	2016/17
Corporate / Cross cutting	150	200	250	240
Health and Adult Services	220	180	180	215
Business & Environmental Services	100	80	90	85
Central Services	110	130	110	165
Children & Young People's Services	212	212	212	214
Computer Audit	70	70	70	100
Procurement and Contract Audit	60	60	60	85
Pension Fund	50	50	50	50
Counter Fraud & Corruption	350	350	350	300
Information Governance	606	606	606	612
Other Chargeable Audit Work	118	118	112	136
TOTAL DAYS	2046	2056	2090	2202