

# **NORTH YORKSHIRE COUNTY COUNCIL**

## **AUDIT COMMITTEE**

**22 MARCH 2022**

### **PROGRESS ON 2021/22 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 2021/22 internal audit programme of work and the other related services delivered to the County Council by Veritau (information governance and counter fraud). The report also highlights any issues likely to impact on the programme of work throughout the remainder of the year.

#### **2.0 BACKGROUND**

- 2.1 The internal audit programme for 2021/22 totalled 950 (plus 1,226 days for other work including counter fraud and information governance). It is important that audit resources are used effectively and focus on those areas which add the most value. The programme of work is therefore designed to be flexible so that as new risks are identified or priorities change it can be updated. This is particularly important this year as the County Council recovers from the Covid-19 pandemic and begins the process to create a new single council for North Yorkshire.
- 2.2 This report provides details of the work completed in 2021/22 to date, current work ongoing and the priorities for the remainder of the year.

#### **3.0 INTERNAL AUDIT PROGRAMME OF WORK (TO 31 JANUARY 2022)**

- 3.1 The programme of internal audit work was prepared on the basis of a risk assessment and planned to ensure there was sufficient coverage of the framework of governance, risk management and internal control. We have also defined the following as areas where assurance is required in order to provide an evidence based opinion:

- Strategic planning
- Organisational governance
- Financial governance
- Risk management
- Information governance
- Performance management and data quality
- Procurement and contract management
- People management
- Asset management
- Programme and project management

- ICT governance

3.2 The requirement for providing assurance across all of these areas is taken into account when prioritising work. The programme of work has been subject to ongoing review and has been adjusted in response to changes in the County Council's activities, risks, operations, systems and controls. During the year, planned work has been prioritised on the basis of:

- Do first – work of the highest value, priority, or urgency
- Do next – work to be started after current audit work is completed
- Do later – work scheduled for consideration later in the year (or in the future)

3.3 Changes in the priority of work are agreed with council officers. Individual audit assignments can also move between the categories as required. For example a project audit classed as “do now” because it represents an area of high importance to the County Council may move from “do now” to “do next” or “do later”, if the project slips or planned work cannot be undertaken until a specific point is reached. Towards the end of the year, audits classed as “do later” are likely to be deferred until the next year.

3.4 **Appendix 1** provides details of the internal audits completed or currently in progress. **Appendix 2** provides details of the work scheduled to be undertaken next.

### **Counter Fraud Work**

3.5 Veritau continues to investigate 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, 43 cases of suspected fraud or malpractice have been referred to Veritau for investigation, compared to 33 cases received in the corresponding period in 2020/21. For the current year, 11 of the cases relate to internal fraud, 11 relate to adult social care and 11 relate to external fraud, blue badge misuse, debt recovery, or abuse of the council's financial assistance scheme. A further 10 cases relate to applications for a school place. A number of these investigations are still ongoing.

3.6 The Counter Fraud team has also reviewed the Council's creditor payment processes in response to an increased threat from organised criminal gangs attempting to defraud public sector bodies through mandate or payment diversion fraud.

### **Information Governance**

3.7 Veritau's Information Governance Team (IGT) continues to handle a significant number of information requests received in accordance with the Freedom of Information Act 2000 (FOI) and Data Protection Act 2018 (DPA). The number of FOI requests received between 1 April 2021 and 31 January 2022 was 985 compared with 803 requests received during the corresponding period in 2020/21. The number of requests received in 2001/22 and answered within 20 working days is currently 89%. The IGT also coordinates the County Council's subject access requests (SARs) and has received 264 such requests between 1 April 2021 and 31

January 2022 compared to 302 requests received during the corresponding period in 2020/21.

- 3.8 Veritau acts as the County Council's Data Protection Officer and provides advice and support to the County Council on all aspect of data protection. The IGT also reviews compliance with the legislation and liaises with the regulator, the Information Commissioner's Office (ICO). Other work includes reviewing data protection impact assessments, preparing data sharing agreements, recording data security incidents and investigating serious data security incidents. Further details about the work completed in the year are included in the annual information governance report which is a separate item on this agenda.

### **Follow Up of Agreed Audit Actions**

- 3.9 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.

#### **4.0 RECOMMENDATION**

Members are asked to note the progress made in delivering the 2021/22 Internal Audit programme of work and the other assurance related services provided by Veritau.

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

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15 February 2022

**Background Documents:** Relevant audit reports kept by Veritau

**2021/22 INTERNAL AUDIT WORK PROGRAMME****FINAL AUDITS ISSUED**

<b>Audit / Activity</b>	<b>Month</b>	<b>Assurance Level</b>
North Yorkshire Highways - Opening Balances	June 2021	No opinion given
Developing Stronger Families June 2021 return	June 2021	No opinion given
Developing Stronger Families September 2021 return	September 2021	No opinion given
Domiciliary Care Payments and Contract Management - Royal Mencap Society	October 2021	Limited Assurance
Continuing Healthcare	October 2021	Reasonable Assurance
Server Administration and Security	October 2021	Substantial Assurance
Carlton Endowed School	November 2021	No opinion given
Firewalls	November 2021	Substantial Assurance
Main Accounting System	December 2021	Substantial Assurance
Early Years	December 2021	No opinion given
Brompton Hall School	December 2021	No opinion given
Developing Stronger Families September 2021 return	December 2021	No opinion given

**AUDITS IN PROGRESS**

<b>Audit / Activity</b>	<b>Status</b>
Harrogate Day Services	Draft Report
Symology	Draft Report
Payroll	Fieldwork completed
Learning Disability and Autism	Fieldwork completed
Visits to Care Providers - Wilf Ward, Pickering	Fieldwork completed
Risk Management	Fieldwork in progress
Deferred Payment Agreements	Fieldwork in progress

**Appendix 1**

<b>Audit / Activity</b>	<b>Status</b>
Registration Services	Fieldwork in progress
Schools Thematic Review – Lettings	Fieldwork in progress
Schools Thematic Review – Schools Financial Value Standard (SFVS)	Fieldwork in progress
East Ayton School	Fieldwork in progress
Hutton Rudby School	Fieldwork in progress
Responsive Repairs	Fieldwork in progress
Pension Fund Expenditure	Fieldwork in progress
Pension Fund Investments	Fieldwork in progress
Financial Assessments	Planning
Transitions from Children’s to Adult’s Social Care	Planning
NY Highways performance management	Planning
Fleet Management	Planning
ICT Cyber Security / Cyber Readiness	Planning
ICT Capacity Management	Planning

## 2021/22 INTERNAL AUDIT WORK PROGRAMME – CURRENT PRIORITIES

Audit / Activity	Status		
	Ongoing	Do next	Do later
<b>Strategic, corporate &amp; cross cutting risks</b>			
Local Government Reorganisation (LGR) preparedness and other related activities	✓	✓	✓
Post Covid-19 recovery and response plans	✓	✓	
HR and workforce planning			✓
Payroll	✓		
Performance management / data quality			✓
Risk Management	✓		
Project Management			✓
Business Continuity / Disaster Recovery		✓	
Climate change		✓	
Council owned companies		✓	
<b>Health and Adult Services (HAS)</b>			
Learning Disability and Autism	✓		
Income from health			✓
S117 aftercare (Mental Health Act 1983) and Transferring of Care Programme		✓	
Liberty Protection Standards			✓
Court of Protection			✓
Financial assessments	✓		
Deferred Payment Agreements	✓		
Emergency Duty Team		✓	
Visits to Care Providers	✓		✓
Public Health		✓	

<b>Audit / Activity</b>	<b>Status</b>		
	<b>Ongoing</b>	<b>Do next</b>	<b>Do later</b>
Transitions from Children's to Adult's Social Care (also CYPS)	✓		
<b>Business and Environmental Services (BES)</b>			
NY Highways performance management	✓		
Ringway Contract Demobilisation		✓	
Waste Management		✓	
Planning Services			✓
Fleet Management	✓		
<b>Central Services (CS)</b>			
Financial Systems redesign and modernisation support review	✓	✓	✓
Debt management and Income collection		✓	
Registration Services	✓		
<b>Children's and Young People Services (CYPS)</b>			
Household Support Fund		✓	
High Needs			✓
Developing Stronger Families	✓	✓	✓
Locality Boards			✓
Maintained schools themed audits	✓		
Individual school audits	✓	✓	✓
<b>Computer Audit</b>			
Strategy and governance			✓
ICT Cyber Security	✓		
ICT Information security			✓
ICT Capacity Management	✓		
ICT Disaster Recovery			✓

<b>Audit / Activity</b>	<b>Status</b>		
	<b>Ongoing</b>	<b>Do next</b>	<b>Do later</b>
<b>Procurement and Contract Audit</b>			
Responsive Repairs	✓		
Contract Waivers		✓	
Supporting new procurement and contract management arrangements	✓		
Transparency in supply chains			✓
Public Procurement and Health Procurement Regulations			✓
<b>North Yorkshire Pension Fund</b>			
Pension Fund Expenditure	✓		
Pension Fund IT system		✓	
Pension Fund Investments	✓		
Attendance at Pension Fund Board	✓		