

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 MARCH 2022

2022/23 INTERNAL AUDIT PLAN CONSULTATION

Report of the Head of Internal Audit

1.0 PURPOSE OF THE REPORT

- 1.1 To seek Members' views on the priorities for internal audit in 2022/23, to help inform the focus of internal audit work.

2.0 BACKGROUND

- 2.1 In accordance with professional standards¹ and the County Council's Audit Charter, internal audit work must be risk based and take into account the requirement to produce an evidence based annual internal audit opinion. Audit work should be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and controls.
- 2.2 The Head of Internal Audit's annual opinion is based on an objective assessment of the effectiveness of the framework of risk management, governance and internal control. Our planned audit work for 2022/23 will therefore cover all three areas.
- 2.3 Responsibility for effective governance, risk management and control arrangements remains with the Council. The Head of Internal Audit cannot be expected to prevent or detect all weaknesses or failures in internal control, nor can audit work cover all areas of risk across the organisation.

3.0 CONSULTATION ON 2022/23 INTERNAL AUDIT WORK PROGRAMME

- 3.1 A new, flexible, approach to audit planning was introduced last year. With this new approach, an indicative long list of work is developed at the start of the year. Actual audits are then selected throughout the year based on an ongoing assessment of risks and priorities. This approach allows us to keep upcoming work under review, to ensure we are targeting audit resources to those areas most needed. It also builds in flexibility, by

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.

enabling us to respond quickly to emerging issues or to commence work on other areas of importance when risks and priorities change.

- 3.2 This flexibility is particularly important in 2022/23 due to local government reorganisation North Yorkshire. From 1 April 2023, a new North Yorkshire Council will be created when the existing councils in North Yorkshire are combined to form a single county wide unitary authority. The process of change will however create a number of challenges and risks. A large proportion of the internal audit work programme will therefore be focused on providing assurance to the project and the related work streams. As a result, the work programme itself is likely to be significantly different to previous years.
- 3.3 We have also defined 11 key areas where we require assurance during the course of the year in order to provide an evidence based opinion, as follows:
- 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
- 3.4 In practice the indicative programme of work will be structured into a number of directorate sections. The table at Appendix A includes some areas for consideration for audit in 2022/23. These are included to prompt discussion and are not intended to be a definitive or complete list of areas that could be subject to audit.
- 3.5 Consultation with Members is an essential part of the risk assessment process. As in previous years, the Audit Committee is therefore being asked to identify any specific areas which should be considered a priority for review. The Committee will be asked to approve the work programme at the next meeting in June. However, it should be noted some work will need to commence before this.

4.0 **RECOMMENDATION**

- 4.1 Members are requested to consider and comment on the draft Internal Audit Plan for 2021/22 and to identify any specific areas which should be considered a priority for audit review.

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

Max Thomas
Head of Internal Audit
Veritau Limited
County Hall
Northallerton

24 February 2022

Background Documents: None

**NORTH YORKSHIRE COUNTY COUNCIL
INTERNAL AUDIT PROGRAMME OF WORK 2022/23**

Area	Potential areas of activity
Local Government Reorganisation	<ul style="list-style-type: none"> Project governance and assurance Compliance with statutory obligations Support and advice to relevant work-streams Effective closure and transfer of services and functions to the new council Internal control, data quality and other consultative support Assurance work to maintain business as usual and continuation of the existing control environment
Strategic, Corporate & cross cutting risks	<ul style="list-style-type: none"> Post Covid-19 recovery and response plans HR and workforce planning Performance management Risk management Project management Partnerships Business continuity and disaster recovery Climate change Health and safety Asset management Council owned companies
Health and Adult Services (HAS)	<ul style="list-style-type: none"> Partnership working with the NHS and new health structures S117 aftercare (Mental Health Act 1983) and Transferring of Care Programme Continuing Health Care (CHC) Court of Protection Liberty protection safeguards Public Health Emergency duty team Visits to care providers

Area	Potential areas of activity
Business and Environmental Services (BES)	NY Highways (client function) Waste management (client function) Planning services Devolution opportunities
Central Services	Financial systems redesign and modernisation support review Debt management and income collection
Children's and Young People Services (CYPS)	Early Years High Needs Special Education Needs and Disability (SEND) Themed audits for maintained schools Children's social care Locality boards
Computer Audit	Strategy and governance ICT cyber security ICT information security ICT disaster recovery
Procurement and Contract Audit	Targeted contract management and procurement reviews Supporting new procurement and contract management arrangements Contract waivers Public Procurement and Health Procurement Regulations
North Yorkshire Pension Fund	Pension Fund expenditure Pension Fund income Pension Fund investments