

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

27 JUNE 2022

INTERNAL AUDIT WORK FOR THE CHILDREN AND YOUNG PEOPLE'S SERVICES DIRECTORATE

Report of the Head of Internal Audit

1.0 PURPOSE OF THE REPORT

- 1.1 To inform Members of the internal audit work performed during the period from 1 September 2021 to 31 May 2022 for the Children and Young People's Services Directorate (CYPS).

2.0 BACKGROUND

- 2.1 The Audit Committee is required to assess the quality and effectiveness of the corporate governance arrangements operating within the County Council. In relation to the Children and Young People's Services Directorate (CYPS), the Committee receives assurance through the work of internal audit (as provided by Veritau), as well as receiving a copy of the latest directorate risk register.
- 2.2 This agenda item is considered in two parts. This first report considers the work carried out by Veritau and is presented by the Head of Internal Audit. The second part is presented by the Corporate Director and considers the risks relevant to the directorate and the actions being taken to manage those risks.

3.0 WORK CARRIED OUT DURING THE 9 MONTH PERIOD ENDED 31 MAY 2022

- 3.1 As well as audits of directorate systems and processes, Veritau also reviews the adequacy of controls operating within North Yorkshire maintained schools. The majority of audit work within schools is performed as part of themed audits, where a specific topic is reviewed across a range of schools. During these audits feedback is provided to each school visited, but the audit report is issued to CYPS. The reports include common issues and/or best practice. The directorate then provides a response which is aimed at improving standards across all schools.
- 3.2 Details of internal audit work undertaken within the directorate and the outcomes of these audits are provided in **appendix 1**. The work for all 2021/22 audits is now substantially complete, although there are a number of audits that are currently in the final stages of completion, including the schools themed audits for the year.
- 3.3 Veritau has also been involved in carrying out a number of other assignments for the directorate. This work has included:

- monitoring and reviewing SFVS returns and drafting the annual DfE return
 - reviewing the schools finance manual, in conjunction with school representatives and officers from Finance and Management Support, Legal Services and the Corporate Property Landlord Unit
 - contributing to training sessions at the termly school bursar conferences
 - keeping schools informed of best practice and recent developments
 - publishing advice for schools on counter-fraud arrangements to enable them to comply with the requirements of the LMS Scheme
 - completing audits requested by individual maintained schools (where the school is the client)
 - conducting a number of other special investigations that have either been communicated via the Whistleblowers' hotline or have arisen from issues and concerns raised with Veritau by CYPS management.
- 3.4 As with previous audit reports an overall opinion has been given for each of the specific systems or areas under review. The opinion given has been based on an assessment of the risks associated with any weaknesses in control identified. Where weaknesses are identified then remedial actions will be agreed with management. Each agreed action has been given a priority ranking. The opinions and priority rankings used by Veritau are detailed in **appendix 2**. Where the audits undertaken focused on value for money or the review of specific risks as requested by management then no audit opinion will be given. The work completed for the directorate and the opinions given following each audit contribute to the annual report and opinion of the Head of Internal Audit.
- 3.5 It is important that agreed actions are formally followed up to ensure that they have been implemented. Veritau follow up all agreed actions on a regular basis, taking account of the timescales previously agreed with management for implementation. **On the basis of the follow up work undertaken during the year, 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.**
- 3.6 The programme of audit work is risk based. Areas that are assessed as well controlled or low risk are reviewed less often with audit work instead focused on the areas of highest risk. Veritau's auditors work closely with directorate senior managers to address any areas of concern.

4.0 **RECOMMENDATION**

- 4.1 That Members note the results of internal audit work performed in the period for the Children and Young People's Services directorate.

MAX THOMAS
Head of Internal Audit

Veritau Ltd
County Hall
Northallerton

14 June 2022

BACKGROUND DOCUMENTS

Relevant audit reports kept by Veritau.

Report prepared by Ian Morton, Assistant Director – Audit Assurance, Veritau and presented by Max Thomas, Head of Internal Audit

APPENDIX 1

AUDIT REPORTS ISSUED IN THE PERIOD TO 31 AUGUST 2021

	System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
A	Brompton Hall School	N/A	The audit reviewed a number of procedures following concerns raised by Ofsted. The audit included a review of staff appointments, procurement & contract management, payroll, accident & incident management and data security	December 2021	<p>We found appropriate evidence of pre-employment checks however, some records were found to be held on paper files. Declarations of interest were not regularly reviewed.</p> <p>There was no evidence of recent changes to the Pay Policy being approved by the Governing Body and staff appeared to have been paid in line with changes before the policy date.</p> <p>There was no evidence of rental payments or management of tax implications for a flat rented by the school.</p> <p>A central record of accident reporting is in place but this has not been updated since it was implemented, and includes not recorded incidents.</p> <p>SharePoint documents can be created, amended and deleted</p>	NYCC has presented the draft report to the Interim Executive Board (IEB) who are due to produce a formal action plan to address the identified issues.

	System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
					by users with administration access.	
B	Carleton Endowed School	N/A	The audit reviewed governance arrangements, staffing, procurement and external use of the school premises.	November 2021	<p>There was a lack of oversight and governance in place by the school's governing body. Issues were also identified related to IR35 compliance and payments made to the clerk.</p> <p>Weaknesses were identified in relation to tutoring arrangements for additional support to pupils.</p> <p>Procurement procedures were found to be ineffective and minimal evidence was available to support a Covid grant claim, although this claim was later withdrawn.</p> <p>There was minimal oversight of additional use of the school premises, including a lack of appropriate contracts and an out of date lettings policy.</p>	<p>A number of these issues were historic and related to previous leadership at the school and These issues have therefore been resolved following a change of leadership.</p> <p>NYCC has presented the draft report to the Interim Executive Board (IEB) who are due to produce a formal action plan to address the identified issues.</p>

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
C	Developing Stronger Families September 2021 Claim	N/A	The DCLG framework for the Troubled Families Programme requires internal audit to carry out testing of a representative sample of at least 10% of results for each claim. The aim of these checks is to ensure families are eligible for inclusion in the programme and that appropriate progress has been achieved against the Outcome Plan.	September 2021	Suitable evidence was available to support the claim for each family within the sample.	No actions identified
D	Developing Stronger Families December 2021	N/A	The DCLG framework for the Troubled Families Programme requires internal	December 2021	Suitable evidence was available to support the claim for each family within the sample.	No actions identified

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
	Claim		audit to carry out testing of a representative sample of at least 10% of results for each claim. The aim of these checks is to ensure families are eligible for inclusion in the programme and that appropriate progress has been achieved against the Outcome Plan.			
E	Early Years	N/A	The audit reviewed the processes for claiming early years funding at a specific childcare setting, but also identified wider issues applicable to the overall early years funding process.	December 2021	<p>The early year's team carry out checks to review school age children included in a claim against school attendees. This was not done promptly and therefore there was a delay in identifying issues of duplicate claims.</p> <p>When a provider registers with NYCC they are required to sign a provider's agreement which stipulates funding arrangements and explains roles and</p>	<p>One P2 and two P3 actions were agreed</p> <p>Responsible Officer: Early Years Funding Officer</p> <p>Checks on age are now carried out promptly.</p> <p>Improved training is now given to providers to ensure they are aware of responsibilities, including regular updates around funding rules.</p>

System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
				<p>responsibilities. These are not renewed and some providers appear uncertain of the rules in place.</p> <p>The portal used to obtain information from providers cannot provide information on when data was entered by the provider or that the data has been reviewed by the provider at the appropriate date.</p>	<p>The system has been modified to require a statement that the provider must agree that all checks have been made when headcount data is submitted.</p>

AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

Audit Opinions	
Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.	
Opinion	Assessment of internal control
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.