

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

24 OCTOBER 2022

PROGRESS ON 2022/23 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 2022/23 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 2022/23 totalled 950 days (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 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 prepares for local government reorganisation (LGR) on 1 April 2023.
- 2.2 This report provides details of the work completed in 2022/23 to date, current work ongoing and the priorities for the remainder of the year.

3.0 INTERNAL AUDIT PROGRAMME OF WORK (TO 30 SEPTEMBER 2022)

- 3.1 The work programme for 2022/23 represents a summary of the systems and areas we have identified to be the highest priority, based on our current assessment of risk. A primary focus of internal audit work in 2022/23 is linked to the LGR programme, and on those Council systems which are most directly and indirectly affected by the changes. Maintaining an effective control environment for existing key financial systems is also a key focus for officers and for our work.
- 3.2 Work is planned to ensure there is sufficient coverage of the framework of governance, risk management and internal control. We have 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

3.3 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)

3.4 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.

3.5 **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. The majority of the audit work undertaken in the year to date has been related to LGR. This has included providing advice and support to the project workstreams. Some planned audit work has also been delayed or rescheduled to allow officers to focus on LGR activities. A programme of financial key controls testing has been developed in conjunction with the existing North Yorkshire district and borough councils. This programme of compliance testing is designed to ensure key financial controls continue to operate and remain effective through to vesting day.

Counter Fraud Work

3.6 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, 21 cases of suspected fraud or malpractice have been referred to Veritau for investigation, compared to 31 cases received in the corresponding period in 2021/22. For the current year, 4 of the cases relate to internal fraud, 8 relate to adult social care and 4 relate to external fraud, blue badge misuse, debt recovery, or abuse of the council's financial assistance scheme. A further 5 cases relate to applications for a school place. A number of these investigations are still ongoing.

3.7 In July, we promoted the Council's whistleblowing policy to all members of staff. Further campaigns to mark Cybersecurity Awareness Month, International Fraud

Awareness Week, and World Anti-Corruption Day are planned over the course of the remainder of the financial year.

- 3.8 We have reviewed and updated the existing counter fraud policy framework to ensure it is fit for purpose for the new council. The revised policies will be presented to the next meeting of this committee for approval. The Counter Fraud team has also developed a fraud eLearning course designed to raise awareness of the increased risks of fraud due to LGR. The eLearning course is being made available to staff in all of the North Yorkshire councils. The team is now starting to prepare a fraud risk assessment and a counter fraud strategy and action plan for the new North Yorkshire Council.
- 3.9 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all councils and other public sector bodies in the UK. The work of the NFI is overseen by the Cabinet Office. The 2020/21 exercise has now concluded and there is ongoing work in preparation for the 2022/23 exercise. Data will be securely gathered from Council systems at the end of September, processed, and then securely sent to the NFI in October.

Information Governance

- 3.10 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 2022 and 30 September 2022 was 559 compared with 537 requests received during the corresponding period in 2021/22. The number of requests received in 2022/23 and answered within 20 working days is currently 91%. The IGT also coordinates the County Council's subject access requests (SARs) and has received 168 such requests between 1 April 2022 and 30 September 2022 compared to 134 requests received during the corresponding period in 2021/22.
- 3.11 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.

Follow Up of Agreed Audit Actions

- 3.12 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 2022/23 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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3 October 2022

Background Documents: Relevant audit reports kept by Veritau

2022/23 INTERNAL AUDIT WORK PROGRAMME

FINAL AUDITS ISSUED

Audit / Activity	Month	Assurance Level
Harrogate Day Services	June 2022	No opinion given
Visit to care providers – The Lodge, Scarborough	July 2022	Limited Assurance
Symology	July 2022	Limited Assurance
Learning disability and autism	July 2022	Limited assurance
Developing stronger families - June 2022 return	July 2022	No opinion given
Pension fund investments	July 2022	Substantial Assurance
Contain Outbreak Management Fund	July 2022	No opinion given
Pension fund expenditure	September 2022	Substantial Assurance
Pensions fund IT Security	September 2022	Substantial Assurance
Developing stronger families - September 2022 return	September 2022	No opinion given

AUDITS IN PROGRESS

Audit / Activity	Status
Hutton Rudby School	Draft Report
Cyber readiness	Draft Report
Ripley Beckwithshaw Kettlesing Federation	Draft Report
East Ayton School	Draft Report
Schools themed audit - lettings	Draft Report
Visit to learning disability care provider – Chopsticks, Northallerton	Draft Report
Expenses for Adoption Panel Members	Draft Report
Schools themed audit – schools financial value standard	Fieldwork completed
Declarations of interests	Fieldwork in progress
Governance of council owned companies	Fieldwork in progress

Audit / Activity	Status
Transitions – children to adult social care	Fieldwork in progress
Contract exemptions	Fieldwork in progress
Financial assessments	Planning
Visits to care providers	Planning
Highways' performance management	Planning
Highways' Ringway contract	Planning
Financial governance	Planning
Main accounting system	Planning
Feeder systems	Planning
Schools Themed Audits - Related Party Transactions	Planning
Schools Themed Audits - Schools ICT	Planning

2022/23 INTERNAL AUDIT WORK PROGRAMME – CURRENT PRIORITIES

Audit / Activity	Status		
	Ongoing	Do next	Do later
Strategic, corporate & cross cutting risks			
Local Government Reorganisation (LGR) preparedness and other related activities	✓	✓	✓
Internal control, data quality and other consultative support	✓	✓	✓
Payroll		✓	
Organisational governance		✓	
Declarations of interests	✓		
Financial governance	✓		
Risk management		✓	
Performance management		✓	
People management		✓	
Project management		✓	
Partnerships		✓	
Business continuity and disaster recovery		✓	
Climate change	✓		
Health and safety			✓
Asset management		✓	
Governance of council owned companies	✓		
Health and Adult Services (HAS)			
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		✓	
Financial assessments		✓	
Liberty protection safeguards			✓
Public Health		✓	
Transitions – children to adult social care	✓		
Emergency duty team			✓
Visits to care providers	✓		
Business and Environmental Services (BES)			
Highways' performance management	✓		
Highways' Ringway contract	✓		
Allerton Waste Recovery Park		✓	
Fleet management	✓		✓
Devolution		✓	
Central Services (CS)			
Main accounting system	✓		
Feeder systems	✓		
Creditors		✓	

Audit / Activity	Status		
	Ongoing	Do next	Do later
Debtors		✓	
Expenses for Adoption Panel Members	✓		
Children's and Young People Services (CYPS)			
Maintained schools themed audit – Related Party Transactions	✓		
Maintained schools themed audit – Schools ICT	✓		
Early years			✓
High needs			✓
Special education needs and disability (SEND)			✓
Children's social care			✓
Locality boards			
Individual school audits	✓	✓	✓
Audit support and advice to schools	✓	✓	✓
Computer Audit			
ICT governance		✓	
Cyber Readiness	✓		
2 x Service systems reviews		✓	
Procurement and Contract Audit			
Strategic Procurement		✓	
Contract Exemptions	✓		
North Yorkshire Pension Fund			
Pension Fund Expenditure		✓	
Pension Fund Income		✓	
Pension Fund Investments		✓	
Attendance at Pension Fund Board	✓	✓	✓