

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

24 OCTOBER 2022

INTERNAL AUDIT WORK FOR THE BUSINESS AND ENVIRONMENTAL 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 year ended 30 September 2022 for the Business and Environmental Services (BES) directorate.

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 Business and Environmental Services (BES) directorate, 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 YEAR ENDED 30 SEPTEMBER 2022

- 3.1 Internal audit work is planned and delivered on basis of risk. Veritau has met regularly with BES management to maintain an ongoing awareness and understanding of key risk areas such as highways, planning, devolution and waste services, and to discuss and prioritise work. Attendance at meetings such as the fortnightly Supply Chain Resilience Board has also provided assurance to us on how key risks and financial challenges relevant to the directorate are being managed.
- 3.2 Veritau has also been involved in carrying out a number of other assignments for the directorate which has included:
- Providing ad-hoc advice on various control issues.
 - Auditing and certifying a number of grant returns such as the Local Transport Plan, the Local Enterprise Partnership (LEP) Growth Hub and Local Authority Bus Subsidy Grant, plus Covid-19 related support such as the Bus Service Support Grant and the Additional Dedicated Home to School Transport grant. For each grant we review relevant supporting

information to ensure expenditure has been incurred in accordance with the scheme conditions.

- Specific matters raised via the Council's 'whistleblowing' policy

3.3 Routine assurance work within the directorate has been limited due to local government reorganisation (LGR). This is because internal audit work is being focused on other areas (for example the Council's governance arrangements and key financial systems) and to avoid placing any additional burden on service areas at this time. As a result, no audit reports have been finalised during the period. However, assurance work has been planned for Q3 and Q4 of 2022/23. This work will cover the following areas:

- Highways, in particular Ringways closedown and new contract performance management systems. This will allow us to review a full year of operations by NY Highways (the new contract went 'live' on 1 June 2021)
- Supporting the devolution project team to develop the detailed financial model for the Mayoral Combined Authority.
- A review of the invoicing and payment systems relating to the Allerton Waste Recovery Plant contract.

3.4 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 period, 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**

4.1 That Members note the results of internal audit work performed in the period for the Business and Environment Services Directorate.

MAX THOMAS
Head of Internal Audit

Veritau Ltd
County Hall
Northallerton

5 October 2022

BACKGROUND DOCUMENTS

Relevant audit reports kept by Veritau.

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