

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

20 MARCH 2023

2023/24 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 2023/24, to help inform the focus of internal audit work. The report also sets out a proposed change to the arrangements for reporting the results of audit work.

2.0 BACKGROUND

- 2.1 In accordance with professional standards¹ and the Council's Audit Charter, the programme of internal audit work must be risk based and take into account the requirement to produce an evidence based annual internal audit opinion. The Head of Internal Audit's annual opinion is based on an objective assessment of the effectiveness of the Council's framework of risk management, governance and internal control.
- 2.2 The responsibility for effective governance, risk management and control arrangements however 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.
- 2.3 It is therefore important that audit resources are used effectively and focus on those areas which add the most value. This approach requires audit resources to be prioritised towards those areas which are considered to be the highest risk and/or which contribute the most to the achievement of the council's strategic priorities and objectives. The programme of work also needs to be flexible so that as new risks are identified, or priorities change it can be updated. Consultation with the Audit Committee is an essential part of this risk assessment process.

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.

3.0 **CONSULTATION ON 2023/24 INTERNAL AUDIT WORK PROGRAMME**

3.1 As in previous years, the Audit Committee is asked to identify any specific areas which should be considered a priority for audit to review in 2023/24.

3.2 There are a range of possible areas that internal audit could cover. The first year of the new North Yorkshire Council is likely to result in various issues and risks being identified. Ensuring that all the new financial and governance arrangements provide the necessary control safeguards will be a significant challenge. Key plans, policies, processes and procedures will need to become embedded throughout the new organisation. In addition, the Council will be delivering a wide range of new and different services.

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 The table at **Appendix 1** includes some areas for consideration for audit in 2023/24. 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 We will use the feedback provided by Members to help develop the initial programme of work for 2023/24. The Audit Committee will be asked to approve the programme at its next meeting.

4.0 **FUTURE PREPORTING ARRANGEMENTS**

4.1 The results of internal audit work have previously been reported as part of annual directorate reports, with corporate and thematic work also reported on an annual basis. This method of reporting is going to be more difficult with the new larger Council given the increase in service areas. It also means that there is often a significant delay between an audit being

completed and the results being reported to the Audit Committee. This is not considered to be ideal. Internal auditors are generally moving to more agile ways of auditing, with shorter more focused reviews and quicker reporting of the results. It is therefore proposed to start reporting the detailed results of audit work as part of the regular progress reports to the Committee.

5.0 **RECOMMENDATIONS**

5.1 Members are asked to:

- identify any specific areas which should be considered a priority for audit review as part of the internal audit programme of work in 2023/24.
- comment on the proposed change to reporting arrangements.

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

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Background Documents: None

**NORTH YORKSHIRE COUNTY COUNCIL
INTERNAL AUDIT PROGRAMME OF WORK 2023/24**

Area	Potential area of activity
Supporting the new council post vesting date	<ul style="list-style-type: none"> • Internal control, data quality and other support to new council operations and ways of working • Support and advice to relevant areas
Strategic planning	<ul style="list-style-type: none"> • Key strategy framework (e.g. The Council Plan, service planning, and new policies and procedures). • Environmental sustainability and climate change
Organisational governance	<ul style="list-style-type: none"> • Areas of the council's new corporate governance framework (such as schemes of delegation, the constitution and transparency)
Financial governance	<ul style="list-style-type: none"> • Key financial systems to ensure key controls are in place and operating effectively. • Medium term financial planning and budgeting • Assessment of arrangements with expectations per the Cipfa Financial Management Code.
Risk management	<ul style="list-style-type: none"> • Review of risk management, business continuity, disaster recovery plans, and insurance arrangements
Information governance	<ul style="list-style-type: none"> • Information governance and data protection – compliance, management of information assets, data sharing agreements, data storage arrangements.
Performance management and data quality	<ul style="list-style-type: none"> • Review of corporate and service performance management and data quality
People management	<ul style="list-style-type: none"> • HR and organisation development • Workforce planning (such as absence management, training and development/ talent management)
Asset management	<ul style="list-style-type: none"> • Security of assets being transferred to new council • Development of strategic arrangements
Programme and project management	<ul style="list-style-type: none"> • Corporate project management arrangements and project risk management
ICT governance	<ul style="list-style-type: none"> • IT strategy and governance (information security policies, IT risk management, change management) • IT information security (server configuration, patch management and operating system configuration) • Cybersecurity
Service areas	<ul style="list-style-type: none"> • Adult and children's social care • Partnership working, including with the NHS • Planning and Housing • Commercial Property and Procurement • Highways and Transportation • Environmental Services • Customer and Revenue and Benefits • Economic development • Contract Management