

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

20 MARCH 2023

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 provided 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 the provision of counter fraud and information governance services). It is important that audit resources are used effectively and focus on those areas which add the most value. The programme of work is also designed to be flexible so that changes can be made as new risks are identified or priorities change. This has been particularly important this year as the County Council has prepared for local government reorganisation (LGR) on 1 April 2023.
- 2.2 This report provides details of the audit work that has been completed to date. Details of current and planned work are also provided.

3.0 INTERNAL AUDIT PROGRAMME OF WORK (TO 28 FEBRUARY 2023)

- 3.1 The work programme for 2022/23 represents the systems and areas identified to be the highest priority, based on our assessment of risk. As expected, the primary focus of internal audit work in 2022/23 has been 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 has also been 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.

3.4 **Appendix 1** provides details of the internal audits completed or currently in progress. The remaining audit work is also summarised. As noted above, the majority of the audit work undertaken in the year to date has been related to LGR. This has included providing advice, constructive challenge and support to the various 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 was also developed in conjunction with the existing North Yorkshire district and borough councils. This programme of compliance testing was designed to ensure key financial controls continue to operate and remain effective through to vesting day. We expect all the outputs and knowledge gained through our work will contribute to the annual internal audit opinion.

Counter Fraud Work

3.5 Veritau's Corporate Fraud Team (CFT) 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, 35 cases of suspected fraud or malpractice have been referred to Veritau for investigation, compared to 55 cases received in the corresponding period in 2021/22. For the current year, 12 of the cases relate to internal fraud, 12 relate to adult social care and 3 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 cases were not taken forward because they did not meet the threshold for investigation.

3.6 We have organised a series of campaigns to raise awareness of whistleblowing and the risks of fraud. We also produced a fraud eLearning course specifically designed to raise awareness of the increased risks of fraud due to LGR. The eLearning course was made available to staff in all of the North Yorkshire councils, and it was mandatory for all finance staff.

3.7 The counter fraud policy framework was also reviewed and updated. The new policies were presented to this committee in December 2022 before being approved by County Council on 22 February 2023.

3.8 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 data for the 2022/23 exercise was collated and submitted before the deadline in October 2022. The first matches have been received from the Cabinet Office and will now be investigated.

Information Governance

- 3.9 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 28 February 2023 was 1,068 compared with 1,016 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 87% (2021/22 – 88%). The IGT also coordinates the County Council's subject access requests (SARs) and has received 283 such requests between 1 April 2022 and 28 February 2023 compared to 245 requests received during the corresponding period in 2021/22.
- 3.10 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 of the IGT will be included in the annual information governance report, which will be presented to the next meeting of this committee.

Follow Up of Agreed Audit Actions

- 3.11 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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28 February 2023

Background Documents: Relevant audit reports kept by Veritau

2022/23 INTERNAL AUDIT WORK PROGRAMME

FINAL AUDITS ISSUED

Audit / Activity	Month	Assurance Level
ICT Capacity Management	June 2022	Substantial Assurance
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
Pension Fund IT security	September 2022	Substantial Assurance
Developing stronger families - September 2022 return	September 2022	No opinion given
Expenses for Adoption Panel Members	October 2022	No opinion given
Learning disability care provider (Chopsticks, Northallerton)	October 2022	No opinion given
Easy Ayton School	November 2022	Limited Assurance
Cyber readiness	November 2022	Substantial Assurance
Contract waivers	November 2022	Reasonable Assurance
Developing stronger families - December 2022 return	December 2022	No opinion given
Hutton Rudby School	January 2023	Limited Assurance
Schools themed audit (Lettings)	January 2023	Reasonable Assurance
Transitions from Children to Adults social care	February 2023	Reasonable Assurance

Audit / Activity	Month	Assurance Level
Declarations of interests	February 2023	Reasonable Assurance

AUDITS IN PROGRESS

Audit / Activity	Status
Ripley Beckwithshaw Kettlesing Federation	Draft Report
Schools themed audit – schools financial value standard	Draft Report
Risk management	Work in progress
Highways' performance management	Work in progress
Payroll	Work in progress
Main accounting system	Work in progress
Creditors	Work in progress
Debtors	Work in progress
Library Payment System (Talis)	Work in progress
Liquid Logic	Work in progress
Schools Themed Audits - related party transactions	Work in progress
Schools Themed Audits - Schools ICT	Work in progress
Fairburn CP School	Work in progress
Pension Fund income	Planning
Pension Fund expenditure	Planning
Pension Fund investments	Planning