

RYEDALE
DISTRICT
COUNCIL



Ryedale District Council

Internal Audit Progress Report

Period to 27 September 2019

Audit Manager: Stuart Cutts
Head of Internal Audit: Max Thomas

Circulation List: Members of the Overview and Scrutiny Committee
Chief Finance Officer (s151)

Date: 24 October 2019

Background

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the PSIAS, the Head of Internal Audit is required to report progress against the internal audit plan agreed by the Overview and Scrutiny Committee and to identify any emerging issues which need to be brought to the attention of the Committee.
- 2 Members of the Committee approved the Internal Audit Plan for 2019/20 at their meeting on the 17 April 2019. This report summarises the progress made to date in delivering the agreed programme of work.
- 3 This is the first Internal Audit progress report to be received by the Overview and Scrutiny Committee in 2019/20.

Internal Audit work completed

- 4 Since the last committee meeting in July 2019 one internal audit report on Payroll and Personnel has been completed. A draft report on Data Protection and Information Security has also been issued.
- 5 For those audits yet to start, proposed start dates are included in appendix A, below. We are on target to deliver the agreed Audit Plan by the end of April 2020. Further information on planned audit work is included in Appendix A.
- 6 Information on the findings from the audit finalised since the last meeting in July is included in Appendix B.

Wider Internal Audit work

- 7 In addition to undertaking assurance reviews, Veritau officers are involved in a number of other areas relevant to corporate matters:
 - **Support to the Overview and Scrutiny Committee;** this is mainly ongoing through our attendance at meetings of the Committee and the provision of advice, guidance and training to members as required.
 - **Ongoing support to management and officers;** we meet regularly with management to identify emerging issues and provide advice on a range of specific business and internal control issues. These relationships help to provide 'real time' feedback on areas of importance to the Council.
 - **Risk Management;** Veritau provides support and advice on the Council's risk management arrangements and processes.
 - **Investigations;** We perform special or ad-hoc reviews or investigations into specific issues.

- **Follow up of previous audit recommendations;** it is important that agreed actions are regularly and formally followed up. This helps to provide assurance to management and Members that control weaknesses have been properly addressed. We have followed up agreed actions either as part of our ongoing audit work, or by separate review. We currently have no matters to report as a result of our follow up work.

Stuart Cutts
Audit Manager
Veritau Ltd

October 2019

Appendix A

Table of audit assignments to 27 September 2019

Audit	Status	Assurance Level (if Completed) / Planned Start date (if Not Started)	Audit Committee
2019/20			
Strategic Risk Register			
Human Resources	Not started	Quarter 3	
Data Quality – Health and Safety	Not started	Quarter 4	
Revenue and Capital Budgeting	Not started	Quarter 3	
Data Protection and Information Security	Draft report	-	
ICT – key risks and controls	Not started	Quarter 3	
Contract Management and Procurement	Not started	Quarter 4	
Fundamental/Material Systems			
Payroll and Personnel	Not started	Quarter 4	
Terms and Conditions	In Progress	-	
Creditors	Not started	Quarter 4	
Operational / Regularity Audits			
Risk Management	In Progress	-	
Policy Framework	In Progress	-	
Relationships and agreements with other bodies	In Progress	-	
Projects/other			
Assurance Mapping	In Progress	-	
Follow-Ups			
	Ongoing	-	
2018/19			
Payroll and Personnel	Final Report	No opinion	October 2019
Safeguarding	Draft Report	-	

Summary of Key Issues from audits completed to 27 September 2019; not previously reported to Committee

Appendix B

System/Area	Opinion	Area Reviewed	Date Issued	Comments	Management Actions Agreed
Payroll and Personnel (2018/19)	No opinion	<p>From August 2018, Ryedale District Council's (RDC) Payroll & Human Resources (HR) services have been provided by North Yorkshire County Council (NYCC) as part of collaborative working arrangements.</p> <p>This review of the payroll and personnel systems:</p> <ul style="list-style-type: none"> • documented the new Payroll and associated HR processes and procedures, at both authorities • assessed the existence and robustness of current key controls • highlighted any identified control weaknesses or duplications for resolution by management. <p>This work covered the arrangements as reviewed in January 2019 – April 2019.</p> <p>Work in 2018/19 did not review whether key payroll and HR controls were working in practice. We will test the operation of these key controls as part of work included in the 2019/20 internal audit plan.</p>	August 2019	<p>Strengths</p> <p>Senior officers are aware of outstanding weaknesses and areas requiring further development. A risk register has been produced and an action plan to address outstanding issues was being developed.</p> <p>Standard procedures and guidance notes are in place for staff recruitment. Pre-employment checks are in place at both Councils.</p> <p>There is a segregation of duty for checking the accuracy of alterations made to RDC records. The calculated pay run and corresponding reports are checked for accuracy.</p> <p>Key areas for improvement</p> <p>At the time of the audit fieldwork payroll journals had not been received or inputted into the RDC ledger since the new working arrangements came into effect.</p> <p>There were a lack of robust controls in the process for checking and authorising the monthly pay run at RDC. HR and payroll information could not be easily accessed so the monthly pay run could not be adequately checked.</p> <p>There is no centralised system for storing HR information for RDC. No HR folders were available for Ryedale managers to use as the contents were in the process of being data cleansed and access reviewed for appropriateness.</p>	<p>Journals were received by RDC in April 2019 and the majority of issues have been resolved. A little extra work on building control elements was required and has since been finalised, post audit.</p> <p>Approval of the pay run is now the responsibility of the Deputy Chief Executive. A HR Project Officer for RDC has also recently been appointed. A new model of working will be considered by March 2020, taking into account processes used by other authorities that use NYCC Payroll services.</p> <p>Review of HR files and record management processes is ongoing. There will be a consideration, by March 2020, into procuring a system for records management.</p> <p>A whole HR organisation policy review is required and the HR Project Officer will assist in completing this work. Progress has been made on key policies on a prioritised basis with the aim of bringing first phase of the reviewed policies to the November</p>

System/Area	Opinion	Area Reviewed	Date Issued	Comments	Management Actions Agreed
				<p>Documents were also being stored on systems at NYCC so were not easily accessible.</p> <p>HR policies and procedures are out of date and not in line with the new working arrangements.</p> <p>Roles and responsibilities are not clearly understood or documented in the service level agreements.</p> <p>Generic contracts are currently in use for new starters and may not be fit for purpose for specific job roles or service areas.</p>	<p>Policy and Resources Committee</p> <p>Service level agreements are currently under review. Roles and responsibilities for officers working on RDC payroll and HR matters will be clarified.</p> <p>Negotiation on pay and allowances is currently being undertaken with an anticipated implementation date of April 2020.</p> <p>Review of contracts of employment will be undertaken in early 2020 to enable immediate implementation of these thereafter. In the interim, contract documentation is reviewed on an 'as and when basis' to ensure legal compliance.</p>