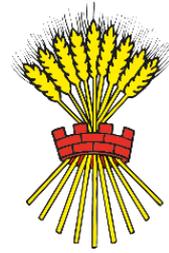# INTERNAL AUDIT PROGRESS REPORT 2021/22

Date: 20 January 2022

Annex 1

RYEDALE
DISTRICT
COUNCIL

Veritau

BACKGROUND

1   Internal audit provides independent and objective assurance and advice about the Council's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.

2   The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government and the CIPFA Statement on the role of the Head of Internal Audit.

3   In accordance with the PSIAS, the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Overview and Scrutiny Committee, and to identify any emerging issues which need to be brought to the attention of the committee.

4   The internal audit work programme was agreed by this committee in July 2021. The number of agreed days is 225 and the programme is flexible in nature. Work is being kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the Council.

5   The purpose of this report is to update the committee on internal activity between 1 April 2021 and 13 January 2021.

INTERNAL AUDIT PROGRESS

6   Work is in progress for a number of audits in the programme. As reported previously, this includes records management, income collection and debtor management, and Everyone Active. Both the Waste & Street Scene and payroll audits are at draft report stage. We expect to be able to report the key findings and agreed actions from all of these audits in time for the next meeting of this committee.

7   Since the previous progress report the CIPFA Financial Management Code audit has commenced, as have both IT audits included in the programme (disaster recovery and email security).

8   A summary of internal audit work currently underway, as well as work finalised in the year to date, is included in appendix A.

9   The work programme showing current priorities for internal audit work is included at appendix B. The depot operations audit has recently moved into the 'do now' category following the completion of the Waste & Street Scene audit. Possible focus areas include stores and stock control, fleet operation and workshop management. Several audits are shown in the 'do next' category where we anticipate beginning work during the final quarter of 2021/22 but have not yet agreed a start date with the responsible officers.

Veritau

10   The environmental health audit that was shown as being in the planning stage in our October progress report has been pushed back to early 2022/23. This is so as to allow time for the Council's Food Safety Recovery Plan to gain some momentum, with all higher risk establishments anticipated to be inspected by the end of 2021/22. Work on the Council's risk management framework has also been paused while Strategic Management Board decides how the allocated time in the programme can be best used to support developments at the service level. We hope to resume this work during the final quarter of 2021/22.

11   The programme includes a number of audits in the 'do later' category. The internal audit work programme is designed to include all potential areas that should be considered for audit in the short to medium term, recognising that not all of these will be carried out during the current year (work is deliberately over-programmed as previously discussed at committee). In determining which audits will actually be undertaken the priority and relative risk of each area will continue to be considered throughout the remainder of the year, and as part of audit planning for 2022/23.

12   Following discussion with members of Strategic Management Board, it has been agreed to transfer 20 days from the 2021/22 internal audit work programme to the information governance programme. This is to allow additional strategic-level work to be undertaken by Veritau's information governance team in areas such as developing the Council's policy framework, fulfilling the Data Protection Officer role, providing advice and training, and coordinating information asset management.

13   The decision was made in recognition of the importance of information governance to the Council which is one of the 11 key assurance areas for internal audit, as previously reported to this committee. We will liaise with our colleagues in the information governance team to ensure that the assurance we can place on this work is captured and factored into the annual opinion for 2021/22.

14   Appendix C lists our current definitions for action priorities and overall assurance levels.

💬 FOLLOW-UP OF AGREED ACTIONS

15   All actions agreed with services as a result of internal audit work are followed up to ensure that underlying control weaknesses are addressed. As a result of this work we are generally satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits. Where further assurances are required, follow-up of agreed actions will be included as part of other audits in the work programme.

APPENDIX A: 2021/22 INTERNAL AUDIT WORK

Audits in progress

Audit	Status
Records management	In progress
Service risk management	Paused
Income collection and debtor management	In progress
CIPFA Financial Management Code	In progress
Everyone Active	In progress
IT disaster recovery	In progress
Email security	In progress
Waste & Street Scene	Draft report
Payroll	Draft report

Final reports issued

Audit	Reported to Committee	Opinion
Creditors	July 2021	Reasonable Assurance
Main accounting system	July 2021	Substantial Assurance
Insurance	July 2021	Reasonable Assurance
Local code of corporate governance	October 2021	Reasonable Assurance

Other work completed in 2021/22

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- Certification of the Local Authority Compliance and Enforcement Grant
- Support and advice provided through the year on service risk management development

Veritau

APPENDIX B: CURRENT PRIORITIES FOR INTERNAL AUDIT WORK

Audit / Activity	Rationale
Corporate & cross cutting	
Category 1 (do now)	
Records management	High risk area. Information governance is a key assurance area.
Service risk management	Continuation of work from 2020/21. Key assurance area.
Category 2 (do next)	
Freedom of Information	Key assurance area and no recent audit assurance.
Transparency (follow-up)	Required as part of following up previous control weaknesses.
Category 3 (do later)	
LGR readiness Procurement	
Financial systems	
Category 1 (do now)	
Payroll	Specific issues have arisen. Coverage needed in order to provide an annual opinion.
Income collection and debtor management	Deferred from 2020/21. Controls are changing and / or risks are increasing.

Veritau

CIPFA Financial Management Code **Category 2 (do next)** **Category 3 (do later)** Budget monitoring and management Council tax and NNDR	This work will build on that performed as part of the 2020/21 audit of the Local Code of Corporate Governance.
Service areas **Category 1 (do now)** Waste & Street Scene Depot operations **Category 2 (do next)** Empty Homes Strategy Support services review (health check) **Category 3 (do later)** Environmental health Post-Covid economic recovery Home energy efficiency	Specific issues have arisen. Continuation of work from earlier in 2021/22. To support ongoing and planned reviews. Of significant importance to the Council, reflecting key objectives. To support ongoing and planned reviews.

Veritau

Technical / projects	
Category 1 (do now) Everyone Active IT disaster recovery Email security **Category 2 (do next)** **Category 3 (do later)**	To provide assurance in an area of higher risk with known issues. Key assurance area and no recent audit assurance. Key assurance area and risks are increasing.

APPENDIX C: AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

Audit opinions	
Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.	
Opinion	**Assessment of internal control**
Substantial assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Priorities for actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.