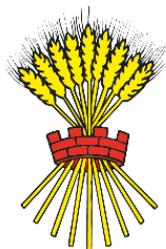


# INTERNAL AUDIT WORK PROGRAMME

2022/23

RYEDALE  
DISTRICT  
COUNCIL



Annex 1

Date: 21 April 2022

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## INTRODUCTION

- 1 This report sets out the proposed 2022/23 programme of work for the internal audit service, to be provided to Ryedale District Council by Veritau.
- 2 The work of internal audit is governed by the Public Sector Internal Audit Standards and the Council's Audit Charter. In order to comply with those standards and the charter, internal audit work must be risk based and take into account the requirement to produce an evidence-based annual internal audit opinion. Accordingly, planned work should be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and internal controls.
- 3 The Head of Internal Audit's annual opinion is formed following an independent and objective assessment of the effectiveness of the framework of risk management, governance and internal control. Our planned audit work includes coverage of all three areas to develop a wider understanding of the assurance framework of the Council, and produce a fully informed body of work that allows us to provide that opinion.
- 4 Responsibility for effective risk management, governance and internal control arrangements remains with the Council. Internal audit work 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.

## APPROACH

- 5 In order to best meet professional standards, internal audit is required to adopt flexible planning processes that are sensitive to risk. This flexibility and risk-based approach will be particularly important in 2022/23 as the last year the Council will deliver services to the public, while at the same time readies itself for Local Government Reorganisation (LGR).
- 6 From 1 April 2023 a new North Yorkshire Council will be created when Ryedale District Council, along with seven other councils, combines into a single county-wide unitary authority.
- 7 The work programme for 2022/23 represents a summary of the areas we currently believe will be the highest priority for work during the next year, based on our assessment of risk.
- 8 The risks associated with LGR and the need to manage their impact (through both ongoing operations and transition plans) means that the emphasis of work and the approach we take in 2022/23 will be significantly different to previous years. This is explained in more detail in paragraphs 19 to 23.
- 9 Internal audit work covers a range of risk areas to ensure that, overall, the work undertaken will enable us to provide an opinion on the framework of risk management, governance and internal control operating in the Council.
- 10 We have defined 11 areas where we require assurance during the course of the year to help provide this opinion. These are 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

- 11 The requirement to provide coverage across these areas is taken into account when identifying and prioritising work. The prioritisation process for developing the 2022/23 work programme has involved the following:
- review of the Council's corporate risk register,
  - analysing the likely impacts of LGR,
  - understanding the Council's shorter-term objectives,
  - evaluating other known risk areas (for example areas of concern highlighted by management or through our experience at other clients), and
  - considering fundamental controls, the results of recent audit work, and changes in Council services and systems.
- 12 The proposed areas of coverage have been subject to consultation with the Strategic Management Board.
- 13 Throughout the year, work to be undertaken will be determined based on the most immediate priorities. The overall work programme will be regularly reviewed and updated to reflect work undertaken and changes to priorities.
- 14 We will regularly discuss with officers and management the priority, scope and timings of work to help ensure that we provide assurance in the right areas at the right time. Members and senior Council officers have an important role in shaping the work programme by helping to direct internal audit to areas of greatest risk and priority during the Council's final 12 months of operation.
- 15 We will also provide regular updates on the scope and findings of work to the Overview and Scrutiny Committee throughout 2022/23.



## 2022/23 INTERNAL AUDIT WORK

- 16 The work programme for 2022/23 is based on a total commitment of 225 days. Further detail on the potential areas of coverage is included in appendix A.
- 17 The final year of LGR preparations will have a significant impact on the Council and on the risks it faces. LGR is therefore the primary focus of our

work for 2022/23. Many Council systems and processes will be directly and indirectly impacted during the transition process.

- 18 Against this backdrop, maintaining effective 'business as usual' will, in some areas, become extremely difficult over the next 12 months. Therefore, our work will focus on providing assurance on the continued effective operation of Council's internal control framework over a wide range of areas, to help support the Chief Finance Officer (S151) and senior management discharge their statutory obligations.
- 19 Internal audit work will include shorter, more focussed assignments and the use of data analytics to help provide more regular assurance. In addition, it is likely that we will provide support in a more consultative capacity as the Council's involvement in LGR (and the expectations placed on it) intensify. We recognise that we may need to work in different, more agile ways to maximise our contribution as the Council's internal audit provider.
- 20 Participation in LGR work streams and contribution to wider project governance will also be key areas of officer and auditor involvement. The recently issued North Yorkshire (Structural Changes) Order, which was enacted in March 2022, places a number of requirements on the transitioning authorities, including: *"to consult and co-operate with each other in order to secure the economic, effective, efficient and timely transfer of those functions, property, rights and liabilities"*.
- 21 The quality of data, some of which will be transferring to the new authority and will form a fundamental part of its new working arrangements, will be another key factor in making the transition successful. This is why two thirds of audit deliverable days in the work programme have been allocated to work in areas linked to LGR, with this work then further subdivided into areas of strategic and corporate importance (such as data quality), financial systems controls assurance, and service area controls assurance.
- 22 However, Ryedale District Council continues to be its own organisation with its own unique set of risks and priorities. Therefore, one third of audit deliverable days have been reserved to provide assurance on areas which are perhaps less immediately impacted by LGR but are nonetheless of importance to the Council in its last 12 months of operation. This time will also be used to provide coverage of those key areas, as set out in paragraph 10, which may not have been covered elsewhere in the programme. Like the rest of the work programme, these areas will be subject to review and change as relative risks and priorities change throughout the year.
- 23 The remainder of the work programme is made up of:
  - a. An allocation of time to allow for continuous audit planning and information gathering, unexpected work, and the follow up of work we have already carried out, ensuring that agreed actions have been implemented by management.
  - b. Work we carry out to support the Council in its functions. This includes the time spent providing support and advice, liaising with staff and reporting to this committee.

## Appendix A

## Draft Internal Audit Work Programme 2022/23

Area	Days	Potential activity
<b>Key ongoing business risks</b>	60	Transparency (follow-up) Freedom of Information Physical information security Cyber security ICT asset management

## Areas linked to Local Government Reorganisation

Area	Days	Potential activity
<b>Strategic and Corporate Risks</b>	42	Corporate Governance arrangements, including to the LGR project Involvement in specific LGR related work-streams Council closedown and post 31 March 2023 assurance arrangements Risk management Data quality Procurement and contract management
<b>Financial systems</b> Work is likely to cover areas such as internal control assurance gathering (testing the continued operation of key controls), reviewing identified areas of weakness, and specific data quality, system transfer and development matters linked to Local	62	Payroll Budget management and reporting General ledger Council tax and NNDR Housing benefit Creditor payments Income collection and debt management

Area	Days	Potential activity
Government Re-organisation.		
<b>Service areas and systems</b> Work is likely to cover similar types of areas as the financial systems.	21	Environmental health Licensing Waste & Street Scene (depot operations)
<b>TOTAL</b>	125	

#### Other Assurance areas

Area	Days	Potential activity
Ongoing assurance	5	Continuous audit planning and assurance gathering to help support our overall opinion on the Council's framework of risk management, governance and internal control.
Follow up of management actions	10	Follow-up of previously agreed management actions
<b>TOTAL</b>	15	

#### Committee related and other liaison and support

Area	Days	Potential activity
Committee and Client related liaison and support	25	Committee preparation and attendance Client liaison, support and advice External audit liaison
<b>OVERALL TOTAL DAYS</b>	225	