

RYEDALE
DISTRICT
COUNCIL



Ryedale District Council
Internal Audit Progress Report
Period to 30 September 2018

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

Circulation List: Members of the Overview and Scrutiny Committee
Chief Executive
Section 151 officer

Date: October 2018


Assurance Services for
the Public Sector

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 Committee and to identify any emerging issues which need to be brought to the attention of the Committee.
- 2 Members of this Committee approved the Internal Audit Plan for 2018/19 at their meeting on the 19 April 2018. 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 2018/19. This report therefore updates the Committee on the work completed between 1 April 2018 and 30 September 2018.

Internal Audit work completed

- 4 In the period between 1 April and 30 September 2018 we have completed one internal audit review on Development Management to draft reporting stage. A range of other work is in progress. This work includes a detailed piece of consultancy work on Risk Management which is explained further in paragraph 8 onwards.
- 5 We have agreed timings with management for all the remaining 2018/19 audits. For those audits we have yet to start we have provided proposed start dates in this report. We are on target to deliver the agreed Audit Plan by the end of April 2019. A summary of work in progress and planned work is included in appendix A. As audits are finalised during the year, a summary of the findings will be included in future monitoring reports to the committee.
- 6 Our 2017/18 draft report on payroll issued in April 2018 (the findings of which were reported to Committee) in the Head of Internal Audit Annual report in July 2018) has still yet to be finalised by management. The work raised some weaknesses in respect of IR35 (the legislation which puts the onus on public sector bodies engaging with individuals who work through their own intermediary company to determine whether 'off payroll rules' apply). The report needs to be finalised by management as soon as possible.

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. We have been working with senior management as part of the ongoing 'Towards 2020 Programme', providing support, advice and challenge.

- **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 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 have the following information to bring to the committees attention on risk management.

Previous significant internal control weakness – Risk Management

- 8 Our work on Risk Management in 2017/18 highlighted a number of significant weaknesses and had a limited assurance opinion. These weaknesses were included as key areas for improvement as part of the Council's 2017/18 Annual Governance Statement which was approved as part of the Statement of Accounts at the last meeting of this committee.
- 9 It was agreed with management that we would use part of the internal audit plan time in 2018/19 to undertake a piece of consultancy work on risk management to support the implementation of the new arrangements. This work is being undertaken by Veritau's qualified risk management specialists who are working independent of the internal audit service being provided to Ryedale District Council.
- 10 Our work on risk management in 2018/19 has helped the Council make some progress in addressing these previously identified weaknesses. An implementation action plan has been prepared to help address all previously identified weaknesses. Draft risk management guidance has also been written with some initial feedback provided by the Principal Specialist Democracy. The guidance and the implementation action plan are being presented to Senior Management Team on 15 October 2018 with an aim for both documents to be promptly finalised. Within the action plan are 18 actions; 15 of the 18 are currently planned to be completed by the end of 2018. Currently therefore the Council is well placed to address the weaknesses of the 2017/18 risk management audit.

External Assessment

- 11 In order to comply with the Public Sector Internal Audit Standards (PSIAS), internal auditors working in local government are required to maintain a quality assurance and improvement programme (QAIP). As part of this programme, providers are required to have an external assessment of their working practices at least once every five years. The last external assessment of Veritau was undertaken in April 2014 by the South West Audit Partnership (SWAP).

- 12 A further external assessment of Veritau will be undertaken by SWAP in November 2018. SWAP is a not for profit public services company operating primarily in the South West of England. As a large shared service internal audit provider it has the relevant knowledge and expertise to undertake external inspections of other shared services and is independent of Veritau. The assessment will include a review of documentary evidence, including self-assessments completed by Veritau, and face to face interviews with a number of senior officers at each of the Veritau clients and Veritau auditors. The assessors may also wish to speak to the chair of the audit committee as part of the assessment process. The results of the assessment will be included in future internal audit progress reports to the committee, once a report has been received from the assessor. Any specific areas identified as requiring further development and/or improvement will also be included in the QAIP.

Stuart Cutts
Audit Manager
Veritau Ltd

11 October 2018

Table of 2018/19 audit assignments to 30 September 2018

Audit	Status	Assurance Level (if Completed) / Planned Start date (if Not Started)	Audit Committee
Strategic Risk Register			
Data Quality	Not started	Quarter 3	
HR Performance Management and Training	Not started	Quarter 4	
Health and Safety	Not started	Quarter 3	
Data Protection and Security	Planning	-	
Fundamental/Material Systems			
Payroll	Not started	Quarter 3	
Creditors	Not started	Quarter 4	
General Ledger	Not started	Quarter 4	
Budgeting	In Progress	-	
Treasury Management	Not started	Quarter 3	
Projects / other			
Maintaining internal control and fulfilling s151 responsibilities	In Progress	-	
Risk Management	Reporting to Management Team		
Operational / Regularity Audits			
Information Technology	Not started	Quarter 3	
Contract Management	Not started	Quarter 3	
Transparency Code	In Progress	-	
Community Infra Structure Levy	In Progress	-	
Development Management	Draft Report	-	
Licensing	Not started	Quarter 3	
Follow-Ups			
	In Progress		