

RYEDALE
DISTRICT
COUNCIL



Ryedale District Council
Internal Audit Progress Report
Period to 11 January 2021

Audit Manager: Connor Munro
Head of Internal Audit: Max Thomas

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

Date: 21 January 2021



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 2020/21 at their meeting on the 22 October 2020. 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 2020/21.

Internal Audit work completed

- 4 Since the last committee meeting in October 2020 five audits have commenced. A draft report has also been issued following the Operational Policies review which was included in the 2019/20 plan. Two audits have been deferred to 2021/22, as follows:
 1. **ICT:** it was agreed with senior management that audit resource would be best utilised in 2021/22 after the council has implemented Office 365. A possible area of focus has been suggested as the council's investment strategy.
 2. **Environmental Health:** the service has been operating in a very demanding environment due to the pressures of the coronavirus pandemic and the EU transition. It was agreed with senior management that the audit be rescheduled to 2021/22 in light of this.
- 5 We are currently in discussion with management as to how to best reallocate the days set aside for these audit areas. It is likely that they will be used to fund the work of internal audit in delivering the business grant scheme post payment assurance work alongside Veritau's counter fraud team and to also allow additional work to be undertaken on a small number of key audits in the plan, for example on Waste & Street Scene.
- 6 2020 proved to be a year of unprecedented challenge for the council. During this time it has had to prioritise its resources on disaster response and recovery efforts, and this is expected continue well into 2021. As the Committee is aware, commencement of 2020/21 internal audit work was significantly delayed due to the need for the council to prioritise its response to the coronavirus pandemic. Routine work was suspended during the initial national lockdown, with audit resource diverted to providing guidance on fraud risks and supplier relief, and other ad-hoc support and advice.
- 7 Since the internal audit plan was approved in October 2020, we have been working with officers to finalise the details of audit work to be completed during the year. However, pressures placed on officers as a result of Covid-19 have made it difficult for them to fully engage with the audit process. This will continue to be the case well into 2021/22.

- 8 A schedule for completing all audit work in the plan through to the end of the financial year has been agreed. We have also allocated audit resource to deliver this work. However, there is limited flexibility in this schedule.
- 9 Strategic Management Board recognise that, given the response to the coronavirus and recovery efforts, it is likely that the number of audits and timelines for completion of work will slip further.
- 10 Further information, including on those audits which are yet to be started at the time of this report, is included in Appendix A.
- 11 Please note that while the table at Appendix A lists all planned audits (as per the 2020/21 plan agreed in October 2020) each of these audits may be impacted by the Council's need to prioritise its response and recovery efforts. It is also possible that some of the audits included in the plan may be replaced by other priority areas of work. For example, this could include the Council's Covid-19 financial tracker or a review of the effectiveness of the constitution (particularly emergency power provisions and the decision-making process). Any new work will be subject to consultation and agreement through the client liaison arrangements, with progress and outcomes reported to this Committee.

Wider Internal Audit work

- 12 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.

Appendix A

Table of audit assignments to 11 January 2021

Audit	Status	Assurance level (if completed) / Planned start date (if not started)	Audit Committee
2020/21			
Strategic risks			
Health & Safety	Not started	February	
Information Governance	Not started	March	
ICT	Deferred	-	
Contract Management and Procurement	Not started	March	
Fundamental / material systems			
Payroll	In progress	-	
Creditors	Not started	March	
Debtors	Not started	February	
Main Accounting System	Not started	January	
Operational / regularity			
Waste & Street Scene	In progress	-	
Risk Management	In progress	-	
Local Code of Corporate Governance	In progress	-	
Environmental Health	Deferred	-	
Technical / projects			
Insurance	In progress	-	
Covid-19 response			
Risk assessments; general support and advice	Completed	N/A	October 2020
Follow-ups			
	Ongoing	-	
2019/20			
Operational Policies Review	Draft report	-	