



Ryedale District Council
Internal Audit Progress Report
Period to 12 April 2021

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Head of Internal Audit: Max Thomas

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

Date: 22 April 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 work programme for 2020/21 at their meeting on the 22 October 2020. 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. Audit work has restarted in areas less directly involved in response and recovery efforts.
- 3 This is the second internal audit progress report to be received by the Overview and Scrutiny Committee covering 2020/21 and summarises the progress made to date in delivering the agreed programme of work.

Internal audit work completed

- 4 Since the last Committee meeting in January 21 a further three audits have commenced and now all work to be delivered as part of the 2020/21 work programme is underway.
- 5 In the last report to this Committee we advised that two audits (ICT and Environmental Health) had been deferred to 2021/22. The report updated the Committee on the difficulties that the Council has been experiencing in prioritising the work of internal due to coronavirus response and recovery efforts. These same difficulties, which have continued during 2021, have meant that a further three audits have been deferred to 2021/22, as follows.
 1. **Health and Safety:** it was agreed with senior management that the audit be rescheduled for 2021/22 when there is likely to be more capacity within the Council to support an audit in this area and so that it can provide assurance on arrangements following an eventual return to the office.
 2. **Information Governance:** the vast majority of staff have been working remotely and, through the year, the Government's guidance has remained to work from home wherever possible. In light of this, it was agreed with senior management that the audit be rescheduled to 2021/22 when it is more appropriate to perform an audit of physical information security arrangements.
 3. **Debtors:** we were advised by Resources when scoping main financial system audits that the level of sundry debt is low and that collection activity has also been low. Other main financial system audits (main accounting system, creditors and payroll) were therefore prioritised for review in 2020/21. Debt collection and enforcement, taking a wider view of the Council's receivables and the impact of Covid-19 on these, is a priority area for inclusion in the 2021/22 work programme.

- 6 While these audits are currently classed as deferred, the need for their inclusion will be reassessed as part of preparing the 2021/22 work programme.
- 7 Days from deferred audits have been used during 2020/21 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 and Creditors. In addition, we have been providing support and advice to the Council's Change Advisory Board and other stakeholders in the redesign of the lettings management system.
- 8 Good progress has been made with our work supporting the continued development of the Council's risk management framework. A refreshed risk management guidance document has been prepared in consultation with the Governance team and is currently under review by Strategic Management Board before being launched. Further work will seek to embed risk management at the service level through delivery of training on fundamental concepts, review of existing service risk registers, and facilitation of risk identification workshops where required.
- 9 We currently have no matters to report as a result of our follow-up work.
- 10 As has been reported to this Committee previously, Strategic Management Board recognise that, given the response to the coronavirus and recovery efforts and the consequent impact on availability of staff, timelines for completion of audit work have slipped. Therefore, we will continue to finalise remaining audit work in the early part of 2021/22.
- 11 Strategic Management Board also recognise that we will need to reflect the reduction in the scope and volume of assurance work completed in 2020/21 in our annual opinion. The extent of this limitation is still being determined and will depend on the amount of 2020/21 work that is able to be concluded prior to taking the Head of Internal Audit annual report to the 28 July meeting of this Committee; and on assurances we are able to obtain from other sources.
- 12 Further information on the progress in delivering the 2020/21 work programme is included in appendix A.

Table of audit assignments to 12 April 2021

Audit	Status	Assurance level (if completed) / Planned start date (if not started)	Audit Committee
2020/21			
Strategic risks			
Health & Safety	Deferred	-	
Information Governance	Deferred	-	
ICT	Deferred	-	
Contract Management and Procurement	In progress	-	
Fundamental / material systems			
Payroll	In progress	-	
Creditors	In progress	-	
Debtors	Deferred	-	
Main Accounting System	In progress	-	
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
Business grant post-assurance checks	Completed	N/A	April 2021
Follow-ups	Ongoing	-	
2019/20			
Operational Policies Review	Draft report	-	