

INTERNAL AUDIT PROGRESS REPORT 2021/22

Date: 21 October 2021

Annex 1

RYEDALE
DISTRICT
COUNCIL





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 This is the first internal audit progress report to be received by the Overview and Scrutiny Committee covering 2021/22 and summarises the progress made to date in delivering the agreed programme of work.



INTERNAL AUDIT PROGRESS

- 6 A summary of internal audit work currently underway is included in appendix A. The current work programme, showing the priorities for internal audit work during 2021/22, can be found at appendix B.
- 7 New audit work that has started includes records management, income collection and debtor management, and Everyone Active (a review focussing primarily on the processes for the monitoring of the financial support package and for encouraging wider participation and engagement with the Council's leisure services).
- 8 Background planning has commenced for the CIPFA Financial Management Code, environmental health and disaster recovery / backup management audits ahead of making contact with the responsible officers or in preparation for delivery later in the year. We have also started planning the support we will provide to the Council in its next stage of development of risk management arrangements – service risk management. Further discussions will be held with the Governance team to programme this work.
- 9 Work so far in 2021/22 has also involved finalising outstanding 2020/21 audits. Appendix C summarises the key findings from work completed that we have not previously reported to this committee.

- 10 In addition to the audit shown in appendix C, there are another two 2020/21 audits that are still in progress (as shown in appendix A). An audit of payroll is at draft report stage and an audit of the Waste & Street Scene service is ongoing. We expect to be able to report the key findings and agreed actions from both of these audits in time for the next meeting of this committee.



FOLLOW-UP OF AGREED ACTIONS

- 11 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: INTERNAL AUDIT WORK IN PROGRESS AND COMPLETED TO 21 OCTOBER 2021

Area	Status	Assurance Level	Audit Committee
Corporate & cross cutting			
Service risk management	Planning	-	-
Records management	In progress	-	-
Financial systems			
Income collection and debtor management	In progress	-	-
CIPFA Financial Management Code	Planning	-	-
Service areas			
Environmental health	Planning	-	-
Technical / projects			
Everyone Active	In progress	-	-
Disaster recovery / backup management	Planning	-	-
2020/21 audits brought forward			
Local Code of Corporate Governance	Final	Reasonable	October 2021
Payroll	In draft	Limited	-
Waste & Street Scene	In progress	-	-

APPENDIX B: INTERNAL AUDIT WORK PROGRAMME 2021/22: CURRENT PRIORITIES

Audit / Activity	Rationale
Corporate and cross cutting	
Category 1 (do now) Service risk management Records management	Continuation of work from 2020/21. Key assurance area. High risk area. Information governance is a key assurance area.
Category 2 (do next) LGR readiness	Controls are changing and / or risks are increasing. Provides broader assurance.
Category 3 (do later) Procurement Freedom of Information Transparency (follow-up)	
Financial systems	
Category 1 (do now) Income collection and debtor management CIPFA Financial Management Code	Deferred from 2020/21. Controls are changing and / or risks are increasing. This work will build on that performed as part of the 2020/21 audit of the Local Code of Corporate Governance.
Category 2 (do next) Council tax and NNDR	Controls are changing and / or risks are increasing.
Category 3 (do later) Budget monitoring and management	

Service areas	
Category 1 (do now) Depot: stores and stock control; fleet operation and workshop management	Continuation of work from 2020/21. To support ongoing and planned reviews in these areas.
Category 2 (do next) Environmental health	Deferred from 2020/21. Controls are changing and / or risks are increasing.
Category 3 (do later) Post-Covid economic recovery Home energy efficiency Empty Homes Strategy Support services review (health check)	
Technical / projects	
Category 1 (do now) Everyone Active (financial support package) Disaster recovery / backups management	To provide support and advice in an area of higher risk with known issues. Key assurance area and no recent audit assurance.
Category 2 (do next) Cybersecurity	Key assurance area. Controls are changing and / or risks are increasing.
Category 3 (do later)	

APPENDIX C: SUMMARY OF KEY FINDINGS FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/area (month issued)	Area reviewed	Assurance rating	Agreed actions			Comments	Management actions agreed
			1	2	3		
Local Code of Corporate Governance (August 2021)	This audit reviewed the arrangements in place to ensure that the Council's Code of Governance is kept under regular review and that it complies with the elements of good governance outlined in CIPFA's Good Governance Framework. It also assessed the Council's compliance against the CIPFA Financial Management Code.	Reasonable Assurance	0	1	1	<p>The Council's Code of Governance complies well with CIPFA's Good Governance Framework and evidences many areas of good practice. We found that the Council complies with 79 of the Framework's 91 sub-principles at a level at which we would assess provides substantial or reasonable assurance that the requirements of the sub-principles have been met. However, we also categorised the Council's governance arrangements for of eight of the sub-principles as providing limited assurance where the Council could further evidence its compliance with the Framework.</p> <p>The Annual Governance Statement (AGS) does reflect that the Code of Governance underpins the Statement but it is not clear from the document how the four good governance categories shown are linked to the Code's principles.</p> <p>The Council is progressing its work in achieving compliance with CIPFA's Financial Management Code. It has completed and reported to Overview & Scrutiny Committee a self-</p>	<p>All sub-principles of CIPFA's Good Governance Framework assessed to have been less well demonstrated will be reviewed. Any updates will be included in the Local Code review report to be presented to Overview & Scrutiny Committee later in 2021.</p> <p>The structure of the AGS will be revisited to provide clearer links to the Code of Governance principles.</p>

System/area (month issued)	Area reviewed	Assurance rating	Agreed actions			Comments	Management actions agreed
			1	2	3		
						assessment and has an action plan in place to achieve full compliance by 31 March 2022.	