

Hambleton District Council

Report To: Audit, Governance and Standards Committee

Date: 23 March 2021

From: Director of Finance and Commercial (s151 Officer)

Subject: **Veritau Internal Audit, Counter Fraud and Information Governance Plans 2021/22**

Portfolio Holder: Economic Development and Finance
Councillor P R Wilkinson

Wards Affected: All Wards

1.0 Purpose and Background

- 1.1 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS) and the Council's Audit Charter. In accordance with those standards, internal audit work must be risk based and take into account the requirement to produce an evidence based annual internal audit opinion. The Head of Internal Audit's annual opinion is based on an objective assessment of the effectiveness of the framework of risk management, governance and internal control. The work of Internal Audit should be regularly reviewed and adjusted in response to changes in the Council, risks, operations, programmes, systems and controls.
- 1.2 In addition to internal audit, Veritau provides the Council with specialist counter fraud and information governance services. For transparency, we have included plans for these services alongside the audit plan within this report. These plans do not need Committee approval but are presented for the Committee's information.
- 1.3 The purpose of this report is to present the proposed 2021/22 internal audit plan for approval, and the counter fraud and information governance plans for information.

2.0 The Report

- 2.1 The proposed areas of internal audit coverage are included in annex 1. These have been identified on the basis of a risk assessment which is intended to ensure limited internal audit resources are prioritised towards those areas which are considered to be carry the most risk and/or which contribute the most to the achievement of the Council's strategic priorities and objectives.
- 2.2 The impact of Covid-19 and Local Government Reorganisation means increased uncertainty and difficulty in predicting the nature of the key organisational risks for Hambleton for 2021/22. Best practice in internal audit supports a summarised annual plan of work at the beginning of the year, to be adapted and updated on a regular basis throughout the year. This approach will help ensure the work of internal audit matches the changing risk profile of the Council.

- 2.3 Veritau will regularly discuss with officers and management the scope and timings of work to help ensure internal audit provide assurance in the right areas at the right time. Regular updates on the scope and findings of internal audit work will be provided to the Audit, Governance and Standards Committee throughout 2021/22.
- 2.4 The plans for counter fraud and information governance are included in annexes 2 and 3. Progress against these plans will also be reported to Committee on a quarterly basis.
- 2.5 Consultation on the content of each of the plans has been undertaken with relevant Directors and other senior officers.
- 2.6 The Internal Audit plan includes 285 days, the Counter Fraud plan 120 days and Information Governance 175 days.

3.0 Link to Council Priorities

- 3.1 The work of internal audit, counter fraud and information governance supports the Council's overall aims and priorities by promoting probity, integrity and honesty and by helping support the council to become a more effective organisation.

4.0 Risk Assessment

- 4.1 There are no risks associated with this report.

5.0 Financial Implications

- 5.1 There are no financial implications associated with this report.

6.0 Legal Implications

- 6.1 There are no legal implications associated with the recommendations in the report.

7.0 Equalities and Diversity Issues

- 7.1 Equality and Diversity Issues have been considered. There are no issues associated with this report.

8.0 Recommendation

- 8.1 That:-

- (1) the internal audit plan be approved; and
- (2) the counter fraud and information governance plans be noted.

Louise Branford-White
Director of Finance and Commercial (s151 Officer)

Background papers: None
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Hambleton District Council

Internal Audit Plan 2021/22

**Assistant Director – Audit Assurance:
Head of Internal Audit:**

Stuart Cutts
Max Thomas

Date: 23 March 2021



Introduction

- 1 This document sets out the proposed 2021/22 areas of work for internal audit, provided by Veritau for Hambleton District Council.
- 2 The work of internal audit is governed by the Public Sector Internal Audit Standards and the Council's Audit Charter. In accordance with those standards, internal audit work must be risk based and take into account the requirement to produce an evidence based annual internal audit opinion. Work should be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and controls.
- 3 The Head of Internal Audit's annual opinion is based on an 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 provide a fully informed body of work to provide that opinion.
- 4 Responsibility for effective risk management, governance and internal control arrangements remains with the Council. The Head of Internal Audit 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 There is currently a significant amount of uncertainty for Hambleton District Council within the overall environment in which it operates. The impact of Covid-19 on all aspects of the Council and the significant potential impact of Local Government Reorganisation are just two reasons why it is difficult to accurately predict key organisational risks for 2021/22. Risks relating to these issues, and the actions needed to manage and mitigate them, are likely to change over the next 12 months.
- 6 To meet professional aims and objectives, good practice for internal audit requires us to adopt flexible planning processes. This helps to ensure that audit work undertaken during the year is adapted on an ongoing basis to reflect changing risks within the Council. The audit plan presented below represents a summary of the overall areas where we expect to undertake work over the next year, based on our current assessment of risk. We will prioritise work in the short term and regularly review and update plans for actual work to be undertaken, on an ongoing basis throughout the year.
- 7 We will regularly discuss with officers and management the scope and timings of work to help ensure that we provide assurance in the right areas at the right time. A meeting is diarised for mid April to plan and confirm the scope and timings of some 2021 work. We will also provide regular updates on the scope and findings of work to the Audit, Governance and Standards Committee throughout 2021/22.
- 8 The proposed areas of audit coverage are included in appendix A. They have been identified on the basis of a risk assessment. This is intended to ensure that limited audit resources are prioritised towards those areas which are considered to carry the most risk or which contribute the most to the achievement of the Council's strategic priorities and objectives.

- 9 The identification of risks has been informed in a number of ways; including review of the organisational risk management processes, sector wide risk information, understanding the Council's strategies and objectives, other known risk areas (for example areas of concern highlighted by management), the results of recent audit work and other changes in Council services and systems. The proposed areas of coverage have been subject to consultation with directors and senior officers.
- 10 Where possible work will also include shorter, more focussed assignments and increased use of data analytics to support the provision of continuous assurance to the Council.

2021/22 Internal Audit work

- 11 The plan is based on a total commitment of 285 days. Further detail on the potential areas of coverage is included in appendix A.
- 12 It is important to emphasise that the audit areas included in this draft plan are not fixed. Work will be kept under review to ensure that audit resources continue to be deployed in the areas of greatest risk and importance to the Council. The prioritisation and scoping of work will be discussed regularly with officers, and relevant changes will be agreed with the Director of Finance and Commercial (s151 officer) and will be notified to this committee.

Appendix A

Draft Internal Audit Plan 2021/22

Area	Days	Potential audits/ activity
Strategic and Corporate risks	120	Local Government Reorganisation (LGR) preparedness and other linked areas Covid-19 recovery Medium term financial planning and the CIPFA Financial Management Code Commercialisation and investments. Risk management HR and workforce planning (homeworking arrangements, management of remote teams, staff wellbeing). Performance management and data quality Business continuity and disaster recovery Health and safety (risk assessments, accident and incident reporting, lone working) Procurement and contract management Climate change Training and Development
Fundamental / material systems	50	Payroll Budgetary Control (setting, monitoring, managing and reporting) Revenues and Benefits Creditors Sundry Debtors including debt recovery Income collection and fees and charges
Service Area reviews	30	Leisure Services Environmental Health - food inspections and water safety inspections. Customer Services
Technical and Project Risks	30	Cyber security ICT Change Management Digitalisation / automation Overall corporate project management arrangements and project risk management Support and review of specific key projects
TOTAL	230	

Other Audit Assurance Areas

Area	Days	
Covid-19 response	10	Covid-19 related risk assessments and guidance General support and advice
Ongoing assurance	10	Continuous Audit planning and assurance gathering to support our opinion.
Follow up of management actions	15	Follow-up of previously agreed management actions
TOTAL	35	

Committee related and other liaison and support

Area	Days	
Committee and Client related liaison and support	20	Committee preparation and attendance Client liaison, support and advice External audit liaison Member and officer training
TOTAL	20	
OVERALL TOTAL DAYS	285	



Hambleton District Council

Counter Fraud Plan 2021/22

Corporate Fraud Manager:
Head of Internal Audit:

Daniel Clubb
Max Thomas

Date: 23 March 2021



Introduction

- 1 Veritau undertakes counter fraud work on behalf of Hambleton District Council. This document summarises the agreed areas of counter fraud work for 2021/22.
- 2 The Counter Fraud Plan is based on an estimate of the amount of resource required to provide the range of counter fraud activities required by the council. A total of 120 days of counter fraud work has been agreed for 2021/22.

2021/22 Counter Fraud Plan

- 3 A summary of planned areas of work is set out in the table below. An estimated number of days for each area is provided but this will be flexible to reflect the work that arises during the year.

Fraud Area	Days	Scope
Counter Fraud General	10	Monitoring changes to regulations and guidance, review of counter fraud risks, and support to the council with maintenance of the counter fraud framework. This will include completion of the annual counter fraud risk assessment and review of the counter fraud policy and strategy.
Proactive Work	15	This includes: <ul style="list-style-type: none">• raising awareness of counter fraud issues and procedures for reporting suspected fraud - for example through training and provision of updates on fraud related issues.• targeted proactive counter fraud work - for example through local and regional data matching exercises.• support and advice on cases which may be appropriate for investigation and advice on appropriate measures to deter and prevent fraud.
Reactive Investigations	80	Investigation of suspected fraud affecting the council. This includes feedback on any changes needed to procedures to prevent fraud recurring.
Covid-19 response work	13	Undertake post assurance activities and investigation of potential fraud highlighted through this work. Assisting the council to recover money lost to fraud through grants.
National Fraud Initiative (NFI)	2	Offer advice and support in processing National Fraud Initiative match outputs, including criminal investigation where necessary.



Hambleton District Council

Information Governance Plan 2021/22

Information Governance Manager: Kirsty Bewick
Head of Internal Audit: Max Thomas

Date: 23 March 2021



Introduction

- 1 Veritau undertakes information governance work on behalf of Hambleton District Council. Veritau is also the Council's appointed statutory Data Protection Officer which involves the carrying out of specific functions. The service helps to ensure the Council complies with all relevant legislation, including the UK-General Data Protection Regulation (UK-GDPR), Data Protection Act 2018 and Freedom of Information Act 2000. This document summarises the agreed areas of work for 2021/22.
- 2 The Information Governance Plan is based on an estimate of the amount of resource required to provide the range of activities required by the Council. A total of 175 days of information governance work has been agreed for 2021/22.

2021/22 Information Governance Summary

- 3 The following table provides an indicative allocation of time across each element of the service:

Area	Days	Scope
FOI and Subject Access Requests	142	Coordination of responses to freedom of information requests, environmental information requests, subject access requests and other requests to exercise data protection rights.
Coordination of Information Security Investigations	8	The investigation of serious information security incidents and the coordination of remedial activity.
Data Protection Officer Role	5	Monitoring compliance with the Council's policy framework and data protection legislation as Data Protection Officer. This also includes liaising with the UK Information Governance regulator: the Information Commissioner's Office (ICO) and with data subjects who have concerns with how their data is being processed.
Information Governance Strategy and Support	15	Developing the Council's policy framework, advising on the implementation of new information governance processes and supporting service area projects with information governance consultations.
Provision of Advice and Training	5	The provision of advice and guidance on all information governance related matters. Supporting service managers by providing specific information governance training sessions to officers.

2021/22 Information Governance Strategic Objectives

- 4 The following strategy objectives will be delivered by Veritau in 2021/22.

Information Asset Management

- 5 As part of the work on developing the Council's information asset register a comprehensive list of other data controllers who may receive data from the Council has been compiled. Veritau will work with service managers to ensure that data sharing arrangements are formalised through information sharing agreements as per the requirements of the North Yorkshire Information Sharing Protocol, which the Council is a signatory to.
- 6 A process map detailing how this work will be undertaken can be found in Appendix 1 of this report.

Law Enforcement

- 7 Veritau will continue to review all law enforcement activity for the collection of personal information to ensure all detail has been captured as part of the information asset register and that privacy notices are updated.

Privacy Notice Review

- 8 Having conducted a review in 2020/21, Veritau will ensure that all privacy notices are now updated.

2021/22 Information Governance Training Provision

- 9 The following information governance themes will be covered by specific Veritau delivered training in 2021/22, as requested by Hambleton District Council.

Data Protection Impact Assessments

- 10 Delegates will be introduced to the concept of data protection impact assessments, a now mandatory tool to identify risk, including their purpose and the various aspects that need to be included. The delegates will work through an example DPIA which will provide the opportunity to learn how to complete a DPIA and ask any relevant questions.

Records Management

- 11 Delegates will be introduced to Records Management concepts and tools including: the Records Lifecycle, benefits of Records Management, file plans, email management, retention and Information Asset Registers.

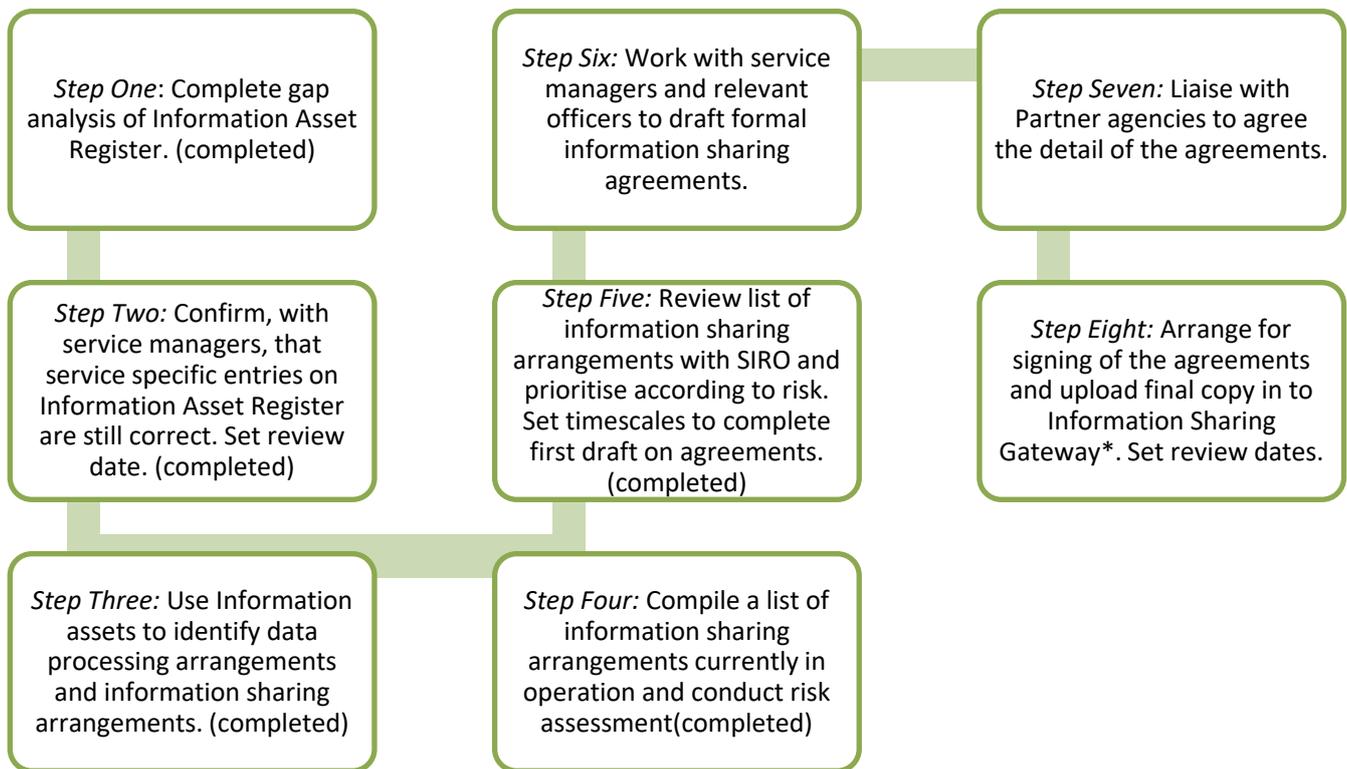
Data Protection Rights and Principles

- 12 Delegates will have the data protection principles explained in detail and will be introduced to specific rights that service users have in relation to their personal data. This workshop will give delegates practical knowledge which can be applied to their day-to-day work.

Law Enforcement

- 13 Delegates will be introduced to part three of the Data Protection Act 2018. This will help develop an understanding of the key differences between law enforcement and UK-GDPR and their obligations.

Appendix 1: Process Map detailing development of Information Sharing Agreements across the Council.



* The 'Information Sharing Gateway' is an online framework to support information sharing across a number of organisations. A number of organisations in North Yorkshire are working together to use the gateway to integrate their depositories of information sharing agreements and create a detailed information flow map across the County.