

## **Hambleton District Council**

**Report To:** Audit, Governance and Standards Committee

**Date:** 22 March 2022

**From:** Interim Director of Finance (s151 Officer)

**Subject:** **Veritau Internal Audit, Counter Fraud and Information Governance Plans 2022/23**

**Portfolio Holder:** Economic Development and Finance  
Councillor P R Wilkinson

**Wards Affected:** All Wards

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### **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 own Audit Charter. In accordance with those standards, the Head of Internal Audit gives an annual opinion on the effectiveness of the Councils framework of risk management, governance and internal control.
- 1.2 An indicative risk-based audit plan (or work programme) is drawn up at the start of each year, setting out expected priorities for audit work. The work programme is then regularly revisited throughout the year to ensure that it remains aligned with the Council's risk profile and priorities. The work programme is required to be approved by this committee as part of its responsibility for overseeing the work of internal audit.
- 1.3 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.
- 1.4 The purpose of this report is to present the proposed 2022/23 internal audit work programme 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 carry the most risk and/or which contribute the most to the achievement of the Council's strategic priorities and objectives. The final year of Local Government Reorganisation preparation will have a significant impact on the councils risk areas, and therefore the focus of our work. Many areas of council systems and processes will be directly and indirectly impacted.

- 2.2 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 2022/23.
- 2.3 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.
- 2.4 Consultation on the content of each of the plans has been undertaken with relevant directors and other senior officers.
- 2.5 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(s)**

- 8.1 That the Committee approves the internal audit programme; and that the counter fraud and information governance plans be noted.

Noel O'Neill  
Interim Director of Finance (s151 Officer)

**Background papers:** None  
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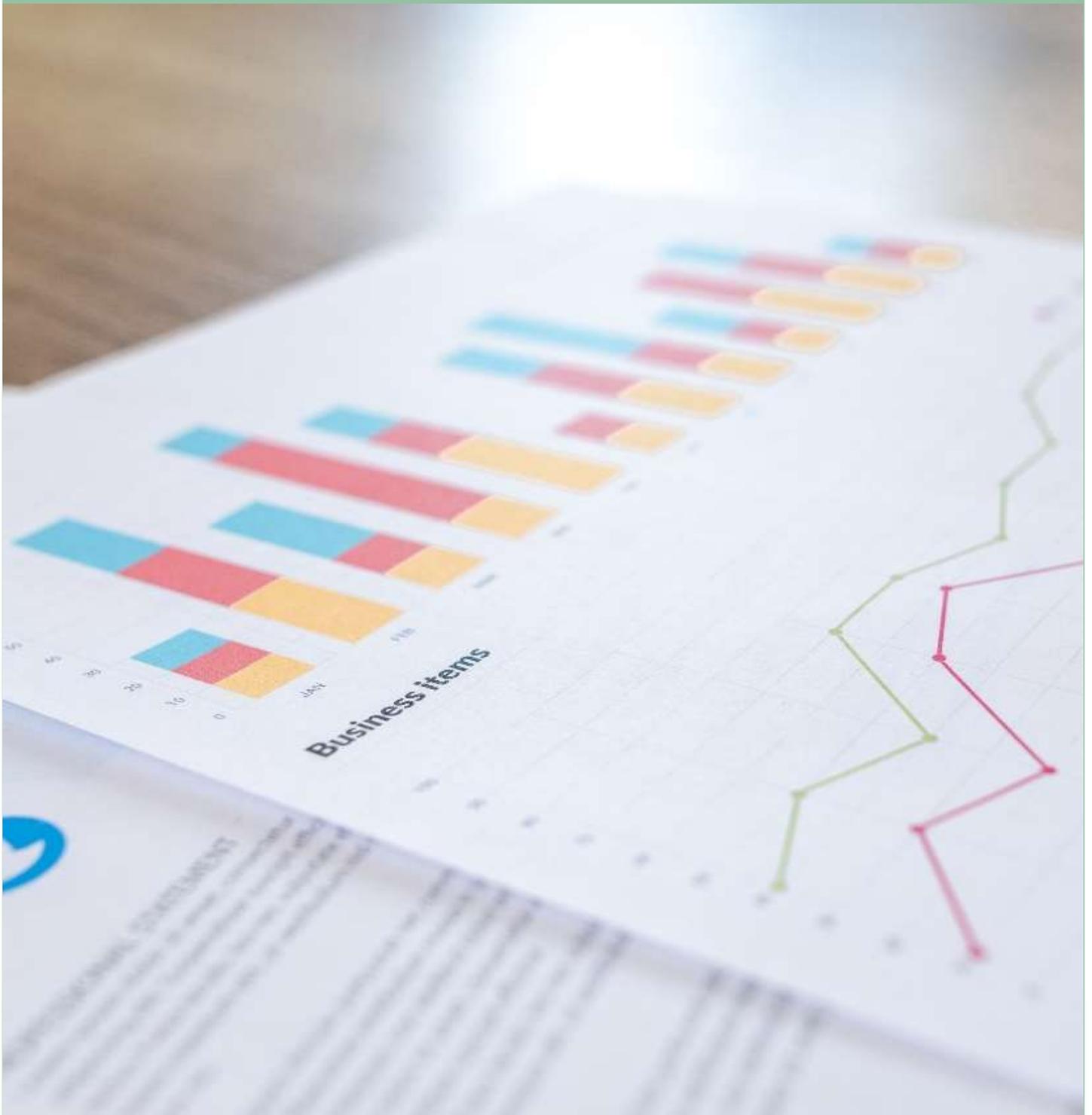
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# INTERNAL AUDIT PLAN 2022/23

Date: 22 March 2022

Annex 1



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Stuart Cutts  
Assistant Director- Audit Assurance



Max Thomas  
Head of Internal Audit

## INTRODUCTION

- 1 This document sets out the proposed 2022/23 programme 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. Planned work should be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and internal 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.
- 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 To meet professional aims and objectives, good practice for internal audit requires us to adopt flexible planning processes. This flexibility will be particularly important in 2022/23 which is the last year the council will deliver services to the public. From 1 April 2023 a new North Yorkshire Council will be created when Hambleton District Council, along with seven other councils combine into a single county wide unitary authority. The flexibility will also help to ensure audit work undertaken during the year is adapted on an ongoing basis to reflect changing risks within the Council.
- 6 The work programme for 2022/23 represents a summary of the overall areas we currently think will be the highest priority for work during the next year, based on our current assessment of risk.
- 7 The identification of risks has been informed in a number of ways; including review of the organisational risk management processes, the impacts of Local Government Reorganisation (LGR) 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 risks and impact of Local Government re-organisation means the emphasis of work in 2022/23 will be significantly different to previous years.
- 8 Internal audit work covers a range of risk areas to ensure that overall, the work undertaken will enable us to meet our professional standards to provide an overall opinion on the framework of risk management, governance and internal control in the council.

- 9 We have defined 11 areas where we require assurance during the course of the year to help provide that opinion, as follows:
- Strategic planning
  - Organisational governance
  - Financial governance
  - Risk management
  - Information governance
  - Performance management and data quality
  - Procurement and contract management
  - People management
  - Asset management
  - Programme and project management
  - ICT governance
- 10 The requirement for providing assurance across these areas is also taken into account when identifying and prioritising work.
- 11 The proposed areas of coverage have been subject to consultation with directors and senior officers.
- 12 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.
- 13 We will regularly discuss with officers and management the prioritisation, scope and timings of work to help ensure that we provide assurance in the right areas at the right time. Members and senior Council officers have an important role in shaping the work programme by helping to direct internal audit to areas of greatest risk and priority during the Council's last 12 months of operation.
- 14 We will also provide regular updates on the scope and findings of work to the Audit, Governance and Standards Committee throughout 2022/23.



## 2022/23 INTERNAL AUDIT WORK

- 15 The plan is based on a total commitment of 285 days. Further detail on the potential areas of coverage is included in appendix A.
- 16 It is important to emphasise the audit areas included in this draft programme of work 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.
- 17 The final year of Local Government Reorganisation preparation will have a significant impact on the councils risk areas, and therefore the focus of our work. Many areas of council systems and processes will be directly and indirectly impacted.
- 18 Maintaining effective 'business as usual' will, in some areas, become very difficult. Work will focus on providing assurance of the continuation of the Council's internal control framework over a wide range of areas, to help

support the interim s151 officer and senior management discharge their statutory obligations. Internal audit work will include shorter, more focussed assignments and the use of data analytics to help provide more regular assurance.

- 19 Continued involvement in the LGR work-streams and wider project governance will also be a key area of officer and auditor involvement. The recently issued North Yorkshire (Structural Changes) Order which is expected to be enacted in March 2022 places a number of requirements on the Council, including 'to consult and co-operate with each other in order to secure the economic, effective, efficient and timely transfer of those functions, property, rights and liabilities'. Data quality of information, some of which will be transferring to the new organisation and will form a fundamental part of new Council's working arrangements, will also be very important.

## Appendix A

## Draft Internal Audit Work Programme 2022/23

Area	Days	Potential activity
<b>Key ongoing business risks</b>	75	<p>Key significant Council projects including the Crematorium.</p> <p>Environmental Health – introduction of new CIVICA system</p> <p>Public Sector decarbonisation</p> <p>Cyber Security and ICT governance</p> <p>Business continuity and disaster recovery</p> <p>Income collection and debt management</p> <p>HR and workforce planning</p> <p>Climate Change</p>

## Areas linked to Local Government Reorganisation

Area	Days	Potential activity
<b>Strategic and Corporate Risks</b>	50	<p>Corporate Governance arrangements, including to the LGR project</p> <p>Involvement in specific LGR related work-streams</p> <p>Council closedown and post 31 March 2023 assurance arrangements</p> <p>Risk management</p> <p>Data Quality</p> <p>Procurement and contract management</p>
<b>Financial systems</b> Work is likely to cover areas such as internal control assurance gathering (testing the continued operation of key controls), reviewing identified areas of	70	<p>Payroll</p> <p>Budget setting, management, monitoring and reporting.</p> <p>General Ledger</p> <p>Council Tax and Business Rates</p> <p>Housing Benefits</p>

Area	Days	Potential activity
weakness, and specific data quality, system transfer and development matters linked to Local Government Re-organisation.		Creditor Payments Treasury Management
<b>Service areas and systems</b> Work is likely to cover similar types of areas as the financial systems.	30	Planning (including s106 and CIL) Licensing Housing Leisure Waste
<b>TOTAL</b>	150	

#### Other Assurance areas

Area	Days	Potential activity
Ongoing assurance	15	Continuous Audit planning and assurance gathering to help support our overall opinion on the framework of risk management, governance and internal control of the council.
Follow up of management actions	15	Follow-up of previously agreed management actions
<b>TOTAL</b>	30	

#### Committee related and other liaison and support

Area	Days	Potential activity
Committee and Client related liaison and support	30	Committee preparation and attendance Client liaison, support and advice External audit liaison
<b>OVERALL TOTAL DAYS</b>	285	

# COUNTER FRAUD PLAN 2022/23

Date: 22 March 2022

ANNEX 2

**HAMBLETON**  
DISTRICT COUNCIL





**Daniel Clubb**  
Corporate Fraud Manager



**Max Thomas**  
Head of Internal Audit

## INTRODUCTION

- 1 Veritau undertakes counter fraud work on behalf of Hambleton District Council. This document summarises the agreed areas of counter fraud work for 2022/23.
- 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 2022/23.

## 2022/23 COUNTER FRAUD SUMMARY

- 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.

Area	Days	Scope
<b>Counter Fraud General</b>	10	Monitoring changes to regulations and guidance, reviewing counter fraud risks, and supporting counter fraud activities in preparation for local government reorganisation. Updates on significant fraud trends and counter fraud activities will be provided to the Audit, Governance and Standards Committee periodically.
<b>Proactive Work</b>	18	This includes: <ul style="list-style-type: none"> <li>• raising awareness of counter fraud issues and procedures for reporting</li> </ul>

		<p>suspected fraud - for example through training and provision of updates on fraud related issues.</p> <ul style="list-style-type: none"> <li>targeted proactive counter fraud work - for example through local and regional data matching exercises.</li> <li>support and advice on cases which may be appropriate for investigation and advice on appropriate measures to deter and prevent fraud.</li> </ul>
<b>Reactive Investigations</b>	80	Investigation of suspected fraud affecting the council. This includes feedback on any changes needed to procedures to prevent fraud reoccurring.
<b>Covid-19 response work</b>	10	Supporting assurance activities and investigation of potential fraud highlighted through this work. Assisting the council to recover money lost to fraud through grants.
<b>National Fraud Initiative</b>	2	Offer advice and support in processing National Fraud Initiative match outputs, including criminal investigation where necessary.

# INFORMATION GOVERNANCE PLAN 2022/23

Date: 22 March 2022

ANNEX 3

**HAMBLETON**  
**DISTRICT COUNCIL**



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Kirsty Bewick  
Information Governance Manager



Max Thomas  
Head of Internal Audit

## 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 2022/23.
- 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 2022/23.

## 2022/23 INFORMATION GOVERNANCE SUMMARY

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

Area	Days	Scope
<b>FOI and Subject Access Requests</b>	142	Coordination of responses to freedom of information requests, environmental information requests, subject access requests and other requests to exercise data protection rights.
<b>Coordination of Information Security Investigations</b>	8	The investigation of serious information security incidents and the coordination of remedial activity.
<b>Data Protection Officer Role</b>	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.
<b>Information Governance Strategy and Support</b>	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.
<b>Provision of Advice and Training</b>	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.
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## 2022/23 INFORMATION GOVERNANCE STRATEGIC OBJECTIVES

4 The following strategy objectives will be delivered by Veritau in 2022/23.

### **Local Government Reorganisation**

5 Veritau will work with the council in all activity associated with Local Government Reorganisation (LGR). This will include providing advice, assisting with any related data sharing activity and representing the views of the council as appropriate in LGR workstream meetings.

### **Information Asset Management**

6 Veritau will continue to work with service managers to prioritise the work around data processing agreements to ensure that council is meeting the requirements of Article 28 UK GDPR. Where possible, Veritau will also continue to ensure that data sharing arrangements are in line with the requirements of the North Yorkshire Information Sharing Protocol, which the Council is a signatory to.

### **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 Updates**

8 Veritau will continue to ensure that all privacy notices are updated.

## 2022/23 INFORMATION GOVERNANCE TRAINING PROVISION

9 Training on the following information governance themes will be delivered by Veritau in 2022/23, as requested by officers.

### **Personal Data Breach Management**

10 Delegates will be introduced to Personal Data Breach Management concepts and tools. The workshop will show how to recognise a data breach when it occurs, how to investigate and manage a data breach and how to complete the relevant documentation to report the breach. The workshop will also help delegates understand the different levels of risk and how that influences decisions on whether to report a matter to the Information Commissioner's Office (ICO).

**Law Enforcement**

- 11 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 requirements.