

19 December 2019		ITEM: 7
Standards & Audit Committee		
Internal Audit Protocol 2019		
Wards and communities affected: All		Key Decision: Non-key
Report of: Gary Clifford – Chief Internal Auditor		
Accountable Director: Sean Clark – Director of Finance, Governance & Property		
This report is public		

Executive Summary

This report provides the Standards & Audit Committee with information on the Internal Audit Protocol which gives some general guidance on responsibilities of Members, Officers and the Internal Audit team. It also provides detailed guidance on specific issues around the internal audit processes, such as turnaround times for reports and the timeliness of management responses.

1. Recommendation(s)

1.1 That the Standards & Audit Committee:

Agree that the Internal Audit Protocol provides the council and the Internal Audit Service with a process for improving the timeliness of reporting arrangements and sets out a formal escalation process for non-compliance.

2. Introduction and Background

- 2.1 The Accounts and Audit Regulations 2015 require that a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and taking into account public sector internal auditing standards or guidance.
- 2.2 The Internal Audit Service carries out the work to satisfy this legislative requirement and part of this is reporting the outcome of its work to the Standards & Audit Committee.
- 2.3 The Standards & Audit Committee has a responsibility for reviewing the Council's corporate governance arrangements, including internal control and formally approving the Annual Governance Statement. The audit work carried out by the Internal Audit Service is a key source of assurance to the

Standards & Audit Committee about the operation of the internal control environment.

- 2.4 The Internal Audit Protocol will help to provide the Standards & Audit Committee with a level of assurance around the internal audit reporting process.

3. Issues, Options and Analysis of Options

- 3.1 The Protocol has been reviewed and updated to reflect changes to the Amber/Red assurance opinion from a positive to a negative opinion. This will enhance the reporting process and assist in providing a more effective Internal Audit Service which will meet the requirements of the Public Sector Internal Auditing Standards.

4. Reasons for Recommendation

- 4.1 To provide the Standards & Audit Committee with assurance that the Internal Audit Service and council staff are aware of their roles and responsibilities around the timely reporting of, and response to, internal audit recommendations.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 The Internal Audit Protocol has been circulated to Directors' Board and the Director of Finance, Governance and Property as part of the consultation process.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 The achievement of corporate priorities is a key consideration of members, senior management and internal audit and the Protocol should assist this by providing a more robust and timely reporting process.

7. Implications

7.1 Financial

Implications verified by: **J Wilson**
Assistant Director - Finance

As this report is for information, there are no direct financial implications arising from this report.

7.2 Legal

Implications verified by: **T Hallam**
Acting Head of Law, Assistant Director of Law and Governance and Monitoring Officer

As this report is for information, there are no adverse legal implications arising from this report.

7.3 **Diversity and Equality**

Implications verified by: **R Lee**
Team Manager – Community Development & Equalities

There are no direct diversity implications arising from this report as it is for information purposes only.

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

As this report is for information, there are no other implications arising from this report

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Public Sector Internal Audit Standards (PSIAS)
- CIPFA – PSIAS Local Government Application Note
- Internal Audit Protocol 2015

9. **Appendices to the report**

Appendix 1 – Internal Audit Protocol 2019

Report Author:

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Chief Internal Auditor

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