

11 March 2021	ITEM: 11
Standards and Audit Committee	
Internal Audit Progress Report 2020/21	
Wards and communities affected: All	Key Decision: Non-key
Report of: Gary Clifford – Chief Internal Auditor	
Accountable Director: Sean Clark – Corporate Director Finance, Governance & Property	
This report is public	

Executive Summary

The Internal Audit Plan 2020/21 was discussed by the Standards and Audit Committee at their meeting of 9 July 2020. This progress report covers final reports issued since the last progress report to the Standards and Audit Committee on 24 November 2020, draft reports issued and work in progress.

1. Recommendation(s)

1.1 That the Standards and Audit Committee:

Consider reports issued and the work being carried out by Internal Audit in relation to the 2020/21 audit plan.

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 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 and Audit Committee.
- 2.3 The Standards and 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 and Audit Committee about the operation of the internal control environment.

2.4 The audits contained in the Internal Audit Plan 2020/21 are based on an assessment of risk for each system or operational area. The assessment of risk includes elements such as the level of corporate importance, materiality, service delivery/importance and sensitivity.

3. Issues, Options and Analysis of Options

3.1 The reports issued by Internal Audit provide 4 levels of assurance opinion. The 4 opinions use a Red/Amber/Green (RAG) assurance level and reports are now categorised as:

- Green; Amber/Green (positive assurance opinions);
- Amber/Red (negative assurance opinion that provides some assurance but a number of weaknesses were identified); and
- Red (negative assurance opinion).

3.2 The purpose of this progress report is not only to highlight reports issued as final but to provide members with an update on work which has reached the draft report stage and work currently in progress. The status of work currently being undertaken is shown at Appendix 1.

3.3 During the period being reported on, we have finalised 4 reports. 2 of these were assurance reports and received Green (positive) assurance opinions. These were Council Tax and Arboriculture, specifically the council's new Tree Management System software.

3.4 Of the remaining 2 reports, 1 was a consultancy report to check and confirm Environmental Services' compliance against the requirements to continue to receive the British Standards Institution (BSI) ISO 9001 accreditation which demonstrates an organisations ability to consistently provide products and services that meet customer and regulatory requirements. The area covered was the Quality Management Systems in place to meet the standard and 1 minor issue was highlighted. The final report issued was an advisory report around Project Management. Whilst we did not provide an assurance opinion, we did make recommendations which were agreed my management. Since this review took place, it has been confirmed with Strategy and Delivery Manager that progress has been made in addressing the recommendations.

3.5 As we come towards year-end, the focus has been on getting reports issued to draft stage and work completed. These reports will be issued as final and presented to the Standards and Audit Committee at the next meeting.

4. Reasons for Recommendation

4.1 To assist the Standards and Audit Committee in satisfying itself that progress against the Internal Audit Plan is sufficient as one of the means of assuring itself of the effective operation of internal controls.

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

- 5.1 The audit risk assessment and the plan are periodically discussed with the Chief Executive, Corporate Directors, Directors and Assistant Directors before being reported to Directors Board and the Standards and Audit Committee.
- 5.2 All terms of reference and draft reports are discussed and agreed with the relevant Corporate Directors, Directors, Assistant Directors and/or management before being finalised.
- 5.3 The Internal Audit Service also consults with the council's External Auditors to ensure that respective audit plans provide full coverage whilst avoiding duplication.

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

- 6.1 The council's corporate priorities were used to inform the annual audit plan 2020/21. Recommendations made are designed to further the implementation of these corporate priorities.

7. Implications

7.1 Financial

Implications verified by: **Jonathan Wilson**
Assistant Director Finance

Whilst there are no direct financial implications arising from this report, it is important that the authority maintains adequate internal controls to safeguard the authority's assets. The costs associated with the implementation of audit recommendations will be considered and, where possible, met from existing budgets.

7.2 Legal

Implications verified by: **Tim Hallam**
Deputy Head of Legal and Deputy Monitoring Officer

The contents of this report and appendixes form part of the council's responsibility to comply with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015, including to at least annually undertake an effective internal audit to, amongst other things, evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance. The council has delegated responsibility for ensuring this is taking place to the Standards and Audit Committee. There are no legal implications directly arising from this report.

7.3 **Diversity and Equality**

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project
Monitoring Officer, Adults, Housing & Health

There are no direct diversity or equality implications arising from this report.

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

In terms of risk and opportunity management, the Internal Audit Plan and its outcomes are a key part of the council's risk management and assurance frameworks. The Internal Audit Plan is based on risk assessments that include a review of the council's risk and opportunity register.

8. **Background papers used in preparing the report:**

- Strategy for Internal Audit 2020/21 to 2022/23 and Internal Audit Plan 2020/21
- Internal Audit Reports issued in 2020/21.

9. **Appendices to the report**

- Appendix 1 – Internal Audit Progress Report.

Report Author:

Gary Clifford

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Thurrock Council Internal Audit Service, Finance, Governance & Property