

11 March 2021		ITEM: 12
Standards and Audit Committee		
Internal Audit Strategy 2020/21 to 2022/23 and Annual Internal Audit Plan 2021/22		
Wards and communities affected: All	Key Decision: Non-key	
Report of: Gary Clifford – Chief Internal Auditor		
Accountable Director: Sean Clark – Corporate Director of Finance, Governance & Property		
This report is Public		

Executive Summary

Between December 2019 and March 2020, a comprehensive Audit Needs Assessment (ANA) process was undertaken which involved attending meetings with each of the Directorate Management Teams (DMT's) to discuss the risks and priorities with Directors, Assistant Directors and other senior management. As a result, a 3 year Strategy for Internal Audit 2020/21 to 2022/23 was developed.

During the latter part of this process, the implications from the Coronavirus COVID-19 pandemic started to emerge with changes to working practices, and in some cases, changes to job roles. Due to the continually emerging issues, this was not reflected in the plan but as a result, the scope of some reviews changed during the year to ensure the Internal Audit Service was utilising its resources to best meet the needs of the council.

However, it was agreed with the Corporate Director of Finance, Governance & Property that the pandemic is likely to have a continuing impact during 2021/22 so a 3 to 6 month rolling plan would be beneficial to allow the service to react pro-actively to changing risks and priorities.

1. Recommendation(s)

1.1 That the Standards and Audit Committee:

Receive and agree the Internal Audit Plan 2021/22.

2. Introduction and Background

2.1 Following a comprehensive Audit Needs Assessment (ANA) process between December 2019 and March 2020, a new 3 year Internal Audit Strategy 2020/21 to 2022/23 was developed. In preparing the strategy and the annual

internal audit plan, we shared them with all members of Director's Board for comment and changes were made as appropriate. In addition, we met with, and attended meetings with the following:

- HR, OD and Transformation Directorate Management Team;
- Children's Services Senior Management Team;
- Performance Board.
- Director of Adult Services;
- Assistant Director - Housing;
- Assistant Director – Street Scene & Leisure;
- Assistant Director – Highways, Fleet & Logistics;
- Assistant Director - Lower Thames Crossing & Transport Infrastructure;
- Assistant Director - Place;
- Assistant Director – Planning & Growth;
- Strategic Lead – Legal;
- Strategic Lead – IT;
- Strategic Lead – Procurement;
- Emergency Planning Manager; and
- Corporate Risk and Insurance Manager

As part of the planning process, Internal Audit also considered a number of other sources including the External Auditor's Annual Audit and Inspection Letter, the Annual Governance Statement, Annual Governance Report and the risks arising from the Corporate Risk & Opportunity Register. New issues and potential emerging risks were also identified and discussed with senior management during the year. We also consider the results of our work in 2020/21 and concerns raised by the Standards and Audit Committee.

It is important to note that the strategy and plan are designed, in part, to test the control environment surrounding potential risks and key controls. Whilst the strategy remains largely unchanged, we have adopted a 3 to 6 month rolling plan for 2020/21 to enable us to react positively to the changing environment and working practices resulting from the COVID-19 pandemic.

We will continually revisit the plan and report any changes will be agreed by the Chief Internal Auditor and/or Corporate Director of Finance, Governance & Property and presented to members of the Standards and Audit Committee as part of the progress reporting arrangements.

3. Issues, Options and Analysis of Options

- 3.1 Whilst the previous plan developed by the Chief Internal Auditor was ambitious, the unanticipated retirement of one of the Senior Internal Auditors from June 2020, redeployment of a member of the team to assist on the Thurrock Coronavirus Community Action team and a member of the team being off sick after a positive test have had an impact on resources. As a

result, a number of reviews from 2020/21 have had to be carried forward into 2021/22. In addition, additional work arising as a direct and indirect result of the pandemic has emerged and been added to the plan for 2021/22. Resources had already been identified as an issue by the Corporate Director of Finance, Governance & Property and the Chief Internal Auditor and budgets put in place to address this. However, due to the current climate, these posts still currently remain unfilled.

4. Reasons for Recommendation

4.1 For the Standards and Audit Committee to satisfy itself that:

- The detailed Internal Audit Plan for the coming financial year reflects the areas that the Standards and Audit Committee believe should be covered as a priority and recognises the additional flexibility of the plan during the next year to address issues arising from the COVID-19 pandemic.
- Sufficient assurances are being received to monitor the organisation's risk profile effectively, including any emerging issues/key risks not included in the strategy or annual plan.

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

5.1 As part of the planning process, changes to the plan have been discussed with relevant members of Directors Board before being brought before the Standards and Audit Committee.

6. Impact on Corporate Policies, Priorities, Performance and Community Impact

6.1 The achievement of corporate priorities is a key consideration of senior management and internal audit when they are discussing the areas that need to be included within the annual audit plan.

7. Implications

7.1 Financial

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

The Internal Audit Plan is planned to be delivered within the annually agreed budget for 2021/22.

7.2 Legal

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

There do not appear to be any direct legal implications arising from this report and appendices. The Council has the legal obligation to maintain an adequate and effective system of internal audit and the Council has delegated this responsibility to the Standards and Audit Committee. The report recommends that the Standards and Audit Committee receives and agrees the Internal Audit Plan 2021/22. The plan identifies how the Section 151 Officer will deliver an effective internal auditing service for the Council during the year.

7.3 Diversity and Equality

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

There are no direct diversity implications arising from this report.

7.4 Other implications

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 framework. The Internal Audit Plan is based on risk assessments that include a review of the Council's Strategic/Corporate Risk & Opportunity Register.

8. Background papers used in preparing this report

- The Accounts and Audit Regulations 2015.
- Public Sector Internal Audit Standards (PSIAS).
- CIPFA – PSIAS Local Government Application Note.
- Strategic/Corporate Risk & Opportunity Register.

9. Appendices to this report

Appendix 1 - Draft Internal Audit Strategy 2020/21 to 2022/23 and Annual Internal Audit Plan 2021/22

Report Author:

Gary Clifford
Chief Internal Auditor
Thurrock Council Internal Audit Service, Finance, Governance & Property