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| <b>25 November 2021</b>                                                                  |                                 | <b>ITEM: 6</b> |
| <b>Standards and Audit Committee</b>                                                     |                                 |                |
| <b>Internal Audit Progress Report 2021/22</b>                                            |                                 |                |
| <b>Wards and communities affected:</b><br>All                                            | <b>Key Decision:</b><br>Non-key |                |
| <b>Report of:</b> Gary Clifford - Chief Internal Auditor                                 |                                 |                |
| <b>Accountable Assistant Director:</b> Ian Hunt - Assistant Director of Law & Governance |                                 |                |
| <b>Accountable Director:</b> Sean Clark - Corporate Director Resources & Place Delivery  |                                 |                |
| <b>This report is public</b>                                                             |                                 |                |

## **Executive Summary**

The Internal Audit Plan 2021/22 was discussed by the Standards & Audit Committee at their meeting of 11 March 2021. This progress report covers final reports issued since the last progress report to the Standards & Audit Committee, draft reports issued and work in progress.

### **1. Recommendation(s)**

#### **1.1 That the Standards & Audit Committee:**

**Consider reports issued and the work being carried out by Internal Audit in relation to the 2021/22 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 & 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 audits contained in the Internal Audit Plan 2021/22 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 6 reports. 1 of these was an assurance reports on Planned Maintenance (Housing). Which received a Green (positive) assurance opinion.
- 3.4 The remaining 5 reports were consultancy reports 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 areas covered were: Active & Country Parks; Fleet; Infrastructure & Work Environment, Play Area Maintenance; and Street Cleaning. In all cases, the reports only identified some minor issues which the services are addressing. A common area amongst most of these reports was the fact that the service have been unable to maximise income due to the impact of the pandemic. As services return to a different, but more "normal" routine, it is anticipated by the service, that this will start to be addressed.
- 3.5 It should be noted that whilst we do not provide a formal assurance opinion when carrying out consultancy/advisory reviews, the work we carry out does provide members with additional assurance around the controls, risk management and governance in those areas. As with an assurance piece of work, we do make recommendations which we agree with management and report to the Standards & Audit Committee.
- 3.6 During the period covered by this report, one of the Internal Auditors left the service. This clearly impacted upon delivery of the plan and a business case

has been developed to fill the 2 vacant Internal Auditor posts. It is anticipated this business case will be submitted to HR within the next month. Members will be updated on progress with this at the next meeting.

#### **4. Reasons for Recommendation**

- 4.1 To assist the Standards & 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 & 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 2021/22. 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: **Gina Clarke**  
**Corporate Governance Lawyer**

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, to ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and achievement of its aims and objectives, 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 & 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 Inequalities, Sustainability, Crime and Disorder and Impact on Looked After Children

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 2021/22.

## 9. Appendices to the report

Appendix 1 – Internal Audit Progress Report.

## Report Author:

Gary Clifford, Chief Internal Auditor, Thurrock Council Internal Audit Service,  
Resources & Place Delivery