

<b>23 February 2023</b>		<b>ITEM: 8</b>
<b>Standards &amp; Audit Committee</b>		
<b>Internal Audit Progress Report 2022/23</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non-key	
<b>Report of:</b> Gary Clifford – Chief Internal Auditor		
<b>Accountable Assistant Director:</b> n/a		
<b>Accountable Director:</b> John Jones – Interim Director of Legal and Governance and Monitoring Officer		
<b>This report is public</b>		

## **Executive Summary**

The Internal Audit Plan 2022/23 was discussed by the Standards & Audit Committee at their meeting of 10<sup>th</sup> March 2022. This progress report covers final reports issued since the last progress report to the Standards & Audit Committee, draft reports issued and work in progress. In addition, it covers an update on the resourcing issues which have impacted upon service delivery.

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

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

**Consider the work being carried out by Internal Audit in relation to the 2022/23 audit plan and the update on the resourcing issues facing the service.**

### **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 2022/23 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 This report also provides an update on the current resourcing issues facing the service which have impacted on the delivery of the plan. These are covered within Appendix 1 under the section "Work and other issues for which no reports are generated". In summary, an offer was made and accepted on 23<sup>rd</sup> January 2023, to one of the two vacant Senior Internal Auditor posts. One of the new Internal Auditors is now undertaking the work to confirm the Supporting Families Programme payment by results claims.

- 3.4 No reports have been finalised during this reporting period, although 2 reports are at draft stage.

- 3.5 As a result of the issuing of the Section 114 notice in December, the Chief Internal Auditor has been tasked with being a member of the Expenditure Control Panel which looks at all spend between £500 and £25,000. This Panel meets three times per week.

### **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 periodically 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 2022/23. Recommendations made are designed to further the implementation of these corporate priorities.

## **7. Implications**

### **7.1 Financial**

Implications verified by: **David May**  
**Strategic Lead Corporate Finance**

There are financial implications to this report arising from the vacant posts which will result in an underspend against the budget. The costs associated with the implementation of audit recommendations will be considered and, where possible, met from existing budgets within the services.

### **7.2 Legal**

Implications verified by: **Gina Clarke**  
**Corporate Governance Lawyer and Deputy Monitoring Officer**

The contents of this report and appendix form part of the council's responsibility to comply with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015. The council must 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; ensures that the financial and operational management of the council is effective; and includes effective arrangements for the management of risk.

At least annually the council must 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**

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

### 7.4 **Other implications** (where significant) – i.e. Staff, Health Inequality, 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 2022/23
- Internal Audit Reports issued in 2022/23.

## 9. **Appendices to the report**

- Appendix 1 – Internal Audit Progress Report.

### **Report Author:**

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