

Thurrock Council

Standards & Audit Committee

Internal Audit Progress Report 2023/24

Date of Committee: 29 February 2024

Introduction

The initial 6-month internal audit plan for 2023/24 was presented to the Standards & Audit Committee on 19 July 2023. The six-month internal audit plan for October 2023 to March 2024 was presented to the Standards & Audit Committee on 30 October 2023. On 13 November 2023, the former Chief Internal Auditor circulated the draft internal audit plan for the period October 2023 to March 2024 to members of the Committee, members of the Senior Leadership Team, and Commissioners. While he invited feedback, none was received. Consequently, the consultation did not lead to any changes to the plan. As a result, the plan has been effectively agreed, this plan has been included at Appendix A.

Table 1 showing the status of all assignments complete or where a final report has been issued.

Assignment	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Complete or Final Report Issued					
Public Sector Internal Audit Standards Self-Assessment	Complete	N/A	N/A	N/A	N/A
Contract Waiver Process*	Final Report Issued	Amber/Red	1	4	1
Risk Management	Final Report Issued	Amber/Red	4	0	0
Registrars Stock and Security review	Final Report Issued	Green	0	0	0

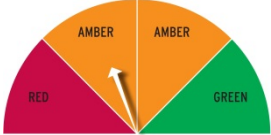
* Detail reported in the previous committee

Table 2 showing the status of all assignments not yet complete or where a final report has not been issued.

Assignment	Status
Draft Report Issued	
Thames Freeport – Financial Management System	Draft Report Issued
Financial Strategy – Divestments	Draft Report Issued
Quality Review or Fieldwork	
Accounts Payable	Quality Review
Accounts Receivable	Quality Review
Supporting Families Programme	Fieldwork
Housing – Payments to Contractors	Fieldwork
Council Tax	Fieldwork
National non-Domestic Rates (NDR)	Fieldwork
Housing Benefits	Fieldwork
Cyber Security	Fieldwork

Financial Strategy – Asset Disposal	Fieldwork
Corporate Plan – Objective Setting (Embedded Assurance)	Ongoing
Risk Management Culture – Follow Up (Embedded Assurance)	Ongoing
Planning or Assigned	
Governance Recovery Board	Planning
Talent Management and Retention	Planning
A13 – Major Projects – Lessons Learned	Planning
Out of Borough Placements	Planning
Unregistered Placements	Planning
Payroll	Planning
Data Protection	Planning
Budget Setting and Management	Assigned
Investments	Assigned
Member Training and Development	Assigned
Major Projects – Managing the Design Phase	Assigned
Readiness for CQC Inspection	Assigned
Waste – Compliance with ISO Requirements	Assigned
Expenditure Control	Assigned
Grant Claim Certification	Assigned

Key Findings from Internal Audit Work

<p>Assignment: Embedded Risk Management Culture</p>	<p>Opinion: Amber/Red</p>	
<p>Headline Findings: Our review of the Council's Embedded Risk Management Culture identified 4 high recommendations around the adequacy and effectiveness of the control framework.</p> <p>Objective of the review</p> <p>The Best Value Inspection (BVI) Report identified a large gap between the aims of the Risk & Opportunity Management framework and actual risk management practices. Recommendation 2 in the BVI Report advocates an extended recovery plan with robust actions that amongst other things secures proper resourcing and functioning of the Council's risk management. Members of the Council's Senior Management Team requested a review that assessed the current risk management culture across the Council (particularly within Directorate Management Teams) and the practical effectiveness of formal risk management controls. Internal Audit agreed to conduct this review by assessing the culture and reporting around the management of seven of the highest rated risks on the Strategic / Corporate Risk Register. This review informed and supplemented</p>		

proposals to refresh the Risk & Opportunity Management framework that were submitted to the Standards and Audit Committee on 30 October 2023.

Key Risk

If adequate and effective risk management procedures are not embedded and consistently applied across the Council, the risks that the Council faces may not be accurately reported in a timely manner. Decision-makers may lose confidence in the system leading to over or under preparation and poorer value for money.

Control activities to be tested

- Linking risks to strategic objectives and setting effective performance indicators
- Active and effective use of risk management by Service Areas.
- Internal and external communications of risk and control information.
- Assessing, categorising, prioritising and reporting risks.

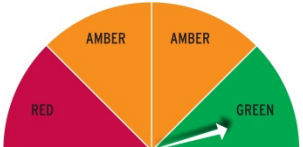
Action and Response	Responsible Officer	Date
<p>Results of Testing - At the time of the review, the Council did not have a corporate plan that set out its strategic objectives. Nevertheless, the risk owners considered that the sampled risks related to important strategic service area objectives. Most of the risk owners were confident their respective tracking of their risks would provide early warning of adverse changes to the risks. However, only 3 of the 7 risk owners were using performance or financial indicators to assess risk. Internal Audit did not assess the extent that the indicators provided early warning of increasing levels of risk.</p> <p>Recommendation – The Council should improve the clarity of the links between delivery of its strategic objectives and its corporate / strategic risks. It should consider the following:</p> <ul style="list-style-type: none"> • Publish a corporate plan that sets out the Council’s strategic objectives and the risks to their delivery. • Establish performance or other indicators to track the identified risks to the successful delivery of the strategic objectives. • Identify whether the indicators are leading or lagging indicators. <p>Management Response - Under the Strategic Direction theme & workstream of the IRP the Council plans to develop and embed a Corporate Plan, including the translation of the plan into Directorate/Service plans and staff objectives. ROM project identifies the need to refresh/review the strategic/corporate risk register when strategic objectives and Corporate Plan established.</p> <p>Refresh of the Strategic/Corporate Risk register commenced with SLT Workshop 16 Aug 2023. Further workshop planned with Senior Directorate Leads early October 2023. When items identified further work to be undertaken with responsible departments (risk owners and risk action leads) to identify or establish relevant risk indicators.</p> <p>As previous. Through work with responsible departments (risk owners and risk action leads) relevant risk indicators (i.e., leading or lagging) to be established.</p>	<p>Strategy Team Risk Team</p>	<p>March 2024*</p>

<p>Results of Testing - Internal Audit found weaknesses in the risk management environment that reduced the assurance that the Council's risk management practices contributed to effective management of resources. While risk owners understood the benefits of good risk management, their actions were not guided by a defined risk appetite. Also, risk tolerance and associated levels of resilience were not well defined. Risk owners reported weak links between their registered risks and business plans. Internal Audit noted that managing corporate risks is not part of performance development reviews.</p> <p>Recommendation - The Council should ensure that its risk management culture actively demonstrates a focus on efficient management of resources. It should consider the following:</p> <ul style="list-style-type: none"> • Treatment of risk is guided by a defined risk appetite. • Risk tolerance and associated levels of resilience should be defined. • Registered strategic risks are clearly incorporated into, and addressed, in business plans. • The responsibility of managing corporate risks is included in performance development reviews. <p>Management Response - Updated Risk and Opportunity Management (ROM) Strategy, Policy & Framework (S.P&F) includes a defined risk appetite and tolerance. ROM S,P&F presented to SLT 09 Aug 2023, to be presented to S&AC 30 Oct 2023 and Cabinet 13 Dec 2023. Recognised that integration of ROM with business planning arrangements needs to be maintained and reflected in revised ROM S,P&F (and to be incorporated in updated ROM guidance and training information).</p> <p>Refresh of the Strategic/Corporate Risk Register commenced 16 Aug (initial workshop with SLT). Further workshop with Directorate Senior Leads and subsequent work with responsible departments planned to develop risk/action plan documentation and overall register. Outcome of exercise to be reported to SLT 06 Dec and S&AC 29 Feb.</p> <p>Under the Strategic Direction theme & workstream of the IRP the Council plans to develop and embed a Corporate Plan, including the translation of the plan into Directorate/Service plans and staff objectives. ROM incorporated into existing service planning arrangements and should remain in the revised approach. Risk Team to liaise with Strategy Team as part of the development of the revised business planning approach under the IRP.</p> <p>Under the Leadership and Culture theme/Building Organisational Capacity workstream of the IRP the Council plans to review and update the Leadership and Management Framework. Risk Team to liaise with People and Organisational Development Team as part</p>	<p>Risk Team Directorate Leads Strategy Team People & OD Team</p>	<p>April 2025</p>

<p>of the development of the revised leadership and management framework.</p>		
<p>Results of Testing - Most risk owners have confidence in the competence of those members of staff who conduct risk assessments. However, risk management training, even amongst risk owners is sporadic. Also, formal risk reporting through the risk registers is not as credible as it can be. The risks are assessed against long-term structural and / or external issues rather than reporting the status of the most vulnerable aspects from a local Council perspective. There is an absence of available indicators, and the reports are not generally used by SLT to challenge and hold risk owners to account.</p> <p>Recommendation - The Council should improve the consistency and reliability of its risk reporting. It should consider the following:</p> <ul style="list-style-type: none"> • Ensure that risk owners receive adequate training in the Council's risk management approach. • Set out requirements to improve the credibility and reliability of formal risk reporting through the risk registers. • Provide guidance on rating risks so their scores reflect the mitigated risk to the Council rather than reflect long-term structural issues. • Provide guidance on using available indicators to support risk scores. • Provide guidance to senior managers about their role in challenging and holding risk owners to account. <p>Management Response - Guidance and training to be developed (e.g., e-learning, face to face) with support from Learning & Development Team and gradual roll out planned to support the adoption and implementation of the revised ROM S,P & F.</p> <p>Main part to be developed and implemented when capacity for the Risk Team/Service bolstered under the Finance restructure (i.e., Head of Service, Risk Manager and Risk Officer established).</p> <p>The revised Strategy, Policy & Framework set out the standards and requirements for risk identification, evaluation, response, review and reporting. Risk reporting, including the review/reporting of the Strategic/ Corporate Risk and Opportunity Register will be improved through the embedding of ROM across the organisation (e.g., training, guidance, integration with key business functions, establishment of ROM IT system and directorate coordinators, etc).</p> <p>Guidance on rating risks to continue to cover inherent, residual, forecast and revised residual ratings (i.e., will maintain focus on managed/mitigated risk).</p> <p>Guidance on using available indicators (e.g., performance, financial) to support risk evaluation and/or emerging risks to be included in revised guidance.</p>	<p>Risk Team Learning & Development Team</p>	<p>From March 2024*</p>

Guidance for senior managers about their role in challenging and holding risk owners to account to be included in revised guidance.		
<p>Results of Testing - Most risk owners keep key vulnerabilities under active review. Where the risk sits within an operational service area, mitigating actions are tracked as business-as-usual activities. Risk owners use available data to categorise and prioritise changes to their risks. However, risk appetite does not feature in the evaluation of the risks and the reported risk levels do not reflect actual successful management of the sampled risks. Historically, decision makers have not engaged with risk owners via the risk register to assess the Council's responsiveness to changes in the risks. There is siloed oversight of some risks that span across directorates.</p> <p>Recommendation - The Council should strengthen assurances that it is responding adequately when risks change. It should consider the following:</p> <ul style="list-style-type: none"> • Ensure that the relevant risk appetite features in risk evaluations. • Ensure that reported risk levels are accurate and meaningfully demonstrate the success or otherwise of the Council's mitigations. • Improve the engagement with decision makers by providing reports that impart useful and timely information that they can use intelligently to assess the Council's responsiveness to changes in the risks. • Ensure that there is co-ordinated cross directorate oversight for risks that span across two or more directorates. <p>Management Response - Risk Appetite along with risk escalation and risk reporting incorporated in revised Strategy, Policy and Framework and to be included in guidance/training info.</p> <p>Risk evaluation, review and reporting incorporated in revised Strategy, Policy and Framework. Guidance on rating risks to continue to incorporate residual and revised residual ratings (i.e., will maintain focus on managed/mitigated risk). Risk reporting to be bolstered following establishment of directorate ROM coordinators.</p> <p>Risk review and reporting arrangements to be revised and further developed/enhanced when IT system commissioned and embedded.</p> <p>ROM Strategy, Policy and Framework outlines Senior Leadership Teams role and responsibility for the Strategic/Corporate Risks and reports to continue to be presented to Senior Leadership Team (i.e., all directors). Cross directorate focus will also be enhanced when directorate ROM coordinators and group established.</p>	Risk Team	From March 2024*

* Indicates that dates have been amended post final report following the departure of key officers responsible for delivering the recommendations.

Assignment: Stock and Security Assurance	Opinion: Green	
<p>Headline Findings: Our review of the Council's Stock and Security Assurance by the Council's Registrar Team did not uncover any irregularities in the reviewed controls.</p> <p>Objective of the review Review of the security arrangements around the receipt, storage and use of the certificate stock held in the Registrar office of the Council and a review of the data storage arrangements and security of and access to registration records and information.</p> <p>Key Risks If there are inadequate controls around the receipt and issue of certificate stock, there may be loss or misuse of certificates, resulting in unlawful distribution of birth, marriage, and death certificates. If data storage and security arrangements are inadequate or insufficient, access may not be restricted resulting in unauthorised access to the records and information and a potential breach of data protection legislation.</p> <p>Control activities to be tested</p> <ul style="list-style-type: none"> • Policies, procedures, and guidelines available for staff • Process of receipt and issue of certificate stock • Certificate Counterfoil Log • Superintendent Registrar Cash Book, daily Civica system reports, monthly tally sheet • Spoilt certificate management • Protocols to manage the unauthorised access to registration building and other sensitive areas • Process in place to ensure the appropriate use of access devices (key, code, swipe cards) 		
Action and Response	Responsible Officer	Date
None	NA	NA

Other Work

We are continuing to raise the profile of internal audit and deliver the improvements outlined in the Governance and Controls programme. An early result was a request, in November 2023, from the team responsible for reducing the Council's investment portfolio asking us to review the briefing papers associated with the proposed sale of the Council's investments in Toucan Energy Holdings 1 Limited. This was a challenging piece of work that we completed successfully at pace.

Since the last committee, we have attended a Senior Leadership Team (SLT) meeting to introduce the interim Chief Internal Auditor, provide an overview of internal audit activities and set expectations around how internal audit works with services across the Council. We also introduced the timeframe for undertaking our internal audit planning for 2024/25.

We have continued to utilise the TeamMate audit working papers software. This is now being used for all audits undertaken as part of the 2023/24 6-month plan. This has resulted in changes to our processes and procedures which only enhance the quality of the output and the evidence to support our recommendations. This provides demonstrable evidence of the progress being made and that we are working towards

compliance with the Performance Standards which form part of the Public Sector Internal Audit Standards.

Further allocation of work has been assigned to Mazars, as they continue to support with the delivery of the Internal Audit Plan.

As part of the Council's Improvement & Recovery Plan, Internal Audit forms one of the workstreams under the Governance & Control Programme. As part of this work, the interim Chief Internal Auditor and the Monitoring Officer have engaged with Local Government Association to plan a programme training activities for the Standards & Audit Committee, wider Members and SLT. This programme of training will be delivered over two sessions during January and February 2024.

Follow Ups

Any recommendations that are prioritised as High or Medium are subject to routine follow up when they become due for implementation. Work has been ongoing throughout this year to follow up or close all recommendations from the prior years, beginning with 2018/19. However, during the system migration to TeamMate, the recommendations from the audit years 2020/21 and 2021/22 were not migrated and as such these were originally excluded from the follow up process. This issue was not identified at the time of migration.

There would be a sizeable amount of work required to identify, cleanse and upload the recommendations into TeamMate to allow follow ups to be completed. Given the resource constraints in the team currently, we are proposing that time will not be spent undertaking this identification, cleansing and uploading recommendations from 2020/21 and 2021/22. We will continue to examine the implementation of recommendations as and when the audits are included in the annual audit plan. When the resourcing constraints in the team ease, this exercise will be performed.

Work has been underway to identify and upload all High and Medium priority recommendations from 2021/22 into TeamMate and follow up work has commenced for these recommendations.

There has been a total of 13 recommendations followed from these years. The table below provides an overview of the latest status of all recommendations that have been followed up.

Year	Audit Title	Rating	Due Date	Action Owner	Review Action Taken
2018/19	Community Safety	Medium	March 2019	Karen Wheeler / All Directors	Unable to verify completion of action. Closed not verified
		Medium	March 2019	Phil Carver	October 2023: Action verified and closed
		Medium	December 2018	Phil Carver	October 2023: Action verified and closed
2018/19	Adult Direct Payments	Medium	Ongoing process	Finance Team Manager	October 2023: Action verified and closed
		Medium	December 2018	Customer Finance Team Manager	October 2023: Action verified and closed
2019/20	Electrical Safety Inspections	High	March 2020	Carol Hinvest	October 2023: Action verified and closed
		Medium	March 2020	Alastair Wood	October 2023: Action verified and closed
		Medium	March 2020	Alastair Wood	October 2023: Action verified and closed
2019/20	Business Continuity Planning	Medium	March 2020	Cheryl Wells	October 2023: Action verified and closed
		Medium	March 2020	Cheryl Wells	October 2023: Action verified and closed
		Medium	March 2020	Cheryl Wells	October 2023: Action verified and closed
		Medium	March 2020	Andy Best	October 2023: Action verified and closed
		Medium	March 2020	Cheryl Wells	October 2023: Action verified and closed

Appendix A: 6-month Internal Audit Plan H2 2023/24

Auditable Area	Objective of Internal Audit Coverage	Audit Approach	Proposed Start	Days Allocated
6 monthly Internal Audit plan H2 2023/24				
Corporate/Thematic Reviews				
Corporate Plan – Objective setting	To provide embedded assurance that the objectives set within the corporate plan align to the Council' aims and vision.	Assurance	Quarter 4	12
Governance Recovery Board (Improvement and Recovery Plan and BVI report)	Interview based review to ascertain whether decision makers consider they are receiving appropriate information on which to base their decisions and that governance arrangements comply with good practice.	Assurance	Quarter 4	20
Embedded Risk Management Culture - follow-up	Follow-up of the embedded risk management culture review undertaken in in quarters 1 nd 2 to determine if agreed actions have been implemented.	Assurance	Quarter 4	5
Grant Claim Certification (Central Government requirement of the grant funding)	To review income and expenditure relating to grants and ensure it has been used in accordance with the grant conditions.	Compliance	Quarters 3 and 4 and on-going.	4
Children's Services				
Supporting Families Programme (Central Government requirement of the grant funding)	Checking of a sample of claims to determine if evidence is sufficient to confirm that the claims being submitted are appropriate and correct.	Advisory	Quarters 3 and 4 and on-going	8
Out of Borough Placements (SEND)	This is a high spend area. A review was requested by the client to provide assurance that the process for commissioning residential placements for children with complex Special Educational Needs and Disabilities (SEND), who cannot access appropriate education in local schools, are robust, achieving outcomes and are providing value for money.	Assurance	Quarter 3	20
Unregistered Placements for young people	A review to provide assurance that unregistered placements are utilised as a last resort due to the risks associated with using unregistered accommodation and the significant costs of providing a complex support network to the young persons.	Assurance		15
Adults, Housing & Health				

Auditable Area	Objective of Internal Audit Coverage	Audit Approach	Proposed Start	Days Allocated
Readiness for CQC inspection	Following the use of the self-assessment tool (SAT), internal audit will provide assurance around completeness and accuracy of the evidence and documentation and help the service to develop a programme of audits as part of the Quality Assurance Framework.	Assurance	Quarter 3	10
Place Delivery				
Financial Strategy - Asset Disposals (Improvement and Recovery Plan and BVI report)	As a result of the council's financial position, it is reviewing its assets to determine those that can be disposed of to support its improvement and recovery. Internal Audit will review this process to ensure there is a strategy in place to support this work and appropriate governance and risk management processes to ensure that the Council is obtaining best value.	Assurance (Embedded)	Quarter 3	12
A13 – Major Projects – Lessons learned (Standards and Audit Committee Request)	Following the issues that arose during the A13 Road Widening Project, a review was requested by the Standards and Audit Committee to determine the lessons learned and whether these were captured and are being used to improve the delivery of major projects moving forward.	Advisory	Quarter 4	10
Major Projects – Managing the Design Phase (Standards and Audit Committee Request)	To ensure that the design phase of major projects follow a robust, systematic approach so that projects achieve their objectives and costs do not escalate.	Assurance	Quarter 4	15
Finance				
Investments (Improvement and Recovery Plan and BVI report)	As a result of the Council's financial position, new policies and procedures are being developed to ensure any Investments made in future will be based upon good decision making backed up by proper risk assessment and challenge. Internal audit will review the process to provide assurance to senior management and Members that these control mechanisms are in place. The review will also look at the Treasury Management Policy and ensure it is aligned to CIPFA's Treasury Management in the Public Services Code of Practice 2021.	Assurance (Embedded)	Quarter 3	12
Payroll	To ensure that staff are paid correctly each month in a timely manner and that the Council correctly recording and accounting for its payroll costs.	Assurance	Quarter 4	15
Budget setting and management	To review the budget setting process to ensure it was prepared in line with the budget cycle and was formally approved by members. To ensure that the reporting system "Beyond", which supports Oracle,	Assurance	Quarter 4	15

Auditable Area	Objective of Internal Audit Coverage	Audit Approach	Proposed Start	Days Allocated
	has been rolled out appropriately, staff have been trained and reports are understood by, and discussed with, budget holders.			
HR, OD & Transformation				
Data Protection (Response to recent accidental releases of sensitive data by Northern Ireland Police Service)	To ensure the Council's data protection controls and processes meet required standards and legislation and reduce the likelihood of accidental releases of sensitive data, both internally and externally.	Assurance	Quarter 3	15
Talent Management and Retention	Within the environment that the Council is currently operating in, retaining, and managing talent are key to delivering quality services. Local Authorities in general, struggle to recruit and retain top talent and have to come up with innovative ways to compete with the private sector and each other. This review will determine what policies and processes the Council have implemented to make them an employer that will attract top talent and manage those top performing staff it has so they don't want to leave.	Assurance	Quarter 4	20
Public Realm				
Waste – Compliance with ISO requirements	Whilst the service is no longer subscribing to ISO9001, it should still seek to comply with their standards. This review will provide assurance that the service continue to comply and that this is reflected in their operational activities.	Assurance	Quarter 4	15
Legal and Governance				
Member training and development	A review to ensure that a relevant training and development programme is in place to provide Members with the necessary knowledge and skills to effectively undertake their roles and fulfil their responsibilities. The review will also cover the procurement of appropriate training.	Assurance	Quarter 4	25