

21 March 2024	ITEM: 4
Standards and Audit Committee	
Management Actions from Internal Audit's 2020/21 Reports	
Wards and communities affected: All	Key Decision: Non-key
Report of: Colin Ratcliffe – Interim Head of Financial Assurance, Risk, Internal Audit, and Insurance, and Barry Hatton – Internal Auditor	
Accountable Assistant Director: N/A	
Accountable Director: Dawn Calvert – Interim Chief Financial Officer and S151 Officer	
This report is Public	
Version: Final	

Executive Summary

At the meeting of the Standard and Audit Committee (the Committee) on 29 February, Internal Audit's progress paper included the following recommendation:

Consider and accept, or otherwise, Internal Audit's proposal not to verify implementation of management actions from audit reports from 2020/21 engagements.

The Committee requested that Internal Audit provide a list of "High" and "Medium" priority rated recommendations from Internal Audit's 2020/21 audit reports. The Committee wanted to review the list and select a set of recommendations for follow up work by Internal Audit.

Internal Audit identified 20 relevant recommendations from 10 reports. These are listed at **Appendix A**.

Internal Audit estimated that, on average, the resource requirement to initiate, review, and report upon the status of an historic management action is half a person-day. If the Committee wants follow-ups on all 20 associated management actions, Internal Audit will need to find 10 full time equivalent days. While this demand can be accommodated within current resources, due to current vacancies, it will impact on resources for the audit plan. Team resources are being discussed with the new Chief Financial Officer.

Commissioner Comment:

In considering the audits from 2020/21 that the Committee wishes to prioritise for follow up, priority is given to those the Committee considers present the most tangible risk to the Authority so that a balance can be maintained between these requirements and the need to maintain the existing

programme. In considering the immediate needs of the resourcing of the team account needs to be taken of the budget agreed by Council which is pairing back expenditure on agency and interim staff. All efforts should be made to fill vacancies on a permanent basis so as to provide for continuity and cost-effective use of the Council's resources.

1. Recommendation(s)

1.1 Review the list of 2020/21 recommendations at Appendix A and select those that the Committee wants Internal Audit to follow-up regarding the implementation status of the associated management actions.

2. Introduction and Background

- 2.1 As part of its Charter, Internal Audit is required to carry out follow up reviews to ensure management has implemented agreed internal control improvements. For several years, Internal Audit did not follow through on this obligation. In September 2023, Internal Audit implemented a review into the status of management actions going back to 2018/19.
- 2.2 At the meeting of the Committee on 29 February 2024, Internal Audit reported the implementation status for 13 management actions associated with recommendations with risk/priority ratings of "Medium" or "High" from 2018/19 and 2019/20. The Committee noted the verification status of these management actions.
- 2.3 Internal Audit reported to the Committee that it had discovered that migration of its audits from 2020/21 and 2021/22 into an upgraded version of its audit software had not copied material from these audits including Internal Audit's recommendations.
- 2.4 Given the lack of available resources to remedy this situation and the historic nature of the 2020/21 recommendations, Internal Audit invited the Committee to consider Internal Audit's proposal not to verify implementation of management actions from the 2020/21 audits.

3. Issues, Options and Analysis of Options

- 3.1 The Committee considered that some of the agreed 2020/21 management actions were likely to be relevant now if not implemented. It therefore requested that Internal Audit provide a list of the recommendations from the 2020/21 audits for review by the Committee at its meeting on 21 March 2024.
- 3.2 Responding to this request, Internal Audit identified 20 recommendations with a priority/risk rating of "High" or "Medium" from 10 reports. The title of the audits, the recommendations, and their respective priority/risk ratings are listed in Appendix A.
- 3.3 Internal Audit estimated that, on average, the resource requirement to initiate, review, and report upon the status of an historic management action is half a person-day. If the Committee wants follow-ups on all 20 associated management actions, Internal Audit will need to find 10 full time equivalent days. While this demand can be accommodated within current resources, due to current vacancies, it will impact on resources for the audit plan. Team resources are being discussed with the new Chief Financial Officer.

4. Reasons for Recommendation

- 4.1 The reason for the recommendation is a direct response to the request by Committee that it selects those recommendations in the 2020/21 audit reports that it wants Internal Audit to follow-up.

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

- 5.1 Not applicable.

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

- 6.1 Internal Audit estimates it will expend half a person-day, on average, to review and report the implementation status of each management action. The redeployment of Internal Audit's limited resources will impact upon its ability to conduct current audit work.

7. Implications

7.1 Financial

Implications verified by: **Rob Chimani**
Accountant

8th March 2024

There are no financial implications arising from this progress report.

7.2 Legal

Implications verified by: **Gina Clarke**
Governance Lawyer and Deputy Monitoring Officer
11th March 2024

The Council is required to comply with the requirements of the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015. This Act and Regulations require the Council to have a sound system of internal control which: (i) facilitates the effective exercise of its functions and achievement of its aims and objectives (ii) ensures that the financial and operational management of the Council is effective and (iii) includes effective arrangements for the management of risk.

Failure to address the list of outstanding management actions from previous audit reports identified as high and medium risk in Appendix 2, has the potential in some instances to increase the risk of complaints being made about the Council, and also to increase the Council's exposure to legal, operational and financial risks.

7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project Monitoring Officer

12 March 2023

There are no diversity implications contained within this report.

7.4 Risks

If Internal Audit does not complete an adequate number of appropriate audits from across the Council, the Interim Chief Internal Auditor may not possess sufficient evidence upon which to formulate an annual internal audit opinion for 2023/24 on the adequacy and effectiveness of the Council's governance, risk management and control arrangements

7.5 Other implications (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, or Impact on Looked After Children

The Internal Audit Plan and its outcomes are a key part of the council's risk management and assurance frameworks

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Internal Audit's Annual Audit Plane for 2020/21
- The folder in Objective holding copies of Final Audit Reports for 2020/21

9. Appendices to the report

- Appendix A - Table of Recommendations with Priority Ratings "High" or "Medium" from Internal Audit's 2020/21 Reports

Report Author:

Colin Ratcliffe

Interim Head of Financial Assurance, Risk, Internal Audit, and Insurance
Finance

Appendix A

Table of Recommendations with Priority Ratings “High” or “Medium” from Internal Audit’s 2020/21 Reports

Project Code	Audit Title	Rec. Ref. No.	Recommendation	Risk Rating
Not Recorded	Business User Allowance	20/21-01	Mileage should be a mandatory requirement which has to be met to receive BUA.	High
		20/21-02	The BUA Assessment Forms should be held in the employees' personal files which are held electronically and easily accessible.	Medium
AE2021-37	Complaints Management Process	20/21-03	Complaints management should consider reviewing and reinforcing the existing procedure for dealing with complaints sent directly to services to ensure it is sufficiently robust to prevent some complaints going unaddressed for unreasonably long periods of time.	Medium
INT1920-35	Disclosure and Barring Service (DBS) checks	20/21-04	Once completed, the central list should be subject to formal approval by senior management. This will help to ensure checks are completed on all posts requiring them and the correct level of check is undertaken e.g. basic, standard or enhanced.	Medium
		20/21-05	The Council should not keep disclosure information for more than 6 months after its receipt which should then be confidentially destroyed. The only information that the Council should retain in a secure manner is	Medium
INT1920-02	Fostering	20/21-06	The Policy on Payments to Thurrock Council Foster Carers should be amended to reflect the correct mileage rate and going forward Foster Carers' claims should be paid at 0.40 pence per mile.	Medium
		20/21-07	The Fostering Allowance should be paid at the correct prevailing rate.	Medium
		20/21-08	Care should be taken to ensure records are kept up-to-date.	Medium

		20/21-09	All mileage claims submitted by foster carers must include a full VAT receipt in order to meet HMRC requirements and allow the council to reclaim the VAT back.	Medium
		20/21-10	All claims for reimbursement of travelling and out of pocket expenses should be authorised by a Manager prior to being passed for payment.	Medium
AE2021-03	Houses in Multiple Occupation	20/21-11	A risk management process that consists of setting clear HMO specific objectives, regular assessment, identification and evaluation of key risks that threaten the achievement of objectives, development of appropriate mitigation measures and reporting in a risk register should be developed, implemented and maintained.	Medium
AE2021-06	Leaseholders Charges	20/21-12	A risk management process that consists of setting clear Leasehold specific objectives, regular assessment, identification and evaluation of key risks that threaten the achievement of objectives, development of appropriate mitigation measures and reporting in a risk register should be developed, implemented and maintained.	Medium
AE2021-17	No Recourse to Public Funds (NRPF)	20/21-13	It is acknowledged that there may be some slippage due to the current situation but once the revision of the Policy has been completed it should be approved by senior management, Legal Services and presented to members for final approval.	Medium
		20/21-14	The Authority should adopt a rational and consistent approach in determining how much subsistence should be provided to families with no recourse to public funds and apply this approach across supported families. It should also be documented how that amount has been reached and provide evidence in the assessment that the child's needs have been properly considered and the amount provided meets identified needs.	Medium
		20/21-15	A joint strategy for the provision of accommodation should be developed between Children Services and Housing to identify and support a reduction in spending and ensure a consistent approach to procurement.	Medium

CE2021-01	Project Management Control Framework	20/21-16	<p>It is recommended that a corporate project management policy be developed setting the council's position on project management to provide guidance and a foundation for developing control frameworks across directorates to ensure alignment of practices with the council's vision and priorities. This will help the council and individual directorates to achieve consistency and harmonisation of project management practices, and improve efficiency and effectiveness in project delivery.</p>	High
		20/21-17	<p>The framework should be updated to include a clear narrative description of the processes and controls required to mitigate risks identified in each stage of the project lifecycle. The number of stages or phases being considered for the directorate's project lifecycle, should take into consideration best practice available and recommendations from industry standard setters.</p>	Medium
INT1920-22	Public Procurement Regulations 2015	20/21-18	<p>The procurement team should take regular training on key elements of the public contract regulation to improve their effectiveness in its application</p>	Medium
		20/21-19	<p>Evaluators should be offered adequate training and should meet to discuss the basis for scoring bids prior to the assessment of tenders for major contracts. The sample evaluation sheet prepared to provide guidance to evaluators should include clear and objective basis for awarding scores for each admissible criteria to limit the scope for arbitrary decisions</p>	Medium
INT1920-46	Housing Rents	20/21-20	<p>Garage rent arrears should be monitored more closely and action taken to address arrears in line with council procedures. This will ensure the council maximises its income from garage rentals.</p>	High