

Slough Borough Council

Report To:	Audit and Corporate Governance Committee
Date:	19 July 2023
Subject:	Internal Audit Quarterly Progress Report - Q1 2023/24
Chief Officer:	Adele Taylor – Executive Director – Finance and Commercial
Contact Officer:	Sati Seehra, Internal Audit Manager
Ward(s):	All
Exempt:	NO
Appendices:	Appendix 1 – Internal Audit Action Tracking

1. Summary and Recommendations

This report sets out progress on

- recruitment to a new in-house Internal Audit Team and arrangements for 2023/24.
- completion of Internal Audit actions for years prior to 2021/22.
- progress on the implementation of internal audit actions for 2021/22, and 2022/23, and
- Actions being taken by the Corporate Leadership Team and Department Leadership Teams to respond to outstanding actions.

Recommendations:

The Audit and Corporate Governance Committee is recommended to approve this report noting in particular:

- progress on recruiting to an in-house team with key members of the new in-house team being onboarded during February to June 2023.
- there are no outstanding actions pre 2021/22.
- that a detailed review of all outstanding recommendations continues to be carried out to further cleanse the data, the output from which has been shared with the new Departmental Leadership teams for actioning overdue and other outstanding actions. Update analysis has been provided as of 9th June 2023.
- We have introduced a target of 0% with a tolerance of 10% for all high priority audit actions for audits performed in 2023/24.

Commissioner Review

Commissioners are content with the recommendations.

2. Report

Internal Audit Team Developments

The recruitment of a new in-house team has been part of the wider Finance and Commercial Services restructure. Recruitment has been successful at the senior level with offers made and accepted for the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance (Tariq Mansour) started on 3 February, Internal Audit Manager (Sati Seehra) started on 14 March, Senior Auditor (Inderpal Tumber) started on 10 April, Internal Auditor (Shay Kataria) started 1st June and Internal Auditor (Eric Cushny) started on 19th June 2023.

The Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance and the Internal Audit Manager have obtained the approval to procure an internal audit application (AuditBoard). This will help build a value-adding, fit for purpose audit services that will cater for the Council's present and future requirements.

RSM are involved in delivering the Q1 2023/24 audits and have engaged with Department Leadership Teams. Fieldwork is in progress for audits agreed for the period.

3. Response to Internal Audit Recommendations

Good progress continues to be made regarding completion of internal recommendations. There have been several changes since the last report to the Committee:

- Pre 2021/22 audit actions – There are no actions outstanding. All actions are completed.
- Actions from internal audit reports outstanding from 2021/22. Actions completed as of 9th June number 185 or 57 per cent of the total due with a further 9 or 3 per cent not yet due. A concerted effort is being made by CLT to close the remaining 133 actions that are overdue.
- 2022/23 reports and actions - 20 reports have been finalised and a further 5 reports are in draft and being responded to by management. 198 actions have been raised for 2022/23 from these reports. 54 actions are overdue and 41 complete as of 9th June. 36 are awaiting management responses (actions owners and implementation dates) and 68 are not due.

The Council's response to agreed internal audit actions should contribute to the achievement of the organisation's objectives and assist the Council in managing its risks. Officers have strengthened the arrangements for monitoring and verifying completion of audit actions. The current position is as follows:

2021/22 Outstanding Internal Actions

A total of 37 Internal audit reports were issued in 2021/22 (29 assurance and 8 advisory). All internal audit reports have now been finalised (including follow up audits).

The status of audits actions for the financial year 2021/22 is as follows:

Totals	Total	High	Medium	Low
Not Due	9	1	7	1
Overdue	133	12	70	51
Complete	185	42	81	62
Not Allocated	0	0	0	0
Total	327	55	158	114

- 327 recommendations were made in 2021/22 reports, 55 are High, 158 are medium and 114 are low rated.
- 185 actions or 57 per cent of actions due are complete with a further 9 or 3 per cent of actions not yet due for completion.
- 133 actions are now overdue the agreed date of implementation. 12 of these are rated high, 81 are medium and 62 low rated.
- The overdue actions have been shared with each department so Department Leadership Teams can consider the current position and respond. Work will continue with DLT's to reduce these numbers.

2023/24 Audits in Progress

The internal 2023/24 audit plan was presented to the March Audit and Corporate Governance committee. It is agile to reflect changes in circumstances, including plans to develop an in-house internal audit function.

2 reports have been issued in draft and are subject to further discussion or are awaiting a response from management. 5 audits are currently in fieldwork. The audits are shown in the table below:

Audits in Q1 2023/24	Current Position
Follow Up	In management review
Safeguarding	In management review
Schools Audit 1	Fieldwork in progress
Schools Audit 2	Fieldwork in progress
Cash Collection and Management	Fieldwork in progress
Matrix	Fieldwork in progress
Enrolment, School Places and Attendance	Fieldwork in progress

Outstanding audit actions and reports

The status of audit recommendations for the financial year 2022/23 is as follows:

Totals	Total	High	Medium	Low
Not Due	68	15	37	16
Overdue	54	15	27	12
Complete	41	6	22	13

Awaiting Management Responses	35	8	20	7
Total	198	44	106	47

- 198 recommendations have been made in 2022/23 reports, 44 are High, 106 are Medium, 48 are low rated and 35 are awaiting management responses (actions owners and implementation dates).

The overall position across all years is as follows:

Totals	Total	High	Medium	Low
Not Due	77	16	44	17
Overdue	187	27	97	63
Complete*	226	48	103	75
Awaiting Management Responses	35	8	20	7
Total	525	99	264	162

- Audits awaiting management responses are made up of Payroll (6 actions), Debtors Management (12 actions), Creditors (8 actions) and Budget Setting and Budgetary Control (9 actions).

4. Completion of Internal Audit actions

All internal audit actions have been allocated to and reviewed by actions owners and executive directors, including actions that are deemed not relevant due to changes in circumstances. Actions from previous year's audits are also reviewed to ensure they are relevant to the service area to which they have been assigned.

The action tracker has been reviewed and updated to reflect the senior management restructure and the change in directorates.

Progress is being made on closing actions on the tracker. Evidence of actions completed is obtained and quality assured by the Head of Financial Governance, Internal Audit and Counter Fraud and the Internal Audit Manager, and, retained for use in follow up audits.

5. Governance and monitoring of management actions

Outstanding internal audit actions are being actively monitored on a regular basis including reporting into Corporate Leadership Team, Finance Board and the Audit and Corporate Governance committee.

6. Implications of the Recommendation

Financial implications

There are no direct financial implications relating to the updates to the internal audit recommendations, but completion of the actions will improve the council's

processes including those that underpin sound financial management, governance, risk management and internal control.

Legal implications

Failure to address those risks associated with the Directions from the Department for Levelling Up, Housing and Communities will impact the ability to secure the Authority's compliance with the requirements of Part I of Local Government Act 1999. The Council has specific legal duties in relation to certain areas, such as managing health and safety risks and civil contingency. Effective internal audit is a key part of providing assurance on the adequacy of governance, risk management and internal control.

Risk management implications

Having in place an adequate internal audit function is a statutory responsibility of the s151 officer. Failure to operate an adequate internal audit function heightens the risk of poor governance, internal control, and risk management.

Environmental implications

There are no direct environmental implications in this report.

Equality implications

Section 149 of the Equality Act 2010 requires public bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected character.