

Slough Borough Council

Report To:	Audit and Corporate Governance Committee
Date:	13 September 2023
Chief Officer:	Adele Taylor – Executive Director of Finance and Commercial (S151)
Contact Officer:	Sati Seehra, Internal Audit Manager
Title of Report:	Internal Audit Quarterly Progress Report Q2 23/24
Appendices:	Appendix 'A' – Internal Audit Actions Report Appendix 'B' – Overdue High Risk Audit Actions

1. Summary and Recommendations

This report sets out progress on

- progress on the implementation of internal audit reports and actions for 2021/22, and 2022/23, appendix A and B
- Actions being taken by the Corporate Leadership Team and Department Leadership Teams to respond to IA reports and outstanding actions.

Recommendations:

The Audit and Corporate Governance Committee is recommended to consider and comment on this report noting in particular:

- the progress on completing responses to the outstanding 2022/23 internal audit reports.
- 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 3rd August 2023.

Commissioner Review

The Commissioners are pleased to note the continued positive trajectory in the implementation of outstanding Internal Audit recommendations and are content with the recommendations in this report.

2. Report

Internal Audit Team Developments

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 (Audit Board). This will help build a value-adding, fit for

purpose audit services that will cater for the Council's present and future requirements.

3. Response to Internal Audit Recommendations

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

- Actions from internal audit reports outstanding from 2021/22. Actions completed as of 3rd August 2023, 211 or 65% (up from 59% last month). A concerted effort is being made by the Corporate Leadership Team (CLT) to close the remaining 116 actions or 35% (down from 41% last month) that are overdue.
- 2022/23 reports and actions - 22 reports have been finalised and a further 6 reports still in draft status and being responded to by management. 220 actions have been raised for 2022/23 from these reports. As of 3rd August 2023, 62 actions or 28% (no change from last month) are overdue and 61 or 28% complete (up from 23% last month). 48 or 27% are awaiting management responses (actions owners and implementation dates).

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	0	0	0	0
Overdue	116	10	61	45
Complete	211	45	97	69
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.
- 211 actions or 65% of actions due are complete.
- 116 actions or 35% are now overdue the agreed date of implementation. 10 of these are rated high, 61 are medium and 45 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.

2022/23 Outstanding Audit Actions and Reports

22 reports have now been finalised and a further 6 reports have been issued in draft and are subject to further discussion or are awaiting a response from management.

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

Totals	Total	High	Medium	Low
Not Due	49	10	28	11
Overdue	62	17	31	14
Complete	61	11	32	18
Awaiting Management Responses	48	13	25	10
Total	220	51	116	53

220 actions have been raised for 2022/23 from these reports. As of 3rd August 2023, 62 actions or 28% are overdue and 61 or 28% complete. 48 or 22% are awaiting management responses (actions owners and implementation dates).

Audits awaiting management responses are made up of Debtors Management (12 actions), Creditors (7 actions), Budget Setting and Budgetary Control (9 actions), Rent Accounts (13 actions) and Capital Expenditure (11 actions). It should be noted that some audit actions for Creditors audit have been marked as complete as they have been implemented before the report has been finalised.

2023/24 Outstanding Audit Actions and Reports

The revised internal audit plan 23/24 was presented to the July Audit and Corporate Governance Committee. It is agile to reflect changes in circumstances, including plans to develop an in-house internal audit function.

Currently, only one audit has been finalised, with six audits in management review.

IA Report	Current Position	IA Opinion
Follow Up (See below)	Response being drafted	<i>Little Progress</i>
Adult Safeguarding	Response being drafted	<i>Partial Assurance</i>
Schools Audit – Wexham	Finalised	<i>Reasonable Assurance</i>
Schools Audit – St Bernard's	Response being drafted	<i>Partial Assurance</i>
Cash Collection and Management	Response being drafted	<i>Minimal Assurance</i>
Matrix Recruitment Agency	Response being drafted	<i>Minimal Assurance</i>
Enrolment, School Places and Attendance	Response being drafted	<i>Reasonable Assurance</i>

No audit actions are due for 2023/24.

The Follow Up Audit consisted of the following:

During our work to deliver the approved internal audit plan for 2022/23 RSM have followed up actions agreed as part of prior audits to monitor management's progress with improving the control framework. In most cases it was found that actions were restated (on the action tracker) like for like with no progress made.

15 high and 13 medium priority actions from the list of audits below were reviewed, that were restated as part of the subsequent audit undertaken in 2022/23:

- Children Missing Education 5.22/23
- Risk Management Follow Up 6.22/23
- General Ledger 9.22/23
- Council Tax 10.22/23
- Housing Benefits 12.22/23
- Health and Safety Full Follow Up 17.22/23
- Follow Up – IT Business Continuity and Disaster Recovery 14.22/23

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, Risk and Audit 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.

This Committee is responsible for providing an independent and high-level focus on the audit assurance and reporting arrangements that underpin good governance and financial standards. This includes overseeing internal audit. The Committee's terms of reference include making appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations, to consider reports from the head of internal audit on internal audit's performance during the year, including receiving updates on the work of internal audit setting out key findings, issues of concern and actions in hand.

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.