

Slough Borough Council

Report To:	Audit and Corporate Governance Committee
Date:	22 November 2023
Subject	Update on Internal Audit Quarter 3
Chief Officer:	Adele Taylor – Executive Director of Finance and Commercial (S151)
Contact Officer:	Sati Seehra, Internal Audit Manager
Ward	All
Exempt	NO
Appendices:	Appendix 'A' – Internal Audit Actions Report Appendix 'B' – Overdue High Risk Audit Actions Appendix 'C' – Internal Audit Reports (Executive Summaries)

1. Summary and Recommendations

1.1 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 internal audit reports and outstanding actions.

Recommendations:

1.2 The Audit and Corporate Governance Committee is recommended to:

Consider and comment on this report noting in particular:

- that a detailed review of all outstanding recommendations continues to be carried out. The output from which has been shared with the Departmental Leadership teams for actioning overdue and other outstanding actions. Update analysis has been provided as of 3rd October 2023.
- the current and future resourcing issues that affect the delivery of the current audit plan for the financial year.
- the implementation of AuditBoard is currently underway with expected 'go-live' date of 15th December 2023. This will help build a value-adding, fit for purpose audit services that will cater for the Council's present and future requirements.

Commissioner Review

The Commissioners are content with the recommendations in this report.

2. Completion of Internal Audit actions

- 2.1 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 updated to reflect the senior management restructure and the change in directorates.
- 2.2 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, Corporate Fraud, Risk and Insurance and the Internal Audit Manager, and retained for use in follow up audits.

2021/22 Internal Audit Actions

A total of 37 Internal audit reports were issued in 2021/22 (29 assurance and 8 advisory). The status of audits actions for the financial year 2021/22 is as follows:

Total 21/22				
Totals	Total	High	Medium	Low
Not Due	0	0	0	0
Overdue	98	9	55	34
Complete	229	46	103	80
Not Allocated	0	0	0	0
Totals	327	55	158	114

- 327 recommendations were made in 2021/22 reports, 55 are High, 158 are medium and 114 are low rated.
- 229 actions or 70 per cent of actions due are complete with a further 98 actions are overdue the agreed date of implementation. 9 of these are rated high, 55 are medium and 34 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. Progress to achieve zero high risk overdue audit actions continues to progress.

2022/23 Internal Audit Actions

A total of 28 Internal audit reports were issued in 2022/23 (25 assurance and 3 advisory). The number of overdue audit actions has increased from 56 in August to 60 in September, a 7% decline.

Total 22/23				
Totals	Total	High	Medium	Low
Not Due	75	17	41	17
Overdue	60	18	30	12
Complete	90	19	46	25
Not Allocated	0	0	0	0
Totals	225	54	117	54

- 225 recommendations were made in 2022/23 reports, 54 are High, 117 are medium and 54 are low rated.
- 90 actions or 40 per cent of actions due are complete with a further 75 or 33 per cent of actions not yet due for completion.
- 60 actions are now overdue the agreed date of implementation. 18 of these are rated high, 30 are medium and 12 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. Progress to achieve zero high risk overdue audit actions continues to progress.

2023/24 Internal Audit Actions

A total of 9 Internal audit reports were issued in 2022/23 (9 assurance and 0 advisory). \$ have been finalised and 5 are still in draft.

The number of overdue audit actions has increased from 56 in August to 60 in September, a 7% decline.

Total 23/24				
Totals	Total	High	Medium	Low
Not Due	14	4	5	5
Overdue	7	0	4	3
Complete	0	0	0	0
Not Allocated	46	11	27	8
Totals	67	15	36	16

- 67 recommendations were made in 2023/24 reports, 15 are High, 36 are medium and 16 are low rated. 46 recommendations have not been allocated and action owner due to audit reports not having been finalised.
- 14 actions or 21 per cent of actions not yet due for completion.
- 7 actions are now overdue the agreed date of implementation. 0 of these are rated high, 4 are medium and 3 low rated.

3. Governance and Monitoring of Management Actions

- 3.1 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.
- 3.2 Future Audit and Corporate Governance Committee reports will include the executive summaries of all finalised audit reports undertaken by the Internal Audit team highlighting the key findings.

4. Internal Audit Team Developments

- 4.1 The Internal Audit team currently has one vacancy, for a Senior Internal Auditor since September 2023. The Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance will also be vacant from December 2023. Furthermore, an Internal Auditor is due to go on maternity leave from February 2024.
- 4.2 The implication to the audit plan is that the Internal Audit team will not be able to deliver the full audit plan that had been agreed by the Audit and Corporate Governance Committee on 19th July 2023. The Internal Audit team have advertised these vacancies, but responses have been poor.

5. Implications of the Recommendation

5.1 Financial Implications

- 5.1.1 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.

5.2 Legal Implications

- 5.2.1 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.
- 5.2.2 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.

5.3 Risk Management Implications

5.3.1 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.

5.4 Environmental Implications

5.4.1 There are no direct environmental implications in this report.

5.5 Equality Implications

5.5.1 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.

6. Background Papers

None