

Slough Borough Council

Report To:	Audit & Corporate Governance Committee
Date:	20 February 2025
Subject:	Interim 2024/25 Internal Audit Plan (Q4)
Chief Officer:	Annabel Scholes – Interim Executive Director of Finance and Commercial (S151)
Contact Officer:	Ian Kirby – Head of Internal Audit
Ward(s):	All
Exempt:	No
Appendices:	Appendix A – Interim Internal Audit Plan Q4 2024/25 and Head of Internal Audit's initial self-assessment of the service.

1. Summary and Recommendations

- 1.1 This report presents the interim Internal Audit Plan, covering quarter 4 of 2024/25, for formal approval in line with the key Committee responsibilities.
- 1.2 The report also provides a summary of the Head of Internal Audit's high level assessment of the service against the 9 key characteristics of an effective internal audit function.

Recommendations:

Committee is recommended to:

- a) Approve the interim Plan for delivery within quarter four of the current financial year.
- b) Agree the structure and style of the Plan to inform the development and presentation of the 2025/26 full year Plan.
- c) To review and agree the initial self-assessment of the Internal Audit, its subsequent follow-up and its associated actions and timing.

Reason:

- 1.2 Public Sector Internal Audit Standards (PSIAS) require the Chief Audit Executive (Head of Internal Audit) to establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals, and for the plan to receive input from senior management and the audit committee. In the absence of a formal, risk-based and resourced Internal Audit Plan for Slough Borough Council, this Plan has been produced to cover the period 20 January 2025 to the financial year-end on 31 March 2025.
- 1.3 The Audit & Corporate Governance Committee is responsible for approving the Plan.

Commissioner Review

The commissioners note the content of this report, welcome the Interim Internal Audit (Quarter 4) plan and introduction of a range of key performance metrics.

The Committee is responsible for approving the interim internal audit risk-based plan, from which the associated reports, along with other evidence, will be used to inform the annual internal audit conclusion (opinion), on the efficiency and effectiveness of the Council's risk management, internal control and governance processes. To enable the Committee to approve the plan it needs to satisfy itself that the internal audit assessment and proposed approach, delivers a plan that is aligned to the Council's strategies, objectives, and business-critical risks.

In considering the internal audit function in the context of the Council's best value duty the function should be suitably resourced and appropriately positioned, to be challenging, robust, valued and contribute to the efficient delivery of public services.

2. Report

Introductory paragraph

2.1 The delivery of effective Internal Audit provides those charged with governance, including the Committee, assurance that key controls are in place and operating effectively across the whole Council. The Plan, albeit for a limited period, covers services across the Council's structure and therefore impacts all of the Council's ambition and priorities. Specifically, individual audits within the Plan have been aligned to one or more of the Council's five Corporate Plan (2023-27) principles of:

- (Being) Resident focused
- Providing financial sustainability
- Enabling residents and communities
- Strengthening partnerships
- Building trust.

Options considered

2.2 In the absence of a formal, risk-based and resourced Internal Audit Plan for Slough Borough Council and given the time remaining in the current financial year, this Plan is the only option considered.

2.3 Given those time pressures, it should be noted that the Plan, in its draft form and with the approval of the Section 151 officer and Chair of Audit & Governance Committee, has been in delivery since 20 January 2025.

Background

2.3 In accordance with the Institute of Internal Audit's definition, the role of Internal Audit is that of an 'independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined

approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

- 2.4 Public Sector Internal Audit Standards (PSIAS) require the Chief Audit Executive (Head of Internal Audit) to establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation’s goals, and for the plan to receive input from senior management and the audit committee. The Head of Internal Audit must also review the plan on a regular basis and adjust it as necessary in response to changes in the organisation’s business, risk profile, operations, programmes, systems and controls. The PSIAS, although being replaced by the Global Internal Audit Standards from 1 April, still represent best practice for all internal audit service providers in the public sector in the UK.
- 2.5 In addition to the alignment with Corporate Plan principles, the Plan is based upon an assessment of the risks as detailed in the Council’s revised corporate risk dashboards. In addition, the Plan takes account of Internal Audit coverage during 2024/25, formal and informal discussions with the Corporate Leadership Team, including the Chief Executive and Executive Director of Corporate Services, the Chair of Audit & Governance and the Interim Risk Manager. The Plan takes account of the Annual Governance Statement 2023/24 assessment and action plan, the external auditor’s recommendations and the most recent MHCLG directions.
- 2.6 The Plan balances the following requirements:
- The need to ensure the Audit Plan is completed to a good practice level
 - The need to ensure the controls mitigating the key risks facing the organisation are in place and operating effectively
 - The need to appropriately review other strategic, operational and governance arrangements
 - The need to have uncommitted time available to deal with unplanned issues which may need to be investigated, and
 - To enable proactive, timely input to assist corporate and service developments.
- 2.7 Within the quarter, the approach of Internal Audit will be to use the following two types of risk-based review:

Full Audit – this is where a review may be significantly underway and it makes sense to complete as planned; or where an identified risk has little or limited mitigation identified thus requiring a more in-depth audit.

Sprint Audit – in order to increase the level of audit coverage, sprints are likely to be higher-level assurance reviews where we know that significant action, perhaps following inspection, has already been taken to mitigate key risks. The challenge questions here will be how are risks being addressed, what degree of progress has been made and what, if anything, has been missed? The intention here is to inform more detailed Internal Audit planning for 2025/26 but recognising that risks/issues are live now.

Both audit types will have regard to management’s arrangements for:

- Securing the proper, economic, efficient and effective use of resources
- Achieving key objectives and priority outcomes

- Preventing fraud and irregularity, and
- Managing and controlling risks.

- 2.8 Progress against the Plan, and the content of the Plan itself including any changes, will be kept under review by the Head of Internal Audit. Given the short time span of the Internal Audit Plan this ongoing review will be particularly important to ensure it continues to tackle topical issues and is aligned to the key risks facing the organisation.
- 2.9 Where there is a need for material changes to the Plan, a revised Plan will be re-submitted to the Audit & Governance Committee for approval. This Committee will also be advised of performance against the Plan along with key findings from individual audits.
- 2.10 The Plan is designed to enable Internal Audit to deliver an overall opinion on the effectiveness of the Council's risk management, internal control and governance arrangements. The work undertaken by Internal Audit in delivering the audit plan is one of the key sources of assurance on the Council's governance framework to the Chief Executive and Leader of the Council, who are jointly required to sign the Council's Annual Governance Statement.

3. Internal Audit Service – Self-assessment

- 3.1 The Public Sector Internal Audit Standards (PSIAS) require an internal audit function to have either a full external review against the standards, or to self-assess and seek an external assurance review. No assessment was ever undertaken when the service was delivered by RSM and no assessment has been undertaken since April 2023, when the service was returned to the Council.
- 3.2 On commencing their role as Head of Internal Audit (HOIA), the HOIA undertook a high-level assessment of the service against nine key criteria associated with an effective audit function. Although largely based upon the PSIAS, this was not a full assessment.
- 3.3 The first assessment was carried out on 8 January, this was then repeated/updated on 3 February. The table on the next page shows both the original and updated assessments and although some positive improvement can be noted, there remains some further improvement required in order to move the service into full compliance.

Ref	Criterion	Assessment		Rationale/Evidence	Actions	Timescales
		2023-24	2024-25			
1	Independence & Objectivity	Positive	Positive	Clear, unfettered lines of communication and access established with Chief Executive, Exec Director of Corp. Resources and Chair of A&G Committee.	Monitor access and comms lines on an on-going basis and flag/report where this is not the case	On-going
2	Competence & Professionalism	Neutral	Neutral	I have not yet been able to meet with/talk to all members of the Internal Audit team. However, those that I have met are significantly more experienced than I was anticipating - this is encouraging. It is difficult this early stage to reach a definitive judgement.	Continue to work with the Team, understand their individual strengths and determine how resources can be effectively deployed.	On-going
3	Ethical Standards	Not Assessed	Not Assessed	Too early assess, Audit Charter/Strategy will be key.	Review Audit Charter/Strategy and Manual to understand the communication of these expectations and gauge application/knowledge within team.	31-Mar-25
4	Risk-based Internal Audit Plan	Negative	Neutral	No obvious Plan in place, Team not clear what the Plan is and structure and rationale for current assignments not clear. A draft Plan no win place and operational between 20 January and 31 March. Detailed, risk-based planning to start week commencing 3 February on 2025/26 (12-month) Plan.	Develop/consolidate a Plan to 31 March 2025 and a full year Plan for 2025/26. Align to developments in risk management and the Council's corporate objectives.	31-Jan-25
5	Follow-Up procedures	Neutral	Positive	Progress in implementing recommendations is monitored and reported. Some follow up audits are either in progress or planned. Progress on the implementation of recommendations is reported formally, by the service at Audit & Governance Committee e.g Housing at the meeting on 22 January. It remains unclear how implementation aligns/informs the risk management process.	Monitor KPIs closely and alert CLT to any delay/failure to implement.	31-Mar-25
6	Effective Communication	Neutral	Neutral	The quality of reporting is mixed with some excellent written reports, with clear evidence-based findings. Others require more work to be 'fit' to release to auditees. Reports should be clear, evidence-based with recommendation value adding.	Continue to provide quality assurance/oversight to all draft audit reports and meeting with key stakeholders to gauge current views.	On-going
7	Agility	Negative	Neutral	An Internal Audit Plan to the end of the financial year has been launched in draft form. The ability to flex to and from the Plan will be dependent on a number of factors, including risk. This will be monitored, with changes reported as required by the Standards.	Develop/consolidate a Plan to 31 March 2025 and a full year Plan for 2025/26. Align to developments in risk management and the Council's corporate objectives. Re-assess agility upon completion.	31-Jan-25
8	Quality Assurance & Improvement Plan	Negative	Negative	Internal Audit was never self-assessed/externally assessed under the Public Sector Internal Audit Standards. Suggestion that previous external arrangements under RSM were exempt/globally assessed. No review under PSIAS no QAIP	Audit & Governance Committee agreed to move the recommendation to self-assess and seek external assurance to 2025/26 (Q3)	31-Dec-25
9	Performance Management	Negative	Neutral	Have reviewed the Audit update report to CLT. This largely centres on the implementation/closure of recommendations which is fine, but need to see a fuller list of KPIs before I can assess the adequacy. KPIs covering Plan delivery and quality of process/report have been included within the draft Plan	Having developed a set of proportionate, SMART KPIs the team's performance will now be monitored.	31-Mar-25

3.4 The 2023 Annual Governance Statement (AGS) included a recommendation to commission an external review on the effectiveness of internal audit, however it is proposed that this is not progressed this municipal year as the Council is well aware of the challenges and a new chief internal auditor has recently commenced in role. At the Audit & Corporate Governance

meeting of 22 January, Members recognised new standards for internal Audit, the Global Internal Audit Standards, come into force on 1 April and that the service is not yet ready to undertake a self-assessment and undergo an external review. Members agreed to postpone the self-assessment process until early in 2025/26, with an external assessment to take place in quarter 3, between September and December.

4. Implications of the Recommendation

4.1 Financial implications

4.1.1 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, good governance, risk management and internal control.

4.2 Legal implications

4.2.1 Under the Accounts and Audit Regulations, the Council must undertake an effective internal audit programme to evaluate the effectiveness of risk management, control and governance processes, considering the PSIAS and sector-specific guidance. The PSIAS requires the head of Internal Audit to prepare a risk-based plan of internal audit activity designed to support an annual opinion on the effectiveness of the systems of governance, risk management and internal control.

4.2.2 The Council is under statutory intervention of the Secretary of State for Housing, Communities and Local Government for failing to comply with its best value duty. An effective internal audit functions is flagged in the Best Value Standards guidance as one of the key characteristics of a well-functioning authority under the Governance theme. This includes the function being robust, challenging, valued and contributing of the efficient delivery of public services.

4.2.3 This Committee is responsible for approving a risk-based internal audit plan and any significant changes to the plan as well as providing an independent and high-level focus on the audit assurance and reporting arrangements that underpin good governance and financial standards. The Council's approved AGS for 2023/24 contains actions in relation to internal audit, including a need to stabilise the team, ensure an annual audit plan informed by risk and ensure effective escalation procedures, including reporting on key risks at member level.

4.3 Risk management implications

4.3.1 Public Sector Internal Audit Standards (PSIAS) require the Chief Audit Executive (Head of Internal Audit) to establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals, and for the plan to receive input from senior management and the audit committee.

4.3.2 The Plan is based upon an assessment of the risks as detailed in the Council's revised corporate risk dashboards, with specific audits clearly identifying which corporate risks underpin their inclusion.

4.4 Environmental implications

4.4.1 There are no direct environmental implications in this report.

4.5 Equality implications

4.5.1 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.