

## Interim Internal Audit Plan Q4 – 2024/25



# Internal Audit Plan 2024/25 – Quarter 4

## 1. Introduction

- 1.1 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'.
- 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. 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.
- 1.3 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.
- 1.4 It remains management's responsibility to ensure that the appropriate control measures are in place to manage risk and that they are applied consistently across all services. In addition, management should develop good governance arrangements to ensure that the Council is operating within both the legal framework and its own protocols and standards. Internal Audit plays a vital role in providing independent and objective assurance to senior management as to whether these arrangements are in place and operating effectively. Management's positive response to internal audit activity should lead to a strengthening of the control environment and, therefore, contribute to the achievement of the Council's objectives.
- 1.4 This 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.
- 1.5 This Plan has been prepared in accordance with the requirements of the PSIAS and sets out Internal Audit coverage for the remainder of the 2024/25 financial year.

## 2. Strategy Statement

2.1 The overall strategy for Internal Audit is:

***“To add value and encourage improvement in all areas of the Council’s business through the delivery of a risk-based Internal Audit Plan in a professional, independent manner, providing the organisation with an opinion on the level of assurance it can place upon its risk management, internal control, governance systems, Value for Money and performance”***

The delivery of the Plan supports the achievement of the Council’s five Corporate Plan principles of:

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

## 3. Annual Internal Audit Opinion

3.1 The Internal Audit function is required to examine, evaluate and report upon the adequacy of internal controls operated throughout the Authority. The Head of Internal Audit is responsible for producing and executing a plan of internal audit that takes appropriate account of the risks associated with each area of the Council’s activity. The PSIAS require that the Head of Internal Audit should issue an “internal audit opinion”. This opinion forms part of the Annual Report of the Head of Internal Audit, which supports the Annual Governance Statement.

## 4. Status and Independence of Internal Audit

4.1 Slough Borough Council has delegated responsibility for ensuring that statutory Internal Audit arrangements are in place to the Executive Director of Corporate Resources (Section 151 Officer). On a day-to-day basis the Head of Internal Audit and the Internal Audit team provide internal audit services to the Council on behalf of the Executive Director of Corporate Resources. However, Internal Audit is independent in its planning and operation and has no responsibility for delivering or managing non-audit services. The Head of Internal Audit, although reporting structurally to the Executive Director of Corporate Resources, has open lines of communication with and access to:

- The Chief Executive
- The Section 151 officer
- The Monitoring Officer
- Commissioners
- Corporate Leadership Team
- The Leader of the Council
- The Chair of Audit & Governance Committee
- The External Auditors

In order to undertake its role effectively, Internal Audit will have the authority to:

- Enter at all reasonable times any Council establishment
- Have access to all records, documents, information and correspondence relating to any financial and other transaction as considered necessary

- Evaluate the adequacy and effectiveness of internal controls designed to secure assets and data to assist management in preventing and deterring fraud
  - Request explanations as considered necessary to satisfy themselves as to the correctness of any matter under examination
  - Require any employee of the Council to produce cash, materials or any other Council property in their possession or under their control
  - Access records belonging to third parties, such as contractors or partners, when required and appropriate.
- 4.2 Internal Audit will seek to avoid conflicts of interest when allocating audit reviews by ensuring that auditors do not undertake assignments in areas where they have noted a conflict of interest on their annual declaration.
- 4.3 It should be noted that whilst Internal Audit will review the systems of control within the Council, it is a management responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

## 5. Internal Audit Delivery & Code of Ethics

- 5.1 The Head of Internal Audit is responsible for delivering the Internal Audit service in accordance with its Terms of Reference and conforming to the four key principles in the Public Sector Internal Audit Standards (PSIAS) code of ethics, namely:
- **Integrity** – establishing trust and providing the basis for reliance on Internal Audit’s judgement
  - **Objectivity** – exhibiting the highest level of objectivity in gathering, evaluating and communicating information about the activity or process being examined
  - **Confidentiality** – respecting the value and ownership of information received and not disclosing information without appropriate authority unless legally or professionally obliged to do so
  - **Competency** – applying the knowledge, skills and experience needed in the performance of internal auditing services.

To ensure that this can be achieved, there are appropriate arrangements for:

- Determining and planning the work to be carried out through the development of this Internal Audit Plan based on an assessment of risk
  - Assessing and providing the resources required to deliver this Plan (principally the level of staff and external input), the necessary skills (both in general audit and technical areas) and support facilities (such as IT facilities, equipment, management and administration processes)
  - Ensuring through supervision, training and personal development planning that resources to deliver the Plan are suitably qualified, knowledgeable and experienced.
- 5.2 The Internal Audit service will be delivered, to 31 March 2025, on the basis of this Plan. The Plan contains an ambitious and diverse programme of work, aligned to the Council’s corporate principles and risks. The Plan sets out the number of days required for Internal Audit to review the identified areas involved.
- 5.3 The objective of this approach is to ensure that Internal Audit is able to provide reasonable coverage and present an independent and objective opinion on the effectiveness of the control environment and governance arrangements by directing adequate resources based on the relative

risks of the operations, resources and services involved, using the formal corporate risk assessment process.

- 5.4 Internal Audit will take into consideration other forms of assurance when delivering its risk-based Plan, including, where appropriate, placing reliance on the work of external inspection agencies such as the Department for Education (DfE) and Care Quality Commission; and on the work of our External Auditors (Grant Thornton) where this has a direct impact on the control environment.

## 6. Risk Assessment

- 6.1 This 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 Chief Executive, the Chair of Audit & Governance, the Executive Director of Corporate Services and the Interim Risk Manager.
- 6.2 Where resources available are not considered by the Head of Internal Audit to be adequate for an audit opinion to be provided, this will be reported to the organisation.

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.

## 7. Plan Delivery

- 7.1 The Internal Audit Service is predominantly provided by an internal team of 4 full time equivalent (FTE) employees. Where necessary to ensure an adequate, effective and professional audit service, the Head of Internal Audit may, subject to budget and appropriate approvals, buy in resources from external providers to supplement internal resources. An example of this is for IT computer audits, where a high degree of specialist skill and knowledge is required.
- 7.2 The audit needs assessment has been matched with available Internal Audit resources to develop this Plan for Quarter 4 of 2024/25. Resource planning assumptions have been fully reviewed following consultation with staff to ensure that there is sufficient time allocated to ‘indirect’ work – for example training and development, enhancement of audit working practices and appropriate and effective supervision.
- 7.3 The Plan is based upon a full complement of staff and the total number of planned audit days in the quarter, less approximately 3.5% for contingencies, is as follows:

Quarter 4 Available Audit Days
90

Section 10 provides a detailed breakdown of the resources available for audit work.

7.4 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.

7.5 The Internal Audit Plan has to be flexible in order to take account of any changes in risk affecting the achievement of the Council's key objectives. Close working between Internal Audit and the Interim Risk Manager will ensure that new or emerging risks, impacting upon the overall control environment, are appropriately and expeditiously addressed within the context of this Plan's delivery.

## 8. Plan Reporting

8.1 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.

8.2 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.

8.3 In the delivery of each assignment, Internal Audit will make practical recommendations based on the findings of the work and discuss these with management such that management commit to an appropriate Action Plan for implementing any necessary improvements to the control environment. Where appropriate, the team will work with service Heads on a consultative basis to identify the most appropriate and efficient means of implementing recommendations.

## 9. Quality Service Delivery

9.1 The Internal Audit Team is committed to providing Corporate Leadership Team, the Executive, Audit & Governance Committee, our External Auditors and its customers with assurance that all audit work will be managed and operated to an appropriate, consistent and quality standard.

- 9.2 Internal Audit will target compliance with all elements of the Public Sector Internal Audit Standards (PSIAS) and the Global Internal Audit Standards that come into force for the Public Sector on 1 April 2025.
- 9.3 All working papers and reports are and will continue to be subject to quality review procedures prior to any report being issued. The team will develop an audit satisfaction survey that will be issued to relevant officers following the completion of every audit. The feedback from these surveys will be reviewed and reported with relevant action taken where standards fall below the level required.

Draft

## 10. Resource Availability

	<b>Total 2024/25 days remaining</b>
<b>Total Days Available</b>	226.50
<b>Less:</b>	
Bank Holidays (Inc stat days)	0.00
Annual Leave	22.00
Other Absence	8.00
<b>Total Available Days for Audit</b>	<b>196.50</b>
<b>Less Non Chargeable Days:</b>	
Study Leave	0.00
Training and Development	0.00
Staff and Team Management	30.00
Audit Planning	18.00
Managers Liaison	8.00
IT Issues	0.00
Performance Management	20.00
Audit & Governance/ Audit Working Group	12.00
System Administration	0.00
Office Administration	15.00
<b>Total Non Chargeable Days</b>	<b>103.00</b>
<b>Days Available for Direct Audit Work</b>	<b>93.50</b>



## 11. Resource Allocation (the Plan)

Chief Executive's	Corporate	Corporate Memory	Starters/ Leavers Exit Record keeping Documentate Actions & Follow Up	CR11	Building Trust Providing Financial Stability	Full	5
	ICT	Application Change Management	Change process	CR08	Building Trust Providing Financial Stability	Full	15
Law & Governance	Procurement & Contract Management	Contract Management	Organisation-wide contract management	CR09	Providing Financial Sustainability	Full	5
Finance & Commercial	Finance	Financial Sustainability	Assurance Review of Improvement Programme	CR09	Providing Financial Sustainability	Full	10
	Finance	Bank Reconciliation	Debit and Credit Review	CR09	Providing Financial Sustainability	Full	5
	Finance	Capital	Compliance with the Prudential Code	CR09	Providing Financial Sustainability	Sprint	5
Regen, Housing & Environment	Housing	TA - Assurance	Assurance review: Corp & Sub Risks Improvement Plan Gap Analysis	CR04	Resident Focused	Sprint	5
Public Health & Public Protection	Emergency Planning	Emergency Planning & Business Continuity	Controls Review	CR07; CR08	Building Trust Resident Focussed	Sprint	5
	Health & Safety	Health & Safety Procedures	Policy/Guidance Review	CR06	Building Trust Resident Focussed	Sprint	5
Adults' Services	Adults' Services	Commissioning	Commissioning Controls Value for Money Cost of Care arrangements	CR02	Providing Financial Stability Building Trust	Full	10
Children's Services	Education	Schools' Audit	Priory School Follow Up	CR01	Resident Focussed	Full	3
	Education	Schools' Audit	Bayliss Court Nursery	CR01	Resident Focussed	Full	2
	SEND	Spend Controls	Follow Up of Ombudsman Recommendations and Impact	CR03	Providing Financial Sustainability Resident Focussed	Full	10
Slough Children First	Governance	Joint working arrangements	Governance & Reporting	CR01	Building Trust Resident Focussed	Sprint	5
Other	Contingency						3.5

## 12. Key Performance Metrics

<b>Key Performance Indicator (KPI)</b>	<b>Measure of</b>	<b>Target Q4 2024/25</b>
Delivery of the Quarter 4 Plan	Efficiency/ Effectiveness	85%
Percentage of time spent on direct audit work	Efficiency	48%
Percentage of audits completed within days allocated	Efficiency/ Effectiveness	85%
Elapsed Time – The total number of audit assignments, from agreement of the terms of reference to the issue of the draft report, taking more than 1 calendar month to complete.	Efficiency/ Effectiveness	4 or less
Percentage of audit actions overdue (including low, medium and high)	Effectiveness	90%
Value Added: Percentage of Auditees either 'satisfied' or 'very satisfied' overall with the audit work undertaken	Effectiveness	88%
Value Added: Percentage of Auditees expressing overall satisfaction with the 'Audit Process'	Effectiveness	90%
Value Added: Percentage of Auditees expressing overall satisfaction with 'Audit Report'	Effectiveness	85%