

## **Slough Borough Council**

<b>Report To:</b>	Audit and Corporate Governance Committee
<b>Date:</b>	30 June 2025
<b>Subject:</b>	Internal Audit Progress Report
<b>Chief Officer:</b>	Annabel Scholes – Executive Director Corporate Resources (S151)
<b>Contact Officer:</b>	Ian Kirby, Interim Head of Internal Audit
<b>Ward(s):</b>	All
<b>Exempt:</b>	NO
<b>Appendices:</b>	Final Audit Reports for: Contract Management; SEND (Ombudsman Complaints); Temporary Accommodation (Advisory)

### **1. Summary and Recommendations**

1.1 This report provides an overview of Internal Audit's delivery of the 2024/25 quarter four Internal Audit Plan and current activity to the end of May 2025. The report highlights those reviews completed since January, the assurance assessment score awarded to them together with some narrative on key findings.

#### **Recommendations:**

1.2 The majority of this report is for information and forms part of the required, regular reporting arrangements between the Committee and the Head of Internal Audit. The Audit and Corporate Governance Committee is recommended to:

- Note the internal audits completed from January to May 2025.
- To challenge and/or request further information about any matters raised.

#### **Reasons**

1.3 Internal audit is a critical function in a local authority, helping the Council to achieve its objectives by evaluating the effectiveness of governance, risk management and internal control arrangements and promoting good corporate governance.

#### **Commissioner Review**

This report is outside the scope for pre-publication commissioner review; please check the [Commissioners' instruction 5 to CLT to sign off papers](#) for further details.

### **2. Internal Audit Reports Issued**

2.1 The Committee formally approved an interim, quarter 4 Plan on 22 February and a total of six final Internal Audit Reports have been issued since January.

Audit Scores issued:

Assurance	Audits
Substantial	0
Reasonable	2
Partial	2
Minimal	1
Advisory	1
	<b>6</b>

Recommendations & Priority:

Recommendations H/M/L	Priority
High	13
Medium	19
Low	10
	<b>42</b>

The finalising of just 6 of the 14 planned audits is disappointing and remains below the output that should be expected. However, a further 5 audits have been issued as draft, waiting final closure. This would give us a completion rate on the quarter 4 Plan of almost 80% which is more positive.

## 2.2 Summaries of the findings are set out as follows:

- **Corporate Memory** - Corporate memory is essential for the success and resilience of any organisation. It preserves valuable knowledge, promotes efficiency, and facilitates better decision-making. Corporate memory loss might occur when the people who hold key information in a business move on, taking that knowledge with them. They might be the only people who know how a process works, for example. The External Auditor raised concerns, within its 2024 Annual Report, regarding the completeness, reliability and accuracy of the underlying financial records and working papers. This audit was undertaken in response and, contributing to a **minimal assurance** score, identified 5 high priority recommendations, 1 low priority recommendation that include:
  - The conduct of exit interviews and formal handovers
  - The identification of information asset owners
  - Minute-taking/formal recording of directorate level meetings
  - Information retention policies, again at a directorate level, requiring updates.

Whilst all recommendations have agreed management actions', The corporate memory audit was significantly wide in scope and identified issues across a number of service/operational areas. The outputs of this review have informed a number of more detailed, area-specific audits within the 2025/26 Plan and these will be reported in full in due course.

- **Contract Management** at the Council has been assessed as providing **partial assurance** despite the identification of a number of strengths including the establishment of a Contract Management Support Team, the launch of a Contract Management Strategy and the creation of a Central Contract Register improving oversight and transparency. However, the audit identified a number of areas that could be strengthened.

- The Central Contract Register is incomplete and lacks essential data capture including key performance indicators
- There are inconsistencies in performance information gathering across departments
- The absence of a standardised reporting framework to senior leadership limits their visibility and decision-making capabilities.

The review identified an immediate action is needed to fully implement the Contract Management Strategy, to optimise contract governance and ensure alignment with the Council's strategic goals, safeguarding its interests and achieving compliance with the Procurement Act 2023. A total of 10 recommendations, 5 high and 5 medium priority, have been accepted by the lead service with implementation planned up to and including 30 November 2025.

- **SEND Ombudsman Complaints** - This audit examined how the Council has addressed the recommendations made by the Local Government and Social Care Ombudsman (LGSCO) following investigations into complaints related to the Council's Special Educational Needs and Disabilities (SEND) provision. The audit provided a **partial assurance** assessment recognising a number of positive improvements that included an almost doubling of completed EHCPs since 2023; increased capacity within the SEND team; positive actions to address specific issues such as bringing in Business Support to address data management; and an improved assessment process. However, the audit did also identify a number of areas for improvement, including:
  - Delays in the issue of completed EHCPs
  - Linked to assessments, the failure to obtain appropriate professional advice
  - Inconsistent communication and complaint handling, suggesting some inadequate engagement with parents
  - A lack of standardised processes and templates

A total of 8 recommendations (3 high, 4 medium and 1 low priority) have been accepted by the Service and implementation will be incremental up to 31 October 2025.

- **Baylis Court Nursery (Schools' Audit)** - a review of Baylis Court Nursery School was undertaken to provide the Council with assurance over the effectiveness of arrangements in place in relation to governance, finance and safeguarding. Baylis Court is a Slough Local Authority Maintained Nursery School with a Special Educational Needs and Disabilities (SEND) assessment unit. The present setting is purpose built, constructed in 2015/16. The school was rated good by Ofsted in May 2024 and this audit provided **reasonable assurance** around its controls. 8 medium priority recommendations were identified covering:
  - The completion of declarations of interest

- The signing of bank reconciliations by separate preparer and authoriser
- The updating of the Finance Procedure Manual
- The completion of personnel file checklist confirming 'right to work'
- Two written references to be obtained and held on the personnel file as part of pre-Employment checks.
- Monthly Preliminary Payroll reports to be signed and dated by the Head Teacher as evidence of review.
- Annual inventory check to be undertaken to confirm the accuracy and completeness of items recorded on the Equipment Register List
- A Privacy Notice to be prepared in respect of members of staff and uploaded on to the school's website.

Recommendations have been accepted and are in the process of being implemented.

- **Schools Follow Up (Priory)** - As part of the 2024/25 Annual Audit Plan, a follow up review was undertaken on the progress made by Priory School in implementing previously agreed management actions arising from the audit recorded in the internal audit report dated 24 January 2023.

The original audit report concluded that the majority of audit testing found appropriate controls were in place, however, it was found that controls were not always either adequately designed and/or consistently applied within the areas tested.

A total of fourteen management actions were identified covering the following areas:

- Governance
- Purchasing
- Security of Assets
- Payroll, Performance Management and Safeguarding

The audit confirmed that of the two medium priority actions, one has been fully implemented and the other partially implemented. Of the twelve low priority actions, four have been fully implemented, seven partially implemented and one has yet to be completed. Where actions remain partially implemented or have yet to be fully implemented agreed management actions have been accepted.

Ordinarily, for a follow up audit review such as this, a formally expressed audit opinion would not be provided. However, in this instance to provide a link to the original audit, the auditor determined that an indicative audit assessment of **reasonable assurance** would be appropriate.

*Please note, neither of the two schools' audit reports are appended to this report because they are both assessed as providing reasonable assurance and matters of governance would always be for the schools' governing bodies.*

- **Temporary Accommodation (Advisory)** – As part of the agreed internal audit plan for 2024/25, Internal Audit has completed an advisory review on the extent to which the Housing, Property & Planning Directorate has put in place a framework to address corporate and operational key risks relating to the provision of safe and cost-effective Temporary Accommodation (TA) services.

The Corporate Risk dashboard includes the corporate risk 'Temporary Accommodation: Failure to Provide Safe Temporary Accommodation within Budget' of which there are five sub-risks: availability of cost-effective accommodation; budgetary constraints; compliance with regulatory requirements; attraction and retention of talent; and failure to increase TA rental income.

In response to corporate and operational risks identified, the Housing, Property & Planning Directorate has developed a Housing Service Improvement Plan (HSIP) that contains five work streams one of which covers TA & Homelessness. In addition, a separate outcome tracker spreadsheet has been developed that monitors progress in addressing relevant risks.

The HSIP remains under development and is expected to be signed off in the first quarter of 2025/26.

The audit review found the following risks had not been included in the HSIP that was presented for review meaning there is a risk that progress on addressing identified risks is not subject to effective management review and scrutiny: TA & Allocation structure not fit for purpose; suitability of accommodation reviews not undertaken; lack of 'fit and proper person' checks on private sector landlords who currently provide TA to the council; and lack of effective management information reporting functionality. Management has accepted this and incorporated into a revised HSIP.

Whilst progress has been made in areas such as developing private sector lease agreements that contain responsibilities of the provider in meeting compliance standards, there remains more work to be done in areas such as undertaking suitability of accommodation reviews.

It is therefore proposed that as part of the internal audit plan for 2025/26, a risk-based opinion audit is undertaken that assesses the effectiveness of mitigating controls in place to address corporate and operational key risks relating to the provision of safe and cost-effective Temporary Accommodation (TA) services.

The review will be carried out in Quarter 3 2025/26 which will enable the audit team to assess and report on the extent to which planned actions recorded in the HSIP have been implemented together with any other controls the Housing, Property & Planning Directorate has put in place.

- 2.3 The issue of Internal Audit Reports may be impacted by factors including resourcing challenges within the Internal Audit function, the continuing development of the Audit Management IT system (AuditBoard) and securing prompt feedback once draft reports have been issued.

Any resourcing constraints/impacts will be reported to the Committee as part of our regular reporting.

### **3. Internal Audits in Progress**

- 3.1 Internal Audit continues to complete carried forward audits from the 2024/25 quarter 4 Plan and to undertake work identified and agreed through 2025/26 Audit Planning process. Live audits are currently being undertaken in the following areas:

- Bank Reconciliations\*
- Direct Debits\*
- Our Lady of Peace Catholic School\*
- Emergency Planning & Business Continuity
- Customer Journey and engagement
- It Application Change Management\*
- Managing Sickness Absence\*
- Asset Management & Disposals
- Financial Controls – Procurement & Payments
- CIPFA Financial Management Code (FM Code)\*
- Debt Recovery and Write-off
- Health and Safety: Accidents, Incidents & Near Miss
- Leisure Services Contract

\*Reports at draft stage.

Outputs from this work will be reported as part of future progress reporting.

### **4. Internal Audit Resources**

- 4.1 As previously stated, during 2024/25 the Council sought to address the resourcing concerns in Internal Audit by supplementing the team with the addition of two interim auditors to support the core team. Recognising the increasingly positive impact of the team, and the additional resources, the Council has underlined its commitment to Internal Audit by supporting the 2025/26 Plan delivery by ring-fencing a sum of corporate contingency budget to cover the additional costs of the two interim auditors and the interim Head of Service. This additional funding is predicated on the consideration of a future model for delivery for Internal Audit that

provides a stable structure to provide a value adding, sustainable service. A future options appraisal is being tabled as a separate item on this Committee agenda.

- 4.2 Underlining its commitment to supporting Internal Audit, the Council has approved the recruitment of an interim auditor to replace one of the two interim auditors who left the organisation in May.

## **5. Internal Audit Capability Maturity Assessment**

- 5.1 No formal assessment, internal or external, of Internal Audit against the Public Sector Internal Audit Standards (PSIAS) has been undertaken since the service returned in-house in 2023 and as a result no Quality Assurance & Improvement Plan (QAIP) is in place. Therefore, the service 'does not conform' to the Standards.
- 5.2 The new Global Internal Audit Standards (GIAS) and associated Local Government Application Note came into force on 1 April 2025. Conformance with the wider Standards will be determined in Quarter 1 of 2025/26 through an internal self-assessment. The template to complete the self-assessment has been prepared and will be completed to the end of June. Using the completed template, the next step will be to develop of an associated action plan to address any identified gaps. The final step will see the validation of the self-assessment through an independent external assessment in Quarter 3.

## **6. Implications of the Recommendation**

### **6.1 Financial implications**

- 6.1.1 There are no direct financial implications as budget, including the agreed contingency draw down to support the 2025/25 Plan have been approved.

### **6.2 Legal implications**

- 6.2.1 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 GIAS and sector-specific guidance. The Global Internal Audit Standards (GIAS), effective from 1 April 2025, together with the CIPFA Local Government Application Note, require the Chief Audit Executive (Head of Internal Audit) to report regularly on Plan delivery progress.

### **6.3 Risk management implications**

- 6.3.1 An effective Internal Audit function and risk-based Plan delivery contributes positively to mitigating the organisational risks of poor governance, internal control, and risk management. Assurance or mitigation, provided by Internal Audit, can never be absolute, neither can Internal Audit's work be designed to identify or address all weaknesses that might exist. Responsibility for maintaining adequate and appropriate systems of governance, risk management and internal control resides with the Council's management and not Internal Audit.

## **6.4 Environmental implications**

6.4.1 There are no direct environmental implications in this report.

## **6.5 Equality implications**

6.5.1 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.