

SLOUGH BOROUGH COUNCIL

REPORT TO: **Audit & Risk Committee** **DATE: 10th December 2015**

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WARD(S): **All**

PART I FOR DECISION

Audit & Risk Management Update – Quarter 2 2015-16

1 Purpose of Report

The purpose of this report is to:

- Report to members on the progress against the 2015/16 Internal Audit Plan up to Quarter 2
- Report to members on the progress of the implementation of Internal Audit recommendations
- Report to members the Council's latest counter-fraud activity
- Report to members the Council's Risk Register
- Request that members approve the Anti Fraud & Corruption policy

2 Recommendation

That Audit & Risk Committee is requested to comment on and note the reports.

3 Sustainable Community Strategy Priorities

The actions contained within the attached reports are designed to improve the governance of the organisation and will contribute to all of the emerging Community Strategy Priorities

Priorities:

- *Economy and Skills*
- *Health and Wellbeing*
- *Regeneration and Environment*
- *Housing*
- *Safer Communities*

4 Other Implications

4.1 Financial

None other than those detailed in the internal audit reports

4.2 Risk Management

This report concerns risk management across the Council

4.3 Human Rights Act and Other Legal Implications

n/a

4.4 Equalities Impact Assessment

There is no identified need for an EIA

5 Supporting Information

5.1 Overview

5.1.1 Baker Tilley have completed a number of audits from their work during the first quarter of 2015-16.

5.1.2 The overall Internal audit reports have continued to be finalised at an effective rate. Of the 2014-15 internal audits, four remain in draft and RSM are working with the Council to finalise these shortly.

5.1.3 No reports in respect of schools remain outstanding for longer than two months.

5.1.4 The Committee were provided with an update of policies at its previous meeting that needed revising, as well as the latest Anti-Fraud and Corruption Policy. This is attached in Appendix C for the Committee's review and approval.

5.1.5 The Corporate Risk Register has been updated to reflect the latest risks.

5.2 Internal Audit Q2 2015-16 progress report

5.2.1 The full report is attached at Appendix A.

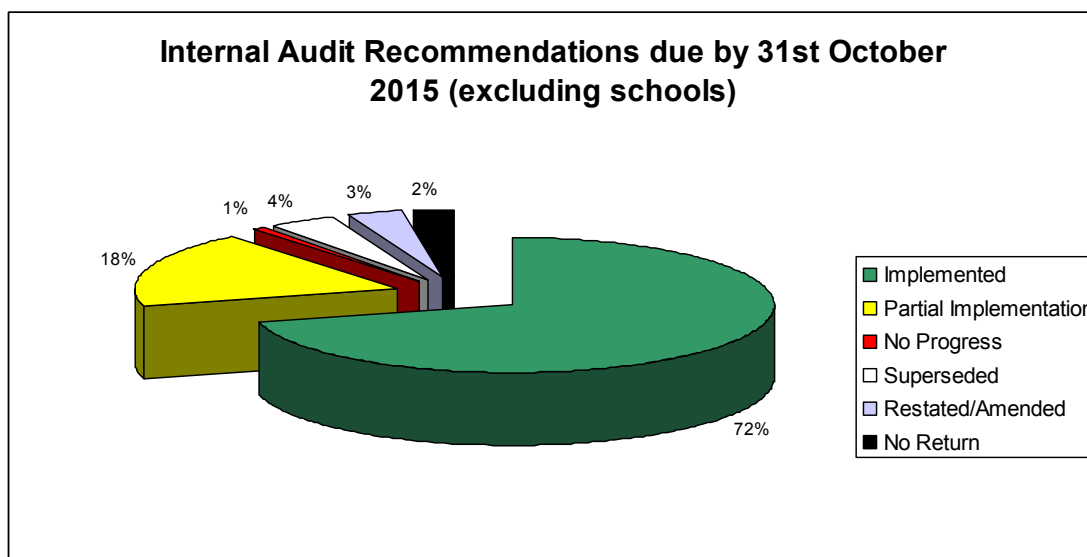
5.2.2 The internal audit plan for 2015-16 was set very much with a focus on addressing identified risks in the Corporate Risk Register, External audit's risk focus and in light of the 5YP.

5.3 Finalising Internal Audit Reports

5.3.1.1 The table below shows those Internal Audits that remain in draft and are yet to be finalised as at 1st November 2015.

Audit Title	Draft Issued	Responses due	Client sponsor	Rating
<i>arvarto phase II contract Management review 25 14 15</i>	<i>10 February 2015</i>	<i>24 February 2015</i>	<i>Roger Parkin</i>	<i>Advisory</i>
<i>Education Services Contract Management 37 14 15</i>	<i>07 May 2015</i>	<i>21 May 2015</i>	<i>Jane Wood</i>	<i>Red</i>
<i>Data Protection Children's Social Care 39 14 15</i>	<i>18 May 2015</i>	<i>1 June 2015</i>	<i>Krutika Pau</i>	<i>Amber Red</i>
<i>Procurement 40 14 15</i>	<i>21 May 2015</i>	<i>4 June 2015</i>	<i>Roger Parkin</i>	<i>Amber Red</i>
<i>Chalvey Early Years Centre 5 15 16</i>	<i>30 July 2015</i>	<i>13 August 2015</i>	<i>Krutika Pau</i>	<i>Amber Red</i>
<i>Matrix - Agency Staff 7 15 16</i>	<i>06 August 2015</i>	<i>20 August 2015</i>	<i>Ruth Bagley</i>	
<i>Adult Safeguarding 11 15 16</i>	<i>25 September 2015</i>	<i>09 October 2015</i>	<i>Alana Sinclair</i>	
<i>Pippins School 10 14 15</i>	<i>25 September 2015</i>	<i>09 October 2015</i>	<i>Krutika Pau</i>	

- 5.3.2 The Risk and Insurance Officer regularly monitors the progress of the implementation of “high” or “medium” recommendations made following Internal Audit reports. Below is a graph that shows the percentage of recommendations that have either been implemented, are in progress, no action has been taken, or the recommendation has been superseded.
- 5.3.3 Bakertilly has received assurance that the Council’s Internal Audit recommendation tracking tool implemented by the Council is a useful tool for the Committee.
- 5.3.4 The number of implemented recommendations has stabilised at around the 70% mark, with a further 22% of recommendations either being superseded or have partial progress.



- 5.3.5 The table below details those audits where recommendations are still outstanding or where requests for information has no been responded to.

Name of Audit	High Level rec's not Responded to	Medium Level rec's not Responded to
Corporate Reports		
Use of Agency & Workforce Planning	1	1
Lone Working Procedures	1	0
Sub Total	2	1
Schools		
Baylis Court Nursery School	0	1
Chalvey Early Years 1 14 15	2	3
Lea Nursery School	0	2
Holy Family Catholic Primary 2 14 15	0	2
Wexham 20 13.14	1	1
Our Lady of Peace Junior	0	2
Khalsa	2	3
Total	7	15

5.5 Fraud update

- Every year the Council is required to report all fraud activity with a value over £10,000. The Council provides this summary on a quarterly basis to the Audit & Risk Committee, see the below.

Type of Fraud	Amount	Recovery Action	Action Against Perpetrator
Benefit and Grant fraud	Grant monies unaccounted. £14,822.02p HB: £3,324.25 CTB: £1,1046.11	Joint Investigation and prosecution with Thames Valley Police	Defendant charged with Fraud 11/05/15

- Corporate Fraud opened 68 investigations, either individually or jointly with the DWP, Single Fraud Investigation Service (SFIS).
- Sanctions: 8 administrative penalties were issued for Council Tax Support fraud.
- From the joint investigations the DWP issued 25 administrative penalties for HB fraud, to be collected by SBC.
- SBC received £53,601.11 from the Court Service in confiscation-compensation for a previous benefit fraud conviction and financial investigation. In addition, SBC received £7,500 in costs.
- Financial investigations received three referrals for consideration of a financial investigation under The Proceeds of Crime Act 2002. A referral can be made where an independent department is considering a persecution, such as Planning or Trading Standards.
- As part of the 2014-15 internal audit plan, a review of the Council's counter-fraud arrangements is being completed. The Baker Tilly audit report was published on 09/07/15, in Q2. The report included 49 recommendations, one being high risk, relating to policy and procedure updates.
- The fraud team is reviewing National Fraud Investigation (NFI) data matches, as and when other operational commitments allow.

5.6 Corporate Risk Register

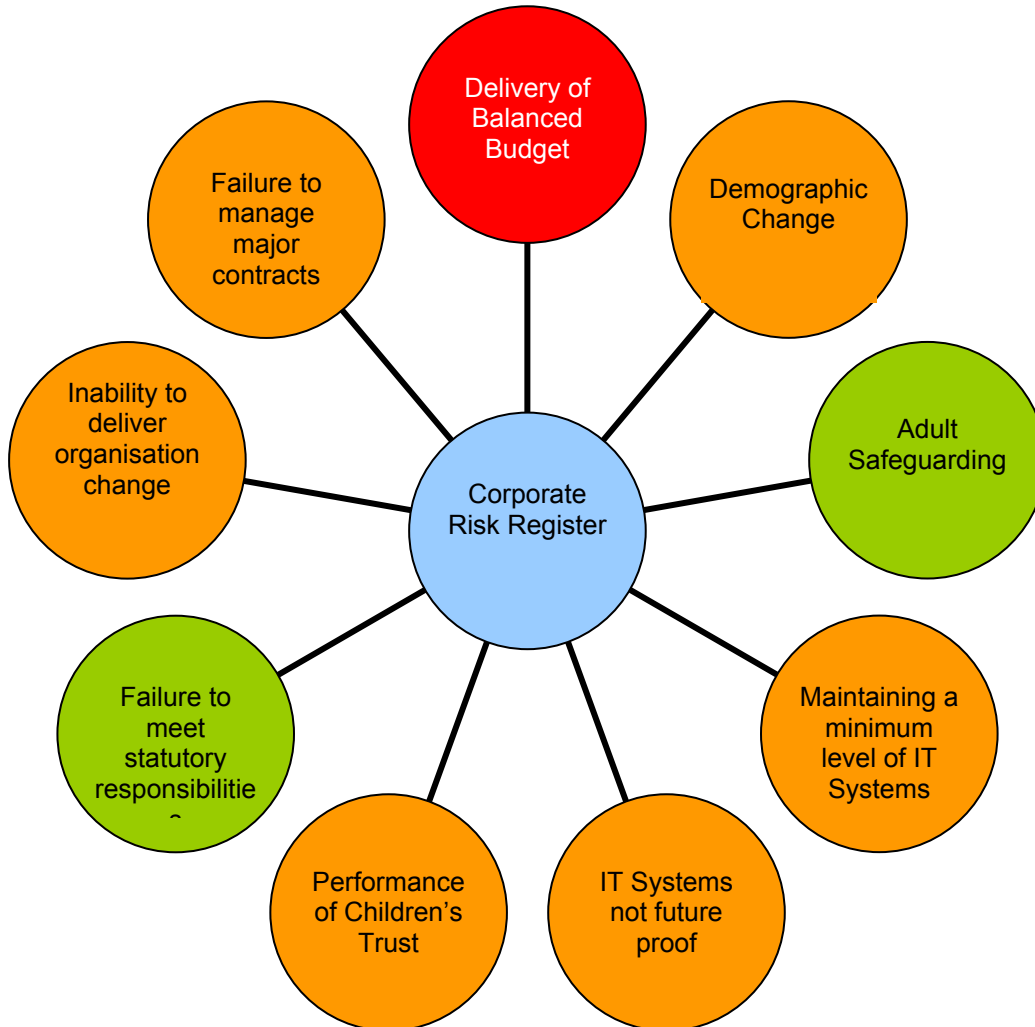
5.6.1 The Corporate Risk Register is included within appendix C. The Audit Committee are asked to review the risk register and provide any comments back through the CMT.

5.6.2 Following the last quarterly review of the Corporate Risk Register the following major amendments have been made;

- The transition to the new Children's Trust has been removed from the risk register.

- A new corporate risk has been added that reflects the need to monitor the Children’s Trust to ensure it delivers the required service improvements.
- The Better Care Fund risk has been amalgamated into the “Failure to deliver a Balanced Budget” risk.

5.6.2 Below is a diagram that illustrates the make up of the corporate risk register and the risk ranking



6 Comments of Other Committees

n/a

7 Conclusion

That the Audit Committee notes the latest updates from Internal Audit.

8 Appendices Attached

- 'A' - Internal Audit Q1 2015-16 progress report
- 'B' - Corporate Risk Register
- 'C' - Anti Fraud & Corruption policy

9 Background Papers

Baker Tilley Audit Reports