

Slough Borough Council

Report To:	Audit and Corporate Governance Committee
Date:	19 July 2023
Subject:	Internal Audit Annual Report 2022/23
Chief Officer:	Adele Taylor, Section 151 Officer
Contact Officer:	Daniel Harris, Head of Internal Audit for 2022/23
Ward(s):	All
Exempt:	No
Appendices:	Internal Audit Annual Report 2022/23

1. Summary and Recommendations

- 1.1 This report provides an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of Slough Borough Councils risk management, control and governance processes. The opinion should contribute to the Council's annual governance reporting (specifically the Annual Governance Statement).

The opinion for 2022/23 is a negative (qualified) opinion and is the third qualified head of internal audit opinion in succession.

Recommendations:

Committee is recommended to:

- a) Note the contents of this report
- b) Seek assurance that all of the issues and weaknesses identified are being addressed in line with the timescales agreed.

Commissioner Review

Commissioners are content with the recommendations.

2. Report

Introductory paragraph

2.1 The Council has outsourced the internal audit provision up to 31st March 2023 and the annual report provides an opinion on the overall adequacy and effectiveness of Slough Borough Council's risk management, control and governance processes. All of the 2022/23 work has been completed, with 21 reports issued in final and six reports still in draft awaiting management responses.

Background

2.2 The Internal Audit Plan for 2022/23 was approved by the Audit and Corporate Governance Committee in March 2022 and this report provides the annual opinion on the risk management, governance and internal control processes.

In 2022/23 the internal audit team carried out a total of 27 internal audit reviews. The conclusion on the internal control framework at the Council, is that it was not adequate or effective. 27 audits were completed in 2022/23 and the following assurance levels were provided:

- Minimal Assurance (negative) – nine audits
- Partial Assurance (negative) – seven audits
- Advisory (significant issues) – four reviews, one where the full scope could not be completed
- Little Progress (negative) – three full follow up audits

- Reasonable Assurance (positive) – one audit
- Advisory (no significant issues) – one review
- Good Progress (positive) – one follow up audit
- Reasonable Assurance (positive) – one full follow up audit.

The key findings from the negative opinions (minimal and partial assurances) and the negative outcomes from the follow up and advisory reviews with significant issues are summarised in the paper, but there are a range of significant issues that need to be addressed as a matter of urgency in some areas.

3. Implications of the Recommendation

3.1 Financial implications

There are potential some direct financial implications relating to the findings and weaknesses in the internal audit reports issued in 2022/23. The successful and timely implementation of management actions agreed will improve the council's processes including those that underpin sound financial management, governance, risk management and internal control.

3.2 Legal implications

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.

3.3 Risk management implications

The annual Internal Audit report concluded that the Council did not have adequate and effective risk management arrangements in place in 2022/23. The Council has made positive progress with regards to their risk management framework since our partial assurance opinion in 2021/22, however we identified in 2022/23 that there were still fundamental elements missing that we would expect to see, particularly with regards to embedding risk management practices.

3.4 Environmental implications

There are no direct environmental implications from this report.

3.5 Equality implications

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.

3.6 Procurement implications

3.6.1 There are no procurement implications from this report.

3.7 Workforce implications

There are no workforce implications from this report.

3.8 Property implications

There are no property implications from this report.

4. **Background Papers**

Internal Audit Plan 2022/23

Internal Audit Progress Reports for July 2022, September 2022, January 2023 and March 2023