



SLOUGH BOROUGH COUNCIL

Internal Audit Strategy 2017-2020

Presented at the Audit and Corporate
Governance committee meeting of:

16 March 2017



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1 INTRODUCTION

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Slough Borough Council in the year ahead, including changes within the sector.



The challenges facing the Council include:

- A young, growing and dynamic population
- An unhealthy population, inequality in healthy lives
- Importance of continuing growth of the healthy economy of the town
- Crossrail and Heathrow attracting new development
- A critical need for housing and improved places to live
- Community safety and safeguarding our most vulnerable residents
- Improving the identity and vibrancy of the centre of the town.

The Council's ambition is to be :

- A place where people choose to live and work and where children can grow up to achieve their full potential
- One of the most attractive places to do business in the country, with excellent communications, business accommodation and a skilled, and available workforce.

The Council's outcomes which are relevant to the 2017/18 internal audit plan:

- Changing, retaining and growing
- Enabling and preventing
- Using Resources wisely

2 DEVELOPING THE INTERNAL AUDIT STRATEGY

We use your objectives as the starting point in the development of your internal audit plan.

2.1 Risk management processes

We have evaluated your risk management processes and consider that we cannot place reliance on your risk registers to inform the internal audit strategy. We have therefore used various sources of information (see Figure A below) and discussed priorities for internal audit coverage at the following forums / with the following officers:

- Assistant Director, Finance and Audit (Section 151 Officer)
- Senior Management Teams, including all Directors and Assistant Directors
- CMT
- Heads of Service
- Audit and Corporate Governance Committee

Based on our understanding of the organisation, the information provided to us by the stakeholders above, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (**see appendix A and B for full details**).



Figure A: Sources considered when developing the internal audit strategy

2.2 Emerging issues

Governance – Good Governance Framework – CIPFA, in association with Solace, set the standard for Public Sector Governance in 2007 with the publication of its Good Governance Framework. This has been refreshed and updated in the 2016 edition. The key principles in the new code are summarised below.

- Ethics and integrity
- Openness and stakeholder engagement
- Defining Outcomes
- Determining Interventions
- Developing Leadership
- Managing Risks and Monitoring performance
- Demonstrating effective accountability

Our Governance coverage in 2016/17 was focussed in other areas, and we will therefore discuss the above issues with management when agreeing the Governance coverage for 2017/18.

Data Protection - Potential significant change in the requirements of Data Protection as result of the 2016 Major Overhaul of EU Data Protection Laws. This will impact on both staff and tenants. The consequences for Councils include the potential fines for a data breach being significantly higher – moving from the current penalty ceiling of £500,000 up to a potential fine of 20 million pounds or 5% of turnover. Secondly, there is a greater requirement for more stringent control processes to manage, store, transmit and secure confidential information. Whilst the act does not come into play until 2018 work needs to commence now to ensure that sufficient controls and processes in place to meet their future data protection obligations. A review of Data Protection Preparedness has been included within the 17/18 Internal Audit Plan.

Gender pay gap reporting in the public, private and voluntary sectors

New regulations planned to be effective by 6 April 2017 will require employers with 250 or more relevant employees in an individual entity on a snapshot date each year to publish within 12 months details of their employees' gender pay and bonus differentials. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 will apply to private and voluntary sector organisations. The Equality Act (Specific Duties and Public Authorities) Regulations 2017 are planned to be effective from 31 March 2017 and will apply to English public authority employers.

What are employers affected required to do?

To publish annually for employees in scope a report on:

- overall gender pay gap figures calculated using both the mean and median average hourly pay between genders;
- the numbers of male and female employees in each of four pay bands (quartiles), based on the employer's overall pay range; and
- for a 12 month period, both the difference between male and female's mean and median bonus pay and the proportion of relevant male and female employees who received a bonus.

An explanatory narrative, although not required, is strongly encouraged as is a statement of the actions planned to narrow the gaps.

We have included a review in this area in 2017/18 and will discuss the specific coverage with relevant officers.

2.3 How the plan links to your strategic objectives

Each of the reviews that we propose to undertake is detailed in the internal audit plan and strategy within appendices A and B. In the table below we bring to your attention particular key audit areas and discuss the rationale for their inclusion or exclusion within the strategy.

Area	Reason for inclusion or exclusion in the audit plan/strategy	Link to strategic objective
Information Governance	Our 2016/17 audit of Information Governance provided a 'no assurance' opinion over the effectiveness of the Council's processes to ensure information is governed effectively and therefore this has been included as an audit again within the 2017/18 plan to provide assurance to the Council that actions made as part of our previous audit have been addressed and that arrangements for information governance are operating effectively.	Using Resources Wisely
Business Continuity – Advisory Support	Our 2016/17 audit of business continuity provided a no assurance opinion and therefore the Council could not be assured that business continuity arrangements were in place, designed or were operating effectively. We will therefore provide some support to the Council in this area in 2017/18 in the development of their business continuity arrangements to help ensure that these are addressing the concerns identified by our audit in 2016/17.	Using Resources Wisely
Risk Management	In 2016/17 (and in previous years), we were only able to provide a partial assurance opinion over the effectiveness of risk management arrangements within the Council. Therefore, rather than undertake an assurance focussed review in 2017/18 we are proposing to provide support to the Council to assist them in the development of their risk management processes and ensure knowledge transfer in this area from our risk experts to Council officers. The exact approach will be agreed following discussions with Council officers but could involve the running workshops with various groups of staff, provision of specific support to council officers when considering risks and assistance in the documentation of risk and challenge to ensure risk are captured effectively.	Using Resources Wisely
Voids Management	Our 2016/17 audit of voids provided a no assurance opinion and therefore this audit will seek to provide assurance that effective policies and procedures in relation to void management have been promptly implemented and that these are operating effectively.	Using Resources Wisely
Fixed Penalty Notices	Our 2016/17 audit of fixed penalty notices provided a no assurance opinion that these are being collected and managed in an effective manner and therefore our 2017/18 audit will seek to provide assurance that areas of weakness previously identified have been promptly addressed by the Council.	Using Resources Wisely

Area	Reason for inclusion or exclusion in the audit plan/strategy	Link to strategic objective
Data Protection Preparedness	Due to the impending changes in 2018 to the Data Protection Act, we are proposing to undertake a review to review the plans the Council has in place to address these changes. This will consider if appropriate controls are in place and working effectively to manage and protect access to the Council's Data.	Using Resources Wisely
AMEY contract management	With the Amey Contract due to be brought in-house in December 2017, we are proposing to undertake another review in this area (following previous weaknesses identified) to ensure that appropriate contract management arrangements are in place to manage the contract until the waste and environment services are brought in-house in 2018.	Using Resources Wisely
Legal Services	To provide advice to the Council in relation to options for the future structure of Legal Services and delivery options available. This will be undertaken on an advisory basis and will seek to assist the Council in reviewing the current service delivery model, if value for money is being achieved where external legal support is required and reviewing the options available for future service delivery.	Using Resources Wisely
Implementation of the Adult Social Care Restructure	<p>The restructure of the Adult Social Care team will result in new ways of working will be in place from April 2017 with a revised staff handbook and guidance, budget cost centres and staffing structures. We have therefore been requested to undertake an audit of this area to provide assurance that the all teams and staff are working in adherence of the new processes. This will include review of:</p> <ul style="list-style-type: none"> • Staffing levels • Governance arrangements • Budget management • Performance monitoring <p>Following a meeting of CMT held on 1st March 2017, this audit was removed from the 17/18 plan, but included within the plan for 18/19.</p>	Using Resources Wisely Enabling and Preventing
Delayed Transfers of Care (DToC)	Delayed transfers of care (DToC) has a significant impact on both the health and social care system and the inability of hospitals to discharge patients in a timely manner can have a significant impact of the costs of delivery of healthcare. With increasing numbers of people delayed within acute care for longer periods, the aim of the audit will be to provide assurance that the Council is doing everything possible to support and manage delays in the process and how effectively the Council are working with health and other partners to enable targets to be delivered.	Using Resources Wisely
Contract Management	As a large proportion of Slough's major contracts are outsourced, there is a need to ensure that robust arrangements are in place for the management of these contracts. A theme of our Internal Audit coverage has included reviews of contract management arrangements and this review will look at the Facilities Contract.	Using Resources Wisely

Area	Reason for inclusion or exclusion in the audit plan/strategy	Link to strategic objective
Delivery of the 5 year plan	We have excluded a specific audit on this area as there are audits in the plan in relation to this area which will cover compliance with Five Year Plan, and in particular the arrangements to ensure that performance in the delivery of objectives is being monitored effectively.	All
Slough Children's Trust	As the Children's Trust had been established as a separate organisation to the Council we have not been asked and are not proposing to undertake any audits of this organisation in this area as these should be covered within the remit of the internal auditors for the Trust. The Council however may wish to seek assurance from the Children's Trust over the assurances they receive over their work.	Enabling and Preventing
New Housing Companies	The Council are establishing new housing companies to help offset reductions in government funding. We have agreed with the Section 151 Officer not to include any coverage in 2017/18 in these areas due to the legal advice and support the council has received in setting up these new organisations. We have however included some coverage in 2018/19 and the scope of this work will be discussed nearer that time.	Using Resources Wisely

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes time for tracking the implementation of actions and an audit management allocation. Full details of these can be found in appendices A and B.

2.4 Working with other assurance providers

The Audit and Corporate Governance committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation. We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised and a suitable breadth of assurance obtained.

3 YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Dan Harris, Head of Internal Audit supported by Chris Rising and Amir Kapasi as your Senior Management Team.

3.1 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

3.2 Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

We are proposing to deliver some advice and support to the Council in a number of areas following discussion with the Interim Chief Executive and the Section 151 Officer. Where this work is agreed we will ensure that where relevant appropriate safeguards are put in place. For example, a separate team will be used to deliver advisory work and assistance to the Council, which will be supervised and overseen by Directors and Partner that are not in the Core Internal Audit Team. If relevant this work may be delivered by a separate letter of engagement (LOE).

4 AUDIT COMMITTEE REQUIREMENTS

In approving the internal audit strategy, the Audit and Corporate Governance committee is asked to consider the following:

- Is the Audit and Corporate Governance committee satisfied that sufficient assurances are being received within our annual plan (as set out at appendix A) to monitor the organisation's risk profile effectively?
- Does the strategy for internal audit (as set out at appendix B) cover the organisation's key risks as they are recognised by the Audit and Corporate Governance committee?
- Are the areas selected for coverage this coming year appropriate?
- Is the Audit and Corporate Governance committee content that the standards within the charter in appendix C are appropriate to monitor the performance of internal audit?

It may be necessary to update our plan in year, should your risk profile change and different risks emerge that could benefit from internal audit input. We will ensure that management and the Audit and Corporate Governance committee approve such any amendments to this plan.

APPENDIX A: INTERNAL AUDIT PLAN 2017/18

Audit	Objective of the review	Timing	Audit Committee
Coverage to address key risks and negative opinions in 2016/17			
Risk Management	Advisory Support - Direct support to assist in the development of risk management arrangements at the Council by RSM GRC advisory team. Key components of this support will include a refresh of the existing risk management approach to ensure fit for future, coupled with coaching of council staff and employees to strengthen application of risk management to achieve better outcomes. We will also run risk workshops with the council, ensuring knowledge transfer into the Council on key risk management principles. Advisory	January 2018	March 2018
Data Flow Mapping	Our 'No assurance' opinion on information governance in 2016/17 identified that the Council do not have in place effective arrangements to ensure that all data flows into and out of the Council have been mapped. We are therefore proposing to support the Council in the production of data flow maps for all significant data flows into and out of the Council. Advisory	Q1	N/A
Information Governance – Follow Up	Following a 'No Assurance' opinion provided within 2016/17, this follow up review will specifically focus on the progress made against the agreed management actions. This is important considering the pending visit from the Information Commissioner's Office. Follow Up	August 2017	December 2017
Budgetary Control	This received a partial assurance opinion in 2016/17 and we will undertake another review in 2017/18 to ensure all of these weaknesses have been addressed. To provide assurance that effective budgetary controls are in place and being followed. Assurance	September 2017	December 2017
Fixed Penalty Notices	To review the processes for the collection and management of fixed penalty notices, and the management of arrangements with the Council's contractors currently providing this service. The review has been agreed a result of a 'no assurance' opinion issued in 2016/17 to provide assurance that the Council has addressed the areas of weakness identified as part of the previous review. Assurance	September 2017	December 2017

Audit	Objective of the review	Timing	Audit Committee
Amey Contract Management	With the Amey Contract due to be brought in-house in December 2017, we are proposing to undertake a review to ensure that appropriate contract management arrangements are in place to manage the contract until the waste and environment services are brought in-house in 2018, and that robust contract arrangements are in place for the future management of this contract. Assurance	June 2017	September 2107
Business Continuity Advisory Support	Following a 'No Assurance' opinion provided within 2016/17, we will provide support to the Council to ensure the issues raised within this audit have been satisfactorily progressed and in a timely manner. This could include the creation of an overarching BC Policy, an update to existing BCP's, testing of BCPs, reporting and governance in relation to the test results or a review of the Business Impact Analysis methodology. Advisory	Quarter 1	September 2017
Voids Management	Following a 'no assurance' opinion provided in 2016/17, this review will seek to ensure that actions made in relation to this area including policies and procedures in relation to Voids have been implemented and processes are being followed to ensure that void properties are promptly filled, minimising any financial impact to the Council. Assurance	July 2017	September 2017
Risk Based Assurance			
Governance	To provide assurance over the effectiveness of governance arrangements within the Council. The areas of coverage are to be determined nearer the audit commencement date following discussion with Council staff. Assurance	January 2018	March 2018
Data Protection Preparedness	In 2018, the Data Protection regulations will be amended to strengthen data protection requirements and also to increase the amount of fines which could be applicable in the event of a breach of the act. Advisory	November 2017	December 2017
Educational Welfare Services	Following the insourcing of the contract with Mott Macdonald, there is a need to ensure that robust procedures exist for monitoring attendance of pupils and managing this appropriately. Assurance	July 2017	September 2017

Audit	Objective of the review	Timing	Audit Committee
Gas Servicing	<p>This review will seek to ensure that legislation relating to gas servicing is being complied with and gas appliances in all homes managed by the Council are subject to an annual inspection. This will include:</p> <ul style="list-style-type: none"> ▪ Compliance with legislation / standards ▪ Gas Safety checks are planned and inspections / receipt of certificates are monitored. ▪ Gas Safety certificates are issued upon completion of gas checks and any remedial works are undertaken promptly. ▪ Where access is refused contingency plans to gain access for gas safety inspections are in place and are used. ▪ Performance monitoring. ▪ Complaints. ▪ Monitoring of contract costs. <p>Assurance</p>	April 2017	June 2017
Special Educational Needs Funding	<p>Following the publication of the Ofsted Framework for SEN funding, we will undertake a review over a sample of schools to provide assurance that sufficient information is held to demonstrate how this funding has been used in advance of any further inspections by Ofsted. Assurance</p>	May 2017	September 2017
Five Year Plan – Performance reporting	<p>Our audit will look to provide assurance that the performance reporting currently undertaken through the Balanced Scorecard is aligned to the refreshed Five Year Plan 2016-20, and where discrepancies are identified between the two documents, how the Council can improve reporting. Assurance</p>	October 2017	December 2017
Equal Pay review	<p>New regulations which are planned to be effective from 6 April 2017 will require employers with 250 or more employees to publish within 12 months, details their employees' gender pay and bonus differentials.</p> <p>This could consist of either an audit that will provide assurance over the processes in place to ensure the Council has taken appropriate action, alternatively we could use our specialists to assist the Council in implementing this requirement. Assurance</p>	August 2017	December 2017
New Facilities Contract	<p>With the insourcing of an element of the Council's Facilities contract, currently delivered by Interserve, there is a need to obtain assurance that the facilities contract has been managed appropriately, to ensure that appropriate controls are operating to manage the contract going forward. Assurance</p>	July 2017	September 2017

Audit	Objective of the review	Timing	Audit Committee
Housing Regulations	This review will seek to provide assurance that the council's statutory function is being undertaken adequately and consistently and that scarce resources are deployed efficiently to meet the most pressing need. Assurance	August 2017	December 2017
Adult Social Care (ASC) Supervision	To provide assurance that procedures for adult social care supervision are being complied with. Assurance	November 2017	March 2018
Delayed Transfers of Care (DToC)	Delayed transfers of care (DToC) has a significant impact on both the health and social care system. With increasing numbers of people delayed within acute care for longer periods, the aim of the audit will be to provide assurance that the Council is doing everything possible to support and manage delays in the process. Assurance	September 2017	December 2017
Core Assurance			
Business Rates		October 2017	December 2017
Council Tax		October 2017	December 2017
Housing Benefits		October 2017	December 2017
Treasury Management	Coverage to provide assurance to the S151 Officer that robust systems of financial control are in place and being complied with.	October 2017	December 2017
General Ledger		November 2017	March 2018
Cash Collection + Management	Coverage will also meet External Audit / Regulatory requirements and any management concerns.	November 2017	March 2018
Debtors		November 2017	March 2018
Payroll		November 2017	March 2018
Capital Expenditure		December 2017	March 2018
Rent Accounts		December 2017	March 2018
Assets		December 2017	March 2018
Creditors		December 2017	March 2018
Annual Governance Statement	To assist the Council in the Production of the Annual Governance Statement for 2017/18. Advisory	March 2018	June 2018

Audit	Objective of the review	Timing	Audit Committee
Schools Financial Value Standard (SFVS)	To provide assurance to the Council on the appropriate completion of each school's SFVS. The audit will provide assurance that the Council has received a thorough assessment of each school to meet the requirements of the Education Funding Agency. This will include a review as to whether supportive information including Internal Audit opinions are consistent with the statements within each of the school's completed standards. Advisory	April 2017	June 2017
Schools	To provide assurance over the effectiveness of governance and financial management arrangements within schools. Assurance	April 2017 – March 2018	March 2018
Other Internal Audit Activity and coverage requested			
External Legal Costs and Options	To review the arrangements in place where the Council engages legal firms to provide ongoing legal advice and assistance. This will consider if the Council is achieving value for money, the other delivery models available to the Council by considering the delivery models in place within other local authorities. Advisory	April 2017	June 2017
Neighbourhood Enforcement	To be scoped with the Interim Strategic Director, RHR, however the audit will likely focus on the arrangements in place to ensure effectiveness of neighbourhood enforcement arrangements within the Council. Assurance	TBC	TBC
Use of the Pupil Premium	The review will look to provide assurance that income provided to schools in relation Pupil Premiums is being managed appropriately and evidence is held to demonstrate how this is being used. As part of the review we will also consider how the schools are reporting in this area. Assurance	May 2017	September 2017
Staff Establishment Changes	To review the processes over the changes to the staff establishment. To provide assurance that the Councils policies and procedures are appropriate, kept up to date and are being complied with. Assurance	December 2017	March 2018
Follow up (Quarterly)	To meet internal auditing standards, and to provide assurance on action taken to address actions previously agreed by management. We have agreed a new approach to this work in 2017/18 and we will therefore be undertaking regular quarterly assurance reviews over the accuracy of responses provided to the S151 Officer and his team and the reporting to the Audit and Corporate Governance Committee.	March 2018	June 2018

Audit	Objective of the review	Timing	Audit Committee
Management	This will include: Annual planning, Preparation for, and attendance at, Audit Committee, Regular liaison and progress updates, Liaison with external audit and other assurance providers Preparation of the annual opinion	April 2017 – March 2018	N/A
Management Meeting Attendance	Management Meetings (Risk Management Group, SMT, CMT, Berkshire Audit Group, Unitary and County County Head of Internal Audit Network, Schools Forum, Arvato and other meetings where attendance is requested).	April 2017- March 2018	N/A

APPENDIX B: INTERNAL AUDIT STRATEGY 2017 – 2020

Proposed area for coverage	Internal audit coverage	2017/18	2018/19	2019/20
Coverage to address key risks and negative opinions in 2016/17				
Risk Management	To review the effectiveness of the Councils Risk Management arrangements.	✓	✓	✓
Data Flow Mapping	To assist the Council in ensuring that data flows into and out of the Council are fully documented.	✓		
Information Governance – Follow Up	To provide assurance that weaknesses identified as part of our 2016/17 Information Governance audit have been addressed.	✓		✓
Budgetary Control	To review the effectiveness of budgetary controls procedures.	✓		✓
Fixed Penalty Notices	To review the processes for the collection and management of fixed penalty notices.	✓		
Amey Contract Management	To provide assurance over the management of the Amey contract.	✓		
Business Continuity Advisory Support	To provide advice and support to the Council to assist in the development of Business Continuity arrangements.	✓		
Voids Management	To provide assurance that effective controls are in place to enable the management of voids	✓		✓
Risk based assurance				
Governance	To provide assurance over the effectiveness of the Council's governance arrangements.	✓	✓	✓
Gold Projects	To ensure that effective systems are in place to ensure that delivery of the gold projects is effectively managed.		✓	✓
Data Protection Preparedness and compliance	To provide assurance that the Council has in place effective arrangements to meet the requirements of the new Data Protection Act and ensure ongoing compliance.	✓	✓	
Section 11 audits	To provide assurance that the Council are compliant with S11 audit requirements.		✓	✓
Educational Welfare Service	To provide assurance that robust procedures are in place for monitoring attendance of pupils and managing the service.	✓		
Gas Servicing	To provide assurance that effective controls are in place to ensure gas servicing regulations are being complied with.	✓		✓

Proposed area for coverage	Internal audit coverage	2017/18	2018/19	2019/20
Special Educational Needs Funding	To provide assurance that the use of this fund is being managed effectively	✓		
Five Year Plan – Performance Reporting	To provide assurance over the effectiveness of processes in place to ensure performance against the five year plan is being effectively monitored.	✓		✓
Equal Pay Review	To provide assurance that processes are in place to ensure the Council is complying with equal pay requirements	✓		
Whistleblowing and Greivances	To review the effectiveness of processes for the management of whistleblowing and greivances raised within and to the Council.		✓	
Appointment and Management of Consultants	To provide assurance that there are effective arrangements in place for the appointment and management of consultants .		✓	
Appraisals	To review the robustness of processes for conducting appraisals.		✓	
Partnerships	To review the effectiveness of key partnership arrangements.		✓	
New Facilities Contract	To review the effectiveness of controls in place over the management of the new facilities contract.	✓		
Housing Regulation	To provide assurance that the Council has effective processes in place to ensure compliance with housing regulations.	✓		✓
Implementation of the Adult Social Care Restructure	To provide assurance over the effectiveness of the implementation of the Adult Social Care Restructure.		✓	
Adult Social Care (ASC) Supervision	To provide assurance that procedures for adult social care supervision are being complied with.	✓		
Delayed Transfers of Care (DToC)	To review the effectiveness of arrangements within the Council for the management of delayed transfers of care.	✓		
Conflicts of Interest / Declarations Of Interest	To provide assurance that robust processes are in place to ensure that declarations of interest are obtained for all Councillors, Members and senior members of staff within the Council.		✓	
Policies and Procedures	To review the effectiveness of processes in place to ensure compliance with key policies and procedures		✓	
Sickness Absence and Reporting	To review the effectiveness of processes in place to ensure the management of sickness.		✓	

Proposed area for coverage	Internal audit coverage	2017/18	2018/19	2019/20
Overview and Scrutiny – Committee Effectiveness	To review the effectiveness of the operation of the Overview and Scrutiny Committee.		✓	
Appraisals	To provide assurance over the effectiveness of controls in place to ensure appraisals are undertaken annually.		✓	
Core Assurance				
Business Rates	Coverage to provide assurance to the S151 Officer that robust systems of financial control are in place and being complied with.	✓	✓	✓
Council Tax		✓	✓	✓
Housing Benefits		✓	✓	✓
Treasury Management	Coverage will also meet External Audit / Regulatory requirements and any management concerns.	✓	✓	✓
General Ledger		✓	✓	✓
Cash Collection and Management		✓	✓	✓
Debtors		✓	✓	✓
Payroll		✓	✓	✓
Capital Expenditure		✓	✓	✓
Rent Accounts		✓	✓	✓
Assets		✓	✓	✓
Creditors		✓	✓	✓
Annual Governance Statement	To assist the Council in the preparation of the Annual Governance Statement.	✓	✓	✓
Budget Setting	To review the effectiveness of arrangements for budget setting		✓	✓
Schools Financial Value Standard	Providing assurance to the Council on the appropriate completion of each school's SFVS.	✓	✓	✓
Schools	To review the effectiveness of financial controls in place for those schools still under the control of the Council.	✓	✓	✓
Data Assurance				
Cyber Security and Cyber Risk	To provide assurance over the effectiveness of the Council's arrangements for the management of Cyber Risk.			✓
Digitalisation	To provide assurance that the Council has in place to deliver its digitisation agenda.		✓	
Other Internal Audit Activity and coverage requested				
External Legal Costs and options	To provide advice to the Council in relation to options for the future structure of Legal Services.	✓		

Proposed area for coverage	Internal audit coverage	2017/18	2018/19	2019/20
Licensing	To provide assurance that controls are being followed to manage the changes from the issue of three year licences to five year licences		✓	
Neighbourhood Enforcement	To provide assurance over the effectiveness of arrangement for neighbourhood enforcement.	✓		
Training and Development	To ensure staff are adequately skilled and enhancing their skill set to make the best strategic decisions and to achieve the organisation's objectives.		✓	
Use of the Pupil Premium	To provide assurance that income provided in relation to the Pupil Premium is being managed effectively.	✓		
Free Courses	In line with Skills Funding Agency requirements, the Council has a statutory responsibility for providing free courses to the residents of Slough. Our review will provide assurance that the courses provided are in line with SFA guidance.		✓	
Staff Establishment Changes	To provide assurance that there are effective controls in place for the management of staff establishment changes.		✓	
Social Impact	To include coverage on how effectively the Council is at measuring social benefits. Determine what outcomes are most valued by your stakeholders and residents.		✓	
Housing Revenue Account	To provide assurance over the management of the housing revenue account.		✓	
Follow up (Quarterly)	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	✓	✓	✓
Management	This will include: Annual planning, Preparation for, and attendance at, Audit Committee, Regular liaison and progress updates, Liaison with external audit and other assurance providers Preparation of the annual opinion	✓	✓	✓
Management Meeting Attendance	Management Meetings (Risk Management Group, SMT, CMT, Berkshire Audit Group, Unitary and County County Head of Internal Audit Network, Schools Forum, Arvato and other meetings where attendance is requested).	✓	✓	✓

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Slough Borough Council. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the audit committee.

The internal audit service is provided by RSM Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. An overview of our client care standards are included at Appendix D of the internal audit strategy plan for 2017 – 2020.

The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core Principles for the Professional Practice of Internal Auditing
- Definition of internal auditing
- Code of Ethics; and
- The Standards

Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Partner Daniel Harris (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the chief executive, with further reporting lines to the Section 151 Officer.

The head of internal audit has unrestricted access to the chair of audit committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to Slough Borough Council. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Audit and Corporate Governance committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the audit committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Audit and Corporate Governance committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the audit committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the audit committee to demonstrate the performance of the internal audit service.

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Audit and Corporate Governance committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the audit committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Audit and Corporate Governance committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Fraud

The audit committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the audit committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the Audit and Corporate Governance committee is also approving the internal audit charter.

APPENDIX D: OUR CLIENT CARE STANDARDS

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee four weeks before the agreed start date
- The lead auditor to contact the client to confirm logistical arrangements two weeks before the agreed start date.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Two weeks after a debrief meeting a draft report will be issued by RSM to the agreed distribution list.
- Management responses to the draft report should be submitted to RSM.
- Within three days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

FOR FURTHER INFORMATION CONTACT

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