

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Audit and Corporate Governance Committee

**DATE:** 9<sup>th</sup> December 2021

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**WARD(S):** All

### **PART I** **FOR COMMENT & CONSIDERATION**

#### **INTERNAL AUDIT UPDATE – QUARTER 3 2021/22**

##### **1 Purpose of Report**

The purpose of this report is to Report to the Audit and Corporate Governance committee on:

- the progress of the implementation of internal audit management actions

##### **2 Recommendations**

This report recommends that the Audit and Corporate Governance Committee notes the ongoing improvements to the outstanding actions and comments on the report.

##### **3a The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan Slough Joint Wellbeing 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*

##### **3b. Five Year Plan Outcomes**

The actions contained within this report will assist in achieving all of the five year plan outcomes

#### 4. Other Implications

##### (a) Financial

There are no direct financial implications of the updates on the actions but resolution of the queries/issues will improve the Council's processes which underpins sound financial management, by way of example the Council's accounts and budget.

##### (b) Risk Management

<b>Risk</b>	<b>RAG Before Mitigation</b>	<b>Mitigation</b>	<b>RAG After Mitigation</b>
Failure to follow up on internal audit recommendation indicates poor governance and potentially exposes the Council to a wide variety of risks.	Red	Pro active officer risk and audit board meets monthly.  Pro active management of internal audit  Pro active management of responses to audit recommendations  Additional short term support being engaged to strengthen the process even further.	Red/Amber (currently, work over the coming months will improve this to Green)

##### (c) Human Rights Act and Other Legal Implications

There are no Human Rights Act or other legal implications in this report

##### (d) Equalities Impact Assessment

There is no identified need for an EIA

## 5. **Supporting Information**

### 5.1 **Improvements to the monitoring and completion of internal audit actions.**

The Council's response to agreed internal audit actions should lead to the strengthening of internal controls and the control environment. In turn this should contribute to the achievement of the organisation's objectives and assist the Council in managing its risks. Officers have continued to strengthen the arrangements for monitoring and verifying completion of audit actions and since the last Audit and Corporate Governance Committee have focused attention on:

#### 5.1.1 **Finalising 2021/22 Audits**

**There are 34 internal audit projects planned for 2021/22.**

- To date eight internal audit reports have been finalised this financial year.
- Seven internal audit reports have been received in draft (as at 30 November) and are being considered by management;
- Council officers are working with internal audit to ensure that reports are finalised within two weeks of issuing the draft report.
- 63 new recommendations have been made in 2021/22 reports. 29 have been completed, 31 actions are not yet due and 3 are overdue. 25 actions are not due until 2022, the remaining actions need to be completed by the end of the financial year

There are a further 26 internal audit projects within the IA plan that need to be completed before the year end. Officers continue to have regular dialogue with IA regarding the content and scope of these audits. Any changes to the plan will be shared with the Committee.

#### 5.1.2 **Completion of Internal Audit actions**

Considerable progress has been made in completing actions since the last meeting of the Committee.

The process for monitoring and evidencing closure of recommendations has been strengthened by prioritising the closure of actions that are due or overdue, and receiving appropriate documentation as evidence of an action being completed. The key changes to note are:

- All actions have been added to an overarching monitoring spreadsheet and are being monitored by the Group Manager – Commercial who:
  - Obtains regular updates from action owners
  - Meets with executive directors and associate directors on a regular basis to obtain responses
  - Escalates items through the officer risk and audit board where appropriate
  - Liaises with schools in collaboration with the group manager for schools effectiveness

- Evidence of actions completed is being obtained and quality assured by group manager commercial, and retained for use in follow up audits.
- The status of internal audit actions is being monitored weekly and is showing significant progress in terms of completion.
- There are now 179 actions or 70 per cent (including 13 actions deemed to be no longer relevant) completed from a total of 254 recommendations due for completion.
- The number of completed actions has more than doubled since the September meeting from 65 to 179.
- 57 per cent of high risk actions due have been completed and 47 per cent of medium risk actions due have been completed. In addition, 57 per cent of low risk actions due have also been completed.
- Concerted efforts are being made by officers to further reduce the number of outstanding recommendations.

In order to prioritise and manage progress the status is now being reported by the year the audit was undertaken, rather than when the management action is due to be completed.

#### Overall Position as at 1 December 2021

Status	Total Actions	High	Medium	Low
Not Due	85	10	48	27
Overdue	75	4	35	36
TBC	0	0	0	0
Complete	179*	19	76*	84*
<b>Total</b>	<b>339</b>	<b>33</b>	<b>159</b>	<b>147</b>

\*includes no longer relevant

#### Analysis by Year

Status	2021/22			Previous years		
	Total Actions	High	Medium	Total Actions	High	Medium
Not Due	31	2	19	54	8	29
Overdue	3	1	2	72	3	33
TBC	0	0	0	0	0	0
Complete	29	2	11	150*	17	65*
<b>Total</b>	<b>63</b>	<b>5</b>	<b>32</b>	<b>276</b>	<b>28</b>	<b>127</b>

\*includes no longer relevant

### **5.1.3 Governance and monitoring of management actions**

- The risk and audit board monitors outstanding internal audit actions and has representation across directorates who take responsibility for ensuring actions are implemented and closed in a timely way.
- Attached at Appendix 1 is a list of the 'medium' and 'high' management actions that are classified as still open against the new target dates and remain outstanding past the target date.

## **5.2 Outstanding Management Actions**

5.2.1 Progress on the implementation of all management actions made is regularly monitored, priority is focussed on high and medium rated actions, as well as those audits where a partial or no assurance opinion was given.

5.2.2 The committee should note that work to clear actions from previous financial years is also being given priority, and should also note that there are some management actions that relate to some key improvements that will take some time to implement, for example, the actions associated with the council's commercial companies.

## **6. Comments of Other Committees**

There are no comments from other Committees

## **7. Conclusion**

Members note the reports

## **8. Appendices Attached**

Appendix 1 – Details of outstanding Medium and High agreed management actions

## **9. Background Papers**

None