

Slough Borough Council

Report To:	Audit and Corporate Governance Committee
Date:	28 th September 2022
Subject:	Internal Audit Action Tracking Report – End of Quarter 2 2022/23
Chief Officer:	Steven Mair – Director of Finance and Resources (S151)
Contact Officer:	Clare Priest – Group Manager Commercial
Ward(s):	All
Exempt:	No
Appendices:	Appendix 'A' - Details of all high outstanding agreed management actions by directorate

1. Summary and Recommendations

- 1.1 This report sets out the progress of the implementation of internal audit management actions

Recommendations:

The Audit and Corporate Governance Committee is recommended to note the ongoing improvements to the outstanding actions and comment on the report

Reason:

The Council's response to agreed internal audit actions should lead to the strengthening of internal controls and the control environment.

Commissioner Review

The report was reviewed by Commissioners who had no specific observations to make.

2. Report

Introductory paragraph

- 2.1 The Council's response to agreed internal audit actions should contribute to the achievement of the organisation's objectives and assist the Council in managing its risks. Officers have strengthened the arrangements for monitoring and verifying completion of audit actions.

Background

- 2.2 Since the last committee meeting progress has been made in the following areas:
- 2.2.1 **Internal Audit Plan 2022/23**
The internal audit plan 22/23 was presented to the July committee. It is agile to reflect changes in circumstances, including plans develop an in-house internal audit function. There seven audits currently underway according to the plan.

2.2.2 Finalising 2021/22 Audits

There were 34 internal audit projects planned for 2021/22.

- To date 22 internal audit reports have been finalised the last financial year (including follow up audits).
- 230 new recommendations have been made in 2021/22 reports, 44 are High, 117 are medium and 69 are low. 93 have been completed, 76 actions are not yet due and 61 are overdue.
- Officers continue to have regular dialogue with Internal Audit regarding the content and scope of these audits. Any changes to the plan will be shared with the Committee.

2.2.3 Completion of Internal Audit actions

- All internal audit actions have been reviewed by actions owners and executive directors, including actions that a deemed not relevant due to changes in circumstances. Actions from previous year's audits are also reviewed to ensure they are more relevant to the service area.
- The action tracker has been reviewed and updated to reflect the senior management restructure and the change in directorates.
- Progress is being made closing actions on the tracker. Evidence of actions completed is obtained and quality assured by group manager commercial, and, retained for use in follow up audits.
- High rated actions are being given priority and are reviewed monthly by the council's finance board.

2.2.4 The status of audits for the previous financial years is as follows:

Totals	Total	High	Medium	Low
Not Due	2	0	2	0
Overdue	39	0	26	13
Complete*	235	28	99	108
Total	276	28	127	121

*includes actions that are no longer relevant or closed as duplicates

- Progress has been made in closing down management actions from previous financial years. There are now 235 actions or 85 per cent completed from a total of 276 actions.
- There has been an improvement in this position since the last report to the committee, completed actions have increased from 213 to 235 actions.
- No high rated actions are outstanding.

2.2.5 The status of audits for the last financial year 2021/22 is as follows:

Totals	Total	High	Medium	Low
Not Due	76	14	47	15
Overdue	60	14	30	16
Complete	94*	16	40	38*
Total	230	44	117	69

*includes actions that are no longer relevant or closed as duplicates

- There are now 94 actions or 40 per cent completed from a total of 230 actions, note 33 per cent of actions are not yet due for completion.
- The number of management actions has increased from 165 to 230 in the last financial year as audits are finalised.
- There has been an improvement in this position since the last report to the committee, completed actions have increased from 78 to 94 actions.

2.2.6 The overall position as at 12th September 2022 is as follows:

Totals	Total	High	Medium	Low
Not Due	78	14	49	15
Overdue	99	14	56	29
Complete*	329	44	139	146
Total	506	72	244	190

*includes actions that are no longer relevant or closed as duplicates

- There are now 329 actions or 65 per cent (including 28 actions deemed to be no longer relevant or duplicated) completed from a total of 506 recommendations due for completion.
- The number of completed actions has increased since the last meeting from 291 to 329.
- 61 per cent of high risk actions due have been completed and 56 per cent of medium risk actions due have been completed. In addition, 76 per cent of low risk actions due have also been completed.

2.2.7 Governance and monitoring of management actions

- Outstanding internal audit actions are being actively monitored on a regular basis including reporting into corporate leadership team.
- Attached at Appendix A is a list of all high rated outstanding management actions broken down by directorate and service area.

3. Implications of the Recommendation

3.1 Financial implications

- 3.1.1 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.

3.2 Legal implications

- 3.2.1 There are no direct legal implications resulting from this report.

3.3 Risk management implications

- 3.3.1 Failure to follow up on internal audit recommendation indicates poor governance and potentially exposes the Council to a wide variety of risks. The risk is currently rated as Amber with the following mitigations in place.
- 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.

3.3.2 Actions to turn the risk to Green in the 2023/24 financial year are as follows:

- recruitment of an in house internal audit team
- continued pro-active monitoring and closure of management actions
- review of processes associated with the monitoring and management of actions with the newly recruited in house team

3.4 Environmental implications

3.4.1 There are no direct environmental implications resulting from this report

3.5 Equality implications

3.5.1 There is no identified need for an equality impact assessment

4. Background Papers

None