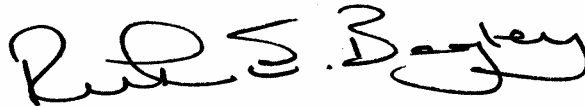


Date of issue: 4th September 2009

MEETING	AUDIT COMMITTEE (Mr A Kwatra(Chair), Councillors Chohan, Dale-Gough, Haines, Mann and Small)
DATE AND TIME:	MONDAY, 14TH SEPTEMBER, 2009 AT 6.30 PM
VENUE:	COMMITTEE ROOM 2, TOWN HALL, BATH ROAD, SLOUGH
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	CLAIRE GRAY 01753 875120

NOTICE OF MEETING

You are requested to attend the above Meeting at the time and date indicated to deal with the business set out in the following agenda.



RUTH BAGLEY
Chief Executive

NOTE TO MEMBERS

This meeting is an approved duty for the payment of travel expenses.

AGENDA

PART 1

AGENDA
ITEM

REPORT TITLE

PAGE

WARD

Apologies for absence.



<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
1.	Declarations of Interest		
2.	Minutes of the last meeting held on 1st July 2009	1 - 4	All
3.	ISA260 Report - Audit Commission	To be tabled	All
4.	Council's Use of Resources - Audit Commission	To be tabled	All
5.	Work of Internal Audit - 1st Quarter 2009/10	5 - 24	All
6.	Date of the Next Meeting		
	- Thursday, 3 rd December, 2009		

Press and Public

You are welcome to attend this meeting which is open to the press and public, as an observer. You will however be asked to leave before the Committee considers any items in the Part II agenda. Special facilities may be made available for disabled or non-English speaking persons. Please contact the Democratic Services Officer shown above for further details.

Audit Committee – Meeting held on Wednesday, 1st July, 2009.

Present:- Mr Kwatra (Chair), Councillors Chohan, Dale-Gough, Haines and Mann

PART 1

1. Election of Chair

Resolved – That Mr Kwatra be appointed Chairman for the municipal year 2009/2010.

2. Election of Vice-Chair

Resolved – That Councillor Dale-Gough be elected as Vice-Chairman for the municipal year 2009/2010.

3. Declarations of Interest

None were received.

4. Minutes of the meeting held on 12th March 2009

The minutes of the last meeting held on 12th March 2009 were approved as a correct record.

5. Terms of Reference of the Audit Committee

Details of the terms of reference for the Audit Committee were outlined. A Member queried whether membership of the committee would be affected if they also served on the Overview and Scrutiny Committee. It was clarified that in order to promote the independence of the Committee cross membership between the Overview and Scrutiny Committee and Audit Committee was limited to a maximum of two members.

Discussion regarding the procedure in terms of the Committee's role in challenging and checking the Annual Governance Statement (AGS) prior to adoption by the Council was raised. The Head of Internal Audit and Risk Management (HoIA&RM) advised that any concerns raised by the Committee would be incorporated in the annual performance report submitted to Council. It was noted that future meetings of the Committee and Council be scheduled in order to allow the AGS to be considered by the Committee prior to adoption by the Council.

It was requested that the Anti-Fraud and Corruption Policy be reviewed at the next meeting of Committee.

Resolved – That the Terms of Reference be noted.

6. Quarter 4 Internal Audit Update

The HoIA&RM outlined a summary of the work carried out by internal audit for Members consideration, highlighting that 14 days had been deleted from the Audit Plan work programme. Specifically, 10 days had been deleted from the scheduled audit of the elections service. It was explained that this would be carried forward to 2009/10 and carried out following the elections in May 2010.

It was brought to Members attention that an audit of the electoral registration service had received an unassigned assurance level and that six recommendations had been suggested to improve the performance and administration of this service. The Borough Secretary explained that the electoral registration system was considered inadequate on a national level and that he had written to the Electoral Commission regarding these concerns. Specifically, it was recommended that a full electoral register canvass be carried out for the Borough. Members were informed that a report was due to be submitted to the meeting of Council in July regarding securing funding that would enable this exercise to be carried out. In addition, extra short term funding was being sought to allow extra individuals to be employed between January and May to check late applications. It was noted that where there were more than eight individuals registered in a single property then this would be investigated further.

Committee Members were informed that an audit had also been undertaken with regard to the adequacy of the governance and financial arrangements in all schools in Slough.

Resolved – The internal audit quarterly update was agreed after discussion and challenge and Members endorsed the principle of short term funding to action the recommendations proposed for the electoral registration service.

7. Annual Head of Audit Opinion 08/09

Members were informed that from the internal audit work undertaken in 2008/09 the HoIA&RM could provide reasonable assurance that the system of internal control that was in place at Slough Borough Council was in accordance with best practice. However, a number of areas where improvements could be made were highlighted and included:

- **Mobile Telephones:** The audit of mobile phones found that there were no reliable internal controls or guidance for users and no assurance was given that the systems of control in place regarding mobile phones was adequate. It was noted that a number of recommendations had been made, including the implementation of a written policy regarding the allocation and usage of mobile phones. A Member suggested that the written policy be formulated by the HR Department even though current responsibility for mobile phones was within the IT department.

Audit Committee - 01.07.09

- Longcroft Residential Home: The review revealed that adequate financial controls were not in place. It was brought to Members attention that although Longcroft Residential Home was in the process of being closed, the recommendations made as a result of the audit would be shared with other residential homes to ensure adequate financial controls were implemented.
- Handyman Scheme: No monitoring or evaluation of the handyman service provided by Age Concern. Five recommendations made to improve administration of the scheme.

Resolved – The Annual Head of Audit Opinion 2008/09 was agreed after discussion and challenge.

8. Annual Governance Statement

Details of the Annual Governance Statement were outlined for members consideration. It was explained that the governance framework comprised of systems and processes to enable the Authority to monitor the achievement of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate, cost-effective services.

The HoA&RM explained that following meetings of the annual Governance Working Group significant governance issues had been grouped into three themes:

- Projects/Partnerships
- Staffing
- Provision of Services

A Member requested that a comprehensive list of who the Authority worked in partnership be provided and that definition of 'partnership' be provided. It was noted that partnership working was one of the areas that was regularly reviewed in order to monitor who was liable for the responsibilities within the partnerships that had been set up.

Resolved – Details of the Annual Governance Statement were agreed after discussion and challenge.

9. Slough 08-09 Audit Plan Refresh (Audit Commission)

Mark Atlow from the Audit Commission reminded Members that the Audit Plan was agreed by Council in April 2008. However, this had now been updated to ensure that the work carried out remained proportionate and risk based. In particular the following points were highlighted:

- Financial Health and Partnership Working: An East Berkshire cross sector review had been conducted looking at the management of health and social care pressures.

Audit Committee - 01.07.09

- Health Inequalities: An East Berkshire cross sector review had been conducted looking at arrangements for reducing health inequalities.

It was noted that the findings of the above reviews had been reported to the Local Strategic Partnership Board. Members requested that the reports be considered at the next committee meeting.

Areas of audit risks were outlined, which included that the Council had weak controls over authorisation of journals. The proposed responses to these specific issues were noted.

Resolved – That details of the Audit Plan 2008/09 Refresh be noted.

10. Slough 09-10 Audit Fee Letter (Audit Commission)

Details of the audit work proposed for 2009/2010 were outlined together with the proposed audit fee. It was noted that the proposed fee was 23% above the scale of fees 2009/2010. Responding to a member query relating to whether the service provided value for money, Mark Atlow stated that there had been a fee increase due to a number of reasons, including the fact that the Council was entering into an arrangement with two other councils for the provision of shared back office services. It was explained that whilst this could offer significant economies of scale, service performance, business continuity and contractual risks still needed to be managed.

Resolved – That details of the Slough 2009/10 Audit fee Letter be noted.

11. Slough 09-10 Inspection Fee Letter

Members were informed of the assessment and inspection work proposed by the Audit Commission for the financial year 2009/2010 at Slough Borough Council. Three main areas of work were noted as:

- Area assessment of local partnership
- Managing performance theme of organisational assessment
- Benefits Service inspection.

Members were informed that the total indicative fee for inspection for 2009/10 was £18,293 and that the inspection fee had been set in accordance with the Audit Commission's work programme and scale of fees 2009/10.

Resolved – That details of the Inspection Fee Letter be noted.

12. Date of the next meeting

Monday 14 September 2009.

Chair

Audit Committee - 01.07.09

(Note: The Meeting opened at 6.30 pm and closed at 10.10 pm)

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Audit Committee

WORK OF INTERNAL AUDIT – FIRST QUARTER 2009/10

Report by: Head of Audit and Risk Management

Summary

The Head of Audit and Risk Management produces a quarterly summary of the work of Internal Audit.

This summary consists of a narrative in which the Head of Audit and Risk Management informs the Audit Committee of significant issues.

In addition to the narrative key matters are attached in the following statements:

- Statement 1:** Comparison of allocation and use of resources – to 30 June 2009
- Statement 2:** Performance Indicators for quarter ending 30 June 2009
- Statement 3:** Summary of Audit Reports Issued in Quarter 1 2009/10
- Statement 4:** Audit Reports experiencing delay in implementation
- Statement 5:** Position on contingency audits/irregularity reviews up to 30 June 2009
- Statement 6:** Irregularities finalised in 2009/10
- Statement 7:** Risk Management Update
- Statement 8:** Annual Governance Statement

1 Head of Audit and Risk Management – Significant Issues

1.1 The audit plan continues to be risk based and as part of this process the Head of Audit meets with Directors and 2nd tier officers and discusses the following areas to inform the Audit Plan:

- Key risks
- Risk Management and Risk Registers

1.2 The Head of Audit continues to monitor the risks in the organisation and update the Audit Plan to reflect changing priorities. Any changes in the plan are reported to the Audit Committee.

1.3 Part of this process is the continuing identification of risk areas by ongoing consultation with relevant staff across the organisation and inclusion of high risk areas in the audit plan.

1.4 The 2009/10 Audit Plan was agreed in March 2009 and had 1209 auditable days allocated across the organisation. In quarter one 43 audit days have been added and 56 days have been deleted. The plan currently has 1196 auditable days. The list of added and deleted items is provided in the table below.

Audit Description	Audit Days	Status	Comments
IT Business Continuity	7	added	Audit added as this area is now ready to be audited
Members Allowances	2	added	Days added to initial 5 day allocation to allow work to be completed
Planning Policy & Projects	2	added	As above
Cippenham Library	6	added	Replace combined Libraries Audit
Langley Library	6	added	As above
Youth Service	10	added	Replacement to deleted Music Service Audit
FMSiS	10	added	Management of the Financial Management Standard in Schools assessment process
Cippenham & Langley Libraries	10	deleted	Need to be audited as separate entities
Cippenham Library	6	deleted	Libraries to be assessed by AD

Audit Description	Audit Days	Status	Comments
Music Service	10	deleted	Satisfactory assurance in 2008/09 replaced by Youth Service
West Wing	10	deleted	Facility to be closed
SMT Priorities	10	deleted	10 days allocated to FMSiS management
Britwell Library	10	deleted	Libraries to be assessed by AD
Net change	13	deleted	

Staffing

1.5 The Head of Audit and Risk Management has four key areas of responsibility:

- Internal Audit
- Risk Management
- Insurance
- Health and Safety

1.6 The Head of Audit is also leading on Business Continuity with the aim of handing over responsibility once the process is in place.

Internal Audit

1.7 The Internal Audit section consists of two audit manager posts and seven auditor posts. The section is currently carrying vacancies for one audit manager and one and a half auditors.

1.8 The vacancies are being covered by a partnering arrangement with Deloitte and Touche (D&T). The appointment of D&T was agreed by both the procurement and legal section in Slough BC for 2008/09. For 2009/10 the Director of Resources agreed the use of D&T through a framework agreement with the London Borough of Croydon.

1.9 D&T have a robust quality review process in place. A review of the partnering arrangement with D&T was carried out in April 2009. This review determined that the partnering arrangements with Deloitte provide access to scarce expertise and also provides good value for money.

1.10 A specific number of audits have been allocated to D&T covering both General Audits and IT audits.

Insurance

- 1.11 In 2008/09 the insurance section comprised of an insurance and risk manager and an insurance assistant. A business process re-engineering exercise has been carried out and this has enabled the section to be restructured. The effect has been to delete the post of the insurance assistant. The impact on workloads will be kept under review to ensure that service levels for the organisation are maintained.
- 1.12 The impact on the delivery of Risk Management services will be particularly important and I will update the Audit Committee during the 09/10 financial year.

Health and Safety

- 1.13 In 2008/09 the section comprised three full time posts and one part time post. The full time posts were the Senior Health and Safety advisor, one Health and Safety advisor and one Health and Safety Trainee. The part time post was that of a health and safety advisor.
- 1.14 As part of efficiency savings the section has been restructured with the deletion of the Senior Health and Safety advisor and the Health and Safety trainee posts. A post of Health and Safety Manager has been created with a wider corporate remit.

Counter Fraud arrangements

- 1.15 Internal Audit has taken a number of steps to ensure that counter fraud arrangements in Slough Borough Council are effective. These include both proactive and reactive anti fraud arrangements.

Training

- 1.16 In May 2009 SBC purchased an electronic antifraud training package to further raise antifraud awareness amongst staff. The training package is web based and highlights
- staff and management responsibilities in respect of fraud
 - how to combat fraud and create an anti fraud culture
 - how to detect potential fraud and
 - what actions to take if fraud is detected.
- 1.17 The training package tutorial takes approximately 30 to 40 minutes to complete and is followed by a test of knowledge. A log is kept of those employees who have completed the test and the system will be rolled out in quarter two.

Policy Updates

- 1.18 The anti fraud and corruption policy was updated in March 2009 and was approved by CMT on 01/04/09. The fraud response plan was also approved by CMT on 01/04/09. These documents outline the roles and responsibilities of officers and members and the actions they should take in the event of a fraud occurring.

Anti Fraud Plan

- 1.19 The audit work carried out by Internal Audit and the work carried out by the Housing Benefit Fraud Unit contribute to the anti fraud arrangements in the organisation. These activities will be identified and brought together in one document to enable further clarity in respect of anti fraud work being carried out. This will be brought to the next audit committee as an “anti fraud plan”

Corporate Fraud Unit

- 1.20 The principle of the formation of a corporate fraud unit has been agreed at Audit Committee and is being jointly pursued by the Head of Audit and the Head of the Housing Benefit Fraud Unit.
- 1.21 In order to strengthen the anti fraud arrangements in the Council, the Head of Audit and the Head of the Housing Benefit Fraud Unit have been discussing the possibility of creating a Corporate Fraud Unit. Two key elements have brought this to the forefront for consideration.
- 1.22 Firstly the removal of the central government performance indicator BVPI76 which measured the number of sanctions taken against Housing Benefit fraudsters. This means that the Housing Benefit Fraud Unit (HBFU) will set its own target internally. Although the HBFU may keep the performance indicator at the same level, or indeed increase it, there is an option to reduce it.
- 1.23 Secondly there have been changes in the National Fraud Initiative (NFI). The NFI collates information from various public bodies and compares data to identify potential fraudulent or duplicate claims and applications for a variety of Council services. The information is also used by Revenue and Customs to detect unidentified tax liabilities and instances of tax evasion.
- 1.24 The broadening of the NFI and the removal of BVPI76 provide the opportunity to consider reprioritising the resources of both the HBFU and Internal Audit. The results of the NFI matches were due to be produced in January 2009 and the Head of Audit and Head of the HBFU were intending to review the matches at that time and determine whether a corporate fraud approach would be beneficial. The key criteria will be the number of matches and whether the expertise of the HBFU and Internal Audit will be better applied to examining these matches or whether officers in the areas effected should take the matches forward.
- 1.25 The categories covered by NFI are listed below. The last three areas relating to Transport passes, Insurance claimants and Licences were new in 2008/09. The data for Council Tax and Electoral Registration is also new this year and was subject to legal review prior to being provided. This data was provided at the end of January 2009.
- Payroll and pensions payroll
 - Trade creditors' payment history and standing data
 - Housing
 - Housing benefits
 - Council tax
 - Electoral register

- Students eligible for a loan
- Private supported care home residents
- Transport passes and permits (including residents' parking, blue badges and concessionary travel)
- Insurance claimants
- Licences - Market trader/operator, Taxi driver and (new) Personal licences to supply alcohol

- 1.26 The complete set of NFI results were received in May 2009. An initial review of the NFi matches showed that there were 3,734 matches of which 2,948 were high level matches.
- 1.27 The potential for the formation of a corporate fraud unit will be examined after the outcomes of the initial review of the NFi matches has been carried out and will be reported to the audit committee.

IT Audit

- 1.28 The Head of Audit and Risk Management is a qualified "Certified Information Systems Auditor". However, the Internal Audit section currently lacks auditors with an expertise in IT audit. This is an area where suitable expertise is scarce and the use of a partnering arrangement provides best value for money.
- 1.29 An 'IT audit needs assessment' was carried out to identify all areas of risk in IT and to provide an allocation of audit days for each area. The remit of this work deliberately did not take into account available resources or funding to carry out the identified areas of work and consequently 165 audit days were identified for 08/09 and 155 audit days for 09/10.
- 1.30 The Head of Audit has reviewed the audits identified through the IT audit needs assessment and prioritised these over a three year period. The allocation for 2008/09 was 68 days and the allocation for 2009/10 is 81 days of IT audit.

Audit methodology

- 1.31 All staff have received appropriate in house training and operate using a risk based audit methodology. One to one coaching continues on a regular basis to ensure quality of audits.
- 1.32 An electronic audit package, to supplement the risk based audit methodology, had been identified. It was hoped that this would integrate time recording and management information and will reduce administration time within the Internal Audit section thus further enhance the productivity of the audit section and provide a more focussed audit service.
- 1.33 The previously identified audit package is still in development. The Head of Audit has viewed a demonstration of an alternative electronic audit package and has attended a training session with an organisation who have purchased the product.
- 1.34 The purchase and introduction of the electronic audit package is now on hold waiting for the shared service development. The introduction of the electronic

audit package is likely to be introduced after shared services has been further developed.

External Audit

- 1.35 Internal Audit continue to work closely with the Councils external auditors i.e. the Audit Commission. Regular meetings are held between the Strategic Director of Resources, the Director of Improvement and Development, the Head of Audit and representatives from the Audit Commission.
- 1.36 Key areas of concern or good practice are shared and highlighted. Planned work is discussed and this aids a coordinated approach to audit work across the organisation and avoids duplication.
- 1.37 The detailed work carried out by Internal Audit is discussed at regular meetings between the Head of Audit, the Audit Manager and the Audit Commission. At these meetings the work required is discussed and agreement reached on who will carry out the work, the timings of the audits and how best to reduce the inspection burden on auditees.
- 1.38 These meetings ensure that assurance is taken and provided wherever possible with clear protocols of work.
- 1.39 This process has worked extremely well and the working relationship between the Internal Audit section and the Audit Commission remains strong and productive.

Effectiveness of Internal Audit

- 1.40 The effectiveness of Internal Audit is reviewed throughout the year using feedback forms from auditees and by actively seeking feedback from Directors and Assistant Directors in respect of Internal Audit performance.
- 1.41 The Audit Commission carried out a review of Internal Audit in 2007 and all recommendations from that report have now been implemented and reviewed by the Audit Commission.
- 1.42 Internal Audit have also carried out a self assessment using the CIPFA code of Internal Audit practice checklist. Areas for improvement have been identified and addressed.
- 1.43 Internal Audit and Risk Management have also been independently reviewed as part of the CIPFA Financial Model framework. The results are awaited and any areas for improvement will be reported to the Audit Committee together with an action plan for implementation.
- 1.44 It is proposed to carry out a peer review with a neighbouring authority in 2009/10

Financial Management System in Schools (FMSiS)

- 1.45 The FMSiS programme started in 2006/07 and required a judgement to be made on all Secondary, Primary and Special schools in respect of the adequacy of the governance and financial arrangements in each school.
- 1.46 The judgements on the adequacy of the arrangements in place at schools can only be made by approved assessors of which the Internal Audit section is one.
- 1.47 There are 41 secondary, primary and special schools in SBC and these should all be accredited by the end of the 09/10 financial year.
- 1.48 To date 29 schools have been accredited as having successfully reached the required standard.
- 1.49 Five schools have been judged as not yet having achieved the standard required for accreditation and both Internal Audit and Education Finance are actively assisting the schools to address the identified weaknesses.

STATEMENT 1

Comparison of allocation and use of resources to 30 June 2009

	ANNUAL AUDIT PLAN ALLOCATION - ORIGINAL	ANNUAL AUDIT PLAN ALLOCATION - LATEST	ACTUAL USED TO END OF QUARTER 4	
			Days	%
PLANNED AUDITS				
Fundamental (Core) Systems Audits	392	392	11	3
Non-Core Systems Audits	743	723	117	16
IT Audit	74	81	0	0
TOTAL PLANNED AUDITS:	1209	1196	128	11
OTHER AUDIT WORK				
Old Year Audits	10	10	11	110
Follow Ups	40	40	21	53
Contingency Audits	42	55	7	13
Investigations	40	40	4	10
TOTAL OTHER AUDIT WORK	132	145	43	30
TOTAL AUDIT DAYS				
OTHER CHARGEABLE				
Chargeable Management	324	324	31	10
TOTAL CHARGEABLE DAYS	324	324	31	10
AUDIT MANAGEMENT & ADMIN				
Non Chargeable Management	76	76	11	15
Management Information/Admin	121	121	30	25
TOTAL MANAGEMENT & ADMIN	197	197	41	21
LEAVE & TRAINING				
Statutory Leave	80	80	20	23
Annual Leave	309	309	70	25
Special Leave	145	145	65	45
Sick Absence	80	80	2	3
Professional Training	124	124	4	3
TOTAL LEAVE & TRAINING	738	738	161	22
TOTAL STAFF DAYS	2600	2600		

STATEMENT 2

Performance Indicators for quarter ending 30 June 2009

Planned work

	Current Quarter	Year to 30.06.09
	%	%

Proportion of planned audit work completed	4	4
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In addition, during the first quarter of 2009-10, 20% of the plan was work in progress

Recommendations

Recommendations:	Made	Agreed	Proportion agreed
Current years audits			
Quarter	11	11	100%
Year	11	11	100%

Follow-up responses received*

Recommendations			
	Agreed	Implemented	Proportion implemented
Quarter	26	13	50%
Year	26	13	50%

* NB: statistics of recommendations implemented are based on a six month follow up review after the issue of a final report. Also note that some recommendations may not have been due for implementation within 6 months of the issue of the final report.

Survey results received

	Quarter	Year to 30.03.09
	Proportion	Proportion
Good		
Satisfactory		
Poor		
Unsatisfactory		

No survey forms were received in the quarter.

STATEMENT 3

Summary of Audit Reports Issued in Quarter 1 2009/10

The following Audits received a Satisfactory Assurance

- Langley Library
- Youth Service
- Supporting People Grant Certification
- Libraries IT

No audits received limited assurance

Recommendations not implemented

- 3.1 In the first quarter of 2009 /10 thirteen of the twenty six recommendations followed up were not implemented. These are outlined below:

Appointeeship & Deputyship

- 3.2 The Appointeeship system enables someone else to receive and administer social security benefits or pension on behalf of mentally incapable persons.
- 3.3 The Deputyship system enables someone else to protect and control the administration of property and finances of persons who, through mental disorder are incapable of managing their own affairs, via the Court of Protection.
- 3.4 Nine recommendations were made. Five have been implemented. Four recommendations have not been implemented as a restructure of the section is currently taking place. These relate to
- Documentation of Guidance (significant)
 - Succession planning (medium)
 - Benchmarking (medium)
 - Investigating one account balance (medium)

Environmental Services

- 3.5 Environmental Services deal with direct service provision of services to the public, mostly under a contract with Accord. This review focussed on the street cleansing programme, and client-side monitoring.
- 3.6 Three recommendations were made none of which have been implemented. These relate to
- Assurance of the completeness of the street cleansing programme (medium)
 - Inclusion of newly adopted streets into the programme (medium)
 - Assurance that all remedial works are recorded (medium)
- 3.7 Each was noted as work in progress to be followed up at the end of September 2009.

Physical Disability

- 3.8 Care & support is given to those with severe and continuous disability and have been registered as physically disabled, including sensory disability.
- 3.9 Two recommendations were made neither of which has been implemented. These relate to
- Ensuring that annual reviews of client needs are carried out (significant)
 - Periodic client satisfaction surveys to be carried out (medium)

Baylis Court Nursery

- 3.10 Baylis Court Nursery provides education for young children aged three to five years. Although nursery schools are not yet subject to the Financial Management Standard in Schools (FMSiS) assessment process, the audit focussed on the governance, administrative and financial arrangements of the school to ensure it met the minimum standards required by the Government defined in the FMSiS.
- 3.11 Ten recommendations were made, two of which have not been implemented. These relate to
- Governors completion of their competency self-evaluations (medium)
 - Governing body internal control self-assessments (medium)

Honoraria and Acting-up Allowances

- 3.12 Honoraria payments are one off payments made to employees in recognition of temporarily undertaking extra work outside of and above the scope of their post.
- 3.13 Acting-up arises where an employee temporarily undertakes duties of a higher graded post for at least four weeks.
- 3.14 Three recommendations were made. One, relating to Honoraria, has been implemented. Two relate to Acting-up which are
- All acting up opportunities should be advertised internally and externally (medium)
 - The adverts should be retained on the successful candidates file (medium)
- 3.15 As there have not been any acting-up opportunities in the six month review period we cannot confirm whether these two recommendations have been implemented. We will follow these up again in six months.

STATEMENT 4

Audit Reports experiencing delay in implementation

4.1 Outstanding Follow ups

Audit no and title	Department name	Final report issued	Follow-up Due
Advisory Service	Education & Children's Services	28/10/08	30/03/09
Communications News	Resources	03/07/08	30/01/09

Note: Follow up of recommendations is carried out with every audit and/or after 6 months.

4.2 Outstanding drafts (update 2009/10)

Audit title	Department name	Draft sent	Contact name

There are no draft reports for which we are awaiting a response

STATEMENT 5

Position on contingency audits/irregularity reviews up to 30 June 2009

5.1 Contingency Audits

Description	Total Days to 31/03/09	Current position
Housing Management Information system	1.0	On-going

5.2 Irregularity review

Description	Total Days to 31/03/09	Current position
Potential Financial Irregularities at Longcroft residential home	15.0	Internal Audit Investigation completed. Currently liaising with Police
Overpayment to Care leaver	1.0	Initial report and recommendations issued. Awaiting a response to finalise the report
ALMO investigation	6.0	Allegation of failure to follow procedures in appointing agency staff
Allegation of Personal business being managed from SBC premises	2.0	Management investigation currently underway following Internal Audit advice

STATEMENT 6

Irregularities finalised in 2009/10

E-mail abuse complaint in CWB directorate

- 6.1 An offensive email was sent an employee of Slough Borough Council to another employee of Slough Borough Council. After investigation it was found that the email originated from a personal e-mail account rather than a work account.
- 6.2 The officer concerned was reminded of the email policy and no further action was taken

Query on payment card usage

- 6.3 A number of payments made using a payment card issued to the Creative Academy Co-ordinator in the Community & Wellbeing Directorate were identified as potentially personal rather than business.
- 6.4 An investigation showed that all the payments identified were made for business and that a management trail existed for each one.
- 6.5 It was further established that where appropriate, the suppliers had been invited to apply for inclusion on I-Proc so that the card would not need to be used in future for similar purchases.

STATEMENT 7

7 Risk Management Update

- 7.1 This update report focuses on
- the framework in place for updating Senior Management on Risk Management developments and issues
 - the key actions taken in the quarter April 2009 to June 2009
 - the proposed actions for the quarter July 2009 to September 2009
 - the actions taken to mitigate the risks identified within the Corporate Risk Register
 - relevant insurance actions

Reporting Risk Management issues to senior management

- 7.2 CMT are receiving formal reports providing quarterly updates on Risk Management issues. These include
- Actions taken to mitigate identified risks
 - Movements of risks between the red, amber and green status
 - New and emerging risks
 - Updates on areas where risks have not been addressed in order that CMT can take informed decisions on allocation of resources
- 7.3 Internal Audit and Risk Management regularly attend SMTs to discuss and update Risk Registers and also provide training as and when required. The Risk Management profile is currently high and SMTs are inviting Internal Audit and Risk Management to attend SMTs in order to keep Risk Registers updated and relevant.
- 7.4 This is a positive situation as it demonstrates ownership of Risks by Directorates and that Risk Management continues to be further embedded across the organisation.
- 7.5 Updated Risk Management Guidance has been published on the intranet along with the corporate risk register and all individual directorate risk registers.
- 7.6 Risk Registers are being developed for the Council's key strategic projects, such as Heart of Slough and Shared Services

Key actions taken for the quarter April 2009 to June 2009

- 7.7 The majority of risk management work during this quarter has concentrated around the issue of the “Swine Flu” pandemic and ensuring that business critical areas maintained an adequate level of service despite the loss of staff through either having “Swine Flu” or caring for others with “Swine Flu”.
- 7.8 The Head of Internal Audit and Risk Management and the Risk and Insurance Officer amongst other things led the Business Continuity Planning process for the authority, by ensuring that all business critical areas had completed Business Continuity Plans and crucially that these plans were fit for purpose to deal with the issue of “Swine Flu”
- 7.9 As part of the Business Continuity Planning a “skills audit” was carried out in each department to discover what transferable skills were available in staff NOT in business critical service areas. This will enable staff with appropriate skills to be transferred to Business critical areas should the need arise
- 7.10 A daily reporting system was devised and tested to ensure that, if required, an instant “snap-shot” of the staff available for work on any one day is at hand.
- 7.11 The Business Continuity Plans of the Council’s major partners are in the process of being checked to ensure that they are fit for purpose.
- 7.12 As stated in 7.7 above the “Swine Flu” issue has taken up much of the time available to deal with some of the proposed actions for the first quarter as described in the previous report. Therefore those actions will need to be deferred until the following quarter.

Key actions proposed for the quarter April 2009 to June 2009

- 7.13 With the roll out of the Risk Management Database it is envisaged that a Risk Management Champion will be nominated in each department. The Risk Management Champion will be responsible for overseeing and monitoring the risks that are identified within their department. Ownership of risks will continue to sit within departments.
- 7.14 The role of each Risk Management Champion will be formally agreed and training will be provided on an ongoing basis.
- 7.15 The Director of Improvement and Development will identify actions to further strengthen the governance arrangements of SBC partnerships.
- 7.16 It is proposed to facilitate a workshop for all Directors and Assistant Directors concentrating on Supply Chain Management to assist with

the risk management issues surrounding the Shared Services project.

7.17 It has been decided that:

- Business Continuity
- Insurance
- Risk Management

will become part of the Shared Services offering and work detailing the processes to deliver these services is underway involving meetings at offices in Northampton and is planned to be completed by August 2009.

Relevant Insurance Actions

7.18 The Insurance portfolio is due for renewal and work has been carried out throughout the first quarter of 2009/10 to ensure that the Insurance Specification is produced to try and get as many responses as possible from the Insurance market.

7.19 The production of the Insurance tender Specification is timetabled for the end of August and it is expected that this deadline will be met.

7.20 Work continues in the production of process maps for the Shared Service project.

8 Annual Governance Statement

- 8.1 From 2007/08, Local Authorities are required to produce an Annual Governance Statement (AGS).
- 8.2 The AGS states that the Governance arrangements in the organisation are effective and that any of areas of concern have been identified. An action plan should be put in place to address the areas of concern identified.
- 8.3 The most senior officer and the most senior member have joint responsibility as signatories for its accuracy and completeness.
- 8.4 The AGS was signed by the Leader of the Council and the Chief Executive in June 2009.
- 8.5 The AGS identified six areas of concern from various sources. These six areas of concern are as follows;
 - a) Project Management
 - b) Partnerships and governance arrangements
 - c) Harmonisation/ Staffing Issues
 - d) Community Cohesion
 - e) Business Continuity
 - f) Impact of world Economic climate
- 8.6 Actions have been identified to address these areas of concern.
- 8.7 Risk management features strongly in the AGS process. It supports the coordinating role of the corporate group by advising on risks to achieving corporate objectives and statutory requirements, which are set out in corporate, directorate and departmental risk registers, and how they are managed.