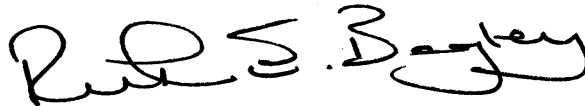


Date of issue: 30th January, 2012

MEETING	AUDIT COMMITTEE (Mr Ajay Kwatra (Chair), Councillors Carter, Chohan, Haines, Small and Smith)
DATE AND TIME:	TUESDAY, 7TH FEBRUARY, 2012 AT 6.30 PM
VENUE:	SAPPHIRE SUITE 5, THE CENTRE, FARNHAM ROAD, SLOUGH, SL1 4UT
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	SIMON FULLWOOD 01753 875015

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

AGENDA

PART 1

<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
	Apologies for absence.		
1.	Declarations of Interest		

<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
	(Members are reminded of their duty to declare personal and personal prejudicial interests in matters coming before this meeting as set out in the Local Code of Conduct)		
2.	Minutes of the last meeting held on 10th November, 2011	1 - 4	
3.	Internal Audit Plan - Third Quarter 2011/2012 Progress (Deloitte)	5 - 32	All
4.	Presentation - Follow up on recommendations in the Annual Governance Statement 2011/12	-	All
5.	Audit Committee Update (Audit Commission)	33 - 50	All
6.	External Audit Plan (Audit Commission)	51 - 78	All
7.	Certification of Claims and Returns - Annual Report (Audit Commission)	79 - 90	All
8.	Presentation - Internal Audit Outsource Agreement Tender	-	All
9.	Internal Audit Plan 2011/12 - Quarter 4 (RSM Tenon)	91 - 98	All
10.	Date of the next meeting - 5th March, 2012		

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 Thursday, 10th November, 2011.

Present:- Mr Kwatra (Chair), Councillors Chohan, Small and Smith

Apologies for Absence:- Councillor Carter

PART 1

20. Training - Bribery Act 2010 - Local Government Impact

Prior to consideration of the agenda items, training was delivered to members on the Bribery Act 2010 – Local Government Impact.

21. Declarations of Interest

No declarations of interest were received.

22. Minutes of the last meeting held on 27 July 2011

The minutes of the meeting held on 27th July 2011 were approved as a correct record.

23. Risk Management Performance Review

The Committee considered a report on Risk Management Performance Review. Members were informed that online training tools designed to give all staff a basic understanding of risk management, fraud and corruption were launched in September. Details of the number of staff who had completed the training were outlined and it would be ensured that all staff completed this.

The Interim Head of Central Finance detailed progress made against the key risks identified in the Council's Annual Governance Statement. Following the submission of the Strategic Risk Register to the Corporate Management Team in August 2011, each directorate of the council was required to provide quarterly updates. In response to who maintained the operational risk register, members were advised that this was held by the Insurance Risk Officer and monitored by the Fraud Manager. The Committee was informed that all departments had a risk register, which was monitored on a quarterly basis.

Resolved - That the Risk Management Performance Review be noted.

24. Internal Audit Plan 2011/12 - Quarter 3

The Committee considered the report on the Internal Audit Plan 2011/12 – Quarter 3. The Interim Head Of Internal Audit & Risk Management explained that whilst it was not certain that all audits contained within the plan would be delivered, resources were in place to deliver the whole of Q3.

Resolved - That the Internal Audit Plan 2011/12 Quarter 3 update be noted.

25. Internal Audit Progress Report 2011/12 - Quarter 2

Details of the Internal Audit Progress Report – Quarter 2 report were outlined. Members were informed that all Q2 work was complete. However, due to significant changes within the authority, a number of audits had been deferred. The Committee was informed that alterations to timings of assignments had affected the delivery of the internal audit plan and Performance Indicators (PI), and officers assured members that all PIs would be achieved by the deadlines quoted.

Resolved - That Internal Audit Progress Report 2011/12 Quarter 2 be noted.

26. Review of progress being made against the key risks identified in the Annual Governance Statement 2010/11

Details regarding this item had been discussed within agenda item 3.

27. Half Year Anti-Fraud Report

The Committee considered the Half Year Anti-Fraud report. The Interim Head of Central Finance explained the responsibilities and structure of the Corporate Fraud and Investigations Team and reported that the Head of Corporate Fraud, Risk and Investigations had been appointed on 10th October 2011. Members were informed that the team had seen a reduction in housing benefit referrals and an increase in the demand for financial investigations. It was highlighted that with the appointment of two Financial Investigators in 2009, there had been a focus on actively pursuing the recovery of criminal assets through fraud cases against the authority.

Potential collaboration with other local authorities was also discussed. The Chair asked if the new team was looking at procurement fraud, which was confirmed by the officer. It was reported that members of staff had already alerted the team to at least three potential cases.

Resolved - That the Half Year Anti-Fraud Report be noted.

28. Business Continuity and Disaster Recovery Plan Update Report October 2011

The Committee considered the Business Continuity and Disaster Recovery Plan Update report. The Director of Customer and Transactional Services reminded Members that an Internal Business Continuity Plan in 2010 had identified areas for potential improvements for the authority's arrangements.

In the ensuing discussion, a member queried what action has been taken over a recent failure of an IT system. It was explained that this was a server issue, which had now been moved to a new building. The Chair asked if the plan was co-ordinated with risk registers, which was confirmed by the officer. A Member asked if suppliers were carrying out their own continuity plans. It was

Audit Committee - 10.11.11

explained that due diligence was carried out when suppliers were chosen and that the creation of a Corporate Business Continuity Plan would enable the council to identify the requirements for disaster recovery and review arrangements with third parties.

In response to a question on how SBC was dealing with cyber attacks, it was reported that the council's systems were duly resilient to computer viruses.

Resolved - That the Business Continuity and Disaster Recovery Plan be noted.

29. Financial Management Standard in Schools (FMSiS) and School Financial Value Standard (SFVS)

Members considered the report on the new Financial Value Standard in Schools. It was emphasised that the new Schools Financial Value Standard (SFVS), which would replace the Financial Management Standard in Schools (FMSiS), puts the onus on Governing bodies to be formally responsible for their school's financial management. It was noted that the standard needs to be in place by 2013 for those schools who had already achieved FMSiS. For those who had not achieved the previous standard it was required by 31st March 2012. In response to a query about which schools this applied to, it was explained that SFVS would not apply to schools that are not maintained by the authority, such as those with academy status. Concern was expressed with reference to a recent report by National Audit Office (*Oversight of financial management in local authority maintained schools* – issued October 2011) that the new Standard could lead to a reduction in oversight. Members were informed that the level of involvement from internal audit would now be agreed by the authority and this area that would be closely monitored.

A Member queried about the level of monies held in reserves in Slough schools. It was explained that the LA did not have locus over these funds and could not claw back reserves or compel a school to use them. Members also expressed concern over the level of financial ability expected of school staff taking responsibility for a large school budget. The Committee was informed that the authority offered transactional services to schools.

Resolved - That the report on Schools Financial Value Standard in Schools (SFVS) be noted.

30. Training Programme update

Details of the training programme for the committee were outlined for consideration.

Resolved - That the Training Programme for 2011/12 be noted.

Audit Committee - 10.11.11

31. Internal Audit Outsource Agreement (to include Q4 Internal Audit Plan) - Verbal update

The Interim Head of Central Finance updated the Committee on the progress of internal audit tender. The assessment of tender prices had been completed and the tender scoring presentation would be upcoming. It was requested that an additional meeting be organised so that this presentation could be made to the Committee.

Resolved - That a meeting of the Committee be scheduled for late January 2012.

32. Audit Committee Core Work Programme 2011/2012

The Committee considered the Core Work Programme 2011/12. A Member expressed disappointment that the Committee had not been able to comment on the Annual Governance Statement prior to it being submitted to Council. Officers explained that due to mitigating circumstances, it had not been possible for the Statement to be examined by the Committee and that the matter would be looked into. It was agreed that the additional meeting in early 2012 would include a follow up on recommendations in the Annual Governance Statement 2011/12. Members were informed that the Committee's Terms of Reference need to be reviewed and it was agreed that the matter would be scheduled for the first meeting in the next municipal year.

Resolved - That the Core Work Programme 2011/12 be noted.

33. Date of the next meeting - 5 March 2012

The date of the next scheduled meeting was agreed to be held on 5th March, 2012. An additional meeting of the Committee would be organised for late January or early February.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.10 pm)

Slough Borough Council

Internal Audit Plan

Third Quarter 2011/2012 Progress

SUMMARY

As a result of the significant changes within Transactional Services in Quarter Three, the Internal Audit plan has been adjusted to accommodate the deferrals and ensure a co-ordinated approach to these audits to enable buy in from all stakeholders including finance, external audit and transactional service leads.

This report summarises Internal Audit activity in Quarter Three 2011/12.

PROMOTING INTERNAL CONTROL

To promote internal control within the Authority, Internal Audit will report to Committee in the following format:

- Report back on the specific audits finalised in the quarter, including a brief background, scope and recommendation titles. Audit opinions are either full, substantial, limited or none. Recommendations are graded by Priority. Priority One are major matters for the attention of senior management, Priority Two are recommendations for local management attention and Priority Three are minor matters.
- Update Members on the current situation regarding limited areas previously reported to Committee. This will inform Members of the action taken by Officers to resolve internal audit issues.

Table One lists each area covered in 2011/12 to date where a final report has been issued since the last Audit Committee, together with the assurance level at the time of the audit. Appendix Two of this report provides a detailed overview of the recommendation, priority and management response.

Eighteen Internal Audit reports are currently in draft format, awaiting finalisation from the 2011/2012 Internal Audit Plan; this is considered to be a high number of reports at draft stage and, despite chasing the Management team, responses have not been provided. Progress against the plan and the draft reports issued are listed in Appendix One and will be included in the next submission to the Audit Committee meeting once the reports have been finalised. Within Appendix Three of this report, we have included details of the reports at draft stage and our stated assurance opinion; we will hand over the finalisation of these reports to the new Internal Audit Provider.

All reviews completed were full in-depth audits of operational systems within the Authority. Members and Management should note that the assurance level is an illustration of the level of control operational at the time of the audit. The auditor will agree with Management a number of recommendations which, when implemented, will result in a more secure system. Each recommendation is given an implementation date, and progress against these will be monitored on a regular basis by the Internal Audit Team via the undertaking of follow-up audits.

PERFORMANCE INDICATORS

Part of the Head of Internal Audit function is to monitor the performance of Internal Audit. It was agreed at the Cabinet meeting (11th April 2011) to report on a quarterly basis against the following key performance indicators.

Ref	Performance Indicators	Target	Q3 Outcome
1	% of deliverables completed by 31/3/2012 (Deliverables include management letters, summary reports and draft audit reports)	95%	Achievement of this target remains on track; there have been significant changes to the timings of many audits. These have been accommodated and should not at impact upon the delivery of this performance indicator by 31/3/2012.
2	% of agreed audit briefs issued no less than 10 working days before the start of the audit (This is to allow managers sufficient notice and time to consider the proposed work. Any exemptions due to urgency or management request will be agreed by the HOIA)	95%	95% achievement as at 31 st December 2011.
3	% of planned audit days delivered by 31/03/2012 (It is intended that as far as possible the audit plan will be delivered evenly through the year.)	95%	96 % achievement as at 31 st December 2011.
4	% of draft reports issued within 10 working days of exit meeting (This is ensure that management actions can be undertaken on a timely basis)	95%	90%. NB: This is a result of the delays in the provision of management information in respect of Transactional Audits.

PROGRESS AGAINST THE 2011/2012 INTERNAL AUDIT PLAN

As at the 27th January 2012, 97% of the days within the Quarter 1, 2 and 3 audit plan have been delivered, as detailed within Appendix One. There have been a number of deferrals from the quarterly plans, with these audits now scheduled to be undertaken within Quarter Four respectively. Of the thirty two audits undertaken, eleven (34%) have been issued as final reports, with eighteen (56%) at draft report stage. The audit fieldwork has been completed for the remaining three audits (10%).

Audits have been completed in accordance with the timings agreed with the Audit Committee. Appendix One of this report also shows the status of work to date and the number of days delivered.

AUDIT ACTIVITY

Table 1 – Final Internal Audit Reports Issued since the last Audit Committee

Audit	Assurance Rating
Slough Enterprise	Substantial
IQRA School	N/A- Management Letter Issued
Geographical Information System	Substantial
IT Governance / Programme Management	Limited
Off-Site Working	Limited

Appendix Two to this report provides a detailed summary of the recommendations, their priority and management responses from these audits.

Appendix One

Internal Audit Plan 2011/12 – Progress to 27 th January 2012 (Quarters 1, 2 and 3)						
Auditable area	Audit Budget (days)	Days Delivered	Timing	Type of Audit	Risk	Progress
ANNUAL ASSURANCES						
Annual Governance Statement	5	5	Q1	Verification	N/A	Audit work completed
Project Management (inc. VFM)	10	10	Q2	Risk	High	Draft Report Issued.
Total	15	15				
CENTRAL FINANCIAL SYSTEMS						
Housing Rents	10	10	Q1	Key	High	Final Report Issued.
Debtors Management	10	10	Q1	Key	High	Final Report Issued.
Financial Planning and Budgetary Control	12	11	Q3	Key	High	Work in progress
Pensions	6	5.5	Q3	Key	High	Draft Report Issued
General Ledger	6	5	Q3	Key	High	Work in progress
Cashiers	10	9.5	Q3	Key	High	Draft Report Issued
Creditors	6	5.5	Q3	Key	High	Draft Report Issued
Payroll	6	5.5	Q3	Key	High	Draft Report Issued
Debtors	6	5.5	Q3	Key	High	Draft Report Issued
NNDR (Business Rates)	7	6.5	Q3	Key	High	Draft Report Issued
Council Tax Billing and Collection	6	5	Q3	Key	High	Work in Progress
Council Tax & Housing Bens	10	9.5	Q3	Key	High	Draft Report Issued
Total	95	88				

Internal Audit Plan 2011/12 – Progress to 27th January 2012 (Quarters 1, 2 and 3)

Auditable area	Audit Budget (days)	Days Delivered	Timing	Type of Audit	Risk	Progress
	CORPORATE ISSUES					
Business Continuity	10	10	Q1	Key	High	Final Report Issued.
Quarterly Reconciliation Checks (Q1 & 2)	10	10	Q1 & Q2	Key	High	Draft Report Issued. Audit undertaken in Q2. A further review was undertaken in Q3.
Virements within Directorate Budgets (Q1 & 2)	15	15	Q1	Key	High	Draft Report Issued. Audit undertaken in Q2. A further review was undertaken in Q3.
Performance Indicators	10	10	Q1	Verification	Medium	Draft Report Issued
Virements within Directorate Budgets (Q3)	5	4.5	Q3	Key	High	Draft Report Issued
Quarterly Reconciliation Checks (Q3)	5	4.5	Q3	Key	High	Draft Report Issued
Total	55	54				
IT AUDITS						
GIS	12	12	Q1	Systems	High	Final Report Issued
Off Site Working	10	10	Q1	Systems	High	Final Report Issued
Disaster Recovery and Back-up	10	9	Q3	Systems	High	Work in Progress
IT Governance / Programme Management	10	10	Q2	Systems	High	Final Report Issued
Telecommunications	10	-	Q2	Systems	Medium	Deferred to Q4 at auditees request
Server Virtualisation & Data Centre	12	-	Q2	Systems	High	Deferred to Q4 at auditees request

Internal Audit Plan 2011/12 – Progress to 27th January 2012 (Quarters 1, 2 and 3)

Auditable area	Audit Budget (days)	Days Delivered	Timing	Type of Audit	Risk	Progress
IT Strategy	8	-	Q1	Systems	High	Deferred to Q4 at auditees request
Total	42	41				
RESOURCES AND REGENERATION DIRECTORATE						
Slough Enterprise	5	5	Q1	Key	High	Final Report Issued
CRB Checks	10	10	Q2	Verification	High	Final Report Issued
Fact Finding Work – Property and Regeneration	20	-	Q2			Capital specialist has been appointed by the Council, and as such no detailed work was undertaken in this area.
Leaseholder Charges	10	9.5	Q3		Medium	Draft Report Issued
Responsive Repairs	15	-	Q3		Medium	Deferred until quarter 4 at clients request due to restructure in this area.
Contract Management	20	-	Q2	Verification	Medium	Deferred until quarter 4
Total	25	24.5				
CUSTOMER AND TRANSACTIONAL						
None due to take place in 1 st , 2 nd or 3 rd quarter – Hub Project deferred to Q4	0	0	-	-	-	-
Total	0	0				
EDUCATION & CHILDREN'S SERVICES						
Contingency Budget for high risk schools	5	5	Q1	Schools	Medium	Final Report Issued. A request from Khalsa Primary School Governing Body to undertake an urgent financial review.

Internal Audit Plan 2011/12 – Progress to 27th January 2012 (Quarters 1, 2 and 3)

Auditable area	Audit Budget (days)	Days Delivered	Timing	Type of Audit	Risk	Progress
Schools Financial Support	15	15	Q1	Systems	High	Draft Report Issued.
Review of effectiveness of recruitment appointment procedures of schools where HR support is outsourced and internally by the council.	15	15	Q1	System	High	Draft Report Issued.
Iqra Primary School	5	5	Q2	Probity	Medium	Final Report Issued.
Safeguarding – Management Assurance	15	14.5	Q2	Verification	High	Draft Report Issued
Themed Audits	30	-	Q3			Deferred to Q4 due to timing
Littledown School – Probity Visit	5	4.5	Q3	Probity	Medium	Draft Report Issued
Safeguarding – Contract Management	15	-	Q3	Verification	High	Deferred to Q4 due to timing
Total	60	59				
COMMUNITY AND WELL BEING						
Personalised budgets	15	-	Q3			Deferred to Q4 as transactional hub being developed
Commissioning Team	15	-	Q3			Deferred to Q4 at clients request
Total	0	0				
FOLLOW UPS						
Follow Ups	16	16	Q1 / Q2	Follow Up	Medium	Report Issued.
Management Days	50	50	Q1/Q2	N/A	-	Quarter 1, 2 and 3 Progress Report delivered.
Other work Delivered : (1) Play Capital Grant	10	10	Q1	Ad-hoc	-	(1) Declaration required from the Chief Executive and the Head of Audit by the

Internal Audit Plan 2011/12 – Progress to 27th January 2012 (Quarters 1, 2 and 3)

Auditable area	Audit Budget (days)	Days Delivered	Timing	Type of Audit	Risk	Progress
(2) Milan Centre (3) Respond – Adult Respite Service						Department of Education to confirm grant expenditure (2) Review of financial processes and procedures (3) Imprest account processing and reconciliation issues
TOTAL DAYS	368	We have delivered 97% of plan given the number of deferrals to Q4, totalling 150 days, within the quarters.				

SUMMARY OF FINALISED REPORTS

To enable Management and Members to focus on the areas of concern, we have provided a brief summary below of the finalised reports from the Quarter.

IQRA School - 2011/2012

We are not providing an assurance opinion in respect of our work; however, we obtained evidence to support progress made against recommendations previously raised within this area. It was established that controls have been implemented to address the majority of the weaknesses identified within the prior year's internal audit.

Scope

Further to the 2010/11 Internal Audit Report for IQRA Islamic Primary School interviews and sample testing, relating to a period of January 2011 to date, will be undertaken to cover the following areas/control objectives:

- Budget Setting and Monitoring;
- Local Bank Account, Imprest, and Petty Cash;
- Private Funds;
- Payroll;
- Procurement; and
- Miscellaneous Income, including lettings.

Assurance Rating – N/A – Management Letter Issued

Slough Enterprise - 2011/2012

Enterprise was awarded a 15 year Environmental Services Contract by Slough Borough Council from December 2002. The contract is both an Integrated Waste Management Contract (waste collection, recycling and disposal) and an Integrated Street Scene Contract (street cleansing, highways maintenance and grounds maintenance).

Scope

We have been informed of a particular risk area in relation to Slough Enterprise and will assess the adequacy and effectiveness of the associated controls. In identifying the risks we have also considered the risks in the relevant operational risk registers where these are available. The audit will focus on:

- Payments Verification (accuracy, completeness, timeliness, efficiency & effectiveness of information flows)

Assurance Rating - Substantial

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>1) Verification of tonnage figures</p> <p>On a periodic sample basis, the supporting information for various lines within the Waste Management monthly invoice should be requested and the waste tonnage disposal figures verified.</p>	<p>2 – Medium</p>	<p>Agreed. An Internal Weighbridge Tonnage Audit Form has been developed. The form will be sent monthly to the contractor who will have to complete the form as requested prior to the input of the tonnage data into WasteDataFlow (WDF) and before the invoice can be submitted for payment. This will form part of the overall verification process undertaken. Material types selected will be selected at random to ensure that the procedure is rigorous. Weighbridge Tickets and tonnages will be compiled to provide the overall monthly tonnage which should correspond exactly to the figure provided in the monthly invoice.</p> <p>The figure will need to be signed off and verified by the management accountant at Slough Enterprise and then a check reference insertion</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>2) Benchmarking statistics</p> <p>The Council should request that Enterprise obtain and provide benchmarking statistics against other comparative services/similar authorities.</p>	<p>2 – Medium</p>	<p>from the Team Leader: Waste & Environment to highlight that it has been checked against the final figure provided in the invoice. Following this, the figures can then be used for WDF and the invoice will be processed. So as to ensure that any disruption to the payments chain is minimised this process will be given an expected turnaround time of 5 working days.</p> <p>All forms will be held in the centralised WDF foldering system for consistency and any future auditing. The process was discussed with Enterprise on the 8 November who has confirmed that they are happy with it and that it shall begin from 1 January 2012. Their dedicated staff member responsible for the data collection and collation will be Ruth Tyrrell, the Management Accountant for Slough Enterprise.</p> <p>Responsibility: Team Leader: Waste & Environment</p> <p>Timescale: 1st January 2012</p>
		<p>Agreed. Slough Enterprise and Slough Borough Council will begin their bench-marking exercise the week commencing 28/11/11 to be officially sanctioned for commencement Q4 2011 – 2012 (01.01.12 – 31.03.12).</p> <p>This will comprise of isolating the current prices paid for waste disposal materials outside of the 2002 – 2017 disposal matrix with Slough Enterprise as the waste broker to Grundons. Prices will be reviewed quarterly and reports will</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
		<p>be generated to provide information at the Strategic Meeting to demonstrate compliance and competence in ensuring that best value for money is being provided to the Council for disposal of all waste streams. Some materials such as textiles will have separate contracts aligned to them and the procurement process might be outside the scope of Slough Enterprise. Where this is the case then a relevant note will be made to ensure that procurement by the Council begins in advance of the contract coming to an end.</p> <p>Where an expensive stream is isolated then justification will be provided for why this stream is such and any necessary legislation can be explained to the Assistant Director and / or relevant Member. These benchmarking processes will form part of the overall strategic work of both the authority and the contractor to ensure best practice and value. Procurement for new contracts for disposal shall be met by the contractor unless otherwise stated as in some circumstances they can only be met by the Council, where in which case they shall be led by the relevant officer and a note shall be made of this and why.</p> <p>Responsibility: Team Leader: Waste & Environment</p> <p>Timescale: 1st January 2012</p>

Geographical Information System - 2011/2012

A geographic information system is a system designed to capture, store, manipulate, analyze, manage, and present all types of geographically referenced data.

Scope

Audit work was undertaken to cover the following control areas:

- A strategy exists which defines the development of GIS with the business objectives at the Council
- Collection and use of mapping data and updates is appropriate;
- Access to the system is controlled and user access permissions are in line with job functions;
- Processes are in place to manage and control changes made to the system;
- System output has been specified and meets the requirements of the Council;
- Interfaces are documented and subject to adequate reconciliation and control;
- The GIS application records user activities and these are subject to management review when required;
- The system is subject to a back up routine which would allow the system to be recovered in the event of a disaster. Disaster Recovery arrangements are in place to provide a process for the controlled recovery of the system;
- Business Continuity arrangements for the application have been defined and link to Disaster Recovery arrangements; and
- Support Arrangements are in place for the GIS application and managed according to contractual requirements.

Assurance Rating – Limited

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>1) Review of GIS support model</p> <p>A full review of the current GIS support model for the business should be undertaken to support the expansion of GIS development and application for the various service lines across the Council.</p> <p>Furthermore, once specific business drivers and organisational requirements have been defined,</p>	<p>1 – High</p>	<p>Agreed by all at the meeting – Assistant Director Transport & Planning, Head of Planning & Projects, System Co-ordinator, Senior Technical Assistant and Database & Application Support Manager that a review is fundamental to address concerns and issues in relation to GIS, such as an infrastructure with ICT involvement and additional resources at the Council.</p> <p>Agreed - subject to approval of a business case bidding for additional resource to carry out this work and a future business</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>consideration should be given to performing an assessment and evaluation on implementing a corporate GIS solution, which could be server-based with a central database for spatial mapping data.</p>		<p>case covering the cost of and transition to a Corporate GIS plus permanent resource to oversee and manage.</p> <p>Responsibility: Assistant Director of Customer & ICT Services and Assistant Director of Transport & Planning</p> <p>Timescale: 31st December 2011</p>
<p>2) GIS strategic framework</p> <p>A GIS strategic framework should be formally defined and developed. The framework should include, but not be limited to the following:</p> <ul style="list-style-type: none"> • the roles and responsibilities for GIS support, development and how this links to the strategic development of the authority; • the strategic plans in place for GIS development which address business, organisational and technical issues; • a GIS work plan, identifying areas of work and the projects to be undertaken; • how GIS could impact on the delivery of projects at the authority; and <p>promoting and increasing awareness of the power and benefits of GIS within the authority.</p> <p>The Oracle Receivables User Procedures Manual should be reviewed to confirm that its details are up to date and reflective of the current duties which are required to be performed within the Authority as well</p>	<p>2 - Medium</p>	<p>Agreed. As above - subject to approval of a business case bidding for additional resource to carry out this work and a future business case covering the cost of and transition to a Corporate GIS plus permanent resource to oversee and manage.</p> <p>Responsibility: Assistant Director of Customer & ICT Services and Assistant Director of Transport & Planning</p> <p>Timescale: 31st December 2011</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>as the changes resulting from transformation.</p> <p>Localised procedures should be established to provide guidance on processes in the absence of senior or more experienced staff.</p>		
<p>3) SLA arrangements with departments</p> <p>The Council should consider defining and developing formal Service Level Agreement (SLA) arrangements with the authority's departments for the GIS services provided. This can only be achieved if an adequate GIS support resource is formally established.</p>	3 – Low	<p>Agreed on the condition that adequate GIS resources are established. Currently, GIS support and administration is resourced by two members of staff from Planning.</p> <p>Responsibility: Heads of Services</p> <p>Timescale: Dependent on business case approval above</p>
<p>4) GIS User Group</p> <p>A GIS User Group should be established comprising of users representative from across the Council with various levels of experience and expertise. The GIS User Group should meet on a periodic basis to discuss and input into GIS developments, business requirements and the impacts on the Council. Furthermore, the meetings should be formally documented.</p>	3 – Low	<p>Agreed. – Subject to business case for additional permanent resource being approved. If there is no capacity to develop, there is little point in meeting to discuss/plan future development</p> <p>Responsibility: Assistant Director Customer Services & ICT</p> <p>Timescale: Dependent on business case approval above</p>
<p>5) Quality Control and assurance</p> <p>Consideration should be given to developing a formal process for quality control and assurance of map data layers created by the business service lines and is consistently applied across the Council. Such a defined and documented process could include, but not be limited to the following:</p> <ul style="list-style-type: none"> • Schedule of intended changes; • Independent review and authorisation for 	3 – Low	<p>Agreed. However, there is currently no centralised infrastructure and resources available for quality control. This is a responsibility for each of the business services using GIS to ensure data accuracy and quality. Task to be given to initial resource brought in to conduct the full review of the current GIS support model recommended above.</p> <p>Responsibility: Assistant Director of Customer & ICT Services and Assistant Director of Transport & Planning</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>changes within teams;</p> <ul style="list-style-type: none"> • Documented and recorded audit trail of changes; and • Review and formal sign-off of identified changes. 		<p>Timescale: Initial business case for resource to be completed by 31.12 2011</p>
<p>6) MapInfo installations</p> <p>It is recommended that MapInfo Professional installations are carried out by IT&S staff, in accordance with the Council's ICT Security policy. A review should be conducted to ensure the System Co-ordinator's local administrator rights are removed if no longer required. Furthermore, the software installation and removal of MapInfo Professional should adhere to the IT&S Change Control and Management process established at the Council.</p>	2 – Medium	<p>Agreed.</p> <p>Responsibility: ICT Service Delivery Manager</p> <p>Timescale: 31st March 2012</p>
<p>7) Asset Inventory</p> <p>It is recommended that an up-to-date asset inventory is maintained to capture all hardware assets with MapInfo Professional software and Pro-printer installed.</p>	3 – Low	<p>Agreed. This was immediately actioned at the time of the audit.</p> <p>Responsibility: Systems Co-ordinator</p> <p>Timescale: 31st July 2011</p>
<p>8) Procedural guidance</p> <p>Management should ensure formal procedures are developed on the requirement to print the Ordnance Survey copyright statements on all Ordnance Survey map printouts.</p> <p>This guidance should be provided to staff using MapInfo Professional & ProViewer, to raise their awareness of this requirement and the consequences of data copyright infringement.</p>	2 – Medium	<p>Agreed. This was immediately actioned at the time of the audit.</p> <p>Responsibility: Systems Co-ordinator</p> <p>Timescale: 31st March 2012</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>9) Business Impact Analysis It is recommended that a business impact analysis should be completed of all the teams using MapInfo Professional, to determine the risk, impact and recovery time objective (RTO) for MapInfo Professional system.</p> <p>Outputs from the business impact analysis should be used to develop a formal Business Continuity and Disaster Recovery Plan in the event the MapInfo system is unavailable. This should include though not be restricted to the following details:</p> <ul style="list-style-type: none"> • appropriate recovery time objectives; • alternative continuity arrangements; • relocation and temporary arrangements including facilities, resources, equipment and license requirements; • key contact details; and • recovery arrangements. 	<p>3 – Low</p>	<p>Agreed. Task to be given to initial resource brought in to conduct the full review of the current GIS support model recommended above.</p> <p>Responsibility: Assistant Director of Customer & ICT Services and Assistant Director of Transport & Planning</p> <p>Timescale: Initial business case for resource to be completed by 31.12 2011</p>
<p>10) Business Impact Analysis It is recommended that the dependency on the two main MapInfo system administrators is reviewed and appropriate knowledge transfer arrangements should be made to provide adequate support in the event the administrators are unavailable or leave the Council.</p> <p>Furthermore, a guidance document should be developed of all system administrator activities and</p>	<p>3 – Low</p>	<p>Agreed.</p> <p>Responsibility: Assistant Director of Customer & ICT Services and Assistant Director of Transport & Planning</p> <p>Timescale: 31st March 2012</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
tasks undertaken to support the MapInfo system, to help ensure that sufficient product knowledge is available to some members of the ICT team in the administrator's absence.		

IT Governance / Programme Management - 2011/2012

IT Governance is "a framework for the leadership, organizational structures and business processes, standards and compliance to these standards, which ensure that the organization's IT supports and enables the achievement of its strategies and objectives". It is essentially the project management of IT related projects.

Scope

Audit work was undertaken to cover the following control areas:

- How new developments are commissioned, specifically;
 - how new projects are chosen / approved and aligned with overall business and IS strategy, and
 - whether new developments are subject to pre-implementation reviews, cost benefit analysis and feasibility studies;
- Use and compliance with project management standards;
- Management, leadership, prioritisation, allocation of IT resources and monitoring of the progress of new developments both by the business sponsor and the IS department at project boards;
- Operational structures behind new developments within IT;
- Project and risk management procedures are established and complied with;
- Procurement issues; and
- Post implementation reviews and learning.

Assurance Rating – Limited

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>1) Project Framework</p> <p>It is recommended that the following should be implemented for all IT projects:</p> <ul style="list-style-type: none"> • All major projects should require strategic approval to be included in the Work Request Register; • A criteria for evaluating and acceptance of a project to be 	<p>2 – Medium</p>	<p>Agreed - subject to the establishment of an IT Governance Board</p> <p>Responsibility: Assistant Director of Customer & ICT Services</p> <p>Timescale: 31st March 2012</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>implemented should be developed, so that only projects which meet this criteria are included within the Work Register; and</p> <ul style="list-style-type: none"> All project initiation documents (PIDs) should be reviewed by an IT Governance Board and business cases should be endorsed by senior management. <p>2) IT Project Management Procedures</p> <p>Consideration should be given to establishing an IT project management procedures manual to assist project sponsors and managers in adopting a standardised approach to IT project management (e.g. PRINCE2). The procedures should lay out the key stages in project management.</p> <p>This could include, though not be limited to:</p> <ul style="list-style-type: none"> Obtaining and recording strategic approval as well as senior management commitment for projects; Criteria to define when a projects requires a PID & Business Case or just a TOR; Undertaking requirements analysis; Budget and timeline monitoring; Regular reporting on project status to the Project Board; and Post implementation reviews. <p>Review should also be carried out to ensure any requirements of the corporate project management standards are met by all projects and programmes being run.</p>	<p>2 – Medium</p>	<p>Agreed to develop a manual to introduce a common project management standard and framework – taking into account the templates and procedures already in use via the Corporate Programme Office for Gold Projects.</p> <p>Responsibility: Assistant Director of Customer & ICT Services</p> <p>Timescale: 31st March 2012</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>3) Project Board</p> <p>It is recommended that a Project Board should be established for all major projects.</p> <p>A resource plan should be in place and detailed roles and responsibilities of the project team, project board, project sponsor and other relevant staff should be documented and agreed in the Project Initiation Document (PID) or TOR for all projects. This should include meeting attendance requirements, maintenance of key documentation relating to the project and project progress communication requirements.</p>	<p>2 – Medium</p>	<p>Agreed</p> <p>Responsibility: Assistant Director of Customer & ICT Services</p> <p>Timescale: 31st March 2012</p>
<p>4) Priority of projects</p> <p>Senior Management or an IT Governance Board should be responsible for deciding the priority of projects to be delivered.</p> <p>Dependency on key individuals should be noted in the project risk registers and the IT Governance Board should be responsible for coordinating projects and competing resource requirements.</p> <p>Additionally, all Project Managers should be trained in Prince 2.</p>	<p>2 – Medium</p>	<p>Agreed</p> <p>Responsibility: Assistant Director of Customer & ICT Services</p> <p>Timescale: 31st March 2012</p>
<p>5) Risk Management</p> <p>It is recommended that a risk management standard for IT projects should be developed.</p> <p>The Project Risk Registers should be fully completed and presented to the Project Board meetings for review. The Risk Register should include the following:</p> <ul style="list-style-type: none"> • details on who raised the risk and unique identifier; • detail provided in risk treatment plans; 	<p>2 – Medium</p>	<p>Agreed – to include this in the Manual (referred to above) and to take account of the risk templates already in use by the Corporate Programme Office for Gold Projects.</p> <p>Responsibility: Assistant Director of Customer & ICT Services</p> <p>Timescale: 31st March 2012</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<ul style="list-style-type: none"> • risks should be assessed against clearly defined priorities; • assigned ownership to risk for control and accountability; and • all risks should be closed on project closure or moved to business as usual risk to ensure they are tracked and mitigated. <p>Key risks from gold projects should be formally reported to CMT as per the corporate project management requirement.</p>		
<p>6) Post Implementation Review</p> <p>Standardised procedures and guidelines should be developed to help undertake Post Implementation Reviews and lessons learnt exercises.</p> <p>Resources and timing for a Post Implementation Review should be recorded within the Project Plan.</p>	2 – Medium	<p>Agreed. – to be included in the Manual (referred to above).</p> <p>Responsibility: Assistant Director of Customer & ICT Services</p> <p>Timescale: 31st March 2012</p>
<p>7) Project office function</p> <p>IS&T should consider establishing a Project Office function.</p>	3 – Low	<p>We will review the resource and cost implications of this, and develop a business case for approval as appropriate.</p> <p>Responsibility: Assistant Director of Customer & ICT Services</p> <p>Timescale: 31st March 2012</p>

Off-Site Working - 2011/2012

In order to meet the challenges of modern working it is essential for all organisations of a significant size to investigate and provide opportunities for staff to work remotely. This helps assist a number of key corporate objectives such as to reduce the monetary and environmental cost of travel to and from locations of work, enable flexible working arrangements, assist with dealing with parking and office accommodation needs and to provide resilience in terms of business continuity planning and disaster recovery.

However, whilst it is important to meet the needs of the areas highlighted above it is also imperative that security considerations are taken into account. With the increasing focus on data protection and confidentiality of information over the past decade combined with the increased threat from cyber crime and hacking, particularly for obtaining personal data, new challenges are constantly arising in terms of security of networks and access to systems.

Scope

Audit work was undertaken to cover the following control areas:

- Adequate home and offsite working strategy, policies and procedures are in place and that there are arrangements to ensure compliance;
- A risk assessment on remote working has been carried out; risks are understood and appropriate counter measures have been developed;
- IT support arrangements for remote workers are in place and that these are documented;
- Adequate procedures are in place covering setting up of new remote users, leavers and absent users;
- Remote access to the system uses approved devices, a secure link and login;
- Remote access sessions are logged and monitored;
- Logical security procedures covering mobile devices and portable data storage devices are in place;
- Default security settings on mobile devices meet minimum security requirements as set out in the IT Security Policy, data encryption on mobile devices is in place and anti-virus solutions keep equipment security up to date; and
- Physical security procedures covering mobile devices including cable locks and IT asset management are in place.

Assurance Rating – Limited

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
1) Remote Working Policies and Procedures A Remote Working Policy document should be developed. This	2 – Medium	Agreed Responsibility: Head of Information Systems

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>should include all areas pertaining to remote working and include areas such as:</p> <ul style="list-style-type: none"> • Procedure for requesting remote access; User responsibilities in relation to remote working such as storing and securing data taken offsite; User responsibility to prohibit saving of attachments on their iPhones; Return of IT equipment upon termination of employment; • Storage of laptop at home; Use of Kensington locks to secure laptops; and Include details of the IT Support provided for remote workers including any exclusions such as support visits to the remote location. 		<p>and Technology</p> <p>Timescale: 31/12/2011</p>
<p>2) Remote Working Policies and Procedures</p> <p>The Corporate IT Security Policy should be finalised and disseminated to staff. Other related policies that are currently in draft (mobile working, removable media, 3rd party remote access, encryption handling, incident management and firewall policy) should also be finalised and disseminated.</p>	<p>2 – Medium</p>	<p>Agreed</p> <p>Responsibility: Head of Information Systems and Technology</p> <p>Timescale: 31/12/2011</p>
<p>3) Remote Working Risk Assessment</p> <p>Management should ensure that the risks associated with home and offsite working have been assessed and addressed within Corporate and ICT Risk Registers. This should include the increased risk of breaches in data security and confidentiality when Council information is accessed away from Council sites through loss, theft or mishandling, and the increased risk of breaches in data security and confidentiality when Council information is accessed using non-Council equipment.</p>	<p>2 – Medium</p>	<p>Agreed</p> <p>Responsibility: Head of Information Systems and Technology</p> <p>Timescale: 31/12/2011</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>4) Access Controls for Remote Access</p> <p>The Council should ensure that users are prevented from saving data from the network to a local drive on their own equipment.</p>	<p>1 – High</p>	<p>Agreed</p> <p>Responsibility: Head of Information Systems and Technology</p> <p>Timescale: 31/12/2011</p>
<p>5) Access Controls for Remote Access</p> <p>The Council should consider enhancing security on the network by implementing the following controls:</p> <ul style="list-style-type: none"> • Implementation of an Intrusion Detection system; and • Ensuring regular review of logs is carried out for potential security violations. 	<p>2 – Medium</p>	<p>Agreed. IDS is desirable, but not mandatory under GCSx. Any implementation would be dependent on an appropriate business case and funding being made available.</p> <p>Responsibility: Head of Information Systems and Technology</p> <p>Timescale: 31/12/2011</p>
<p>6) Access Controls for Remote Access</p> <p>The Council should ensure that regular penetration tests are conducted to test the remote working security arrangements.</p>	<p>2 – Medium</p>	<p>Agreed</p> <p>Responsibility: Head of Information Systems and Technology</p> <p>Timescale: 31/12/2011</p>
<p>7) Logical and Physical Security of Mobile Devices</p> <p>The Council should ensure that Kensington locks are issued with laptops.</p>	<p>2 – Medium</p>	<p>Agreed</p> <p>Responsibility: Head of Information Systems and Technology</p> <p>Timescale: Immediate</p>
<p>8) Logical and Physical Security of Mobile Devices</p> <p>To comply with the draft Removable Media Policy, USB memory sticks should be recorded in an asset register.</p>	<p>2 – Medium</p>	<p>Agreed</p> <p>Responsibility: Head of Information Systems and Technology</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>9) Logical and Physical Security of Mobile Devices</p> <p>The Council should ensure that all laptops are encrypted in line with the draft IT Security Policy.</p>	<p>2 – Medium</p>	<p>Timescale: 30/11/2011</p> <p>Agreed</p> <p>Responsibility: Head of Information Systems and Technology</p>
<p>10) Logical and Physical Security of Mobile Devices</p> <p>Only Council issued portable data storage devices should be allowed. Data held on portable data storage devices should be encrypted and this should be reflected in the removable media policy.</p>	<p>2 – Medium</p>	<p>Timescale: 31/12/2011</p> <p>Agreed</p> <p>Responsibility: Head of Information Systems and Technology</p> <p>Timescale: 31/12/2011</p>

SUMMARY OF DRAFT REPORTS

Audit	Assurance Opinion
Annual Assurance	
Project Management (Inc. VFM)	Limited Assurance
Central Financial Systems	
Pensions	Substantial Assurance
Cashiers	Substantial Assurance
Creditors	Substantial Assurance
Payroll	Substantial Assurance
Debtors (Follow-up)	N/A – Management Letter
NINDR (Business Rates)	Limited Assurance
Council Tax and Housing Benefits	Substantial Assurance
Corporate Issues	
Performance Indicators	Limited Assurance
Virements within Directorate Budgets (Q3)	N/A – Management Letter following up on Q2 audit report
Reconciliations (Q3)	N/A – Management Letter following up on Q2 audit report
Resources and Regeneration	
Leaseholder Charges	Limited Assurance
Educational and Children’s Services	
School’s Financial Support	Limited Assurance
Review of HR procedures within Schools	Limited Assurance
Safeguarding – Management Assurance	Substantial Assurance
Littledown School – Probity Audit	N/A – Management Letter

Audit Committee update

February 2012

Slough Borough Council

Audit 2011/12

The Audit Commission is a public corporation set up in 1983 to protect the public purse.

The Commission appoints auditors to councils, NHS bodies (excluding NHS Foundation trusts), police authorities and other local public services in England, and oversees their work. The auditors we appoint are either Audit Commission employees (our in-house Audit Practice) or one of the private audit firms. Our Audit Practice also audits NHS foundation trusts under separate arrangements.

We also help public bodies manage the financial challenges they face by providing authoritative, unbiased, evidence-based analysis and advice.

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Introduction

- 1** The purpose of this paper is to provide the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. It includes an update on the externalisation of the Audit Practice.
- 2** This paper also seeks to highlight key emerging national issues and developments which may be of interest to members of the Audit Committee. The paper concludes by asking a number of questions which the Committee may wish to consider in order to assess whether it has received sufficient assurance on emerging issues.
- 3** If you require any additional information regarding the issues included within this briefing, please feel free to contact me or your Audit Manager using the contact details at the end of this update.
- 4** Finally, please also remember to visit our website (www.audit-commission.gov.uk) which now enables you to sign-up to be notified of any new content that is relevant to your type of organisation.

Chris Westwood

District Auditor / Engagement Lead

February 2012

Progress report

Financial statements

5 Our approach is summarised in the Annual Audit Plan. Our work is in progress. At this stage there are no matters that we need to draw to your attention.

VFM conclusion

6 Our approach is summarised in the Annual Audit Plan. We plan to commence our work shortly. At this stage there are no matters that we need to draw to your attention.

Government response to consultation on the future of local public audit

7 In August 2010, the government announced its intention to bring forward legislation to abolish the Audit Commission and put in place a new framework for local public audit. In March 2011, the government published a consultation paper and, in January 2012, announced its response to the consultation to which it received 453 responses, the majority from audited bodies.

8 The Audit Commission is currently in the process of the award of contracts for the work currently undertaken by the Audit Practice for the period 2012/13 to either 2014/15 or 2016/17 (see 'update on the externalisation of the Audit Practice' below). The government envisages the retention of the Audit Commission as a small residuary body until the end of those contracts, to oversee them and to make any necessary changes to individual audit appointments.

9 Thereafter, the government proposes that a new local public audit regime will apply. The key features of that regime are as follows.

- The National Audit Office will be responsible for developing and maintaining audit codes of practice and providing support to auditors.
- Mirroring the Companies Act provisions, auditors will be subject to the overall regulation of the Financial Reporting Council (the FRC). The FRC will authorise one or more Recognised Supervisory Bodies (in practice, the professional institutes) to register and supervise audit firms and engagement leads.
- Directly-elected local government bodies will appoint their own auditor on the advice of an independent audit appointment panel with a majority of independent members. Such panels may be shared between audited bodies.
- Audited bodies must run a procurement exercise for their external audit appointment at least every five years, although there would be no bar on the reappointment of the incumbent audit firm (for a maximum of one further five-year term);
- Audited bodies will be able to remove their auditor, but only after due process, involving the independent audit appointment panel and culminating in a public statement of the reasons for the decision.
- The audit will continue to cover arrangements for securing economy, efficiency and effectiveness, but without imposing further burdens on audited bodies. There will be further consultation on the approach to value for money.
- The power to issue a public interest report will be retained.

- Audit firms will be able to provide non-audit services to audited bodies, subject to complying with ethical standards and gaining approval from the independent auditor appointment panel.
- The right to object would be retained, but the auditor will be given the power to reject vexatious, repeated or frivolous objections.
- Grant certification will be subject to separate arrangements between grant paying bodies, audited bodies and reporting accountants (who could be the external auditors).
- The National Fraud Initiative will continue. Discussions on how this will be achieved are ongoing.

10 The government is holding further discussions with audited bodies and audit firms to develop its proposals. The Regional Improvement and Efficiency Partnerships are organising events in January and February 2012 to which audited bodies have been invited. The government intends to publish draft legislation for pre-legislative scrutiny in Spring 2012.

Links: Further information is at

<http://communities.gov.uk/publications/localgovernment/localauditgovresponse>.

Update on the externalisation of the Audit Practice

11 The Audit Commission's Chief Executive, Eugene Sullivan, wrote to clients on 21 September 2011 summarising the Department for Communities and Local Government's plans for externalising the Audit Commission's work that is currently undertaken by the Audit Practice. An update on progress was provided in Eugene's subsequent letter of 10 November 2011.

12 The key points are as follows.

- Contracts will be let from 2012/13 on a three- or five-year basis. The earliest you will be able to appoint your own auditors is therefore for the 2015/16 audit.
- The work is split into four regions, comprising ten 'lots'. Each lot will be awarded separately, but any individual bidder can only win a maximum of one lot in each region (ie four lots in total).
- The Commission is managing a fair and equitable procurement process to allow suitable private sector providers the opportunity to compete for the contracts.
- Thirteen potential providers were invited to tender following the initial pre-qualification stage. The deadline for return of the tenders was 16 December 2011. Tenders received are currently being evaluated. The Commission plans to announce the successful tenderers in March 2012.
- The Commission is planning to set out, early in 2012, the consultation process to be followed for individual audit appointments. For bodies currently audited by the Audit Practice, there will be an opportunity to attend an introductory event in each contract area with the Commission and the firm awarded the contract. The events will take place in May 2012.
- Appointments will start on 1 September 2012. As such, the Commission is extending the current audit appointment to allow any audit issues arising between 1 April 2012 and 31 August 2012 to be dealt with. The Commission's Director of Audit Policy and Regulation wrote to clients on 19 December 2011 setting out more details on this 'interim' appointment.
- Audit Practice staff in each lot area will in the main transfer to the successful bidders on 31 October 2012.

13 Further details are available on the Commission's website. We will continue to keep you updated on developments.

14 Against this background, the Audit Practice's focus remains.

- Fulfilling our remaining responsibilities - delivering your 2011/12 audit - to the high standards you expect and deserve.

- Managing a smooth transition from the Audit Practice to your new audit provider.

Links: A copy of the letters:

- dated 21 September 2011 can be found [here](#).
- dated 10 November 2011 can be found [here](#).
- dated 19 December 2011 can be found [here](#).

Other matters of interest

2010/11 Accounts

15 In December 2011 the Audit Commission published a report - Auditing the Accounts 2010/11 - which summarises its findings of the accounts audits in 2010/11.

16 The report covers the quality and timeliness of financial reporting by councils, police authorities, fire and rescue authorities and other local public bodies. In addition to auditors' work on the 2010/11 financial statements, the report also covers:

- the results of the first year of International Financial Reporting Standards (IFRS) implementation;
- auditors' work on the Whole of Government Accounts returns;
- auditors' local value for money work;
- public interest reports and statutory recommendations issued by auditors since December 2010; and
- the key challenges facing bodies for 2011/12.

17 Auditors were able to give opinions on the accounts by the target date of 30 September 2011 at most organisations and this performance compares well with the previous year. Out of a total of 356 councils, some 28 did not achieve this target date of which Slough was one.

18 However, the challenges presented by the transition to IFRS are demonstrated by an increase in the number of bodies, from seven last year to eighteen this year, where the auditor's opinion was still outstanding after 31 October. Please note that Slough was not one of these eighteen bodies as the auditor's opinion was issued on the 19 October.

19 There was also a significant increase in the number of bodies needing to make material adjustments to their accounts following the audit.

20 On 18 January 2012, the Audit Commission published 'Let's be clear: Making local authority IFRS accounts more accessible and understandable'.

21 This briefing supplements the report on the 2010/11 accounts referred to above and focuses on a long-running debate of how to make local government accounts easier to understand.

22 While the statutory accounts give comprehensive information on each local authority's financial position and performance, reflecting the range of activities which they cover, they are a poor way of communicating the key information to lay readers.

23 The briefing notes that:

- elected members and local people would benefit from having access to well-presented extracts from the accounts, which would provide the key information on each authority's financial position and performance;
- the accounting profession and the Audit Commission could do more to encourage auditors and preparers of accounts to reduce clutter in statutory accounts; and
- each authority could do more to ensure their accounts are shorter and more accessible. Those preparing accounts need to look critically at the previous year's accounts. They should identify how these accounts could be sharper and more focused before starting work on the next set.

24 The briefing concludes by identifying possible steps to make local authority accounts more accessible and easier to understand, and the implications of doing so.

25 The Audit Commission is seeking views on the issues raised within the briefing and has invited comments by 16 March 2012 - further information on this is available on the Audit Commission's website.

Links: The link to the 2010/11 accounts publication on the Audit Commission's website is [here](#).

Let's be clear is [here](#).

Managing Workforce Costs

26 The Audit Commission and Local Government Association have jointly launched 'Work in progress: Meeting local needs with lower workforce costs'.

27 The joint report - which can be found on the Audit Commission's website - is aimed at councils as employers and shows how local authorities across England are reducing their workforce costs, with some finding creative solutions.

28 As government funding for councils shrinks by over a quarter between 2011/12 and 2014/15, councils need to reduce their workforce costs substantially while still providing much needed services. Not all councils face the same financial challenges, but the message is that all must reassess what they do, how they do it, and what their priorities are. Those opting for major restructuring will take more time to realise savings.

29 Councils are finding ways to cut their pay bills without losing jobs, but the report says that redundancies are inevitable. Local government was already reducing posts before the cuts in government funding. In the past year an estimated 145,000 jobs have gone and this figure will increase in the future. So far many redundancies have been voluntary, but the report warns that compulsory ones are set to rise.

- 30** The report is supported by a number of resources including:
- an agency workers expenditure tool which shows councils how much they spend on agency workers, compared with groups of similar councils;
 - a workforce expenditure tool which shows councils how much they spend on staff as a proportion of their net current expenditure, and how this has changed over time;
 - five case studies which provide examples of the different approaches councils are taking to reduce the costs of employing people while protecting valuable services. The case studies show what the councils did and why - and the benefits achieved; and
 - a practical guide on how to undertake effective pay benchmarking, providing a series of steps to follow when starting a pay benchmarking process and highlighting the main issues that should be considered.

31 The report is supplemented with a briefing for elected members that includes a number of questions designed to help members assess how well their council decides the size, shape and cost of its workforce and how these decisions will affect services and communities.

32 The questions are in two parts:

- the information that should be available to members about the workforce; and
- the savings strategies councils could follow in the light of that information.

Links: The report can be found [here](#) on the Audit Commission's website

Joining up health and social care

33 On 1 December 2011 the Audit Commission published the second in a series of briefings looking at adult social care.

34 'Joining Up Health and Social Care - Improving Value for Money Across the Interface' shows significant variations in indicators such as the levels of emergency admissions to hospital. This raises questions about how well services are being integrated to meet the preferences of older people. Despite the focus for many years on improving joint working across the NHS and social care, progress remains patchy.

35 At a time when the whole of the public sector must find significant savings, the report says that integrated working offers opportunities for efficiencies and improvements to services. Without it, there is a risk of duplication and 'cost-shunting' - where savings made by one organisation or sector simply create costs for others.

36 The briefing offers guidance to local partnerships, setting out a list of questions to consider and suggestions for interventions that might help. The briefing also includes a number of case studies which show how some areas have embraced partnership working and used local data and benchmarking to establish how and where to make improvements.

37 The Audit Commission has developed a tool to accompany the briefing that allows NHS and social care partnerships to benchmark their performance against others.

Links: The briefing and the benchmarking tool can be found [here](#).

CIPFA's Prudential Code for Capital Finance

38 CIPFA has recently updated its Prudential Code for Capital Finance in Local Authorities. This new version reflects the introduction of IFRS which required:

- PFI schemes to be included on organisations' balance sheets; and
- The accounting treatment of leases to be reviewed – with many more likely to be considered as finance leases and thus also included on the relevant balance sheets.

39 The code also includes guidance on the treasury management implications of the housing self-financing reforms.

40 Although local authorities determine their own capital programmes, they are required to have regard to CIPFA's Prudential Code (the Code) in order to ensure that these capital investment plans are affordable, prudent and sustainable.

41 To demonstrate that these objectives have been met, the Code sets out the indicators that must be used and the factors that must be taken into account.

42 The Code does not include suggested indicative limits or ratios and these are for the local authority to set itself, subject to some overriding controls.

43 The prudential indicators required by the Code should be considered alongside its Treasury Management performance indicators. These indicators are both are designed to support and record local decision making and are not designed to be comparative performance indicators.

Links: It can be found on our intranet, [here](#).

2011/12 Accounts: CIPFA Guidance Notes for Practitioners

44 CIPFA has recently published a set of guidance notes to provide support in preparing the 2011/12 year-end accounts. These offer constructive advice on all aspects of the requirements for 2011/12 and provide detailed guidance on the key changes, including accounting for:

- heritage assets;
- business rate supplements;
- community infrastructure levies;
- related party disclosures;
- exit packages;
- financial instruments; and
- interests in joint ventures.

45 The key changes to your financial statements in 2011/12 will also be covered by our final accounts workshops.

Links: The link on our intranet is [here](#).

For information: Board Governance Essentials

46 The Public Chairs' Forum and CIPFA have recently published a joint 'how to' guide for Chairs and Boards of public bodies.

47 'Board Governance Essentials: A Guide for Chairs and Boards of Public Bodies' offers advice across four key areas.

- Good corporate governance.
- Roles, responsibilities and relationships.
- Standards of behaviour in public life.
- Effective financial management and transparency.

48 This guide may provide interesting reading for all members.

Links: This is not on CIPFA's website - it has to be paid for - but can be found on our Intranet site [here](#).

Local Government Finance Bill

49 In December 2011 the government introduced proposals to devolve greater financial powers and freedoms to councils. The Local Government Finance Bill sets out the legislative foundations to implement the changes from April 2013. The most significant proposals relate to non-domestic rates, which are currently pooled and redistributed nationally.

50 The Bill provides for councils to:

- retain a portion of their business rate growth;
- borrow against future income from business rates to pay for roads and transport projects alongside other local priorities;
- ensure a stable starting point for all authorities. No authority will be worse off as a result of their business rates base at the start of the scheme;
- establish a national baseline alongside a system of top ups and tariffs. Councils with business rates in excess of a set baseline would pay a tariff to government whilst those below would get an individually assessed top up from government; and
- create a levy to take back a share of growth from those councils that gain disproportionately from the changes. This money would be used to fund a safety net providing financial help to those authorities which experience significant drops in business rates, for example caused by the closure or relocation of a major business.

51 The Bill provides for much of the detail of the arrangements, including the sharing of business rate growth between billing and precepting authorities, to be left to secondary legislation.

Further information is [here](#).

Guide to HRA Self Financing

52 The introduction of self-financing to the housing revenue account (HRA) in April 2012 will fundamentally change the way that local authority housing is funded.

53 CIPFA has therefore recently produced a publication which brings together the latest guidance to assist those working in the sector to understand the changes and help with their implementation.

Links: Not available on the CIPFA website, but the link to our intranet is: [here](#).

Key considerations

54 The Audit Committee may wish to consider the following questions in respect of the issues highlighted in this briefing paper.

- Has the Council reviewed the Audit Commission's report on the 2010/11 accounts and, in particular, considered the key challenges facing bodies for 2011/12?
- Has the Council reviewed its 2010/11 accounts and identified ways in which these could be streamlined or clarified?
- Has the Council reviewed the Audit Commission / Local Government Association joint report on managing workforce costs and is the Audit Committee satisfied that appropriate use has been made of the supporting materials?
- Has the Council circulated the briefing for elected members on the Audit Commission's workforce report to Members? Is the Audit Committee satisfied that the questions within the briefing have been properly considered by the Council*?
- Has the Council reviewed the questions included in the Audit Commission's briefing paper on joining up health and social care?
- Has the Council used the Audit Commission's tool to benchmark the performance of its NHS and social care partnership?
- Has the Council reviewed its prudential indicators in the light of CIPFA's revised prudential code?
- Has the Council reviewed CIPFA's guidance notes for the 2011/12 financial statements and made satisfactory arrangements for their implementation?
- Has the Council reviewed CIPFA's guidance on HRA self-financing and made satisfactory progress for its implementation?

Contact details

55 If you would like further information on any items in this briefing, please feel free to contact either your District Auditor / Engagement Lead or Audit Manager.

56 Alternatively, all Audit Commission reports - and a wealth of other material - can be found on our website: www.audit-commission.gov.uk.

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors, members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.



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January 2012

Audit plan

Slough Borough Council

Audit 2011/12



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Introduction

This plan sets out the work for the 2011/12 audit. The plan is based on the Audit Commission's risk-based approach to audit planning.

I am pleased to present our Audit Plan. This includes our analysis of key risks (for the financial statements audit and the value for money conclusion) based on discussions with management and a review of your key documents; our audit strategy; and planned reporting timetable. Discussion of this plan with you ensures that we understand your concerns and you are clear on the intended scope of the audit.

Responsibilities

The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies sets out the respective responsibilities of the auditor and the audited body. The Audit Commission has issued a copy of the Statement to you.

The Statement summarises where the different responsibilities of auditors and of the audited body begin and end and I undertake my audit work to meet these responsibilities.

I comply with the statutory requirements governing my audit work, in particular:

- the Audit Commission Act 1998; and
- the Code of Audit Practice for local government bodies.

My audit does not relieve management or the Full Council and Audit Committee, as those charged with governance, of their responsibilities.

Accounting statements and Whole of Government Accounts

I will carry out the audit of the accounting statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB). I am required to issue an audit report giving my opinion on whether the accounts give a true and fair view.

Assertions

International Standards of Auditing require auditors to undertake sufficient testing to be satisfied for all material classes of transactions and balances that the following assertions are met.

Occurrence	Transactions and events that have been recorded have occurred and relate to the Authority.	Classification	Transactions and events have been appropriately presented and categorised in the proper accounts.
Completeness	All transactions and events that should have been recorded have been recorded.	Existence	Assets and liabilities exist.
Accuracy	Amounts and other information relating to recorded transactions and events have been recorded appropriately.	Rights and obligations	The Authority holds or controls the rights to assets and liabilities are the obligations of the Authority.
Cut off	Transactions and events have been recorded in the correct accounting period.	Valuation and allocation	Assets and liabilities are included at appropriate amounts and any resulting valuation or allocation adjustments are appropriately recorded.

Materiality

I will apply the concept of materiality in planning and performing my audit, in evaluating the effect of any identified misstatements, and in forming my opinion. Materiality can be defined as: 'information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement.'

Identifying audit risks

I need to understand the Authority to identify any risk of material misstatement (whether due to fraud or error) in the accounting statements. I do this by:

- identifying the business risks you face, including assessing your own risk management arrangements;
- considering your financial performance;
- assessing internal control, including reviewing the control environment, the IT control environment and internal audit; and
- assessing the risk of material misstatement arising from the activities and controls within your information systems.

Identification of significant and specific risks

I have considered the additional risks that are relevant to the audit of the accounting statements and have set these out below.

Table 1: **Significant and specific risks**

Risk	Audit response
Significant risks	
Resilience of the finance function	
I drew attention to the S.11 recommendation in the 2010/11 Annual Governance report which requires management to ensure that the Council's finance function has the capacity, capability and necessary resilience to operate effectively with established quality assurance arrangements to meet the Council's statutory reporting obligations.	My audit response to significant risks must include a review of the design and implementation of controls relevant to the significant risk as well as tests of detail. I will: <ul style="list-style-type: none">• work with your finance team to understand the pressures and difficulties experienced last year and to assist you respond to these and improve your closedown and

Risk

I am aware that you have plans for addressing this in 2011/12; with further appointments being made to key posts and proposals for the production of a set of interim accounts at the end of December 2011. However, until this work is complete and outcomes can be clearly demonstrated, the resilience of the finance function, in my view remains a significant risk for the coming year of audit.

Audit response

- quality assurance arrangements this year;
- review your plans for strengthening your finance function;
 - consider your performance in completing your interim closedown of accounts and your response to any emerging issues;
 - carry out early substantive testing based on the figures in your interim accounts which will enable me to provide early comment on the quality of your supporting working papers.

The Audit Commission is once again running a series of Accountant's workshops – members of your finance team are attending.

Transactional services – continuity of service and access to accounting information

Your transactional services are transferring to an external provider from the 2 April 2012. As from that date key figures in your financial accounts will be generated by an external organisation rather than being generated in house. There are a number of risks associated with the transfer of functions concerned with procedures not operating as designed.

- My audit response to significant risks must include a review of the design and implementation of controls relevant to the significant risk as well as tests of detail. I will:
- review your plans and contract provisions;
 - obtain assurances from management that transitional working arrangements incorporate sufficient safeguards and controls to mitigate all inherent risks; that the integrity of the 2010/11 data is preserved and that information flows to the financial statements are assured
 - discuss audit requirements with management to ensure that my team have access to all accounting information necessary for the discharge of my audit responsibilities

Risk	Audit response
<p>Specific risks</p> <p>Property, Plant and Equipment – fixed asset register</p> <p>With the introduction of IFRS accounting in 2010/11, the number and complexity of adjustments to the capital accounts increased significantly and arrangements for updating the fixed asset register were unable to cope effectively with the increase in throughput and the complexity of entries</p> <p>Responsibility for maintenance of the fixed asset register is now fully a finance function and a new capital accountant has been appointed. Management is confident that arrangements are now working effectively. It is intended that the production of interim accounts will highlight residual problems that can be rectified during the final months of the year.</p>	<p>I will review management's assessment of the update and reconciliation of your fixed asset register when it is carried out at the end of December 2011 and will carry out audit tests designed to substantiate the material entries in the accounts.</p>
<p>Heritage Assets</p> <p>The 2011/12 Code adopts the requirements of FRS 30 Heritage Assets. There is a risk that you may be unable to identify and account for all heritage assets.</p> <p>A heritage asset is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.</p>	<p>I will undertake testing to check that you have accounted for heritage assets in accordance with FRS 30 and the Code and the financial statements are not materially misstated.</p>
<p>Infra-structure assets</p> <p>CIPFA is currently consulting on alternative approaches to valuing infrastructure assets. To comply with potential new requirements you will need to develop robust highways infrastructure asset inventories and management plans to help confirm assets exist.</p>	<p>I will consider your plans for developing your highways infrastructure asset inventories and management plans and will undertake test checking as appropriate</p>

Risk	Audit response
<p>Schools</p> <p>In most local authorities schools are managed through a variety of governance arrangements. The difference is those arrangements have implications for the accounting treatment. There may be risk that the Authority has materially misstated its Property, Plant and Equipment due to the incorrect inclusion or omission of schools in its balance sheet.</p>	<p>I will review your consideration of schools and the IAS 16 recognition criteria and consistency with the accounting policy.</p>
<p>HRA reforms</p> <p>The Government plans to reform local authority housing finance by adopting a self-financing model from 1 April 2012. This will be through a one-off settlement payment to or from central government on or before 28 March 2012. This will adjust the HRA debt of the Authority. Payments from government will in most cases be used to redeem an equal percentage of all PWLB debt held by the Authority.</p> <p>Due to the complexity, magnitude and timing of the HRA reform there is risk that the financial statements could be materially misstated.</p>	<p>I will review your management oversight of HRA reforms and transactions required by you.</p> <p>I will carry out tests on the settlement payment or receipt.</p>
<p>Authorisation of journal entries</p> <p>In 2010/11 there was inadequate management check over the authenticity and integrity of journal entries to the general ledger which could result in errors or even the fraudulent manipulation of data.</p> <p>I understand that management has since acted to address this weakness but I nevertheless need to design audit procedures to confirm that these controls are in place and operating consistently</p>	<p>I will rely where possible on the work of Internal Audit to confirm that management checks are in place and operating effectively</p> <p>The nature of my substantive testing will be determined by the findings of IA.</p>

Reliance on Internal Audit

You have awarded a new Internal Audit contract effective from January 2012. Your outgoing internal audit provider completed the third quarter audit plan prior to the transfer of the contract and I plan as far as possible seek to place reliance on this work. The final quarter's audit plan will be re-assessed when the new provider is in place. Changing the internal audit provider part way through the financial year raises a number of risks for my audit:

- work planned in quarter three may not be completed or delayed;
- I will be able to rely on the work of internal auditor only for the first part of the year and arrangements for the provision of top up assurance over the remaining months of the year will need to be negotiated with the incoming auditor; otherwise I will need to design additional audit procedures;
- there may be a lack of continuity in following through control issues with management.

My audit team has been working alongside internal audit staff during the period November/December 2011; attending site visits jointly and integrating our systems testing. My team have re-performed internal audit testing where I intend to place reliance on a real time basis so that I was able to conclude a large part of my work prior to the departure of the outgoing auditors.

I have agreed appropriate exit protocols with the Head of Internal Audit.

I will discuss and agree external audit requirements with the incoming Head of Internal Audit.

Testing strategy

I have planned to rely on the effective operation of key controls within your financial systems that contribute to the production of the annual statement of accounts. My work will involve documenting the way your financial systems operate and testing the effectiveness of controls throughout the year. I will also review your control environment in which the key financial systems operate and assess your IT control environment.

Where appropriate, my audit will:

- review and re-perform the work of your internal auditors;
- rely on the work of other auditors in accordance with international standards of auditing;
- evaluate and rely on the work of experts you engage and the auditor's own experts; and
- involve substantive tests of detail of transactions and amounts;

I have sought to:

- maximise reliance, subject to review and re-performance, on the work of your internal auditors; and
- maximise the work that can be undertaken before you prepare your accounting statements.

The nature and timing of my proposed work is as follows.

Table 2: Proposed work

	Review of internal audit	Controls testing	Reliance on the work of other auditors	Reliance on work of experts	Substantive testing
Interim visit	Controls assurance – from quarter 3 audit programme and follow up of previous audit recommendations	General ledger Housing Benefit Social Services Education Imprests Investments and loans Fixed assets Accounts Receivable and		Pension fund – actuarial assumptions	Assess resilience of finance function Assess transitional arrangements on transactional services Provisions and reserves Revaluation of assets and fixed asset reconciliations

	Review of internal audit	Controls testing	Reliance on the work of other auditors	Reliance on work of experts	Substantive testing
	Discussions with incoming Head of Internal Audit	NNDR (partial) IT risk assessment			All control account reconciliations complete at month 9 Internal recharges
Final visit	Annual Governance Statement		Pensions assets and liabilities – auditor to Windsor and Maidenhead BC	Pensions liabilities and assets – Barnett Waddingham and our own consulting actuary Valuation of property, plant and equipment – Slough external valuers I will also use the work of our expert valuers to assess the reasonableness of your own valuation.	All material accounts balances and amounts Year-end feeder system reconciliations

I will agree with you a schedule of working papers required to support the entries in the accounting statements.

Whole of Government Accounts

Alongside my work on the accounting statements, I will also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of my review and the nature of my report are specified by the National Audit Office.

Value for money

I am required to reach a conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.

My conclusion on the Authority's arrangements is based on two criteria, specified by the Commission. These relate to your arrangements for:

- securing financial resilience – focusing on whether you are managing your financial risks to secure a stable financial position for the foreseeable future; and
- challenging how you secure economy, efficiency and effectiveness – focusing on whether you are prioritising your resources within tighter budgets and improving productivity and efficiency.

Identification of specific risks

To form my view on the Authority's arrangements, I plan a programme of VFM audit work based on my risk assessment. This includes capturing what I know already from last year's work my continuing reviews of minutes and discussions with officers. I have identified the following specific risks, including a number of sector specific risks that along with other local authorities you face in the coming year (for example government proposals for business rate reforms, localising support for council tax from 2013/14 and the new public services transparency framework) that I will address through my work.

Table 3: **Specific risks**

Risk	Audit response	Separate audit output?
<p>Procurement – S.11 recommendation</p> <p>I drew attention to the S.11 recommendation in the 2010/11 Annual Governance report which required management to overhaul your procurement arrangements to ensure that these reflected best procurement practice; ensure that operational procedures are consistent with financial regulations and ensure that revised procurement practice is complied with and operates effectively in future.</p> <p>This remains a risk until management is able to demonstrate that proper procurement arrangements are in place and operating effectively</p>	<p>I will carry out a local risk based review of your procurement arrangements to assess your progress and obtain assurances that operational arrangements are in place and operating effectively.</p> <p>Timing of the review to be agreed</p>	<p>Yes</p>
<p>Resilience of finance function – S.11 recommendation</p> <p>I drew attention to the S.11 recommendation in the 2010/11 Annual Governance report which required management to ensure that the Council's finance function has the capacity, capability and necessary resilience to operate effectively with established quality assurance arrangements to meet the Council's statutory reporting obligations in the future.</p>	<p>I will consider the Council's progress as part of my audit of the Council's statements accounts (please refer to significant opinion risks in table 1)</p>	<p>No</p>
<p>Financial resilience</p> <p>The economic downturn, compounded by the public sector deficit, continues to have a significant impact on public finances and you will need to remain resilient to the challenges that this presents. The over-riding risk is that financial balance is not sustainable.</p>	<p>I will monitor the impact of financial pressures during the year including delivery of planned cost improvements; through discussions with officers and review of financial reports.</p> <p>I will review the development of your medium</p>	<p>No</p>

Risk	Audit response	Separate audit output?
<p>Financial acumen within service departments needs to be developed to ensure that all budget holders have the necessary financial skills that they need to manage their budgets effectively.</p> <p>I have identified a number of areas of financial risk:</p> <ul style="list-style-type: none"> ■ school balances ■ prioritisation of capital resources ■ income collection and debt recovery ■ prudential borrowing and funding vehicles 	<p>term financial plans and your progress against corporate priorities and objectives in the light of changing circumstances.</p> <p>I will seek assurances that plans are in place to enhance financial skills at service level and that these are being delivered.</p> <p>I will review how management demonstrate that financial risks are being addressed.</p>	
<p>Managing organisational change</p> <p>In common with many other councils, you face significant challenges and to be best placed to tackle these effectively you need to achieve organisational stability swiftly, flexibly and without creating comprehensive disruption.</p> <p>You need to closely monitor the delivery of your plans for organisational change ensuring that risks are identified and managed to ensure business continuity; that external consultancy costs are effectively controlled and that realistic timescales for the implementation of new structures and the appointment of key staff are set and adhered to.</p> <p>The risk to you in not managing this process effectively is the potential for slippage against corporate priorities and your inability to contain cost pressures.</p>	<p>I will seek assurances from management that:</p> <ul style="list-style-type: none"> ■ realistic timescales for the implementation of new structures are in place; ■ organisational reforms are being progressed effectively and to plan and in a way that secures value for money; ■ transitional costs including the cost of consultants and interim staff are transparent and reasonable, and ■ disruption is minimised. 	No

Risk	Audit response	Separate audit output?
<p>Transactional services – client side arrangements</p> <p>You will be dependent on an external service provider from the 1 April 2012. I am satisfied that you have managed the procurement and award of this contract in an effective manner and that the new arrangements promise significant benefits.</p> <p>Moving forward into the implementation stage of the contract you will need to be satisfied that performance under the contract meets expectation and that benefits are delivered</p>	<p>I will seek assurances from management that client management arrangements are in place and operating effectively.</p>	<p>No</p>
<p>Control environment</p> <p>You reported significant governance issues in your 2010/11 annual governance statement. You will need to ensure that these issues are addressed and your control environment is not compromised by the significant challenges that you face.</p> <p>There is a risk that governance and accountability could be affected if staff continuity is lost and service reforms and efficiency measures are not underpinned by a strong framework of internal control.</p>	<p>I will place reliance on the work of Internal Audit and on your corporate risk management arrangements to demonstrate improvements in governance arrangements and your response to emerging issues</p>	<p>No</p>
<p>Delivering outcomes and your corporate priorities</p> <p>You continue to explore opportunities for more efficient ways of delivering your services as you prioritise your resources within tighter budgets.</p> <p>The measure of your success is being able to demonstrate that your plans are delivering tangible outcomes.</p>	<p>I will monitor your performance in terms of delivery of your corporate plans through discussion with management and review of your corporate performance reports</p> <p>I will utilise the Audit Commission VFM profile and key financial ratios to identify areas for discussion with management</p>	<p>No</p>

Key milestones and deadlines

You are required to prepare the accounting statements by 30 June 2012. I aim to complete my work and issue my opinion and value for money conclusion by 30 September 2012.

Table 4: **Proposed timetable and planned outputs**

Activity	Date	Output
Opinion: controls and early substantive testing	1 st visit – Dec 2011/January 2012 2 nd visit – March/ April 2012	Supplementary audit plan
Procurement report	April/May	Report
Opinion: receipt of accounts and supporting working papers	1 July 2012	Annual Governance report
Opinion: substantive testing	July/August 2012	Annual Governance report
Annual Governance Report to Audit Committee	September 2012 – date to be confirmed	
Adoption of annual accounts by the full Council	September 2012- date to be confirmed	Annual Governance Report
Issue opinion; report on the WGA and value for money conclusion	By 30 September 2012	Auditor's report
Summarise overall messages from the audit	October 2012	Annual Audit Letter

The audit team

The key members of the audit team for the 2011/12 audit are as follows.

Table 5: **Audit team**

Name	Contact details	Responsibilities
Chris Westwood District Auditor	c-westwood@audit-commission.gov.uk 0844 798 1791	Responsible for the overall delivery of the audit including quality of reports, signing the auditor's report and liaison with the Chief Executive.
Alastair Rankine Audit Manager	a-rankine@audit-commission.gov.uk 0844 798 6431	Manages and coordinates the different elements of the audit work. Key point of contact for the Director of Finance.

Independence and quality

Independence

I comply with the ethical standards issued by the APB and with the Commission's additional requirements for independence and objectivity as summarised in appendix 1.

I am not aware of any relationships that may affect the independence and objectivity of the Audit Commission, the audit team or me, that I am required by auditing and ethical standards to report to you.

Quality of service

I aim to provide you with a fully satisfactory audit service. If, however, you are unable to deal with any difficulty through me and my team please contact Mike Haworth-Maden; lead director for Local Government, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (m-haworth-maden@audit-commission.gov.uk).

If you are still not satisfied you may of course take up the matter with the Audit Commission's Complaints Investigation Officer (The Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol BS34 8SR).

Fees

The fee for the audit is £281,600 as set out in my letter of 18 April 2011.

The audit fee

The Audit Commission has set a scale audit fee of £309,150 which represents a 23% per cent reduction on the audit fee for 2010/11 (including additional fee of £33,760).

The scale fee covers:

- my audit of your accounting statements and reporting on the Whole of Government Accounts return; and
- my work on reviewing your arrangements for securing economy, efficiency and effectiveness in your use of resources.

The scale fee reflects:

- the Audit Commission's decision not to increase fees in line with inflation;
- a reduction resulting from the new approach to local VFM audit work; and
- a reduction following the one-off work associated with the first-time adoption of International Financing Reporting Standards (IFRS).

Variations from the scale fee only occur where my assessments of audit risk and complexity are significantly different from those reflected in the 2010/11 fee. I have set the fee at £281,600, 8.9 per cent below the scale fee because I anticipated that improvements to your control environment would enable me to place greater reliance on the controls within your key financial systems.

Assumptions

In setting the fee, I have made the assumptions set out in appendix 2. Where these assumptions are not met, I may be required to undertake more work and therefore increase the audit fee. Where this is the case, I will discuss this first with the Director of Finance and I will issue a supplement to the plan to record any revisions to the risk and the impact on the fee.

Specific actions you could take to reduce your audit fee

The Audit Commission requires me to inform you of specific actions you could take to reduce your audit fee. At this stage, there are no specific actions identified that you could take.

Total fees payable

In addition to the fee for the audit, the Audit Commission will charge fees for:

- certification of claims and returns; and
- the agreed provision of non-audit services under the Audit Commission's advice and assistance powers.

Based on current plans the fees payable are as follows.

Table 6: Fees

	2011/12 proposed	2010/11 actual*	Variance
Audit	£281,600	£377,260	(£95,660)
Certification of claims and returns	£ 46,500	£ 45,867	£ 633
Non-audit work			
Total	£328,100	£423,127	(£95,027)

* excluding fee relating to local elector objection

Appendix 1 – Independence and objectivity

Auditors appointed by the Audit Commission must comply with the Commission’s Code of Audit Practice and Standing Guidance for Auditors. When auditing the accounting statements, auditors must also comply with professional standards issued by the Auditing Practices Board (APB). These impose stringent rules to ensure the independence and objectivity of auditors. The Audit Practice puts in place robust arrangements to ensure compliance with these requirements, overseen by the Audit Practice’s Director – Standards and Technical, who serves as the Audit Practice’s Ethics Partner.

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Area	Requirement	How we comply
Business, employment and personal relationships	Appointed auditors and their staff should avoid any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.	All audit staff are required to declare all potential threats to independence. Details of declarations are made available to appointed auditors. Where appropriate, staff are excluded from engagements or safeguards put in place to reduce the threat to independence to an acceptably low level.
	The appointed auditor and senior members of the audit team must not take part in political activity for a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.	

Area	Requirement	How we comply
Long association with audit clients	The appointed auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every seven years, with additional consideration of threats to independence after five years.	The Audit Practice maintains and monitors a central database of assignment of auditors and senior audit staff to ensure this requirement is met.
Gifts and hospitality	The appointed auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.	All audit staff are required to declare any gifts or hospitality irrespective of whether or not they are accepted. Gifts and Hospitality may only be accepted with line manager approval.
Non-audit work	<p>Appointed auditors should not perform additional work for an audited body (that is work above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might result in a reasonable perception that their independence could be compromised.</p> <p>Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.</p> <p>Work over a specified value must only be undertaken with the prior approval of the Audit Commission's Director of Audit Policy and Regulation.</p>	All proposed additional work is subject to review and approval by the appointed auditor and the Director – Standards and Technical, to ensure that independence is not compromised.
<i>Code of Audit Practice, Audit Commission Standing Guidance and APB Ethical Standards</i>		

Appendix 2 – Basis for fee

In setting the fee, I have assumed the following.

- The risk in relation to the audit of the accounting statements is not significantly different to that identified for 2010/11. For example:
 - internal controls are operating effectively;
 - I secure the co-operation of other auditors;
 - you will inform me of any significant developments impacting on the audit
- The risk in relation to my value for money responsibilities is not significantly different to that identified for 2010/11.
- Internal Audit meets professional standards.
- Internal Audit undertakes sufficient appropriate work on all systems that provide material figures in the accounting statements on which I can rely.
- The Authority provides:
 - good quality working papers and records to support the accounting statements and the text of the other information to be published with the statements by the agreed date;
 - other information requested within agreed timescales;
 - prompt responses to draft reports; and
- there are no questions asked or objections made by local government electors.

Where these assumptions are not met, I will have to undertake more work which is likely to result in an increased audit fee.

Appendix 3 – Glossary

Accounting statements

The annual statement of accounts that the Authority is required to prepare, which report the financial performance and financial position of the Authority in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom.

Annual Audit Letter

Report issued by the auditor to the Authority after the completion of the audit that summarises the audit work carried out in the period and significant issues arising from auditors' work.

Annual Governance Report

The auditor's report on matters arising from the audit of the accounting statements presented to those charged with governance before the auditor issues their opinion [and conclusion].

Annual Governance Statement

The annual report on the Authority's systems of internal control that supports the achievement of the Authority's policies aims and objectives.

Audit of the accounts

The audit of the accounts of an audited body comprises all work carried out by an auditor under the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

Audited body

A body to which the Audit Commission is responsible for appointing the external auditor.

Auditing Practices Board (APB)

The body responsible in the UK for issuing auditing standards, ethical standards and associated guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

Auditing standards

Pronouncements of the APB that contain basic principles and essential procedures with which auditors must comply, except where otherwise stated in the auditing standard concerned.

Auditor(s)

Auditors appointed by the Audit Commission.

Code (the)

The Code of Audit Practice for local government bodies issued by the Audit Commission and approved by Parliament.

Commission (the)

The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards

Pronouncements of the APB that contain basic principles relating to independence, integrity and objectivity that apply to the conduct of audits and with which auditors must comply, except where otherwise stated in the standard concerned.

Group accounts

Consolidated accounting statements of an Authority and its subsidiaries, associates and jointly controlled entities.

Internal control

The whole system of controls, financial and otherwise, that the Authority establishes to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality

The APB defines this concept as 'an expression of the relative significance or importance of a particular matter in the context of the accounting statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor's report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement within the accounting statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects'.

The term 'materiality' applies only to the accounting statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the accounting statements, which do not necessarily affect their opinion on the accounting statements.

Significance

The concept of 'significance' applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit of the accounting statements. Significance has both qualitative and quantitative aspects.

Those charged with governance

Those entrusted with the supervision, control and direction of the Authority. This term includes the members of the Authority and its Audit Committee.

Whole of Government Accounts

A project leading to a set of consolidated accounts for the entire UK public sector on commercial accounting principles. The Authority must submit a consolidation pack to the department for Communities and Local Government which is based on, but separate from, its accounting statements.

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors, members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.



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January 2012

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Certification of claims and returns - annual report

Slough Borough Council
2010/11



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Introduction

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and are required to complete returns providing financial information to government departments. My certification work provides assurance to grant-paying bodies that claims for grants and subsidies are made properly or that information in financial returns is reliable. This report summarises the outcomes of my certification work on your 2010/11 claims and returns.

Under section 28 of the Audit Commission Act 1998, the Audit Commission may, at the request of authorities, make arrangements for certifying claims and returns because scheme terms and conditions include a certification requirement. Where such arrangements are made, certification instructions issued by the Audit Commission to its auditors set out the work auditors must do before they give their certificate. The work required varies according to the value of the claim or return and the requirements of the government department or grant-paying body, but in broad terms:

- for claims and returns below £125,000 the Commission does not make certification arrangements and I was not required to undertake work;
- for claims and returns between £125,000 and £500,000, I undertook limited tests to agree form entries to underlying records, but did not undertake any testing of eligibility of expenditure; and
- for claims and returns over £500,000 I planned and performed my work in accordance with the certification instruction to assess the control environment for the preparation of the claim or return to decide whether or not to place reliance on it. Depending on the outcome of that assessment, I undertook testing as appropriate to agree form entries to underlying records and test the eligibility of expenditure or data.

Claims and returns may be amended where I agree with your officers that this is necessary. My certificate may also refer to a qualification letter where there is disagreement or uncertainty, or you have not complied with scheme terms and conditions.

Summary of my 2010/11 certification work

I have set out the results of my 2010/11 certification work in summary below.

Table 1: Summary of 2010/11 certification work

Number of claims and returns certified	
Total value of claims and returns certified	£187m
Number of claims and returns amended due to errors	3
Number of claims and returns where I issued a qualification letter because there was disagreement or uncertainty over the content of the claim or return or scheme terms and conditions had not been complied with	1
Total cost of certification work	£45,867

In 2010/11, we certified eight claims with a total value of £187 million, including business rates (£86 million payment to the national pool) and Housing and Council Tax Benefits (£78 million). Of these, we carried out full testing of seven claims and limited testing of one claim and as required by the Audit Commission's certification instructions. We amended three claims to adjust for errors and issued a qualification letter to the grant-paying body on one claims (BEN01). Table 2 sets out a full summary.

Key findings and recommendations

There was a lack of overall control and monitoring of the claims and returns for 2010/11. Working paper files provided for audit were often incomplete and showed no evidence of review. This resulted in delays in the audit certification and some submission deadlines were missed.

In addition, in some cases, the officers involved in compiling the claims had left the Council without leaving complete supporting documentation, and the key contact had not been involved in the bulk of the preparation of the claim.

Many of the issues and errors highlighted by the audit could have been avoided or detected earlier if claims were supported by a comprehensive working paper file for each claim and by introducing effective quality checks of each claim before it was submitted to audit. This would not only reduce errors but would lead to a faster and more efficient audit and lower certification costs. I have made a recommendation to this effect which is included in table 5. I raised the same recommendation in my 2009/10 report.

The Housing and Council Tax Benefits Claim required amendment and was qualified. This was the result of a software issue which caused a £3,895 imbalance in the 'in year reconciliation' cells which cross-checked data in the claim to ensure integrity. I qualified the housing and council tax benefit subsidy return for the same reason in 2009/10. I would like to highlight the qualification is a result of a software anomaly and is not a result of errors in the processing of benefit cases. Officers are aware of the issue but there is no fix as yet.

The Housing Subsidy and Housing Subsidy Base Data returns required minor amendments. The remainder were certified without amendment.

While there were issues with supporting documentation for some claims, the overall quality has improved for 2010/11. Three claims required minor amendment, compared with four in 2009/10. The recommendation at the end of this report will help ensure improvements continue in future years.

Results of 2010/11 certification work

This section summarises the results of my 2010/11 certification work and highlights the significant issues arising from that work.

Table 2: Claims and returns above £500,000

Claim or return	Value of claim or return (£'000)	Was reliance placed on the control environment?	Value of any amendments made	Was the claim certified before the certification deadline?	Was a qualification letter issued?
Housing and Council Tax Benefit scheme (BEN1)	78,445	N/A – Mandatory testing	£2,659	Yes	Yes – A software error resulting in a £3,895 imbalance in the claim.
Pooling of Housing Capital Receipts (CFB06)	1,343	Yes	N/A – no amendments	No - minor delay	No
HRA Main Subsidy (HOU1)	6,425	Yes	1 dwelling increase	Yes	No
Housing Subsidy Base Data return (HOU2)	466,066 (stock value)	Yes	Interest rate amended from 5.21% to 4.35%	No – The claim was certified 10 days late.	No

Claim or return	Value of claim or return (£'000)	Was reliance placed on the control environment?	Value of any amendments made	Was the claim certified before the certification deadline?	Was a qualification letter issued?
National Non-Domestic Rates return (NDR3)	85,518	Yes	N/A – no amendments	No - The claim was certified 43 days late, due to provision of supporting documentation after the certification deadline.	No
Teachers' Pensions Return (PEN5)	9,687	Yes	N/A – no amendments	Yes	No
General Sure Start (EYC2)	5,566	Yes	N/A – no amendments	Yes	No

Claims between £125,000 and £500,000

Claim or return	Value of claim or return (£'000)	Value of any amendments made	Was the claim certified before the certification deadline?	Qualification letter
Disabled facilities grant	354	N/A – no amendments	Yes	No

Summary of progress on previous recommendations

This section considers the progress made in implementing recommendations I have previously made arising from certification work.

Table 4: Summary of progress made on recommendations arising from certification work undertaken in earlier years

Agreed action	Priority	Date for implementation	Responsible officer	Current status	Comments
Each claim should be supported by a comprehensive set of working papers produced at the compilation stage and available to auditors at the commencement of the audit.	High	10 January 2010	Head of Central Finance	not implemented	In advance of grant claims being submitted for audit a file is to be produced for review and sign off by the Head of Central Finance.

Summary of recommendations

This section highlights the recommendations arising from my certification work and the actions agreed for implementation.

Table 5: Summary of recommendations arising from 2010/11 certification work

Recommendation	Priority	Agreed action	Date for implementation	Responsible officer
Each claim should be supported by a comprehensive set of working papers produced at the compilation stage and available to auditors at the commencement of the audit.	High			

Summary of certification fees

This section summarises the fees arising from my 2010/11 certification work and highlights the reasons for any significant changes in the level of fees from 2009/10.

Table 6: Summary of certification fees

Claim or return	2010/11 fee (£)	2009/10 fee (£)	Reasons for changes in fee greater than +/- 10 per cent
Housing and Council tax benefit scheme	25,239	27,361	<10%
Other Claims	20,828	19,176	<10%
Total	45,867	46,537	<10%

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The Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body.



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SLOUGH BOROUGH COUNCIL

Proposed Internal Audit Plan – Fourth Quarter 2011/12

Audit Committee Meeting: FEBRUARY 2012

RSM: Tenon

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The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

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1. INTRODUCTION

1.1 Following our appointment as Internal Auditors for the Council from the 1st January 2012, we have developed an Internal Audit plan for the fourth quarter of 2011/12. This plan has been developed through consideration of the audit plan for 2010/11 and audits delivered to date for the current financial year by Deloitte. We have also held discussions with the Acting Head of Finance regarding the proposed areas of coverage for the period to ensure that any emerging issues have been included within our plan for the period.

1.2 The proposed plan for the quarter is included within Appendix A of this paper. For each of the audits on the plan we have detailed:

- Proposed start and finish dates;
- High level areas of coverage;
- Lead Sponsor.

2. CONSIDERATIONS FOR SENIOR MANAGEMENT GROUP

2.1 Senior Management Group are asked to consider the following:

- Does the proposed quarter four audit plan reflect the areas that should be subject for coverage for the rest of the financial year?
- Is the timing of the audits appropriate, considering the need for the plan to be delivered by the end of the financial year?
- Have the appropriate sponsors been identified for each of the auditable areas on the plan?

2.2 Following approval of the attached plan by SMG, scoping meetings will be held with the lead sponsors for each of our audits to agree the detailed scope for the work being undertaken. We have already commenced the process of arranging these meetings with the relevant members of staff to minimise any delay between the plan being agreed and the audit fieldwork commencing.

2.3

APPENDIX A: INTERNAL AUDIT PLAN 2011/12 – FOURTH QUARTER

Internal Audit Plan 2011/12 – Fourth Quarter

Auditable Area	Estimated Number of Days	Proposed Start Date	High Level Scope	Proposed Fieldwork Completion Date	Client Sponsor
Central Systems Finance VAT	12	12 th March 2012	To provide assurance that the Council has put in place to identify VAT payments to be made and that these payments are appropriately authorised and reconciled to ensure their accuracy. <ul style="list-style-type: none"> Follow up of issues raised within the section 11 report and previous internal audit reports. 	23 rd March 2012	John Moyles
Procurement	8	20 th February 2012	The Council has approximately 30 procurement cards in use within the Council itself and those allocated to schools. The audit will therefore consider: <ul style="list-style-type: none"> Is the procurement card guidance produced in place with best practice and practical to operate in compliance; Is expenditure being made in line with the rules and limits set within the guidance; Is evidence of expenditure such as receipts being submitted to finance for review; Are robust checking processes in place to ensure that all expenditure is bone fide. 	24 th February 2012	Joanna Anderson Assistant Director of Procurement and Commissioning
Procurement Cards	10	5 th March 2012		10 th February 2012	Joanna Anderson Assistant Director of Procurement and Commissioning

Corporate Systems Partnership working	15	12 th March 2012	<p>A review of the partnership arrangements to ensure that the Authority adequately identifies and manages the partnerships they are engaged. This will include:</p> <ul style="list-style-type: none"> • Follow up of recommendations made as part of the 2010/11 Partnership and Governance Audit; • Review of the use of the new Partnership Toolkit; • Effectiveness of processes for ensuring all key partnership arrangements are identified; • Whether a periodic assessment is undertaken regarding the effectiveness of individual partnership arrangements. 	30 th March 2012	Tracey Luck – Head of Policy and Communications
Data Quality	10	12 th March 2012	<ul style="list-style-type: none"> • To be undertaken alongside our audit of performance management • For a sample of key performance indicators we would seek to provide assurance that the information reported to the Board and Senior Management accurately reflects source data, is presented on a timely basis and that robust data validation processes are in place. 	24 th March 2012	Kevin Gordon, Assistant Director of Professional services
CRC energy Efficiency Scheme	15	27 th February 2012	<p>The proposed scope of our review will be determined through discussions between the audit sponsor and our sustainability audit team. However, possible areas of review could include:</p> <ul style="list-style-type: none"> • Carbon Reduction Health-check • Review of the CRC evidence pack 	17 th March 2012	Rodger Parkin
Risk Management	10	13 th February 2012	<p>To provide assurance over the effectiveness of risk management arrangements within the Council, including:</p> <ul style="list-style-type: none"> • Overall governance framework for risk management including the training of staff 	25 th February 2012	Emma Foy, Acting Head of Finance

					<ul style="list-style-type: none"> • Risk identification • Risk assessment • Monitoring and Reporting • Relationship between the corporate and departmental risk registers. 			
Law and Corporate Governance								
Annual Governance Statement	10	April 2012			To assist the Council in the production of the Annual Governance Statement for 2011/12.			
Corporate Governance	10	26 th March 2012			To provide assurance that key Corporate Governance processes are in place within the Council and that these are operating effectively to enable the Board to be provided with sufficient information to enable them to discharge their responsibilities.	10 th March 2012	Emma Foy, Acting Head of Finance Kevin Gordon, Assistant Director of Professional services	
Facilities								
Property and Asset Management	10	6 th February 2012			<ul style="list-style-type: none"> • Compliance with the Estates Strategy and maintenance programme; • Approval and monitoring of estates and maintenance expenditure; • With regards to asset management we will consider the results of any previous internal audit work undertaken on the Council's asset register. 	17 th February 2012	John Rice – Assistant Director of Property and Regeneration	
Telecommunications	10	19 th March 2012			<p>In recent years technology has developed which allows telephone calls traditionally made through the phone system to be made over data lines; this technology is Voice over Internet Protocol (VOIP). This Audit will look at the Council's Telecoms VOIP infrastructure review.</p> <ul style="list-style-type: none"> - The implementation process for the VOIP system; - Monitoring of usage of the system; - Processes to ensure that system issues are addressed on a timely basis. 	30 th March 2012	Simon Pallett – Head of IT	

Contract Management	20	27 th February 2012	To provide assurance over the robustness of contract management arrangements with the Council, including: <ul style="list-style-type: none"> - Whether contracts are being let on a timely basis - Compliance with CSO / FR and OJEU requirements. As part of the audit we will seek to select a sample of contracts for review and test to ensure that contractual and legal requirements have been complied with.	20 th March 2012	Joanna Anderson Assistant Director of Procurement and Commissioning
Concessionary fares administration	5		To review the processes for the administration of concessionary fares to provide assurance that: <ul style="list-style-type: none"> - Fare applications have been appropriately authorised - Fares are appropriately recorded and accounted for. 		Gillian Ralphs
Primary Schools					
St Antony's	6	19 th March 2012	The scope of the audit will be determined through discussion with the client sponsor, however it is anticipated that the audit will cover a number of the following areas: <ul style="list-style-type: none"> • Follow up of any previous recommendations made; • Leadership and governance • Financial planning and budget monitoring • Cash management • Security of assets including maintenance • Payroll • Purchasing • School meals income 	30 th March 2012	Christina West – Schools Finance Manager
Community and Well Being					
Commissioning Teams and Supporting people	15	13 th February 2012	Following an Audit Commission review to look at tenders undertaken and review if the processes have been managed in line with council policy and procedure.	7 th April 2012	Mike Bibby – Assistant Director Commissioning, Personalisation and Supporting People

Personalisation Policy	15	27 th February 2012	New procedures and processes are being put in place and this review is to consider whether adequate controls are in place and risks adequately mitigated. The Council has undertaken a review of these processes and the audit will therefore review these to ensure that recommendations arising from this have been implemented.	7 th April 2012	Bernice Solvey
Follow Up	16	30 th January 2012	To provide assurance that previous internal audit recommendations have been implemented on a timely basis and that controls are now operating effectively.	Ongoing	All relevant Managers
Audit Management	28	-	This will include: <ul style="list-style-type: none"> ▪ Audit Planning ▪ Preparation for, and attendance at, Corporate Governance Committee meetings ▪ Regular liaison and progress updates ▪ Liaison with external audit ▪ Preparation of the annual internal audit opinion 	-	Emma Foy, Acting Head of Finance
TOTAL DAYS	225	-	-	-	-