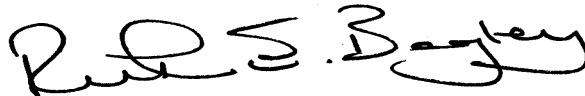


Date of issue: 2nd July, 2014

MEETING:	AUDIT AND RISK COMMITTEE (Councillors Chohan (Chair), Dhaliwal, Dhillon, Mansoor, Sandhu and Zarait)
	CO-OPTED INDEPENDENT MEMBER Mr Ajay Kwatra
DATE AND TIME:	THURSDAY, 10TH JULY, 2014 AT 6.30 PM
VENUE:	MEETING ROOM 2, CHALVEY COMMUNITY CENTRE, THE GREEN, CHALVEY, SLOUGH, SL1 2SP
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	SHABANA KAUSER 01753 787503

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 I

<u>AGENDA</u> <u>ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
	Apologies for absence.		

AGENDA
ITEM

REPORT TITLE

PAGE

WARD

- | | | | |
|----|--|---------|-----|
| 1. | Declarations of Interest | | |
| | <i>All Members who believe they have a Disclosable Pecuniary or other Pecuniary or non pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Section 3 paragraphs 3.25 – 3.27 of the Councillors' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 3.28 of the Code.</i> | | |
| | <i>That Chair will ask Members to confirm that they do not have a declarable interest.</i> | | |
| | <i>All Members making a declaration will be required to complete a Declaration of Interests at Meetings form detailing the nature of their interest.</i> | | |
| 2. | Minutes of the last Meeting held on 13th March 2014 | 1 - 4 | |
| 3. | Audit & Risk Committee - Terms of Reference | 5 - 8 | All |
| 4. | Annual Governance Statement | 9 - 20 | All |
| 5. | Audit and Risk Management Update - Quarter 4 2013/14 | 21 - 52 | All |
| 6. | Date of Next Meeting - 23rd September 2014 | - | |

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. Please contact the Democratic Services Officer shown above for further details.

The Council allows the filming, recording and photographing at its meetings that are open to the public. Anyone proposing to film, record or take photographs of a meeting is requested to advise the Democratic Services Officer before the start of the meeting. Filming or recording must be overt and persons filming should not move around the meeting room whilst filming nor should they obstruct proceedings or the public from viewing the meeting. The use of flash photography, additional lighting or any non hand held devices, including tripods, will not be allowed unless this has been discussed with the Democratic Services Officer.



Audit and Risk Committee – Meeting held on Thursday, 13th March, 2014.

Present:- Councillors Nazir (Chair), Abe, Chohan, Sharif (from 6.46pm) and Mr Kwatra (from 6.52pm)

Apologies for Absence:- Councillor S K Dhaliwal

PART 1

27. Declarations of Interest

None.

28. Minutes of the last meeting held on 12th December 2013

Resolved – That the minutes of the meeting held on 12th December 2013 be approved as a correct record, subject to the addition of Councillor Sharif to the list of apologies for absence.

29. Audit & Risk Committee Terms of Reference

The Assistant Director, Finance and Audit reminded Members that the Council's Annual Accounts and Annual Governance Statement (AGS) were currently considered and approved by Council. The Committee's revised terms of reference were highlighted for Members consideration. It was noted that any revisions to the terms of reference would necessitate a change to the Council's constitution.

A Member queried as to what the process would be with regards to other Council Members having an opportunity to comment on the accounts and AGS, given that these would no longer be debated at a full Council meeting. Committee Members were reminded that any member of the Council would be welcome to attend the Audit and Risk Committee to discuss and scrutinise the Accounts and AGS. It was also highlighted that the majority of Local Authorities' had delegated the approval of the Annual Accounts and AGS to their Audit Committee.

Recommendation to Council - That the Terms of Reference of the Committee be amended, as set out in Appendix A, with effect from the Annual meeting of the Council.

30. Internal and External Audit Plans

The Head of Internal Audit, outlined the key areas that had influenced the internal audit coverage and their impact on the 2014/15 internal audit plan. The key factors were summarised as:

- HUB Transactional Services and partnership with Arvato
- Contract Management Arrangements

Audit and Risk Committee - 13.03.14

- Procurement
- Schools Financial Value Standard and Troubled Families Programme
- Risk Management Framework

A Member queried the capital expenditure benefits realisation procedure and how this was implemented and outcomes measured. The Committee were informed that sample testing would take place of proposed contracts, including Interserve and Slough Community Leisure; to provide assurances that effective contract management processes were in place and whether suitable guidance and monitoring arrangements were implemented from a corporate perspective.

It was acknowledged that contract management remained a key risk area and that training was being provided to officers involved in the process to ensure the Council obtained the best possible value for money. Members were assured that legal advice was sought prior to contracts being finalised and agreed. It was agreed that the Assistant Director for Commissioning and Procurement be invited to attend the July meeting of the Committee to discuss the arrangements in place for letting of and monitoring procedures for contracts.

Concern was expressed in relation to the number of schools that were no longer within the financial remit of the Local Authority given that they had assumed academy status. It was brought to Members attention that the Internal Audit team had attended the Schools Forum on more than one occasion to make Headteachers aware of key findings from schools audits. Any significant issues identified through regular audits would be included within individual reports and presented to the Audit and Risk Committee. Furthermore, all academies had to adhere to the Academies Financial Handbook, which included provisions around assuring themselves that key risks were being managed.

It was queried whether there were audits planned regarding safeguarding of Vulnerable and Looked After Children following the recent OFSTED report. Committee Members were informed that a review on safeguarding had been scheduled and that the findings would be reported to the July Committee meeting.

In response to whether there had been any delays on any of the works proposed in the Internal Audit Plans, the Head of Internal Audit stated that he was not aware of any and that Members would be kept informed of progress on the plans.

Summary details of the external audit plan for the 2013/14 financial year were outlined. The significant risks related to two key areas – financial statements and use of resources. The timetable for key reports, opinions and conclusions from external audit were outlined for Members information and it was noted that the Annual Governance Statement and Financial Statements would be presented to the September Committee meeting.

Resolved -

- a) That the Internal Audit Plan 2012/13 – 2014/15 be approved
- b) That details of slippage in any of the Internal Audit Plans be circulated to Committee Members.
- c) That the Assistant Director for Commissioning and Procurement be invited to attend the July meeting of the Committee to discuss the arrangements in place for letting of and monitoring procedures for contracts.
- d) That the External Audit Plan 2014/15 be approved.

31. Audit & Risk Management Update - Quarter 3 2013-14

The Assistant Director Finance and Audit summarised the Management Update for Quarter 3 2013/14 and reported that the overall number of internal audit reports continued to be finalised at a more appropriate rate than in the previous financial year. The Council had continued to show an improvement in overall assurance levels as expressed through the audit opinions issued. There was a much lower level of red and amber-red report issued in the current year compared with the previous year. Since the meeting of the committee in December, a further twelve internal audit reports had been finalised, with positive opinions being issued for all of them. It was brought to Members attention that good working relationships and co-operation had been established with management regarding the internal audit process.

Details of all fraud activity with a value of over £10,000 were highlighted for Members information. It was explained that the time period for recovery action varied depending on the individual circumstances of the case.

A Member queried as to what checks were in place to monitor the work carried out by auditors. The Committee were informed that an independent review of the audit methodology framework used by the auditors was carried out every five years and that Baker Tilley had had such a review in 2012. It was noted that the work of external audit was also regulated by a range of legislation.

Resolved – That details of the Audit and Risk Management Update Q3 be noted.

32. 2013/14 Financial Statements

The Council's external auditor, Mr Grant of BDO, reminded Members that the Council had completed a review of how it produced its financial statements, given that the accounts had been prepared late, with inadequate working papers; which had resulted in a delay in the external auditor's opinion being issued in two of the past three financial years. A number of actions were put in place to prepare for the closure of the 2013/14 financial statements.

Audit and Risk Committee - 13.03.14

Responding to whether sufficient resources were available to ensure the deadline for closure of the financial statements was met, it was noted that a new finance management team was in place to oversee the production of the financial statements.

A Member expressed concern in relation to the number of services that had been outsourced and whether these were providing value for money. It was agreed that details of a service that had been outsourced would be discussed at the training session for Committee Members scheduled for September 2014, which would include examination of comparators cost information with other Local Authorities.

Resolved – That the statement of Accounting Policies for the 2013/14 financial year and the 2013/14 comparator financial statements be approved.

33. Members Attendance Record

Resolved – That the report be noted.

34. Date of Next Meeting - 10th July 2014

Resolved – That the next meeting of the Committee be held on Thursday 10th July, 2014 at 6.30pm.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.13 pm)

ARTICLE 10 - AUDIT AND RISK COMMITTEE

The Council will appoint an Audit and Risk Committee

1 Statement of Purpose

The purpose of this Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority framework and non-financial performance, to the extent that it affects the authority’s exposure to risk and weakens the control environment and to oversee the financial reporting process and responsibility for the approval of the financial statements and Annual Governance Statement.

Terms of Reference

2 Within the Terms of Reference of the Committee it will be

- a. the member forum for external auditors matters, approving the financial statements on behalf of the full Council
- b. the member forum for internal audit matters,
- c. a key element of the internal control framework for the Council and take responsibility for the approval of the Annual Governance Statement on behalf of the full Council,
- d. be the member forum for risk management matters,
- e. be the member forum for corporate governance matters.

General Role/Membership

3 The Committee is subject to the provisions of the Local Government Access to Information Act 1985.

4 The Committee will comprise 7 people (6 Councillors on a proportional basis, and one non-voting co-opted member from outside the Council with suitable experience). The quorum for the Committee is three members.

5 That Committee will meet four or more times per year.

6 In order to promote the independence of the Committee there should be limited cross membership between Overview and Scrutiny Committee and the Audit and Risk Committee limited to a maximum of 2 members. Also Cabinet membership of the Committee is limited to one member.

Specific Functions

7 The Committee’s specific functions shall include but not be limited to

(a) External Audit

- To consider the external audit report to those charged with governance on issues arising from the audit of the accounts, and ensure that appropriate action is taken in relation to the issues raised

- To consider the external auditor's annual letter and ensure that appropriate action is taken in relation to the issues raised
- To consider and comment on any plans of the external auditors
- To comment on the scope and depth of the external audit work and to ensure it gives value for money
- To consider any other reports by the external auditors
- To liaise with the appointed body over the appointment of the Council's external auditor

(b) Internal Audit

- To consider the Chief Internal Auditor's annual audit opinion and the level of assurance given over the Councils Corporate governance arrangements
- To consider regular reports, including statistics, abstracts and performance of the work of internal audit as presented by the Chief Internal Auditor
- To consider and approve the annual Internal Audit plan ensuring that there is sufficient and appropriate coverage
- To consider reports from Internal Audit on agreed recommendations not implemented in accordance within the agreed timescale
- To contribute to the annual audit plan
- To comment on the scope and depth of the internal audit work and to ensure it gives value for money
- To consider any other reports the Chief Internal Auditor may make to the Panel.

(c) Internal Control

- To recommend the adoption of the Annual Governance Statement to the Council
- To ensure that an appropriate action is taken with respect the issues raised in the Annual Governance Statement.

(d) Risk Management

- Approve the risk management strategy and review the effectiveness of risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements and seek assurances that action is being taken on risk related issues
- Ensure that assurance statements, including the Annual Governance Statement properly reflect the risk environment
- Review the Council's risk register

(e) Governance

- To consider the arrangements for Corporate Governance and to make appropriate recommendations to ensure Corporate Governance meets appropriate standards
- To consider the Council's compliance with its own and other published standards and controls

- To review any issues of governance referred to the Committee by internal or external audit
- To take ownership of the Protocol on referring Matters to the External Auditor
- To review the Anti-Fraud and Corruption policy

(f) Other

- To liaise with the Overview and Scrutiny Committee to ensure that the work of the two committees is complementary
- To promote effective relationships between external audit, internal audit, inspection agencies and other relevant bodies to ensure that the value of the audit and inspection processes are enhanced and actively promoted
- To consider financial and non-financial performance issues to the extent that this impacts upon financial management and governance.

- 8 The Committee shall report annually to the Council and report on an exception basis through the Performance Report produced by the chief finance officer for Cabinet.
- 9 The terms of reference shall be reviewed annually.

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Annual Governance Statement (53.13/14)

**How did we do in 2013/14?
Were we well-governed?**



Slough Borough Council

INTRODUCTION AND PURPOSE OF THIS DOCUMENT

This document is an assessment of our “governance”, but what do we mean by that word? There is no legal definition of “governance”, but we believe it is best summarised as:

having:

- the right **governance structures** (including constitution, committees, delegated powers, internal management structures and audit arrangements)
- the right **plan of action** (including **vision, aims, approaches and ambitions**); and
- the right **way of operating** (including openly, honestly and efficiently)

so that we deliver:

- the **right services**, to the **right people**, at the **right price** and at the **right time**.

Further guidance is given by CIPFA (the Chartered Institute for Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) which in 2007 jointly published a “Framework for Delivering Good Governance in Local Government”, updated by an Addendum in December 2012.

This guidance is recognised as the proper practices referred to in the Accounts & Audit Regulations that we must follow (and in that sense is the nearest one can get to the ‘official’ definition of Governance), and sets out six core principles of good governance, which we think are compatible with the summary we gave above.

CIPFA/SOLACE lists these core principles as:

1. **Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area**
2. **Members and Officers working together to achieve a common purpose with clearly defined functions and roles**
3. **Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour**
4. **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**
5. **Developing the capacity and capability of Members and Officers to be effective**
6. **Engaging with local people and other stakeholders to ensure robust public accountability.**

The law requires each council to produce an annual statement to provide assurance that it is a well-governed organisation with the right policies and controls in place to ensure excellent public services are delivered and public money is spent wisely. **This is called our ‘Annual Governance Statement’ and includes a ‘review of effectiveness’.**

This report is written under the authority of the council's Audit and Risk Committee and approved by it on 10th July 2014 through its delegated authority. It is signed by the Leader (an elected Councillor) and Chief Executive (an Officer) and published with the final accounts by 30th September 2014. It was submitted to our external auditors along with our annual accounts in July 2014; the auditors will consider whether the information we've submitted meets their expectations as part of their annual opinion in September 2014.

We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned. The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

GOVERNANCE STRUCTURES

In the Introduction above, the first thing we said was that we should have the right governance structures in place.

The key elements of the systems and processes that comprise Slough Borough Council's governance arrangements are set out below and include arrangements for:

- Identifying and communicating Slough Borough Council's Strategy that sets out its purpose and intended outcomes for citizens and service users
- Reviewing Slough Borough Council's Strategy and its implications for our governance arrangements
- Measuring the quality of services for users, ensuring they are delivered in accordance with Slough Borough Council's objectives and ensuring that they represent the best use of resources
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- Reviewing and updating the Constitution including Contract and Financial Procedure Rules, the scheme of delegation, which clearly define how decisions are taken and the processes and controls required to manage risks
- Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government (2010)"
- The Governance and Audit Committee which performs the core functions of an audit committee, as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities"
- A review of the effectiveness of Internal Audit
- Whistle-blowing and for receiving and investigating complaints from the public
- Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

This section reviews those structures. We govern ourselves through **Council**, a **Corporate Management Team**, **Cabinet** and **Committees**, and we have many **policies** in place that govern our activities and which we follow. These are listed in turn below:

- ***Council***

The Council met eight times (including one extraordinary meeting). Of the 41 Councillors in place for 2013/14, the numbers attending were 36, 40, 38, 35, and on the first four standard meetings. Meetings of Council were held in open forum and considered reports from other committees.

- **Corporate Management Team (CMT)**

CMT meets regularly throughout the year, and reviews and approves reports before they are sent on for consideration by the relevant Committee. They are also involved in the development of new policies and strategies for the Council, either directly, or by management review and comment. Senior members are:

- the **Chief Executive** (Ruth Bagley) is the person who is ultimately responsible for the welfare of the Council's employees;
- the **Strategic Director, Wellbeing**;
- the **Strategic Director, Customer & Community Services**; and
- the **Strategic Director, Regeneration, Housing & Resources**.

- **Supporting Officers**

- the **Section 151 Officer** (Joseph Holmes) is responsible for looking after the financial affairs of the Council, fulfils the role of Chief Financial Officer and is a CIPFA Qualified Accountant. The role of the Chief Financial Officer complies with the governance requirements as set out within the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) through:
 - Being a key member of the Leadership Team, with a dotted reporting line to the Chief Executive, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives and having access to CMT papers and meetings
 - Being involved in all material business decisions made by the Council to ensure both immediate and long term risks and implications are considered and that these are in line with the financial strategy;
 - Leading the promotion and delivery of good financial management across the Council through ensuring that key financial targets are being and reporting on performance against these to CMT
 - Ensuring the finance function is well led and effectively resourced throughout the year.
- the **Monitoring Officer** (Kevin Gordon) is responsible for ensuring that decisions by the Council are legal, and are made in an open and transparent way. The Monitoring Officer also reviews any reports or complaints about conduct and behaviour;

- **Cabinet**

The Cabinet is the Council's principal decision-making body, consisting of elected Councillors, appointed by the Leader of the Council, each with an area of responsibility called a 'portfolio' for which they are 'Commissioners'. Although the Cabinet can be made up of any political proportion, at the moment all our Cabinet Members come from the majority political party.

- **Audit & Risk Committee**

This Committee met five times during the year. Its main purposes are:

- to provide independent assurance of the adequacy of the risk management framework and the associated control environment;
- independent scrutiny of the authority framework and nonfinancial performance, to the extent that it affects the authority's exposure to risk and weakens the control environment; and
- to oversee the financial reporting process.

- **Overview & Scrutiny Committee**

The Overview & Scrutiny Committee consisted of nine non-Executive members (those who are not members of the Cabinet) and is appointed on a proportional basis (with political groups represented in the same proportion as on the whole Council). It monitored the performance of the Leader and Cabinet and scrutinises services and policies throughout the Borough, and makes recommendations for improvement. During the year, the Committee met ten times and:

- considered an update on the first year’s progress of the Transactional Services Centre Partnership and a further review of progress in-year
- explored options for a Phase two of the Transactional Services programme.
- reviewed and noted the Customer Service and Contact Strategy for 2013 - 2015
- reviewed and noted the Corporate Plan for 2013/14
- approved the appointment of three Scrutiny Panels
- discussed the Childhood Obesity Review on a number of occasions
- reviewed the Leisure Strategy
- considered the Quarter 1 & 2 Performance and Finance Reports and sale of Parlaunt Road.
- consideration was given to a report setting out the latest financial planning assumptions for the Council in the light of the Government’s Spending Review announced in June 2013
- considered an update report on the progress made within the Slough Regeneration Partnership (SRP) since its creation in March 2013 and Cabinet decision in September 2012 to create the Local Asset Backed Vehicle (LABV) .
- considered a report on the progress made on the redesign process to deliver the web based Joint Strategic Needs Assessment (JSNA).

There are also three Scrutiny Panels in addition to the Overview and Scrutiny Committee which focus on the different aspects of the council’s work – Health, Neighbourhoods and Community Services and Education and Children’s Services

The Council also has other committees (planning, licensing etc), but these are not concerned directly with governance arrangements so are not listed here.

- **Policies**

The following table lists the Council’s main documents, policies and procedures; we refer to and follow these, to make sure we do things in the right and consistent way. All these policies have been approved by your elected Councillors where required.

Title	Last updated
Constitution (including Financial Procedure Rules)	May 2013 ¹
Corporate Procurement Strategy	March 2012
Corporate Plan	2013
Risk Management Strategy	2013
ICT Strategy	2012
Slough Joint Wellbeing Strategy	2013
Anti Fraud & Corruption Policy	2013

¹ Further revised in April 2014

Asset Management Plan and Capital Strategy	2014
Whistleblowing Policy	May 2013
Statement of Accounts	October 2013

- Service Plans are a key document to enable the Council to identify how it will deliver its corporate objectives and plan within each service area. The following service plans were in place for 2013/14:
 - Adult Social Care & Commissioning
 - Chief Executive
 - Community and Skills
 - Corporate Procurement
 - Customer Service/Registration/Crematorium
 - Enforcement & Regulatory Services
 - Finance & Audit
 - Housing & Environment
 - IT
 - Professional Services
 - Regeneration & Estate
 - School Improvement

The only service plan for 2013/14 not completed was Children’s Services. As of May 2014 almost all service plans for 2014/15 had been completed, however a Children’s Services plan had not been submitted.

VISION, AIMS, APPROACHES AND ACTIONS

In the introduction to this document, the second thing we said we needed was the right plan of action. The Council agreed the following **Vision** for itself:

“Our vision is of a council that can continue to adapt to and lead change, through new ways of working and commissioning services”

Every year we agree a **Corporate Plan**, showing how we will work towards this Vision. We have chosen to express this in terms of objectives supported by aims/ approaches/actions that will assist us in delivering our plan, because we believe that a clear, simple, transparent set of statements provides the best way of establishing and then achieving them, and of being able to monitor performance – all of which is good governance.

The 2013/2014 Corporate Plan had six strategic **objectives**:

1. Improve customer experience.
2. Deliver high quality services to meet local needs.
3. Develop new ways of working.
4. Deliver local and national change.
5. Develop a skilled and capable workforce.
6. Achieve value for money.

REPORTING

In the Introduction, we said that we needed the right way of operating (including openly, honestly, efficiently, etc) so that, as outputs, we deliver the right services, to the right people, at the right price, and the right time. We also mentioned above that “it is standard practice to ‘work backwards’ and assess the results and performance, and infer that, if these outputs are good, that is a sign that the underlying governance is also working properly. This section reviews how we reported on the results.

Regular reporting

Within our Corporate Plan we have established a number of key performance indicators which we use to measure the performance of the performance of the Council during the year. These are reported in the form of a balanced scorecard. The following regular reports are received at our Cabinet meetings:

- **Corporate Plan**
- **Finance and Performance Report:** quarterly reporting on progress against the targets in the Corporate Plan and delivery of performance targets. We also publish detailed revenue and capital expenditure reports each quarter, and include financial forecasts.
- **Balanced Scorecard:** quarterly performance against the Council’s key performance indicators
- **Council’s Gold Projects Updates:** we publish quarterly performance in respect of the delivery of the Council’s Gold projects, which are our key strategic projects.
- **Financial and Performance Outturn Report:** we will publish a report following the year end detailing how we performed against our targets for 2013/14

We publish, annually:

- The **Audit of Accounts:** The format of these is set by accounting regulations. The council’s accounts are subject to external audit by BDO. Members of the public and local government electors have certain rights in the audit process.
- An **Annual Audit Letter:** Every year the council’s external auditors, currently BDO, produce an [Annual Audit Letter](#). This letter is a high level summary of the auditors’ findings from their work during the previous financial year.

Auditing and monitoring

The Council was subject to auditing and monitoring processes, which were intended to be objective and (where necessary) critical:

- **Internal audit:** we appointed Baker Tilly to carry out audits on a number of specific areas that we asked them to review. For each area of review, internal audit would typically provide assurance on the policies and procedures in place and the governance arrangements in operation to monitor the performance in that area. For each area a report was issued concluding with an assurance opinion that utilised a ‘traffic light’ system (red, amber, green) as to how they think each area was doing; and to make recommendations for changes to our procedures and governance arrangements. We then accepted or rejected each of their recommendations. Baker Tilly have provided an Annual Report in which it includes all the areas they investigated; what ‘traffic light’ they gave; how many [high/medium/low] recommendations they made and which were accepted.

The Head of Internal Audit Opinion for 2013/14 provided a positive opinion on our Risk Management, Governance and Control Framework. Positive assurance opinions were provided in 37 of the 46 audit reports issued in 2013/14 (excluding follow up and advisory reviews). Of the nine red assurance opinions issued, five of these related to our audits of schools. Whilst our overall opinion of the internal control environment is positive, we have identified significant weaknesses in four areas and appropriate commentary in respect of actions proposed to address these weaknesses is included in the improvements section below.

External audit: In 2012/13 the Council's external auditors provided an unqualified opinion on the financial statements and on the delivery of value for money. This opinion was delivered late due to a level of additional work completed by BDO. BDO also qualified two of the grant claims, Housing and Council Tax Benefits subsidy 2012-13, and NNDR 2012-13. the Council has put in place a workstream to improve the compilation and presentation of the financial statements for 2013-14 with the aim of providing the financial statements to BDO in an improved quality thus enabling the accounts to audited in line with statutory deadlines.

Other external assurance sources: Sometimes we are reviewed by external bodies that look at certain services such as OFSTED on Safeguarding, which was an area for inspection in December 2013. This inspection was followed up and an Ofsted inspection report of services for children in need of help and protection, children looked after children and care leavers was published in February 2014 with an 'inadequate' rating. This resulted in the Parliamentary Under Secretary of State for Children and Families using intervention powers under section 497A of the Education Act 1996 with respect to the Council's exercise of its children's social services functions.

- *Other external inspections included* Customer Service Excellence, Investors in People or Health and Safety.
- **Corporate Risk Register:** We document our corporate risks within this register which enables the Council to monitor how risks are being managed through regular review at the Risk Management Group and CMT. The Corporate Risk Register describes and rates each risk in terms of likelihood and consequence. It also lists controls mechanisms in place to manage those risks stated and actions to be undertaken to reduce the risks.
- **Audit recommendation tracker:** In 2013/14 we introduced a process of recommendation tracking to ensure that recommendations made by our Internal Auditors are implemented in a timely manner. We report on the progress in recommendation implementation to the Risk Management Group each meeting.

REVIEW OF EFFECTIVENESS

Slough Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of all managers within Slough Borough Council who have responsibility for the development and maintenance of the governance environment.

The following process has been applied in maintaining and reviewing the effectiveness of the governance framework, and includes:

- The work of the Risk Management Group and the Risk Management Strategy
- The annual assurance statements produced by all Heads of Service
- The work of the Audit and Risk Committee
- The work of the Standards Sub-Committee
- The work of Internal Audit
- The work of the Overview and Scrutiny Committee.
- Directors complete an annual assurance statement that is supported by a governance self-assessment completed by each Assistant Director; these are available on request.

We have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

ANNUAL ASSURANCE STATEMENTS

As detailed above, in order to provide confirmation that each Directorate within the Council has a sound system of internal control in operation, which in turn helps to manage and control business risk, each Director has been required to complete, certify and return a statement of their Directorate's current position.

Each Director and Assistant Director has been provided with a model format for completion and, in completing the statement, has facilitated the involvement of their Direct Reports to ensure that sufficient input has been obtained to provide a clear and coherent statement of all risk and control issues within any given area. These statements are held by Internal Audit.

IMPROVEMENTS

In the Annual Governance Statement for 2012/13 we identified a number of areas for improvement. The table below lists them, and comments how we did in addressing them in 2013/14.

<i>Issues reported in 2012/13 AGS</i>	<i>2013/14 action taken</i>
Safeguarding services and Safeguarding outcomes for children and young people.	Items remain on the corporate risk register; risk remains in Children's Social Care following Ofsted inspection in December 2013.
Continued Economic Instability and Turbulence at a national level.	Remains on the Risk Register for 2013-14 and beyond. Council has delivered majority of savings for identified for 2013-14 with a break even outturn position and has set a balanced budget for 2014-15. MTFS contains sensitivity analysis of the key risks Regular monitoring of collection rates and anticipated income
Managing a mixed economy workforce.	During the year, further work has been completed to transfer staff to Cambridge Education (in respect of education and children's centres) and to arvato in respect of ICT and Customer Services. The Council continues to monitor performance through metrics to ensure outcomes are met. Internal audit review of the monitoring arrangements in place for the transactional services contract saw a positive opinion.
Partnership and Governance arrangements	This in part relates to the above risk, though we need to continue to improve partnership governance arrangements in light of the Ofsted report and ensuring close working with partners into the future.
Risk Management	We have continued to develop our risk management arrangements during 2013/14, working towards implementing the recommendations made in this area by Internal Audit. Whilst we acknowledge that there is further work to be completed in this area, improvements have been made in the processes in place,

	particularly with regards to developing the role of the Risk Management Group.
Procurement	During 2013/14 we commissioned a further audit of our procurement arrangements from our Internal Auditors, which provided reasonable assurance (positive opinion) over the effectiveness of controls in place. The introduction of a procurement contracts register will help to further enhance these controls.
Safeguarding (Risk Assessments)	No further work was completed on this area during 2013-14 due to the inspection by Ofsted on Children's safeguarding. The outcomes from this will be taken forward, and this will remain a key part of our improvement activity and our risk register going forward.
Asset Register	During 2013/14 we requested our Internal Auditors undertake a further review of the controls in place around our asset register, and to identify improvements made from the previous year. Whilst this review concluded with a positive audit opinion it noted that a number of further improvements were still required.
Schools Environment	We continued to commission an extensive programme of Internal Audit reviews around the management of our schools, including re-auditing a number of schools where critical opinions were provided in the previous year. Further audits of schools will take place within 2014/15 to continue to drive forward improvements in internal controls, and to engage further with schools over improving safeguarding arrangements. The Council needs to maximise its progress in respect of school improvement in an increasingly disparate education provision environment.

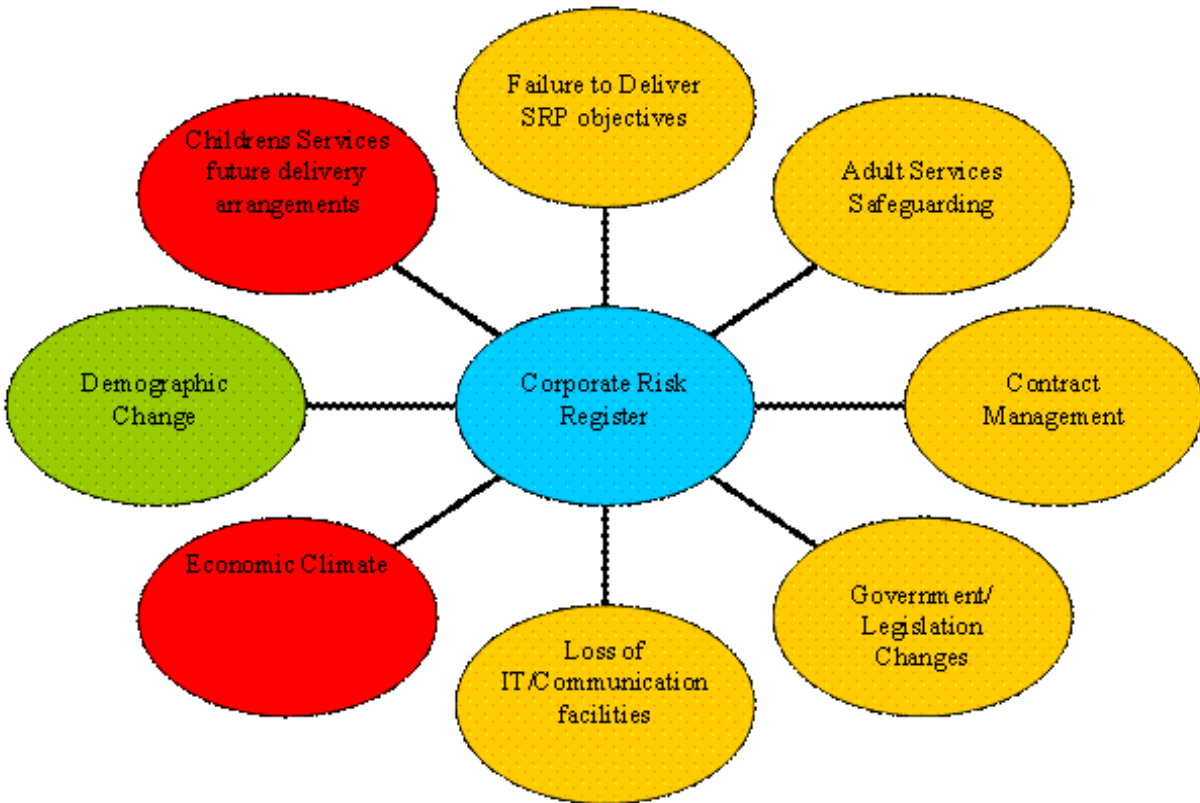
The following significant issues were identified during the year in addition to those above, together with the actions already taken or those that will be taken by the Council in 2014/15 in addressing these.

Issues	2013/14 action taken
Contract Management	This remains a key risk for the Council and continues to be managed via the Strategic Risk Register. Internal Audit have undertaken two audits on large value contracts and provided RED assurance opinions in both cases. We have developed action plans in response to these, together with commissioning further Internal Audit reviews as endeavour to improve our control framework during 2014/15.

Rent Accounts	Internal Audit undertook an audit on rent accounts, and provided a red assurance opinion, the main issues being that weekly charges were found to be understated in a number of instances and the lack of review of reports identifying rent arrears. We have developed an action plan in response to the audit and are actively working to ensure implementation of the recommendations made.
E-Learning: Training and Development	Internal Audit undertook an audit on e-learning, and provided a red assurance opinion, the main issues being the lack of development of the e-learning system and attendance at mandatory training courses during 2013/14. We have developed an action plan in response to the audit and are actively working to ensure implementation of the recommendations made.

Risk Register

The following risks have been highlighted on the Corporate Risk register, together with the associated risk rating:



We, the Leader and Chief Executive, undertake over the coming year to continue to monitor our governance arrangements to ensure they remain fit for purpose. We are satisfied that they were effective in 2013/14, and will reflect and report on their operation and effectiveness as part of our next annual review.

Signed

Date:

Leader

Signed

Date:

Chief Executive

CONCLUSION

The Council’s Audit & Risk Committee is responsible for providing independent assurance of the adequacy of the risk management framework and the associated control environment and ensuring that appropriate action is taken with respect the issues raised on the control environment (for which the Annual Governance Statement forms a key element).

The Committee believes that it has discharged that responsibility, and that this report is evidence of that.

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Risk Committee **DATE:** 10th July 2014

CONTACT OFFICER: Joseph Holmes; Assistant Director, Audit & Finance
(For all enquiries) (01753) 875368

WARD(S): All

PART I
FOR COMMENT

Audit & Risk Management Update – Quarter 4 2013-14

1 Purpose of Report

The purpose of this report is to:

- Report to members on the progress against the 2013/14 Internal Audit Plan up to Quarter 4
- Report to members on the progress of the implementation of Internal Audit recommendations
- Report to members the Internal Audit Annual Report for 2013/14
- Report to members the Council's latest counter-fraud activity
- Report to members the Council's Risk Register

2 Recommendation

That the Audit & Risk Committee comment on and note the reports.

3 Sustainable Community Strategy Priorities

The actions contained within the attached reports are designed to improve the governance of the organisation and will contribute to all of the emerging Community Strategy Priorities

Priorities:

- *Economy and Skills*
- *Health and Wellbeing*
- *Regeneration and Environment*
- *Housing*
- *Safer Communities*

4 Other Implications

4.1 Financial

The impact of the external auditors grant claim audit could have potential financial impact through amending grant claims and the additional work carried out by BDO.

4.2 Risk Management

This report concerns risk management across the Council

4.3 Human Rights Act and Other Legal Implications

n/a

4.4 Equalities Impact Assessment

There is no identified need for an EIA

5 Supporting Information

5.1 Overview

5.1.1 Baker Tilley have completed a number of audits from their work during the fourth quarter of 2013-14.

5.1.2 The overall Internal audit reports have continued to be finalised at a more appropriate rate than in the previous financial year. Of the 2012-13 internal audits, only two remain outstanding and this is an amber-green report in respect of a school and an advisory report on the carbon Reduction Commitment. Of the 2013-14 internal audit opinions issued, there are nine outstanding, four of which are in respect of schools. All of these draft reports are recent and have been raised in the period since the last Audit & Risk Committee except one school audit.

5.1.3 Overall assurance levels have also compared to the previous year. The comparative percentage of red and amber-red reports (46%) have decreased significantly when compared to the previous year (59%) as at the end of the financial year which is a positive movement. Overall the risk profile of recommendations have remained at a similar level to the previous year, but the number of recommendations has reduced by 16%. The Council will continue to request internal audit reviews areas where management believes there is the greatest value in having a completed audit.

5.1.4 The corporate risk register has been updated to reflect the latest risks resulting from the Ofsted inspection earlier in the year and the subsequent Dept. For Education review.

5.2 Internal Audit Q4 2013-14 progress report

5.2.1 The full report is attached at appendix A.

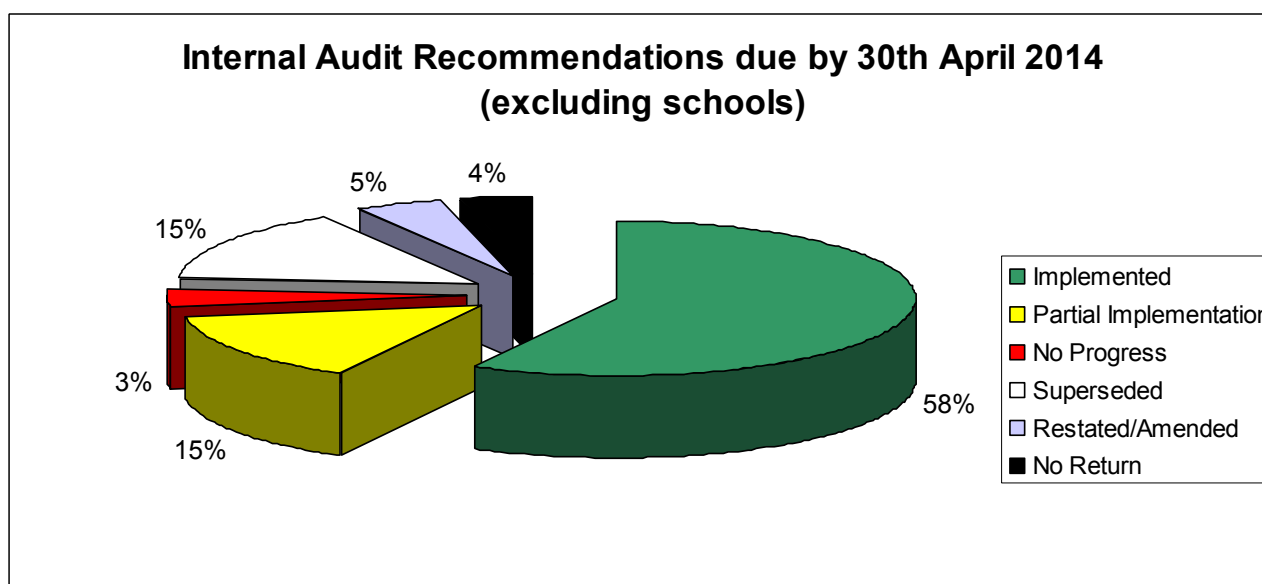
5.2.2 The Council has continued to show an improvement in overall assurance levels as expressed through the audit opinions issued. There is a much lower level of red and amber-red report issued in the current year compared with the previous year. This demonstrates an improved level of overall assurance on audits across the Council.

5.3 Finalising Internal Audit Reports

5.3.1 The table below shows those Internal Audits that remain in draft and are yet to be finalised as at 31st May 2014

Audit Title	Draft Issued	Responses due	Client sponsor
<i>Carbon Reduction Management 54 12.13</i>	<i>04 May 2013</i>	<i>18 May 2013</i>	<i>Not Listed</i>
Foxborough	25 June 2013	08 July 2013	Head
OLOP Junior 19 13.14	22 November 2013	07 December 2013	Head
Contractual Management Arrangements - Amey Plc 23 13.14	04 April 2014	18 April 2014	Neil Aves
Payroll 34 13.14	25 February 2014	11 March 2014	Roger Parkin
Rent Account 36 13 14	06 March 2014	20 March 2014	Neil Aves
St Ethelbert's 40 13.14	01 April 2014	15 April 2014	Chris Ashton
Claycots Primary 42 13 14	04 April 2014	18 April 2014	Chris Ashton
Pippins School 44 13 14	11 April 2014	25 April 2014	Chris Ashton
Asset Register 48 13 14	23 April 2014	07 May 2014	Stephen Gibson
<i>Chalvey Early Years Centre 1 15 15</i>	<i>22 May 2014</i>	<i>05 June 2014</i>	<i>Chris Ashton</i>
<i>Holy Family RC Primary</i>	<i>27 May 2014</i>	<i>10 June 2014</i>	<i>Chris Ashton</i>

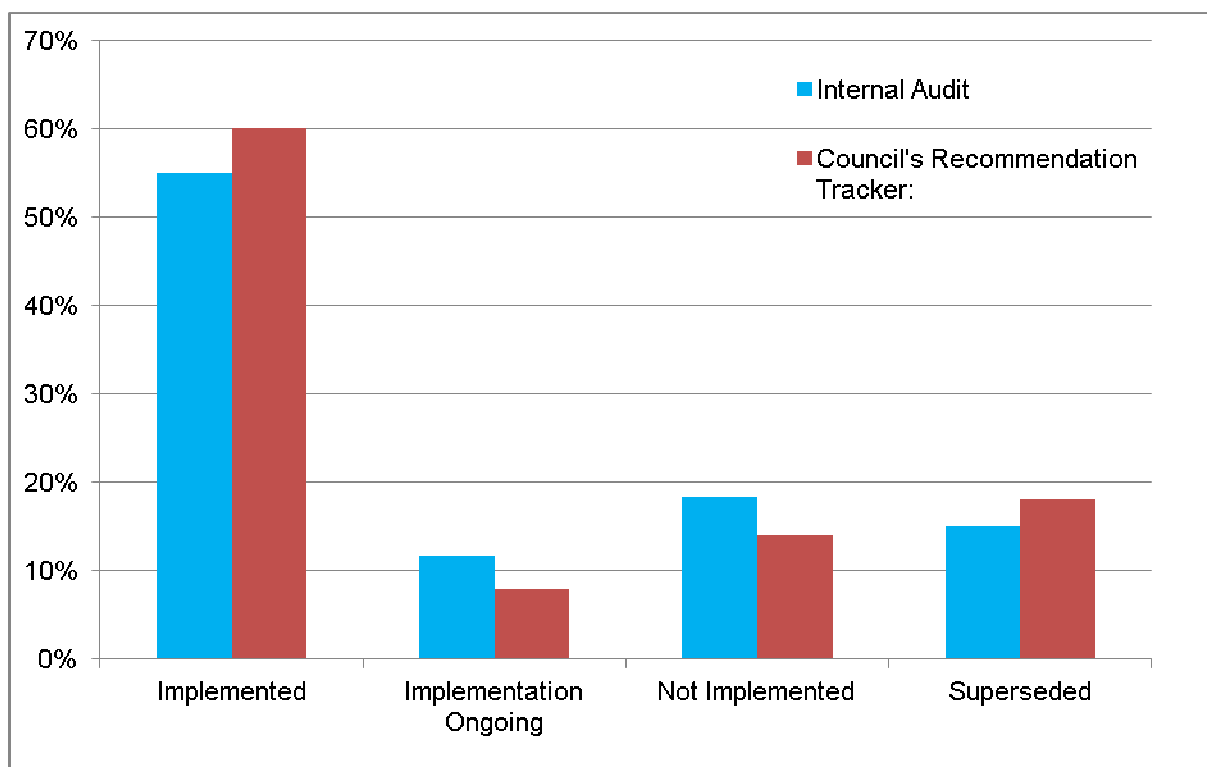
5.3.2 The Risk and Insurance Officer regularly monitors the progress of the implementation of “high” or “medium” recommendations made following Internal Audit reports. Below is a graph that shows the percentage of recommendations that have either been implemented, are in progress, no action has been taken, or the recommendation has been superseded.



5.3.3 Baker Tilly has received assurance that the Council’s Internal Audit recommendation tracking tool implemented by the Council is a useful tool for the Committee.

5.3.4 The chart below shows results of an audit into the progress made against internal recommendations and the level of progress indicated by the internal audit recommendation tracker. This demonstrates, that the headings that the Council has used to assess its progress against implanting recommendations aligns very closely to an independent verification of these recommendations. For 2014-15, further

progress needs to be made to ensure that the implemented proportion of recommendations increases.



5.3.5 The table below details those audits where recommendations are still outstanding or where requests for information has no been responded to.

Name of Audit	High Level rec's not Responded to	Medium Level rec's not Responded to
Corporate Reports		
Asset Register 52.12.13	0	1
Budget Setting	1	1
Estates & Facilities Management 43 12.13	0	1
Business Continuity Planning Arrangements 41 12/13	0	5
Children's Services Procurement 4 13 14	2	0
Contract Management 25 13.14	1	0
Sub Total	4	8
Schools		
Baylis Court Nursery School 16 13 14	0	1
Haybrook College 9 12 13	1	6
Littledown 7 13.14	0	1
Montem Primary 14 13.14	0	1
Parlaunt Park Primary School 17 13.14	0	3
Priory School 3.13/14	0	2
St Bernards 12 13.14	1	0
St Josephs	1	0
Wexham 20 13.14	1	1
Total	4	15

5.4 Internal Audit Annual Report for 2013/14

5.4 The full Internal Audit Report for 2013/14 is at Appendix B

5.4.1 The Head of Internal Audit Opinion for the year ended 31st March 2014 regarding adequacy and effectiveness of the Council arrangements for governance, risk management and control as being Amber.

5.4.2 The number of Green and Amber/Green reports has risen to 54% in 2013-14 compared to 41% in 2012/13. Management will continue to direct internal audit to areas where it believes improvements need to be made, as well as internal audit covering key elements of assurance over core Council functions.

5.5 Fraud update

5.5.1 Every year the Council is required to report all fraud activity with a value over £10,000. The Council provides this summary on a quarterly basis to the Audit & Risk Committee. Below is a summary table of activity completed in the current year.

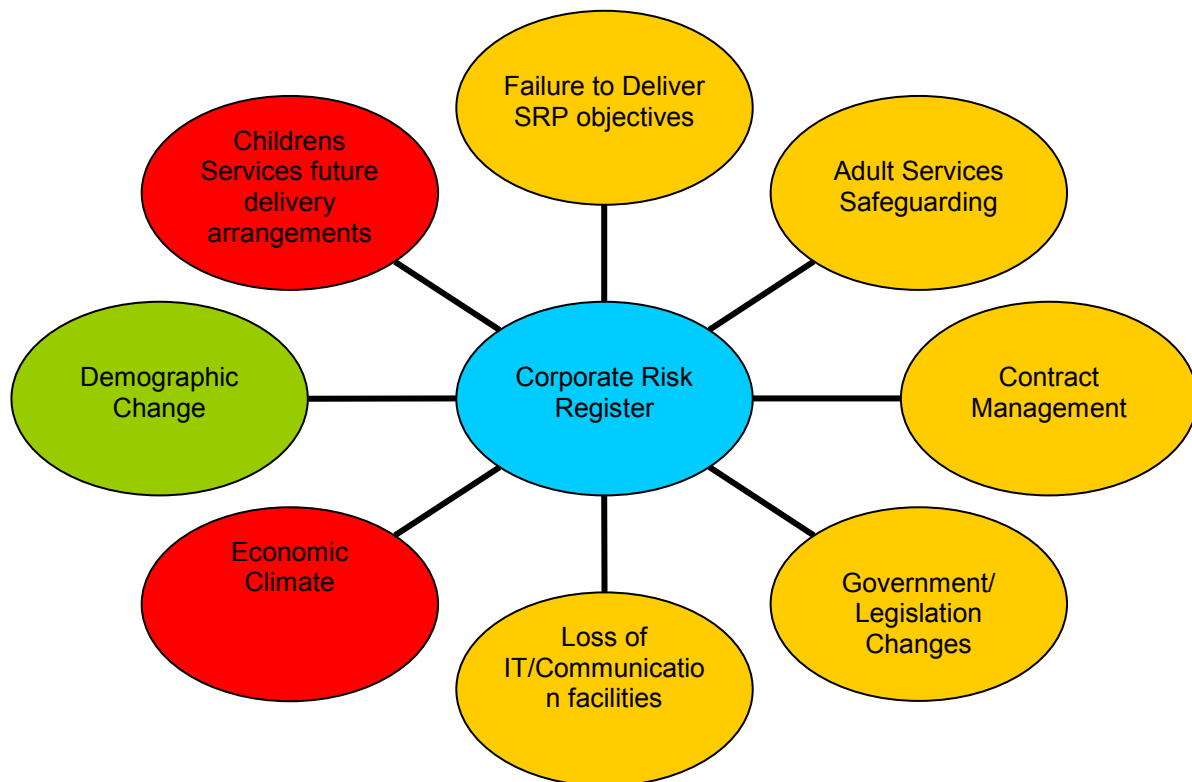
Type of Fraud	Amount	Recovery Action	Action Against Perpetrator
Subject running a business and claiming Housing Benefit.	HB: £42,000.01 CTB: £7,606.94 TOTAL: £49,607.04	Proceeds of Crime Act on conviction	27/05/14 Reading Crown. Guilty x 2 offences for fraud, adjourned for sentence to 04/07/14.
Undisclosed Income and sublet of SBC property while claiming benefit.	HB: £10,035.88 CTB: £1,994.71 Total: £12,030.59	Proceeds of Crime Act on conviction	Guilty 27/01/14. 8 weeks custody, suspended for 1 year, 150 Hours community service and POCA recovery ongoing.
Undisclosed partner and income while claiming benefits.	HB: £13,789.85 CTB: £1,855.42 Total: £15,645.27	Proceeds of Crime Act on conviction	Not guilty plea entered 07/01/14. Convicted 26/03/14. Guilty following trial. 12 Month Community Order with 200 hours unpaid work, £60 victim surcharge and £485 costs.
Undisclosed income and property while claiming Housing Benefit	HB: £18,935.03 CTB: £5,067.01 Total: £24,002.04	Proceeds of Crime Act on conviction	Guilty Prosecution 27/01/14: Sentence 24 WEEK CURFEW WITH ELECTRONIC TAG, 8PM TO 4.30AM. £1167.96 COSTS,

Type of Fraud	Amount	Recovery Action	Action Against Perpetrator
			£60 VICTIM SURCHARGE.
Subject subletting a SBC property	Cost to council £16,000 pa in non availability for appropriate allocation. Offending spanned 2 years = £32,000	Proceeds of Crime Act Full cost not recoverable as does not represent the defendants gain.	Confiscation 24/02/14: The judge granted a confiscation order for £16,631.98. They have 6 months to pay SBC will receive 37.5 %.
Undisclosed Income whilst claiming benefits.	HB: £15,062.30 CTB: £2,856.03 Total £17,918.33	Through debtors system	Prosecution. Not guilty outcome.
Failure to declare partner whilst claiming benefit.	HB: £16,496.32 CTB £5,019.14 Total £21,515.46	Through debtors system	Prosecuted
Failure to declare partner whilst claiming benefit.	HB £14,030.72 CTB £1,251.38 Total: £15,282.10	Through debtors system	Prosecuted
Failure to declare income.	HB £10, 585.16 CTB £646.19 Total: £11,231.35	Administrative Penalty. Debt repaid	Administrative Penalty paid at £3,369.41
Total	£199,232.18		

5.6 Corporate Risk Register

5.6.1 The Corporate Risk Register is included within appendix C. The Audit Committee are asked to review the risk register and provide any comments back through the CMT.

5.6.2 Below is a diagram that illustrates the make up of the corporate risk register and the risk ranking



5.6.3 There has been one major change since the previous audit committee and that has been the Children’s services risks. The nature of the risk has changed from safeguarding risk, to the risk to the Council from the potential new arrangements for delivering Children’s Social Care. Until further information is available from the Department for Education, the ability to control this risk is constrained.

6 Comments of Other Committees

n/a

7 Conclusion

That the Audit Committee notes the latest updates from Internal Audit.

8 Appendices Attached (if any)

- ‘A’ - Internal Audit Q4 2013-14 progress report
- ‘B’ - Internal Audit Annual Report

9 Background Papers

Baker Tilley Audit Reports

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Slough Borough Council

Internal Audit Progress Report

Corporate Management Team Meeting: 11 June 2014

Audit & Risk Committee Meeting: 10 July 2014

Introduction

The internal audit plan for 2014/15 was approved by the Audit and Risk Committee on the 13th March 2014. This report provides an update on progress against that plans and summarises the results of our work to date.

Since the last Audit and Risk Committee held in March 2013 the following 19 audit reports, relating to the 2013/14 plan have been finalised:

- Data Quality – Corporate Balanced Scorecard (19.13/14)
- Contract Management and Third Party Procurement – Atkins Limited (22.13/14)
- Use of Agency and Workforce Planning (24.13/14)
- Business Rates (26.13/14)
- Debtors and Cash Management (30.13/14)
- Project / Programme Management of Slough Gold Projects (31.13/14)
- General ledger (35.13/14)
- Treasury Management (37.13/14)
- Creditors (38.13/14)
- Governance – Training for Members (39.13/14)
- Slough Centre Nursery (41.13/14)
- arvato – Contract Performance Management (43.13/14)
- Capital Expenditure (46.13/14)
- Data Analytics Report: Accounts Payable (47.13/14)
- Declaration of Interests (49.13/14)
- Procurement (50.13/14)
- Follow Up (51.13/14)
- Annual Governance Statement (53.13/14)
- Risk Management (52.13/14)

A summary of the key issues contained within these reports and the high priority recommendations are detailed in the annual report which is a separate agenda item at the Audit and Risk Committee meeting of the 10th July 2014.

Key Issues

Outstanding audit report from 2012/13:

The Carbon Reduction Commitment Programme audit report remains outstanding. An Internal Audit is to be conducted in quarter one of 2013/14 for Carbon Reduction and during this review Internal Audit will be assisting the Council in ensuring this outstanding report is finalised.

Outstanding audit reports from 2013/14:

As at the 28th May 2014, one audit (Safeguarding Operating Model for Adult Services) had been deferred until 2014/15, for the remaining 52 audits within the 2013/14 audit plan all reports had been issued to management. The table below shows how many have been finalised and those that remain in draft:

Directorate	Audits	Final	Draft
Customer & Community Services	15	13	2
Chief Executive	5	5	0
Wellbeing	2	2	0
Resources, Housing & Regeneration	13	9	4
Schools	16	12	4
Cross Directorate Review	1	1	0
TOTAL	52	42	10

The above table highlights that 19% of the audit plan remains in draft.

Of the 19 final reports issued since the date of the last Audit and Risk Committee, two 'Red' reports have been issued and four 'Amber Red' reports have been issued in final. Within these 19 reports, 10 high priority recommendations were raised. Further details on these specific matters are highlighted within the annual report which is a separate agenda item.

Key Findings from 13/14 Internal Audit work

Of the 52 reports issued for the current year to date where a formal opinion has been provided, nine of these have resulted in a red opinion. It should be noted that four of these remain in draft and we are in discussions with management regarding the findings and recommendations. Further details on these reports are included within the annual report.

It is imperative that actions to address the weaknesses identified within these reports are undertaken on a timely basis to ensure that these systems can operate effectively in the future.

The results of the red opinion reviews to date will impact, but not qualify, our Head of Internal Audit Opinion for the year, and some of these issues will need to be considered in the preparation of the Annual Governance Statement.

As at 26th June 2014, no key issues have been identified as part of the 14/15 audits undertaken.

Other Matters

Planning and Liaison:

All audit fieldwork had been completed for 2013/14 and meetings have been undertaken with management to progress draft reports to ensure they finalised.

Meetings have been held with management to ensure scopes have been agreed for all 2014/15 audits that are due to be undertaken in quarter one of 2014/15.

Monthly meetings continue to be held with the Assistant Director, Finance and Audit, where progress against the plans, responses to draft reports and upcoming audits being discussed.

Internal Audit Plan 2013/14 and 2014/15 - Change Control:

One additional proposed changes that have been made to the Internal Audit plan since those which were highlighted to the previous Audit & Risk Committee are:

Action	Date	Agreed By
The Safeguarding Adult Social Operating Model Review has been postponed until 2014/15 due to the Council having delayed the implementation of the new model. The scope of the review is determine progress made following its introduction and therefore this has been postponed until Q3 of 2014/15 to allow sufficient data to be available to enable a comparison.	February 2014	Assistant Director, Adult Social Care

Information and Briefings:

We have issued the following updates electronically since the last Audit and Risk Committee:

- Changing Supplier Bank Account Details – April 2014

Appendix A – Summary Of Progress Against The Internal Audit Plans

2012/13 Plan (Drafts outstanding since the Audit & Risk Committee Meeting as at 13 March 2014)

Assignment Reports finalised since the last meeting are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Customer & Community Services:					
Carbon Reduction Commitment Programme	Draft Report 7/5/13	ADVISORY	-		

2013/14 Annual Plan (as at 26th June 2014)

Assignment Reports finalised since the last RMG meeting are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Med	Low
Customer & Community Services:					
Implementation of New Council Tax Support Rules (11.13/14)	FINAL ISSUED 31/7/13	GREEN	0	0	0
Blue Disabled Parking Badges (9.13/14)	FINAL ISSUED 19/8/13	GREEN	0	0	3
Trading Standards (15.13/14)	FINAL ISSUED 22/11/13	AMBER GREEN	0	2	0
Freedom of Information Act (31.13/14)	FINAL ISSUED 12/2/14	GREEN	0	0	2
Council Tax (27.13/14)	FINAL ISSUED 4/2/14	AMBER GREEN	0	2	2
Housing Benefits (28.13/14)	FINAL ISSUED 4/2/14	AMBER GREEN	0	2	2
Youth Service (29.13/14)	FINAL ISSUED 24/1/14	AMBER GREEN	0	4	2
Contract Management – Revised Action Plan (25.13/14)	FINAL ISSUED 13/2/14	POOR PROGRESS	4	4	0
Atkins Limited – Contract Management & Third Party Procurement (22.13/14)	FINAL ISSUED 3/4/14	RED	2	6	0
Use of Agency / Workforce Planning (24.13/14)	FINAL ISSUED 28/3/14	AMBER RED	2	1	3
Business Rates (26.13/14)	FINAL ISSUED 31/3/14	AMBER GREEN	0	2	1
arvato Contract Performance Management (43.13/14)	FINAL ISSUED 21/5/14	AMBER GREEN	1	2	1
Procurement (50.13/14)	FINAL ISSUED 21/5/14	AMBER GREEN	0	3	1
Rent Accounts	Draft Issued 5/3/14	RED	2	2	4
Payroll	Draft Issued 24/2/14	AMBER GREEN	0	4	2
Wellbeing:					
Children's Service Procurement (4.13/14)	FINAL ISSUED 9/12/13	AMBER RED	2	2	1
Qualitative Monitoring & Block Nursing Contracts (32.13/14)	FINAL ISSUED 18/2/14	AMBER GREEN	1	2	2
Safeguarding Adult Social Operating Model Review	Audit Postponed until 2014/15				
Chief Executive:					
Health and Safety (1.13/14)	FINAL ISSUED 2/9/13	AMBER GREEN	0	3	3

Assignment Reports finalised since the last RMG meeting are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Med	Low
Training and Development e-Learning (13.13/14)	FINAL ISSUED 27/11/13	RED	2	2	2
Project / Programme Management of Slough Gold Projects (31.13/14)	FINAL ISSUED 22/5/14	ADVISORY	-		
Declaration of Interests (49.13/14)	FINAL ISSUED 22/5/14	AMBER RED	2	1	2
Governance – Training for Members (39.13/14)	FINAL ISSUED 2/6/14	AMBER GREEN	0	3	4
Resources, Housing & Regeneration:					
School's Financial Value Standard (SFVS) (8.13/14)	FINAL ISSUED 19/8/13	ADVISORY	-		
Budget Setting including Cost Savings (18.13/14)	FINAL ISSUED 3/2/14	AMBER RED	2	2	3
Debtors & Cash Management (30.13/14)	FINAL ISSUED 4/3/14	AMBER GREEN	0	4	1
Treasury Management (37.13/14)	FINAL ISSUED 13/3/14	AMBER GREEN	0	3	0
Data Analytics: Accounts Payable System	FINAL ISSUED 20/5/14	ADVISORY	-		
Data Quality: Corporate Balanced Scorecard	FINAL ISSUED 5/6/14	AMBER GREEN	0	2	3
Creditors	FINAL ISSUED 5/6/14	AMBER RED	1	3	2
General Ledger	FINAL ISSUED 5/6/14	AMBER GREEN	1	1	2
Capital Expenditure	FINAL ISSUED 5/6/14	AMBER RED	0	3	2
Contract Management Arrangements – Amey Plc	Revised Draft Issued 4/4/14	RED	3	4	2
Budgetary Control & Financial Reporting	Draft issued 15/4/14 Responses received	AMBER RED	1	1	3
Asset Register	Draft issued 22/4/14	AMBER RED	1	3	0
Risk Management	FINAL ISSUED 17/6/14	ADVISORY	-		
Schools:					
Cippenham Nursery School (2.13/14)	FINAL ISSUED 11/7/13	AMBER RED	0	5	3
Priory School (3.13/14)	FINAL ISSUED 5/11/13	AMBER GREEN	0	2	1
Lea Nursery School (6.13/14)	FINAL ISSUED 17/12/13	AMBER GREEN	0	2	4
Littledown School (7.13/14)	FINAL ISSUED 7/2/14	AMBER GREEN	0	2	1
Beechwood School (10.13/14)	FINAL ISSUED 1/8/13	GREEN	0	1	3
St Bernard's Catholic Grammar School (12.13/14)	FINAL ISSUED 29/1/14	AMBER GREEN	1	0	3
Montem Primary School (14.13/14)	FINAL ISSUED 17/10/13	RED	2	5	3
Baylis Court Nursery (16.13/14)	FINAL ISSUED 17/12/13	AMBER GREEN	0	3	4
Parlaunt Park Primary School (17.13/14)	FINAL ISSUED 25/10/13	RED	2	5	2
Wexham School (20.13/14)	FINAL ISSUED 29/11/13	AMBER GREEN	1	1	2

Assignment Reports finalised since the last RMG meeting are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Med	Low
Foxborough School	Converted to an Academy	AMBER RED	0	5	4
Slough Centre Nursery (41.13/14)	FINAL ISSUED 9/5/14	RED	2	4	3
Our Lady of Peace Catholic Junior School	Draft issued 22/11/13	AMBER RED	1	6	2
St Ethelberts Catholic Primary School	Draft issued 1/4/14	RED	2	4	3
Claycots School	Draft issued 4/4/14	RED	2	5	5
Pippins School	Draft issued 11/4/14	AMBER RED	2	2	2
Cross Directorate Review:					
Follow Up Review (51.13/14)	FINAL ISSUED 27/5/14	ADVISORY	-		

2014/15 Annual Plan – Quarter One only (as at 26th June 2014)

Assignment Reports finalised since the last RMG meeting are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Med	Low
Customer & Community Services:					
Data Security	Awaiting confirmation of start date				
Contract Management	Start date: 7/7/14				
Carbon Reduction Programme	Start date: 26/6/14				
Wellbeing:					
Troubled Families Programme – May Submission	Review Stage				
Chief Executive:					
Lone Working Procedures	Review Stage				
Resources, Housing & Regeneration:					
Data Quality	Audit in Progress				
Schools Financial Value Standard (SFVS)	Review Stage				
Budget Setting including Savings Plan	Audit in Progress				
Schools:					
Chalvey Early Years Centre	Draft issued 23/5/14	RED	3	3	5
Holy Family Catholic Primary School	Draft issued 27/5/14	RED	2	5	2
Khalsa Primary School	Audit in Progress				
Cross Directorate Review:					
No audits planned for quarter one.					

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from Baker Tilly Risk Advisory Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, Baker Tilly Risk Advisory Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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Slough Borough Council

Internal Audit Annual Report – Year ended 31 March 2014

Presented at the CMT meeting of: 11 June 2014

Updated and presented at the Audit & Risk Committee meeting of:

10 July 2014

Daniel Harris

Baker Tilly Risk Advisory Services LLP





1 Internal Audit Opinion



1.1 Context

As the provider of the internal audit service to Slough Borough Council we are required to provide the Section 151 Officer and the Audit & Risk Committee an opinion on the adequacy and effectiveness of the organisation’s governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

As your internal audit provider, the audit opinions that Baker Tilly Risk Advisory Services LLP (Baker Tilly) provides the organisation during the year are part of the framework of assurances that assist the Council prepare an informed annual governance statement.

1.2 Internal Audit Opinion 2013/2014

<p>We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the adequacy and effectiveness of Slough Borough Council’s arrangements. It should be noted that at the Council’s request we had not included any targeted Internal Audit coverage in the 2013/14 audit plan in the area of children’s social services. This was due to the number of other external assurances and inspections that the Council was receiving in this area during 2013/14. Our opinion shown below therefore excludes the area of children’s social services.</p> <p>For the 12 months ended 31 March 2014, based on the work we have undertaken, our opinion regarding the adequacy and effectiveness of Slough Borough Council’s arrangements for governance, risk management and control is as follows:</p>			
	Red Amber Green	Direction of travel	
<p>Governance</p> <p>We conducted an advisory review of Project and Programme Management of Gold Projects and we made some recommendations to enhance the existing arrangement in place.</p> <p>Our specific assurance audits of governance arrangements within the Council resulted in two positive opinions. A reasonable assurance (amber green) opinion being provided for the Training for Members and some assurance (amber red) opinion provided for our review of employee Declaration of Interests. Whilst governance structures and processes were in place, some weaknesses were identified which need to be addressed.</p>			
<p>Risk Management</p> <p>The Council has in place the basic principles of good risk management in terms of its existing Risk Management Strategy and the approach it is taking to identifying, assessing and managing risk at a strategic, operational and project level.</p> <p>However, there is further work that can be done to improve the risk management process and culture within the organisation, the quality of the information captured and reported and the manner in which it is monitored and scrutinised.</p>			

<p>Control</p> <p>Positive assurance opinions were provided in 37 of the 46 audit reports issued in 2013/14 (excluding follow up and advisory reviews). Of the nine red assurance opinions issued, five of these related to our audits of schools, in which a common theme was weaknesses in safeguarding procedures relating to employment checks conducted. Whilst our overall opinion of the internal control environment is positive, we have identified significant weaknesses in respect of the following areas:</p> <ul style="list-style-type: none"> • E-Learning: Training & Development; • Contract Management Arrangements: Amey Plc.; • Atkins Limited: Third Party Procurement & Contract Management; and • Rent Accounts. <p>Appropriate commentary in respect of actions proposed to address these weaknesses should therefore be recorded within the Annual Governance Statement.</p>		
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Note: The direction of travel arrow indicates whether the change in our opinion related to the previous year is upward (improving), downward (adverse) or static.

1.3 The Basis of the Opinion

1.3.1 Governance

Our review of the Council's governance framework resulted in:

- A reasonable assurance (amber green) opinion being provided for Training for Members. Whilst this represents a positive internal audit opinion over the effectiveness of the governance framework in place, we did identify three medium priority weaknesses and a further four low priority issues.
- Some assurance (amber red opinion) being provided for the employee Declaration of Interest review. This also represents a positive internal audit opinion. However, two high, one medium and a further two low priority recommendations were raised.
- An advisory review for Project and Programme Management of Gold Projects. No formal opinion was provided on this review. However, it did include eight general recommendations, of which two related to project governance and four related to CMT governance.

1.3.2 Risk Management

Our review of risk management for 2013/14 was undertaken in an advisory capacity however the results were used to inform this year end opinion. The Council had in place the basic principles of good risk management in terms of its existing Risk Management Strategy and the approach it was taking to identifying, assessing and managing risk at a strategic operational and project level. Governance arrangements had been established to manage risks through the Risk Management Group. However, further improvements were required to ensure risk was brought to the regular attention of the Audit and Risk Committee to ensure that strategic risks are appropriately scrutinised.

Progress had been made on implementing prior year recommendations on Risk Management by the Insurance and Risk Officer and Risk Management Group.

The key findings relating to the design, application and compliance of the control framework within the review were:

- As part of the Corporate Risk Register, controls to mitigate the risks identified had been documented; however there was no clear evidence to demonstrate the assurances received to demonstrate that the controls in place were working and effective.
- While the Council had a Corporate Risk Register and a Corporate Plan, there was no link between the two documents in relation to risks to the Council's Strategic objectives to determine if a particular objective was at increased risk of non-achievement.
- While an approved Risk Management Strategy was in place and available via the Intranet for all staff to access, the Strategy was not complete and the 'Assessment of Risks' section was incomplete.
- The online Risk Management Training risk scoring matrix was not consistent with the matrix per the Risk Management Strategy.

- Information on the uptake and successful completion of this online training was not regularly reviewed by the Council.

We concluded that Taking account of the above issues the opinion of Internal Audit was that Slough Borough Council had demonstrated a 'Risk Developing' approach to Risk Management in terms of governance, risk identification and risk mitigation. Whilst we would conclude that the risk assurances are yet to emerge and risk monitoring is 'Risk Emerging'. These assessments are in line with Baker Tilly's Risk Maturity methodology.

1.3.3 Control

During the 2013/14 year a total of 46 reports were issued where a formal assurance opinion was provided. Of these, a positive opinion was provided in 37 reports, with four of these receiving substantial assurance (green), 21 reasonable assurance (amber green) and 12 some assurance (amber red). However, nine of the audits undertaken resulted in a no assurance (red) opinion. Five of the red opinions relate to audits of schools in which there were common themes identified relating to non-adherence to financial control mechanisms on purchasing (i.e. raising purchase orders and verifying receipt of goods) and safeguarding issues in relation to the completion and retention of appropriate risk assessments in the absence of a returned Disclosure and Barring Service check prior to employment.

We have also issued four red opinions relating to the Council's control framework:

- E-Learning: Training & Development;
- Contract Management Arrangements: Amey Plc. (draft report);
- Atkins Limited: Third Party Procurement & Contract Management; and
- Rent Accounts (draft report).

It is imperative that actions are taken by management to address the weaknesses identified within these reports to ensure that controls are operating effectively in the future. Furthermore, we would expect to see appropriate commentary in respect of actions proposed to address these weaknesses recorded within the Annual Governance Statement.

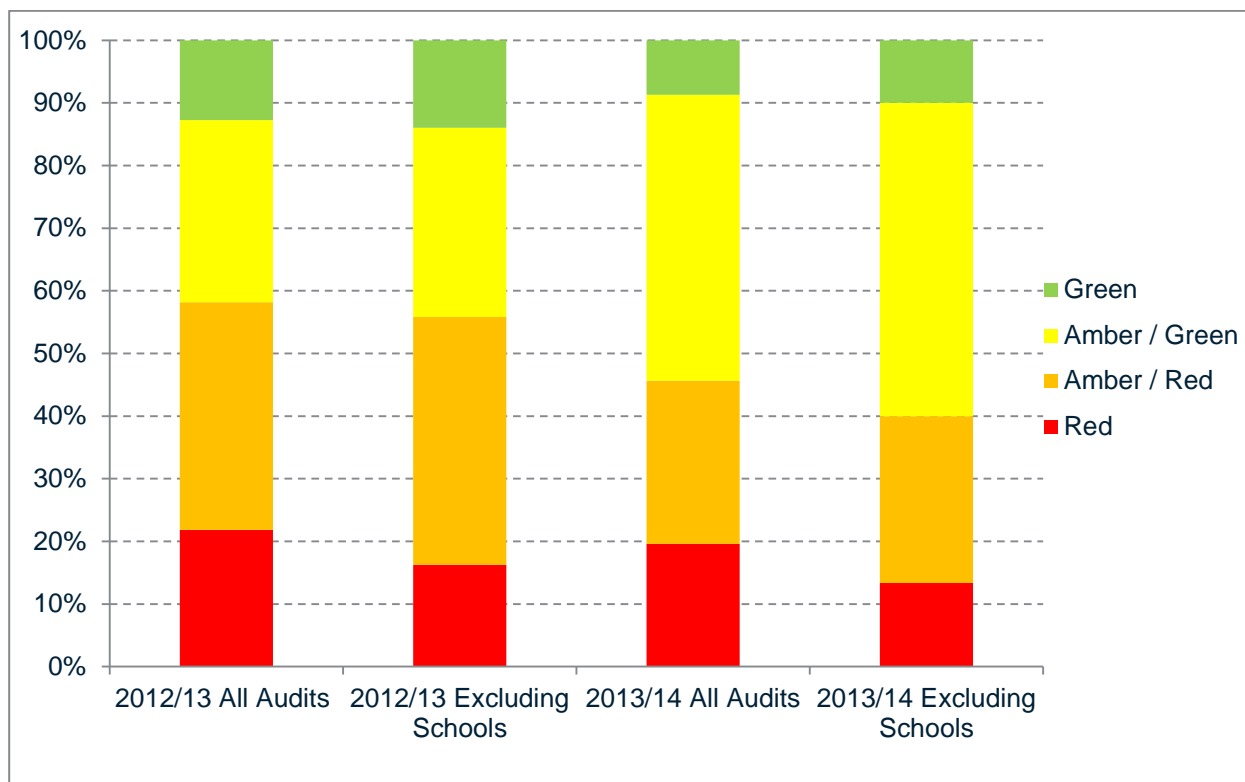
(PLEASE NOTE FOUR OF THE NINE RED REPORTS REMAINED IN DRAFT AT THE TIME DRAFTING THIS ANNUAL REPORT, TWO OF WHICH WERE SCHOOL REPORTS).

1.3.4 Acceptance of Recommendations

All of the recommendations made during the year were accepted by management where reports has been finalised. However a high number of audit reports remained in draft at the time this annual report was produced. As at the 25th June 2014, 10 reports from the 2013/14 audit plan remain at draft report stage.

Whilst we have a number of reports at draft stage, we have been provided with assurances by management as part of our debrief process that the recommendations we have made are being or will be appropriately considered by management.

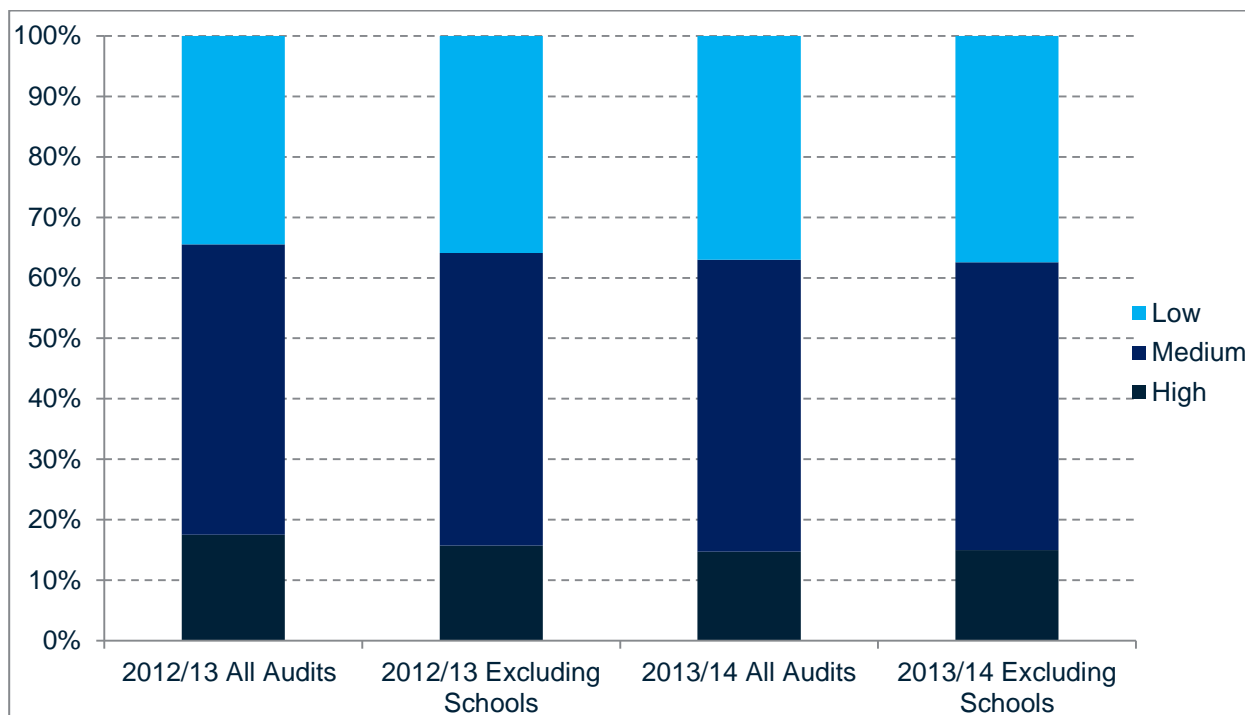
1.3.5 Comparison of Internal Audit Opinions (Assurance assignments) in 2013/14 compared with 2012/13



The main difference noted is that a greater proportion of Green and Amber /Green reports have been provided collectively in comparison to Amber / Red and Red reports in 2013/14 compared to 2012/13.

	Green	Amber / Green	Amber / Red	Red	Advisory / Follow Up	Total
2012/13 All Audits	7	16	20	12	3	58
2012/13 Excluding Schools	6	13	17	7	3	46
2013/14 All Audits	4	21	12	9	6	52
2013/14 Excluding Schools	3	15	8	4	6	36

1.3.6 Comparison of Internal Audit recommendations made 2013/14 compared with 2012/13



The graph above highlights a similar spread of recommendation priorities when comparing 2013/14 with 2012/13. However, it should be noted that the number of recommendations across all three categories has reduced by 55 as shown by the table below.

	High	Medium	Low	Total
2012/13 All Audits	61	167	120	348
2012/13 Excluding Schools	35	108	80	223
2013/14 All Audits	43	141	108	292
2013/14 Excluding Schools	28	89	70	187

1.3.7 Progress made with previous internal audit recommendations

We have followed up any prior recommendations raised when auditing a topic that has been subject to an Internal Audit review in the previous two years.

In addition we conducted a standalone follow up review to determine the effectiveness of the Council's recommendation tracking tool. This focussed on the key financial control recommendations made in 2012/13. We concluded that consistent overall findings were reported to the Audit and Risk Committee and therefore the recommendation tracking tool implemented by the Council is a useful assurance tool for the Committee.

The results of the follow up review showed that the organisation has made adequate progress in implementing the agreed recommendations, as summarised below:

Recommendation Priority	Number made in 2012/13	Of which:	
		Addressed	Not implemented or still in progress
High	10	4	6
Medium	30	21	9
Low	22	15	7
Totals	62	40	22

As Contract management was an area where no assurance could be provided in 2012/13 we also conducted a follow up review in this area in 2013/14. The original recommendations were assigned to the Assistant Director, Commissioning, Procurement & Shared Services in 2013/14 who has left the Council. An Interim Assistant Director, Commissioning & Procurement was recruited to take forward these recommendations.

The results of the follow up review showed that the organisation had made poor progress in implementing the agreed recommendations, as summarised below. The implementation dates stated by management in the revised action plan suggested that the qualified opinion would not improve by the 2013/14 year end.

There was therefore a significant risk that those weaknesses identified through our previous audit still exist and had not been addressed. Therefore assurance could not be provided that effective systems were in place for contract management within the Council.

Recommendations Summary:			
Recommendation Priority:	High	Medium	Low
Date of previous audit: September 2012 (debriefed)			
Number of recommendations made during previous audit	3	5	0
Revised Action Plan: December 2013 (debriefed)			
Number of recommendations raised:	4	4	0

1.3.8 Reliance Placed Upon Work of Other Assurance Providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

Whilst not forming part of our Internal Audit plan, we have noted that the Council has received a Ministerial Letter (dated March 2014) informing the Council of the intention of using intervention powers under section 497A of the Education Act 1996 with respect to the Council's exercise of its children's social services functions to remove the provision of this function from the Council, and to commission a review to identify the future service provider.

The Council therefore needs to ensure that this issue is highlighted as a significant control weakness for the year within the Annual Governance Statement together with the proposed actions which are to be taken.

It should be noted that at the Council's request we had not included any targeted Internal Audit coverage in the 2013/14 audit plan in the area of children's social services. This was due to the number of other external assurances and inspections that the Council was receiving in this area during 2013/14. As noted in Section 1.2 our opinions shown in this report exclude the area of children's social services.

2 Our Performance

2.1 Wider value-adding delivery

We have provided the Council management with an appendix to this report highlighting the wider value added service that Baker Tilly has continued to provide throughout 2013/14. This is available to Members of the Audit and Risk Committee on request.

2.2 Conformance with Internal Audit Standards

Baker Tilly affirms that our internal audit services to Slough Borough Council are designed to conform with the Public Sector Internal Audit Standards (PSIAS) which came in to effect from 1 April 2013.

Under the standards, internal audit services are required to have an external quality assessment at least once every five years. During 2011 our Risk Advisory service line commissioned an external independent review of our internal audit services to provide assurance whether our approach meets the requirements set out in the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA). The PSIAS are based upon the IPPF, and therefore we are confident that the results of this review apply to our continuing services in the sector.

The external review concluded that *“the design and implementation of systems for the delivery of internal audit provides **substantial assurance** that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner”*.






2.3 Conflicts of Interest

During 2013/14 our Software Solutions Team has provided support to the Council in the form of a software solution product (4 policy) which is being used to manage the declaration of interest process within the Council. We (Baker Tilly) do not consider this would lead us to declare any conflict of interests as these have been completed under separate engagement letters and Engagement Partners.

Appendix A: Internal Audit Opinions and Recommendations 2013/2014

Audit	Link to risk or rationale for coverage	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Chief Executive Directorate					
Health and Safety	Risk: CEC0008 – Failure to adhere to Health and Safety practice		0	3	3
Training and Development e-Learning	Risk: ORG0020 - Delivery of Change; risk that employees are not adequately skilled to fulfil their duties and responsibilities and assist the Council in achieving their strategic objectives.		2	2	2
Project Management Support	Risk: Failure to meet planned expectations with regard to attracting investment or completion of the project by required deadlines	ADVISORY	-		
Governance – Training for Members	Risk: Reputational damage to Council if processes are not fair and transparent		0	3	4
Declaration of Interests	Rationale: To provide assurance that robust processes are in place to ensure that declarations of interest are obtained for all Councillors, Members and senior members of staff within the Council.		2	1	2
Customer & Community Services Directorate					
Implementation of New Council Tax Support Rules	Risk: ORG0022 - Delivery of Change to Council Tax Support Rules: Localism Bill due to be passed in November 2011 will encourage a mixed economy approach to local service provision accountability and governance key aspects.		0	0	0
Blue Disabled Parking Badges	Rationale: Management request to provide assurance on the service.		0	0	3
Trading Standards	Rationale: Management request to ensure a fair and safe trading environment for consumers and businesses in Slough.		0	2	0
Freedom of Information Act	Risk: Ineffective co-ordination of the arrangements within the Council to ensure the requirements of the FOI are met.		0	0	2

Audit	Link to risk or rationale for coverage	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Youth Service	<p>Rationale: Management request to determine whether:</p> <ul style="list-style-type: none"> A clear strategy is in place. New service is delivering against objectives and outcomes; and Governance arrangements to ensure performance against objectives is reported. 		0	4	2
Contract Management – Revised Action Plan	Risk: GBEG0001 Failure to deliver services at agreed cost/specification/quality	POOR PROGRESS	4	4	0
Atkins Limited – Contract Management & Third Party Procurement	Risk: The Council fails to deliver value for money where contracts incur excessive costs and providers procure works on behalf of the Council that also do not offer value or that do not comply with Council/EU Procurement procedures.		2	6	0
Use of Agency / Workforce planning	Rationale: Deferred from 2012/13, review to consider effectiveness of new outsourced agency arrangements.		2	1	3
Arvato Contract Performance Management	Risk: The outsourced is unable to deliver against proposed objectives, which could result in a failure to deliver appropriate services to the public and value for money to the Council.		1	2	1
Procurement	Risk: ORG0025 - Failure in Procurement		0	3	1
Council Tax	Rationale: Coverage to meet External Audit / Regulatory Requirements and any management concerns.		0	2	2
Housing Benefits			0	2	2
Business Rates			0	2	1
Rent Accounts			2	2	4
Payroll			0	4	2

Audit	Link to risk or rationale for coverage	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Resources, Housing & Regeneration Directorate					
School's Financial Value Standard (SFVS)	Rationale: To provide assurance that robust processes are in place to ensure that schools have completed the SFVS statements by the required time-line, and that completion of these is effectively monitored by the Council	ADVISORY	0	9	1
Budget Setting including Cost Savings	Risk: The Council fails to set a suitable budget that enables the organisation to deliver its financial objectives.		2	2	3
Data Quality: Corporate Balanced Scorecard	Risk: Senior management could fail to ensure suitable decisions and corrective actions are implemented in a timely manner where data presented within the Corporate Balanced Scorecard is inaccurate.		0	2	3
Contract Management Arrangements – Amey Plc	Risk: Failure to deliver services at agreed cost/specification/quality. Rationale: A review at the request of the Assistant Director, Finance & Audit, which will be scoped in year.		3	4	2
Budgetary Control & Financial Reporting	Risk: RSF0026 - Failure to Deliver Service Plan.		1	1	4
Capital Expenditure	Risk: RSF0006 – Budget control failure. Over and under spends of Capital – Either overall or individual schemes.		0	3	3
Data Analytics – Accounts Payable System	Rationale: A strategic Internal Audit Plan needs to have some coverage of IT systems. We agreed the scope of this work with management.	ADVISORY	1	1	0
Risk Management	Rationale: A maturity review to consider the approach to risk appetite and identifying controls and assurances on key risks.	ADVISORY	0	5	4

Audit	Link to risk or rationale for coverage	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Debtors & Cash Management	Rationale: Coverage to meet External Audit / Regulatory Requirements and any management concerns.		0	4	1
Treasury Management			0	3	0
Creditors			1	3	2
General Ledger			1	1	3
Asset Register			1	3	0
Wellbeing Directorate					
Children's Service Procurement	Rationale: Management request to provide assurance on the adherence to the appropriate procurement rules and effective implementation of a procurement plan within Children's Services.		2	2	1
Qualitative Monitoring & Block Nursing Contracts	Risk: Failure to deliver services at agreed cost, specification and quality.		1	2	2
Safeguarding Adult Social Operating Model Review	Risk: ORG0035 - Safe Guarding	Audit Postponed until 2014/15			

Audit	Link to risk or rationale for coverage	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Slough Maintained Schools:					
Cippenham Nursery School	<p>Risk: ECB0002 - Service taken over by Government or other agency</p> <p>Schools fail to provide acceptable quality of education for children and young people in Slough</p> <p>Children and young people do not receive high quality education, affecting their current and future achievements.</p>		0	5	3
Priory School			0	2	1
Lea Nursery School			0	2	4
Littledown School			0	2	1
Beechwood School			0	1	3
St Bernard's Catholic Grammar School			1	0	3
Montem Primary School			2	5	3
Baylis Court Nursery			0	3	4
Parlaunt Park Primary School			2	5	2
Wexham School			1	1	2
Foxborough School			0	5	4
Our Lady of Peace Catholic Junior School			1	6	2
Slough Centre Nursery			2	4	3
St Ethelberts Catholic Primary School			2	4	3
Claycots School			2	5	5
Pippins School		2	2	2	

Audit	Link to risk or rationale for coverage	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Cross-Directorate					
Follow Up Review	Rationale: To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	ADVISORY	0	1	1
Total			43	141	108

We use the following levels of opinion classification within our internal audit reports:

Red	Amber / Red	Amber / Green	Green
<p>Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.</p> <p>Action needs to be taken to ensure this risk is managed.</p>	<p>Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.</p>	<p>Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p> <p>However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.</p>	<p>Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p>

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

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