

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Risk Committee **DATE:** 12th December 2013

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WARD(S): All

PORTFOLIO: Cllr. Rob Anderson; Commissioner of Finance and Strategy

PART I **FOR COMMENT AND CONSIDERATION**

AUDIT & RISK MANAGEMENT UPDATE – QUARTER 2 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 2
- Report to members on the progress of the implementation of Internal Audit recommendations

2 Recommendation(s)/Proposed Action

The Audit & Risk Committee is requested to comment on and note the reports

3 Slough Joint Wellbeing Strategy (SJWS) Priorities

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

Priorities:

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

4 Other Implications

4.1 Financial

There are no financial implications of proposed actions

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 second quarter of 2013-14.

5.1.2 It should also be noted that overall Internal audit reports are 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 Q2 internal audit opinions issued, there are ten outstanding, seven of which are schools. The three reports specifically referring to the Council that are currently in draft have been issued from the end of October.

5.1.3 The Council continues to monitor the progress of internal audit recommendations. As at the beginning of December, of the high and medium risk recommendations raised 85% have seen action being taken to progress these or these have been superseded, compared to a figure of 75% in the previous quarter.

5.1.4 Members of the committee should note that the children's services procurement audit report has moved from a draft red opinion to a draft amber-red opinion. Of the Council related audit reports completed during 2013-14, one has been given a 'red' overall opinion; which was reported to the previous committee concerned training & development.

5.1.5 During the past quarter, the council's external auditors (BDO) have issued their final audit opinion on the financial statements and accompanying governance reports. Officers will be presenting an update on the recommendations to the next Audit & Risk Committee.

5.2 Internal Audit Q2 2013-14 progress report

5.2.1 The full report is attached at appendix A.

5.2.2 There has been an improvement in comparative assurance levels and a reduction in high risk recommendations since 2012-13. It is pleasing to report

this and the Council hopes to be able to report continued improvements to internal assurance levels for the remainder of the financial year.

	HIGH	MEDIUM	LOW	TOTAL
RECOMMENDATIONS RAISED 2013/14	13	55	47	115
% OF RECOMMENDATIONS 2013/14	11%	48%	41%	
% OF RECOMMENDATIONS 2012/13	18%	34%	48%	

	GREEN	AMBER GREEN	AMBER RED	RED
AUDIT OPINIONS 2013/14 (N.B ALSO 1 ADVISORY REVIEW)	3	9	5	3
% OF OPINIONS 2013/14	15%	45%	25%	15%
% OF OPINIONS 2012/13	13%	29%	36%	22%

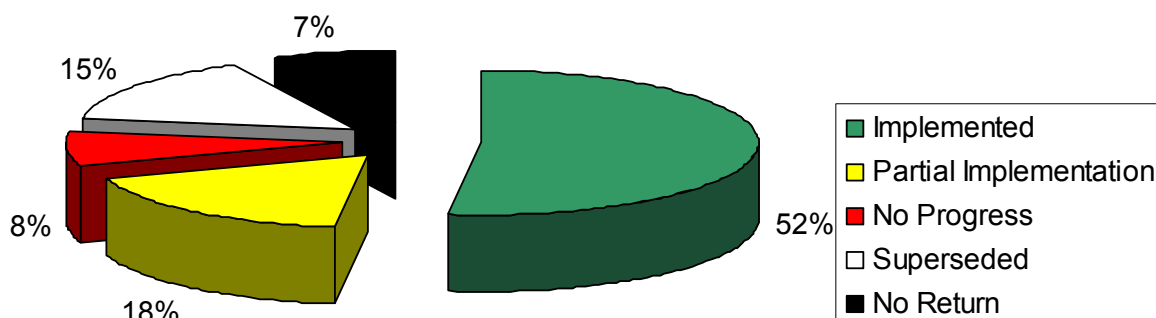
5.3 Finalising Internal Audit Reports

5.3.1 The table below shows those Internal Audits that remain in draft and are yet to be finalised as at November 2013

Audit Title	Draft Issued	Responses due	Client sponsor
St Josephs 59 12 13 Carbon Reduction Management	23 May 2013	05 June 2013	Head
54 12.13 Foxborough	04 May 2013	18 May 2013	Not Listed
Lea Nursery 6 13.14	25 June 2013	08 July 2013	Head
Littledown School 7 13.14	05 July 2013	19 July 2013	Head
St Bernards 12 13.14	05 July 2013	19 July 2013	Head
Baylis Court Nursey 16 13.14	02 August 2013	16 August 2013	Head
	15 October 2013	29 October 2013	

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.

Internal Audit Recommendations due by 30th Nov 2013 (excluding schools)



5.3.3 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		
Business Continuity Planning Arrangements 41 12.13	0	5
Council Tax 18 12.13	0	1
Data Quality 56 12.13	1	2
Debtors and Cash Management 42 12.13	0	3
Estates & Facilities Management 43 12.13	0	1
Housing Management	1	1
Sub Total	2	13
Schools		
Cippenham 2 13.14	0	4
Claycotts Primary 39 12.13	5	12
Priory School 3 13.14	0	2
St Josephs	0	3
Total	8	35

5.4 External Audit (BDO) report

5.4.1 The Audit & Risk Committee has already received the reports concerning the 2012-13 financial statements from the External Auditors. The audit opinion has been issued and the audit period closed. Contained within the report were a number of recommendations for the Council and these will be monitored closely. Officers will bring back the latest copy of the audit recommendations and the progress made against these for the March 2014 Audit & Risk Committee.

5.5 Fraud update

- 5.5.1 As presented to the previous Audit & Risk Committee, the Council has undertaken the National Fraud Initiative data matching exercise. The result of the final review showed that of the 825 matches investigated, up to 46 are recommended for further investigation. The Council will now review these cases in more detail and report back to the Audit & Risk Committee with any significant fraud related findings from these cases.

5.6 Corporate Risk Register

- 5.6.1 The Corporate Risk Register is summarised below. The full register is in the process of being updated in line with the recommendations from the audit highlighted in appendix B and will be brought to the next Audit Committee in March 2014.

Summary of Corporate Risks
Unpredicted demographic changes present significant issues for the Council
The impact of the Comprehensive Spending Review on the Council
Delivery of an ICT function that is robust and has the capacity to meet the needs of the organisation.
Adult Safeguarding
Impact of Welfare Reforms
The Curve
Business Continuity Management
Children Safeguarding

- 5.6.2 Baker Tilley undertook produced an advisory report into the Council Risk Management framework. Appendix B then highlights the progress made against the internal audit review.
- 5.6.3 It is important to note that Risk Management was one of the areas highlighted for consideration in the Head of Internal Audit's opinion to the Annual Governance Statement.

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 Q2 2013-14 report
'B' - Risk Management actions

9 Background Papers

Baker Tilley Audit Reports