

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Risk Committee **DATE:** 11th December 2014

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

WARD(S): All

PART I **FOR COMMENT AND CONSIDERATION**

Audit & Risk Management Update – Quarter 2 2014-15

1 Purpose of Report

The purpose of this report is to:

- Report to members on the progress against the 2013/14 and 2014/15 Internal Audit Plan up to Quarter 2
- Report to members on the progress of the implementation of Internal Audit recommendations
- Report to members the Council's latest counter-fraud activity
- Report to members the Council's Risk Register

2 Recommendation(s)/Proposed Action

That the Committee comment on and note the Quarter 2 Management Update and that Members note the ability to call in respective Chair of Governors in relation to school audits.

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

None other than those detailed in the internal audit reports

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 comparatively low number of audits from their work during the second quarter of 2014-15 due to many of the core systems audits being completed in quarters 3 and 4 to fit with external audit requirements.

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 2013-14 internal audits, none remain outstanding for the Council now. Two reports in respect of schools remain outstanding. The chair of the audit committee has recently written to those schools who had outstanding audits going back a number of months requesting that these are finalised; responses have been received from all schools following this letter.

5.1.3 The Committee saw many of the reports summary in draft at the previous meeting. In the Annual Governance Statement that was approved at the previous meeting, many of these reports were highlighted as red and were included in the Statement as key issues, for example contract management. The Council is working to improve contract management arrangements and the respective assistant director attended the previous Audit & Risk Committee meeting to update the committee on progress with regards this. As with all internal audit reports that are finalised, there is an action plan to address any issues raised.

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 Q2 2014-15 progress report

5.2.1 The full report is attached at Appendix A.

5.2.2 The Internal Audit Plan for 2014-15 was set very much with a focus on addressing identified risks. As Bakertilly have had two years of experience at the Council, management and the audit & risk committee have focussed the internal audit resource very much towards areas of risk; for example focussing increasingly around contract management and areas of weaker assurance from recent audits.

5.2.3 There is a mix of Red, Amber-red, amber-green and Green reports so far to date. Until more reports have been completed, it is difficult to draw a comparison with the overall level of audit quality. However, this year the audits have been focussed more to areas of weaker governance, such as in contract management, and so it is expected to see some areas of lower assurance to provide a greater focus on areas the Council needs to improve upon in the future.

5.3 **Finalising Internal Audit Reports**

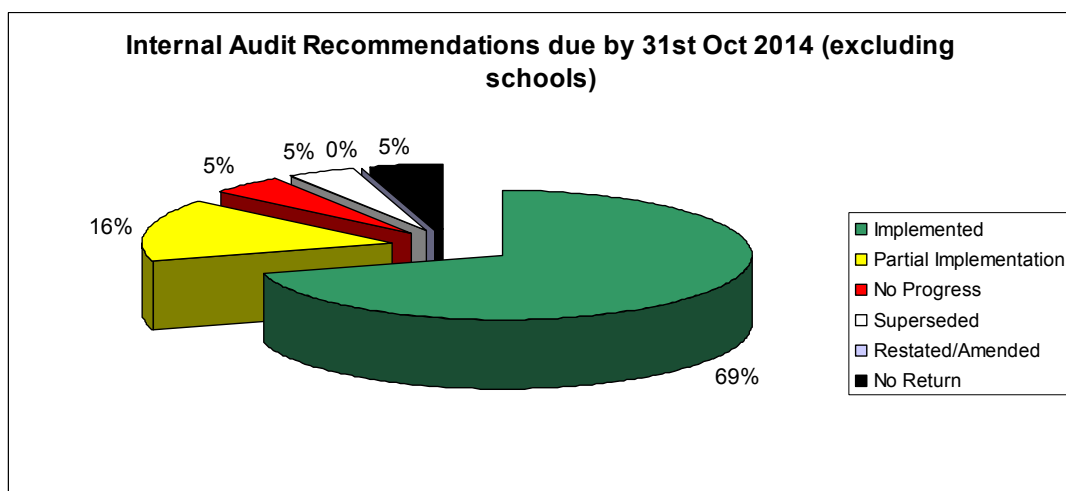
5.3.1 The table below shows those Internal Audits that remain in draft and are yet to be finalised as at 31st October 2014. The Council's internal processes of finalising audit reports in a timely manner continues to improve with no outstanding reports awaiting finalisation. The Committee has raised concerns about the speed of school's audits being finalised on time. The schools with a long response time were written to by the Chair of the Committee. Where the Committee feels responses are still lacking, the Committee can request that the Chair of Governors attend the committee to respond to the Committee's concern. A draft protocol has been collated and shared with the Chair of the Audit Committee to enable an escalation process for school's audits to be finalised more promptly.

Audit Title	Draft Issued	Responses due	Client sponsor	Rating
<i>OLOP Junior 19 13.14</i>	<i>22 November 2013</i>	<i>07 December 2013</i> <i>Final Report issued</i> <i>2.12.14</i>	<i>Chris Aston</i>	
<i>Claycots Primary 42 13 14</i>	<i>04 April 2014</i>	<i>18 April 2014 -</i> <i>revised draft to be</i> <i>issued</i>	<i>Chris Aston</i>	<i>Red</i>
<i>Slough Community Leisure 7 14 15</i>	<i>26 August 2014</i>	<i>09 September 2014</i> <i>-revised draft to be</i> <i>issued</i>	<i>Julie Pickering</i>	<i>Advisory</i>
<i>Khalsa Primary 9 14 15</i>	<i>15 September 2014</i>	<i>29 September 2014</i>	<i>Chris Aston</i>	<i>Red</i>
<i>St Mary's Primary 10 14 15</i>	<i>15 September 2014</i>	<i>29 September 2014</i>	<i>Chris Aston</i>	<i>Amber Green</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.

- 5.3.4 The number of implemented recommendations had reached a plateau of just over half (it has stayed in a range between 52% and 62% over the past year). In the past three months, the Council's improvement in implementing recommendations has moved now to 69%, which shows a positive direction of travel.



- 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		
Data Quality: Corporate Balanced Scorecard 19.13/14	0	1
Contractual Management Arrangements - Amey Plc. 23 13 14	0	1
Use of Agency & Workforce Planning 24 13 14	2	1
Creditors 38 13 14	0	1
Troubled Families Programme: May 2014 Submission 3.14/15	0	1
Sub Total	2	5
Schools		
Baylis Court Nursery School 16 13 14	0	1
Haybrook College 9 12 13	1	6
Littledown 7 13.14	0	1
Lea Nursery School 6 13 14	0	2
Montem Primary 14 13.14	0	1
Parlaunt Park Primary School 17 13.14	0	3
Priory School 3.13/14	0	2

Name of Audit	High Level rec's not Responded to	Medium Level rec's not Responded to
St Bernards 12 13.14	1	0
St Josephs	1	0
Wexham 20 13.14	1	1
Chalvey Early Years 1 14 15	2	3
Holy Family Catholic Primary 2 14 15	0	1
Total	8	26

5.5 Fraud update

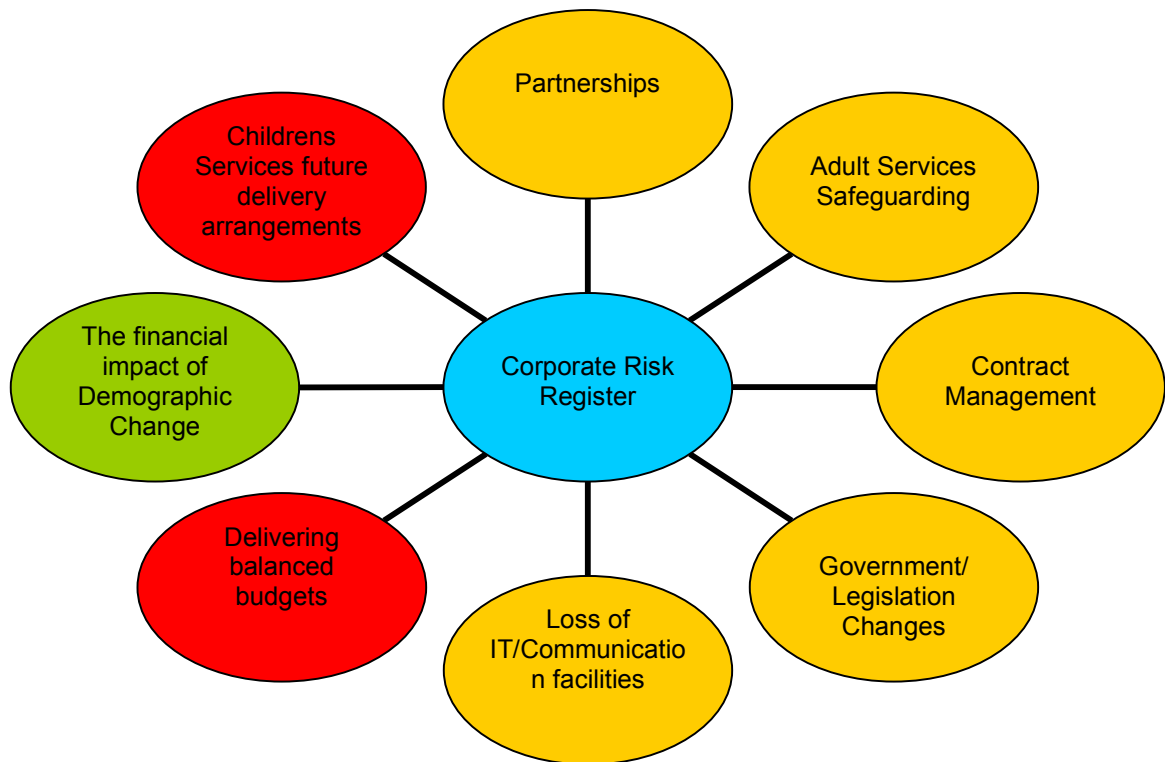
5.5.1 Every year the Council is required to report all fraud activity with a value over £10,000. The Council provides this summary on a quarterly basis to the Audit & Risk Committee. Below is a summary table of activity completed in the current year.

Type of Fraud	Amount	Recovery Action	Action Against Perpetrator
Benefit fraud -	H Benefit – £15, 761.00 Administration penalty – £4, 728.00	Administrative penalty and recovery	Administrative Penalty offered under s115A of the Social Security Administration Act 1992 as amended. Accepted 08/09/14 Offered due to ill health. No further action required.

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 Since the previous audit committee, the risk concerning resources and capacity to manage change has been added

6 Comments of Other Committees

n/a

7 Conclusion

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

8 Appendices Attached

- 'A' - Internal Audit Q1 2014-15 progress report
- 'B' - Corporate Risk Register
- 'C' - Risk Management Strategy

9 Background Papers

Baker Tilley Audit Reports