



SLOUGH BOROUGH COUNCIL

Internal Audit Strategy 2016-2019

Presented at the February 2016 CMT meeting
and Audit and Corporate Governance
Committee meeting of 10th March 2016





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This report, together with any attachments, is provided pursuant to the terms of our engagement. The use of the report is solely for internal purposes by the management and board of our client and, pursuant to the terms of our engagement, should not be copied or disclosed to any third party without our written consent. No responsibility is accepted as the plan has not been prepared, and is not intended for, any other purpose.

1 INTRODUCTION

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Slough Borough Council in the year ahead, including changes within the sector.

1.1 Background

Slough Borough Council is a unitary authority in Berkshire, and is one of five councils in the area. As with all Local Authorities, the Council is faced with funding cuts and with having to make efficiency savings. The Council owns and manages over 6,000 properties, providing quality housing and decent homes for families, the elderly, single and vulnerable people. In addition, hundreds of major national and internal companies have sited in Slough Trading Estate over the years, with its proximity to London Heathrow Airport and good motorway connections being attractive.

Underpinning the work of the Council is a corporate strategy known as 'The Five Year Plan'. This is continuing to drive the Council's ambitions for the future, set out over eight key outcomes, and we have an audit in the 2016/17 plan to continue to provide assurance over the processes employed to manage the plan.

Increased austerity within the local government sector has meant increasingly challenging times for local authorities in relation to delivering a balanced budget. While the Council now commissions Children's Services from the Children's Services organisation, the Council still retains a statutory responsibility for young people within the Borough, although has limited ability to control the activities of the Trust, although overspends in Children's services may have an effect on the Council to achieve a balanced budget. To ensure that the budget setting and monitoring is appropriate we are covering these audits to provide assurance that the processes employed by the Council to achieve a balanced budget are robust.

In addition, linked to the plan, we have audits in relation to Information Governance and Cyber Security to provide assurance in relation to Outcome 8, becoming a leading digital transformation organisation, and reviews within Adult Social Care including Commissioning and Safeguarding which will provide assurance against Outcome 6, more people will take responsibility and manage their own health, care and support needs. Our plan is developed to enable us to provide an opinion at year end, which may be also used by the Council to support its Annual Governance Statement.

1.2 Vision

In addition, the vision of the Council is documented within the council's Five Year Plan contains the following outcomes that Slough Borough Council want to achieve over the next four years to 2019:

Changing, retaining and growing <ul style="list-style-type: none">• Slough will be the premier location in the south east for businesses of all sizes to locate, start, grow, and stay• There will be more homes in the borough, with quality improving across all tenures to support our ambition for Slough• The centre of Slough will be vibrant, providing business, living, and cultural opportunities	Enabling and preventing <ul style="list-style-type: none">• Slough will be one of the safest places in the Thames Valley• More people will take responsibility and manage their own health, care and support needs• Children and young people in Slough will be healthy, resilient and have positive life chances	Using resources wisely <ul style="list-style-type: none">• The council's income and the value of its assets will be maximised• The council will be a leading digital transformation organisation
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1.3 Outcomes

The following of your five year plan outcomes are particularly relevant to the content of the coming year's internal audit plan:

- The council's income and the value of its assets will be maximised. (Five Year Plan: Outcome 1)
- There will more homes in the borough, with quality improving across all tenures to support our ambition for Slough (Five Year Plan: Outcome 2).
- The Council will be a leading digital transformation organisation (Five Year Plan: Outcome 8).

2 DEVELOPING THE INTERNAL AUDIT STRATEGY

We use your objectives as the starting point in the development of your internal audit plan.

2.1 Risk management processes

We have evaluated your risk management processes and consider that we can place reliance on your risk registers to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with the following people:

- Joseph Holmes - Assistant Director, Finance and Audit (Section 151 Officer)
- Senior management, including all Directors and Assistant Directors
- CMT
- Heads of Service
- Senior Management Teams
- Audit and Corporate Governance Committee

Based on our understanding of the organisation, the information provided to us by the stakeholders above, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (**see Appendix A and B for full details**).

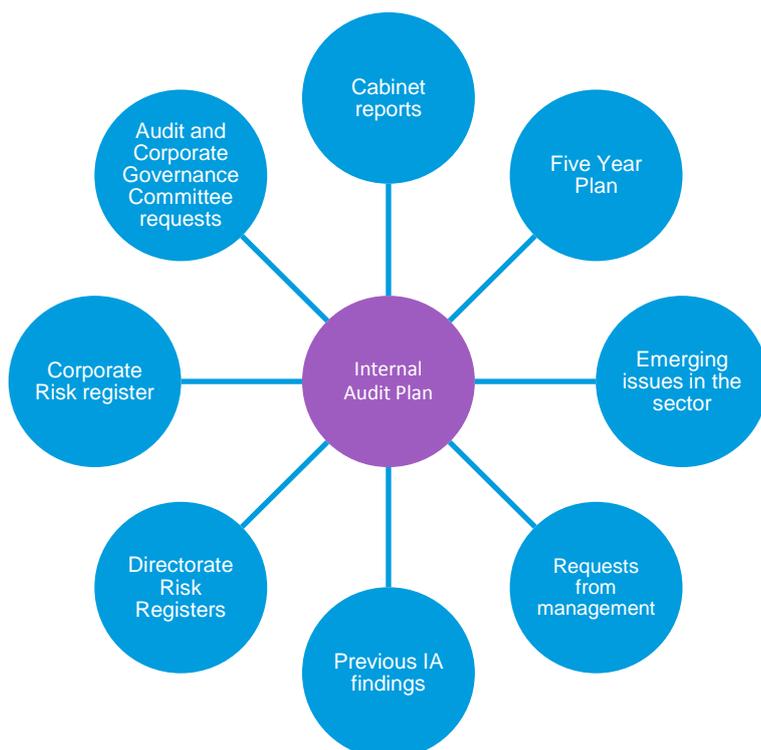


Figure A: Sources considered when developing the Internal Audit Strategy

Figure B details those strategic risks and objectives in which may warrant internal audit coverage, reflecting both the inherent and residual risk. This review of your risks allows us to ensure that the proposed plan will meet the organisation’s assurance needs for the forthcoming and future years.

Strategic risk number	Strategic risk
ORG0021	Failure to deliver a balanced budget
ORG0035	Failure to protect adult social care users from physical, emotional or financial abuse
ORG0045	Failure to maintain a minimum level of service due to a major system failure
ORG0046	Data Security
ORG0037	Failure to meet Statutory Responsibilities
ORG0039	Failure to manage major contracts to obtain expected outcomes
ORG0041	Inability to deliver the required organisational and operational changes
ORG0031	Detrimental impact on Finance and Resources due to demographic change
ORG0044	Failure of CSO to deliver required improvements

2.2 How the plan links to your strategic objectives

Each of the reviews that we propose to undertake is detailed in the internal audit plan and strategy within Appendices A and B. In the table below we bring to your attention particular key audit areas and discuss the rationale for their inclusion or exclusion within the strategy.

Area	Reason for inclusion or exclusion in the audit plan/strategy	Link to strategic objective / Corporate Risk Register Link
Delivery Of Five Year Plan Outcomes	The Council’s Five Year Plan is a key document which is currently driving the future direction of the Council. Continuing the work undertaken within 15/16 where we looked at one of the outcomes to provide assurance on the robustness of the arrangements for achieving this, we are proposing to undertake a similar audit.	ORG0041
Business Continuity	Business Continuity continues to be a risk highlighted within the corporate risk register, and following on from our 2015/16 Business Continuity IT audit, we are proposing to undertake a wider review of business continuity arrangements across a sample of departments to provide assurance over the management of business continuity arrangements.	ORG0045

Area	Reason for inclusion or exclusion in the audit plan/strategy	Link to strategic objective / Corporate Risk Register Link
Contract Lettings Review	Following a request from the Assistant Director Procurement and Commercial Services, we started a review in 2015/16 to review the current way that the Council manages contracts within the organisation with a view to providing a recommendation on how contracts should be managed by the Council in terms of their structure going forward. This review will continue in the 2016/17 plan, and as such has been included as part of the plan and is also linked to the risk on the corporate risk register.	ORG0039
Procurement	Linked to the audit above, we will be undertaking a review of Procurement, as a separate review. This will include the provision of advice on the future structure of the procurement team, which is linked to the risk within the Corporate Risk Register in relation to the failure to manage major contracts to obtain expected outcomes, as procurement is an integral part to the commissioning of any new contract.	ORG0039
Adult Safeguarding	Adult Safeguarding features as a specific risk on your Corporate Risk Register and is also highlighted as an action to achieve outcome 6 within the Five Year Plan, and following an Amber Red audit in 2015/16, we are proposing to undertake an audit in 2016/17, looking to provide assurance that the management actions raised as part of the previous audit have been implemented.	Outcome 6: More people will take responsibility and manage their own health, care and support needs / ORG0035
Implementation of Universal Credit	One of the risks on the Corporate Risk Register is 'Failure to meet statutory responsibilities' and one of the causes documented is the 'Government's revision to Welfare Reforms'. We have been asked by the Assistant Director of Finance and Audit to deliver this review in 2017/18 and we will provide assurance over the accuracy of payments and effectiveness of the systems in place.	ORG0037
Information Governance	Outcome 8 of the Five Year Plan is to make the Council 'A leading digital transformation organisation' which is why are proposing to undertake a review of Information Governance to provide assurance that the systems in place at the Council for ensuring the security of data are robust. In addition, data security also is included on the Council's risk register as a risk.	ORG0046 / Outcome 8: The council will be a leading digital transformation organisation
Schools Financial Value Standard	The requirement for independent reviews to enable the Council to sign off declarations on the SFVS is an important area for the council to seek assurance over the accuracy of declarations by individual schools. Linked to this, we will continue to deliver a number of schools audits, reviewing the effectiveness of governance, finance and safeguarding functions amongst other areas, and links to the	Outcome 6: Children and young people in Slough will be healthy, resilient and have positive life chances
Risk Management	Effective Risk Management is a key link to achieving all of the outcomes within the Five Year Plan. The Council continues to develop and embed a risk management framework and culture within the organisation, including the introduction of a new risk management system. As such, we will undertake a review to provide assurance in relation to the processes to manage risk effectively.	All outcomes

Area	Reason for inclusion or exclusion in the audit plan/strategy	Link to strategic objective / Corporate Risk Register Link
Commissioning Processes (Adult Social Care)	<p>The provision and commissioning of Adult Social Care within the Council is one of the biggest areas of expenditure and also links to the Five Year Plan in relation to outcome 6.</p> <p>As a result, we will undertake an additional review into commissioning of adult placements to provide assurance that the processes employed demonstrate effective use of resources.</p>	Outcome 6: More people will take responsibility and manage their own health, care and support needs
Housing	<p>With changes to Welfare Reform and also the potential for London residents to be moved to Slough as a result of Government Policy, the Council may experience surges in demand for properties, and need to obtain assurance that its housing stock is being managed appropriately. As a result, we will undertake a number of housing reviews including Allocations and also Homelessness to ensure that procedures are being followed.</p>	GBE0004 - Failure to manage increased demand

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: a contingency allocation, time for tracking the implementation of actions and an audit management allocation. Full details of these can be found in Appendices A and B.

2.3 Working with other assurance providers

The Audit and Corporate Governance Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised and a suitable breadth of assurance obtained.

3 YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Dan Harris, Partner supported by Chris Rising as your Senior Manager and Amir Kapasi as your Assistant Manager.

3.1 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS). Further details of our responsibilities are set out in our internal audit charter within Appendix D.

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our Risk Assurance service line commissioned an external independent review of our internal audit services in 2011 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

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”.

Another review will be undertaken in 2016.

3.2 Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

4 AUDIT AND CORPORATE GOVERNANCE COMMITTEE REQUIREMENTS

In approving the internal audit strategy, the committee is asked to consider the following:

- Is the Audit and Corporate Governance Committee satisfied that sufficient assurances are being received within our annual plan (as set out at Appendix A) to monitor the organisation's risk profile effectively?
- Does the strategy for internal audit (as set out at Appendix B) cover the organisation's key risks as they are recognised by the Audit and Corporate Governance Committee?
- Are the areas selected for coverage this coming year appropriate?
- Is the Audit and Corporate Governance Committee content that the standards within the charter in Appendix D are appropriate to monitor the performance of internal audit?

It may be necessary to update our plan in year, should your risk profile change and different risks emerge that could benefit from internal audit input. We will ensure that management and the Audit and Corporate Governance committee approve such any amendments to this plan.

APPENDIX A: INTERNAL AUDIT PLAN 2016/17

Audit	Coverage for 2016/17	Proposed timing	Proposed Audit and Corporate Governance Committee
Chief Executive Directorate			
Annual Governance Statement	Coverage: To assist the Council in the Production of the Annual Governance Statement for 2016/17.	Q4	June 2017
Governance	Coverage: To provide assurance over the effectiveness of governance arrangements within the Council. The areas of coverage are to be determined nearer the audit commencement date following discussion with Council staff.	Q3	March 2017
Health and Safety	Coverage: To review a sample of departments within the Council and their Health and Safety Action Plans to establish the level of compliance with existing Health and Safety Policies and Procedures.	Q3	March 2017
Delivery Of Five Year Plan Outcomes	Risk: Inability to deliver the required organisational and operational changes (ORG0041) Coverage: To provide assurance over the effectiveness of systems in place to ensure the delivery of outcomes from a sample of Five Year plan objectives.	Q3	March 2017
Customer and Community Services Directorate			
Business Continuity	Risk: Failure to maintain a minimum level of service due to a major system failure (ORG0045) Coverage: To provide assurance over the Council's Business Continuity and Disaster Recovery arrangements which will include review of the overall Business Continuity Plan and a sample of departmental plans.	Q1	June 2016
Information Governance	Risk: Data Security (ORG0046) Coverage: To review the Council's compliance with the Data Protection Act against a sample of requirements from the Health and Social Care Information Governance Toolkit.	Q1	June 2016

Audit	Coverage for 2016/17	Proposed timing	Proposed Audit and Corporate Governance Committee
Fixed Penalty Notice Enforcement	Coverage: To review the processes for the collection and management of fixed penalty notices, and the management of arrangements with the Council's contractor.	Q1	June 2016
Wellbeing			
Schools	Coverage: To provide assurance over the effectiveness of governance and financial management arrangements within schools.	Q1 - Q4	March 2017
Commissioning Processes (Adult Social Care)	Coverage: This review will provide assurance in relation to processes undertaken by the Council in relation to commissioning of placements for adults. This audit was requested by the Interim Director, Adult Social Care.	Q2	September 2016
Public Health – Contract Management Compliance	Coverage: To review whether the Slough and Bracknell Forest Borough Council Public Health performance and contract leads are providing the SBC finance team with timely and accurate financial and contractual data to forecast whether planned savings (due to the government reductions and for SBC outcomes 5 and 6) will be met. Requested by the Consultant for Public Health.	Q2	September 2016
Adult Safeguarding	Risk: Failure to protect adult social care users from physical, emotional or financial abuse (ORG0035) Coverage: Following a partial assurance opinion in 15/16, we will undertake a further review to provide assurance that issues identified as part of the previous audit have been addressed, thereby providing assurance that the Council have effective systems in place to ensure that safety of vulnerable adults within the Borough.	Q3	March 2017
Regeneration, Housing and Resources			
Voids Management	Coverage: This review will seek to ensure that policies and procedures in relation to Voids are followed to ensure that void properties are promptly filled, minimising any financial impact to the Council.	Q1	June 2016

Audit	Coverage for 2016/17	Proposed timing	Proposed Audit and Corporate Governance Committee
Schools Financial Value Standard (SFVS)	<p>Coverage: Providing assurance the Council on the appropriate completion of each school's SFVS. The service will ensure that the Council has a thorough assessment of each school to meet the requirements of the Education Funding Agency. This will include a review as to whether supportive information including Internal Audit opinions are consistent with the statements within each of the school's completed standards.</p>	Q1	June 2016
Budget Setting	<p>Risk: Failure to deliver balanced budget (ORG0021)</p> <p>Coverage: Continued reduction to the Council's budget leaving to increased levels of service reductions and organisational wide transformation. The requirement for balanced corporate strategy that seeks to address the needs of vulnerable individuals whilst ensuring appropriate levels of service provision for the universal services.</p>	Q2	September 2016
Budgetary Control	<p>Risk: Failure to deliver balanced budget (ORG0021)</p> <p>Coverage: In year overspend leading to depletion of Council reserves and / or an increase to Council Tax the following year.</p>	Q3	December 2016
Risk Management	<p>Coverage: To provide assurance that the Council has appropriate processes and systems in place to manage risk within the Council.</p>	Q4	March 2017
Management of Housing Stock	<p>Risk: Failure to manage increased demand (GBE0004)</p> <p>Coverage: The review will be undertaken to provide assurance that the Council has effective systems in place to ensure the management of Housing Stock, including Houses of Multiple Occupancy. This both features on the risk register and has not been subject to IA review since 2012/13.</p>	Q2	September 2016

Audit	Coverage for 2016/17	Proposed timing	Proposed Audit and Corporate Governance Committee
Tenancy Management (Allocations)	<p>Risk: Failure to meet statutory responsibilities (ORG0037)</p> <p>Coverage: The review will be undertaken to provide assurance that the Council has effective systems in place to ensure the management of Voids and Allocations. This both features on the risk register and has not been subject to IA review since 2012/13.</p>	Q2	September 2016
Homelessness	<p>Coverage: This review will seek to ensure that the Homeless are dealt with in an appropriate manner and in line with Council strategy or statutory legislation and that the Council are providing temporary accommodation to the right people for the right length of time and that the service can demonstrate an audit trail between the placement of the clients and the subsequent payment of invoices.</p>	Q2	September 2016
Core Assurance			
Payroll	Coverage to meet External Audit / Regulatory requirements and any management concerns.	Q4	March 2017
Capital Expenditure		Q3	March 2017
Rent Accounts		Q4	March 2017
Housing Benefits		Q3	March 2017
Creditors		Q4	March 2017
Debtors		Q4	March 2017
Assets		Q4	March 2017
Business Rates		Q4	March 2017
Treasury Management		Q3	March 2017
Cash Collection and Management		Q3	March 2017

Audit	Coverage for 2016/17	Proposed timing	Proposed Audit and Corporate Governance Committee
General Ledger		Q4	March 2017
Council Tax		Q4	March 2017
Other internal audit activity			
Cyber Security	<p>Risk: Data Security (ORG0046)</p> <p>Coverage: To review the processes employed by the Council for the management of risk in relation to the Council's IT network.</p>	Q2	September 2016
Procurement	<p>Risk: Failure to manage major contracts to obtain expected outcomes (ORG0039)</p> <p>Coverage: To review and provide advice on the future structure of the procurement team within the Council. To consider the wider procurement framework and provide assurance that this is being complied with. Requested by the Assistant Director, Procurement and Commercial Services</p>	Q2	September 2016
VAT – Indirect Tax	<p>Coverage: A recent tribunal decision has ruled that VAT is applicable to the full amount paid by the recipient for the use of temporary staff (including wage costs) rather than simply on the commission element charged by the employment business. This could result in an increased cost of using agency staff for businesses which cannot recover all of the VAT on costs. This case contradicts the findings in an earlier case and there is likely to be further litigation before a definitive answer is reached. As a result, the audit will focus on providing assurance that the Council has in place effective processes for accounting for VAT for temporary staff.</p>	Q1	June 2016

Audit	Coverage for 2016/17	Proposed timing	Proposed Audit and Corporate Governance Committee
Contract Lettings Review	<p>Risk: Failure to manage major contracts to obtain expected outcomes. (ORG0039)</p> <p>Coverage: This work will be undertaken by our Contract Management Specialist Team, who have previously provided specialist input and advisory reviews in this area for the Council. The review will be conducted in three phases: Phase 1 - will be a baseline diagnostic to understand the effectiveness of the current structure in place. Phase 2 - will involve interviews with key staff at all levels within the organisation and key stakeholders for the Council's main contracts. Phase 3 - will involve the provision of an options appraisal for the Council, to provide a recommendation for how Contract Management should be structured within the Council.</p>	Q1	June 2016
Follow up	<p>Coverage: To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.</p>	Q4	June 2017
Management	<p>This will include:</p> <ul style="list-style-type: none"> • Annual planning • Preparation for, and attendance at, Audit and Corporate Governance Committee • Regular liaison and progress updates • Liaison with external audit and other assurance providers • Preparation of the annual opinion • Finalisation of reports where additional evidence is provided or significant challenge raised. 	Throughout the year	N/A
Management Meeting Attendance	<p>Management Meetings (Risk Management Group, SMT, DMT, CMT and other internal meetings where attendance is requested).</p>	Throughout the year	N/A

APPENDIX B: INTERNAL AUDIT STRATEGY 2016 – 2019

Proposed area for coverage	Scope and Associated risk Area	2016/17	2017/18	2018/19
Chief Executive Directorate				
Annual Governance Statement	To assist the Council in the Production of the Annual Governance Statement for 2016/17	✓	✓	✓
Sickness Absence, Reporting and Management	To provide assurance over the processes in place within the Council for managing sickness absence.		✓	
Training and Development	To ensure staff are adequately skilled and enhancing their skill set to make the best strategic decisions and to achieve the organisation's objectives.			✓
Complaints	To provide assurance over the Council's Complaints process, including compliance with regulations.		✓	
Governance	To provide assurance over the effectiveness of governance arrangements within the Council.	✓	✓	✓
Health and Safety	To review a sample of departments within the Council and their Health and Safety Action Plans to establish the level of compliance with existing Health and Safety Policies and Procedures.	✓		
Delivery Of Five Year Plan Outcomes	To provide assurance over the effectiveness of systems in place to ensure the delivery of outcomes from a sample of Five Year plan objectives.	✓	✓	✓
Review of Core HR People Framework Policies	Requested by the Head of Legal Services		✓	
Equal Pay Audit	Requested by the Head of Legal Services		✓	
Appointment and Management of Consultants	Requested by the Head of Legal Services		✓	
Staff Establishment Changes	Requested by the Head of Legal Services			✓
Customer and Community Services Directorate				
Business Continuity	To provide assurance over the Council's Business Continuity and Disaster Recovery arrangements which will include review of the overall Business Continuity Plan and a sample of departmental plans.	✓		✓

Proposed area for coverage	Scope and Associated risk Area	2016/17	2017/18	2018/19
Information Governance	To review the Council's compliance with the Data Protection Act against a sample of requirements from the Health and Social Care Information Governance Toolkit.	✓		✓
Hire of Council Buildings – Follow Up	Following a 'Red' Opinion in 15/16, we will undertake a follow up to review progress with the implementation of Management Actions. Please note this will be included in our follow up coverage.	✓		
Fixed Penalty Notice (FPN) Enforcement	To review the processes for the collection and management of fixed penalty notices, and the management of arrangements with the Council's contractor.	✓		
Planning and Licence Payments	To provide assurance that best practice is being followed when taking card payments via telephone for planning and license applications, and that the income is correctly coded, banked and reconciled to the Agresso system.			✓
Wellbeing				
Innovation Projects	To provide assurance that new ways of working are compliant with the Council's Statutory responsibilities		✓	
Schools	To provide assurance over the effectiveness of governance and financial management arrangements within schools.	✓	✓	✓
Commissioning Processes (Adult Social)	Following on from an audit in 15/16, this review will provide assurance in relation to processes undertaken by the Council in relation to commissioning of placements for adults.	✓	✓	
Public Health – Contract Management Compliance	To review whether the Slough and Bracknell Forest Borough Council Public Health performance and contract leads are providing the SBC finance team with timely and accurate financial and contractual data.	✓		
Adult Safeguarding	Following an Amber Red opinion in 15/16, we will undertake a further review to provide assurance that issues identified as part of the previous audit have been addressed.	✓		✓
Regeneration, Housing and Resources				
Gas Servicing	This review will seek to ensure that legislation relating to gas servicing is being complied with.		✓	

Proposed area for coverage	Scope and Associated risk Area	2016/17	2017/18	2018/19
Implementation of Universal Credit System	To provide assurance over the effective of systems in place to ensure the implementation of the Universal Credit system within the Council and that accurate payments are being made.		✓	
Voids Management	This review will seek to ensure that policies and procedures in relation to Voids are followed to ensure that void properties are promptly filled, minimising any financial impact to the Council.	✓		
Housing Regulation	This review will seek to provide assurance that the council's statutory function is being undertaken adequately and consistently and that scarce resources are deployed efficiently to meet the most pressing need. Requested by the Assistant Director, Housing and Environmental Services.		✓	
Neighbourhood Enforcement	This review will provide assurance that the three separate neighbourhood enforcement teams are undertaking their statutory enforcement activities equitably and consistently and are applying similar standards across the borough. Requested by the Assistant Director, Housing and Environmental Services.		✓	
Schools Financial Value Standard (SFVS)	Providing assurance the Council on the appropriate completion of each school's SFVS.	✓	✓	✓
Budget Setting	We will review the processes for setting the 16/17 budget.	✓	✓	✓
Budgetary Control	In year overspend leading to depletion of Council reserves and / or an increase to Council Tax the following year.	✓	✓	✓
Risk Management	To provide assurance that the Council has appropriate processes and systems in place to manage risk within the Council.	✓	✓	✓
Management of Housing Stock	The review will be undertaken to provide assurance that the Council has effective systems in place to ensure the effective management of Housing Stock.	✓		✓
Tenancy Management (Allocations)	The review will be undertaken to provide assurance that the Council has effective systems in place to ensure the effective management of Housing Stock, including Houses of Multiple Occupancy.	✓		
Homelessness	This review will seek to ensure that the Homeless are dealt with in an appropriate manner and in line with Council strategy or statutory legislation.	✓		

Proposed area for coverage	Scope and Associated risk Area	2016/17	2017/18	2018/19
Core Assurance				
Payroll	Coverage to meet External Audit / Regulatory requirements and any management concerns.	✓	✓	✓
Capital Expenditure		✓	✓	✓
Rent Accounts		✓	✓	✓
Housing Benefits		✓	✓	✓
Creditors		✓	✓	✓
Debtors		✓	✓	✓
Assets		✓	✓	✓
Business Rates		✓	✓	✓
Treasury Management		✓	✓	✓
Cash Collection and Management		✓	✓	✓
General Ledger		✓	✓	✓
Council Tax		✓	✓	✓
Other internal audit activity				
Cyber Security	To review the processes employed by the Council for the management of risk in relation to the Council's IT network.	✓	✓	
Procurement	To provide advice on the future structure of the procurement team within the Council – requested by the Assistant Director, Procurement and Commercial Services.	✓		✓
VAT – Indirect Tax	A recent tribunal decision has ruled that VAT is applicable to the full amount paid by the recipient for the use of temporary staff (including wage costs) rather than simply on the commission element charged by the employment business. This could result in an increased cost of using agency staff for businesses which cannot recover all of the VAT on costs. This case contradicts the findings in an earlier case and there is likely to be further litigation before a definitive answer is reached.	✓		
Contract Lettings Review	The aim of this review will be to continue the work undertaken as part of the work commenced within 15/16, providing support to the Council in the Contracts Lettings process.	✓		✓

Proposed area for coverage	Scope and Associated risk Area	2016/17	2017/18	2018/19
Other Internal Audit Activity				
Social Impact	The review will provide assurance on the current systems to track the social impact you achieve for your customers, and to provide some suggestions on options for improving the visibility of the contribution you make. This could help you develop evidence to inform decision making.		✓	
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	✓	✓	✓
Management	<p>This will include:</p> <ul style="list-style-type: none"> • Annual planning • Preparation for, and attendance at, Audit and Corporate Governance Committee • Administration of our actions tracking database – 4Action • Regular liaison and progress updates • Liaison with external audit and other assurance providers • Preparation of the annual opinion 	✓	✓	✓

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Slough Borough Council. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the audit and corporate governance committee.

The internal audit service is provided by RSM Risk Assurance Services LLP (“RSM”). Your key internal audit contacts are as follows:

	Partner	Senior Manager
Name	Daniel Harris	Chris Rising
Telephone	01908 687800	07768 052380
Email address	Daniel.Harris@RSMuk.com	Chris.Rising@RSMuk.com

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives.

An overview of our client care standards are included at Appendix D of the internal audit strategy plan for 2016 – 2019.

Role and definition of internal auditing

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by introducing a systematic, disciplined approach in order to evaluate and improve the effectiveness of risk management, control, and governance processes”.

Definition of Internal Auditing, Institute of Internal Auditors

Internal audit is a key part of the assurance cycle for your organisation and, if used appropriately, can assist in informing and updating the risk profile of the organisation.

Independence and ethics

To provide for the independence of Internal Audit, its personnel report directly to the Dan Harris (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the Chief Executive, with further reporting lines to the Assistant Director, Finance and Audit (Section 151 Officer)

The head of internal audit has unrestricted access to the Chair of Audit and Corporate Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to Slough Borough Council. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises

through the provision of other services, disclosure will be reported to the Audit and Corporate Governance Committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the Audit and Corporate Governance Committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Audit and Corporate Governance Committee for review and approval each year before work commences on delivery of that plan.
- Implement the audit plan as approved, including any additional tasks requested by management and the Audit and Corporate Governance Committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a Quality Assurance and Improvement Program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design and training.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Provide a list of significant measurement goals and results to the Audit and Corporate Governance Committee to demonstrate the performance of the internal audit service.
- Liaise with the external auditor for the purpose of providing optimal audit coverage to the organisation.

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Audit and Corporate Governance Committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.

- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Key performance indicators (KPIs)

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

Delivery	Quality
Audits commenced in line with original timescales agreed in the internal audit plan.	Conformance with the Public Sector Internal Audit Standards.
Draft reports issued within 10 working days of debrief meeting.	Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit.
Management responses received from client management within 10 working days of draft report.	Response time for all general enquiries for assistance is completed within 2 working days.
Final report issued within 3 days from receipt of management responses.	Response to emergencies such as concerns of potential fraud with 1 working day.
Completion of internal audit plan by the end of the financial year.	

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Audit and Corporate Governance Committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Audit and Corporate Governance Committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the Council in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual 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 to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Council to inform the organisation's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's Terms of Business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Personal data is not shared outside of RSM. The only exception would be where there is information on an internal audit file that external auditors have access to as part of their review of internal audit work or where the firm has a legal or ethical obligation to do so (such as providing information to support a fraud investigation based on internal audit findings).

RSM has a Data Protection Policy in place that requires compliance by all of our employees. Non-compliance will be treated as gross misconduct.

Fraud

The Audit and Corporate Governance Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Audit and Corporate Governance Committee recognises that internal audit is not responsible for identifying fraud; however internal audit will assess the risk of fraud and be aware of the risk of fraud when planning and undertaking any internal audit work.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the Audit and Corporate Governance Committee is also approving the internal audit charter.

APPENDIX D: OUR CLIENT CARE STANDARDS

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee four weeks before the agreed start date
- The lead auditor to contact the client to confirm logistical arrangements two weeks before the agreed start date.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Two weeks after a debrief meeting a draft report will be issued by RSM to the agreed distribution list.
- Management responses to the draft report should be submitted to RSM.
- Within three days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

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