



SLOUGH BOROUGH COUNCIL

Internal Audit Strategy 2020/21

Audit and Corporate Governance Committee meeting of: 5th March 2020

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

EXECUTIVE SUMMARY

Our Internal Audit Plan for 2020/21 is presented for consideration by the Audit and Corporate Governance Committee.

The key points to note from our plan are:

2020/21 Internal Audit priorities: Internal audit activity for 2020/21 is based on analysing your corporate objectives, risk profile and Corporate Risk Register as well as other factors affecting you in the year ahead, including changes within the sector. Our detailed plan for 2020/21 is included at Section 1.



Risk based reviews, designed to provide assurance over risks which are linked to your Corporate Risk Register and department risks include: Transformation Programme, Cyber Security, GDPR, Health and Safety, Temporary Accommodation and Homelessness, Financial Accounts Preparation, James Elliman Homes, Continuing Healthcare, Budget Setting and Savings Plans, Conflicts of Interest and Safety Advisory Group. We have also included a review of Whistleblowing following on from the advisory coverage in 2018/19.

Of the above audits linked to Strategic risks, five of these audits were areas where we provided partial assurance (negative) opinions as part of the 2019/20 plan and as a result, we will undertake a further review of these areas to identify whether sufficient improvements have been made. We also have two further core assurance reviews in the 2020/21 plan that received partial assurance opinions in 2019/20.



Level of Resource: We will continue to utilise our core internal audit to deliver the contract and this will be supported by the use of specialists where appropriate, for example Health and Safety, EP / BC, Cyber. We will continue using technology when undertaking operational audits in 2020/21. This will strengthen our sampling, increasing the level of assurance provided. Please refer to Appendix A.



Core Assurance: The core assurance reviews for the 2020/21 audit plan, includes the review of the Risk Management and Governance frameworks, the Key Financial Systems (such as Accounts Payable / Accounts Receivable / Payroll / Council Tax / Housing Benefits / Rent Accounts / Treasury Management / Cash Collection and Management / General Ledger), and Schools reviews.

All of these reviews are required to support the Head of Internal Audit Opinion and help to inform the External Auditors risk profiling, whilst providing assurance across the range full financial controls in operation at the Council.

CONTENTS

1. YOUR INTERNAL AUDIT PLAN 2020/21	4
2. INTERNAL AUDIT PLAN 2020/21	5
APPENDIX A: YOUR INTERNAL AUDIT SERVICE	13
APPENDIX B: INTERNAL AUDIT STRATEGY 2020-2022.....	14
APPENDIX C: INTERNAL AUDIT CHARTER	17
FOR FURTHER INFORMATION CONTACT	22

1. YOUR INTERNAL AUDIT PLAN 2020/21

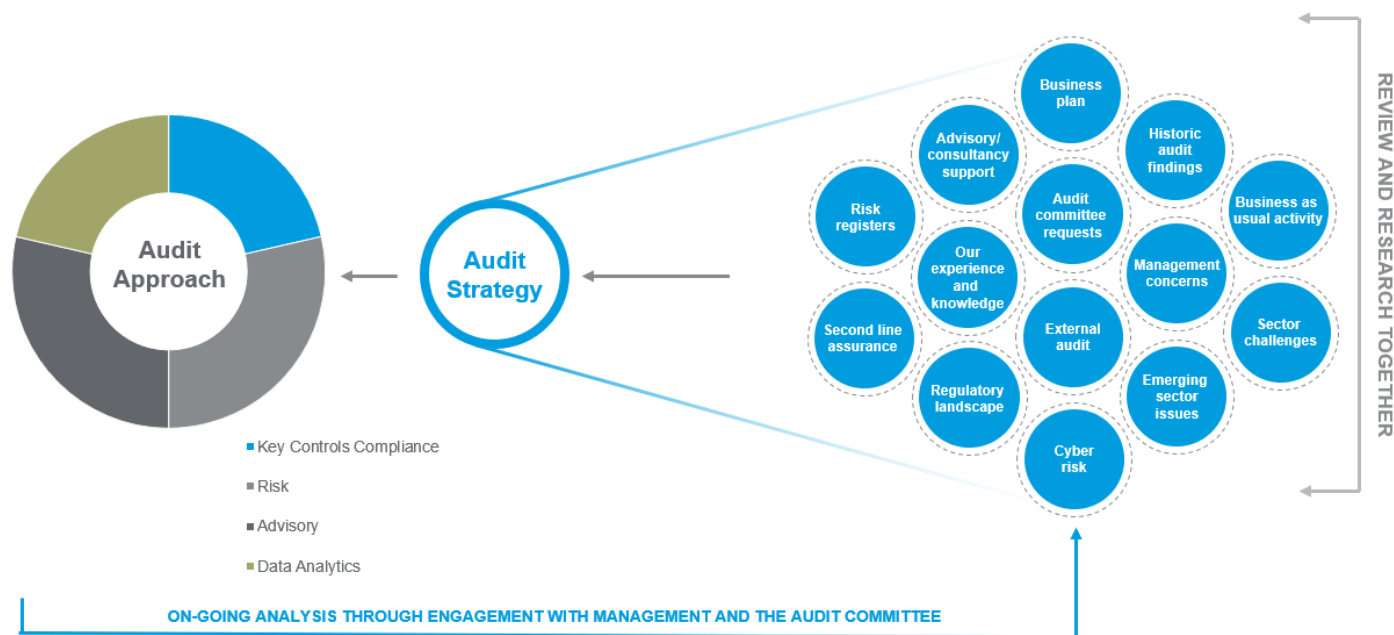
Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Slough Borough Council in the year ahead, including changes within the sector.

Risk management processes

We have evaluated your risk management processes and consider that we can place reliance on your corporate risk register 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 stakeholders:

- The Senior Management Team, including all Directors and the Chief Executive
- Audit and Corporate Governance Committee
- Director of Finance and Resources (S151 officer)
- Corporate Management Team (CMT)

Figure A: Audit considerations – sources considered when developing the Internal Audit Strategy.



Based on our understanding of the organisation, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high-level strategic plan (see Section 2 and Appendix B for full details).

2. INTERNAL AUDIT PLAN 2020/21

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2020/21. The table details the strategic and departmental risks (either by risk title or risk consequence depending on clarity of these) which may warrant internal audit coverage. 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. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: time for tracking the implementation of actions and an audit management allocation.

Audit Title	Proposed Coverage (including link to risk title / consequence where appropriate)	Proposed timing	Proposed Audit Committee
Risk Based Coverage			
Corporate Health and Safety	<p>Risk – Health and Safety of Staff (A & C 7)</p> <p>Following a 'partial' assurance opinion in 2019/20, we will undertake a review to provide assurance that actions have been implemented to improve the robustness of the control framework in place. These include the monitoring of Health and Safety Training, regular meetings of Directorate Consultative Forums, appropriate oversight from the Health and Safety Board and conducting of directorate self-audits.</p>	Quarter 3	December 2020
Temporary Accommodation and Homelessness	<p>Risk Title – Health and Safety in Properties (78)</p> <p>Following 'partial' assurance opinions provided as part of the 2018/19 and 2019/20 plans, we propose to undertake a further review to identify whether improvements have been undertaken to strengthen the control framework including the monitoring of Health and Safety requirements over B&B accommodation, undertaking periodic visits to TA properties, issuing of notices to quit and procedures for breaches of licenses.</p> <p>As part of this, we will incorporate a review of the Homelessness process, which has not been reviewed since 2017.</p>	Quarter 3	December 2020
Accounts Preparation Process	<p>Risk Title – Failure to Demonstrate Financial Stewardship (F&A 1)</p> <p>At the request of the Chief Executive, we propose to undertake a review of the process undertaken by the Council to prepare for the annual accounts process to allow the Council to take assurance over the robustness of the process. The exact nature of the scope will be agreed with the Director of Finance and Resources.</p>	Quarter 1	July 2020
James Elliman Homes	<p>Risk Title - Inability to manage the urban regeneration projects such that they deliver a quality product on time and to budget (RD 11)</p> <p>Following the set-up of a housing company to purchase property within the private sector to generate rental income for the Council and a 'partial' assurance opinion provided as part of the 2019/20 plan, we propose to review the governance arrangements in place for managing</p>	Quarter 1	July 2020

Audit Title	Proposed Coverage (including link to risk title / consequence where appropriate)	Proposed timing	Proposed Audit Committee
	arrangements between the Council and James Elliman homes to provide assurance to the Council that issues identified have been addressed.		
Budget Setting and Savings Plans	<p>Risk Title - Failure to ensure financial sustainability (F&A 27)</p> <p>We will undertake a review of the processes for preparing the 2020/21 budget setting process, and undertake a deep dive into a sample of savings schemes agreed for the 2020/21 financial with a view to reviewing the robustness of the proposed schemes. This review will also link to concerns raised by the LGA during their last Peer review.</p>	Quarter 1	July 2020
Conflicts of Interest	<p>Risk Title - Ensuring the Council's internal control environment is fit for future. (Gov 2)</p> <p>Within the 2018/19 plan, a 'partial' assurance opinion was given for the management of the Conflicts of Interest processes in place within the Council. As a result, we propose to undertake a further review of the process allow the Council to take assurance that effective processes are in place to ensure that Councillors, Members and senior staff routinely declare and adherence to the Council's policies is monitored rigorously.</p>	Quarter 2	September 2020
Continuing Healthcare	<p>Risk Title - Public Health Finance (ACPH 3)</p> <p>The Council is taking responsibility for the commissioning element of the Continuing Healthcare process currently undertaken by the NHS. As part of the review we will look to establish that robust controls in relation to the commissioning process have been established and are being adhered to. This audit was deferred from the 2019/20 plan as arrangements for this service had not been finalised and so will be undertaken as part of the 2020/21 plan.</p>	Quarter 3	December 2020
Safety Advisory Group	<p>Risk Consequence - Failure of the Health and safety system could lead to injury. Criminal prosecution, HSE fines, civil litigation, investigations using staff resources, and damage to reputation. (C&C 9)</p> <p>Following a 'partial' assurance opinion given in this area as part of the 2019/20 Internal Audit Plan, we are proposing to review the effectiveness of the group, including reporting and decision making and to allow the Council to take assurance that actions raised as part of the previous review have been implemented.</p>	Quarter 4	March 2021
Transformation Programme	<p>A follow-on review to be undertaken late in 2020/21 from our 2019/20 coverage which will consider the how the Council and its partners are monitoring how the benefits realised through the programme. Specifically, how these savings have been identified, reviewed and delivered. We will also incorporate a lessons learnt review as part of this coverage.</p>	Quarter 4	July 2021
Links to all strategic Risks			

Audit Title	Proposed Coverage (including link to risk title / consequence where appropriate)	Proposed timing	Proposed Audit Committee
Business Continuity and Emergency Planning	<p>Risk Consequence - Failure to have an up to date BCP places the Council at risk of being unable to continue its business should a serious event cause disruption. (CR8)</p> <p>Having been a constant risk on the Council's Risk Register over the previous three years, two negative opinions on the controls in place to manage this area, and support provided to develop and implement Business Impact Assessments and Disaster Recovery Plans, we will undertake a review to allow the Council to take assurance that effective arrangements have been implemented.</p>	Quarter 2	September 2020
GDPR	<p>Risk Consequence - If there is not an adequate response to GDPR there is a chance that there may fines, criticism from the Information Commissioner, damage to reputation or civil claims for damages. (D&SIT 1)</p> <p>Following the introduction of GDPR in May 2018 and support that the Council has received in 2019, we will undertake a further review of this area to confirm that sufficient structures and robust procedures have been undertaken within the Council to ensure that the provisions of the 2018 General Data Protection Regulations are being adhered to.</p>	Quarter 1	June 2020
Cyber Security	<p>Risk Consequence - Reduced ability of staff to work on systems, resulting in the Council being able to meet customer expectations. Also, difficulty in accessing key financial information. (D&SIT 2)</p> <p>Our audit would allow the Council to take assurance that good practice in cyber security is being implemented. We would utilise our Technology Risk Assurance team to undertake this review, and the exact nature of the scope will be agreed with the Director of Finance and Resources. (D&SIT 2)</p>	Quarter 2	December 2020
Planning Performance Agreements (PPAs)	<p>Risk Consequence - If part contractors are unable to attract the appropriate number of adequately skilled staff this could mean that the project may over-run and be more expensive. (NWQ 1)</p> <p>At the request of the Interim Director of Regeneration, we will undertake a review within the Council's planning department of the processes for undertaking planning performance agreements with developers.</p>	Quarter 1	July 2020
Planning Applications Response Times	<p>Risk Consequence – Poor decision making and lack of quality of developments may result in:</p> <ul style="list-style-type: none"> • Increased number of appeals allowed; • Increase number of complaints and Judicial Reviews; 	Quarter 2	September 2020

Audit Title	Proposed Coverage (including link to risk title / consequence where appropriate)	Proposed timing	Proposed Audit Committee
	<ul style="list-style-type: none"> • Development occurring in unsustainable locations; • Put into special measures; • Reputational damage; • Put into special measures; and • Reduced quality of developments. (P&T 7) <p>As part of this review, at the request of the Interim Director of Regeneration, we will review the processes to ensure compliance with the statutory response times for planning applications to allow the Council to take assurance over compliance with regulatory requirements.</p>		
4Policies	<p>Risk Title - Ensuring the Council's internal control environment is fit for future (Gov2)</p> <p>To assist the Council in the management of the 4Policies system, we will undertake an exercise to help the Council populate the 4Policies system with all key policies, to enable effective management through use of the system.</p>	Quarter 1	n/a
Core Assurance			
Business Rates	<p>Coverage to provide assurance to the S151 Officer that robust systems of financial control are in place and being complied with. Coverage will also meet External Audit / Regulatory requirements and any management concerns.</p>	Quarter 3	March 2021
Council Tax		Quarter 3	March 2021
Housing Benefits		Quarter 3	March 2021
Treasury Management		Quarter 3	March 2021
General Ledger		Quarter 3	March 2021
Cash Collection and Management		Quarter 3	March 2021
Debtors		Quarter 3	March 2021
Payroll		Quarter 3	March 2021
Capital Expenditure		Quarter 3	March 2021
Rent Accounts		Quarter 3	March 2021
Assets	Quarter 3	March 2021	

Audit Title	Proposed Coverage (including link to risk title / consequence where appropriate)	Proposed timing	Proposed Audit Committee
Creditors		Quarter 3	March 2021
Rent Arrears Recovery	Following a 'partial' assurance opinion provided as part of the 2019/20 plan, we propose to undertake a further review to identify whether improvements identified have been undertaken to strengthen the control framework.	Quarter 3	December 2020
Risk Management	To allow the Council to take assurance over the effectiveness of risk management arrangements within the Council. This will include the use and management of both the Corporate and Service-level risk registers.	Quarter 3	March 2021
Governance	To allow the Council to take assurance that key governance processes are operating effectively within the Council. The specific area for coverage will be agreed through discussion with Council Senior management.	Quarter 4	March 2021
Other Internal Audit Activity			
Adult Social Care Practice	At the request of the Director of Adults and Communities, we will undertake a review to assess compliance against strategies and indicators in place in relation to Adult Social Care Practice. This will include, on a sample basis, a review to assess whether: <ul style="list-style-type: none"> Asset based assessments are being undertaken and documented Whether the use of direct payments is being promoted Whether continuing healthcare needs are being considered The exact nature of the scope will be agreed prior to the audit being undertaken.	Quarter 1	July 2020
Section 106 Funds	At the request of the Interim Director of Regeneration and the Director of Finance and Resources, we propose to undertake a review of the use of funds received as part of S106 agreements with developers. This will include review of how funds are allocated and monitored.	Quarter 2	September 2020
Social Lettings Team	At the request of the Director of Place and Development, we propose to undertake a review of compliance with policies and procedures in relation to incentives offered to the Private Rented Sector (PRS) and the resultant allocations process.	Quarter 3	December 2020
Local Enterprise Partnership (LEP) schemes	At the request of the Interim Director of Regeneration we will undertake an advisory review to provide advice and support around the use of LEP capital funding, along with analysing the risks to the Council if the funds are not spent. This review will be undertaken through the use of our Consulting specialists.	Quarter 4	March 2021

Audit Title	Proposed Coverage (including link to risk title / consequence where appropriate)	Proposed timing	Proposed Audit Committee
Parish Council Governance	The audit will review the effectiveness of governance arrangement at the Parish Councils, with the focus in 2019/20 on Britwell and Colnbrook Parish Councils following an advisory review of Wexham Court Parish Council as part of the 2018/19 plan with no subsequent follow up review This audit will provide assurance that key governance, financial and operational controls are operating effectively and assurance over this is provided to the Council where appropriate.	Quarter 2	December 2020
Whistleblowing	Following an advisory review in 2018/19, and a need to ensure that the whistleblowing processes in place are working, we propose to review the effectiveness of processes for the management of whistleblowing and grievances raised within and to the Council, with a view to enabling the Council to take assurance over the processes in place.	Quarter 2	December 2020
Council Buy Backs	<p>This scheme is operated by the Council to purchase properties initially sold under the Right to Buy Scheme, where the Council has the first option on repurchasing these properties to help alleviate demand for social housing.</p> <p>Following a 'no assurance' opinion provided as part of the 2018/19 internal audit plan, we propose to undertake a further review to identify whether improvements have been to strengthen the control framework.</p>	Quarter 1	July 2020
Mental Health Provision	At the request of the Director of Adults and Communities, we will undertake a review to allow the Council to take assurance that documented outcomes for the Mental Health service provision within the Council are being met, with the exact nature of the scope to be agreed prior to the review	Quarter 4	March 2021
Off Payroll Working (IR35)	<p>From April 2020 there will be a need to put in place additional processes and procedures to assess engagements and provide a statutory status determination statement to the worker and any third party, for example a recruitment agency, setting out the reasons for reaching that determination.</p> <p>All parties in the labour supply chain will need to pass on and be aware of the organisation's (end user's) status decision and the reasons for that decision. There is an explicit requirement to take 'reasonable care' in undertaking the status assessments. Failure to do so or failing to provide a statement, can result in being deemed the fee-payer, where they are not already, and thus the entity responsible becomes for PAYE/NIC withholding.</p> <p>The end user of the services will be required to set up a status disagreement process and respond to representations made by off-payroll workers or the fee payer within 45 days of</p>	Quarter 2	December 2020

Audit Title	Proposed Coverage (including link to risk title / consequence where appropriate)	Proposed timing	Proposed Audit Committee
	<p>receipt. Failure to comply with the process in the required time enables transfer of debt provisions to apply.</p> <p>Our review will look at the council's arrangements to review and record the intermediary status of existing staff and also by personal service companies engaged by the council. The review will be undertaken by our tax specialists.</p>		
VAT	Advisory review of an element of VAT coverage by RSM's specialist VAT advisors. This could include relating to the Council's Making Tax Digital arrangements or coverage relating to claims made to HMRC. Specific Scope to be agreed.	TBC	TBC
Grants	Budget to allow for the review and sign off as required in our capacity of the Council's Chief Internal Auditor on the use of grant funding received, which will include review of evidence to substantiate claims.	Through the year	As and when applicable
Schools	To allow the Council to take assurance over the effectiveness of governance and financial management arrangements within schools. As with previous years we will visit a sample of schools, based on outcomes from prior reviews, to review the effectiveness of governance and financial management arrangements on site.	Through the year	Each Audit Committee
Follow Up	We will conduct Follow Up audits on a quarterly basis to provide assurance that agreed actions have been implemented and that there is sufficient evidence to demonstrate their implementation.	On a quarterly basis	Each Audit committee
Management Meeting Attendance	This will include attendance at all meetings (Department meetings, CMT, Risk Board, ad-hoc meetings.)	Ongoing	Ongoing
Management	<p>This will include:</p> <ul style="list-style-type: none"> • Annual Planning • Preparation for, and attendance at, Audit and Corporate Governance Committee • Attending Unitary Chief Auditors Network • Administration of our actions tracking database which is used by the Council to track actions – 4action • Regular liaison and progress updates • Meetings with Chief Executive, S151 Officer, Monitoring Officer, Chair of Audit and Corporate Governance 	Ongoing	Ongoing

Audit Title	Proposed Coverage (including link to risk title / consequence where appropriate)	Proposed timing	Proposed Audit Committee
	<ul style="list-style-type: none"> Liaison with external audit and other assurance providers Preparation of the annual Head of Internal Audit opinion and IA Charter 		

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

2.1 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.

APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Daniel Harris as your Head of Internal Audit, supported by Amir Kapasi as your Manager.

Core team

The delivery of the 2020/21 audit plan will be based around a core team. However, we will complement the team with additional specialist skills where required. This will include the use of our IT Specialists within the Technology Risk Assurance (TRA) team, Programme and Project Management Specialists and wider consulting specialists.

Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

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 2016 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 “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.






The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

Conflicts of interest

We continue to deliver support to the Council in relation to the Procurement Function, which is likely to run into 2020/21. We also supply a range of software solutions to help the Council manage their action tracking, policy management and risk capture. All of this work was undertaken via separate engagements, led by independent engagement partners and delivered by specialist staff separate from the core Internal Audit Team. We have considered as part of all of these additional engagements the safeguards required to be in place and are satisfied that these have been met. We continue to keep the Director of Finance and Resources sighted and informed throughout the year of potential conflicts and how these have been considered and managed.

APPENDIX B: INTERNAL AUDIT STRATEGY 2020-2022

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1 above, as well as our own view of the risks facing the sector as a whole.

Assurance Provided		Internal Audit - Third Line of Assurance					
		Risk Register Ref	2017/18	2018/19	2019/20	2020/21	2021/22
	Red - Minimal Assurance / Poor Progress						
	Amber/red - Partial Assurance / Little Progress						
	Amber/green - Reasonable Assurance / Reasonable Progress						
	Green - Substantial Assurance / Good Progress						
	Advisory / AUP						
Audit Area							
Risk based assurance							
Transition from Children's Services to Adult Social Care	CR19			✓			
Heathrow Strategic Planning Group	CR15			✓			
Matrix – Use of Agency Staff	P&T 4			✓			
Contract Management – Everyone Active (Leisure Contract)	C&L5			✓			
Major Infrastructure Projects (Local Enterprise Partnership)	RD11						
Continuing Healthcare	ACPH 3				✓		
Governance - James Elliman Homes	RD 11				✓		
Direct Services Organisation	CR6						✓

Fire Safety	78					
Contract Management – Osborne	CR15					
Procurement	CR9					✓
Business Continuity and Emergency Planning	CR8				✓	✓
Contract Management – Buoygues	CR15					✓
Slough Urban Renewal	CR4					
Adult Social Care - Management of Income	F&A 27					
Corporate Health and Safety	78				✓	
Temporary Accommodation Strategy	78				✓	
Policies and Procedures	Gov 2					
4Policies	Gov 2					✓
Budget Setting and Budgetary Control (including forecasting)	F&A 27				✓	✓
Gas Servicing	78					✓
Special Educational Needs Funding	SD 2					✓
Governance - Overview and Scrutiny - Committee Effectiveness	Gov 2					
Conflicts of Interest	F&A 27				✓	
Safety Advisory Group (SAG)	C&C 9				✓	
GDPR (previously Information Governance)	D&S IT 1				✓	
Cyber Security and Cyber Risk	D&S IT 2				✓	

Planning Performance Agreements (PPAs)	NWQ 1				✓	
Planning Applications Response Times	P&T 7				✓	
Accounts Preparation Process	F&A 1				✓	
Core Assurance						
Business Rates	CR2			✓	✓	✓
Council Tax	CR2				✓	✓
Housing Benefits	CR2				✓	✓
Treasury Management	CR2				✓	✓
General Ledger	CR2				✓	✓
Cash Collection + Management	CR2				✓	✓
Debtors	CR2			✓	✓	✓
Payroll	CR2			✓	✓	✓
Capital Expenditure	CR2				✓	✓
Rent Accounts	CR2				✓	✓
Assets	CR2				✓	✓
Creditors	CR2			✓	✓	✓
Rent Arrears Recovery	CR2				✓	✓
Risk Management	Gov 2				✓	✓
Governance – Sub Committee Effectiveness	Gov 2			✓	✓	✓

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”).

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. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core principles for the professional practice of internal auditing;
- Definition of internal auditing;
- Code of ethics; and
- The Standards.

Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Partner Daniel 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 Director of Finance and Resources.

The head of internal audit has unrestricted access to the chair of audit and corporate governance 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 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 internal 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.
- 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.
- Report regularly to the audit and corporate governance committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

- Council senior management who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.
- Executive (Cabinet) - The highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "board" may refer to a committee or another body to which the governing body has delegated certain functions (eg an audit and corporate governance committee).

Client care standards

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:

- Discussions with senior staff at the client take place to confirm the scope four 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 at least 10 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- 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.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Sharefile.
- Management responses to the draft report should be submitted to RSM.
- Within three working 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.

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.

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 board 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 board 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 Cabinet 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.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the audit and corporate governance committee.

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 be aware of the risk of fraud when planning and undertaking any assignments.

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.

FOR FURTHER INFORMATION CONTACT

Daniel Harris – Head of Internal Audit

Email: Daniel.Harris@rsmuk.com

Telephone: 07792 948767

Amir Kapasi – Manager

Email: Amir.Kapasi@rsmuk.com

Telephone: 07528 970094

rsmuk.com

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. Actions for improvements should be assessed by you for their full impact. 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.

Our report is prepared solely for the confidential use of Slough Borough Council and solely for the purposes set out herein. 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 RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance 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.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.