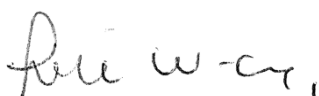


Date of issue: Wednesday, 5 December 2018

MEETING:	AUDIT AND CORPORATE GOVERNANCE COMMITTEE (Councillors Amarpreet Dhaliwal (Chair), Sarfraz (Vice Chair), Ali, Minhas, Munawar, Nazir and Plenty) CO-OPTED INDEPENDENT MEMBERS: Alan Sunderland and Iqbal Zafar PARISH COUNCIL MEMBERS: Parish Councillor Puja Bedi (Colnbrook with Poyle) Parish Councillor Harjinder Gahir (Wexham Court) INDEPENDENT PERSON Dr Louis Lee
DATE AND TIME:	THURSDAY, 13TH DECEMBER, 2018 AT 6.30 PM
VENUE:	VENUS SUITE 2, ST MARTINS PLACE, 51 BATH ROAD, SLOUGH, BERKSHIRE, SL1 3UF
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	SHABANA KAUSER 01753 787503

NOTICE OF MEETING

You are requested to attend the above Meeting at the time and date indicated to deal with the business set out in the following agenda.



JOSIE WRAGG
Chief Executive

AGENDA

PART I

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



<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
1.	Declarations of Interest <i>All Members who believe they have a Disclosable Pecuniary or other Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Section 4 paragraph 4.6 of the Councillors' Code of Conduct, leave the meeting while the matter is discussed.</i>	-	-
2.	Minutes of the Last Meeting held on 20th September 2018	1 - 6	All
3.	Risk Management Update Quarter 3 2018/19	7 - 52	All
4.	Internal Audit Update - Quarter 3 2018/19	53 - 94	All
5.	Internal Audit Progress Report – Quarter 3 2018/19	95 - 118	All
6.	Review of Closure of Accounts 2017/18	119 - 172	All
7.	Annual Audit Letter 2017/18	173 - 192	All
8.	External Audit Progress Report	193 - 204	All
9.	Blind Donations and Sponsorships	205 - 216	All
10.	Members Attendance Record May 2018 to November 2018	217 - 220	All
11.	Exception Reporting to Overview and Scrutiny Committee		
12.	Forward Work Programme 2018/19	221 - 222	All
13.	Members Attendance Record	223 - 224	All
14.	Date of Next Meeting - 7 March 2019		

Press and Public

You are welcome to attend this meeting which is open to the press and public, as an observer. You will however be asked to leave before the Committee considers any items in the Part II agenda. Please contact the Democratic Services Officer shown above for further details.

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



Audit and Corporate Governance Committee – Meeting held on Thursday, 20th September, 2018.

Present:- Councillors Amarpreet Dhaliwal (Chair), Sarfraz (Vice-Chair), Ali, Minhas, Nazir and Plenty

Co-Opted Independent Members: Mr Sunderland and Mr Zafar,

Parish Council Representative: Parish Councillor Gahir (Wexham Court)

Independent Person: Dr Lee (Observer)

In attendance: Parish Councillor Bedi (Colnbrook with Poyle)

Apologies for Absence:- Parish Councillor Jackson

PART 1

15. Declarations of Interest

None were received.

16. Minutes of the Last Meeting held on 18th July 2018

Resolved – That the minutes of the meeting held on 18th July 2018 be approved as a correct record.

17. Audit and Risk Management Update - Quarter 2 2018/19

The Committee was provided with an update on the progress of finalising the draft Internal Audit reports and implementation of the recommendations.

The Children's Centres, Priory School and Overview and Scrutiny Effectiveness reports had all been finalised. The percentage of completed actions had risen from 45% in the last quarter to 48%. A Member requested an update on the status of the Council Tax audit, which had been due to be finalised in December 2017. The Service Lead Finance informed the Committee that this report was close to being finalised and that the delay had been due in part to the need to work with arvato to set up the systems necessary to implement some of the recommendations.

Members asked about the status of several overdue high and medium audit actions as set out in Appendix 1 to the report. These included actions for which a responsible officer was not stated; the reasons why the actions from the procurement audit were only partially completed; and the progress of implementation on the Matrix temporary agency staff and the housing allocations audits. The Service Lead commented that a more detailed report would be brought to the next meeting on the outstanding actions to update on

progress. It was noted that further progress had been made on the implementation of several actions since the reporting period and that in the case of the Matrix audit the recommendations would be taken forward into the new contract to be introduced next year. There was a discussion about the relationship with arvato, which was a common factor in several audits, and the engagement and scrutiny arrangements, including regular reporting to Members at the Overview & Scrutiny Committee were noted.

The Committee requested that the format of Appendix 1 to the report be updated to include a 'person responsible' for audit actions and further columns inserted to show 'start date' and 'revised date' for the recommendations. At the conclusion of the discussion, the report was noted.

Resolved – That progress on finalising the draft Internal Audit reports and implementation of Internal Audit recommendations be noted.

18. Internal Audit Progress Report

The Committee considered the latest Internal Audit Progress Report that summarised delivery against the Internal Audit Plan for 2018/19 and any remaining audits from the 2017/18 plan.

The report stated that three assurance reports remained in draft from the 2017/18 plan, although it was noted that the Priory School audit had since been finalised. Three reports in the 2018/19 plan had been finalised since the July meeting – Temporary Accommodation, Children's Centres and Governance – Overview & Scrutiny Committee Effectiveness. A partial assurance opinion had been issued on the Temporary Accommodation audit at a time of significantly rising demand on the service. The Committee considered the pressures on the service, noting that the number of families in temporary accommodation had trebled in the past two years to more than 450, and it was noted that the Council had invested more resources to address the issues. In response to a question it was confirmed that the Council was meeting the target of completing assessments within the required period.

In relation the audit of Governance – Overview and Scrutiny Effectiveness audit it was noted that a reasonable assurance opinion had been issued and it was agreed that a copy of the report be circulated to members of the Overview & Scrutiny Committee.

At the conclusion of the discussion, the report was noted.

Resolved – That the Internal Audit Progress Report be noted.

19. External Audit Fee Letter

The Engagement Lead from Grant Thornton, Julie Masci, introduced the External Audit Fee Letter which set out the planned audit fee for 2018/19.

The Council's scale fee under the Public Sector Audit Appointments Ltd arrangements was £98,193 for 2018/19. Any variations to the fee to reflect any additional audit work would be reported to the Committee. The audit timetable was also summarised. The External Audit Fee Letter was noted.

Resolved – That details of the External Audit Fee letter be noted.

20. External Audit Progress Report

Julie Masci and Sophie Morgan-Bower from the Council's external auditor, Grant Thornton, introduced the Audit Progress Report and Sector Update for the year ending 31st March 2019. It would be the first year for which Grant Thornton would undertake the Council's audit having succeeded the current auditor BDO.

The work on the 2018/19 audit was underway and progress as at September 2018 included a detailed audit plan setting out the approach to the audit of the Council's financial statements for 2018/19 and the scope of work to assess Value for Money and certify appropriate Council claims and returns. The Committee looked forward to working with Grant Thornton in the future.

Resolved – That details of the External Audit Progress Report be noted.

21. Audit Completion Report

The Engagement Lead for the current external auditor BDO, Janine Combrinck, introduced the updated Audit Completion Report relating the 2017/18 external audit.

It was noted that BDO had not been able to complete their audit by the statutory deadline of 31 July 2018, mainly due to unresolved issues on the valuation of land and buildings and the late provision of group accounts for the consolidation of James Elliman Homes Limited. The audit work had now been substantially completed but at the time of drafting the report the Council still needed to process an adjustment arising from the use of incorrect floor sizes in the valuations provided by the external valuer. Ms Combrinck stated that the impact of this outstanding matter was material and adjustments needed to be made before the accounts could be signed off.

The Committee discussed the improvements that had been made in the preparation of the accounts and the audit planning process to sign off the financial statements in a more timely manner than previous years. The Council's finance team and external auditor had worked hard to make improvements to the process but that fact the 2016/17 accounts had only been signed off in February 2018 impacted on the 2017/18 audit. In relation to finalising the accounts, Ms Combrinck stated that an action plan had been issued and the Council's response was awaited. The auditor had considered statutory action but the Council had satisfied them that sufficient progress was being made to enable the accounts to be signed off soon.

It was agreed that a summary report on the finalised financial accounts be circulated to the Chair and Committee Members when available; with an extraordinary meeting of the Committee to be arranged, if necessary, noting that the Committee had previously delegated authority to the Chair to sign the statements. The Committee confirmed that the 14 unadjusted errors identified that were not considered by the auditor to be material would remain unadjusted.

The Committee noted the updated Audit Completion Report and thanked Ms Combrinck and the rest of the BDO team for their work as the Council's external auditor in recent years.

Resolved –

- (a) That details of the report be noted;
- (b) That the 14 unadjusted audit differences within the report remain as unadjusted.

22. Schedule of Activity - Councillors Code of Conduct

The Service Lead Governance introduced a report that updated the Committee on the activity undertaken by the Council's Monitoring Officer in relation to the Councillors' Code of Conduct.

Items 1 to 13 in the table at paragraph 5.2 of the report summarised the present status of complaints since the previous report to the Committee in March 2018. The report confirmed that a significant number of matters had been concluded with no breach found or resolved with local resolution following consultation with the Independent Person. This included the backlog of complaints that had been awaiting resolution and it was envisaged that current and future matters would be concluded in a more timely manner. Items 14 to 16 were new complaints lodged since March 2018.

The Committee asked that the table include columns for the 'date received' and 'date resolved' to provide information on the timeliness of dealing with complaints. The Service Lead stated that this information would be provided for the new complaints from Item 14 onwards, although it was not available from some of the older complaints that were originally received by the previous Monitoring Officer.

At the conclusion of the discussion, the report was noted.

Resolved – That details of the report be noted.

23. Local Government and Social Care Ombudsman - Complaints, Findings and Complaints

The Service Lead Governance introduced a report that updated Members on two complaints to the Local Authority and Social Care Ombudsman, and any findings, since the previous report to the Committee in March 2018.

The Committee requested, and it was agreed, that in future the format of table to be revised to include columns with 'date received' and 'date resolved.' The report was noted.

Resolved – That details of the report be noted.

24. Schedule of Activity - Whistleblowing Complaints

The Service Lead Governance introduced a report that updated Members on the activity undertaken by the Council's Monitoring Officer in relation to complaints made under the Confidential Whistleblowing Code.

Details were provided of five complaints since the previous report to the Committee in March 2018 and an update on one complaint previously reported but not determined at that time. Two of the complaints, 2018/D and 2018/E, had not yet been determined and the outcome would be reported to a future meeting of the Committee. The report was noted.

Resolved – That details of the report be noted.

25. Exception reporting to O & S Committee

The Committee was informed that following the internal audit of Overview & Scrutiny Effectiveness it had been decided to add a standing item to future Audit & Corporate Governance Committee agendas to provide a more formal mechanism for the Committee to refer any relevant matters by exception to the Overview & Scrutiny Committee. It was agreed that there were no matters to report to Overview & Scrutiny arising from the meeting.

To further strengthen the working relationship between the two committees it was agreed that the Chair of the Audit & Corporate Governance Committee would be invited to attend quarterly meetings of Scrutiny Chairs and Vice-Chairs.

Resolved – That no matters be reported to the Overview & Scrutiny Committee arising from the agenda.

26. Forward Work Programme 2018/19

The Committee considered and noted the Work Programme for 2018/19. It was agreed that the Senior Democratic Services Officer would liaise with the external auditor, Grant Thornton, to schedule the reports relating the external audit and that the Work Programme be amended accordingly.

Resolved – That details of the Work Programme be noted.

27. Members Attendance Record 2018/19

Resolved – That details of the Members' Attendance Record 2018/19 be noted.

28. Date of Next Meeting - 13 December 2018

The date of the next scheduled meeting was noted as 13th December 2018.

29. Exclusion of the Press and Public

Resolved – That the press and public be excluded from the meeting during the consideration of the item in Part II of the agenda as it involved the likely disclosure of exempt information relating to the financial and business affairs of any particular person (including the authority holding that information) as defined in paragraph 3 of Part 1 the Schedule 12A the Local Government Act 1972.

Below is a summary of the matters considered during Part II of the agenda.

30. Part II Minutes - 18th July 2018

Resolved – That the Part II minutes of the meeting held on 18th July 2018 be approved as a correct record.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.15 pm)

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Corporate Governance Committee

DATE: 13th December 2018

CONTACT OFFICER: Neil Wilcox; Director, Finance & Resources (Section 151 Officer)

(For all Enquiries) (01753) 875368

WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

RISK MANAGEMENT UPDATE – QUARTER 3 2018-19

1. **Purpose of Report**

The purpose of this report is to provide Members with the opportunity to note the Corporate Risk Register.

2. **Recommendation(s)/Proposed Action**

The Committee is requested to

- a) comment on and note the attached reports
- b) Approve the updated Risk Management Strategy

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

3a. **Slough Joint Wellbeing 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 Strategic Priorities:

- 1. Protecting vulnerable children
- 2. Increasing life expectancy by focusing on inequalities
- 3. Improving mental health and wellbeing
- 4. Housing

3b. **Five Year Plan Outcomes**

The actions contained within this report will assist in achieving all of the five year plan outcomes.

4. **Other Implications**

(a) **Financial**

There are no financial implications of proposed action

(b) Risk Management

<i>Recommendation</i>	<i>Risk/Threat/Opportunity</i>	<i>Mitigation(s)</i>
<i>That Audit & Risk Committee is requested to comment on and note the attached reports</i>	<i>This report concerns risk management across the Council</i>	

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act or other legal implications in this report

(d) Equalities Impact Assessment

There is no identified need for an EIA

5. **Supporting Information**

5.1 **Corporate Risk Register**

5.1.1 A copy of the Corporate Risk Register is attached at Appendix 1a

6. **Comments of Other Committees**

There are no comments from other Committees

7. **Conclusion**

Members are requested to comment on and consider the details of the reports and approve the Updated Risk Management Strategy.

8. **Appendices Attached**

Appendix 1a – Corporate Risk Register
Appendix 1b – Corporate Risks Closed since last meeting
Appendix 1c – Corporate Risk Actions completed since last meeting
Appendix 2 - Risk Management Action tracker
Appendix 3 – Updated Risk Management Strategy

9. **Background Papers**

None




SBC Corporate Risk Register

Report Date	04 Dec 2018
Risk Status	Open
Comparison Date	In the past 3 Month(s)
Risk Level	
Control Status	Existing
Action Status	Outstanding


SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
SD 5	Overspend on the High Needs Block related to demographic pressures and structural budget issues	Vikram Hansrani	<p>Description Overspend on HNB related to demographic pressures and structural budget issues</p> <p>Consequence Cumulative pressures pose a significant financial risk to the</p>	I = 4 L = 6 24	<p>1) Ensure financial recording of placements for all CYP is an intrinsic part of SEND Officers' caseload.</p> <p>2) Ensure provision is fully utilised with the local authority.</p>	I = 3 L = 4 12	<p>1) Consider funding EYIF from EYs Block</p> <p>2) Strengthen transition for CYP with EHCPs post 16 to mitigate a high % of 19+ students in FE</p> <p>3) Work with post-16 settings to deliver an appropriate curriculum within agreed financial envelope.</p> <p>4) Complete reviews of RBs and SEND banding</p> <p>5) Work with Arbour Vale School and prospective provider to ensure that it is able to meet complex needs</p> <p>Person Responsible: Vikram Hansrani</p> <p>To be implemented by: 31 Mar 2019</p>	I = 3 L = 2 6
CR 4	Inability to manage the urban regeneration projects such that they deliver a quality product on time and to budget	Stephen Gibson	<p>Description There are a number of major regeneration projects planned for the town which when completed will attract businesses in the area e.g. the TVU site and the old library. Failure to manage these projects effectively may result in project delays and increase project costs.</p> <p>Consequence The main impact will be delays in attracting businesses to the area with the consequential loss of income and ability to provide jobs and opportunities for Slough residents. Inadequate governance arrangements will contribute to ineffective decision making and management</p>	I = 4 L = 3 12	<p>Created a Directorate for Regeneration Asset Master Plan</p> <p>External advisors used for legal and technical advice</p> <p>Monitoring reports go to Cabinet & Members</p> <p>Terms of reference and governance around SUR contracts</p>	I = 3 L = 3 9	<p>Ensure sufficient officer capacity with the right skill base</p> <p>Person Responsible: Stephen Gibson</p> <p>To be implemented by: 31 Jul 2018</p> <p>Ensure that there is sufficient budget available Budget not finalised but know income expectations.</p> <p>Person Responsible: Stephen Gibson</p> <p>To be implemented by: 29 Mar 2019</p>	I = 3 L = 2 6




SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
CR 2	Failure to ensure financial sustainability.	Neil Wilcox	<p>Description The revenue support grant is declining whilst the population in the Borough is growing. In addition there is an increasing demand for the Council's Services. Efficiency savings still need to be made to reduce expenditure, whilst the financial sustainability of the Council in the longer term is reliant on increased levels of income being generated by attracting new businesses to the area. There is..</p> <p>Consequence Failures or delays in the Slough Urban Regeneration programme is likely to produce an extended period of lower than expected income which will in turn impact the quality of services that can be delivered and result in a failure to meet the corporate objectives. Failures or delays in the Slough Urban Regeneration programme is likely to produce an extended period of lower than expected income which..</p>	I = 4 L = 4 16 	Assessment of the impact of Brexit on Council finances Budget Monitoring Reports to Members, Corporate Management Team, Departmental Management External experts used to carry out financial analysis. 5 Year Plan in place Medium term financial strategy	I = 4 L = 2 8 	Person Responsible: To be implemented by:	I = 4 L = 2 8 


SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
CR 19	Failure of Children's Social Care	Cate Duffy	<p>Description The council is currently subject to statutory intervention by the DfE following 3 consecutive failed Ofsted inspections. Social care Functions now sit within Slough Children's services Trust and will be re-inspected in 2018.</p> <p>Consequence Poor outcomes for vulnerable children include risks to safeguarding. Reputational damage to the council. Prolonged statutory intervention</p>	I = 4 L = 4 16 	Improvement Board Joint Parenting Panel Reporting to Cabinet Reporting to Education and Children's Scrutiny Review of governance by external improvement partner Review of KPI for Improvement Board, Updated improvement Plan	I = 3 L = 4 12 = =	Person Responsible: To be implemented by:	I = 3 L = 3 9 = =

SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
35	arvato Contract - Re-provision	Vijay McGuire	<p>Description In the event of a potential re-provision programme to replace existing contract there is a need to undertake appropriate Options appraisal / Planning and review the existing contract provision in preparation</p> <p>The two members of staff that currently monitor the avato contract are having to be replaced.</p> <p>The contract has to finish in in 2022,</p> <p>Consequence May result in loss of efficiencies / saving opportunities</p> <p>Poor procurement of a significant contract containing high risk council services</p> <p>Reputational damage</p>	I = 4 L = 4 16 	<p>Early engagement of RSM to provide an outline option appraisal approach for the councils consideration</p> <p>Early member engagement to seek steer / delegated authority to undertake robust option</p> <p>Reviewing contractual position</p> <p>Senior leadership / CMT / slt - Fully aware of the tight timescales and resource implications to support this programme of work that will require extensive council wide /</p>	I = 3 L = 3 9 	<p>Appropriate mechanisms in place for exit of existing contract arrangements - and programme in place of when this will commence</p> <p>Person Responsible: Vijay McGuire To be implemented by: 31 Mar 2019</p> <p>Sufficient resource to be deployed at earliest opportunity to take responsibility for leading this programme of work</p> <p>Person Responsible: Vijay McGuire To be implemented by: 31 Mar 2019</p> <p>Looking at consequences of HQ move</p> <p>Person Responsible: Vijay McGuire To be implemented by: 31 Mar 2019</p> <p>Reviewing exit strategy with Simon Pallet</p> <p>Person Responsible: Vijay McGuire To be implemented by: 31 Mar 2019</p>	I = 3 L = 1 3 

SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
CR 10	Ensuring that the sustainability and transformation partnership (STP) reaches a satisfactory agreement between all the partners.	Alan Sinclair	<p>Description Slough needs to deliver a sustainable Health & Care system</p> <p>There are 13 partners on the Board including acute hospital trusts, community trusts and CCGs.</p> <p>Consequence Failure of sufficient funds to be transferred to the Council to provide the social care will result in the Council not agreeing with the consequential reputational damage or the Council being put under greater financial pressure.</p> <p>Slough does not get enough focus to deliver what it needs to deliver</p>	I = 3 L = 4 12 =	A voting member of the board Reports are sent to the Wellbeing board and to Scrutiny Panel There is a Wellbeing Board alliance	I = 2 L = 3 6 	Person Responsible: To be implemented by:	I = 2 L = 3 6 =




SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
CR 5	Failure to ensure the Town Centre redevelopment, backed by external investors, is completed in as short a timescale as possible.	Stephen Gibson	Description The town centre will be redeveloped investors to make it an attractive centre for businesses to operate from and residents to visit. However there will be a period when the town centre will be blighted.	I = 4 L = 4 16 	Discussions and negotiations with investors has started (single point of contact)	I = 4 L = 3 12 	Ensure that the Planning Performance Agreement is established and is fully resourced	I = 3 L = 3 9
			In the short term SBC have to ensure the short term viability of the Town Centre		Internal Town Centre Project Board		Person Responsible: Sanjay Dhuna To be implemented by: 30 Jun 2018	
			Consequence Failure to ensure this period is short will mean that businesses and their income will be delayed or they may decide to go elsewhere. We understand this happened in elsewhere				Establish a relationship with Ardia through a project board Person Responsible: Stephen Gibson To be implemented by: 28 Sep 2018	
							Need to develop a program/strategy for attracting short term investment Person Responsible: Stephen Gibson To be implemented by: 28 Sep 2018	

SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
CR 11	Ensuring the Council's internal control environment is fit for future.	Neil Wilcox	<p>Description Continued changes in personnel / vacancy / service change have resulted in loss of corporate memory and deterioration in the control framework including adherence with policy, systems, process and procedures. This can result in decisions being made without a firm policy footing or decisions being made often late or without sufficient due process etc. This is applicable to both officers and..</p> <p>Consequence The Council is therefore at greater risk of being challenged or making a poor decision with sub optimal outcomes.</p>	I = 3 L = 5 15 = =	Reviewed Code of Conduct for 2018 Reviewed Constitution RSM Internal Audit provides assurance Implementation of Agresso has increased controls There is a programme of reviewing HR policies Updated financial procedure rules	I = 3 L = 3 9 = =	Complete the review of the constitution. Person Responsible: Sushil Thobhani To be implemented by: 31 May 2019	I = 2 L = 2 4 = =

SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
CR 9	Management of the procurement process to ensure that the Council is fully compliant with procurement rules and meets the associated regulations.	Neil Wilcox	<p>Description</p> <p>The Council operates a hybrid procurement model which is in between centralised and non-centralised procurement. Hence some procurement is undertaken directly from the Directorates.</p> <p>The procurement process should also comply with the Public Services Social Value Act by having regard to economic, social and environmental well-being with regard to public service contracts.</p>	<p>I = 3 L = 5 15</p> 	Dedicated Procurement team	<p>I = 3 L = 3 9</p> 	<p>The Procurement Strategy will be updated to ensure it is aligned to the strategic priorities set out within the Five Year Plan. The strategy will then be issued to CMT and Cabinet for approval, published on both the Council website and intranet and then reviewed annually thereafter</p> <p>Person Responsible: Sushil Thobhani</p> <p>To be implemented by: 31 Mar 2019</p>	<p>I = 2 L = 3 6</p> 
			<p>Consequence</p> <p>Failure to follow the EU or local rules for procurement opens the Council up to the risk of being challenged by unsuccessful bidders. Hence it is important that procurement officers have adequate training and familiarise themselves with the basic rules.</p>		<p>Internal Procurement and tender regulations in Constitution</p> <p>The Procurement team will undertake monthly monitoring and analysis of expenditure by supplier and by type of expenditure to monitor compliance with the Council and EU procurement thresholds requiring formal contracts to be awarded and to identify any potential efficiencies and savings that could be delivered through consolidation of contracts</p> <p>Person Responsible: Sushil Thobhani</p> <p>To be implemented by: 31 Mar 2019</p>			

SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
							<p>The Corporate Procurement Rules will be reviewed and updated to ensure it is reflective of current legislation and thresholds. The amendments will then be either approved by Council as part of the 2017 annual review of the Constitution or presented to the Constitution</p> <p>Person Responsible: Sushil Thobhani</p> <p>To be implemented by: 31 May 2019</p>	

SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
CR 3	Failure to ensure that the Council meets its statutory service requirements in homeless, re-housing and emergency housing as well as compliance with health and safety regulations [Fire].	Colin Moone	<p>Description The Council has statutory responsibility to provide accommodation for the homeless and adequate housing to meet the local demand. The increasing number of homeless is an emerging risk as the Council is required to find temporary accommodation which will be a high cost and poses a safeguarding risk.</p> <p>The Council owns 7,000 residential properties of mixed age dating back to the 1950s and of mixed..</p> <p>Consequence Failure to manage these properties could mean a failure to its corporate objectives and the Council's statutory obligations including health and safety, in particular, fire.</p> <p>Reputational Damage</p>	<p>I = 4 L = 5 20</p> <p>=</p> <p>=</p>	2018/19 Budget approved additional funding for the expansion of James Elliman Housing	<p>I = 3 L = 4 12</p> <p>=</p> <p>=</p>	Putting place Homelessness Prevention strategy aimed at trying to contain homelessness and containing the financial impact upon the authority	<p>I = 3 L = 3 9</p> <p>=</p> <p>=</p>
					A group has been set up to look specifically at high rise properties		<p>Person Responsible: Colin Moone</p> <p>To be implemented by: 31 Jan 2019</p>	
					Contracts have been strengthened with respect to contractor's health and safety responsibilities		Ensure the sufficient resourcing for the expansion of James Elliman Homes	
					Corporate health and safety board.		<p>Person Responsible: Colin Moone</p> <p>To be implemented by: 31 Jan 2019</p>	
					Homeless Prevention Board		<p>Building compliance project RSM review</p> <p>The first deliverable of this project will be the results of a review of the compliance system</p> <p>Person Responsible: Colin Moone</p> <p>To be implemented by: 31 Mar 2019</p>	

SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
CR 14	Failure to ensure that the Council has adequate permanent staff with the skills required to meet their corporate objectives.	Surjit Nagra	<p>Description The Council has relied on a high number of long-term agency staff to carry out its functions because of role vacancies. The organisational restructuring alongside developing initiative provides the opportunity to recruit staff into roles</p> <p>Consequence Failure to develop the workforce and</p>	I = 3 L = 3 9 =	Appointed a team to manage the Slough Academy Employment Appeals Committee Monitoring data Invested in the Slough Academy for difficult to fill posts Restructured Adult Social Care Working with Matrix regarding the longevity of Agency staff.	I = 2 L = 3 6 ↑	Person Responsible: To be implemented by:	I = 2 L = 3 6 ↑

SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
CR 8	Ensuring the effectiveness of resilience plans/continuity plans for key locations and services.	Dean Trussler	<p>Description The Council's business continuity plan was last reviewed in 2013. The internal audit report in 2016 would provide no assurance that adequate controls are in place. The BCP has not been tested through desk top or simulation exercises.</p> <p>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. Senior management do not appear to have appreciated the significance of the risks or given this due attention in the past</p>	<p>I = 4 L = 6 24</p> <p>==</p>	Dedicated Business Continuity Officer	<p>I = 4 L = 5 20</p> <p>==</p>	<p>The Council will establish and maintain a documented process for undertaking business impact analysis and risk assessments at Service, Directorate and Council-wide level</p> <p>Person Responsible: Dean Trussler To be implemented by: 28 Sep 2018</p>	<p>I = 2 L = 3 6</p> <p>==</p>
					External assistance to help develop the plan		<p>A formal programme of business continuity training will be developed and delivered to staff covering, but not limited to; • The roles and contributions of staff to the effectiveness of BCM within the Council</p> <p>Person Responsible: Dean Trussler To be implemented by: 28 Sep 2018</p>	
							<p>To conclude the delivery programme for implementing Business Continuity Management throughout the authority</p> <p>Person Responsible: Dean Trussler To be implemented by: 29 Mar 2019</p>	

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Closed Risks

Report Date	04 Dec 2018
Risk Status	Closed
Risk Level	

Closed Risks

1. Corporate Risks						
Risk Ref	Risk Title	Description	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required
CR 1	Recruiting, retaining and stabilising the senior management team. Risk Owner: Surjit Nagra Delegated Risk Owner: Last Updated: 21 Aug 2018 Closed Date: 21 Aug 2018 Closed By: Phil Brown Closing Comments: New Chief Executive starts 1st Oct. 2018	There are currently interim positions at Chief Executive.	I = 2 L = 4 8	Corporate Management Team that leads the Council	I = 2 L = 4 8	Complete the consultation for the Director and service Lead roles
						Once consultation is complete implement new structure will need to be implemented
						Appoint a permanent Chief Executive
CR 6	There is a risk that the processes for bringing Environmental Services back in house are inefficient and ineffective making the transition difficult. Failure to ensure Environmental services operate to the standard expected by the Council Risk Owner: Mike England Delegated Risk Owner: Last Updated: 28 Sep 2018 Closed Date: 06 Sep 2018 Closed By: Phil Brown Closing Comments: Closed by Risk management Board	Failure to run a value for money operation and exploit commercial opportunities	I = 3 L = 5 15	Analyse costs and assess value for money	I = 3 L = 3 9	Embedding new staff into the organisation including line management structure
				Brought in commercial expertise		Construct a system of monitoring service delivery including Key performance indicators
				Call off contract with Agency in case of staff shortages or strikes.		
				New Fleet purchased		
				TUPE transfer of staff including experienced staff and managers.		
				Working Group has been set up to manage mobilisation (Chaired by CEO).		

Closed Risks

1. Corporate Risks						
Risk Ref	Risk Title	Description	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required
CR 16	<p>Ensuring that the Council meets its statutory duties with regards to school provision</p> <p>Risk Owner: Cate Duffy</p> <p>Delegated Risk Owner:</p> <p>Last Updated: 31 Oct 2018</p> <p>Closed Date: 31 Oct 2018</p> <p>Closed By: Cate Duffy</p> <p>Closing Comments: Strategy in place. No immediate risk that places will not be available. Risk will be monitored at DMT level</p>	<p>Currently forecasts indicate that there will be an insufficient level of available places in early years as well as likely demand for places in the secondary school sector within the medium term</p>	I = 3 L = 4 12	Capital Strategy Board - provides oversight on capital spending and borrowing.	I = 3 L = 3 9	Strategy to Cabinet
				Oversight by Cabinet and Overview and Scrutiny		
				Place Planning Board – reviews the need for places.		
				School Place Planning Strategy - outlining demand and programme to meet this		
CR 18	<p>Failure to Implement SEND Reform</p> <p>Risk Owner: Cate Duffy</p> <p>Delegated Risk Owner:</p> <p>Last Updated: 31 Jul 2018</p> <p>Closed Date: 31 Jul 2018</p> <p>Closed By: Cate Duffy</p> <p>Closing Comments: SEND Reforms have now been implemented. Inspection risk managed at Directorate level</p>	<p>The Council has a statutory duty to implement Children & Families Act 2014 reforms to SEND by April 2018</p> <p>The Council will be inspected within the next three years</p>	I = 4 L = 5 20	Recruited a Service lead for SEND for better integration with the Council	I = 3 L = 4 12	<p>Establishment of SEND Partnership Board</p> <p>Additional resources for SEND</p> <p>Creation of SEND Strategy with partners</p>
				Regular review and monitoring at Children's Learning & Skills Management team		
				SEND Partnership Board		
				There is a permanent SEND team now within the Council.		

Closed Risks

1. Corporate Risks

Risk Ref	Risk Title	Description	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required
CR 20	arvato Contract Risk Owner: Barry Stratfull Delegated Risk Owner: Last Updated: 09 Aug 2018 Closed Date: 09 Aug 2018 Closed By: Phil Brown Closing Comments: Duplicated	The Council has a contract with arvato to supply a range of back officer and IT functions. the contract is due to end in the next two years and a decision needs to be made on what the Council intends to do going forward. There is a danger that arvato may decide to pull away from the contract early. There is also a risk that the implementation date of some IT projects may go past the end of..	I = 3 L = 4 12	There is an interim in place managing the contract with arvato	I = 3 L = 4 12	The Departmental restructure will look to address some of the monitoring issues

Action Plan - Implemented

Report Date	04 Dec 2018
Risk Status	Open
Risk Level	
Action Status	Implemented

Action Plan - Implemented

Risk Ref	Risk Title	Residual Risk Priority	Action Required	Risk Owner	To be implemented by	Implemented Date	Implemented Comments
35	arvato Contract - Re-provision	I = 3 L = 3 9	Recruitment of staff to undertake the monitoring and management of the Contact	Vijay McGuire	28 Feb 2018	19 Mar 2018	2 posts created in the contract management roles.
CR 2	Failure to ensure financial sustainability.	I = 4 L = 2 8	Review current controls on a quarterly basis and report to Cabinet This is an on-going action	Neil Wilcox	31 Jan 2018	28 Feb 2018	This is an on-going action
CR 4	Inability to manage the urban regeneration projects such that they deliver a quality product on time and to budget	I = 3 L = 3 9	Ensure that SBC has proper representation on SUR board	Stephen Gibson	31 Mar 2018	30 Apr 2018	As per interview with RSM
CR 10	Ensuring that the sustainability and transformation partnership (STP) reaches a satisfactory agreement between all the partners.	I = 2 L = 3 6	Working out KPI metrics and financial control total	Alan Sinclair	28 Sep 2018	06 Sep 2018	6/9/2018 RM Baord
CR 10	Ensuring that the sustainability and transformation partnership (STP) reaches a satisfactory agreement between all the partners.	I = 2 L = 3 6	The new Cabinet lead will need to be inducted and supported.	Alan Sinclair	31 Jan 2018	31 Jan 2018	1-1 sessions and attendance at STP meetings
CR 11	Ensuring the Council's internal control environment is fit for future.	I = 3 L = 3 9	Complete the review of HR policies under the new structure	Neil Wilcox	23 Oct 2018	23 Oct 2018	SN advised that this has happened. There is an on-going review of policies
CR 11	Ensuring the Council's internal control environment is fit for future.	I = 3 L = 3 9	Complete the review of the code of conduct	Neil Wilcox	31 Mar 2018	17 May 2018	
CR 14	Failure to ensure that the Council has adequate permanent staff with the skills required to meet their corporate objectives.	I = 2 L = 3 6	Produce Business to set up academy to develop our own staff of the future	Surjit Nagra	31 Oct 2018	23 Oct 2018	This has been completed

Action Plan - Implemented

Care	I = 3 L = 4 12					
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Action Plan - Implemented

Risk Ref	Risk Title	Residual Risk Priority	Action Required	Risk Owner	To be implemented by	Implemented Date	Implemented Comments
CR 19	Failure of Children's Social Care	I = 3 L = 4 12	Review of governance by external improvement partner	Cate Duffy	31 Dec 2017	12 Jan 2018	Report provided. Contract review to implement findings
CR 19	Failure of Children's Social Care	I = 3 L = 4 12	Review of KPI for Improvement Board,	Cate Duffy	31 Dec 2017	19 Feb 2018	

Action Plan - Outstanding

Report Date	04 Dec 2018
Risk Status	Open
Risk Level	
Action Status	Outstanding
To be implemented by	In the past 3 Year(s)

Action Plan - Outstanding

Risk Ref	Risk Title	Residual Risk Priority	Action Required	Risk Owner	To be implemented by	Progress Notes
CR 4	Inability to manage the urban regeneration projects such that they deliver a quality product on time and to budget	I = 3 L = 3 9	Ensure sufficient officer capacity with the right skill base	Stephen Gibson	31 Jul 2018	07 Nov 2018 Phil Brown Joe Carter reallocated risk to Stephen - this will be re-allocated again when permanent member of staff is appointed. Stephen asked for update
CR 5	Failure to ensure the Town Centre redevelopment, backed by external investors, is completed in as short a timescale as possible.	I = 4 L = 3 12	Establish a relationship with Ardia through a project board	Stephen Gibson	28 Sep 2018	07 Nov 2018 Phil Brown Joe Carter reallocated risk to Stephen - this will be re-allocated again when permanent member of staff is appointed. Stephen asked for update
CR 5	Failure to ensure the Town Centre redevelopment, backed by external investors, is completed in as short a timescale as possible.	I = 4 L = 3 12	Need to develop a program/strategy for attracting short term investment	Stephen Gibson	28 Sep 2018	12 Nov 2018 Phil Brown Joe Carter re-allocated risk to Stephen - this will be re-allocated again when permanent member of staff is appointed. Stephen asked for update
CR 5	Failure to ensure the Town Centre redevelopment, backed by external investors, is completed in as short a timescale as possible.	I = 4 L = 3 12	Ensure that the Planning Performance Agreement is established and is fully resourced	Stephen Gibson	30 Jun 2018	12 Nov 2018 Phil Brown Sanjay asked for update
CR 8	Ensuring the effectiveness of resilience plans/ continuity plans for key locations and services.	I = 4 L = 5 20	A formal programme of business continuity training will be developed and delivered to staff covering, but not limited to; • The roles and contributions of staff to the effectiveness of BCM within the..	Dean Trussler	28 Sep 2018	07 Nov 2018 Phil Brown Joe Carter advised that risk should be allocated to Dean Trussler - Dean asked for update
CR 8	Ensuring the effectiveness of resilience plans/ continuity plans for key locations and services.	I = 4 L = 5 20	The Council will establish and maintain a documented process for undertaking business impact analysis and risk assessments at Service, Directorate and Council-wide level	Dean Trussler	28 Sep 2018	07 Nov 2018 Phil Brown Joe Carter advised to allocated Action to Dean Trussler

Risk Management Strategy

2018

Version Control

Date	Version	Author	Description	Approved by
22nd June 2016	1.0	Phil Brown	Update on 2013 to 2015 Strategy	
14th July 2016	2.0	Phil Brown	Update following Risk Management Group	
22nd Oct 2018	3.0	Phil Brown	Update requirement	
1st Nov 2018	3.0	Phil Brown	Risk Management Board	Risk Management Board
21st Nov 2018	3.0	Phil Brown	To CMT for Approval	

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Introduction

Risk is defined as;

“The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of likelihood and impact”

The Risk Management Strategy is to:

- Provide standard definitions and language to underpin the Risk management process
- Ensure that risks are identified and assessed in a consistent manner throughout the organization
- Clarify roles and responsibilities for managing risks
- Implement an approach that meets current legislative requirements and follows best practice and relevant standards

The Risk Management Strategy now includes the Risk Management Policy

The implementation of the Risk Management Strategy will assist the Council in:

- Reducing risks
- Maximising opportunities
- Improving the effectiveness of our partnerships including the realisation of anticipated benefits
- Ensuring that the benefits offered by contracting out services are realised.
- Enhance our procurement processes
- Support the delivery of the Council’s 5 Year Plan Objectives.

Benefits of Risk Management

Effective risk management will deliver a number of tangible and intangible benefits to individual services and to the Council as a whole, e.g.

- **Improved Strategic Management**
Greater ability to deliver against objectives and targets
A sound system of corporate governance
Confidence in the rigour of the Annual Governance Statement
More likely that new developments can be delivered on time and on budget
Delivery of innovative projects
- **Improved Operational Management**

- Reduction in interruptions to service delivery
 - Reduction in managerial time spent dealing with the consequences of a risk event having occurred
 - Improved health & safety of those employed, and those affected, by the Council's undertakings
 - Improved prevention of fraud, bribery and corruption
 - Allows managers to focus on issues that really matter
 - Delivery of change management and organisational change
- **Improved Financial Management**
 - Better informed financial decision-making
 - Enhanced financial control
 - Reduction in financial costs associated with losses due to service interruption, litigation, etc.
 - Reduction in insurance premiums and claim related costs
- **Improved Customer Service**
 - Minimal service disruption to customers
 - Protection of reputation and reduced risk of misinterpretation by media

Objectives

Below are the risk management objectives.

Objectives:

- Embed a risk management ethos throughout the Council that ensures the regular and systematic identification, prioritisation, treatment and monitoring of risks.
- The production of strategic and directorate risk registers that highlight the key risks facing the council that informs the corporate risk register and the annual Internal Audit Plan.
- Anticipate and respond to changing social, environmental and legislative requirements.
- Raise awareness of the need for risk management by all those connected with the Council's delivery of service

These objectives will be achieved by:

- Defining roles, responsibilities, and reporting lines.
- Including risk management issues when writing Cabinet reports
- Maintaining registers of risks
- Holding regular meetings of the Risk Management and Audit Group that involves Senior Managers.

- Providing appropriate training to all members of staff
 - Setting the Risk appetite
- (‘Risk Appetite’ is the level of risk an organisation is prepared to tolerate. The decision to accept a risk is based partly on a view of the tolerance level of that particular risk. One of the aims of this document is to help managers view risks in a consistent way across all Directorates and ensure the Council has a balanced “Risk Appetite”.)*

How Risk Management in Slough Borough Council is organised.

The next section deal with how risk management is organised in Slough Borough Council. This includes:

- Roles and Responsibilities
- Training
- Risk Register Structure

Roles & Responsibilities

To help ensure that the risk management is embedded in the day to day function of all staff

Officer/Group	Responsibility	Frequency
The Cabinet	<p>The Cabinet role is to set the risk appetite and influence the culture of Risk Management within the Council, this includes:</p> <ul style="list-style-type: none"> • Determining whether the Council is 'risk taking' or 'risk averse' • Ensuring risks are considered as part of every Cabinet report decision • To review the content of the Corporate Risk Register at least annually, ensuring procedures are in place to monitor the management of significant risks to reduce the likelihood of unwelcome surprises; • Periodically review the Council's approach to Risk Management and approve changes or improvements to key elements of its processes and procedures. 	At Least Annually
Audit and Corporate Governance	The purpose of The Audit and Corporate Governance Committee in relation to Risk Management is:	Every Three months

Officer/Group	Responsibility	Frequency
Committee	<ul style="list-style-type: none"> To approve the risk management strategy and review the effectiveness of risk management arrangements, the control environment and associated antifraud and anti-corruption arrangements and seek assurances that action is being taken on risk related issues; To ensure that assurance statements, including the Annual Governance Statement properly reflect the risk environment; To review the Council's risk register; http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=563&MId=5513&Ver=4&Info=1 	
Elected Members	Elected Members should consider the risks associated with recommendations put forward in reports to the various committees such as the Cabinet or Scrutiny Committees to name but a few when making decisions recommended within the reports	On-going
Corporate Management Team.	Update Strategic Risk Register.	Every three months
	Undergo relevant training	As and when
Service Leads	Update Risk Register	Every three months
	Discuss risk at directorate meetings Standing Item on Team Meeting Agendas. At 1-2-1 supervision meetings monthly	
	Undergo relevant training	As and when
	Cascade risks down to individual teams	As part of the annual appraisal process
Risk & Audit Board	See attached Risk Management and Corporate Governance Group Terms of Reference	
All other staff	Bring risk issues to the attention of their manager.	On-going
	Undertake relevant training	

Officer/Group	Responsibility	Frequency
Programme Management Office	Review Risk Registers and Highlight reports for all Projects on the Portfolio Analysis of key themes and risks which are reported to CMT Monitoring and assessment of Portfolio related risks in PMO risk register	Monthly
Project Managers	Maintenance of project level risk register Reporting of new and significant ongoing risks to the Programme Management Office	
Risk & Insurance Officer	Maintain and facilitate updating of Risk registers	On-going
	Produce overview of directorate risks for Directors	Every Three Months
	Organise Risk Management Training	On-going

Strategic Risk

Below is a definition of Strategic Risk

“Those business risks that, if realised, could fundamentally affect the way in which the organisation exists or provides its services in the next one to five years. These risks will have a detrimental effect on the organisation’s achievement of its key business objectives. The risk realisation will lead to material failure, loss or lost opportunity.” – RSM

5 Questions to Identify a Strategic Risk

- What is happening internally or externally that will present a strategic risk or challenge?
- What has happened in the past that had led to the realisation of a strategic risk?
- What is happening elsewhere?
- What are auditors, regulators, customers and partners telling us about the organisation?

- What challenges will the organisation face in implementing the Five Year Plan?

Guide for Identification, Prioritising, and Documenting of Risk

To ensure the systematic management of risks it is recommended that risks are recorded and communicated. This is done by completing a risk register. The Council has risk registers at project level and directorate level, and the highest risks at this level are incorporated into the Strategic Risk Register.

These are the steps to completing a risk register. These are:

1. Identifying a Risk
2. Use pre-determined risk categories
3. Describe the Risk
4. Assess the risk assuming that there are no control measures in place
5. Identify the current controls
6. Identify the Assurances.
7. Re-Assess the Risk taking current controls into account
8. Identify further controls if required
9. Re-Assess the Risk taking proposed controls into account
10. Decide upon a reasonable date for the completion of the proposed control
11. Assign implementation of control to a relevant officer

How to populate the Risk Register

Step 1 – Identifying a Risk

If you have discovered an issue that is or will affect the delivery of one or more of the 5 year plan objectives you will want to ensure that the Risk is managed proportionally, and effectively.

Step 2 – Use pre-defined Categories of Risk

SBC has decided the following categories of risk

Type of Risk	
Economic/ Financial	Events or lost opportunities that have a detrimental affect on the finances of the authority.

Type of Risk	
Political	Risks that affect the Council's ability to deliver its strategic objectives.
Health & Safety	Events that lead to the physical/mental harm of employees and/or stakeholders.
Environment	Events that may have a detrimental affect on the physical environment
Legal/Regulatory	Actions or events that breach regulations, civil or criminal law
Management including contractual	Events, actions or proposed actions that lead to increased management effort
Programme and Projects	Risks that could have an effect on the successful achievement of the programme or project's outcomes / objectives in terms of service delivery, benefits realisation and engagement with key stakeholders (service users, third parties, partners etc.).

Step 3 – Describe the Risk

Describing the risk clearly is very important. What you must try to avoid is confusing risks with outcomes.

Consider and record potential outcomes

Below is a table of some risks and one of corresponding possible outcomes

Risk	Possible Outcomes
Failure to an appropriate and robust system of internal financial controls.	Fraud
Overspent budget	Damage to reputation
Failure of business critical IT systems	Inability to provide and/or monitor services.
Inadequate or poorly implemented Health and Safety system	Injury to staff and/or visitors

Consider and record circumstances/events that may “trigger” the risk

Step 4 - Assess the risk assuming that there are no control measures in place

To enable us to manage the risk most effectively we need to assess the risk assuming no controls.

SBC has decided to use a 6x4 Matrix as shown below

Likelihood	Very High	6	12	18	24
	High	5	10	15	20
	Significant	4	8	12	16
	Low	3	6	9	12
	Very Low	2	4	6	8
	Almost impossible	1	2	3	4
		Negligible	Marginal	Critical	Catastrophic
		Impact			

The descriptors for both “Probability” and “Impact” are shown below

Impact

	Negligible	Marginal	Critical	Catastrophic
Economic/Financial	Financial impact up to £50,000 requiring virement or additional funds	Financial impact between £50,000 and £500,00 requiring virement or additional funds	Financial impact between £500,000 and £1,000,000 requiring virement or additional funds	Financial impact in excess of £1m requiring virement or additional funds
Political	Could have a major impact one departmental objective but no impact on a Council strategic objective	Could have a major impact on a Departments objective with some impact on a Council strategic objective	Council severely impact the delivery of a Council strategic objective	Council would not be able to meet multiple strategic objectives.
Health & Safety	Reduced safety regime which if left unresolved may result in minor injury	Minor injuries	1 death or multiple serious injuries	Multiple deaths
Environment	Minimal short-term/temporary environmental damage	Borough-wide environmental damage	Major long term environmental damage	Very severe long term environmental damage.
Legal/Regulatory	Minor breach resulting in small fines and minor disruption for an short period	Regulatory breach resulting in small fines and short term disruption for an short period	Minimal CMT but major departmental management effort required	Very severe regulatory impact that threatens the strategic objectives of the Council
Management including Contractual	Minimal contract management required	Minimal departmental but major contract management required	Minimal CMT but major departmental management effort required	Major CMT management effort would be required
Programme and Projects	Risk does not affect overall project tolerances	Risk affects delivery of a milestone but overall project tolerances are unaffected	Risk affects project tolerances to Amber RAG rating	Risk affects project tolerances to Red RAG rating

PROBABILITY

	Almost Impossible	Very Low	Low	Significant	High	Very High
	Less than 10%	10 – 30%	30 -50%	50-70%	70 – 90%	More than 90%
	Event may occur only in exceptional circumstances	Event will occur in exception circumstances	Event should occur at sometime	Event will occur at sometime	Event may occur only in most circumstances	Event will occur only in most circumstances

Step 5 - Identify the current controls

Now we need to identify the “current controls” These are the things we already do to reduce the risk.

Control measures are the actions taken to “mitigate” the probability and impact of a risk.

Control measures can take many guises and below is a list of control measures and how they mitigate a risk.

Control Measure	How it Mitigates
Project Plan	The discipline of completing and maintaining a project plan is a good way of identifying and planning the management of issues that may arise.
Monitoring	This can take the form of a 121, appraisal, service meeting with a contractor or provider. Monitoring to a set of defined performance indicators helps ensure that actions are performed to a prescribed level in a timely manner.
Reporting	Regular reporting of performance to senior officer/ member groups encourages the completion of actions especially reports that highlight non-performance.
Auditing	This ensures the veracity of claims that actions are in progress or have been completed.
Action	Action proposed to mitigate a risk. These, when completed should affect the probability and/or impact of a risk.

Step 6 – Record Assurances

When identifying the current controls we also need to record what “assurances” we have that the controls are working.

There are two types of “assurance”, internal and external.

Examples of external assurance are External Audit reports, OFSTED Inspections, CQC reports

Examples of internal assurances are internal reports that the controls to manage risks are working

Step 7 - Re-Assess the Risk taking current controls into account

You now need to follow the same process as “Step 4” but take the current controls into account.

Any risk with a residual rating of 12 and above will be reviewed by the Risk Management Board for consideration of whether it should be included on the Corporate Risk Register

Step 8 - Identify further controls if required

Now is the opportunity to record the further actions you need to take to mitigate the risk to an acceptable level. Further control measures must have an implementation date and a responsible officer

Step 9 - Re-Assess the Risk taking proposed controls into account

You now need to follow the same process as “Step 4” but take the effect of the proposed controls into account.

Ways to Mitigate Risks

The vast majority of risks can be mitigated in some way or other but most risks cannot be eliminated altogether and risk management is about determining what level of risk is acceptable.

There are 6 basic responses to the mitigation of risk. These are:

- Avoid

- Transfer
- Reduce/Treat
- Terminate
- Accept
- Contingency

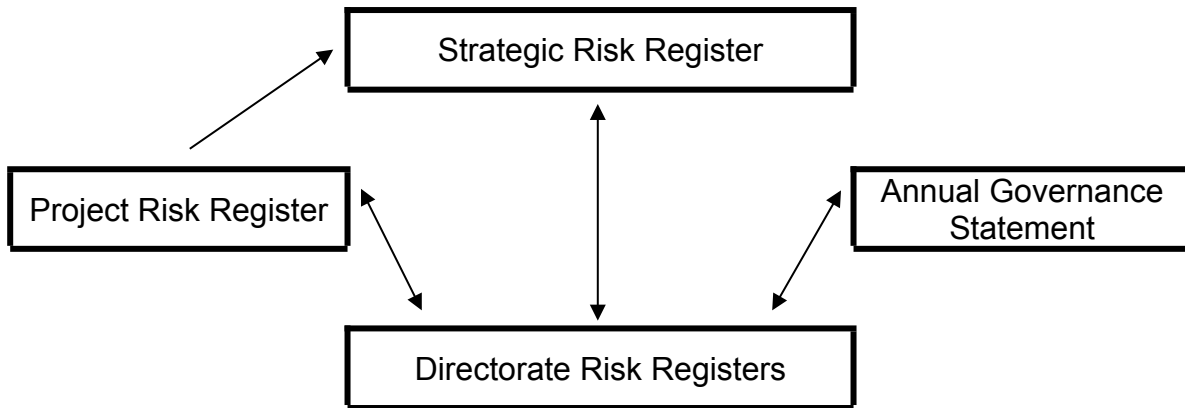
Response	
Avoid	The risk is avoid by changing the project in someway
Transfer	Some risks can be transferred – legal liability can be transferred to an insurer, or service delivery can be transferred to a third party provider.
Reduce/Treat	Some risks will require additional control measures to reduce their probability or impact.
Terminate	Some activities present risks that are so disproportionate to the benefits derived from carrying out that activity that consideration should be given to terminating the activity – it should be noted that this is not always possible.
Accept	This response is acceptable if The risk is already managed to its lowest level of impact and/or probability
Contingency	Have a plan in plan in place if the risk is realised

The are four more project specific responses, these are:

- Share - An opportunity is shared with a partner or supplier to maximise the benefits through use of shared resource/technology etc.
- Exploit - A project could be adjusted to take advantage of a change in technology or a new market.
- Enhance - Action is taken to increase the likelihood of the opportunity occurring or the positive impact it could have.
- Reject - Here no action is taken and the chance to gain from the opportunity is rejected. Contingency plans may be put in place should the opportunity occur

Risk Registers

Below is a diagram that shows the links between the various risk registers and other elements that feed into the risk registers



Definitions

To ensure that risk management is embedded into the organisation. Below is a list of terms with definitions.

Risk Register – A document that contains details of a risk, current risk assessment, controlled risk assessment, proposed control measures and responsible officer

Probability – Also known as Likelihood – is the estimated chance of a risk transpiring.

Impact – The estimated severity of a risk transpiring

Risk Appetite - The level of risk an organisation is prepared to tolerate

Appendix 1 Risk & Audit Board Terms of Reference

Purpose

- To ensure that the Council is proactively managing strategic risk
- To ensure that there is a clear process in place to allow CMT, Audit & Corporate Governance, and Cabinet to have assurance that Risk is being robustly managed within the authority

Work-programme

- To ensure that the Strategic Risk Register reflects known service risks and is reviewed and updated on a monthly basis
- Review and comment on a rolling basis one departmental risk register
- Investigate Risk and issues arising from the Programme Management Office
- Consider relevant recommendations and actions arising from inspections, reviews etc. so that concerns are adequately reflected in risk registers.
- To act as forum to engage with Directorate SMT representatives
- Annually review, :
 - the risk management strategy and policy
 - terms of reference for the Risk Management and Audit Group

Membership

- The meetings will be chaired by Director of Finance & Resources

And will consist of:

- Service Lead Governance
- Service Lead Finance

And

- A Service Lead from each department
- Risk & Insurance Officer
- Program Management Lead
- Assistant Manager – Internal Audit

Quorum will be at least :

- Director of Finance & Resources, or Service Lead Finance

- Service Lead Governance
- 3 Service Leads

It is permissible for the Service Leads to nominate deputies in their absence

Meetings

Meetings will be held on a monthly basis. Minutes will be taken by P.A. to Strategic Director, Finance & Audit.

Below details the meetings and their primary focus.

Outputs

CMT will receive:

- Copies of all minutes
- Quarterly Internal Audit Recommendation Tracking Report
- Quarterly summary report of Risk register challenge

Audit and Corporate Governance Committee will receive:

- Quarterly Internal Audit Recommendation Tracking Report
- Quarterly Summary report of Risk register challenge
- Reviewed Risk Management Policy and Strategy
- Internal Audit Plan for the year ahead
- External Audit Reports
- The Corporate Risk Register

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Corporate Governance Committee

DATE: 13th December 2018

CONTACT OFFICER: Neil Wilcox; Director, Finance & Resources (Section 151 Officer)

(For all Enquiries) (01753) 875368

WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

INTERNAL AUDIT UPDATE – QUARTER 3 2018-19**1. Purpose of Report**

The purpose of this report is to:

- Report to Members on the progress of finalising draft Internal Audit reports
- Report to Members on the progress of the implementation of Internal Audit recommendations

2. Recommendation(s)/Proposed Action

The Committee is requested to comment on and note the attached reports.

3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**3a. Slough Joint Wellbeing 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 Strategic Priorities:

1. Protecting vulnerable children
2. Increasing life expectancy by focusing on inequalities
3. Improving mental health and wellbeing
4. Housing

3b. Five Year Plan Outcomes

The actions contained within this report will assist in achieving all of the five year plan outcomes

4. Other Implications**(a) Financial**

There are no financial implications of proposed action

(b) Risk Management

<i>Recommendation</i>	<i>Risk/Threat/Opportunity</i>	<i>Mitigation(s)</i>
<i>That Audit & Risk Committee is requested to comment on and note the attached reports</i>	<i>This report concerns risk management across the Council</i>	

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act or other legal implications in this report

(d) Equalities Impact Assessment

There is no identified need for an EIA

5. **Supporting Information**

5.1 **Finalising Internal Audit Reports**

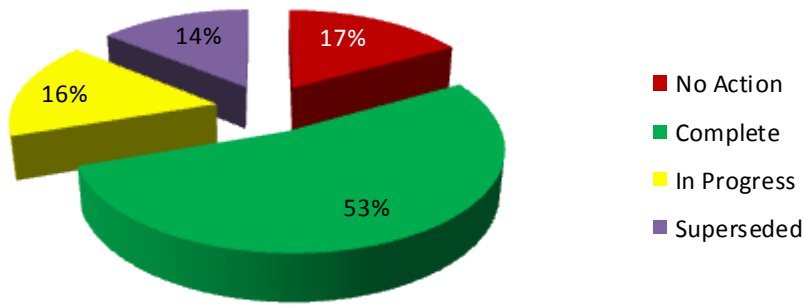
5.1.1 The table below shows those “Assurance” Internal Audits that remain in draft and were to be finalised by 31st October 2018

Audit	Audit Plan Year	Audit Sponsor	Assurance Level	Date to be Finalised by	Comments
Council Tax	17/18	Neil Wilcox	Reasonable Assurance	16 th Dec 2017	Awaiting re-issue of draft
Conflict of Interest	18/19	Neil Wilcox	Partial Assurance	12 th October 2018	Some issues required to be clarified before report can be finalised

5.2 **Monitoring Management Actions**

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

Status of Internal Audit Actions as at 12th November 2018



5.2.2 Attached at Appendix 1 is a list of outstanding High and Medium actions that are outstanding

5.2.3 The percentage of completed actions has risen to 53% from last quarters 48%

5.2.4 On a quarterly basis RSM our Internal Auditors conduct a follow up audit to review progress made by the Council to implement the previously agreed management actions.

5.2.5 In Follow Up reviews RSM can offer 1 of 4 possible opinions:

- Good progress
- Reasonable Progress
- Little Progress
- Poor Progress

You will note the opinion in the latest report is “**little progress**” – 30-50% of recommendations being complete.

5.2.6 The table below shows the audits reviewed and result

Audit	Audit Sponsor	No Rec's Reviewed	Completed	Partial Complete	No action
Holy Family	Cate Duffy	1	1	0	0
Gas Servicing	Mike England	3	2	1	0
Voids	Joe Carter	2	0	2	0
Management of Housing Stock	Mike England	2	1	1	0
Housing Regulation	Mike England	3	0	2	1
Chalvey Early Years	Cate Duffy	2	1	1	0
ASB Enforcement	Mike England	3	0	0	3
	Total	16	5	7	4

5.2.7 Attached at Appendix 2 is a list of the “High” Recommendation Actions that remain Outstanding past the target date.

Current Position		Previous Audit Committee	
No Action	Partially Complete	No Action	Partially Complete
3	5	4	4

6. **Comments of Other Committees**

There are no comments from other Committees

7. **Conclusion**

Members are requested to note the reports.

8. **Appendices Attached**

Appendix 1 – Outstanding High & Medium risk internal Audit actions

Appendix 2 – Quarter 3 Follow Up report

Appendix 3 – Details of High Rated Recommendations

9. **Background Papers**

None

Overdue Internal Audit Management Actions where no progress has been reported

	Title	Management Actions	Rating	Status	Target Date	Completion Notes
Person Responsible: Joe Carter						
	Business Continuity Planning Arrangements	"A formal and documented process will be established, implemented and maintained for exercising and testing business continuity procedures in order to assess their effectiveness. This will be documented within the Council's overarching Business Continuity Management Policy. A testing schedule will be defined for the Council BCP as well as the Directorate and Service BCPs which details the intervals at which each element of these will be tested. Exercises/tests will; <ul style="list-style-type: none"> • Be based on appropriate scenarios with clearly defined aims and objectives to minimise the risk of disruptions; and • Produce formalised post exercise reports that contain outcomes and lessons learnt, recommendations and actions to implement improvements. "	Medium	No Action Taken	31/03/18	Not Complete
	Business Continuity Planning Arrangements	"A formal group will be established to oversee the Council's business continuity agenda. The group's remit will be defined within Terms of Reference which will include; <ul style="list-style-type: none"> • Responsibilities; • Membership and quoracy; • Meeting frequency; and • Accountability and reporting. "	High	No Action Taken	31/03/18	Amended as per follow up audit April 2017 Amended as per q1 follow up

Overdue Internal Audit Management Actions where no progress has been reported

	Title	Management Actions	Rating	Status	Target Date	Completion Notes
	Business Continuity Planning Arrangements	<p>"A formal programme of business continuity training will be developed and delivered to staff covering, but not limited to;</p> <ul style="list-style-type: none"> • The roles and contributions of staff to the effectiveness of BCM within the Council; and • The roles and contributions of staff to the effectiveness of BCM within the Council; and • The implications of non-conformance with the policy. <p>• The implications of non-conformance with the policy.</p> <p>"</p>	Medium	No Action Taken	31/03/18	No action taken as per follow up Audit

Overdue Internal Audit Management Actyions where no progress has been reported

	Title	Management Actions	Rating	Status	Target Date	Completion Notes
Person Responsible: Simon Pallett						
	Business Continuity & IT Disaster Recovery	The Council Business Continuity / IT Disaster Recovery plan will be linked to the arvato Business Continuity / IT Disaster Recovery plan as soon as possible	Medium	No Action Taken	31/03/17	arvato business continuity/disaster recovery plan received April 2018. Forwarded to Dean Trussler for consideration re linkage to SBC plans. email 2/10/2018 requesting status 24/09/2018 Follow up Audit found that this action has no been completed
	Creditors	The Council will investigate and resolve the 'Amendment Logging' issue on Agresso. Changes in supplier details will then be able to be monitored and reviewed.	Medium	No Action Taken	31/07/18	Received No data to indicate that Action is complete email 2/10/2018 requesting status

Overdue Internal Audit Management Actyions where no progress has been reported

	Title	Management Actions	Rating	Status	Target Date	Completion Notes
Person Responsible: Barry Stratfull						
	Creditors	All amendments to supplier standing data (including changes to email addresses and bank details) will be supported by a fully completed and authorised form (with any relevant correspondence), clearly evidencing the verification checks undertaken and uploaded to Agresso.	High	No Action Taken	31/05/18	No update received
	Asset Management	<p>The Principal Asset Manager, Principal Accountant for Capital & Treasury and Group Property & Regeneration Solicitor should oversee the preparation of an Asset Management Procedure that clearly outlines the responsibilities of all involved departments and staff. The procedures will clearly outline:</p> <ul style="list-style-type: none"> •How to identify assets; •Responsibility of staff in reporting new assets and disposals to the finance team, the legal team and the asset management team; •Documentation to be held for assets owned by the Council; •Responsibility in recording all assets into the Land Terrier and the Asset Register; •Timeliness and responsibility of reconciliations between the asset values in the asset register and the general ledger; •Timeliness and responsibilities for all involved teams within the asset revaluation process and updating of results. •Formal written verification procedures covering how regular reconciliations are to be completed against the asset register and the Councils property management records. <p>The policy and procedure will be approved by CMT and communicated across all directorates.</p>	Medium	No Action Taken	31/03/17	<p>We confirmed that a procedure had not been defined which outlined responsibility of all departments involved in asset management.</p> <p>We further identified following discussions with the Principal accountant that the processes were well known within the staffing structure however, there was no documented procedure.</p> <p>As such we have restated the action.</p>

Overdue Internal Audit Management Actions where no progress has been reported

	Title	Management Actions	Rating	Status	Target Date	Completion Notes
Person Responsible: Neil Wilcox						
	Contract Management Change	Level 1: The Councillor who is responsible for procurement governance may also take on Contract Management. This will be considered in the future. Level 2: This will be considered as part of the overall council re-structure. The accountability point and Level 3 points will be built into the overall CM guidance which is being developed. The implementation will be reviewed as part of Contract Management Head's review of contracts. Level 4 key points will be built into the contract management guidance which is being developed. The implementation needs to be reviewed as part of on-going contract management reviews.	Medium		31/03/18	
	Asset Management	The Legal Department will ensure that completion memorandums are communicated and obtained on file for all asset acquisitions made.	Medium	No Action Taken	31/03/17	We were advised by the Principal Accountant that this action had been implemented, however we were not provided with the evidence to confirm this and therefore have not agreed this action as implemented as we have not seen the evidence. Following review with the Assistant Director Finance and Audit, it was accepted that the actions within the report would be reassigned for completion by the end of March 2017.
	Contract Procedure Rules Review	Through the Finance DMT, controls will be established in the short term to monitor procurement and the use of suppliers, through measures such as the use of approved supplier lists.	Medium		31/10/18	

Overdue Internal Audit Management Actyions where no progress has been reported

	Title	Management Actions	Rating	Status	Target Date	Completion Notes
Person Responsible: George Grant						
	Treasury Management & Cash Handling	The Finance team will develop an Authorised Signatory Database for petty cash expense forms and this will be implemented by the Cash Office.	Medium	No Action Taken	31/07/18	Action reformatted
Person Responsible: David Askwith						
	Rent Accounts	The Policy and Procedure Monitoring Spreadsheet will be updated to reflect the correct policy and procedure review dates. Moreover, the Spreadsheet will be reviewed on a quarterly basis to ensure policies and procedures are subject to regular review as required.	Medium	No Action Taken	31/03/18	change of res
Person Responsible: Sushil Thobhani						
	Purchasing Cards	As part of the Councils Transparency code, the Council will publish expenditure on purchase cards, broken down by merchant, on its public internet site.	Medium	No Action Taken	31/03/18	Moved resp to ST

Overdue Internal Audit Management Actions where no progress has been reported

	Title	Management Actions	Rating	Status	Target Date	Completion Notes
Person Responsible: Colin Moone						
	Management of Housing Stock	The Tenancy Management Policy and Fact Sheet 9 (Mutual Exchange/Transfer) will be updated to include; • A requirement to set submission deadlines when requesting information from the tenant or external landlords; • The timescales to be given; and • Refusal as the consequence for missing the deadline. Once approved, this will then be communicated to relevant staff and implemented to ensure effective management of applications, with compliance will be monitored as a KPI.	Medium	No Action Taken	31/03/18	Change of resp
Person Responsible: Ranvir Chahal						
	Special Educational Needs Funding	The Council will ensure the Local Offer is updated annually with the new SEN Information Report for all schools. In line with the above, the Governing Bodies of each school will ensure their schools are annually reviewing the SEN Information Report, and will ensure review dates for SEN funding information are clear.	Medium		31/12/17	
Person Responsible: Jacqueline Laver						
	Special Educational Needs Funding	The Council will ensure the Local Offer is updated annually with the new SEN Information Report for all schools. In line with the above, the Governing Bodies of each school will ensure their schools are annually reviewing the SEN Information Report, and will ensure review dates for SEN funding information are clear.	Medium		31/12/17	

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SLOUGH BOROUGH COUNCIL

Follow Up Q3

FINAL

Internal Audit Follow Up Report: 18.18/19

21 November 2018

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
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Debrief held	17 October 2017	Internal audit team	Daniel Harris - Head of Internal Audit Chris Rising - Senior Manager Amir Kapasi - Assistant Manager Barney Doyle - Internal Auditor
Draft report issued	12 November 2018		
Responses received	21 November 2018		

Final report issued	21 November 2018	Client sponsor	Neil Wilcox - Director of Finance and Resources
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Distribution	Neil Wilcox - Director of Finance and Resources Phil Brown - Risk and Insurance Officer
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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.

1 EXECUTIVE SUMMARY

1.1 Introduction

As part of the approved internal audit periodic plan for 2018/19 we have undertaken a review to follow up progress made by Slough Borough Council to implement the previously agreed management actions. The audits considered as part of the follow up review were:

- Holy Family Catholic School (17/18)
- Gas Servicing (17/18)
- Voids (17/18)
- Management of Housing Stock (17/18)
- Housing Regulation (17/18)
- Chalvey Early Years Centre (17/18)
- Neighbourhood Anti-Social Behaviour (ASB) Enforcement (17/18)

The 16 management actions considered in this review comprised of 1 'High' and 15 'Medium' priority actions. The focus of this review was to provide assurance that all actions previously made have been adequately implemented and confirm that where assurance had been provided to the Risk and Insurance Officer that actions had been implemented, that sufficient evidence was in place to demonstrate the actions taken.

All of the actions sampled had past their implementation date and responses had been provided to the Risk and Insurance Officer that the actions were complete, and as such, we sought to substantiate the completion of these actions through review of evidence.

1.2 Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion Slough Borough Council has demonstrated **little progress** in implementing agreed management actions.

We identified through our fieldwork that from the 16 medium and high priority management actions sampled, 5 of these (31%), had been fully implemented. However, we noted that of the remaining 11 (69%) actions, for 7 implementation of the actions was ongoing whilst 4 had not been implemented.

Actions predominantly not implemented mainly related to Housing Regulation and Neighbourhood Anti-Social Behaviour (ASB) Enforcement. Management should note that the Housing Regulation actions have been ongoing or outstanding since the beginning of the financial year and the actions relating to Neighbourhood ASB Enforcement have been outstanding for almost 12 months. We have made new management actions where appropriate; these are detailed in section 2 of this report.

1.3 Action tracking

Action tracking enhances an organisation's risk management and governance processes. It provides management with a method to record the implementation status of actions made by assurance providers, whilst allowing the Corporate Governance and Audit Committee to monitor actions taken by management.

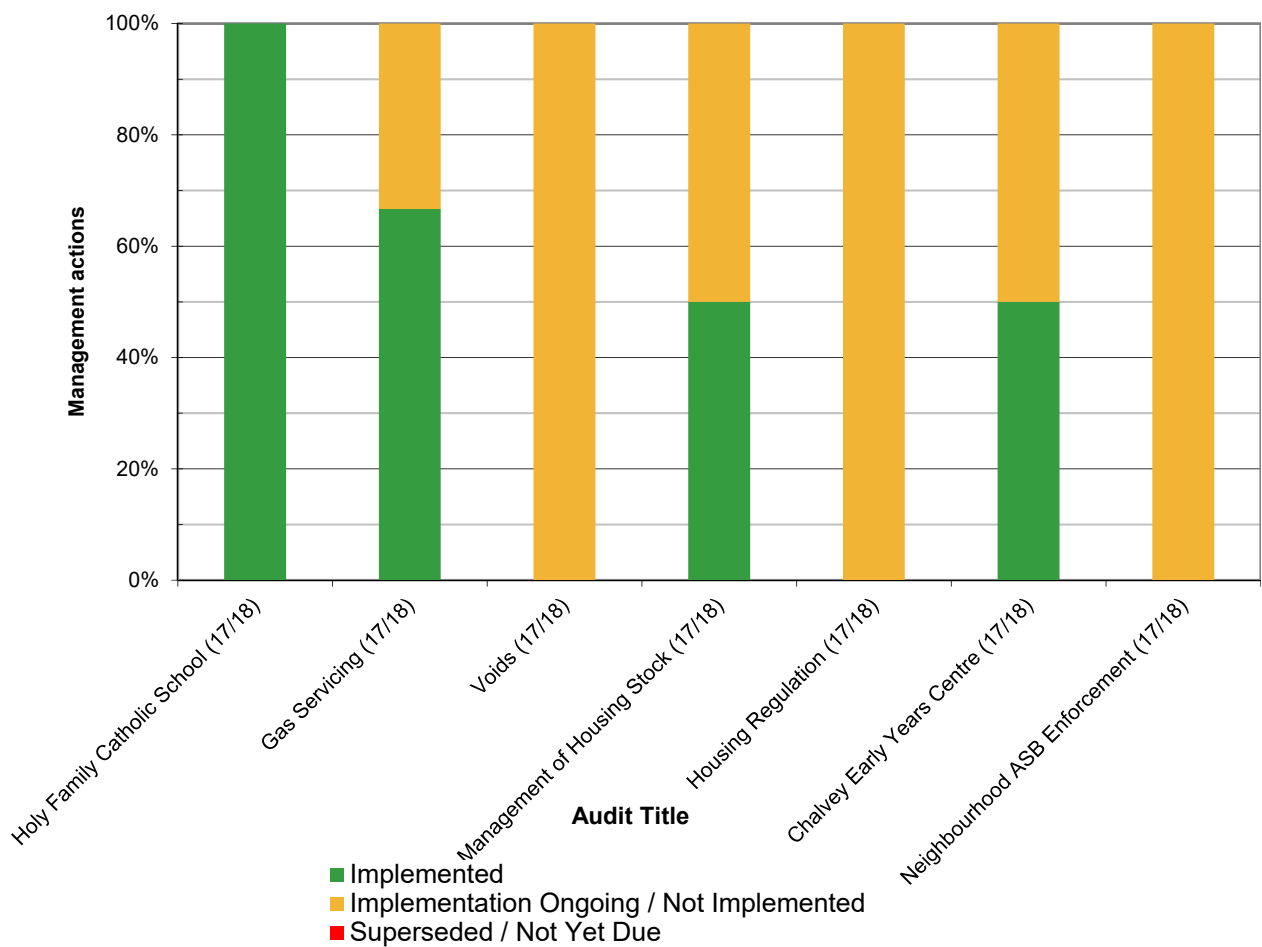
Action tracking is undertaken by Slough Borough Council's management. We have identified 11 instances from the following audits where the implementation status of action reported by management to the audit and governance committee differs from our own findings:

- Gas Servicing (17/18);

- Voids (17/18);
- Management of Housing Stock (17/18);
- Housing Regulation (17/18);
- Chalvey Early Years Centre (17/18) and;
- Neighbourhood Anti-Social Behaviour (ASB) Enforcement (17/18).

In light of these findings, our opinion is that the audit and governance committee cannot place reliance on the status reported in the action tracking reports provided by management. We have discussed number of further actions to be undertaken by management to address the issues found.

The following graph highlights the number and categories of actions issues and progress made at the time of our review:



Further details of progress made are provided in this report. It is important to note that until a management action is fully implemented, the organisation is still exposed to risk.

1.4 Progress on actions

Implementation status by review	Number of actions agreed	Status of management actions					
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)	Not yet due (5)	Completed or no longer necessary (1)+(4)
Holy Family Catholic School (17/18)	1	1	0	0	0	0	1
Gas Servicing (17/18)	3	2	1	0	0	0	2
Voids (17/18) (partial assurance)	2	0	2	0	0	0	0
Management of Housing Stock (17/18) (partial assurance)	2	1	1	0	0	0	1
Housing Regulation (17/18)	3	0	2	1	0	0	0
Chalvey Early Years Centre (17/18)	2	1	1	0	0	0	1
Neighbourhood (ASB) Enforcement (17/18) (partial assurance)	3	0	0	3	0	0	0

Implementation status by management action priority	Number of actions agreed	Status of management actions					
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)	Not yet due (5)	Completed or no longer necessary (1)+(4)
Medium	15	5	6	4	0	0	5
High	1	0	1*	0	0	0	0
Totals	16	5	7	4	0	0	5

* re-prioritised to low as part implemented and risk reduced

2 FINDINGS AND MANAGEMENT ACTIONS

This report has been prepared by exception. Therefore, we have included only those actions graded as 2 and 3. Each action followed up has been categorised in line with the following:

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.
4	The action has been superseded and is no longer applicable.
5	The action is not yet due.

ASSIGNMENT TITLE: Gas Servicing (17/18)

Ref	Management action	Original date	Original priority	Status reported to audit committee	Audit finding	Current status	Updated management action	New Priority	Revised date	Owner responsible
2.2	The Council will request that Interserve undertake a monthly reconciliation between the inspection dates on RAMIS and the inspection dates on the LGSRs' for all the properties with LGSRs' expiring in the following month to ensure that all LGSRs' have been uploaded and the dates of next inspection are accurate as per the LGSR.	30 August 2017	Medium	1	<p>We obtained a sample of 5 properties with LGSRs expiring next month and confirmed that for each of these the RAMIS next inspection date corresponded to that on the LGSR.</p> <p>Despite this, through discussion with relevant staff we were informed that properties with different dates were still being identified. We found that upon the commencement of the Osborne contract, data from InterServe should have been migrated to RAMIS and so the RAMIS inspection dates should have corresponded to</p>	2	Osborne will complete the reconciliation of all inspection dates by the year's end in line with the marking of 12 months of their contract's commencement and the annual inspection requirement.	Low	31 December 2018	Alan Cope

the next LGSR inspection date.

This was not fully completed and as a result, some properties do not have matching dates on both systems. Given that December 2018 will mark 12 months since Osborne's commencement of the contract and that each property is required to be visited annually, Osborne have confirmed that the reconciliation of all dates for all properties will be completed by this date.

We were unable to identify any properties which have not been reconciled as it is unknown if dates correspond until Osborne undertakes an inspection.

ASSIGNMENT TITLE: Voids (17/18)

Ref	Management action	Original date	Original priority	Status reported to audit committee	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
3.1	The Neighbourhood and Services Team will monitor the timeliness for the following aspects of the void process to ensure that the void period is minimised:	30 July 2018	Medium	1	We obtained the most recent Void Reports (16/10/18, 01/10/18, 13/09/18) and confirmed that each of these reports monitored timeliness via the following: <ul style="list-style-type: none"> Date keys are received into SBC; 	2	The void reports will be completed and continuously maintained in order to provide users with an accurate representation of the	Medium	31 December 2018	Alan Cope

- Timeliness between receiving the keys of the property to handing them over to the contractor;
- Timeliness of the works completed by the contractor as per their agreed timeframes; and
- Timeliness of carrying out a post-inspection.

- Date keys are given to void controller;
- Repairs inspection date;
- Dates keys are given to contractor;
- Actual start/ end dates;
- Date keys are returned from contractor;
- Post work inspection date and;
- Expected/ Actual ready to let days.

status of void the properties.

We noted that some of the Void Reports were incomplete and the landmark dates throughout the void process had not been recorded. Through discussion with the Projects Manager, we were informed that this was due to a lack of maintenance of the documents. Failure to update the progress of void properties may result in prolonging the time for post-inspection and availability.

Properties which fail to meet the void process target timescales are flagged during weekly void progress meetings. A weekly void report which is used for monitoring purposes at the progress meeting and we confirmed that this report includes comments regarding status and target dates.

3.2	The Neighbourhood Services Void Property Management Policy will be updated to include:	30 July 2018	Medium	1	<p>We obtained the Neighbourhood Service Void Property Management Policy and found that it had been implemented in March 2018, approved by the Scrutiny Panel on 25/06/18 and was available via the intranet.</p> <p>Through our review of the policy, we confirmed that the current version makes reference to the timeframes for the key aspects of the voids process, namely in section 3.3 'RMI Contract Void turn-around times.'</p> <p>The policy briefly covers reporting and monitoring of voids and KPIs, however through discussion with the Voids Managers we were informed that it was currently under review.</p> <p>We were provided with a document which outlines the key aspects of the voids process, which is being piloted as part of the review. The Voids Managers confirmed that the updated policy will expand upon the reporting structure for the monitoring of voids and the KPIs which are reported on, however we could only confirm that this was in draft stage.</p>	2	<p>Ensure that an updated and approved version of the Neighbourhood Service Void Property Management Policy expands upon the following:</p> <ul style="list-style-type: none"> The reporting structure for monitoring voids and; The KPIs which are reported on. 	Low	31 March 2019	Alan Cope
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Following this, the Policy will be reviewed and approved by the Scrutiny Panel and communicated out to staff.

ASSIGNMENT TITLE: Management of Housing Stock (17/18)

Ref	Management action	Original date	Original priority	Status reported to audit committee	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
4.2	<p>A procedure to track the completion of scanning and correct indexing of files by the DIP section will be produced by Housing and agreed with arvato.</p> <p>This will include a requirement for the originator to confirm the documentation has been successfully scanned and indexed prior to being destroyed.</p>	31 December 2017	High	1	<p>Through discussion with the Client Services Coordinator, we discovered that the process for the scanning and indexing of files had been transferred to the logistics team on 03/04/18. The logistics team receives ongoing W2 DIP training which includes the following:</p> <ul style="list-style-type: none"> • The scanning and sending of files to the correct individuals; • W2 guidelines; • DIP indexing and; • The timescales for the retention/ destruction of files. <p>We were informed that this training is carried out by an appropriate member of staff (Client Services Coordinator).</p> <p>Although the scanning and indexing of files has been allocated to a responsible team, there is no document which outlines this process. Without clear procedural guidelines, there may be some variation in how files are processed and as a result of this, they can be retained for longer than is</p>	2	<p>A document will be produced by the logistics team which outlines the end to end filing process by including the following:</p> <ul style="list-style-type: none"> • The scanning and sending of documents; • The confirmation of sending of documents; • Making notes/ actions on the DIP system and; • The process for file retention/ destruction. 	Low	31 March 2019	Sahera Tariq

required or prematurely destroyed.

ASSIGNMENT TITLE: Housing Regulation (17/18)

Ref	Management action	Original date	Original priority	Status reported to audit committee	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
5.1	A Housing Regulation Procedure will be developed to cover the processes for dealing with and managing housing regulation cases, to include, but not limited to:	30 March 2018	Medium	1	We confirmed that a detailed folder of policies and procedures had been uploaded and was accessible to relevant staff via the shared drive. The policy folder contained the following:	2	The procedure will be updated to include the process for reporting and monitoring performance.	Low	30 March 2018	Amir Salarkia
	<ul style="list-style-type: none"> • Roles and responsibilities of staff; • Interactions with other Council departments; • Processes and target timescales for receipt, logging and allocation of cases; • Flare type codes to be used for categorising cases, definitions for each code and guidance on which codes to use for cases; • Processes and target timescales for initial response to cases, including the duty officer rota role; 				<ul style="list-style-type: none"> • A specific document covering the aspects relating to the Flare system and; • Details which cover the processes for dealing with and managing housing regulation cases including: <ul style="list-style-type: none"> ○ Civil Penalties; ○ HMOs; ○ Social lettings and temporary accommodation; ○ Warrants of entry and; ○ Interview/ Prosecution. <p>The procedure did not include sections relating to roles and responsibilities or</p>					

- Guidance on prioritisation of cases, using a standard risk-based approach;
- Processes and target timescales for responding to cases based on the priority assigned; and
- Reporting and monitoring of performance.

Flare system templates will be reviewed in conjunction with the development of the overarching procedure and use of these will be incorporated into the document, aided by the use of flow charts.

Once developed, other relevant departments will be consulted on its contents and the procedure will be subject to review and sign-off by the Head of Neighbourhood Services, and subsequently disseminated to relevant staff.

the reporting and monitoring of performance.

Through discussion with the Housing Regulation Manager, we were informed that there were no plans to update these sections into the procedure. We were told that the reason for this is that staff are aware of these given their job roles.

We confirmed that the job description for members of the Housing Regulation Team covered roles and responsibilities via the following sections:

- Responsibilities;
- Financial Responsibilities;
- Main purpose of job;
- Main accountabilities and;
- Person specification.

Responsibilities cannot be carried out without approval by the Chief Officer.

We were unable to confirm that the process for reporting and monitoring or performance was documented. If this is not known by all staff, there is the possibility of an

5.2	The eight-week target timescale from receipt of a HMO application to decision to grant or refuse the licence will be incorporated into the Housing Regulation Procedure to be developed and published on the HMO licensing page on the Council website.	30 March 2018	Medium	1	inconsistent application of the process.	3	The target timelines for the current process (eight-week target) and the future process (online applications) will be documented in order to provide clearly defined timescales for staff to adhere to and follow.	Low	31 December 2018	Amir Salarkia
	Compliance against the target will then be monitored by the Housing Regulation Manager.				We were told that the move to online applications would alter this timescale, however there is no confirmation as to when this change will occur.					
					We obtained a sample of five properties which had submitted applications for HMO licenses and confirmed that for all bar one of these, the application had been processed within the eight-week timescale. Through discussion with the Housing Regulation Assistant, we were informed that the delay for the remaining property was the result of difficulty obtaining information from the landlord.					

Undefined timescales for responses may cause this process to be prolonged and so the applicant would be subject to the adverse impacts of this.

5.3	The current suite of indicators will be reviewed to ensure these meet the characteristics of effective performance measures.	30 March 2018	Medium	1	We confirmed that both the June and August 2018 Housing Regulation Team meeting minutes included reference to discussions surrounding flare reporting functionalities.	2	A continuous record of the monitoring of targets against indicators will be kept in order to provide detail on current performance, as well as progression of performance as per the targets.	Medium 31 December 2018	Amir Salarkia
	Once reviewed and agreed, targets will be agreed for each indicator, and performance reported against each target.				We were unable to confirm through minutes that the indicators were reviewed however we were informed that such conversations were not documented in the minutes. Supplementary documents outlined the targets which had been agreed against the indicators for one officer, along with detailed outcomes and completion dates.				
	Flare reporting functionalities will be reviewed to ensure performance can be accurately reported each quarter.				We were provided with the spreadsheet document used to monitor the target performance against indicators, however this was incomplete. We were informed that the process of monitoring targets is ongoing and the recording this is to begin shortly.				

If targets are not continuously monitored, the Housing Regulation Team may be unaware of underperformance and so reactive action would not be pursued.

ASSIGNMENT TITLE: Chalvey Early Years Centre (17/18)

Ref	Management action	Original date	Original priority	Status reported to audit committee	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
6.1	All assets identified by the Headteacher and Bursar above £200 that are not on the asset register (including those not purchased by the School, but received when the school moved into their current premises) will be manually entered onto the FMS SIMS asset register system.	30 July 2017	Medium	1	<p>We obtained a sample of the following five assets from the inventory checklist:</p> <ul style="list-style-type: none"> • A water tray valued at £400; • A bookcase valued at £325; • A train track valued at £200; • A paper drawer valued at £362 and; • A large cupboard with sliding doors valued at £339. <p>We confirmed that each of these items were present on the FMS SIMS asset register system.</p> <p>Through discussions with the Administrative Officer, we were informed that the process of adding assets with a value in excess of £200 to</p>	2	A review of all assets will be completed to ensure that all assets that are physically present onsite with a value in excess of £200 are recorded on the FMS SIMS asset register.	Low	31 December 2018	Diane Lister

the FMS SIMS asset register is ongoing.

Assets which are physically onsite yet not recorded on the asset register hinder the asset verification check and represents a risk in that capital equipment, unknown to staff, may be lost or stolen.

ASSIGNMENT TITLE: Neighbourhood Anti-Social Behaviour (ASB) Enforcement (17/18)

Ref	Management action	Original date	Original priority	Status reported to audit committee	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
7.1.	Team Leaders will ensure that ASB cases are reviewed monthly, and following review and approval, and subsequent dissemination of the ASB Policy, that consistent application of the policy is monitored.	31 October 2017	Medium	1	Through discussion with the Neighbourhood Manager, we were informed that monthly ASB cases reviews were not being carried out monthly. There is a continued risk that cases will not be appropriately responded to without regular review.	3	Team Leaders will ensure that ASB cases are reviewed monthly. Please note – the original action has been split into 2 separate actions a) and b).	Medium	31 December 2018	Ian Blake
7.1. b	Team Leaders will ensure that ASB cases are reviewed monthly, and following review and approval, and subsequent dissemination of the ASB Policy, that consistent application of the policy is monitored.	31 October 2017	Medium	1	We obtained the ASB Policy and confirmed that it had been approved by the Neighbourhood and Communities Panel in April 2017. The policy was set for expected review in April 2018, however no meeting minutes nor policy updates relating to this were evident. Without appropriate approval and continued review,	3	The ASB policy will be reviewed and approved by the relevant authority, with a date for future review set and adhered to ensure the policy is up-to-date. Access to the policy will be granted to all	Medium	31 December 2018	Ian Blake

					policies may provide incorrect information to users and set guidelines which may be outdated.				staff by uploading it to the shared drive.	
					The ASB policy is available to staff via the shared drive.					
7.2. b	Council staff will be reminded of the need to record details of the notification on Flare within the notes for all ASB cases, to ensure a clear audit trail exists for reported ASB cases.	31 October 2017	Medium	1	We were informed by the Neighbourhood Manager that the Resilience and Enforcement Team does not review the recording of details on Flare whilst assigning cases. If notifications are incorrectly recorded/ not recorded, there is a risk that cases will not be responded to in a timely manner. The knock-on effect of this is that that there may be a continued adverse impact on the complainants and reputational damage due to the perception that ASB enforcement is not taken seriously by the Council.	3	As part of the process of assigning ASB cases, the Resilience and Enforcement Team will review the accurate recording of notifications and details on the Flare system.	Medium	31 December 2018	Ian Blake
	This will be reviewed by the Resilience and Enforcement Team Assistance when assigning cases to ensure the date of notification has been accurately recorded.									
7.3	The Policy and Fact Sheets will be re-circulated to all relevant staff, and they will be required to confirm that they have read and will comply with it. Training covering policy application will be provided to ensure	31 October 2017	Medium	1	We obtained email evidence that the Policy and Fact Sheets were re-circulated to all relevant staff on 14/06/18, however there was no confirmation of receipt of the documents, having re-read the documents nor agreement to comply with the details of the documents.	3	All relevant members of staff will be asked to confirm the following: <ul style="list-style-type: none"> That they have received/ can access the ASB Policy and Fact Sheets; 	Medium	31 December 2018	Ian Blake

consistent understanding and application.

Furthermore, through discussion with the Neighbourhood Manager, we were informed that to the best of their knowledge, no training regarding policy application had taken place.

Without this confirmation, there is no assurance that the re-circulated Policy and Fact Sheets have been read or will be complied with and this can result in inconsistent/inadequate responses to ASB cases.

- That they have read these documents and;
- That they will comply with the details and guidelines within these documents.

APPENDIX A: DEFINITIONS FOR PROGRESS MADE

The following opinions are given on the progress made in implementing actions. This opinion relates solely to the implementation of those actions followed up and does not reflect an opinion on the entire control environment

Progress in implementing actions	Overall number of actions fully implemented	Consideration of high actions	Consideration of medium actions	Consideration of low actions
Good	> 75 percent	None outstanding	None outstanding	All low actions outstanding are in the process of being implemented
Reasonable	51 – 75 percent	None outstanding	75 percent of medium actions made are in the process of being implemented	75 percent of low actions made are in the process of being implemented
Little	30 – 50 percent	All high actions outstanding are in the process of being implemented	50 percent of medium actions made are in the process of being implemented	50 percent of low actions made are in the process of being implemented
Poor	< 30 percent	Unsatisfactory progress has been made to implement high actions	Unsatisfactory progress has been made to implement medium actions	Unsatisfactory progress has been made to implement low actions

APPENDIX B: SCOPE

Scope of the review

The internal audit assignment has been scoped to provide assurance on how Slough Borough Council manages the following objective:

Objective of the area under review

To ensure actions are implemented to improve the robustness of the control framework to mitigate potential risks

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

As part of this review, we will review a sample of Medium and High actions where the implementation date has passed, and assurance has been provided to the Risk and Insurance Officer that the actions have been implemented.

In addition, the sample selected includes those actions covered within Follow Up audits within previous years where actions were in the process of being implemented or had not been implemented and a revised date for completion was set and the implementation date had passed.

The purpose of the review is to provide assurance that sufficient evidence exists to confirm that actions made have been implemented.

The actions will cover the following audits:

- Holy Family Catholic School (17/18)
- Gas Servicing (17/18)
- Voids (17/18)
- Management of Housing Stock (17/18)
- Housing Regulation (17/18)
- Allocations (17/18)
- Chalvey Early Years Centre (17/18)
- Neighbourhood ASB Enforcement (17/18)

Limitations to the scope of the audit assignment:

- the review will not provide assurance over all actions (including Low actions) made within the reports referred to above, only the Medium and High actions.
- the review will only cover those actions where the implementation date has passed.

- where sufficient evidence cannot be provided to demonstrate that an action has been implemented, we will not be able to provide assurance that these actions have been implemented.

Our work does not provide absolute assurance that material errors, loss or fraud do not exist

APPENDIX C: ACTIONS COMPLETED

From the testing conducted during this review we have found the following **Medium** category actions to have been fully implemented and are now closed:

Assignment title	Management actions
Holy Family Catholic School (17/18)	<p>The School will ensure a checklist is utilised to ensure relevant documentation is retained on employee personnel files including:</p> <ul style="list-style-type: none"> • The contract of employment, signed by the employee and the Chair/ Clerk and; • The Letter of appointment/ termination. (Medium)
Gas Servicing (17/18)	<p>The Council will request that Interserve provide commentary on RAMIS where any actions relating to the gas safety checks of properties have been undertaken.</p> <p>In addition, this practice will be adopted by Osbourne upon the commencement of the new contract in December 2017. (Medium)</p>
Gas Servicing (17/18)	<p>The Council will ensure that a signed copy of the Certificate of Service is uploaded to RAMIS for all properties where gas letter three has been issued and following this commentary will be input to RAMIS following any changes in the status of a property with warrants uploaded to RAMIS where they have been granted by a magistrate. (Medium)</p>
Management of Housing Stock (17/18)	<p>The requirement to log all mutual exchange/transfer cases on CSM will be reinforced to all Neighbourhood Services staff and this will be monitored to ensure compliance. (Medium)</p>
Chalvey Early Years Centre (17/18)	<p>All variances above £2000 (considered material) will be annotated with a comment to explain the variance. In addition, a percentage variance column will be added to the budget monitoring reports. (Medium)</p>

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High Risk Management Actions that are incomplete

	Title	Management Actions	Target Date	Status	Completion Notes
Person Responsible: Colin Moone (1)					
	Temporary Accommodation	<p>The TA Team will confirm all nightly self-contained properties and bed and breakfast properties have the following in place:</p> <ul style="list-style-type: none"> • a current gas safety record; • carbon monoxide and fire safety precautions; • safe electrics and electrical equipment; and • a valid energy performance certificate. <p>Evidence of each of these will be retained on the TA shared drive.</p> <p>The Team will document when assurances are received and when subsequent review of the property's safety certificates and equipment is due.</p> <p>This information will be actively monitored and where safety records become outdated and invalid, these will be chased with the relevant accommodation provider and escalated to Senior Management within the Council.</p>	31/10/18	Partially Completed	<p>Work is ongoing. Jas Gill is working with the C&BS Team to record all of the information on all TA properties spreadsheet and file the certificates away in the shared drive. Research has been undertaken regarding the best way to gain assurance regarding Bed and Breakfast and Nightly Paid Shared Accommodation providers of this group of properties have been emailed to provide current certificates.</p>

High Risk Management Actions that are incomplete

Person Responsible: Joe Carter (3)					
	Business Continuity Planning Arrangements	<p>The Council will develop an overarching Business Continuity Management (BCM) Policy covering the framework for BCM in the organisation. The policy will set out;</p> <ul style="list-style-type: none"> •Scope, aims and objectives of BCM in the Council; •The Council's commitment to BCM; •The activities that will be required to deliver these; and •Roles and responsibilities of staff in relation to BCM. •Version control to state approval details and next planned review date. <p>Once finalised, the policy will be subject to ratification by CMT and communicated to staff.</p>	31/08/16	Partially Completed	Completed as per Joe Carter RHR SMT

High Risk Management Actions that are incomplete

	Business Continuity Planning Arrangements	<p>"The Council will establish and maintain a documented process for undertaking business impact analysis and risk assessments at Service, Directorate and Council-wide level that;</p> <ul style="list-style-type: none"> • Establishes the context of the assessment and defines the criteria for evaluating the potential impact of a disruptive incident; • Takes into account legal and other commitments; • Includes systematic analysis and prioritisation of risk treatments; • Defines the required output from the business impact analysis and risk assessment; and • Specifies the requirements for this information to be kept up-to-date. <p>The business impact analysis will include;</p> <ul style="list-style-type: none"> • Identifying activities that support the provision of services; • Assessing the impacts over time of not performing these activities; • Setting prioritised timeframes for resuming these activities at a specified minimum acceptable level (RTO - Recovery Time Objective), taking into consideration the time within which the impacts of not resuming them would become unacceptable (MTPD - Maximum Tolerable Period of Disruption); and • Identifying dependencies and supporting resources for these activities, including 	30/09/16	Partially Completed	Partially Complete as per Follow Up audit 04/17
	Business Continuity Planning Arrangements	<p>"A formal group will be established to oversee the Council's business continuity agenda. The group's remit will be defined within Terms of Reference which will include;</p> <ul style="list-style-type: none"> • Responsibilities; • Membership and quoracy; • Meeting frequency; and • Accountability and reporting. <p>"</p>	31/03/18	No Action Taken	Amended as per follow up audit April 2017 Amended as per q1 follow up

High Risk Management Actions that are incomplete

Person Responsible: Barry Stratfull (2)					
	General Ledger	The Council will implement an appropriate password policy that requires passwords to be changed on first sign on from a new user, and that also sets passwords to automatically expire and require changing on a periodic basis.	31/07/18	Partially Completed	19/10/2018 DMT advised In progress Milestone 7
	Creditors	All amendments to supplier standing data (including changes to email addresses and bank details) will be supported by a fully completed and authorised form (with any relevant correspondence), clearly evidencing the verification checks undertaken and uploaded to Agresso.	31/05/18	No Action Taken	No update received
Person Responsible: Frederick Narmh (1)					
	Matrix Management of Agency Staff	The Council will formally assign a Contract Manager who will have responsibility for managing the Matrix contract.	31/05/16	Partially Completed	<p>Corporate procurement will continue to manage the Matrix contract on an interim basis till the contract expires. Following the eminent expiry of the Matrix contract in 2018, it is anticipated that HR will actively manage the new service contract with a dedicated resource. HR to assist in Managing this contract that has been extended for a further year.</p> <p>HR to manage. Contract is up for tender - interim to be appointed to manage all HR contracts</p> <p>As per FN A fixed term contract person will be appointed to manage Matrix by mid Oct 2017</p> <p>This action has t/f to Fred</p>

High Risk Management Actions that are incomplete

Person Responsible: Simon Palett (1)					
	Information Governance	<p>The Council will undertake a data flow mapping exercise to ensure all flows, both inbound and outbound, of person identifiable and sensitive information in all service areas have been identified mapped and recorded.</p> <p>The information flows will be risk assessed, with necessary actions identified to address risks highlighted.</p> <p>The outcome of the mapping exercise and the risks identified will be reviewed by the IT and Information Governance Board, prior to subsequently being reported to CMT.</p>	30/09/17	Partially Completed	<p>No action taken</p> <p>q1 Follow up found still in progress</p> <p>The outcome of the mapping exercise and the risks identified will be reviewed by the IT and Information Governance Board, prior to subsequently being reported to CMT.</p> <p>email 2/10/2018 requesting status</p>

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SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

**For the Audit and Corporate Governance
Committee meeting on 13 December 2018**

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.





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

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. 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 West Suffolk NHS Foundation Trust, 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.

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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.

1 INTRODUCTION

The Internal Audit Plan for 2018/19 was approved by the Audit and Corporate Governance Committee on 8th March 2018. This report provides a summary update on progress against that plan as at the 3rd December 2018. All 2017/18 audits have now been finalised.

2018/19 Internal Audit Plan

We have finalised ten 2018/19 reports since the previous Audit and Corporate Governance Committee meeting held in September 2018.

- Baylis Court Nursery School (**Reasonable Assurance**)
- Claycots School (**Partial Assurance**)
- Parish Council Governance (**Advisory**)
- St Bernard's Catholic Grammar School (**Reasonable Assurance**)
- HR Policies and Procedures (**Reasonable Assurance**)
- Treasury Management (**Reasonable Assurance**)
- Slough Urban Renewal (**Reasonable Assurance**)
- Follow Up Q1 (**Little progress**)
- Follow Up Q2 (**Little progress**)
- Follow Up Q3 (**Little progress**)

All three Follow Up audits undertaken this year have resulted in 'little progress' being made in relation to the implementation of actions. In addition, the Claycots School audit resulted in a partial assurance opinion which requires prompt action to be taken by the School. A summary including medium and high priority management actions agreed from finalised 2018/19 reports, which resulted in a negative opinion (partial assurance and little progress follow ups), along with implementation dates and owners has been included within Appendix A below.

In addition, we have issued the following reports in draft as part of the Internal Audit Plan for 2018/19:







- Adult Social Care – Management of Income (issued 8th November 2018)
- Health and Safety – (issued 8th November 2018) – response received from council
- Conflicts of Interest – (issued 28th September)
- Property Services / Neighbourhood Services Building Maintenance – (issued 3 December 2018)


2 SUMMARY OF PROGRESS TO DATE 2018/19

Reports shown in bold have been finalised.

Executive summaries and action plans from any negative assurance reports finalised since the previous meeting are appended to the bottom of this progress report.

2018/19 Internal Audit Plan

Assignment area	Timing Per Approved IA Plan	Fieldwork date/status	Draft report	Final report	Opinion	Actions		
						L	M	H
Contract Procedure Rules	Q1	Final Report	18th June 2018	25th June 2018		0	5	3
Temporary Accommodation Strategy	Q1	Final Report	23rd July 2018	9th August 2018		4	3	1
School Reviews - Claycots	Q1	Final Report	8th June 2018	6th November 2018		2	4	1
Follow Up Q1	Q1	Final Report	21st June 2018	12th October 2018	Little Progress			
Follow Up Q2	Q2	Final Report	31st August 2018	24th September 2018	Little Progress			
Follow Up Q3	Q3	Final Report	12th November 2018	21st November 2018	Little Progress			
Schools Financial Value Standard	Q1	Final Report	14th June 2018	26th June 2018		1	3	0
Governance – Overview and Scrutiny Committee	Q1	Final Report	15th June 2018	23rd August 2018		0	3	0
Children's Centres	Q1	Final Report	2nd August 2018	23rd August 2018		5	2	0

School Reviews - Baylis Court Nursery	Q1	Final Report	7 th June 2018	24 th September 2018		11	0	0
Policies and Procedures	Q2	Final Report	27 th September 2018	12 th November 2018		5	4	0
School Reviews - St Bernard's	Q1	Final Report	10 th July 2018	12 th November 2018		4	2	0
Treasury Management	Q2	Final Report	4 th October 2018	14 th November 2018		5	3	0
Slough Urban Renewal	Q1	Final Report	8 th November 2018	15 th November 2018		5	2	0
Parish Council Governance	Q1	Final Report	3 rd August 2018	7 th November 2018	Advisory	13 actions raised		
Conflicts of Interest	Q2	Draft Report	27 th September 2018					
Health & Safety	Q2	Draft Report	8 th November 2018					
Adult Social Care - Management of Income	Q2	Draft Report	8 th November 2018					
Property Services / Neighbourhood Services Building Maintenance	Q2	Draft Report	3 rd December 2018					
Whistleblowing	Q2	In QA						
Council Tax	Q3	In QA						
Financial Planning and Budgetary Control	Q3	In QA						
Housing Benefit	Q3	In QA						

Contracts Management - Buoygues	Q2	In progress
General Ledger	Q3	In Progress
Capital	Q3	In Progress
Cash Collection and Management	Q3	In Progress
Debtors Management	Q3	In Progress
Risk Management	Q3	In Progress
Business Rates	Q3	In Progress
Payroll	Q3	Commencing 10 th December 2018
Buildings Compliance Management	Q4	To be undertaken by Consulting Team
Workforce Planning	Q4	To be undertaken by Consulting Team
Business Continuity and Disaster Recovery	Q4	Dates Agreed
Housing Revenue Account	Q4	Dates Agreed
Direct Services Organisation	Q4	Dates Agreed
Governance - James Elliman Homes	Q4	Dates Agreed
OFSTED Preparedness	Q4	Dates Agreed
Assets	Q4	Dates Agreed

Rent Accounts	Q4	Dates Agreed
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Creditors	Q4	Dates Agreed
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Contract Management - Osbornes	Q4	Dates Agreed
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Fire Safety	Q4	Dates Agreed
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Governance	Q4	Dates Agreed
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Follow Up Q4	Q4	Dates Agreed
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Agresso Self Service	Q4	Dates Agreed
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Licensing	Q4	Dates Agreed
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* Please note change from agreed plan, see details below.

3 OTHER MATTERS

3.1 Changes to the 2018/19 audit plan

Auditable area	Reason for change
	No current changes to agreed plan

3.2 Impact of our work to date on year end opinion

The assurances given in our audit assignments are included within our Annual Assurance Report. In particular, the Committee should note that any negative assurance opinions ('No Assurance' or 'Partial Assurance' opinions, or poor or little progress on follow ups) will need to be noted in the annual report and may result in a qualified or negative annual opinion.

Where we have issued any negative opinions, ie 'no assurance' (red), 'partial assurance' (amber / red) or 'little or poor' progress follow up reports, these opinions may impact our 2018/19 Head of Internal Audit Opinion for the Council. To date we have issued 3 'Partial' assurance audits, and 3 'Little Progress' Follow Up reports, all of which will impact on the Head of Internal Audit Opinion but will not lead to a qualification at this stage.

3.3 Added value specialist support

Area of work	How this has added value
Business Continuity	We were requested by the Director of Finance and Resources to undertake support work to assist the council with the implementation and roll out of business continuity arrangements across the Council. As such we have delayed our assurance review until Quarter 4 to allow time for the work to be undertaken.
Whistleblowing	Due to the nature of the review and the skills within the firm, we have involved our Fraud Risk Services team to undertake this review and the report is currently being quality assured before being issued in draft form to the Council.
Health and Safety Compliance Support	<p>We had been requested by the Council to review health and safety compliance in the built environment across the Council's portfolio of directly managed assets. The review was limited to cover gas, electric, asbestos, fire, water management, lifts and CDM. In addition, the review covered CDM related to Highways activities.</p> <p>The review has been issued in draft to the Council and identified the controls that are in place and any gaps in the Council's current health and safety management systems, processes and procedures. This included internal controls for monitoring the performance of partners, and where gaps were identified, recommendations were made and included within an action plan in the report.</p>

3.4 Information and briefings

The following items were highlighted as part of our information briefings since the last Audit and Corporate Governance Committee in September 2018:

[£2m for councils to crackdown on rogue landlords](#)

Heather Wheeler, Housing Minister, has announced that councils will receive a share of a £2m fund designed to help local authorities step up enforcement action against rogue landlords. While many landlords deliver 'decent homes' to their tenants, there are still landlords who offer housing that is inadequate or unsafe. Heather Wheeler states, 'this funding will help further strengthen councils' powers to tackle rogue landlords and ensure that poor-quality homes in their area are improved, making the housing market fairer for everyone.' The new funding will be used to support a range of projects that councils have said will help them to ramp up action against criminal landlords, for example, to build relationships with external organisations such as the emergency services, legal services and local housing advocates.

[Budget 2018](#)

The Local Government Association (LGA) [budget submission](#) highlighted the severe funding pressures facing councils in 2019/20. The Chancellor, Philip Hammond has acted to help tackle some of this immediate funding crisis with £650m for social care which provides a financial boost for some of our local public services. The Chancellor also announced an extra £700m for councils, for care for the elderly and those with disabilities.

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[Funding released to make social sector homes safe](#)

The Ministry of Housing, Communities and Local Government (MHCLG) has announced that 12 councils and 31 housing associations will receive £248m of the estimated £400m funding for the removal and replacement of unsafe cladding on 135 social sector high rise homes.

[£20m fund to help homeless into private rented homes](#)

Councils are set to receive a £20m fund to help people facing homelessness secure a home in the private rented sector. The Private Rented Sector Access Fund aims to help up to 9,000 people who are, or are at risk of becoming, homeless to secure their own home. The fund will be given to councils and used to either help set up locally-led schemes or expand those currently in use. These schemes will be tailored to match the needs of each local area's residents and landlords.

[£1.4m funding for local council projects](#)

NHS Digital has awarded 18 local authorities a share of £1.4m to support data sharing and machine learning projects that improve the quality of adult social care. Using Skype to share information when discharging patients from hospitals into care, and predictive analytics to identify people who are at an early stage of high-risk care admission, are among the council-led projects chosen to benefit from the funding. The funding is aimed at supporting collaboration between local government, charities, health providers and academics. 18 successful bidders will receive between £25,000 and £179,000 to work on their projects.


Local services face further £1.3bn government funding cut in 2019/20

168 councils will no longer receive any Revenue Support Grant funding next year. Councils have gone to great lengths to ensure the savings they have been forced to make have as little impact as possible on the quality of services provided to their residents. Funding pressures and rising demand for services, such as adult and children's social care and homelessness support, will leave local services in England facing a £3.9bn funding gap next year. The Local Government Association (LGA) is calling on the Chancellor to use the Autumn Budget to tackle the immediate funding crisis for local government in 2019/20, as well as setting the scene for the forthcoming Spending Review to deliver a sustainable funding settlement for local government.

£7.5 million fund for councils' digital innovation opens

Local government Minister, Rishi Sunak has announced that councils seeking to transform their public services through digital innovation can apply to a new £7.5m fund. Grants of up to £100,000 will be available for projects which demonstrate they benefit local public services and have the potential to be rolled out more widely across the country. The fund will also be used to provide digital skills training for at least 1,000 staff working on digital solutions at councils.

APPENDIX A: KEY FINDINGS FROM FINALISED 2017/18 AND 2018/19 INTERNAL AUDIT WORK (HIGH AND MEDIUM PRIORITY MANAGEMENT ACTIONS ONLY WHERE PARTIAL OR NO ASSURANCE REPORTS HAVE BEEN ISSUED)

<p>Fixed Penalty Enforcement (28.17/18) – PARTIAL ASSURANCE</p>		<p>4 - Low 6 - Medium 0 - High</p>
<p>We have identified a number of weaknesses which have resulted in six ‘medium’ priority and four ‘low’ priority management actions being agreed:</p> <p>Enforcement Policies</p> <p>We confirmed that the Council has an Enforcement Policy in place which can be accessed through the Council’s website. We were advised at the time of our review that the policy was being updated. We also noted that the Council had a Fixed Penalty Notice (FPN) Policy, dated September 2008 and an FPN Appeal Procedure which was not dated. Through review of the draft Enforcement Policy, draft FPN Policy and FPN Appeal Procedure, we found that the content of the policies did not reflect current legislation and important details had been omitted such as the details of early payment discounts, and timeframes for reminder letters. As such, the policies are not legislatively compliant, and without a clearly defined process covering all areas of FPN management, this can lead to an inconsistent approach to the dealing of FPNs. This led to a medium priority management action being agreed.</p> <p>FPN Templates</p> <p>We confirmed that only four FPN’s had been issued this year and reviewed the notices compared to the templates provided. We noted several inconsistencies regarding early payment discounts and payment methods. In one case, we noted that the Repairing Vehicles on Road FPN requires a completed payment slip, but the notice sent out in April 2017 did not include or refer to this slip. Inconsistent use of templates for FPNs can lead to key details not being captured by the Council, leading to a lack of audit trail should a query or dispute arise. This could also result in legislation not being complied with by Council which could affect future legal action. This led to a medium priority management action being agreed.</p> <p>We also reviewed the Fixed Penalty Enforcement templates against the DEFRA guidance and identified that several areas were not referenced in the templates, including:</p> <ul style="list-style-type: none"> • Repairing Vehicles on Road and Unauthorised Disposal of Waste templates did not detail date or time of offence; • The Community Protection Notice template did not detail date, time, or location of offence; • All templates did not reference how the notice was issued (in person, by post etc.) <p>This may lead to a lack of audit trail should a query arise or the FPN be disputed, potentially affecting court proceedings where the Council decide to pursue a legal route (i.e. the FPN may be rejected, leaving the Council unable to recover due income). On this basis, a medium priority management action was agreed.</p>		

Payment Reminder Letters

We reviewed all four FPNs issued since April 2017 and noted that there was no evidence of reminder letters having been sent in all cases (court proceedings had commenced for non-payment of two FPN's, and the Council were unaware as to whether remaining FPNs had been paid at the time of the audit). If reminder letters are not sent in a timely manner, this increases the likelihood of non-payment of FPNs and a loss of potential income for the Council.

A management action was agreed in our 2016/17 Fixed Penalty Enforcement Audit with respect to updated reminder templates to reference the review process should they have a complaint with regards to the issuing of the FPN. We have restated this **medium** priority management action.

Tracking of Income

Through discussion with the Enforcement Team Leader, we were advised that there was no formal process to systematically track income due through to collection, receipting and banking. It was stated that this was partly due to the small number of FPNs issued, which are informally monitored for collection.

A lack of a formal payment monitoring process, increases the risk of income received being incorrectly coded to the respective neighbourhood budget and recorded against the respective notice in a timely manner. On this basis, a **medium** priority management action was agreed.

Reinvestment of Income

DEFRA, the Government body, responsible for 'sustaining the natural environment' issued guidance based on a number of pieces of legislation in relation to how Councils should issue Fixed Penalty Notices. The guidance states that income received from FPNs has to be reinvested in this service area, however we could not clearly identify how the income received from this function has been spent, risking reputational damage for the Council as a result of not complying with national guidance. This has resulted in a **medium** priority management action being agreed.

Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
1	<p>The Enforcement Policy and FPN Policy will be revised to ensure they include all areas outlined within DEFRA guidance on Fixed Penalty Notices.</p> <p>Following this, FPN related policies and procedures will be circulated and made readily available to all staff in an appropriate location.</p> <p>The FPN Policy and FPN Appeal Procedure will be and revised to detail a next review date and version control history, including:</p> <ul style="list-style-type: none">• Details of the changes/review;• Details of who carried out the changes/review; and• Date of update.	Medium	October 2018	<p>Ginny de Haan, Service Lead, Regulatory Services and</p> <p>John Griffiths, Service Lead, Neighbourhood Services</p>

2	The Council will circulate the latest Fixed Penalty Notice (FPN) templates to relevant staff for use and ensure that dated versions are removed.	Medium	November 2018	Ginny de Haan, Service Lead, Regulatory Services and John Griffiths, Service Lead, Neighbourhood Services
3	Fixed Penalty Notice (FPN) templates will be updated to ensure they all reference the following information: – Time and date of offense; – Location of offense; and – How the FPN was issued (in person, via post etc.).	Medium	November 2018	Ginny de Haan, Service Lead, Regulatory Services and John Griffiths, Service Lead, Neighbourhood Services
4	The FPN payment reminder templates will be amended to inform alleged offenders of the review process available should they have complaint with regards to an issued FPN. Following this, the Council will ensure that reminder letters are sent to alleged offenders in a timely manner.	Medium	November 2018	Ginny de Haan, Service Lead, Regulatory Services and John Griffiths, Service Lead, Neighbourhood Services
5	The Council will develop a formal process to systematically track income due through to collection, receipting and banking. This will include guidance for undertaking regular, formal reconciliations between income received and records maintained.	Medium	November 2018	Ginny de Haan, Service Lead, Regulatory Services and John Griffiths, Service Lead, Neighbourhood Services
6	A clear control framework will be put in place to ensure that in line with guidance, income received from the serving of fixed penalty notices is spent on related functions.	Medium	November 2018	Ginny de Haan, Service Lead, Regulatory Services and John Griffiths, Service Lead, Neighbourhood Services



The key findings from this review are as follows:

Compliance with Finance Policies

We reviewed the Finance Policy and Procedure for the School and confirmed that it included detail on key processes as well as authorisation limits and responsibility of key personnel and forums. In addition, we also reviewed the School’s Whistleblowing Policy and confirmed it detailed the process for raising issues and who these can be raised with. We reviewed both policies in conjunction with the Council’s Constitution and confirmed that they were aligned. We confirmed both policies were in date and were available to staff on the shared drive.

We identified that the central management team are based at the Wokingham Office. We were advised the reasoning behind this move was due to work being carried out at the school campuses. A business case for the relocation was presented at the Resources Committee in May 2017. The meeting minutes evidenced that a variety of locations were reviewed including Slough, with risks/implications and costs being discussed resulting from the relocation. In addition, staff were consulted on the move to ensure it would not be detrimental.

Wokingham was selected and approved by the Governing Body, dependent on approval from the Council. However, it was not clear whether a formal tender exercise had been undertaken as the value of the lease was over £100,000 based on occupying the location for three years, or whether the council had been approached with a view to finding other more cost-efficient solutions within Slough. Where expenditure is incurred above the thresholds set out within the Finance policy and procedures, or inconsistent figures are reported to committees, and there is no evidence of a tender being conducted, the school are at risk of non-compliance with policies and procedures, leading to ineffective controls to manage expenditure, potentially resulting in procurement which does not represent value for money. **(High)**.

Pay Variations

From a report of pay variations since April 2017, we selected a sample of 10 in order to test the process followed. We confirmed that a variation form had been completed. We also confirmed that this data is then presented to the Pay Review Committee for scrutiny in order to make recommendations to the Governing Body. We reviewed the September 2017 meeting minutes for the Pay Review Committee and confirmed that pay variations were scrutinised in line with the School’s policy and with government guidelines for all members of staff.

We further identified that a separate meeting was held in order to review pay variations for the Executive Headmaster to ensure independence. We confirmed that a letter is sent to the Executive Headmaster to confirm their pay variation due to Governors being satisfied with their performance. However, no meeting minutes are taken from this meeting and therefore we cannot assess the level of scrutiny. Therefore, there is a risk that adequate scrutiny has not been conducted for the Executive Headmasters salary and a risk of non-compliance with DfE guidance if the school cannot demonstrate decisions made and the reasoning behind these. **(Medium)**

Recruitment

We were informed by the Executive headmaster that due to pressures of recruiting teachers from the UK, two overseas recruitment exercises have so far been undertaken – in Canada and Australia. We confirmed that these exercises and arranged with a specialist recruitment agency which reimburse costs such as flights

and accommodation. Both trips cost under £8,000. We found within the Finance Procedure that the Executive Headmaster has an approval limit up to £20,000. Therefore, these exercises would not need to be approved by the Governing Body.

While we found the procedures to be complied with, there was a lack of scrutiny from Governors, particularly around the costs and benefits realised of recruitment trips abroad, and the minutes of the Resources Committee did not show effective challenge of these trips to assure themselves of the merits. Without effective scrutiny, there is a risk of value for money not being achieved if the school does not recruit sufficient staff. **(Medium)**

Starters

From a report of starters since April 2017, we selected a sample of 10 and confirmed that all 10 posts had been advertised, DBS and right to work in the UK had been confirmed, appropriately authorised on the starter form and had signed contracts which were accurate when compared to the details on the finance system.

We found that although all 10 starters had interviewing notes with details provided on their answers, there were three instances where the scoring of candidates was not recorded. Therefore, we could not confirm whether the most suitable candidate was selected. **(Medium)**

Leavers

From a report of leavers since April 2017, we selected a sample of 10. From our sample, we confirmed that a leaver form had been completed with leavers being processed on the finance system prior to their termination date.

We were informed by the Director of Finance that exit talks are informally carried out between the employee and their line manager; however, this is not formally recorded. There is a risk that without capturing and analysing reasons for staff leaving the school, staff turnover may get worse or any themes for improvements or different ways of working may not be identified and addressed. **(Medium)**

Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
1	Advice should be sought from the Council, including Finance and the Children, Learning and Skills Directorate about options regarding the utilisation of space for admin staff within the borough and the need to comply with tendering requirements set out within both the school's and council's Financial policies and procedures	Medium	January 2019	Exec Head & Director of Finance
2	Interviewing managers will be informed of the importance of recording their scores for candidates within the interview.	Medium	March 2019	Exec Head and Director of Finance
3	Adequate scrutiny and review by Governors should be demonstrated within the Resources Committee minutes of all recruitment trips abroad, including the results of the March 2018 trip to demonstrate that Value for Money was achieved.	Medium	March 2019	Chair of Governors

4	Fields will be amended in the spreadsheet used by the school to RAG rate teachers at risk of leaving in order to capture the reason for departure and any issues/areas for improvement highlighted by the leaver. Any themes identified will be escalated to an appropriate forum in order for any themes of issues to be discussed and addressed.	Medium	March 2019	Exec Head & Director of Finance
5	Meeting minutes will be recorded for the review of the Executive Headmasters pay review in order to evidence adequate scrutiny and formal approval.	Medium	March 2019	Chair of Governors

Follow Up Q1 (6.18/19)		Little Progress	0 - Low 6 - Medium 0 - High
<p>Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion Slough Borough Council has demonstrated little progress in implementing agreed management actions.</p> <p>We found that four actions had been fully implemented but all of the remaining six actions had only been partially implemented and still require further work. We have made new management actions where appropriate; these are detailed in section 2 of this report.</p> <p>Action tracking enhances an organisation's risk management and governance processes. It provides management with a method to record the implementation status of actions made by assurance providers, whilst allowing the Audit Committee to monitor actions taken by management.</p> <p>Action tracking is undertaken by Slough Borough Council's management on a regular basis, with an update provided to the Audit and Corporate Governance Committee at each meeting. As part of our Follow Up review, we compared our findings with those recorded on the Trusts action tracker. We identified that six actions which we deemed to be partially implemented have been recorded as fully complete on the action tracker. We therefore found that actions were being closed off prior to the action being fully implemented.</p> <p>We have verified that the status of implementation of management actions, as reported to the audit committee via the internal action tracking process was accurate for the New Facilities Contract and Payroll audits only.</p>			
Ref	Findings Summary Management Action	Priority	Implementation Date Manager Responsible

1	<p>Debtors Management</p> <p>The Council will ensure that all staff using Agresso to raise invoices will be appropriately trained and records will be maintained to demonstrate this and should consider restricting access where training has not been undertaken.</p>	Medium	31 st December 2018	Barry Stratfull – Service Lead, Finance
2	<p>Five Year Plan – Performance Reporting</p> <p>SBC will ensure that all targets within the Balanced Scorecard are specific and measurable to aid in tracking and reporting on progress. For example, instead of a target of ‘increasing’, a milestone such as a target percentage achieved at a certain date should be set which actual progress can then be measured against.</p>	Medium	31 st December 2018	Russell Bournier
3	<p>Five Year Plan Outcomes</p> <p>The Outcome Groups will ensure 2017-2021 detailed action plans will be agreed and signed off by the Five-Year Plan Board.</p>	Medium	31 st December 2018	Russell Bournier
4	<p>Five Year Plan Outcomes</p> <p>The Five-Year Plan information reporting in the performance reports will be updated to ensure all indicators are SMART and measurable.</p>	Medium	31 st December 2018	Russell Bournier
5	<p>Business Continuity</p> <p>The Council will ensure that the Business Continuity Management Policy is approved by CMT.</p>	Medium	31 st December 2018	Joe Carter – Director of Regeneration
6	<p>Information Governance</p> <p>The outcome of the mapping exercise and the risks identified will be reviewed by the IT and Information Governance Board, prior to subsequently being reported to CMT.</p>	Medium	31 st December 2018	Simon Pallett – Service Lead, IT & Digital

Follow Up Q2 (11.18/19)		Little Progress	0 - Low 9 - Medium 0 - High	
<p>Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion Slough Borough Council has demonstrated little progress in implementing agreed management actions.</p> <p>Actions predominantly not implemented mainly related to Information Governance and Procurement. Management should note that Procurement actions in relation to the update of the Contract Procedure Rules and Procurement Strategy have been outstanding for a significant period of time, and actions in relation to Information Governance have been in the process of implementation since the initial audit, originally undertaken in 2016/17, and subsequently reviewed in 2017/18.</p> <p>For all of the actions covered, confirmation was provided to management, via the role of the Risk and Insurance Officer that action has been taken to address weaknesses, however we are still not always being provided with the evidence to support this.</p> <p>We have made new management actions where appropriate; these are detailed in section 2 of this report.</p> <p>Action tracking enhances an organisation's risk management and governance processes. It provides management with a method to record the implementation status of actions made by assurance providers, whilst allowing the Audit Committee to monitor actions taken by management.</p> <p>Action tracking is undertaken by Slough Borough Council's management. We have identified 9 instances where the implementation status of action reported by management to the audit committee differs from our own findings.</p> <p>In light of these findings, our opinion is that the audit and governance committee cannot place reliance on the action tracking reports provided by management. We have discussed number of further actions to be undertaken by management to address the issues found.</p>				
Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
1	<p>Business Continuity and IT Disaster Recovery</p> <p>The Council Business Continuity / IT Disaster Recovery plan will be linked to the arvato Business Continuity / IT Disaster Recovery plan as soon as possible</p>	Medium	31 st December 2018	Simon Pallett – Service Lead, IT & Digital
2	<p>Information Governance</p> <p>The Council will ensure that the role of the Caldicott Guardian is communicated on the Council website.</p>	Medium	30 th November 2018	Simon Pallett – Service Lead, IT & Digital

3	<p>Information Governance</p> <p>We will ensure that the Annual Work Programme (SBC I Improvement Plan Jan 2018) goes to the IG board monthly and to the CMT at least annually.</p>	Medium	30 th November 2018	Simon Pallett – Service Lead, IT & Digital
4	<p>Information Governance</p> <p>We will ensure that the data quality policy references are updated to reflect the latest version of the Data Protection Act.</p> <p>Once complete, this should be approved by the IG Board, updated on the Intranet and communicated to all staff.</p>	Medium	31 st August 2018	Simon Pallett – Service Lead, IT & Digital
5	<p>Information Governance</p> <p>The Information Security Awareness course will be reviewed and updated to ensure they include reference to the Caldicott Principles.</p>	Medium	30 th November 2018	Alex Cowen - IT & Business Relationship Manager
6	<p>Adult Safeguarding</p> <p>We will maintain a record for all DSM's currently employed by the council including records of training received.</p>	Medium	30 th November 2018	Simon Broad - Head of Safeguarding and Learning Disabilities
7	<p>Procurement</p> <p>The Procurement Strategy will be updated to ensure it is aligned to the strategic priorities set out within the Five-Year Plan.</p> <p>The strategy will then be issued to CMT and Cabinet for approval, published on both the Council website and intranet and be reviewed annually thereafter.</p>	Medium	30 th November 2018	Frederick Narmh - Head of Procurement
8	<p>Procurement</p> <p>As part of the review and update of the Procurement Strategy, a set of KPIs will be developed and agreed to monitor procurement activity and progress against the strategy, and quarterly reporting to the PRB, CMT and Cabinet will be put in place.</p>	Medium	30 th November 2018	Frederick Narmh - Head of Procurement

9	<p>Procurement</p> <p>The CPR will be reviewed and updated to ensure it is reflective of current legislation and thresholds.</p> <p>The amendments will then be either approved by Council as part of the 2017 annual review of the Constitution or presented to the Constitution Panel for approval.</p>	Medium	30 th November 2018	Frederick Narmh - Head of Procurement
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Follow Up Q3 (18.18/19)	Little Progress	6 - Low 5 - Medium 0 - High
<p>Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion Slough Borough Council has demonstrated little progress in implementing agreed management actions.</p> <p>We identified through our fieldwork that from the 16 medium and high priority management actions sampled, 5 of these (31%), had been fully implemented. However, we noted that of the remaining 11 (69%) actions, for 7 of these, the implementation of the actions was ongoing whilst 4 had not been implemented.</p> <p>Actions predominantly not implemented mainly related to Housing Regulation and Neighbourhood Anti-Social Behaviour (ASB) Enforcement. Management should note that the Housing Regulation actions have been ongoing or outstanding since the beginning of the financial year and the actions relating to Neighbourhood ASB Enforcement have been outstanding for almost 12 months. We have made new management actions where appropriate; these are detailed in section 2 of this report.</p> <p>Action tracking is undertaken by Slough Borough Council's management. We have identified 11 instances from the following audits where the implementation status of action reported by management to the audit and governance committee differs from our own findings:</p> <ul style="list-style-type: none"> • Gas Servicing (17/18); • Voids (17/18); • Management of Housing Stock (17/18); • Housing Regulation (17/18); • Chalvey Early Years Centre (17/18) and; • Neighbourhood Anti-Social Behaviour (ASB) Enforcement (17/18). <p>In light of these findings, our opinion is that the audit and governance committee cannot place reliance on the status reported in the action tracking reports provided by management. We have discussed number of further actions to be undertaken by management to address the issues found.</p>		

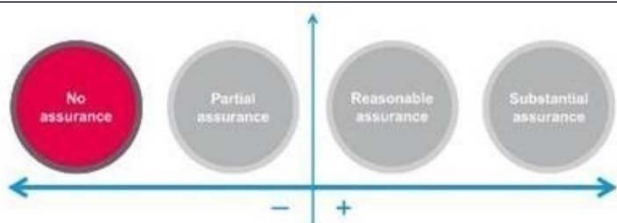
Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
1	<p>Gas Servicing</p> <p>Osborne will complete the reconciliation of all inspection dates by the year's end in line with the marking of 12 months of their contract's commencement and the annual inspection requirement.</p>	Low	31 st December 2018	Alan Cope
2	<p>Voids</p> <p>The void reports will be completed and continuously maintained in order to provide users with an accurate representation of the status of void the properties.</p>	Medium	31 st December 2018	Alan Cope
3	<p>Voids</p> <p>Ensure that an updated and approved version of the Neighbourhood Service Void Property Management Policy expands upon the following:</p> <ul style="list-style-type: none"> • The reporting structure for monitoring voids and; • The KPIs which are reported on 	Low	31 st March 2019	Alan Cope
4	<p>Management of Housing Stock</p> <p>A document will be produced by the logistics team which outlines the end to end filing process by including the following:</p> <ul style="list-style-type: none"> • The scanning and sending of documents; • The confirmation of sending documents; • Making notes/ actions on the DIP system and; • The process for file retention/ destruction. 	Low	31 st March 2019	Sahera Tariq
5	<p>Housing Regulation</p> <p>The procedure will be updated to include the process for reporting and monitoring performance.</p>	Low	31 st March 2019	Amir Salarkia

6	<p>Housing Regulation</p> <p>The target timelines for the current process (eight-week target) and the future process (online applications) will be documented in order to provide clearly defined timescales for staff to adhere to and follow</p>	Low	31 st December 2018	Amir Salarkia
7	<p>Housing Regulation</p> <p>A continuous record of the monitoring of targets against indicators will be kept in order to provide detail on current performance, as well as progression of performance as per the targets.</p>	Medium	31 st December 2018	Amir Salarkia
8	<p>Schools Audit – Chalvey Early Years Centre</p> <p>A review of all assets will be completed to ensure that all assets that are physically present onsite with a value in excess of £200 are recorded on the FMS SIMS asset register.</p>	Low	31 st December 2018	Diane Lister - Headteacher
9	<p>Neighbourhood Anti-Social Behaviour (ASB) Enforcement</p> <p>Team Leaders will ensure that ASB cases are reviewed monthly.</p> <p>The ASB policy will be reviewed and approved by the relevant authority, with a date for future review set and adhered to ensure the policy is up-to-date.</p> <p>Access to the policy will be granted to all staff by uploading it to the shared drive.</p>	Medium	31 st December 2018	Ian Blake
10	<p>Neighbourhood Anti-Social Behaviour (ASB) Enforcement</p> <p>As part of the process of assigning ASB cases, the Resilience and Enforcement Team will review the accurate recording of notifications and details on the Flare system.</p>	Medium	31st December 2018	Ian Blake
11	<p>Neighbourhood Anti-Social Behaviour (ASB) Enforcement</p> <p>All relevant members of staff will be asked to confirm the following:</p> <ul style="list-style-type: none"> • That they have received/ can access the ASB Policy and Fact Sheets; • That they have read these documents and; • That they will comply with the details and guidelines within these documents. 	Medium	31st December 2018	Ian Blake

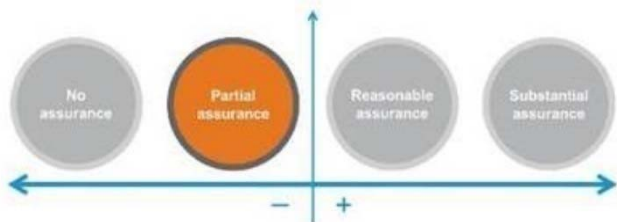
APPENDIX B: 2018/19 ASSURANCE OPINIONS

We are constantly developing and evolving the methods used to provide assurance to our clients. As part of this, we have refreshed our opinion levels in line with the graphics below.

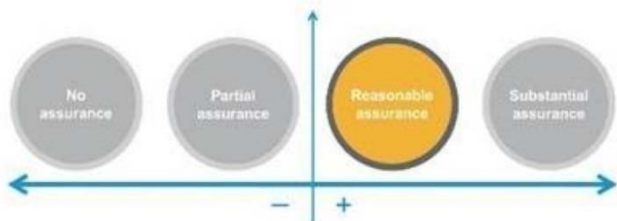
We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the Council can take:



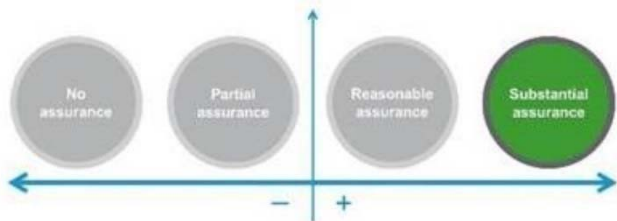
Taking account of the issues identified, the Council **cannot take assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the Council can take **partial assurance** that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the Council can take **reasonable assurance** that the controls in place to manage this risk are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



Taking account of the issues identified, the Council can take **substantial assurance** that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.

FOR FURTHER INFORMATION CONTACT

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SLOUGH BOROUGH COUNCIL**REPORT TO:** Audit & Corporate Governance Committee **DATE:** 13 December 2018**CONTACT OFFICER:** Barry Stratfull: Service Lead Finance, Deputy Section 151 Officer**(For all enquiries)** (01753) 875748**WARD(S):** All**PART I**
INFORMATION**REVIEW OF CLOSURE OF ACCOUNTS 2017/18****1 Purpose of Report**

The 2017/18 Statements of accounts were signed on the 15th November 2018. The statutory deadline was 31 July 2018. The Audit Completion Report submitted by BDO our external auditors outlined the audit matters that had been discovered during the audit. Whilst some of the reasons for the late closure of accounts were due to new audit issues that were not raised until the end of the audit it is clear that whilst some improvements have been and continue to be made there remain some deficiencies in the closure of accounts processes.

The completion report submitted on the 15th November was not significantly different to the report submitted to Audit and Corporate Governance Committee on 18th July 2018.

This report outlines the issues raised in the completion report and shows the steps that have been taken since the end of the 2017/18 closure of accounts to ensure that the deficiencies are removed from future audits.

2 Recommendation(s)/Proposed Action

The Committee note the work done to date to improve the closure of accounts process.

3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**3a. Slough Joint Wellbeing Strategy Priorities**

The report indirectly supports all of the strategic priorities and cross cutting themes. The maintenance of good governance within the Council to ensure that it is efficient, effective and economic in everything it does achieve through the improvement of corporate governance and democracy by ensuring effective management practice is in place.

3b **Five Year Plan Outcomes**

The report helps achieve the Five Year Plan outcomes by contributing to the Council's financial planning and ensuring the five outcomes are adequately resourced.

4 **Other Implications**

(a) Financial

Detailed within the report

(b) Human Rights Act and Other Legal Implications

The law relating to Whistleblowing is contained in the Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998)

(d) Equalities Impact Assessment

There is no identified need for an EIA arising from this report.

5 **Supporting Information**

5.1 **Background**

5.1.1 The Closure of Accounts process was brought forward this year. The deadline to submit a signed copy of the statement of accounts was 31st May this year compared to 30th June in previous years. Despite the very late closure of the 2016/17 accounts this deadline was met.

5.1.2 In order to achieve this deadline additional resources in terms of both personnel and technology have been brought in to meet both the tight timeframe and also ensure improvements were made in the processes.

5.1.3 A great deal of progress has been made in a short space of time but as we reported back in July 2018 there were undoubtedly going to be areas where further improvement was required for 2018/19 and beyond. I did report then that these items were going to be highlighted in the BDO report but we committed to beginning the 2018/19 closure at that point.

5.1.4 The attached appendices outline the issues raised and the steps we have taken and continue to take to ensure that we learn the lessons from previous audits and make significant progress and improvements moving forward.

7 **Conclusion**

7.1 The progress made to date and the planned programme of work highlighted in the report be noted.

8. Appendices

Appendix 1 – Post Audit Review

Appendix 2 – Review of findings and Recommendations

9. Background Papers

Held within the Finance Department.

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Slough Borough Council

Post Audit - Review

Based on the Audit and the Audit Completion Report

November 2018

Document Control

Version Control

Version 1

Initial Draft 26th November 2018

Scope

The information in this document aims to set out the issues that have been identified during the Audit and the subsequent Audit completion document.

The aim is to establish:-

- Background to the situation
- What the Auditors found
- What we have already started in order to move forward
- What we need to do
- Where we are up to
- Timescale and resourcing.
- Other considerations – New auditors

Limitation

The information in this document is based on various discussions with the External Auditors the Audit completion report, Group Accountants and other members of Staff and external bodies that also feed into the process.

Prepared By

Barry Stratfull
November 2018

Contents

1. Background
2. Summary
3. CIPFA Big Red Button
4. General Ledger
5. Working Papers
6. Adults and Social Care – Home Care accrual
7. Children, Learning and Skills
8. Cash and Bank – Suspense Accounts
9. Cash and Bank - Other
10. Debtors and Creditors
11. Group Accounts and Companies
12. Senior Officer Pay and Exit Package Notes
13. Collection Fund
14. Cash Flow and Associated Notes
15. Related Parties
16. Financial Instruments
17. Fixed Asset Register, Valuations, Commitments and Issues
18. 18/19 Checklist and Closedown Timetable

1. Background

SBC has over the last 2 years gone through some significant changes that need to be considered when reviewing the Audit Findings. These have included:-

- In 16/17 the general ledger system was changed from Oracle to Agresso.
- The 16/17 Audit was only signed off in Feb 2018
- The interim 17/18 Audit commenced in Early March 2018
- The 17/18 Accounts have been produced using Cipfa's 'Big Red Button'.
- The 17/18 Yearend Audit is the last one being undertaken by BDO.
- The Audit of the 17/18 accounts was completed and signed off on 15th Nov 2018
- The final year undertaken by any firm of auditors – tend to be more challenging
- The 18/19 yearend Audit will be undertaken by Grant Thornton.
- The Interim Audit is scheduled to commence around the end of January

It needs to be noted

The implementation year of Cipfa's BRB (Big red button) Statement (this is the evolution by CIPFA of their toolkit) has had a few hiccups (these will be discussed later). But predominantly it needs to be noted that although our Auditors from BDO 'had heard of Cipfa's BRB, none of them had any experience or understanding of what it really is or what it is aiming to do.

It was necessary for us to bring in the CIPFA consultant on more than one occasion to provide training for the Auditors in a group session and then to also bring the consultant in again to basically explain and extract information out of the BRB system for the auditors.

What we have already done

- An additional resource – with the necessary technical skills was brought in to help and assist with the 17/18 close down and production of accounts (Mathew started on the 12th of March part way through the interim audit)

What we have already identified

- The audit issues have identified 'Understanding and capability issues' within the finance team – these are going to be addressed within the re-structure.

2. Summary

The 17/18 year end and associated audit did not go as smoothly as we had anticipated.

We have made some positive improvements during 17/18 that we are now building on.

However, we have also had some issues develop that have had a significant knock on effect and it is these that we are currently working towards rectifying, these are summarised below:-

- When the problems with the mapping of the GL to BRB were identified a significant amount of time had to be re-directed to ensure that we were able to publish the Statement of Accounts on 31st May 2018
 - This had a knock on effect that the planned review time in May had all been used
 - Time that had been built in to cross cast the Statement to working papers had been used
 - The working papers for Debtors, Creditors Cash and Bank had not been created and had not been cross cast to the numbers in the Statement
 - The Associated Notes for Debtors Creditors Bank and Cash – had the total figures in

So what went wrong with the BRB Implementation?

Being able to look back and review what was done when and by who it appears that the individual originally tasked with undertaking the mapping either did not grasp the full complexities of the project, which was more than just a basic load it anywhere requirement (the upload balanced to zeros so it was all ok).

- What was needed was a more robust understanding that the mapping was the starting point
- Testing should have been undertaken to ensure that when the BRB statement was run the main statements reconciled
- Where codes were mapped to a 'non linked code' – needed to be documented why and what was going to happen with these
- Where GL codes were put to holding (loading codes) in BRB these should have had working papers to support and they needed to be either properly Mapped direct to the notes or cleared out properly

And, we have had a number of repeat issues again identified by Audit – individuals have not moved forward and have not performed the tasks required - specific details of these are dealt with in later sections

3. Cipfa Big Red Button

1. What is Big Red Button
2. How does Big Red Button work
3. It needs to be Noted
4. What we have already identified
5. What we have already done
6. What still needs to be done

1. What is Big Red Button

Cipfa have developed a piece of software that replaces their 'Toolkit'.

In essence it is a reporting tool that takes raw data (an extract from the accounting system, the TB) and applies a the mapping as set up by SBC which in turn produces the Statement of accounts which, if you don't make any changes is CODE compliant.

2. How does BRB work

- Initially you take an extract of your ledger system (the account codes), and then effectively map the codes into a format that the BRB system can understand.
- This mapping of your ledger is applied in a format BRB can read and load information into specific (already set up) codes within the BRB system – these codes tell BRB which section and which element to uses within each of the specific notes in the system, and ultimately the Statement of account.
- The Primary Statements are produced by pulling and consolidating the information from the individual notes.
- A GL ledger code may need to have multiple levels of mapping (mapped more than once) as the entry point into BRB may require different combinations for the reporting structure (i.e. CIES and Segmental reporting)
- The information that is loaded into BRB is initially allocated into a Primary column or a secondary column (if it's already been mapped to a primary entry point).
- There are then 2 columns that you can make a manual adjustment in – the first is for entries that you will make in the Ledger system and will be overwritten when you upload the next version of the TB. The second is manual adjustments between the mapped number (the uploaded ones) and what is eventually published in the statement.
- The idea and concept behind BRB is to be able to update amendments throughout the audit and then to be able to print a complete Statement – at any time (if everything is set up correctly)

3. It needs to be noted

- BRB is a reporting system that is evolving as new functionality is created following feedback from users (including ourselves)

- Once set up correctly, and appropriate staff has had sufficient training, and all the additional functionality has been switched on – some of the audit issues will disappear.
 - Now has a automated rounding system to check for rounding's within notes and to feed the corrections through the necessary areas in the statement – this was not available at the start of the Audit

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4. What we have already identified

- Issues with the 16/17 Accounts have a compounding effect on the movement in 17/18
- The mapping exercise was not completed as accurately or fully as was needed (this caused an element of confusion and the use of lots of 'manual adjustments' in order to actually get a statement out on time.
- The amount of time to set up BRB was significantly underestimated (basically oversold)
- BDO have required changes to the wording within specific tables of the notes produced by BRB – this functionality is not available and has had to be dealt with Manually outside of the BRB system (not the way BRB is supposed to work)
- The change in organisation structure and essentially the reporting lines
- The timescales towards the end of May and the issues that started to develop (in relation to the mapping not being accurate or complete) has led to a significant number of manual entries made – with a lack of working papers or working papers that did not support the statements.
 - During the revised mapping exercise that we are now undertaken – we have established that a lot of codes (from the GL) have been mapped to 'Loading codes' in BRB
 - A loading code is only supposed to be used when further work to split or allocate a specific amount is necessary.
 - What we have found is in order to balance the upload file (GL load into BRB) holding codes were used to ensure the upload balanced.
 - It was not until towards the end of May this was found, by then there was no time to go back and correctly map the GL properly
 - This actually had a significant effect on the time needed to put in fixes to get the Balance sheet to actually Balance and for the system to be able to produce a set of accounts

5. What we have already done

- We have already started to unpick the manual adjustments and to look at properly completing the mapping exercise.
- Working papers are being set up that will support any manual adjustment that is needed to be undertaken in BRB –these papers are now creating basic template that can be followed next year.
 - The exercise is also identifying specific codes in the GL that would need to be manually split going forward. Once we have a complete list we can consider if it would appropriate to add new code combinations into the GL

6. What still needs to be done

- Once we have completed the Mapping exercise we will need to test the new mapping
 - We can create an alternative version in BRB and load the new mapping into this
 - We will then have to do a complete compare and contrast to the original file that produced the statement, and investigate any discrepancy
 - Once we are happy with BRB we can role forward into the 18/19 year and then switch on the new/additional functionality that is now available
- All Appropriate BRB functionality and standard templates (which are code compliant) need to be switched on and fully utilised
 - For 18/19 Statement we are aiming to use no manually created templates
 - Information needs to be provided in BRB format
 - Information must be provided on or before the deadline
 - We have no slippage time available as both Production and completion of the Audit depends on information being in BRB compliant format and available when needed

4. General Ledger

Audit related Issues Identified

1. Findings/Audit adjustments from previous years not fully put through the ledger
2. Year on year bridge analysis – not able to be fully undertaken due to changes in establishment structure
3. Auditors could not clearly see what ledger codes feed into which parts of BRB, this made some of reviews and checking of movements (especially cash flow ones) more challenging than it should have been.

What we have already identified

- All relevant changes will be posted through the GL
- The GL mapping review is currently under way, to clearly identify all the GL codes that go into the specific notes to the accounts and into the Services.
- By having a fully (and correctly mapped GL(into BRB) we will be able to undertake the year on year bridge analysis better and more complete than we were able to for 16/17 to 17/18.
- Any changes in the organisation structure needs to be clearly communicated to finance and these changes need to be recorded appropriately (with all relevant changes made in the reporting structure in the GL. It is necessary for these changes to also be kept and documented to assist in the explanation of the year on year step changes.

What we have already done

- A review of the Audit changes has been undertaken, to establish what needs to be actually posted through the ledger system and what is a 'technical change on paper only'
- The mapping review has been started and is currently on going, we expect this to be completed in January

What still needs to be done

- The 17/18 yearend Audit amendments need posting through the GL – anticipate this will be completed before November is closed
- We need to complete the mapping exercise
- We then need to test the new mapping in a 'test version' of BRB to check that the numbers produced from the revised (and complete) mapping are what we expect them to show.
- Once this is done we then will need to role forward BRB (close 17/18) and open the new year and undertake a partial year close, this will be in BRB only and is to test the links and the mapping to see if any new GL codes have been added that need to be included or if any have been re-pointed
- The 18/19 position will also have to take into account any changes in the report structure – these need to be clearly ascertained and an excel re-apportionment exercise will need to be undertaken to clearly document the changes (any restructure of cost centres). This will allow for an appropriate Bridge analysis to be undertaken
- The Bridge analysis will need to be in place and complete before the yearend Audit commences for 18/19. The movements will also need to be considered and any large variances will need to be investigated – this will be added to the yearend 'Task list' in preparation for the Audit.

5. Working Papers

Issues Identified

1. Numbers in the Statement were not supported by an appropriate working paper
2. The working paper that were supplied – did not agree to the numbers in the statement
3. No working papers were supplied – in some instances
4. Failure by members of finance to understand what a 'proper working paper is' – not just a ledger print.
5. Working papers did not start with the audited numbers from the 16/17 accounts
6. The internal deadline for the production of working papers (in some instances) where missed – so they were not available for internal review and quality control before the Auditors turned up – it is effectively these that have caused the most issues
7. BRB require working paper and information to be provided in a suitable format –

8. Still scope

What we have already identified

- The deadlines we set for delivery of working papers was missed by some of the Group Accountants and their teams
- The mapping issues had a knock on effect on the Debtors, Creditors and Cash and Bank working papers
- Some individuals don't quite understand what the auditors require from a working paper
- Working papers need to be in a format that is in BRB Compatible not just what has been produced before – specifically all the financial instrument and Pension related disclosure notes

What we have already done

- We have already undertaken an internal review of the working papers supplied to Audit this year
- Areas that require improvement have been identified and steps are being taken to create new working papers (for BRB loading codes and subsequent manual adjustments)

What still needs to be done

- A clear timetable will be presented for the 18/19 closedown process
 - Individuals will be made more responsible for delivering on time and in a suitable format
 - Time will be made available in the timetable for a 'Critical' review of all working papers before being supplied to Audit
- Advice and additional training/guidance will be given (where appropriate)
- The working papers also need to be code compliant

6. Adults and Communities – Home Care Accrual

Issues Identified

1. Costs under accrued by 216k

What we have already identified

- The process used in 17/18 to assess the amount of costs (the accrual) that needed to be taken into account was different to the one used in 16/17
- The Auditors had not liked the way the 16/17 accrual and working papers had been produced, so listening to Audit feedback the 17/18 was produced in a different way.
- The 17/18 Accrual was based on the value of the invoices received after 31st March up until the production of the 'statement of position'

What we have already done

- We have already reviewed the way the accrual was produced
- A reconciliation with supporting working papers has been produced to quantify and validate the 216k the auditors had requested be incorporated into the 17/18 accounts.
- Considered what else and how we can get the end of year accrual more accurate

What still needs to be done

- We have already reviewed the way the accrual was produced and plan on 'tweaking the process' so that we start with the late invoices then take an 'additional judgement' of the ones we believe we are still expecting – but have not arrived in time.
- It is envisaged that the inclusion of this additional step (which involves the creation of appropriate working papers to track what we are expecting, what has been received and where the gaps are'
- For the production of the 18/19 accrual – we also intend to undertake a materiality comparison between what the total accrual should have been for 17/18 and what we believe the 18/19 one should be

It needs to be noted

- With the creation of any Accrual there will always be an element of subjective judgement.

7. Children, Learning and Skills

Issues Identified – by Audit

1. £7.993m of understated Income and Expenditure
2. Schools CFR differences – Totalling £582k
3. Format of the Disclosure note

Issues Identified – Others

1. Imprest balances
2. Obtaining information from the Schools in a timely manner
3. Validating the CFR returns
4. Obtaining finalisation statements for school that has converted to an Academy in year, and the likely effect on the 18/19 position and accounts.
5. Cutover issues brought forward from Oracle including the historical treatment of previous audit adjustments

What we have already identified

- There is a need to add a couple of additional GL codes in so that the Income and Costs that had been 'netted off' together (the £7.993m) can be shown separately.
- Even though the members of the team had been asked to check their accounts for issues like this – these particular ones had not been flagged before
- As closedown is 31st March and schools have a break for Easter around that time, school staff are not always available to supply CFR and Imprest claim information in a timely manner.
 - Similar with queries in relation to the information contained in the forms supplied at the end of year
- Audit have integrated the information contained in the School CFR returns and have requested a significant amount of supporting backup.
 - This caused a lot of issues with some of the schools

What we have already done

- Reviewed the Audit findings
- Considered what additional codes need to be added to the Structure
- Undertaken a review of the Imprest Balances (in house)
- Started to communicate with the schools our plans to do an interim CFR return as at the end of Month 9 (December)
- Identified 2 significant balances that need to be fully worked through and validated before the accounts are closed for 18/19

What still needs to be done

- Continue with the investigation of the Imprest balances
 - We will need to communicate and work with each school to try and clearly understand why there is a reconciliation difference on the impress claims and then to agree or propose a solution that is fair and pragmatic, and suitable for audit
- To undertake a review of the relevant ledger codes to ensure that similar issues to the (£7.993m) are not in the 18/19 position
 - It is envisaged that a full trawl of the ledger by the relevant accountants will be undertaken after month 9 (but before the interim audit commences) and then again after month 12 but before the statement of accounts is finalised
 - To ensure that this is done properly – we are proposing to have confirmation (by the finance person) then for a separate review to be undertaken by the group accountant for the section to confirm compliance.

Why we need to do – Have the Schools prepare an interim CFR at Month 9 (end of December)

In 17/18 we attempted to undertake a soft close of the CFR return at the end of Month 11

- Following the Audit and the review of the month 11 CFR close- we have found
 - Month 11 is the wrong month for this to happen
 - Some schools still struggled to get any CFR information to us on time

- There was not enough time from received the returns at Month 11 to properly reconcile and investigate discrepancies
- The Schools with the greatest issues where the one's that we did not receive CFR returns in a timely manner
- The end of year difference between council records and what the schools thought was the position amounted to £582k
- Based on the errors and issues with the CFR returns it has now been proposed that the interim CFR take place based on month 9 close (December).
 - This will allow time to review and properly investigate any discrepancies, so that when we get to month 12 close it should be easier and more straightforward.
 - Having the information available, checked and reconciled to our systems before the Interim Audit will also be a positive step forward.
 - Audit will be able to commence some of the validation and year end audit Months earlier than they could in 17/18
 - Errors can be investigated and the correct position can be ascertained before closing the statement of accounts
 - We will eliminate the 'last minute full panic to supply documentation for audit – like we had during 17/18
 - Should big discrepancies be found we can have sufficient time to fully investigate before closure of the accounts
 - We will also be able to more accurately forecast the end of year position, including any additional deficits that we currently do not know about.

Significant Issues that could have Audit or Year end implications

Arbour Vale conversion to Academy on 1st Nov 2018 (during 18/19)

This is currently one of the most significant risks we have

- As of today (27th November), we have not received the information from Arbour Vale that would allow us to correctly close the accounting position down
- A lot of the discrepancy in the £582k from the Audit findings was in relation to Arbour Vale's 17/18 CFR return
 - The initial CFR showed a significant surplus on the return however following internal review, meeting on site and obtaining a full TB (from the School) and the subsequent visits to go through the details we clearly established that costs had been left out of the CFR return sent to SBC.
 - Further internal working and investigation (including a triple way reconciliation), including a cash payment movement review ensured that the number used in the Statement where accurate and reflected the true position of Arbour Vales' deficit, not the surplus they reported
 - The assets of Arbour vale (cash and Bank balances) did not support a surplus position
- It is essential that Arbour Vale supply the necessary paperwork and all relevant support in order for us to finalise the position, ideally we would like to be able to

present a final position to the Auditors at or before the beginning of the Interim Audit.

8. Cash and Bank - Suspense Accounts

The issues identified by the Auditors in relation to Cash, bank, Suspense accounts Debtors and Creditors are essentially all interconnected

Issues Identified – by Audit

1. Amounts in Suspense have not been fully reconciled or clear out, this has and will have a knock on effect on Cash, Debtors and Creditor Balances

What we have already identified

- Balances that are moved into the suspense account basically stay there until somebody tries to claim an amount
- The reconciliation of the Suspense account is out of date

What we have already done

- A project to bring up to date the Suspense account reconciliations has been started, this has involved, we are targeting items in the General Suspense first and once these are cleared the other suspense accounts will be looked at
 - Reallocation of work in the team to clear time to put Mary working on this until it has been brought up to date and then can be managed as part of the
 - The reconciliation of what is outstanding (in the suspense account and available for allocation) has been completed
 - The second stage of the project is to start the clearance of all un allocated items – this is already underway – progress has been made and this is currently ongoing
 - Where items have can be identified in relation to specific areas lists have been distributed and members of the specific accounting teams have been asked to investigate and provide details for Mary to clear.

What still needs to be done

- This project is currently ongoing we are getting closer to the stage that we will be able to produce a list of all the items in the suspense account – with the view of sending this out to all of finance team and others for all teams to investigate and claim specific items
- A Summary reconciliation will be produced showing the position at the end of Dec 2018
- The clearance of the suspense accounts will have a positive impact on Debtors and Creditors as some of the suspense payment's are more than likely to relate to old outstanding invoices
- We are aiming for all these to be at or near an appropriate standard by the start of the interim Audit

9. Cash and Bank - Other

Issues Identified – by Audit

1. Cash and cash equivalents disclosed as financial assets in the note did not agree to the balance
2. The bank and cash working papers provided for audit did not adequately analyse the balance in the Balance Sheet or support the reconciling differences between the ledger and bank statement figures.
 - a. £4.144 million misstatement between creditors and the bank balance in respect of an account payment made at year end and reversed after year end (payment only cleared through the bank statement after year end).
 - a. General ledger entries should not have been reversed at year-end and should have been treated as a reconciling item.
 - b. Bank and creditors are therefore overstated by this amount year-end.
 - c. Understatement of cash balance by £1.229 million and income by £459,000, and overstatement of debtors by £770,000, due to unallocated receipts in the miscellaneous bank general ledger accounts
 - d. Understatement of cash and overstatement of debtors by £4.395 million due to unallocated receipts in the bank transfer general ledger account
 - e. £234,000 receipts credited to a debtor balance instead of fees and charges, thereby understating debtors and fees and charges at year end.
3. Understatement of cash and overstatement of debtors by £4.395 million due to unallocated receipts in the bank transfer general ledger account
4. £234,000 receipts credited to a debtor balance instead of fees and charges, thereby understating debtors and fees and charges at year end.

What we have already identified

- The content and quality of the working papers need to be significantly improved

What we have already done

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What still needs to be done

- Undertake a proper review of what goes in to the associated working papers
 - How the bank accounts operate and how they link together to form the note
- Year end cut offs need to be correctly allocated to the working papers
- A month 9 draft position should be undertaken so that
 - The proposed draft working paper can be review for completeness
 - Audit can be given a draft working paper
 - This should then be updated monthly until the end of the year –
 - So that its already in place and only needs updating
- Once produced the working paper needs to be compared to the numbers in the statement – all categories need to be cross cast to ensure perfect correlation

10. Debtors & Creditors

Issues Identified – by Audit

1. Statement did not agree to working paper- example below
 - a. NHS was disclosed as Nil instead of £2.458m
 - b. Local Authorities disclosed as Nil instead of £3.574m
 - c. Central government was disclosed as a credit balance of £6.888m instead of a debit of £10.774m
 - d. Other entities was disclosed as £40.073m instead of £16.379m
2. £3.063m receivable from DWP was incorrectly included as a debit balance in Creditors – resulting in an understatement of both creditors and Debtors
3. Berkshire Fires share of the Council tax £359k was incorrectly shown as a central government creditor instead of a local authority creditor
4. Creditor Balances were incorrectly disclosed
 - a. NHS was disclosed as Nil instead of £1.008m
 - b. Local Authorities disclosed as Nil instead of £137k
 - c. Central government was disclosed as Nil instead of £9.146m
 - d. Other entities was disclosed as £33.503m instead of £23.213m
5. Income related to 18/19 financial year had been included in the 17/18 position total £851k
6. A schools debtor balance of £1.424m was included as a debit balance in creditors
7. No age analysis of financial assets (Debtors and creditors) past due but not impaired neither was an analysis of past due put have been impaired was produced at all.
8. There were others but all similar to the above

It needs to be noted

- The issues with the mapping of the GL into BRB HAD a significant impact on the time and resource available in the final days before the statement was published
- A decision had to be made to either miss the publication deadline and risk the Auditors postponing the start of the Audit, and spend the necessary time going through and checking the details like these or to adhere to the 31st May publication timeframe and work on the missing items/splits after that Date
 - The Statement was published on time
- By the time the auditors were on site and ready to look at these areas the splits had been identified, working papers had been produced (however the auditors still had issues with the quality and content of these)

What we have already identified

- The timing, quality and content of All working paper including Debtors and Creditors needs to significantly improve
- Working papers must be produced on time and subject to internal review (peer or management review) before these are shared with Audit
- And they absolutely must agree to the numbers in the statement (at the start of the audit) even if these are later found to need amending

- A review of the creditor and debtor codes must be undertaken to ensure that Debtor's and Creditors are correctly classified.

What we have already done

- A schools debtor balance of £1.424m was included as a debit balance in creditors – The schools finance team have started to investigate this and one other transaction identified during the Audit
- The clearance of the suspense accounts will have a knock on effect on Debtors and creditors – it is envisaged that this clearance will remove some of the older items

What still needs to be done

- The timetable for 18/19 closedown will include sufficient time for working papers to be reviewed
- Undertake a complete debtor and creditor review
- We need to look review if we can or cannot produce the Aged Debt analysis and the associated impairment or assets that the code requires

11. Group Accounts and Companies

Issues Identified – by Audit

1. Management did not provide any working papers to evidence its assessment of its interests in these entities.
2. The draft financial statements submitted for audit included Group Accounts for the Council's interest in SUR LLP.
3. The Group CIES was not fully populated, with a number of current year and prior year amounts omitted
4. The Group Balance Sheet incorrectly had a £nil balance in respect of investments in associates
5. The Group Cash Flow Statement was incomplete
6. There were no disclosure notes.
7. SUR was initially included then subsequently removed.

Issues Identified – Others

1. There have been issues with the loading template into BRB – now fixed (by Cipfa consultant)
2. Linking the group accounts is a multi step process – were further training is required

It needs to be noted

- We had planned on putting both the SUR and James Elliman Homes into the group section of the accounts.
 - It was the auditors who suggested removing the SUR – to make there life easier (as individually it was below materiality threshold)

What we have already identified

- Additional training is needed on the process and steps needed to load the group account information (specific template) and on the process of linking and updating the information in and out of the group function
- A detailed working paper is also going to be needed to prove materiality for each company – separately
- The associated accountants for these companies will need training and guidance on filling in/producing the information in the group loader template
 - they should produce the extract to use

What we have already done

- A review process of the 17/18 accounts has been undertaken
- The issues have been identified that caused the issues with loading and updating the information
- Discussions with CIPFA consultant have taken place and lessons learned are being actioned

What still needs to be done

- Additional training/support and assistance will be arranged for Jan and Feb

12. Senior Officer Pay and Exit Package Notes

Issues Identified – by Audit

1. An extra payment per the termination agreement for a staff member was not included in the total cost of the exit package; this issue was identified during our interim audit and corrected in the financial statements
2. The comparative total exit package cost and number of exit packages did not agree to the prior year signed accounts; this issue was identified during our interim audit and corrected in the financial statements
3. Election and emergency call out payments to the Director of regeneration, Assistant director for adult social care, Director of adults and communities and Assistant director of finance were not included in the salary, fees, and allowances payments in the Officer's remuneration note
4. The Council's share of the Director of Public health cost was incorrectly calculated as it did not take payments of £15,000 into account
5. Exit package figures erroneously excluded payments in lieu of notice (PILON), annual leave compensation payments and legal fees (taxable/pensionable) totalling £102,784
6. The severance payment of £86,653 to the interim Chief Executive was included twice
7. The PILONs for two employees, totalling £17,000, were not included in the exit packages note
8. The number of compulsory redundancy and other redundancies disclosed in the exit package note was incorrectly stated as nine and two respectively, instead of four compulsory redundancies and eight other redundancies
9. The pension cost for the previous interim Chief Executive was overstated

10. The note omitted to disclose the interim Chief Executive's remuneration for February and March 2018
11. A number of salaries disclosed in the incorrect salary bandings for remuneration over £50,000.

It needs to be noted

- The issues with the mapping of the GL into BRB HAD a significant impact on the time and resource available in the final days before the statement was published
- These particular disclosure notes have a level of materiality of zero – so any error or discrepancy is reported

What we have already identified

- Both the interim draft note and the final draft published notes contained errors
- Information that had been supplied had not been included in the figures
- HR found it hard/time-consuming to produce the 'cross referenced' information (3rd party confirmation for Audit)
 - When it was produced,, differences were identified
 - Tracing information and confirming
- This information should be collected at regular intervals throughout the year and then a full and complete review should be undertaken before being given to Audit
 - By regularly obtaining the information, errors should be eliminated

What we have already done

- During the year end audit a number of conversations and meetings with HR were undertaken, in order to obtain information to confirm what finance had in relation to redundancies and exit packages

What still needs to be done

- We plan on starting the collection and verification earlier for 18/19
- Early meeting's with HR will be scheduled in January where we will attempt to verify the 1st 9 months position
 - This will require finance to check ledgers first
 - Then HR to confirm what they believe has happened In the 1st 9 months
 - A draft table with 9months data will be compiled and this should then be updated monthly until the end of the year
 - This will then be reviewed and verified
 - If we put this in place and can maintain things until the end of year both finance and HR will have the information more readily available and we will be able to prove and supply audit with all the necessary backup (that cross casts to each other) in a timely and accurate manner
- A detailed tick list will be produced
- The current restructure and the timing of known events will need to be carefully and correctly disclosed in the 18/19 statement

13. Collection Fund

Issues Identified – by Audit

1. £53.516m Understatement of income and expenditure as a result of housing benefit subsidy netted off against housing benefit expenditure

It needs to be noted

- It needs to be clear that this is a presentational issue – the nett position of the council was correct

What we have already identified

- The information comes in in a set format the account is used for more than 1 specific item
- The ledger structure needs to be considered

What still needs to be done

- This will be a separate item on the year end check list

14. Cash Flow and Associated Notes

Issues Identified – by Audit

1. The Council had not prepared separate cash flow working papers as it had relied on the automatic workings from CIPFA's red button approach.
2. The cash flow impact of debtors and creditors, including capital balances and council tax balances was not included in the Cash Flow Statement, affecting net cash flows from financing and investing activities and cash flows from operating activities.
3. Identified a few other presentational issues.

Issues Identified – Others

1. The Auditors did not understand BRB
2. Extracting all the individual working papers out of BRB is slow and time consuming
3. A training session was given on BRB to the Auditors – by Cipfa Consultant and further sessions had to be put in place to help the auditors understand how cash flow worked within BRB

It needs to be noted

- There is no further requirements on the council to produce a separate cash flow working for the Auditors, they are actually all in BRB and extractable
- BRB is fully audited and compliant for disclosure
- Audit was given access to BRB and training was supplied to allow them to obtain details of where numbers used in the cash flow come from

What we have already identified

- BDO struggled with understanding the cash flow,

- Obtaining all the supporting(working extracts) out of BRB for cash flow is time consuming
- We need to incorporate a separate working paper that shows (at the nth level) how the cash flow works
 - This will ultimately save time – and questions from Audit
- 17/18 movements also take into account the 16/17 starting positions (which might have not been correct)

What we have already done

- The mapping exercise – which is also underway is coding the GL (in excel)
 - It should be possible to add functionality to be able to filter quicker and more easily on – that could work with the BRB functions

What still needs to be done

- A lot of the issues and amendments Audit wanted have been made on the face of the Statement of Accounts only.
 - This happened at the suggestion of Cipfa consultant, this was to speed up the process, the plan was and still is to fix the cash flow and get it working correctly after the account's have been finished and before we roll BRB forward to 18/19

15. Related parties

Issues Identified – by Audit

1. Related Parties note
 - a.

Issues Identified – Others

- 2.

16. Financial Instruments

Issues Identified – by Audit

1. The working papers were not supplied at the start of the Audit
2. The financial liabilities fair value disclosure note did not cast
3. The financial and other risks arising from financial instruments, including credit risk, were not disclosed
4. A credit ratings table showing the Council's investment and cash equivalent portfolio and whether outstanding deposits at year end meet the Council's credit rating criteria was not disclosed
5. Maturity structure of borrowings was not disclosed

6. Change in borrowings as a result of a change in interest rate was not disclosed
7. The percentage of debt portfolio held in fixed rate instruments and variable rates or Lender's Option Borrower's Option (LOBO) instruments was not disclosed
8. Short and long term debtors and creditors had nil values
9. Unrated short term pooled funds was stated at £2.695 million instead of £2.,743 million
10. Interest income and expense disclosed in the financial instrument note did not agree to amounts in the Comprehensive Income and Expenditure Statement
11. Fair value of assets and liabilities disclosed did not agree to supporting evidence
12. Cash and cash equivalents disclosed as financial assets in the note did not agree to the balance in the Balance Sheet
13. A number of other presentational issues were also identified
14. In addition, we noted the following issues in the note for Nature and extent of risks arising from financial instruments which have not been adjusted in the financial statements and are recorded as unadjusted disclosure misstatements in Appendix I:
15. The financial liabilities maturity analysis **does not meet the Code's requirements** for financial instrument disclosures as it has been prepared on the basis of amortised cost rather than undiscounted contractual cash flows
16. The Code requires that authorities disclose an analysis of the age of financial assets that are past due as at the reporting date but not impaired, and an analysis of financial assets that are individually determined to be impaired as at the reporting date, including the factors the authority considered in determining that they are impaired

Issues Identified – Others

1. The internal timetable for the working papers was not achieved – no explanation has been given or reason why this was missed
2. The information was not in the BRB format – and BRB functionality had to be switched off so that a manual upload could be created for this information to be included in the statement
 - a. The original intention was for information to be supplied in a BRB compatible format – this did not happen

What we have already done

-

What still needs to be done

- The timetable for 18/19 closedown will include sufficient time for working papers to be reviewed
- The information needs to be produced in the BRB format
 - The finance officer will be trained so that they are familiar with what BRB standard format is and then take all necessary steps to ensure that the comparator and the 18/19 information is produced in the correct format. We need to ensure that the correct resource is used in this area.

- What we actually disclose needs to be compared to the CODE requirements and a detailed plan of fully supported explanation of why we cannot comply needs to be produced.
- There are so many issues with this part of the Statement that a separate action plan will need to be created and any changes to process will need to be fully documented
- Neil/Barry to review and consider what else could or should be done

17. Fixed Asset Register, Valuation, Commitments and Issues

The Fixed Asset Register is an area where we encountered numerous problems and issues, especially in relation to the information provided to Valuers, the Valuation reports and other disclosure notes.

17a. Fixed Asset Register

17b. Capital Commitments monitoring

17c. Valuation, Process and Information

To summarise

Issues Identified – by Audit and others

- The Fixed Asset Register contains very basic mistakes, errors, omissions and inaccuracies and could be summarised as currently not being fit for purpose.
- Errors previously identified by Audit have not been corrected or removed.
- A proper or documented Asset valuation program does not exist.
- No internal validation work has been undertaken
- The valuers have not been given proper or up to date information, this includes size increases of schools, correct disposal information similar with acquisitions, and hence they have been instructed to value assets that have actually been disposed of.
- A significant capability issue has been established

It needs to be noted

- The full extent of the errors and inaccuracies are still being established.

What we have already identified

- The person who was supposed to be maintaining the Fixed Asset Register to an appropriate standard (which includes being accurate, up to date and appropriate), has not been
 - This is being addressed.
- Around the 19th of May an extract from the Fixed Asset Register was taken
 - This was then uploaded into the BRB system and forms the basis of the accounts.
 - At that point the Fixed Asset Register should have been frozen – no further changes until discussed and agreed with Audit

- This did not happen
- Changes continued to be made – none of which had even been discussed internally nor with the Auditors
- These changes have caused issues and basically means the current Asset Register is neither what the Auditors were given nor what the Post Audit Adjustments would have made it
 - These changes are quantified in the associated Cipfa review paper

What we have already done

- We have undertaken a significant amount of work in order to establish what is correct and what is not, this has also included engaging CIPFA Fixed Asset Specialist/Trainer to undertake a further review to identify what and how we need to fix things
- We have now completed the exercise in relation to the majority of Assets
 - We have now established numerous assets currently in the Fixed Asset Register that should not be
 - The value of these assets (not including council dwellings) has now been quantified and is at least £11.3m
 - This is over the materiality limits of ££6.8m and will mean that a restatement will be required in 18/19.
- Held detailed review meeting with Asset Management and the Valuers
 - To discuss the 17/18 Audit
 - The requirements and process for 18/19
 - The development of a new rolling program to ensure all assets are valued in an appropriate time period
 - To discuss the actual valuation date for 18/19 and the process for the 18/19 year end

What still needs to be done

- Complete the investigation into the Council Dwellings
- Fix all the existing errors in the fixed Asset Register, before closing the 17/18 Fixed Asset Register and rolling it forward into the new year
- Talk to the external auditor about what this means for the accounts moving forward and ensure that all the items, Assets and information is corrected

18. 18/19 Checklist and Closedown Timetable

These will be made available January 2019

for Slough Borough Council

review of assetmanager.net data with findings and recommendations

November 2018

Version 1.1



Version No	Date	Amended By	Notes
1.0	10 October 2018	L Conway - CIPFA	Initial Creation
1.1	08 November 2018	L Conway – CIPFA	Added Appendix A (Findings)
1.2	13 November 2018	L Conway – CIPFA	Added further details to Appendix A (Findings) including comparison between BRB (used in Statement in Accounts) and current AssetManager.NET reports.
1.3	28 November 2018	L Conway – CIPFA	Added further details to the “Advise” section for “Asset Listed within the AssetManager.NET system, and also added further details to the existing appendices and added appendices for “Infrastructure”, “Surplus”, “Assets Held for Sale”, “Heritage” and “Intangible” assets.

DRAFT

AssetManager.NET recommendations

This document is purely advisable and has been requested by Mathew Crosby, Interim Head of Reporting, who has been tasked with closedown of accounts.

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System Security

- Review current users and amend permissions accordingly, amending the roles and the specific user permissions as required, including access to the Administration areas of each applicable module.
- Review the users who have access to the Security Module. Ensure that the minimum number of users have access to the Security Module but it is recommended at least 2 users should have access to the Security Module.

Administration Lists

- **Category Division / Sub Category**

At present, there are several Categories which appear to have very similar Category Divisions, e.g. Category "Assets Under Construction" has Category Divisions "Asset Under Construction" and "Assets Under Construction".

It is advised to review the Category Divisions and Sub Categories and to remove any unneeded category divisions / sub categories. This will make filtering by Category / Category Division / Sub Category more effective and will help alleviate confusion and human error when reporting and assigning assets to category divisions / sub categories.

- **Committee / Sub Committee**

The "Committee" / "Sub Committee" fields are asset group fields used in reports. It is advised to review these and to ensure that the committees / sub committees within the AssetManager.NET system are structured in the most useful way for reporting assets.

Note – the "Committee" and "Sub Committee" fields are used within most of the modules within the system and therefore there should be an agreed consensus between departments regarding the best "Committee" and "Sub Committee" structure held within the AssetManager.NET system.

- Other Administration lists should be reviewed and amended as appropriate, e.g. Valuer, Ward, Parish etc.
- Housing Archetypes should be reviewed and amended as appropriate to match those required by the authority for housing valuations.

Reviewing and amending the administration lists will provide further analysis of data within the reports.

Revaluations / Enhancements

- There is functionality within the AssetManager.NET system which sets the order in which the system processes revaluations and enhancements if they have the same transaction date. This is a setting which will affect the whole of the financial year in which it set and all subsequent financial years. It is advised that this is reviewed and amended prior to any transactions being entered within the financial year. If transactions have been entered, it is advised that the setting is revised and amended, if necessary, after the year-end rollover has been performed.

- It is recommended that the authority has a clear policy that agrees to the way that valuations are undertaken. The authority should also have a clear policy as to This should be clearly explained to the authority's auditors to show that enhancements are correctly treated in the accounts.

Asset References

- It is advised that all asset references are unique. At present there are some building assets with the same asset reference as that of the associated land. There are also some council dwellings units which, even though they are in different housing groups, have the same unit reference.

A lot of authorities use a suffix/prefix of "L" and "B" to identify between a land and a building asset. This makes it clear on the detailed financial reports and journals which are the land asset and which are the building asset.

Using a unique reference for council dwellings helps ensure that each asset is easily identifiable.

However, upon deciding upon the asset referencing policy, the references of all assets should be in a consistent format.

Asset Names

- It is advised that all asset names should be agreed on with all departments who utilise the AssetManager.NET. The main asset name should be one that it is more commonly known by. If an asset is known by another name/description, within the Core, a property and a building asset can have an "Alternative Name" entered which can be searchable by within the Core module.
- It is recommended that the description for council dwelling assets match those in the HRA list.

Life Expectancies

- It is advised that there is consistent approach to asset lives. The AssetManager.NET uses the "Useful Life" to calculate depreciation within the system. However, for Land, most users use a life expectancy of 999 years. For Buildings, PVE and Council Dwelling assets, these should be depreciated over the life expectancy within the authority's policy. This should be consistent within each type of asset.

At present, within the authority's AssetManager.NET data, there appears to be land assets with life expectancies of 999, 0, 1, 30, 32, 34, 35, 42, 46, 48, and 99 years life expectancy. Whilst this will not affect any depreciation charge, it is advisable to have a consistent approach.

The PVE assets within the authority's AssetManager.NET data have life expectancies of 0, 1, 3, 5 and 7 years. It is advisable to have a consistent approach as per the authority's policy.

Building assets within the authority's AssetManager.NET data have various life expectancies ranging from 0 life expectancy to 999 years life expectancy. This includes building assets within the categories of "Land & Buildings". It is advisable that these be reviewed and amended to a consistent approach as per the authority's policy.

There are several council dwelling assets which have 0 life expectancy. These should be reviewed and amended as appropriate.

It is advisable review the life expectancies of all assets and amend them to have a consistent approach. The “Asset Life and Residual Value” report within the Capital Accounting – Reports menu would be a useful report to review the assets.

Depreciation Setting for Assets

- There should be a logic approach to setting an asset to depreciation and by which depreciation method based upon the type of asset and the asset’s Category.

Within the authority’s AssetManager.NET data, there appears to be approximately 115 land assets (other than Infrastructure) which are set to depreciate by straight line. Most of these have either no value, or a life expectancy of 999 years. However, there are several which have a life expectancy and value which has meant that the system has calculated some depreciation against the land asset. These should be reviewed and amended as necessary.

Within the authority’s AssetManager.NET data, there appears to be several building assets within the category of “Land & Buildings” which have a value but are not set to depreciate. This will affect the depreciation calculation within the balance sheet and journals.

There are several council dwelling assets which appear to indicate that they are “Land” assets, however these are set to depreciate. There are also several council dwelling assets which appear to indicate that they are “Building” assets which are set not to depreciate.

It is advisable that the asset depreciation settings are reviewed and amended as appropriate to the type of asset and the asset’s category to ensure that the correct depreciation is calculated against each appropriate asset. The “Asset Life and Residual Value” report within the Capital Accounting – Reports menu would be a useful report to review the assets.

Components – recognising components

- The Code of Practice and LAAP 86 states that assets must be reviewed for componentisation (more than land and building split) when there is an Acquisition, Enhancement or Revaluation. Assets should be considered for componentisation where the value of the asset is significant within their portfolio. Any part of the asset which has a material difference in life expectancy and cost (or equivalent) should be considered to be depreciated separately as a component, e.g. plant equipment within a leisure centre.

If an asset is componentised (more than land and building split), then the structure should be considered the main building asset (the “Host” asset), and the items identified to be depreciated separately to that of the structure should be separated out from the structure as components.

Currently within Slough Borough Council’s AssetManager.NET data the Land is identified as a separate asset. However, the Building is split into components where the Structure is identified as a “Component”, and it appears “Electrical and Roof” are identified as the main Building asset (the “Host”).

An example of the current componentisation structure is below:-

Current structure in AssetManager.NET

Asset Type	UPRN	UBRN	Component Ref	Component Type	Description	Life	GCA / Cost
Land	7005				Montem Sports Centre	999	£ 1,263,900
Building	7005	7005			Montem Sports Centre	35	£ 2,432,880
Component	7005	7005	7005CP4	Structure Heating and Assoc	Montem Sports CentreCP4	60	£ 6,359,070
Component	7005	7005	7005CP5	Systems	Montem Sports CentreCP5	20	£ 2,012,640
Component	7005	7005	7005CP6	External	Montem Sports CentreCP6	60	£ 1,774,410
TOTAL	7005				Montem Sports Centre		£ 13,842,900

If all revaluation gains/losses are to be calculated against the "Structure", this asset/component data structure will make entering revaluations against the asset more complicated. This is due to the system defaulting to calculate all gains/losses against the main ("Host") asset. Revaluation gains / losses may be calculated against components by adding the revaluation through the user interface or by editing an existing revaluation through the user interface.

We would recommend that the building elements are revisited and a more consistent and appropriate policy is adopted.

Structure in Valuation report (proposed new structure of asset)

Asset Type	UPRN	UBRN	Component Ref	Component Type	Description	Life	GCA / Cost
Land	7005				Montem Sports Centre	999	£ 1,263,900
Building	7005	7005			Montem Sports Centre (structure)	60	£ 5,660,550
Component	7005	7005	7005CP1		Montem Sports Centre (externals)	60	£ 2,138,430
Component	7005	7005	7005CP2		Montem Sports Centre (heating)	20	£ 1,761,060
Component	7005	7005	7005CP3		Montem Sports Centre (electrical)	35	£ 1,761,060
Component	7005	7005	7005CP4		Montem Sports Centre (roof)	35	£ 1,257,900
Component	7005	7005	7005CP5		Montem Sports Centre (lift)	25	£ -
TOTAL	7005				Montem Sports Centre		£ 13,842,900

The Componentisation functionality within the AssetManager.NET is for depreciation. Currently the electrical and the roof components both have a life expectancy of 35 years, and therefore both of these aspects of the asset could be merged into a single component. However, these components could be kept separately if preferred as they are a completely different type of component and may need to be replaced at different times.

However, if any the asset is not deemed significant in value, and/or any aspect of the asset is not deemed material in either difference in life expectancy and/or value/cost, then it may not be necessary to componentise the asset more than a land and building split.

Within the Code of Practice and LAAP 86, Enhancements, Acquisitions and Revaluations should trigger a review of the asset for possible recognising components/de recognising components.

Please refer to the Code of Practice and LAAP 86 for further guidance on componentisation.

Componentisation of assets should be as per the authority's componentisation policy.

Revaluing assets with components

- Within LAAP 86 it is suggested that any revaluation gain/loss should be recorded against the "Host" (Structure") asset and components (e.g. plant) should be held at cost or equivalent.

Within the AssetManager.NET, therefore, components are defaulted to not be included within the revaluation adjustments when a new revaluation is entered either through the user interface or via the revaluation spreadsheet upload.

The AssetManager.NET system does have the facility to include components within the revaluation adjustments and for the system to therefore calculate a revaluation gain / revaluation loss against components. However, for the components to be included within the revaluation adjustments the revaluation must either be entered manually through the user interface, or edited manually through the user interface after the revaluation has been imported successfully.

Assets Listed within the AssetManager.NET system

- It is suggested to review the list of assets and ensure that all Fixed Assets and Intangibles are held within the AssetManager.NET system within the appropriate category.
It is also suggested that leased assets are reviewed with the view of adding in any leased assets which will be required to be reported on the balance sheet with regards to IFRS 16.
- It is suggested to review the list of assets which are marked "Valuation Not Required". These assets will not be reported within the financial reports and journals within the Capital Accounting module. As such, any of these assets which have been sold should be removed or amended within the AssetManager.NET system.

AssetManager.NET Capital Accounting/Valuation Asset Exceptions Report

- When the Capital Charge calculation (recalculates values at Cost Centre level) is performed within the Capital Accounting module, the system performs the checks against assets and reports the following:-
 - 1 **Assets with no value / life expectancy**
The current financial year in AssetManager.NET system has
 - 11 pages of land/building assets;
 - 1 page of housing assets;

- 1 page of PVE assets

Which lists assets with either no life expectancy and/or no value.

All assets which are not marked “Valuation Not Required” should have a value and a life expectancy. Especially those which should be depreciating.

Assets which have no value and no life expectancy, it is assumed that these are not required for financial reporting on the balance sheet and therefore can be excluded from the exception reports by setting them as “Valuation Not Required” within the Valuation module.

Assets which are marked as “Valuation Not Required” will be excluded from all reports and journals within the Capital Accounting module (including Exception reports and Balance Sheets).

2 **List of Under / Over Utilised Assets**

The current financial year in AssetManager.NET system has

- 6 pages of assets which are under / over utilised by CIES Cost Centres.

All assets should be 100% utilised by CIES Cost Centres as it is through the Cost Centres any DR/CR to the CIES is made within the journal.

3 **Assets with Negative GCAs**

No assets currently reported within this section.

4 **Assets with Negative NBVs**

No assets currently reported within this section.

5 **Assets with Impairment Loss greater than NBV**

No assets currently reported within this section.

6 **Negative Balance on Revaluation Reserve**

The current financial year in AssetManager.NET system has

- 1 page of assets which have a negative balance on the Revaluation Reserve cfw.

All assets must have either £0 balance on the Revaluation Reserve or a positive balance.

There are currently two assets with a negative Revaluation Reserve. These assets must have £0 or a positive Revaluation Reserve prior to performing the year-end rollover.

7 **Assets Held for Sale – Gains Exceeding Previous Losses**

No assets currently reported within this section.

8 **Non Assets Held for Sale Assets with Negative HC NBVs**

The current financial year in AssetManager.NET system has

- 1 page of assets which have a negative HC NBV.

All assets must have either £0 or a positive HC NBV. These assets must be resolved prior to the year-end rollover.

9 **HC Residual Values do not match Calculated Values**

The current financial year in AssetManager.NET system has

- 1 page of assets which have a HC Residual Value which does not match the Calculated HC Residual Value.

Although none of the assets listed in this section within the current financial year are depreciated, and the difference between the HC Residual Value and the calculated HC Residual Value is £1, it is advisable to amend any asset to ensure that they have the appropriate CV and HC Residual Values.

For assets which are not depreciated, such as those listed within this section, it is questioned as to why these have residual values.

It is advisable to simplify data, ensure that the exception report is kept to a minimum, that assets which are not depreciated have no residual value unless for required for another purpose.

Items 3 to 8 inclusive, any assets listed within these sections must be resolved prior to performing the year-end rollover. These sections will also mean that incorrect journal entries and balance sheet reports will be produced by the AssetManager.NET.

Items 1, 2 and 9, any assets listed within these sections, should be resolved prior to performing the year-end rollover. However, if the year-end rollover is performed with assets listed within these sections not resolved, this may result in incorrect depreciation and DR/CR to the CIES.

The Exception Report should be run on a frequent basis to ensure that all asset issues listed on the Exception Report are resolved.

Year-end Process

- It is advised that the Depreciation and Capital Charge calculations are run and then journals, balance sheets and other appropriate reports are created and checked prior to Year-End and Audit. If any amendments are to be made, as appropriate to the Authority's Audit, that the Depreciation and Capital Charge calculations are re-run, and then then journals, balance sheets etc are re-created.
- It is advisable that only selected users have access to the functionality of performing the year-end rollover and running the Depreciation and Capital Charge calculations.

Appendices

Appendix - Findings

The following is a list of findings whilst reviewing the data within Slough District Council's live AssetManager.NET data for the financial year 2017/18 (current financial year).

Appendix A.1 – Big Red Button report (May 2018) and current AssetManager.NET report comparison

- A.1.1. A comparison was made between the detailed asset report (Detailed PPE Balance Sheet) from the Big Red Button system which was used in Slough's 2017/18 Statement of Accounts, and the current 2017/18 Detailed PPE Balance Sheet from the authority's AssetManager.NET system.
- a. **Housing** – it was found that there was a net difference between the two reports of £2.2M for the NBV cfw. This included:-
 - i. £-21K difference on the Acc Depreciation / Impairment WO
 - ii. £19K difference on the Revaluation RR
 - iii. £-2.3M difference on the Revaluation IE
 - iv. £-2.3M difference on the GCA cfw
 - v. £-42K difference on the Depreciation in Period
 - vi. £21K difference on the Acc Depreciation / Impairment cfw
 - b. **PPE Non Housing** – it was found that there was a net difference between the two reports of £-3.76M for the NBV cfw. This included:-
 - i. £-317K difference on the Acc Depreciation / Impairment WO
 - ii. £2M difference on the Revaluation RR
 - iii. £-5.7M difference on the Revaluation IE
 - iv. £-4M difference on the GCA cfw
 - v. £-35K difference on the Depreciation in Period
 - vi. £281K difference on the Acc Depreciation / Impairment cfw
 - c. **Investment Properties** – there appeared to be no differences between the totals for Investment Property Balance Sheet between the BRB balance Sheet and the current AssetManager.NET system.
 - d. **Movements on Revaluation Reserve** – it was found that there was a net difference between the two reports of £2,033,885.46 for the Revaluation Reserve cfw. This included:-
 - i. £141K difference on Revaluation Reserve bfw
 - ii. £2M difference on Upward Revaluation
 - iii. £-3K difference on Downward Revaluation
 - iv. £-7K difference on Difference in Depreciation
 - v. £-141K difference on Disposals
 - e. **HRA / GF** – it was found that there were no assets within the authority's AssetManager.NET system which were marked as HRA. Whilst this does not affect the PPE note, the journals and, within the next release of the AssetManager.NET system, the HRA reports will not be correct.

Appendix A.2 – Housing Assets

- A.2.1. Differences between AssetManager.NET PPE Balance Sheet and BRB PPE Balance Sheet is included in Appendix note A.1.1. above.

- A.2.2. It was found that there was a difference of £-19K between the AssetManager.NET and BRB Movement of Revaluation Reserve report for the Balance of Revaluation Reserve Cfw. This included:-
- £24K difference on Upward Revaluation
 - £-5K difference on Downward Revaluation
- A.2.3. It was found that there were 14 Council Dwelling assets with a NBV bfw of £821K which had a unit reference suffix "B", but was set to not depreciate at the bfw position of the current financial year.
- A.2.4. It was found that there were 2 Council Dwelling assets with a NBV bfw of £382K which had a unit reference suffix "B", indicating that they were building assets, but was set to not depreciate at the cfw position of the current financial year.
- A.2.5. It was found that there were 9 Council Dwelling assets with a NBV cfw of £937K which had a unit reference suffix "B" which was set not to depreciation at the bfw position of the current financial year and the depreciation flag was changed via a Category Transfer transaction (to the same category details) within the financial year. This has resulted in depreciation being calculated for only part of the financial year to the total of £4,685 depreciation for the year for these assets instead of approximately £68K depreciation for the year for these assets.
- A.2.6. It was found that there were inconsistencies with the Sub Categories for Council Dwelling assets with a unit reference suffix "B". There were 14766 units with a sub category of "Council Houses" and 166 units with a sub category of "Council Dwellings".

Category	Sub Category	Unit Count
Council Dwellings	Council Houses	14766
Council Dwellings	Council Dwellings	166

- A.2.7. It was found that there were 2 Council Dwelling assets with a unit reference suffix "L" which was set to depreciate at the bfw position of the current financial year. However, the life expectancies of both of the land assets which are set to depreciate, have life expectancies of either 999 or 0, which therefore results in no depreciation being calculated on these assets.
- A.2.8. It was found that there were 2 Council Dwelling assets with a unit reference suffix "L" which was set to depreciate at the cfw position of the current financial year. However, the life expectancies of both of the land assets which are set to depreciate have a life expectancy of 999, which therefore results in no depreciation being calculated on these assets.
- A.2.9. It was found that there were no Council Dwelling assets had a unit reference suffix "L" which was set to depreciation at the bfw position of the current financial year and the depreciation flag was changed via a Category Transfer transaction (to the same category details) within the financial year.
- A.2.10. It was found that there were inconsistencies with life expectancies of housing units at the bfw position within the current financial year, both for units with a reference suffix "L" and a reference suffix "B".

L / B Ref Suffix	No of Assets	Life Exp	Val Required	Depreciate
	2	0	Yes	Yes
	1	0	Yes	No
B	58	0	Yes	Yes
B	5	0	Yes	No
B	1	42	Yes	No
B	2696	42	Yes	Yes
B	1	45	Yes	Yes

L / B Ref Suffix	No of Assets	Life Exp	Val Required	Depreciate
B	3386	46	Yes	Yes
B	8	46	Yes	No
B	3	50	Yes	Yes
L	64	0	Yes	No
L	1	0	Yes	Yes
L	1	42	Yes	No
L	1	999	Yes	Yes
L	6093	999	Yes	No

A.2.11. It was found that there were inconsistencies with life expectancies of housing units at the cfw position within the current financial year, both for units with a reference suffix "L" and a reference suffix "B".

L / B Ref Suffix	No of Assets	Life Exp	Val Required	Depreciate
	1	0	Yes	No
	1	43	Yes	Yes
	1	45	Yes	Yes
B	23	42	Yes	Yes
B	2702	45	Yes	Yes
B	3430	46	Yes	Yes
B	2	46	Yes	No
B	1	50	Yes	Yes
L	1	0	Yes	No
L	5	45	Yes	No
L	8	46	Yes	No
L	2	999	Yes	Yes
L	6144	999	Yes	No

It is advised that housing assets have a life expectancy consistent with the depreciation policy within the authority.

A.2.12. It was found that there were inconsistencies with the Sub Categories for Council Dwelling assets with a unit reference suffix "L". There were 11778 units with a sub category of "Land", 175 units with a sub category of "Council Dwellings", and 4 units with a sub category of "Council Houses".

Category	Sub Category	Count
Council Dwellings	Council Houses	4
Council Dwellings	Council Dwellings	175
Council Dwellings	Land	11778

A.2.13. There are 12,321 housing unit records within the Council Dwellings category within the AssetManager.NET system. Out of these records, 12,321 are indicated as General Fund assets (the HRA Flag is set to False). Whilst this does not affect the PPE note, the journals and, within the next release of the AssetManager.NET system, the HRA reports will not be correct.

A.2.14. It was found that there was 51 revaluations which were entered into a revaluation import spreadsheet, but were not imported due to validation errors. The data valuation errors were mainly "Full Disposal before Revaluation" and "Unit does not have a valuation". The total valuation of the 51 housing units which were not imported is £2.9M.

Appendix A.3 – Assets Under Construction

- A.3.1. There were no differences between the AssetManager.NET Detailed Balance Sheet and the BRB Detailed Balance Sheet for assets within this category.
- A.3.2. There were no differences between the AssetManager.NET Movement on Revaluation Reserve and the BRB Movement on Revaluation Reserve reports.
- A.3.3. It was found that there were 23 assets held within the category Assets Under Construction at the start of the financial year which were set to depreciate. Out of these, 20 were buildings and 3 were PVE components. However, all of these assets had a life expectancy of 0 years, resulting in no depreciation being calculated.

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Building	1	0	No	No
Building	5	0	Yes	No
Building	18	0	Yes	Yes
Building Component	2	0	Yes	Yes
Land	3	0	Yes	Yes
Land	58	0	Yes	No
PVE	2	0	Yes	Yes
PVE Component	1	0	Yes	Yes
Building	2	32	Yes	No
Building	1	35	Yes	No
Building	1	46	Yes	No
Building	1	999	Yes	No
Land	1	999	No	No
Land	7	999	Yes	No

- A.3.4. It was found that there were 19 assets held within the category Assets Under Construction at the end of the financial year which were set to depreciate. Out of these, 17 were buildings and 2 were PVE components. However, all of these assets had a life expectancy of 0, resulting in no depreciation being calculated.

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Building	2	0	Yes	Yes
Land	1	0	Yes	No
Building	1	0	No	No
Building	2	0	Yes	No
Building	15	0	Yes	Yes
Land	2	0	Yes	Yes
Land	40	0	Yes	No
PVE	2	0	Yes	Yes
Building	2	32	Yes	No
Building	1	35	Yes	No
Building	3	42	Yes	No
Building	2	46	Yes	No
Land	1	999	No	No
Land	22	999	Yes	No

- A.3.5. It was found that there were 5 assets held within the category Assets Under Construction at the end of the financial year which have depreciation and/or losses and/or balance on Revaluation Reserve calculated. This included:-
- i. 3 assets which had a total of £4K Depreciation and Impairment cfw.
 - ii. 2 assets which had a total of £301K Revaluation Reserve cfw

Appendix A.4 – Investment Properties

- A.4.1. There are no differences between the AssetManager.NET IP Balance Sheet and the BRB IP Balance Sheet.
- A.4.2. There are no differences between the AssetManager.NET Movement on Revaluation Reserve report and the BRB Movement on Revaluation Reserve report for assets within this category.
- A.4.3. There are currently 259 assets (of which 145 are land and 114 are buildings) held within the IP category at the bfw position of the current financial year. It is assumed that all IP assets are categorised correctly at the bfw position of the current financial year.
- A.4.4. There are currently 259 assets (of which 145 are land and 114 are buildings) held within the IP category at the cfw position of the current financial year. It is assumed that all IP assets are categorised correctly at the cfw position of the current financial year.
- A.4.5. Out of the 259 assets held within the IP category, it was found that 7 of the land assets are marked as “Valuation not Required”. This means that these assets appear within the AssetManager.NET system, however, they have no value and they are excluded from all exception report, journal or financial report within the Capital Accounting module.

Appendix A.5 – Plant Vehicles and Equipment

- A.5.1. It was found that there was a total difference of £237K for the NBV cfw between the AssetManager.NET PPE Detailed Balance Sheet and the BRB PPE Detailed Balance Sheet for assets within this category. This included:-
- a. £-64K difference on Acc Depreciation / Impairment WO
 - b. £228k difference on Revaluation RR
 - c. £11K difference on Revaluation IE
 - d. £175K difference on GCA Cfw
 - e. £-2K difference on Depreciation in Period
 - f. £64K difference on Acc Depreciation WO
 - g. £62K difference on Acc Depreciation / Impairment cfw
- A.5.2. It was found that there was a total difference of £226K for the Balance on Revaluation Reserve cfw between the AssetManager.NET Movement on Revaluation Reserve report and the BRB Movement on Revaluation Reserve report for assets within this category. This included:-
- a. £141K difference on Balance on Revaluation Reserve bfw
 - b. £228K difference on Upward Revaluation
 - c. £-1K difference on Difference on Depreciation
 - d. £-141K difference on Disposals
- A.5.3. All PVE assets appear to be depreciated by Straight Line method at the bfw position within the current financial year.
- A.5.4. All PVE assets appear to be depreciated by Straight Line method at the cfw position within the current financial year.
- A.5.5. All PVE assets are not marked “Valuation not Required”. This means that all assets will appear on reports and journals within the Capital Accounting module.

- A.5.6. It was found that there were inconsistencies with the life expectancies of PVE assets at the bfw position within the current financial year. Although all PVE assets are set to depreciate and are not marked "Valuation not Required", the life expectancies of PVE assets range from 0 years to 35 years.

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
PVE	91	0	Yes	Yes
PVE	3	1	Yes	Yes
PVE	1	2	Yes	Yes
PVE	2	3	Yes	Yes
PVE	67	5	Yes	Yes
PVE	1	7	Yes	Yes
PVE Component	19	20	Yes	Yes
PVE Component	1	25	Yes	Yes
PVE Component	4	35	Yes	Yes

It is advised that the life expectancies of PVE assets are reviewed, and all new PVE assets are entered into the AssetManager.NET system as per the life expectancy policy of the authority / in a consistent basis.

- A.5.7. It was found that there were inconsistencies with the life expectancies of PVE assets at the cfw position within the current financial year. Although all PVE assets are set to depreciate and are not marked "Valuation not Required", the life expectancies of PVE assets range from 0 years to 35 years.

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
PVE	1	0	Yes	Yes
PVE	3	1	Yes	Yes
PVE	1	2	Yes	Yes
PVE	2	3	Yes	Yes
PVE	2	4	Yes	Yes
PVE	152	5	Yes	Yes
PVE	4	7	Yes	Yes
PVE Component	22	20	Yes	Yes
PVE Component	1	25	Yes	Yes
PVE Component	4	35	Yes	Yes

It is advised that the life expectancies of PVE assets are reviewed, and all new PVE assets are entered into the AssetManager.NET system as per the life expectancy policy of the authority / in a consistent basis.

- A.5.8. Using Historic Cost Details report, excluding PVE components, it was found that there were 2 PVE assets with a balance on the Revaluation Reserve bfw, totalling £141K.
- A.5.9. Using Historic Cost Details report, excluding PVE components, it was found that there were no PVE assets with a balance on the Revaluation Reserve cfw.
- A.5.10. Using the Impairment Details report, excluding PVE components, it was found that there were no Revaluation or Impairment Losses bfw, in year or cfw for PVE assets within the current financial year.

Appendix A.6 – Community Assets

- A.6.1. There are no differences found between the AssetManager.NET PPE Balance Sheet and the BRB PPE Balance Sheet for assets within this category.

- A.6.2. There are no differences found between the AssetManager.NET Movement on Revaluation Reserve report and the BRB Movement on Revaluation Reserve report for assets within this category.
- A.6.3. There are 73 assets within the category of Community which includes 3 building assets. Out of these assets 72 assets are set not to depreciate, and 1 asset is set to depreciate by straight line. However, the asset which is set to depreciate does not have a value bfw.
- A.6.4. There are 73 assets within the category of Community which includes 3 building assets. Out of these assets 72 assets are set not to depreciate, and 1 asset is set to depreciate by straight line. The 1 asset which is set to depreciate has a value of £22K cfw, and a life expectancy of 0, which means that the asset will not calculate any depreciation.
- A.6.5. There are 73 assets within the category of Community which includes 3 building assets. Out of these assets:

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Building	1	0	Yes	Yes
Building	1	35	Yes	No
Building	1	996	Yes	No
Land	2	998	Yes	No
Land	9	0	Yes	No
Land	23	996	Yes	No
Land	36	999	Yes	No

The life expectancies for these assets are the same at the bfw and cfw position within the current financial year.

Whilst the majority of the Community assets are set not to depreciate, and the 1 asset which is set to depreciate has a life expectancy of 0, it is advised that all assets have a life expectancy in order to remove the assets from the "Assets with no Value/Life Expectancy" exception report. It is also advised that the depreciation flag is reviewed for these assets.

- A.6.6. No assets within the category of Community was found to have depreciation bfw, or calculated within the financial year.
- A.6.7. It was found that there were 26 out of the 73 assets within the category of Community with a balance on the Revaluation Reserve bfw.

Appendix A.7 – Land & Buildings

- A.7.1. It was found that there was a total difference of £-3.9M for the NBV cfw between the AssetManager.NET PPE Detailed Balance Sheet and the BRB PPE Detailed Balance Sheet for assets within this category. This included:-
- £-253K difference on Acc Depreciation Impairment WO
 - £1.7M difference on Revaluation RR
 - £-5.7M difference on Revaluation IE
 - £4M difference on GCA cfw
 - £-33K difference on Dep in Period
 - £253K difference on Acc Depreciation WO
 - £220K difference on Acc Depreciation Impairment cfw
- A.7.2. It was found that there was a total difference of £1.7MK for the Balance on Revaluation Reserve cfw between the AssetManager.NET Movement on Revaluation Reserve report and the BRB Movement on Revaluation Reserve report for assets within this category. This included:-
- £1.8M difference on Upward Revaluation
 - £3K difference on Downward Revaluation
 - £-6K difference on Difference in Depreciation

A.7.3. It was found that there are a total of 709 assets and components listed under the category of “Land & Buildings” at the bfw position within the current financial year. Out of these 402 are land assets, 267 are building assets, and 40 are building components.

There are 156 assets (107 land and 49 building assets) which are marked as “Valuation not Required”, these will not appear on any financial reports or journals.

There are 3 land assets which are set to depreciate, one of which has a life expectancy of 32 years, the other two have life expectancies of 999 years. However, the one land asset which is set to depreciation and has a life expectancy of £32 years has no NBV at the bfw position of the current financial year.

There are 4 building assets which are set not to depreciate, together with 46 building assets with life expectancies of either 0 years, or over 990 years.

All building components are set to depreciate, however there are 4 building components which have 0 life expectancy which means that these assets will not calculate depreciation.

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Building	1	0	No	Yes
Building	21	0	Yes	Yes
Building Component	4	0	Yes	Yes
Land	1	0	No	No
Land	27	0	Yes	No
Land	1	1	Yes	No
Building	1	3	Yes	Yes
Building	1	6	Yes	Yes
Building	1	10	No	Yes
Building	1	14	No	Yes
Building	1	18	Yes	Yes
Building	1	19	Yes	Yes
Building	1	23	No	Yes
Building	1	23	Yes	Yes
Building	3	24	No	Yes
Building	1	28	Yes	Yes
Building	2	30	No	Yes
Land	1	30	No	No
Land	1	30	Yes	No
Building	1	32	No	Yes
Building	1	32	Yes	No
Building	13	32	Yes	Yes
Land	1	32	No	Yes
Land	2	32	Yes	No
Land	5	32	No	No
Building	2	34	No	Yes
Building	6	34	Yes	Yes
Land	1	34	No	No
Building	1	35	Yes	No
Building	14	35	No	Yes
Building	89	35	Yes	Yes
Building Component	4	35	Yes	Yes
Land	3	35	Yes	No

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Building	2	39	No	Yes
Building	5	39	Yes	Yes
Building	4	40	Yes	Yes
Building	11	41	Yes	Yes
Building	2	43	Yes	Yes
Building	4	46	Yes	Yes
Building	1	48	Yes	No
Building	28	48	Yes	Yes
Building	13	50	Yes	Yes
Building	10	60	Yes	Yes
Building Component	32	60	Yes	Yes
Building	1	996	Yes	Yes
Land	5	996	No	No
Land	9	996	Yes	No
Building	1	998	Yes	No
Land	2	998	No	No
Land	4	998	Yes	No
Building	1	999	Yes	Yes
Building	21	999	No	Yes
Land	1	999	No	Yes
Land	1	999	Yes	Yes
Land	90	999	No	No
Land	247	999	Yes	No

It is advised to have a consistent approach to life expectancies of assets and to record assets with life expectancies which meet with the Authority's depreciation policy. It is therefore advised that the life expectancy, depreciation settings, and the Valuation not Required settings are reviewed and revised as appropriate for the future calculation of depreciation, asset financial reporting, and reporting of life expectancies for assets.

A.7.4. It was found that there are a total of 716 assets and components listed under the category of "Land & Buildings" at the cfw position within the current financial year. Out of these 405 are land assets, 269 are building assets, and 42 are building components.

There are 156 assets (107 land and 49 building assets) which are marked as "Valuation not Required", these will not appear on any financial reports or journals.

There are 3 land assets which are set to depreciate, one of which has a life expectancy of 32 years, the other two have life expectancies of 999 years. However, the one land asset which is set to depreciation and has a life expectancy of £32 years has no NBV at the cfw position of the current financial year.

There are 4 building assets which are set not to depreciate, together with 46 building assets with life expectancies of either 0 years, or over 990 years.

All building components are set to depreciate, however there are 4 building components which have 0 life expectancy which means that these assets will not calculate depreciation.

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Building	1	0	No	Yes
Building	1	0	Yes	No
Building	21	0	Yes	Yes
Land	1	0	No	No

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Land	28	0	Yes	No
Land	1	1	Yes	No
Building	1	3	Yes	Yes
Building	1	6	Yes	Yes
Building	1	10	No	Yes
Building	1	14	No	Yes
Building	1	18	Yes	Yes
Building	1	19	Yes	Yes
Building	1	23	No	Yes
Building	1	23	Yes	Yes
Building	3	24	No	Yes
Building	1	28	Yes	Yes
Building	2	30	No	Yes
Land	1	30	No	No
Land	1	30	Yes	No
Building	1	32	No	Yes
Building	1	32	Yes	No
Building	10	32	Yes	Yes
Land	1	32	No	Yes
Land	2	32	Yes	No
Land	5	32	No	No
Building	2	34	No	Yes
Building	5	34	Yes	Yes
Land	1	34	No	No
Building	1	35	Yes	No
Building	14	35	No	Yes
Building	72	35	Yes	Yes
Building Component	4	35	Yes	Yes
Land	3	35	Yes	No
Building	2	39	No	Yes
Building	6	39	Yes	Yes
Building	5	40	Yes	Yes
Building	20	41	Yes	Yes
Building	1	42	Yes	Yes
Building	2	43	Yes	Yes
Building	2	45	Yes	Yes
Building	7	46	Yes	Yes
Building	1	48	Yes	No
Building	34	48	Yes	Yes
Building	13	50	Yes	Yes
Building	2	53	Yes	Yes
Building	7	60	Yes	Yes
Building Component	38	60	Yes	Yes
Building	1	996	Yes	Yes
Land	5	996	No	No
Land	6	996	Yes	No

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Building	1	998	Yes	No
Land	2	998	No	No
Land	3	998	Yes	No
Building	1	999	Yes	Yes
Building	21	999	No	Yes
Land	1	999	No	Yes
Land	1	999	Yes	Yes
Land	90	999	No	No
Land	253	999	Yes	No

It is advised to have a consistent approach to life expectancies of assets and to record assets with life expectancies which meet with the Authority's depreciation policy. It is therefore advised that the life expectancy, depreciation settings, and the Valuation not Required settings are reviewed and revised as appropriate for the future calculation of depreciation, asset financial reporting, and reporting of life expectancies for assets.

- A.7.5. It was found that there are-
- £1.8M difference on Upward Revaluation
 - £3K difference on Downward Revaluation
 - £-6K difference on Difference in Depreciation

Appendix A.8 – Infrastructure Assets

- A.8.1. There are no differences found between the AssetManager.NET PPE Balance Sheet and the BRB PPE Balance Sheet for assets within this category.
- A.8.2. There are no differences found between the AssetManager.NET Movement on Revaluation Reserve report and the BRB Movement on Revaluation Reserve report for assets within this category.
- A.8.3. It was found that there are 36 assets reported as "Infrastructure" assets within the authority's AssetManager.NET system at the bfw position of the current financial year. 1 of these assets is set not to depreciate and has a life expectancy of 999 years, this asset has a bfw NBV of £220K. As the asset is set not to depreciate and it has a life expectancy of 999 years, this asset will not calculate any depreciation. The remaining 35 assets are all set to depreciate, with one of these assets with a life expectancy of 0 years. The asset with a life expectancy of 0 years has no value.

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Land	1	0	Yes	Yes
Land	34	40	Yes	Yes
Land	1	999	Yes	No

It is advised to have a consistent approach to life expectancies of assets and to record assets with life expectancies which meet with the Authority's depreciation policy. It is therefore advised that the life expectancy, depreciation settings, and the Valuation not Required settings are reviewed and revised as appropriate for the future calculation of depreciation, asset financial reporting, and reporting of life expectancies for assets.

- A.8.4. It was found that there are 36 assets reported as "Infrastructure" assets within the authority's AssetManager.NET system at the cfw position of the current financial year. 1 of these assets is set not to depreciate and has a life expectancy of 999 years, this asset has a bfw NBV of £220K. As the asset is set not to depreciate and it has a life expectancy of 999 years, this asset will not calculate any depreciation. The remaining 35 assets are all set to depreciate over 40 years.

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Land	35	40	Yes	Yes
Land	1	999	Yes	No

It is advised to have a consistent approach to life expectancies of assets and to record assets with life expectancies which meet with the Authority's depreciation policy. It is therefore advised that the life expectancy, depreciation settings, and the Valuation not Required settings are reviewed and revised as appropriate for the future calculation of depreciation, asset financial reporting, and reporting of life expectancies for assets

- A.8.5. There are no assets within the Category of Infrastructure which are set "Valuation Not Required". Therefore, all Infrastructure assets will be reported within the financial reports and journals.
- A.8.6. There are no assets within the Category of Infrastructure which have losses or a balance on the Revaluation Reserve bfw.
- A.8.7. There are no assets within the Category of Infrastructure which have losses or a balance on the Revaluation Reserve cfw.

Appendix A.9 – Surplus Assets

- A.9.1. There are no differences found between the AssetManager.NET PPE Balance Sheet and the BRB PPE Balance Sheet for assets within this category.
- A.9.2. There are no differences found between the AssetManager.NET Movement on Revaluation Reserve report and the BRB Movement on Revaluation Reserve report for assets within this category.
- A.9.3. It was found that there are 325 assets reported as "Surplus" assets within the authority's AssetManager.NET system at the bfw position of the current financial year. 189 are land assets, 133 are building assets, 2 are building components, and 1 is a PVE Component.
There are 13 assets, all of which are land assets, which are set as "Valuation not Required", which means that these assets will not be included within the financial reports and journals within the Capital Accounting module.
There are 106 assets reported as "Surplus" which are land assets and set to depreciate, 96 of which have a life expectancy of 999 years, and 10 of which have a life expectancy of 42 years. 1 of the 10 land assets which has a life expectancy of 42 years and is set to depreciate has calculated £1K depreciation at the bfw position within the current financial year.
There are 108 Building assets reported as "Surplus" which are set not to depreciate. These 108 buildings have life expectancies ranging from 0 years to 999 years and have a total NBV bfw of £12M.

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Building	3	0	Yes	No
Building	4	0	Yes	Yes
Land	2	0	No	No
Land	32	0	Yes	No
Land	1	1	Yes	No
Land	3	1	No	No
PVE Component	1	20	Yes	Yes
Building	1	35	Yes	Yes
Building	1	42	Yes	Yes
Land	1	42	Yes	No
Land	10	42	Yes	Yes

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Building	1	46	Yes	No
Building	15	46	Yes	Yes
Building	3	48	Yes	Yes
Building Component	2	60	Yes	Yes
Land	3	998	No	No
Building	1	999	Yes	Yes
Building	104	999	Yes	No
Land	5	999	No	No
Land	36	999	Yes	No
Land	96	999	Yes	Yes

It is advised to have a consistent approach to life expectancies of assets and to record assets with life expectancies which meet with the Authority's depreciation policy. It is therefore advised that the life expectancy, depreciation settings, and the Valuation not Required settings are reviewed and revised as appropriate for the future calculation of depreciation, asset financial reporting, and reporting of life expectancies for assets.

A.9.4. It was found that there are 323 assets reported as "Surplus" assets within the authority's AssetManager.NET system at the cfw position of the current financial year. 188 are land assets, 132 are building assets, 2 are building components, and 1 is a PVE Component.

There are 13 assets, all of which are land assets, which are set as "Valuation not Required", which means that these assets will not be included within the financial reports and journals within the Capital Accounting module.

There are 106 assets reported as "Surplus" which are land assets and set to depreciate, 105 of which have a life expectancy of 999 years, and 1 of which have a life expectancy of 42 years. None of the land assets which are set to depreciate have calculated any depreciation as at the cfw position within the current financial year.

There are 108 Building assets reported as "Surplus" which are set not to depreciate. These 108 buildings have life expectancies ranging from 0 years to 999 years and have a total NBV cfw of £13M.

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Building	2	0	Yes	No
Building	2	0	Yes	Yes
Land	2	0	No	No
Land	30	0	Yes	No
Land	1	1	Yes	No
Land	3	1	No	No
PVE Component	1	20	Yes	Yes
Building	1	35	Yes	Yes
Building	2	40	Yes	Yes
Building	1	42	Yes	Yes
Building	104	42	Yes	No
Land	1	42	Yes	Yes
Building	1	45	Yes	Yes
Building	1	46	Yes	No
Building	12	46	Yes	Yes

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Building	5	48	Yes	Yes
Building Component	2	60	Yes	Yes
Land	3	998	No	No
Building	1	999	Yes	No
Land	5	999	No	No
Land	38	999	Yes	No
Land	105	999	Yes	Yes

It is advised to have a consistent approach to life expectancies of assets and to record assets with life expectancies which meet with the Authority's depreciation policy. It is therefore advised that the life expectancy, depreciation settings, and the Valuation not Required settings are reviewed and revised as appropriate for the future calculation of depreciation, asset financial reporting, and reporting of life expectancies for assets.

- A.9.5. There are 13 assets within the Category of Surplus which are set "Valuation Not Required". These assets will not be included within the financial reports and journals within the Capital Accounting module.
- A.9.6. There are no assets within the Category of Infrastructure which have losses or a balance on the Revaluation Reserve bfw.
- A.9.7. There are no assets within the Category of Infrastructure which have losses or a balance on the Revaluation Reserve cfw.

Appendix A.10 – Assets Held for Sale Assets

- A.10.1. There are no differences found between the AssetManager.NET PPE Balance Sheet and the BRB PPE Balance Sheet for assets within this category.
- A.10.2. There are no differences found between the AssetManager.NET Movement on Revaluation Reserve report and the BRB Movement on Revaluation Reserve report for assets within this category.
- A.10.3. It was found that there are 6 assets reported as Assets Held for Sale within the authority's AssetManager.NET system at the bfw position within the current financial year, 4 are land assets, 2 are building assets. They are all set not to depreciate and are all set as "Valuation not Required", which means that they will not appear on any financial report or journal within the Capital Accounting module.

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Land	1	1	No	No
Building	2	35	No	No
Land	3	999	No	No

- A.10.4. It was found that there are 6 assets reported as Assets Held for Sale within the authority's AssetManager.NET system at the cfw position within the current financial year, 4 are land assets, 2 are building assets. They are all set not to depreciate and are all set as "Valuation not Required", which means that they will not appear on any financial report or journal within the Capital Accounting module.

Asset Type	No of Assets	Life Exp	Val Required	Depreciate
Land	1	1	No	No
Building	2	35	No	No
Land	3	999	No	No

These assets have no value. It is advised to review these assets, and if they have been disposed of, possibly to remove the assets from the AssetManager.NET system?

Appendix A.11 –Heritage Assets

A.11.1. There are no assets held within the Category of “Heritage” within the authority’s AssetManager.NET system within the current financial year.

It is advised to review this and either enter/import assets held within this category in order to have a full set of Notes produced from the AssetManager.NET for the authority’s Statement of Accounts.

Appendix A.12 –Intangible Assets

A.12.1. Within the version of AssetManager.NET (Version 7.9) which the authority’s is currently using, there is no provision for intangible assets to be reported within the Category “Intangible”. However, within version 8.x of the AssetManager.NET system, there is a module specifically for “Intangible” assets which enables the system to produce separate notes and reports for Intangible assets.

It is advised to review the PVE assets and provide a list of assets which should be reported under the category of “Intangible”. CIPFA Property can then move these assets from “Plant / Vehicles / Equipment” category to the correct category of “Intangible”. It is advised that this is done prior to any in year transactions are entered within the financial year.



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SLOUGH BOROUGH COUNCIL

ANNUAL AUDIT LETTER

Audit for the year ended 31 March 2018

5 December 2018



EXECUTIVE SUMMARY

PURPOSE OF THE LETTER

This annual audit letter summarises the key issues arising from the work that we have carried out at Slough Borough Council for the year ended 31 March 2018.

It is addressed to the Council but is also intended to communicate the key findings we have identified to key external stakeholders and members of the public.

RESPONSIBILITIES OF AUDITORS AND THE COUNCIL

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.

Our responsibility is to plan and carry out an audit that meets the requirements of the National Audit Office's (NAO's) Code of Audit Practice (the Code). Under the Code, we are required to report:

- Our opinion on the Council's financial statements
- Whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We recognise the value of your co-operation and support and would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the audit.

BDO LLP

AUDIT CONCLUSIONS

FINANCIAL STATEMENTS

We issued our unmodified opinion on the financial statements on 15 November 2018.

This was after the statutory deadline of 31 July 2018 due to delays in resolving issues on the valuation of land and buildings, where we were initially unable to substantiate the floor sizes used by the external valuer, and the late provision of Group Accounts.

Our audit identified four material misstatements in the primary financial statements and a number of material misstatements in the notes. These were corrected in the final financial statements, which increased net assets and reserves by £10.434 million. The general fund balance did not change from the balance in the draft financial statements and earmarked reserves increased by £1.066 million.

Our audit identified a further fourteen audit differences, in addition to a number of brought forward errors from the prior year. As these were neither individually nor cumulatively immaterial, they were not corrected.

USE OF RESOURCES

We issued our modified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources on 15 November 2018. We qualified our opinion on an 'except for' basis in respect of:

- Weaknesses in processes for preparing the 2016/17 financial statements (which took place during 2017/18), and ongoing weaknesses in the quality of the underlying working papers supporting the 2017/18 financial statements, which we considered was evidence of weaknesses in informed decision making
- Ongoing Ofsted rating of 'requires improvement' for Slough Children's Services Trust, which indicates weaknesses in partnership arrangements.

Despite this qualification, we noted that the direction of travel in both areas is positive.

FINANCIAL STATEMENTS

OPINION

We issued our unmodified opinion on the Council's financial statements on 15 November 2018.

This means we consider that the financial statements:

- Give a true and fair view of the financial position and its income and expenditure for the year
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2017/18.

SCOPE OF THE AUDIT

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error.

This includes an assessment of whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates, and the overall presentation of the financial statements.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements.

We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonably knowledgeable users that are taken on the basis of the financial statements.

The materiality for the Council financial statements as a whole was set at £6.8 million. This was determined with reference to a benchmark of gross expenditure (of which it represents 1.6 per cent) which we consider to be one of the principal considerations for the Council in assessing financial performance.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Our audit was scoped by obtaining an understanding of the Council and its environment, including the system of internal control, and assessing the risks of material misstatement in the financial statements.

We set out below the risks that had the greatest effect on our audit strategy, the allocation of resources in the audit, and the direction of the efforts of the audit team.

FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Management override of controls	<p>Under auditing standards, there is a presumed risk of management override of controls as management is in a unique position to manipulate accounting records to prepare fraudulent financial statements.</p> <p>We responded to this risk by testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.</p> <p>We reviewed the accounting estimates for bias and evaluated whether the circumstances producing the bias, if any, represented a risk of material misstatement due to fraud.</p> <p>We obtained an understanding of the business rationale for significant transactions that were outside the normal course of business for the Trust or appeared to be unusual.</p>	<p>No issues were identified by our review of journals and accounting estimates for management bias.</p> <p>We found no significant transactions that were outside the normal course of business or that otherwise appear unusual.</p>

FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Revenue and expenditure recognition	<p>Under auditing standards there is a presumption that income recognition presents a fraud risk.</p> <p>We considered there to be a significant risk in relation to the existence and cut-off of revenue grants. We also considered there to be a significant risk related to the cut-off of expenditure at year end.</p> <p>We responded to this risk by testing a sample of revenue grants, to confirm that any conditions of the grant had been met before the income was recognised.</p> <p>We tested a sample of receipts either side of year end, to confirm that income had been recorded in the correct period and that all income that should have been recorded at year end had been.</p> <p>We also tested a sample of expenditure either side of year end, to confirm that expenditure had been recorded in the correct period and that all expenditure that should have been recorded at year end had been.</p>	<p>Our testing of a sample of revenue grants did not identify any issues. However, we noted that there is no formal review of grant documentation to ensure that conditions attached to grants, if any, are met prior to recognition in income.</p> <p>Our testing of a sample of receipts and payments either side of year end did not identify any issues.</p>

FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Financial statements preparation	<p>Our audit in 2016/17 and previous years identified weaknesses in the Council's arrangements for preparing the financial statements and working papers, and a significant number of misstatements were identified. This included material misstatements in the financial instruments notes, debtors and creditors analyses, senior officer remuneration and exit packages note, Cash Flow Statement and associated notes.</p> <p>We responded to this risk by holding a meeting with finance officers in the lead up to the accounts closedown to discuss progress with the faster close project, risk areas and emerging and contentious accounting issues.</p> <p>We provided a detailed list of audit working paper requirements for the audit to finance staff and briefed the team on our expectations for good quality working papers.</p> <p>We carried out a detailed review of the draft financial statements against the requirements of the Code of Practice on Local Authority Accounting 2017/18.</p> <p>We carried out an analytical review of the financial statements against comparatives and sought explanations from the Council for material variances.</p> <p>We carried out extensive audit work during our interim audit visits to seek early identification of any issues.</p>	<p>Whilst the overall presentation of the draft financial statements was significantly better than that provided for audit in 2016/17, the financial statements still contained a similar level of inconsistencies compared to the prior year.</p> <p>Management had not performed a critical review of the financial statements to identify and explain significant variances in income and expenditure between the current year and prior year.</p> <p>The majority of the electronic working papers were provided to us at the start of the audit, although we identified a number of inconsistencies and missing information in the working papers provided.</p> <p>Our audit identified a number of misstatements in the same areas that were materially misstated in the prior year. This included an understatement of income and expenditure due to housing benefit subsidy income incorrectly netted off against housing benefit expenditure, as well as misstatements in the financial instruments notes, debtors and creditors analyses, senior officer remuneration and exit packages note, Cash Flow Statement and associated notes.</p>

FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Schools' transactions and reconciliations	<p>In prior years we reported that the Council's arrangements for consolidating schools' income, expenditure, working capital balances, and reserves required significant improvement.</p> <p>We considered there to be a significant risk in relation to these balances if the weaknesses in working papers and journals prepared to support the consolidation of schools' transactions were not addressed.</p> <p>We responded to this risk by reviewing reconciliations between the general ledger and returns submitted by schools.</p> <p>We also substantively tested a sample of schools' transactions to check the accuracy and existence of transactions.</p>	<p>During the year, the Council visited the schools and reviewed its schools reserve balances against the reserve balances reported by the schools in the returns submitted to the Council. This exercise identified some misstatements in the returns, which the Council agreed with the schools.</p> <p>Our audit of the reconciliation between the general ledger and returns submitted by the schools identified an immaterial difference, after taking account of the misstatements in the returns identified by the Council, which we reported as an unadjusted misstatement.</p> <p>Our substantive testing of a sample of schools' transactions to supporting documentation did not identify any issues.</p>
Bank and cash	<p>Our audit in prior year identified weaknesses in the Council's arrangements for preparing bank and cash working papers, and a significant number of misstatements were identified in the financial statements.</p> <p>We considered there to be significant risk of misstatements in bank balances if these weaknesses were not addressed.</p> <p>We responded to this risk by carrying out a detailed review of the working papers provided to support the cash and cash equivalents balance in the financial statements, including analyses of all bank accounts and associated bank reconciliations.</p>	<p>The bank and cash working papers provided for audit did not adequately analyse the balance in the Balance Sheet or support the reconciling differences between the ledger and bank statement figures.</p> <p>Our audit identified a number of misstatements in bank balances, which were corrected in the financial statements.</p>

FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Expenditure and funding analysis and change in directorate structure	<p>A management restructure during the year resulted in the creation of new directorates, which required a new mapping of income and expenditure to services in the Comprehensive Income and Expenditure Statement (CIES) and the Expenditure and Funding Analysis (EFA), and a restatement of comparatives.</p> <p>Our audit in 2016/17 also identified weaknesses in the Council's arrangements for preparing the EFA.</p> <p>We considered there to be a significant risk of the CIES and EFA not be properly prepared in accordance with the new directorate structure and the requirements of the Code of Practice for Local Authority Accounting 2017/18, including restatement of comparatives to ensure consistency between the years.</p> <p>We responded to this risk by reviewing the CIES and EFA and the Code requirements and checking that income and expenditure had been appropriately mapped to the new directorates in the current year and the prior year.</p>	Our audit identified a number of misclassifications in the CIES and misstatements in the EFA note. We also found that the segmental income note required by the Code was omitted in the draft financial statements. These issues were corrected in the final financial statements.

FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Group Accounts	<p>The Council is one of two members of a limited liability partnership, trading as Slough Urban Renewal Partnership LLP (SUR LLP). The arrangement comprises a joint venture. In previous years the Council had accounted for its interest in the joint venture on a cost basis and had not prepared Group Accounts, as its share of transactions in the joint venture had not been material.</p> <p>We considered there to be a significant risk that an increase in activity in the joint venture in 2017/18 would have necessitated the preparation of Group Accounts.</p> <p>In addition, the Council had established two wholly owned housing subsidiaries during 2017/18, which would have required consolidation if there were material transactions in the year.</p> <p>We responded to this risk by seeking management’s assessment of its interests in these entities, for the purposes of establishing whether Group Accounts were required.</p> <p>We also reviewed the financial statements and management accounts of SUR LLP and the Council’s subsidiaries.</p>	<p>Management did not provide any working papers to evidence an assessment of the Council’s interests in these entities.</p> <p>The draft financial statements submitted for audit included Group Accounts for the Council’s interest in SUR LLP, although these were not complete.</p> <p>Our review of SUR LLP’s accounts indicated that the Council’s share of transactions in the joint venture at year end was not material. However, there were material transactions in one of the Council’s housing subsidiaries, James Elliman Homes Limited, during the year.</p> <p>As a result of the audit, management removed SUR LLP from its Group Accounts and instead consolidated James Elliman Homes Limited in its final Group Accounts.</p>

FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
<p>Valuation of non-current assets</p>	<p>Local authorities are required to ensure that the carrying value of non-current assets is not materially different to the current value (operational assets) or fair value (surplus assets and investment properties) at the Balance Sheet date.</p> <p>The Council appointed an external valuer to carry out a revaluation on a sample of assets, as at 1 January 2018, and a further market movement review as at 31 March 2018.</p> <p>Due to the significant value of the Council's non-current assets, and the high degree of estimation uncertainty, we considered there to be a significant risk over the valuation of land and buildings.</p> <p>We responded to this risk by reviewing the instructions provided to the valuer and considering the valuer's skills and expertise.</p> <p>We checked that the basis of valuation for assets valued in year was appropriate.</p> <p>We reviewed valuation movements against independent data showing indices of price movements for similar classes of assets.</p> <p>We followed up valuation movements that appeared unusual against indices, or any assets that had material movements since the last valuation.</p> <p>We also reviewed the data used by the valuer and compared to internal data within the Council to check if valuations were based on the correct inputs.</p>	<p>We were satisfied that we could rely on the valuer's work, as a management expert, supplemented by our audit enquiries.</p> <p>We confirmed that asset classes had been valued on an appropriate basis in accordance with Code requirements.</p> <p>However, in attempting to compare the floor sizes used by the valuer to internal records held by the Council, we found that there was no available supporting documentation, such as floor plans, for the majority of assets in our sample, or there were discrepancies between the records.</p> <p>As a result of the audit, management commissioned the valuer to measure the floor areas of a sample of assets. This identified significant differences in the floor sizes used in the original valuations, resulting in a misstatement in the value land and buildings. The corresponding impact on unusable reserves was material and therefore management processed an adjustment to financial statements to correct this issue, including a restatement of comparative figures.</p> <p>Aside from this issue, our review of the valuation movements against benchmarking data found that they were generally within a reasonable range and adequate explanations were obtained from the valuer for outliers.</p> <p>The Council had originally not recognised price increases of 1.5% on council dwellings for the last quarter of the year. This was amended in the final financial statements.</p> <p>For land and buildings not revalued in the year, we estimated an immaterial understatement, based on available benchmarking data and reported this as an uncorrected difference.</p>

FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Pension liability	<p>The net pension liability comprises the Council’s share of the market value of assets held in the Royal County of Berkshire Pension Fund and the previous Berkshire County Council, and the estimated future liability to pay pensions.</p> <p>An actuarial estimate of the pension fund liability is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the most up to date membership data held by the pension fund and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.</p> <p>We considered there to be a significant that the membership data and cash flows provided to the actuary at year end may not have been correct or the valuation may have used inappropriate assumptions.</p> <p>We responded to this risk aby reviewing the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data.</p> <p>We sought assurance from the auditor of the pension fund over the controls for providing accurate membership data to the actuary.</p> <p>We also checked whether significant changes in membership data had been communicated to the actuary.</p>	<p>From our audit work we were satisfied that the assumptions applied by the actuary in valuing the pension fund liability were within a reasonable range.</p> <p>The auditors of the pension fund provided us with assurance over the accuracy and completeness of membership and cash flow data.</p> <p>The draft financial statements did not include a number of required disclosures, but these were included in the final financial statements.</p> <p>Our audit also identified an immaterial disclosure error in the present value of the defined obligation and the fair value of the planned assets, which we reported as an uncorrected disclosure misstatement.</p>

USE OF RESOURCES

CONCLUSION	We issued our modified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources on 15 November 2018.
	<p>Except for weaknesses in processes for preparing the financial statements, which indicates weaknesses in informed decision making, and the ongoing Ofsted rating of 'requires improvement' for Slough Children's Services Trust, which indicates weaknesses in partnership arrangements, we consider that the Council has proper arrangements to:</p> <ul style="list-style-type: none"> • Ensure it took properly informed decisions • Deploy resources to achieve planned and sustainable outcomes for taxpayers and local people • Work with partners and other third parties.

SCOPE OF THE AUDIT

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources.

As part of reaching our overall conclusion we consider the following sub criteria in our work: informed decision making, sustainable resource deployment, and working with partners and other third parties.

OUR ASSESSMENT OF SIGNIFICANT RISKS

Our audit was scoped by our cumulative knowledge brought forward from previous audits, relevant findings from work undertaken in support of the opinion on financial statements, reports from the Council including internal audit, information disclosed or available to support the annual governance statement, and information available from the risk registers and supporting arrangements.

We set out below the risks that had the greatest effect on our audit strategy, the allocation of resources in the audit, and the direction of the efforts of the audit team.

USE OF RESOURCES

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Medium Term Financial Strategy	<p>The Medium Term Financial Strategy (MTFS) in February 2018 forecast that significant levels of savings are required to balance the budget: £12.4 million in 2017/18, £5.6 million in 2018/19, £0.3 million in 2019/20 and £5.1 million in 2020/21.</p> <p>The Council has a number of savings schemes, regeneration projects and capital projects in progress to generate additional income going forward.</p> <p>In preparing our audit plan we considered there to be a significant risk that the MTFS does not adequately take account of the investment costs associated with major savings schemes and development projects and that there are insufficient underlying risk management and monitoring arrangements in place to ensure successful delivery of these projects.</p> <p>We responded to this risk by reviewing the reasonableness of the MTFS assumptions, including investment costs associated with major savings schemes and capital projects, and the adequacy of risk management and monitoring arrangements underpinning major development projects.</p>	<p>We are satisfied the Council has adequate arrangements for budget setting and budget monitoring and the Council has retained its track record of delivering underspends in the General Fund and taking action to minimise the impact of overspends.</p> <p>The MTFS reflects known savings and cost pressures and the key assumptions, including investment costs and savings associated with major development projects, are reasonable.</p> <p>The general fund balance of £8.1 million and non-schools earmarked reserves of £5 million at 31 March 2018 act as a potential buffer against future risks, although the amount of headroom provided is limited.</p> <p>The Council achieved its savings target of £6.4 million in 2017/18, either as originally proposed or by finding alternatives elsewhere within services. This compared to £8.7 million achieved in 2016/17 and a savings target of £5.6 million for 2018/19.</p> <p>The MTFS approved by Cabinet and the Council in February 2018 indicated that all of the required savings for the three years from 2018/19 had been identified. This included the Council's share of planned profits from Slough Urban Renewal LLP.</p> <p>A revised MTFS in July 2018 proposed that the Council commence unwinding its reliance on revenue receipts from Slough Urban Renewal LLP over the next two years, so that from 2021/22 these revenue receipts will only be used to increase general reserves or to reinvest in commercially focussed invest to save schemes.</p> <p>The revised MTFS therefore includes additional savings requirement compared to the MTFS approved in February 2018. After taking account of identified savings, the MTFS now indicates funding gaps of £2.8 million in 2019/20, £2.2 million in 2020/21 and £0.6 million in 2021/22.</p> <p>Work is in progress to identify schemes to fill the 2019/20 budget gap. Whilst achievement of the required level of savings in the MTFS will be challenging and will require strong leadership and action by the Council to close budget gaps, we are satisfied that there are adequate arrangements in place to remain financially sustainable in the medium term.</p>

USE OF RESOURCES

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Internal control and governance arrangements	<p>Our 2016/17 use of resources conclusion was qualified due to weaknesses in the system of internal control and governance arrangements in key areas such as information governance, risk management, compliance with the Local Government Transparency Code, HR policies and procedures and whistleblowing response procedures.</p> <p>We considered there to be a risk that the Council may not have been able to demonstrate that it had addressed these issues and applied the principles and values of sound governance and internal control to support informed decision making during 2017/18.</p> <p>We responded to this risk by reviewing the Council's processes to address Internal Audit's prior year recommendations, and assessing the potential impact on our audit of continuing or further weaknesses in the system of internal control.</p>	<p>The Council made good progress during the year in addressing the majority of previously identified weaknesses.</p> <p>The Head of Internal Audit reported a positive opinion that the Council had an adequate and effective framework for risk management, governance and internal control in 2017/18, although there is scope for future enhancements to the framework to ensure that it remains adequate and effective. This is an improvement from the negative assurance opinion issued in the prior year.</p> <p>In December 2017 the Council commissioned the Monitoring Officer to carry out a full review of the Council's governance arrangements. The results of the review were presented to the Audit and Corporate Governance Committee in July 2018. Whilst it identified some areas where there is scope for improvement, it concluded overall that there is no crisis in the Council's governance arrangements, which are generally sound and improving.</p> <p>We were satisfied that there was no need to qualify our use of resources opinion on general internal control and governance arrangements.</p> <p>However, there remained weaknesses and material misstatements in the preparation of the 2016/17 Statement of Accounts during 2017/18. Action was taken to address capacity issues in the finance team towards the end of the year and this resulted in improvements in the presentation of the 2017/18 financial statements, although there is still significant scope for improvement in the quality of the underlying working papers to ensure that the financial statements are free from material error.</p> <p>We therefore qualified our use of resources opinion in respect of the financial statements preparation process.</p>

USE OF RESOURCES

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Senior management and councillors	<p>There was a high and sudden turnover of a number of members of the leadership team and key operating personnel during 2017/18, alongside an organisation restructuring. Changes in senior officers included the Chief Executive and the Leader of the Council.</p> <p>The Council's risk register acknowledged that changes in senior officers could result in a loss of corporate memory, deterioration in the control framework and decisions being made without a firm policy footing.</p> <p>We considered there to be a risk that the Council may not have responded appropriately to the changes during the year, which could have led to reduced performance and weaknesses in informed decision making.</p> <p>We responded to this risk by assessing how effectively the Council responded to the changes in its leadership and management team during the year, by review of risk management and other processes supporting key decision making during the year.</p>	<p>Whilst there had been a high and sudden turnover of a number of members of the leadership team and key operating personnel during the year, alongside an organisation restructuring, we were satisfied that this did not lead to any significant reduced performance or weaknesses in informed decision making.</p> <p>The number of senior officer posts filled by interims has reduced compared to the prior year, which should help to bring stability to the Council in the longer term.</p>

USE OF RESOURCES

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Children's social care services	<p>Our 2016/17 use of resources conclusion was qualified due to ongoing significant weaknesses in Children's Social Care Services.</p> <p>We considered there to be a continuing risk that the Council may not have been able to demonstrate value for money from its arrangements for improving services and outcomes in Children's Social Care Services during 2017/18, in managing the contract with the Trust.</p> <p>We responded to this risk by gaining an understanding of action taken by the Council and Slough Children's Services Trust during the year to address Ofsted's recommendations and we sought evidence of improved processes.</p>	<p>Ofsted carried out a number of monitoring visits during the year and up to completion of the audit.</p> <p>In January 2018, Ofsted concluded that based on the evidence gathered during their visit, they identified areas of strength, areas where improvement is occurring, and some areas where they considered the progress has not been swift enough. Like previous monitoring visits, inspectors identified weaknesses in the effectiveness of management oversight and reported that this had hampered progress in some areas.</p> <p>Following a follow up visit in May 2018, Ofsted concluded that there continues to be positive improvement in the services for children but it is still not consistently good enough for a small number of children. Senior leaders have continued to respond to the findings from previous monitoring visits and the recommendations from the single inspection framework in 2016. In particular, leaders have worked purposely and carefully to ensure that early permanence planning is embedded in practice across the children's workforce.</p> <p>Whilst we are satisfied that there have been improvements in the joint working and performance monitoring arrangements in place between the Council and the Trust during 2017/18, Ofsted concluded that the quality of management oversight and decision-making continues to require improvement.</p> <p>We therefore qualified our use of resources opinion in relation to partnership working.</p>

EXERCISE OF STATUTORY POWERS

REPORTING

We are satisfied that management has acknowledged weaknesses in its financial statements preparation process in its 2017/18 annual governance statement and that action is being taken during 2018/19 to address these issues. We have therefore not sought to exercise any of our additional reporting powers under the Local Audit and Accountability Act 2014 in respect of the 2017/18 audit.

AUDIT CERTIFICATE

We issued our certificate to close the audit on 15 November 2018.

APPENDIX

REPORTS ISSUED

We issued the following reports since our previous annual audit letter.

REPORT	DATE
Grant claims and certification for 2016/17	March 2018
Audit plan for 2017/18	March 2018
Faster close progress reports	March 2018 April 2018 May 2018
Audit completion report for 2017/18	July 2018 September 2018 November 2018

FEES

Our planned fees are set out below. We have incurred cost overruns in the audit due to weaknesses in working papers and the significant level of misstatements identified. We are in the process of analysing these overruns and will discuss additional fee requests with management, for approval by the Audit and Corporate Governance Committee in due course.

AUDIT AREA	PLANNED FEES £
Audit - PSAA scale fee	127,523
Certification fee for housing benefits subsidy claim	30,000
Certification fee for pooling of housing capital receipts return	1,800
Certification fee for teacher's pensions return	3,535
Total audit fees	162,858

Other than the certification of the above grants and returns, we have not provided any non-audit services.

FOR MORE INFORMATION:

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The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising. No responsibility to any third party is accepted.

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Audit Progress Report and Sector Update

Slough Borough Council
Year ending 31 March 2019

November 2018



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Introduction



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This paper provides the Audit and Corporate Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit and Corporate Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at November 2018

Financial Statements Audit

We have started planning for the 2018/19 financial statements audit and will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2018/19 financial statements.

Following completion of the 2017/18 audit, we have communicated with the predecessor auditor, and will arrange to observe the predecessor auditor's working papers.

We plan to commence our interim audit in early 2019.

Our interim fieldwork visit will include:

- Review of the Council's control environment
- Understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

The statutory deadline for the issue of the 2017/18 opinion was brought forward by two months to 31 July 2018. We will discuss our plan and timetable with officers for the 2018/19 statutory deadline.

The final accounts audit findings will be reported to you in the Audit Findings Report.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

We will make our initial risk assessment to determine our approach in December 2018 and report this to you in our Audit Plan in early 2019.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2018.

Other areas

Certification of claims and returns

We are required to certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. This certification work for the 2018/19 claim will be concluded by November 2019.

The results of the certification work will be reported to you.

Meetings

We will meet with Finance Officers frequently, planning quarterly liaison meetings, and will continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We are scheduled to meet with your new Chief Executive in January 2019 to discuss the Council's strategic priorities and plans going forward.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

We will provide invitations for our Local Government Chief Accountant workshops – 7 February (Bristol) and 12 February (Plymouth) to key members of your Finance Team. Alternative dates are available on 5 February and 28 February (London Finsbury Square).

Audit Deliverables

2018/19 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2018/19	April 2018	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit and Corporate Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2018/19 financial statements.	Early 2019	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	Early 2019	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the July Audit and Corporate Governance Committee.	July 2019	Not yet due
Auditors Report This is the opinion on your financial statements, Annual Governance Statement and value for money conclusion.	July 2019	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Not yet due
Annual Certification Letter This letter reports any matters arising from our certification work.	December 2019	Not yet due

Sector Update

Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider LG and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with Audit and Corporate Governance Committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

A Caring Society – bringing together innovative thinking, people and practice

The Adult Social Care sector is at a crossroads. We have yet to find a sustainable system of care that is truly fit for purpose and for people. Our Caring Society programme takes a step back and creates a space to think, explore new ideas and draw on the most powerful and fresh influences we can find, as well as accelerate the innovative social care work already taking place.

We are bringing together a community of influencers, academics, investors, private care providers, charities and social housing providers and individuals who are committed to shaping the future of adult social care.

At the heart of the community are adult social care directors and this programme aims to provide them with space to think about, and design, a care system that meets the needs of the 21st Century, taking into account ethics, technology, governance and funding.

We are doing this by:

- hosting a 'scoping sprint' to determine the specific themes we should focus on
- running three sprints focused on the themes affecting the future of care provision
- publishing a series of articles drawing on opinion, innovative best practices and research to stimulate fresh thinking.

Our aim is to reach a consensus, that transcends party politics, about what future care should be for the good of society and for the individual. This will be presented to directors of adult social care in Spring 2019, to decide how to take forward the resulting recommendations and policy changes.

Scoping Sprint

This took place in October. Following opening remarks by Hilary Cottam (social entrepreneur and author of Radical Help) and Cllr Georgia Gould (Leader of Camden Council), the subsequent discussion brought many perspectives but there was a strong agreement about the need to do things differently that would create and support a caring society. Grant Thornton will now take forward further discussions around three particular themes:

1. Ethics and philosophy: What is meant by care? Should the state love?
2. Care in a place: Where should the power lie? How are local power relationships different in a local place?
3. Promoting and upscaling effective programmes and innovation

Sprint 1 – What do we really mean by 'care'?

This will take place on 4 December. Julia Unwin, Chair of the Civil Societies Futures Project, former CEO of the Joseph Rowntree Association and author on kindness will provide her insight to spark the debate on what we really mean by 'care'

Find out more and get involved

- To read the sprint write-ups and opinion pieces visit: grantthornton.co.uk/acaringsociety
- Join the conversation at #acaringsociety

Challenge question:

How is your authority engaging in the debate about the future of social care?



Care Homes for the Elderly – Where are we now?

It is a pivotal moment for the UK care homes market. In the next few months the government is to reveal the contents of its much-vaunted plans for the long-term funding of care for older people.

Our latest Grant Thornton report draws together the most recent and relevant research, including our own sizeable market knowledge and expertise, to determine where the sector is now and understand where it is heading in the future. We have spoken to investors, providers and market consultants to showcase the diversity and innovation that care homes can offer.

Flourishing communities are not a 'nice to have' but an essential part of our purpose of shaping a vibrant economy. Growth simply cannot happen sustainably if business is disconnected from society. That is why social care needs a positive growth framing. Far from being a burden, the sector employs more people than the NHS, is a crucible for technological innovation, and is a vital connector in community life. We need to think about social care as an asset and invest and nurture it accordingly.

There are opportunities to further invest to create innovative solutions that deliver improved tailored care packages to meet the needs of our ageing population.

The report considers a number of aspects in the social care agenda

- market structure, sustainability, quality and evolution
- future funding changes and the political agenda
- the investment, capital and financing landscape
- new funds and methods of finance
- future outlook.

The decline in the number of public-sector focused care home beds is a trend that looks set to continue in the medium-term. However, it cannot continue indefinitely as Grant Thornton's research points to a significant rise in demand for elderly care beds over the coming decade and beyond.

A strategic approach will also be needed to recruit and retain the large number of workers needed to care for the ageing population in the future. Efforts have already begun through education programmes such as Skills for Care's 'Care Ambassadors' to promote social care as an attractive profession. But with the number of nurses falling across the NHS as well, the Government will need to address the current crisis.

But the most important conversation that needs to be had is with the public around what kind of care services they would like to have and, crucially, how much they would be prepared to pay for them. Most solutions for sustainable funding for social care point towards increased taxation, which will generate significant political and public debate. With Brexit dominating the political agenda, and the government holding a precarious position in Parliament, shorter-term funding interventions by government over the medium-term look more likely than a root-and-branch reform of the current system. The sector, however, needs to know what choices politicians, and society as a whole, are prepared to make in order to plan for the future.

Copies of our report can be requested on our website



Grant Thornton

Challenge question:

How effective is the Council's engagement with the social care sector?



In good company: Latest trends in local authority trading companies

Our recent report looks at trends in LATCs (Local Government Authority Trading Companies). These deliver a wide range of services across the country and range from wholly owned companies to joint ventures, all within the public and private sector.

Outsourcing versus local authority trading companies

The rise of trading companies is, in part, due to the decline in popularity of outsourcing. The majority of outsourced contracts operate successfully, and continue to deliver significant savings. But recent high profile failures, problems with inflexible contracts and poor contract management mean that outsourcing has fallen out of favour. The days of large scale outsourcing of council services has gone.

Advantages of local authority trading companies

- Authorities can keep direct control over their providers
- Opportunities for any profits to be returned to the council
- Provides suitable opportunity to change the local authority terms and conditions, particularly with regard to pensions, can also bring significant reductions in the cost base of the service
- Having a separate company allows the authority to move away from the constraints of the councils decision making processes, becoming more agile and responsive to changes in demand or funding
- Wider powers to trade through the Localism act provide the company with the opportunity to win contracts elsewhere

Choosing the right company model

The most common company models adopted by councils are:

Wholly
owned

Joint
Ventures

Social
Enterprise

Wholly owned companies are common because they allow local authorities to retain the risk and reward. And governance is less complicated. Direct labour organisations such as Cormac and Oxford Direct Services have both transferred out in this way.

JVs have become increasingly popular as a means of leveraging growth. Pioneered by Norse, Corserv and Vertas organisations are developing the model. Alternatively, if there is a social motive rather than a profit one, the social enterprise model is the best option, as it can enable access to grant funding to drive growth.

Getting it right through effective governance

While there are pitfalls in establishing these companies, those that have got it right are: seizing the advantages of a more commercial mind-set, generating revenue, driving efficiencies and improving the quality of services. By developing effective governance they can be more flexible and grow business without micromanagement from the council.

LATCs need to adapt for the future

- LATCs must adapt to developments in the external environment
 - These include possible changes to the public procurement rules after Brexit and new local authority structures. Also responding to an increasingly crowded and competitive market where there could be more mergers and insolvencies.
- Authorities need to be open to different ways of doing things, driving further developments of new trading companies. Relieving pressures on councils to find the most efficient ways of doing more with less in today's austere climate.

Overall, joint ventures can be a viable alternative delivery model for local authorities. Our research indicates that the numbers of joint ventures will continue to rise, and in particular we expect to see others follow examples of successful public-public partnerships.



[Download the report here](#)

Links

Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

<https://www.grantthornton.co.uk/en/insights/a-caring-society/>

<https://www.grantthornton.co.uk/en/insights/care-homes-where-are-we-now/>

<https://www.grantthornton.co.uk/en/insights/the-rise-of-local-authority-trading-companies/>

National Audit Office link

<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

Ministry of Housing, Communities and Local Government links

<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf

Institute for Fiscal Studies

<https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>

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SLOUGH BOROUGH COUNCIL**REPORT TO:** Audit & Corporate Governance Committee **DATE:** 13 December 2018**CONTACT OFFICER:** Sushil Thobhani, Service Lead Governance & Deputy Monitoring Officer**(For all enquiries)** (01753) 875036**WARD(S):** All**PART 1**
FOR INFORMATION**BLIND DONATIONS AND SPONSORSHIPS****1 Purpose of Report**

The purpose of this report is to bring to the Committee the matter of blind donations and sponsorships in accordance with views expressed at the meeting of the Council on 24 April 2018.

2 Recommendation(s)/Proposed Action

The Committee is requested to note this report.

3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

The delivery of all these strategic priorities is dependent on the highest possible standards of openness, honesty and accountability. This is underpinned by good governance arrangements being in place.

4 Other Implications**(a) Financial**

Financial implications arising from this report are considered in paragraph 5 of this Report.

(b) Human Rights Act and Other Legal Implications

There are no Human Rights Act implications arising from this Report. Any legal implications are considered in the body of this Report in paragraph 5.

(c) Equalities Impact Assessment

There is no identified need for an EIA arising from the subject matter of this Report.

5 **Supporting Information**

- 5.1. At the meeting of the Council on 24 April 2018 a motion was debated under Council Procedure Rule 14 relating to the acceptance of blind donations by the Council. This was in the context of attendance of a Members and two officers at the MIPIM Conference in Cannes. Although the motion was not carried, views were expressed that the subject of blind donations and sponsorships was appropriate to be brought before this Committee.
- 5.2 Blind donations are generally meant to refer to the situation where the Council or Members may be in receipt of funds or benefits where the identity of the provider of those funds or benefits is not known.
- 5.3 Sponsorship, in the context of Local Authorities, may refer to one of several types of situations. Firstly, It may refer to the situation where any payment or provision of any other financial benefit is made or provided in respect of any expenses incurred by a Member in carrying out his or her duties or towards that Member's election expenses. Secondly, it may refer to the situation where a business makes a payment to or confers some other financial benefit on the Council or a Member or Members in return for or in the hope of promotion of its brand, products or services or with a view to securing some other benefit or advantage from the Council. Thirdly, it may refer to practices such as sponsorship of items as benches, trees and bird and bat boxes, usually as memorials. Lastly it may refer to sponsorship of roundabouts by businesses as a means of advertisement of their business.
- 5.4 Sponsorship of Members in connection with expenses incurred by Members in carrying out their duties or towards their election expenses is governed by the Relevant Authorities (Disclosure of Pecuniary Interests) Regulations 2012 and Sections 30, 31 and 34 of the Localism Act 2011. Such sponsorship constitutes a disclosable pecuniary interest which must be disclosed to the Monitoring Officer within 28 days of a Member becoming a Member and registered in that Member's register of interests under Section 30 and if not already registered, must, under Section 31, be disclosed at any meeting of any committee of the Council where the interest is relevant to any matter to be considered at such meeting and the Member must then not participate in any debate or vote and withdraw from the meeting. Failure to comply with these requirements could result in the commission of an offence under Section 34 and possible disqualification as a member under the Local Government Act 1972.
- 5.5 Sponsorship of memorial items such as benches, trees and bird and bat boxes does not usually raise any concerns and is a practice carried out by many authorities. Sponsorship of roundabouts is usually part of efforts by Councils to raise revenue from advertising opportunities and, again, does not usually raise any matter of concern other than to ensure that regulatory and legislative requirements such as those relating to advertising standards, advertising control under Town & Country Planning legislation and the Code on Council publicity are complied with. Some Councils, such as Nottinghamshire County Council, have formal policies on such matters.
- 5.6 Of more concern, of course, is any manner of payment or conferring of benefits on Councils and Members intended to secure in return advantages other than the advertising or promotion of brands, products or services. The concerns in this area primarily raise issues of ethics and conduct and illegality.

- 5.7 Members are, of course, subject to the Councillors' Code of Conduct in Part 5.1 of the Council's Code of Conduct. This enjoins Members to abide by the Nolan Principles of selflessness, honesty, openness, accountability, objectivity, integrity and leadership. Under the Code Members are also required to not seek to exert influence on officers or to compromise their independence, not to seek personal advantage or advantage for others, to preserve the confidentiality of information, to uphold the law and not to do anything that would bring the Council into disrepute. Under the Code they must also disclose any personal interests and gifts and hospitality with a value in excess of £25.00.
- 5.8 Officers are similarly constrained by obligations contained in the Local Code of Conduct for Employees in Part 5.3 of the Constitution.
- 5.9 Both Members and Officers are both, of course, also subject to the criminal sanctions contained in the Bribery Act 2010. The Council also have an Anti Bribery policy in place which is available on the intranet for officers to refer to.
- 5.10 A further consideration in the context of sponsorship is that the activity of sponsorship may be being used to launder money in breach of Money Laundering legislation and involve dealings directly or indirectly with Politically Exposed Persons ("PEPs"). The Council has a counter fraud and money laundering policy which is available on the Council's intranet for officers to refer to and procedures to enable officers to report concerns to the Council's money laundering officer (MLRO), who is the Monitoring Officer, and in the event of his or her unavailability the Council's Corporate Fraud Manager is to be contacted. This policy makes clear that whilst not all of the legislation on money laundering is binding on local authorities, because they are not part of the regulated sector, there is a distinct reputational risk for any authority that does not have adequate policies and procedures in place and provides that following CIPFA's guidance a prudent and responsible council will adopt appropriate and proportionate policies and procedures designed to detect and avoid involvement in the crimes described in the legislation. The Council through, its codes of conduct for Members and Officers, its Counter Fraud, Anti-Money Laundering and Anti Corruption Policy and its Whistleblowing Code does have such policies and procedures in place.
- 5.11 The Service Lead for Governance has informally searched to see if any authorities have formal policies on the acceptance of donations and sponsorships. He has not been able to locate any instance of this, except in the case of Guildford Borough Council, a copy of whose policy is appended to this Report as Appendix 1. A simple policy along these lines, setting out principles by which the Council will operate in accepting sponsorships would, it is suggested, be prudent for the Council to consider adopting. More commonly, charitable organisations, such as the University of Bristol, The London School of Economics, and the Royal Shakespeare Company, do have formal policies in place for the acceptance of donations and sponsorships. A copy of the RSC's policy is appended to this Report as Appendix 2. Charitable organisations are enjoined by The Charity Commission and the National Audit Office to positively take steps to take steps the know the identity of their significant donors and the possible risks of donations which could damage the reputation of the Charity and to manage such relationships with care and prudence. It is suggested that similar provisions could be incorporated by the Council in any policy they might adopt.

6. Conclusion

The Council does not have a formal policy on acceptance of donations and sponsorships. This, however, is not unusual amongst local authorities. The Council does, however, have codes of conduct, policies and procedures to deal with dangers arising in this area. It might, however, be prudent for the Council to consider adopting a policy incorporating principles which will govern its acceptance of donations and sponsorship and steps it might take to know the donors and sponsors.

7. Appendices

Appendix 1 – Guildford Borough Council Sponsorship Policy.

Appendix 2 – RSC Donations and Sponsorship Policy.

8.. Background Papers

The Councillors' Code of Code, the Local Code of Conduct for Employees and Counter Fraud Strategy.

GUILDFORD BOROUGH COUNCIL

SPONSORSHIP POLICY

This policy document sets out the Council’s definition of ‘sponsorship’ and the terms upon which the sponsorship may be both sought and accepted by the Council.

1 DEFINITION

For the purpose of this policy, sponsorship is defined as “an agreement between the Council and the Sponsor, where the Council receives either money or in-kind contribution to support a service, facility or activity in return for certain specified benefits from an organisation or individual which or who in turn gains publicity or other benefits from the Council.”

2 OBJECTIVES

- 2.1** To ensure the Council maximises the opportunities to obtain commercial sponsorship for appropriate events, campaigns or initiatives which provide sponsors with attractive packages which offer value for money for both parties.
- 2.2** To ensure the Council’s position and reputation are adequately protected in sponsorship agreements, which are consistent with the Council’s values and the Nolan principles.
- 2.3** To ensure that the Council adopts a consistent and professional approach towards sponsorship.
- 2.4** To ensure best value is obtained and provided in sponsorship arrangements.

3 GENERAL PRINCIPLES

- 3.1** The Council will actively seek opportunities to work with organisations and individuals by identifying sponsorship opportunities of mutual benefit and which are in keeping with its Corporate Plan and Constitution.
- 3.2** The Council welcomes all opportunities to work in such partnerships. It will not, however, put itself in a position where it might be perceived that such a partnership has, might have, or may be thought to have:
 - a) Influenced Councillors or officers in carrying out its statutory functions in order to gain favourable terms from the Council in any business or other agreement;
 - b) Aligned the Council with any organisation which conducted itself in a manner which conflicted with or undermines the Council’s strategic priorities, values, aims and objectives;
 - c) Limited the Council’s ability to carry out its functions fully and impartially;
 - d) Personally benefitted Councillors, Council employees, their friends or families, or business associates.

GUILDFORD BOROUGH COUNCIL SPONSORSHIP POLICY

3.3 The Council will not therefore, be able to entertain agreements for sponsorship with:

- I. Organisations not complying with the Council's advertising code or CAP codes for broadcasting and non-broadcasting, sales promotions and direct marketing, or other statutory or regulatory requirements enforced by the Advertising Standards Authority (ASA).
- II. Organisations involved in unlawful discrimination against people with one or more protected characteristics within the terms of the Equality Act 2010.
- III. Organisations in financial, planning, legal or other conflict with the Council.
- IV. Organisations with a political purpose.

3.4 The Council retains the right to decline to enter into sponsorship agreements with any organisation or individual or in respect of particular products or projects which the Council in its sole discretion considers inappropriate for whatever reason.

3.5 The Council will agree with the other party the nature and content of the publicity and will retain the right to approve all advertising material. The Council has a strong corporate identity and materials must not detract from this.

3.6 The Council will at all times comply with its procurement policy and procedures and shall, in accordance with those procedures, advertise any material sponsorship opportunities to potential sponsors.

4 PROCEDURES

4.1 Before seeking sponsorship, Council officers must consider this document and follow the guidelines and checklist provided.

4.2 The Council will maintain a sponsorship register on the website and the Council's intranet, The Loop. It will be the responsibility of the Economic Development Team to enter the completed agreements on this register.

4.3 All material sponsorship bids and offers of sponsorship (typically above £5,000) shall be approved by the Director of Environment and relevant Portfolio Member. In the event that the Director of Environment or relevant Portfolio member have concerns about whether the sponsorship or advertising opportunity conflicts with the rules or ethics of the Council, the Managing Director in consultation with the Monitoring Officer should approve the Proposal.

4.4 Sponsorship agreements must be referred to Legal Services for review prior to signing.

4.5 Potential sponsors must be referred to this policy.

GUILDFORD BOROUGH COUNCIL

SPONSORSHIP POLICY

5 APPENDICES

5.1 Sponsorship Checklist:

Staff Sponsorship Checklist

Sponsorship can be very effective in supporting events, festivals and other Council activities not just from the financial perspective, but many sponsors often bring good ideas and expertise and sometimes offer volunteers. Please refer to the Council Sponsorship Strategy.

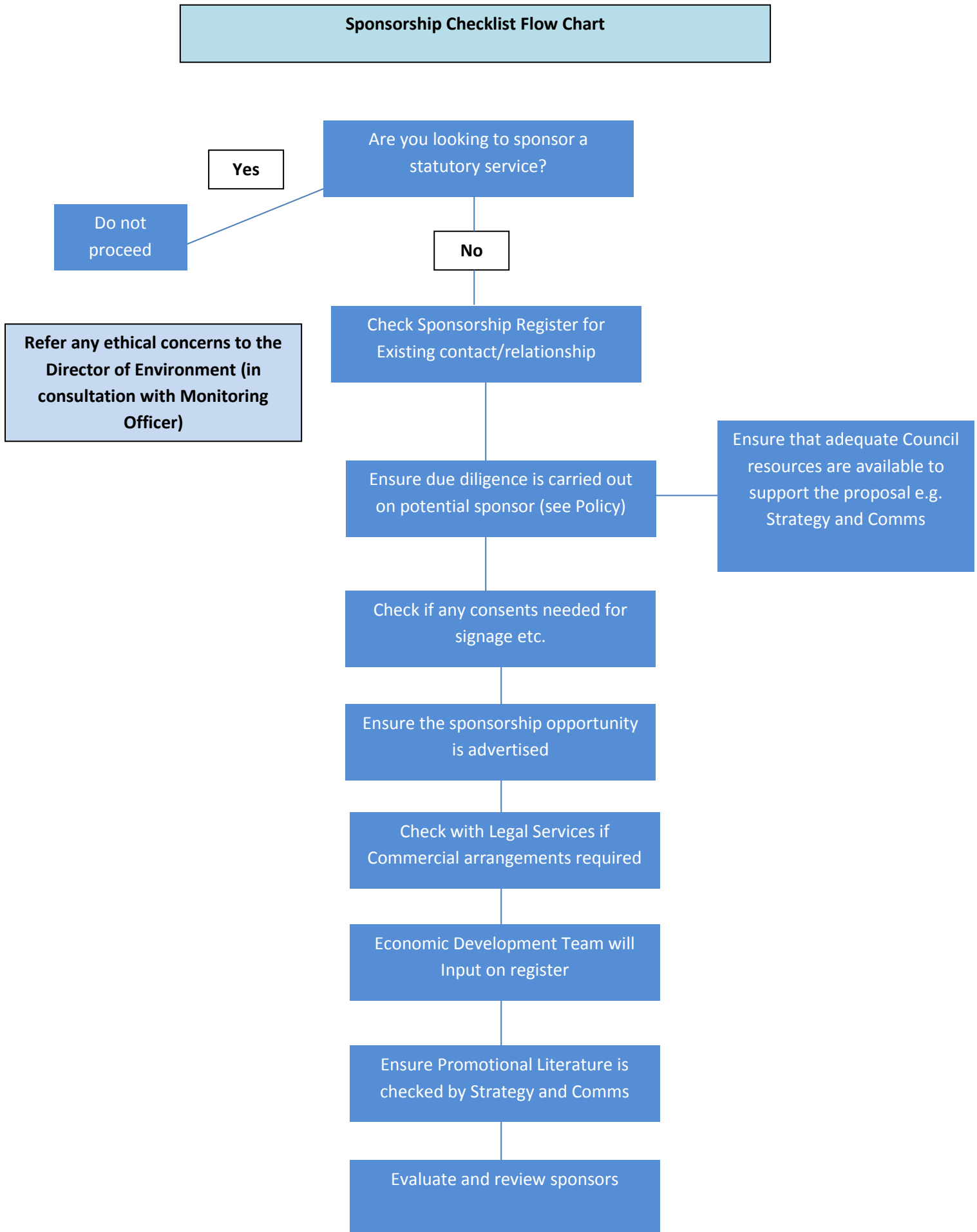
Please research your target sponsors before approaching them. Understanding a company's and individual's objectives will help you to devise packages more likely to appeal to them. Remember businesses will only sponsor you if they can see a return on their investments, which meets company objectives.

This research should also help to prevent the authority becoming involved with sponsorship agreements that are in conflict with our Policy.

Make sure you check the following:

1. Are you looking to fund a statutory service? If so, do not proceed.
2. Check the register of existing sponsors/current bids on The Loop under Economic Development to see if there already any current discussions with potential sponsors.
3. Ensure you do due diligence about the potential sponsor – does it comply with the Policy. Please check with relevant departments such as Finance, Legal, Planning, etc. to ensure they are not in conflict with the Council and seek approval/advice from your Director/Lead Councillor.
4. Have you discussed external signage as part of a sponsorship package? If so you may need planning consent, so do not commit to this without checking.
5. Whatever the value, promote the sponsorship opportunity on the Council's sponsorship web pages (under business). Ask your web administrator for help. In this way, we have ensured transparency and made the opportunity available to all. Ensure that all sponsorship arrangements are recorded in writing and check with Legal Services if a formal sponsorship agreement is required
6. Submit details of the sponsorship to the Economic Development Team who will input this on the Sponsorship Register.
7. Ensure that any promotional material or press releases involving the sponsor are agreed with Strategy and Communications Team
8. For longer-term sponsorship, carry out an evaluation of your sponsorship deal every year to ensure your sponsor is happy and that the deal is still good value for both parties, but also make regular checks to ensure there are no changes in the circumstances of the sponsor that might conflict with the Policy.
9. If you have any concerns about the reputation or status of the sponsor, speak to Director of Environment or Managing Director (in consultation with the Monitoring Officer).

GUILDFORD BOROUGH COUNCIL SPONSORSHIP POLICY



DONATION AND SPONSORSHIP ACCEPTANCE POLICY

Policy aims and objectives

The RSC is a registered Charity No. 212481. As part of our Royal Charter we are tasked with raising income for the charitable purposes of the Company. Our Board must act in the best interests of the Charity when deciding to accept or refuse a donation or sponsorship.

Each year, we have to raise an increasing amount of our income from donations and sponsorship to support our work and to fund major capital projects. Our current capital priority is the restoration and redevelopment of our Costume Workshop.

We have paid the Fundraising Regulator's levy and agree to abide by its code of practice which is detailed here: <https://www.fundraisingregulator.org.uk/code-of-fundraising-practice/code-of-fundraising-practice/>.

We wish to uphold the highest standard of fundraising practice and to abide by the Fundraising Regulator's key principles and behaviours of a fundraising organisation: to be legal, open, honest and respectful.

We undertake to comply with relevant law and regulations, including the Proceeds of Crime Act, Data Protection, Tax and Gift Aid legislation, and Charity Commission guidance. All RSC employees abide by the RSC Fraud, Bribery and Corruption policy.

This policy sets out the principles and approach we take to considering donation and sponsorship acceptance.

DONATION AND SPONSORSHIP ACCEPTANCE

The RSC has a high profile nationally and internationally, and we seek support from a wide range of individuals and organisations to assist in achieving our objectives.

We consider potential donation and sponsorships individually and do not maintain a specific list of requirements and exclusions. We assess all donations and sponsorships against three principles:

They must:

- support the charitable objectives of the RSC

- reflect the integrity of the RSC
- not influence the RSC's artistic decisions

The Development Director is responsible for ensuring donations and sponsorships are monitored as they are received by the Development department. The department accepts donations and sponsorships which abide by the principles above and have no risk attached. If department members have any concerns around a donation or sponsorship, these are raised with the Development Director, who can refer them to the Executive Director and/or Director of Business Services for further enquiry.

Where there is concern in relation to the criteria, and in accordance with the Code of Fundraising Practice, we will undertake due diligence to establish the legitimacy of the donation or sponsorship. This may include requirement of proof of identity and proof of the source of funds. Our general research, in accordance with Data Protection guidelines and the RSC's Privacy Policy, may include reference to HM Treasury and Office of Financial Sanctions list and Companies' House database of disqualified directors.

Development department staff must also raise concerns about any donation or sponsorship when they have reasonable grounds for believing that an individual lacks the capacity to make a decision to donate, and must not exploit vulnerable circumstances of any donor.

Should the circumstances of the donor or sponsor change at any point during the relationship with the RSC, we reconsider the donation or sponsorship against these criteria.

The Development Director will refer concerns to the Executive Director and Artistic Director, and subsequently to the RSC Board.

The Board takes ultimate responsibility for accepting or refusing a donation or sponsorship. It is their responsibility to act in the best interest of the Charity when accepting gifts.

Benefits relating to donation and sponsorship are negotiated by the Development department, in consultation with senior management colleagues. For significant and long term benefits, such as building naming rights, Board approval will be sought.

The RSC will consider conflicts of interest in relation to donation and sponsorship from members of the Board, in accordance with the RSC's Policy on Conflicts of Interests.

DONATION AND SPONSORSHIP REFUSAL

Where the RSC Board is concerned about a donation or sponsorship, they may seek the views of the Charity Commission or an order from the Charity Commission sanctioning their decision.

If the RSC Board ultimately decide to refuse a donation or sponsorship, a careful record of the Board's decision, and the reason for it, must be kept.

August 2017

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SLOUGH BOROUGH COUNCIL**REPORT TO: Audit & Corporate Governance Committee****DATE: 13th December 2018****CONTACT OFFICER:** Shabana Kauser, Senior Democratic Services Officer
(For all Enquiries) (01753) 875013**WARD(S):** All**PART I**
FOR INFORMATION**MEMBERS ATTENDANCE RECORD - MAY 2018 TO NOVEMBER 2018****1. Purpose of Report**

To submit for information details of Members meeting attendance details for the period May 2018 to November 2018.

2. Recommendation(s)/Proposed Action

The Committee is requested to resolve that Members' attendance details at meetings for the period May 2018 to November 2018 be noted.

3. The Joint Wellbeing Strategy, the JSNA and the Five Year Plan.

By putting in place the means for effectively monitoring Members' performance the Council will help ensure that governance of the highest order is maintained which will contribute to achieving the Council's priorities.

4. Other Implications

- (a) **Financial** – None
- (b) **Risk Management** – There are no specific risks arising from this report.
- (c) **Human Rights Act and Other Legal Implications** - None

5. Supporting Information

- 5.1 In accordance with the Audit and Corporate Governance Terms of Reference, details of Members attendance at meetings, for the period May 2018 to November 2018, are attached at Appendix 1. The information details the number of meetings each Member was called to attend, the number of meetings actually attended and in respect of meetings not attended whether or not apologies were tendered.
- 5.2 It is recognised that attendance at meetings forms only part of the duties of an elected Member. A significant proportion of a Member's time may be spent in dealing with constituents' enquiries and requests for help; representing the views, opinions and interests of their constituents in respect of ward issues/matters; representing the views and policies of the Council within their Ward which may require attendance at local tenants'/residents' meetings.

Accordingly, the indicators now reported are only partially representative of a Member's overall performance.

- 5.3 Members may also be aware that agendas for meetings include a brief report setting out Member attendance for that Committee/ Panel, for that municipal year. This allows ongoing monitoring of Members attendance at that Committee/Panel meeting.
- 5.4 The statistics have been compiled using data obtained from the Committee system, 'Modern.gov' which has the facility to collate Member attendance, thereby reducing the need to compile and maintain manual records. Information produced using Modern.Gov details the number of meetings a Member was expected at, those who attended and whether apologies were submitted.

6. **Conclusion**

The Committee is requested to note Members attendance details for the period May 2018 to November 2018.

7. **Appendices**

Appendix 1 - Members Attendance Record Statistics May 2018 to November 2018.

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Members Attendance Report

6th May, 2018 to 29th November, 2018

Explanation of the statistics columns

Expected

The number of meetings that the Councillor was expected to attend in their capacity as member of that committee.

Present

The number of meetings that the Councillor attended in their capacity as member of that committee.

In attendance

The number of meetings that the Councillor attended in a capacity other than committee member, for example a voluntary attendance out of personal interest for a topic being discussed.

Statistics					
Councillor	Expected	Present (% of expected)	In attendance	Absent (inc. Apologies)	Apologies received (of absences)
Councillor Safdar Ali	15	12 (80%)	1	3	3
Councillor Robert Anderson	12	11 (92%)	0	1	1
Councillor Balvinder S. Bains	17	15 (88%)	0	2	2
Councillor Rayman Bains	18	14 (78%)	0	4	3
Councillor Madhuri Bedi	14	12 (86%)	0	2	2
Councillor Preston Brooker	18	18 (100%)	1	0	0
Councillor Martin F. Carter	22	22 (100%)	0	0	0
Councillor Shafiq A. Chaudhry	13	10 (77%)	0	3	3
Councillor Avtar Kaur Cheema	12	11 (92%)	0	1	1
Councillor Haqeeq Dar	14	14 (100%)	2	0	0
Councillor Roger Davis	13	12 (92%)	1	1	1
Councillor Amarpreet S. Dhaliwal	11	10 (91%)	0	1	1
Councillor Arvind Dhaliwal	12	12 (100%)	0	0	0
Councillor Michael Holledge	23	20 (87%)	0	3	3
Councillor Nora Holledge	16	15 (94%)	1	1	1
Councillor Sabia Hussain	20	18 (90%)	0	2	2
Councillor Paul Kelly	13	9 (69%)	0	4	3
Councillor Pavitar K. Mann	15	14 (93%)	0	1	1
Councillor Fiza A. Matloob	14	12 (86%)	0	2	2
Councillor Harjinder K. Minhas	21	17 (81%)	0	4	4
Councillor Sohail Munawar	8	4 (50%)	0	4	0
Councillor Mohammed Nazir	17	17 (100%)	0	0	0
Councillor Natasa Pantelic	16	13 (81%)	1	3	3
Councillor Dilbagh S. Parmar	17	14 (82%)	0	3	3

Statistics					
Councillor	Expected	Present (% of expected)	In attendance	Absent (inc. Apologies)	Apologies received (of absences)
Councillor Satpal S. Parmar	18	18 (100%)	0	0	0
Councillor Ted Plenty	20	20 (100%)	0	0	0
Councillor Naveeda Qaseem	13	13 (100%)	0	0	0
Councillor Mandeep K. Rana	10	7 (70%)	0	3	3
Councillor Mohammed Rasib	20	17 (85%)	0	3	3
Councillor Waqas Sabah	14	14 (100%)	0	0	0
Councillor Shabnum Sadiq	14	14 (100%)	0	0	0
Councillor Atiq Sandhu	17	16 (94%)	1	1	1
Councillor Rajinder S. Sandhu	10	10 (100%)	0	0	0
Councillor Sunyia Sarfraz	17	10 (59%)	0	7	5
Councillor Ishrat Shah	16	13 (80%)	0	3	2
Councillor Mohammed Sharif	15	8 (53%)	2	7	3
Councillor Dexter J. Smith	25	23 (92%)	1	2	2
Councillor Paul S. Sohal	6	6 (100%)	0	0	0
Councillor Wayne Strutton	17	16 (94%)	5	1	1
Councillor James Swindlehurst	14	14 (100%)	1	0	0
Councillor Khaula Usmani	9	7 (78%)	0	2	2
Councillor Anna Wright	13	13 (100%)	4	0	0

AUDIT AND CORPORATE GOVERNANCE COMMITTEE
WORK PROGRAMME 2018/2019

Meeting Date
7 March 2019
<ul style="list-style-type: none">• Exception Reporting to Overview & Scrutiny Committee• Quarter 4 Internal Audit Progress Report• Quarter 4 Risk Management Update

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MEMBERS' ATTENDANCE RECORD 2018/19
AUDIT AND CORPORATE GOVERNANCE COMMITTEE

COUNCILLOR	10/07/18	20/09/18	13/12/18	07/03/19
Ali	Ap	P		
Amarpreet Dhailwal	P	P		
Minhas	Ap	P		
Munawar	Ab	Ab		
Nazir	P	P		
Plenty	P	P		
Sarfraz	Ap	P		
CO-OPTED INDEPENDENT MEMBER				
Iqbal Zafar	P	P		
Alan Sunderland	Ap	P		

P = Present for whole meeting
 Ap = Apologies given

P* = Present for part of meeting
 Ab = Absent, no apologies given

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