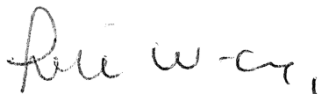


Date of issue: Wednesday, 27 February 2019

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 (Observer)
DATE AND TIME:	THURSDAY, 7TH MARCH, 2019 AT 6.30 PM
VENUE:	VENUS SUITE 2 - ST MARTINS PLACE, 51 BATH ROAD, SLOUGH, 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 ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
	Apologies for absence.		
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 13th December 2018	1 - 6	All
3.	Regulation of Investigatory Powers (RIPA) Activity 2018	7 - 10	All
4.	Risk Management Update - Quarter 4 2018-19	11 - 26	All
5.	Internal Audit Update - Quarter 4 2018/19	27 - 42	All
6.	Internal Audit Progress Report - Quarter 4 2018/19	43 - 58	All
7.	Internal Audit Plan 2019/20	59 - 82	All
8.	External Audit Plan	83 - 108	All
9.	Grants Claims and Returns Certification	109 - 128	All
10.	Recommendations of Member Panel on the Constitution - Review of the Constitution	To Follow	All
11.	Donations Policy	To Follow	All
12.	Amey Indexation Update	To Follow	All
13.	Exception Reporting to Overview and Scrutiny Committee	-	All
14.	Members Attendance Record	129 - 130	-
15.	Date of Next Meeting - 18th July 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.

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Audit and Corporate Governance Committee – Meeting held on Thursday, 13th December, 2018.

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

Co-Opted Independent Members: Mr Sunderland and Mr Zafar

Parish Council Representative: Parish Councillor Bedi (Colnbrook with Polye)

Apologies for Absence:- Councillor Minhas and Dr Lee (Independent Person)

PART 1

31. Declarations of Interest

None were received.

32. Minutes of the Last Meeting held on 20th September 2018

Resolved – That the minutes of the meeting held on 20th September 2018 be approved as a correct record.

33. Risk Management Update Quarter 3 2018/19

The Director, Finance and Resources, reported on details of the risk Management Update for Quarter 3 2018/19 and highlighted the corporate risk actions completed since the last meeting and progress made on the risk management action tracker. It was noted that the Corporate Risk Register (CRR) had been updated to include details of action required and the individual responsible and that Internal Audit were of the opinion that this had strengthened the financial framework greatly.

The Chair welcomed the new report format and stated that the information was now being reported in a clear and meaningful format; clearly indicating a timeline for actions to be implemented and who the responsible officers for doing so were.

Responding to a query as to how confident officers were in maintaining the CRR as an up to date document it was reported that monthly meetings were held to review and update the register.

Following information received at the July Committee meeting on the issue of the indexation provisions in the Council's contract with Slough Enterprise Limited (formerly known as Slough Accord Limited), a Co-Opted Independent Member queried as to why this significant risk was not included within the CRR. The Director, Finance and Resources explained that the matter was an issue for the Council and not a risk and that any monies recovered would be

additional revenue to the Council. The Committee agreed that an update be submitted to the March Committee regarding the issue.

Resolved –

- a) That the report be noted.
- b) That the updated Risk Management Strategy be approved.
- c) That an update report on the Indexation Provisions in the Council's contract with Slough Enterprise Limited be submitted to the March meeting.

34. Internal Audit Update - Quarter 3 2018/19

The Director, Finance and Resources, provided the Committee with an update on the progress of finalising draft internal audit reports and progress of the implementation of recommendations.

The percentage of completed actions since the last quarter had risen from 48% to 53%. Members were reminded that Internal Auditors conducted a quarterly follow up audit to review progress made by the Council to implement the previously agreed management actions and that following the most recent review, an opinion of "little progress" had been issued. It was noted that the matter had been reported to the Corporate Management Team and Members were assured that implementation of recommendations remained a high priority for the Authority.

Concern was expressed that little or no progress had been made on completed actions and that a strategic approach was necessary to ensure that recommendations were implemented within the agreed timeframe. It was explained that the risks and actions were discussed at directorate meetings and that the Risk and Insurance Officer attended these meetings to monitor their progress and implementation. It was also brought to Members attention that setting a realistic timetable for officers to complete actions was important to avoid targets being recorded as not completed within the agreed time period.

Resolved – That details of the Quarter 3 Internal Audit Update be noted.

35. Internal Audit Progress Report - Quarter 3 2018/19

The Internal Audit Assistant Manager provided the Committee with a summary update on progress made on reports that had been finalised in the 2018/19 Internal Audit Plan. Ten reports had been finalised since the meeting held in September 2018, the majority of which had received a positive assurance.

A summary, including medium and high priority management actions agreed from finalised 2018/19 reports, which resulted in a negative opinion, together with implementation dates, were outlined. In particular, the key findings of the audit undertaken relating to Claycotts School, which had received a partial

assurance, were highlighted and the key findings of the review related to compliance with finance policies, pay variations and recruitment. In response to the potential impact that these findings could have on the quality of education received by pupils, Members were informed that although it was difficult to ascertain what, if any, direct impact the audit findings would have, the school had agreed to implement the changes recommended following the audit. It was noted that the Local Authority had no control over the school's budget or financial and control framework.

It was noted that a number of additional reports had also been issued in draft as part of the Internal Audit Plan for 2018/19, which included Adult Social Care – Management of Income, Health and Safety, Conflicts of Interest and Property Services/Neighbourhood Services Building Maintenance.

Resolved – That details of the Internal Audit Progress Report Quarter 3 be noted.

36. Review of Closure of Accounts 2017/18

The Service Lead, Finance, reminded the Committee of the issues raised in the completion of the 2017/18 Statement of Accounts and the measures that had been taken since to ensure that the deficiencies had been addressed and removed from future audits.

The Committee were reminded that the 2017/18 Statement of Accounts were signed on 15th November 2018 and that the statutory deadline was 31 July 2018. Whilst some of the reasons for the late closure of the accounts were due to new audit issues that were not raised until the end of the audit, it was clear that there remained a number of areas where improvement was still required to ensure that the statutory deadline for closure of accounts was met. A planned programme of work was outlined to address issues raised and ensure that lessons were learnt and improvements made. Significant changes included maintaining an up to date Assets Register, improvements in IT, the use of CIPFA tools and training staff to make best use of the systems.

Whilst welcoming the changes that had been implemented to date, a number of Members and Co-Opted Members stated that they remained concerned in relation to the inefficiencies that remained in relation to the closure of the accounts and that some of the issues that had been identified had occurred on a year on year basis. It was agreed that details setting out the timetable for the closure of accounts 2018/19 would be brought to a future meeting to reassure Members that lessons had been learnt and the appropriate checks and balances had been identified to meet the statutory deadline for submission of the accounts.

Resolved –

- a) That details of the work done to date to improve the closure of accounts process be noted.

- b) Details setting out the timetable for the closure of accounts 2018/19 to be considered at a future meeting.

37. Annual Audit Letter 2017/18

The Director of Finance and Resources outlined details of the updated version of the Annual Audit Letter for Members information.

Resolved – That details of the Annual Audit Letter 2017/18 be noted.

38. External Audit Progress Report

The Committee received details of the External Audit Progress Report and Sector Update. Ms Morgan-Bower, Engagement Manager, Grant Thornton, summarised the emerging national issues and developments that may be useful to the local authority. Specifically, details regarding the Future of Care Provision for Adult Social Care and the model adopted in Australia were outlined.

Progress made relating to the Financial Statements Audit was highlighted and an interim audit was scheduled to take place in early 2019. The interim visit would include a review of the Council's control environment and early substantive testing. It was confirmed that the statutory deadline for the External Audit opinion was 31 July 2019.

Resolved – That details of the report be noted.

39. Blind Donations and Sponsorships

The Service Lead, Governance, reminded Members that Council meeting in April 2018 debated a motion relating to acceptance of blind donations by the Council. Although the motion was not carried, it was agreed that the matter would be referred to the Audit and Corporate Governance Committee.

Committee Members were informed very few local authorities had a specific policy in place relating to the acceptance of donations and sponsorships. It was explained that this was in part due to the fact there were a number of other policies in place which governed member behaviour and conduct such as the Councillors Code of Conduct, Anti-Bribery Policy, Anti-Corruption Policy and Whistleblowing Code.

Following a general discussion regarding the matter, a number of members were of the view that a further separate policy was not necessary given the low volume of sponsorship matters that the Council had to deal with. However, a Member stated that given the background and history of political turbulence in Slough, a policy would only assist and clarify matters and that it would be useful to have a policy in place for the future. The Committee agreed that the Service Lead, Governance be authorised to put together a policy and report to a future meeting.

Resolved –

- a) That details of the report be noted.
- b) That the Service Lead, Governance and Policy, be authorised to formulate a policy on Blind Donations.

40. Members Attendance Record May 2018 to November 2018

The Senior Democratic Services Officer outlined detail of the Members Attendance Record for the period May 2018 to November 2018. Following a general discussion regarding attendance at meetings and apologies received, it was agreed that Group Leaders would be reminded to ensure that any Members not able to attend a meeting, submit their apologies accordingly.

Resolved – That Members Attendance details at meetings for the period May 2018 to November 2018 be noted.

41. Exception Reporting to Overview and Scrutiny Committee

The Committee were reminded that this was a standing agenda item to provide a formal mechanism to refer relevant matters to the Overview and Scrutiny Committee.

Resolved – That no matters be reported to the overview and Scrutiny Committee arising from the agenda.

42. Forward Work Programme 2018/19

Details of the Work Programme for 2018/19 were considered and noted and it was agreed that a number of additional reports would be scheduled for the March 2019 meeting.

A Member also requested that an audit be carried out relating to arvato invoicing regarding allotments/parks/open spaces and the Committee agreed that this be undertaken.

Resolved – That details of the Work Programme be updated with the following items for March 2018 meeting.

- RIPA Update
- Policy on Blind Donations
- External Audit Plan
- External Audit Progress Report
- Amey Indexation Issue Update

43. Members Attendance Record

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

44. Date of Next Meeting - 7 March 2019

The date of the next scheduled meeting was noted as 7th March 2019.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.00 pm)

SLOUGH BOROUGH COUNCIL**REPORT TO:** Audit & Corporate Governance Committee**DATE:** 7th March 2019**CONTACT OFFICER:** Ginny de Haan, Service lead – Regulatory Services and RIPA Coordinator**(For all enquiries)** (01753) 47(7912)**WARD(S):** All**PART I**
FOR INFORMATION**REGULATION OF INVESTIGATORY POWERS (RIPA) ACTIVITY 2018****1 Purpose of Report**

The purpose of this report is to update Members of the Committee on the activity undertaken by the Council in terms of its statutory powers provided for under the Regulation of Investigative Powers Act 2000 - known as RIPA.

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 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 to support the proper use of investigative powers utilised by the Councils officers and teams to delivery effective statutory enforcement responsibilities.

4 Other Implications**(a) Financial**

There are no financial implications arising from this report

(b) Risk Management

<i>Recommendation</i>	<i>Risk/Threat/Opportunity</i>	<i>Mitigation</i>
Members of the Committee note the report	The council faces reputational damage and potential civil action should it fail to follow RIPA procedures. Maintaining RIPA awareness ensures that officers are equipped to make timely RIPA applications to support investigations	The Council has a RIPA policy and procedures in place and maintains training & awareness

(c) Human Rights Act and Other Legal Implications

The law relating to investigatory powers and the oversight of their use is contained in the Regulation of Investigatory Powers Act 2000 (“RIPA”), the Investigatory Powers Act 2016 and related Home Office Guidance, which strongly supports human rights

(c) Equalities Impact Assessment

There is no identified need for an EIA arising from this Report. The original legislation covering these investigative powers underwent EIA when enacted.

5 Supporting Information

5.1 RIPA Activity during 2018

5.1.1 The Council has powers under the Regulation of Investigative Powers Act 2000 (RIPA) to conduct authorised directed surveillance (DI) and use of human intelligence sources (CHIS) in certain circumstances when conducting criminal investigations. These powers can only be used by a local authority if it is deemed necessary to prevent or detect criminal offences, which attract a custodial sentence of 6 months or more or criminal offences relating to the underage sale of alcohol or tobacco. All directed surveillance and use of human intelligence Sources require authorisation by the Chief Executive or a Director prior to approval by a Magistrate.

The controls that are put in place on surveillance by RIPA are to ensure a balance is achieved between preserving a person’s right to privacy and a family life and enabling enforcement agencies to gather evidence for effective enforcement action.

In all cases RIPA surveillance must be assessed as ‘necessary’ and ‘proportionate’. Examples of where a RIPA application may be sought include serious fraud or serial benefit fraud and the dumping of dangerous waste, whilst a RIPA application would not be appropriate for e.g. littering, dog control or fly posting.

5.1.2 No applications were made by Council officers during 2018 for the authorisation of covert investigative powers under RIPA; this is in line with the trend of low activity over recent years with 1 application in 2017, none in 2016 and 2015 and 3 during 2014.

5.1.3 The low level of activity follows a national reduction in the number of RIPA authorisations sought by local authority investigators following changes to the legislation which required applications to be granted by a magistrate following internal authorisation by a local authority authorising officer, normally the Chief Executive or a Director. The Council has sought to focus on strengthening overt investigations in order to achieve successful prosecutions.

5.2 Annual Return to the Investigatory Powers Commissioner’s Office (IPCO)

5.2.1 The Investigatory Powers Commissioner’s Officer (IPCO) oversees the use of investigative powers by local authorities in the carrying out of their functions, and especially over the use of powers of obtaining evidence covertly.

5.2.2 The Council is required to submit an annual return to the IPCO about their use of RIPA powers. The next return is due on 31st March 2019 and will be compiled by the RIPA Co-ordinator and approved by the Chief Executive and Monitoring Officer prior

to submission to the IPCO. In addition the IPCO carry out periodic inspections of local authorities. The last routine inspection of the Council by the IPCO was carried out on 4 April 2017 and was followed by a special inspection in December 2017. All recommendations from those inspections have been put in place.

5.2.3 The Council maintain and publish on the Council's intranet a RIPA policy and procedural guidance for covert surveillance, which was updated in December 2018 with minor amendments following updates in Home Office Guidance. Under this policy the Monitoring Officer is the Senior Responsible Officer (SRO) and the Council's Service Lead for Regulatory Services is the RIPA Co-ordinator.

5.3 **RIPA Awareness and Training**

5.3.1. Although applications for covert surveillance are made infrequently the IPCO emphasises the requirement that strong awareness of RIPA is maintained across the Council and allied bodies and in particular that the requirement for RIPA authorisation to always be considered whenever surveillance is contemplated, that contact must be made with the RIPA officers for advice. This is essential to ensure that;

- all officers understand the risk of investigations becoming covert surveillance
- all officers are made aware that whenever authorisation for surveillance is considered the procedures outlined in the Council's RIPA Covert Surveillance Policy and Procedural Guidance are followed in conjunction with the Home Office forms, the Codes of Practice and IPCO Procedures and Guidance.
- all officers who may engage in the use of covert surveillance either as investigators, applicants or authorising officers are fully and regularly RIPA trained.

RIPA update training was provided to managers and officers via the Council's Corporate Enforcement Group on 10.12.2018 and managers were tasked with cascading the training to their teams. In addition the Chief Executive and Directors received RIPA training on 12.12.2018 which focussed specifically upon their responsibilities as Authorising Officers receiving RIPA applications.

6 **Conclusion**

The Committee is requested to note this Report and the actions taken to ensure awareness of, and the Council's compliance, with RIPA requirements.

7 **Background Papers**

None.

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Corporate Governance Committee

DATE: 7th March 2019

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 4 2018-19

1. **Purpose of Report**

The purpose of this report is to provide Members with the opportunity to comment on details of the Risk Management Update, including the Corporate Risk Register.

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

That Members comment on and note details of the Risk Management Update.

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 SJWS Priorities.

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 1

5.2 **Brexit**

5.2.1 Members will notice that Brexit does not appear on the Corporate Risk Register. This is not an omission but rather a reflection of the fact that until the terms of Brexit become clearer it is impossible to know what actions the Council need to take.

5.2.2 Impact analysis of possible Brexit outcomes have been undertaken.

6. **Comments of Other Committees**

There are no comments from other Committees

7. **Conclusion**

Members are requested to note details of the report.

8. **Appendices Attached**

Appendix 1 – Corporate Risk Register

9. **Background Papers**

None




SBC Corporate Risk Register

Report Date	26 Feb 2019
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
A&I 4	School Transport Budget	Tony Browne	<p>Description The budget for the School Transport Section is £1.8m. This is a statutory demand led service which makes it more difficult to control the spend. It is projected that the current year budget will be overspent by £1m</p> <p>Consequence If the level of service is reduced this will damage the Council reputation and be unpopular.</p>	I = 4 L = 6 24	<p>£0.5m in growth put into the Medium term Financial Strategy</p> <p>Monitoring number of pupils eligible for transport, the number of contracts, the proportion of contracts taking children to schools outside Slough and the number of children requiring individual transport</p> <p>Monthly budget monitoring</p>	I = 4 L = 3 12	<p>Person Responsible:</p> <p>To be implemented by:</p>	I = 3 L = 3 9
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 Dedicated Schools Grant (DSG)</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




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.</p>	I = 4 L = 6 24 	Dedicated Business Continuity Officer External assistance to help develop the plan There is a documented process for undertaking business impact analysis and risk assessments at Service, Directorate and Council-wide level	I = 4 L = 5 20 	To conclude the delivery programme for implementing Business Continuity Management throughout the authority Person Responsible: Dean Trussler To be implemented by: 29 Mar 2019 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 Person Responsible: Dean Trussler To be implemented by: 31 Mar 2019	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 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>	Ensure the sufficient resourcing for the expansion of James Elliman Homes	<p>I = 3 L = 3 9</p> <p>=</p> <p>=</p>
					A group has been set up to look specifically at high rise properties		Person Responsible: Colin Moone To be implemented by: 31 Jan 2019	
					Contracts have been strengthened with respect to contractor's health and safety responsibilities		Putting place Homelessness Prevention strategy aimed at trying to contain homelessness and containing the financial impact upon the authority	
					Corporate health and safety board.		Person Responsible: Colin Moone To be implemented by: 31 Jan 2019	
					Homeless Prevention Board		Building compliance project RSM review	
The risk of homelessness is being monitored.	The first deliverable of this project will be the results of a review of the compliance system Person Responsible: Colin Moone To be implemented by: 31 Mar 2019							

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
136	Termination of arvato contract	Neil Wilcox	<p>Description The Council leadership have decided to terminate the contract with arvato w.e.f. 1st Nov 2019. and bring the services back in house.</p> <p>The original termination date of the contract was 2022.</p> <p>The Council now has to TUPE staff back into the council and set up appropriate management structures.</p> <p>Consequence Reduction in income collection arvato indifference to fulfilling the terms of the existing contract. Late payment to creditors Halting of various ICT projects with impacts on other major projects Opportunity to reshape the delivery of key inward and outward facing services Damage to reputation</p>	I = 4 L = 5 20 	Council-wide arvato group set up	I = 3 L = 5 15 	Actions will be identified at Council wide group Person Responsible: Neil Wilcox To be implemented by: 31 Mar 2019	I = 3 L = 5 15 

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
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>I = 4 L = 4 16</p> <p>=</p>	Early engagement of RSM to provide an outline option appraisal approach for the councils consideration	<p>I = 3 L = 3 9</p> <p>=</p>	<p>Person Responsible:</p> <p>To be implemented by:</p>	<p>I = 3 L = 1 3</p> <p>=</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>			
33	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>	<p>I = 4 L = 4 16</p> <p>=</p>	Improvement Board	<p>I = 3 L = 3 9</p> <p>↓</p>	<p>Person Responsible:</p> <p>To be implemented by:</p>	<p>I = 3 L = 3 9</p> <p>=</p>
					<p>Joint Parenting Panel</p> <p>Reporting to Cabinet</p> <p>Reporting to Education and Children's Scrutiny</p> <p>Review of governance by external improvement partner</p> <p>Review of KPI for Improvement Board,</p>			

SBC Corporate Risk Register

					Updated improvement Plan			
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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
RD 12	Failure to ensure the Town Centre redevelopment, backed by external investors, is completed in as short a timescale as possible.	Kassandra Polyzoides	<p>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.</p>	<p>I = 4 L = 4 16</p> <p>=</p> <p>=</p>	Discussions and negotiations with investors has started (single point of contact)	<p>I = 4 L = 3 12</p> <p>=</p> <p>=</p>	<p>Establish a relationship with Ardia through a project board</p> <p>Person Responsible: Kassandra Polyzoides</p> <p>To be implemented by: 31 Mar 2019</p>	<p>I = 3 L = 3 9</p> <p>=</p> <p>=</p>
			<p>In the short term SBC have to ensure the short term viability of the Town Centre</p> <p>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</p>		Internal Town Centre Project Board		<p>Need to develop a program/strategy for attracting short term investment</p> <p>Person Responsible: Kassandra Polyzoides</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 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 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 To be implemented by: 31 Mar 2019</p>	<p>I = 2 L = 3 6</p>
			<p>Consequence 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>		Internal Procurement and tender regulations in Constitution		<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 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>	
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>	<p>I = 3 L = 5 15</p> <p>=</p>	<p>Reviewed Code of Conduct for 2018</p> <p>Reviewed Constitution</p> <p>RSM Internal Audit provides assurance Implementation of Agresso has increased controls</p> <p>There is a programme of reviewing HR policies</p> <p>Updated financial procedure rules</p>	<p>I = 3 L = 3 9</p> <p>=</p>	<p>Complete the review of the constitution.</p> <p>Person Responsible: Sushil Thobhani</p> <p>To be implemented by: 31 May 2019</p>	<p>I = 2 L = 2 4</p> <p>=</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 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>	<p>I = 3 L = 4 12</p> <p>=</p> <p>=</p>	A voting member of the board	<p>I = 2 L = 3 6</p> <p>=</p> <p>=</p>	<p>Person Responsible:</p> <p>To be implemented by:</p>	<p>I = 2 L = 3 6</p> <p>=</p> <p>=</p>
					Reports are sent to the Wellbeing board and to Scrutiny Panel			
					There is a Wellbeing Board alliance			

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
38	information Governance and GDPR	Simon Pallett	<p>Description GDPR comes in May 2018. At present there appears to be no clear pathway to implementation.</p> <p>There needs to be a corporate and local response to the implementation of GDPR</p> <p>The section that deal with Information Governance lacks resource</p> <p>As the "go-live" date for GDPR approaches this has meant that workers who understand GDPR and how to mitigate the effects are becoming more valuable to all..</p> <p>Consequence If there is not an adequate response to GDPR there is a chance that there may fines, criticism from the information Commissioner</p> <p>Damage to reputations</p> <p>Civil Claims for damages</p>	I = 3 L = 4 12 = =	Initial data mapping completed by RSM The Corporate Addendum has been accepted.	I = 3 L = 3 9 = =	A restructure of the Finance & Resources Department will seek to solve the resource gap Person Responsible: Simon Pallett To be implemented by: 31 May 2019	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
RD 11	Inability to manage the urban regeneration projects such that they deliver a quality product on time and to budget	Kassandra Polyzoides	<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 = =	Created a Directorate for Regeneration Asset Master Plan External advisors used for legal and technical advice Monitoring reports go to Cabinet & Members Terms of reference and governance around SUR contracts	I = 3 L = 3 9 = =	Ensure that there is sufficient budget available Budget not finalised but know income expectations. Person Responsible: Kassandra Polyzoides To be implemented by: 31 Mar 2019	I = 3 L = 2 6 = =
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 retain staff will mean the Council does not have the required skills to meet its</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 = =

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Corporate Governance Committee

DATE: 7th March 2019

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 4 2018-191. **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**

That 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**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 & CG 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**

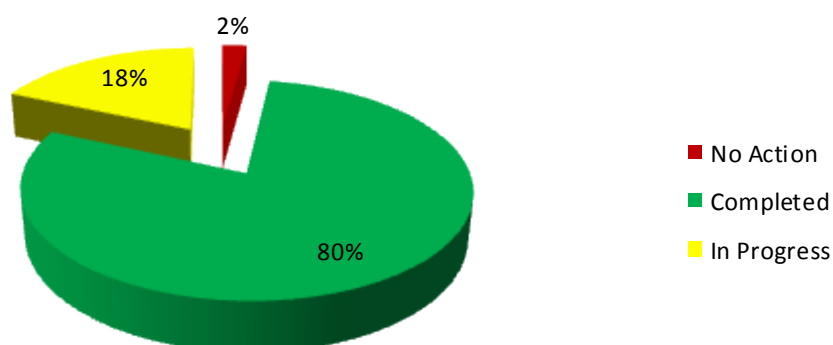
5.1.1 The table below shows those “Assurance” Internal Audits that remain in draft and were to be finalised by 11th February 2019

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	With RSM 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
Whistleblowing	18/19	Neil Wilcox	Advisory	5 th Jan 2019	With RSM Awaiting for amended draft
Risk Management	18/19	Neil Wilcox	Reasonable Assurance	5 th Feb 2019	SBC considering amended draft
Property Services – neighbourhood Services Building Maintenance	18/19	Neil Wilcox	Advisory	26 th March 2018	To be finalised
Housing Benefits	18/19	Neil Wilcox	Reasonable Assurance	26 th September 2018	With RSM Awaiting for amended draft
Management of Income	18/19	Alan Sinclair	Advisory	26 th August 2018	With RSM To 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, or no action has been taken

Status of Audit Actions as at 11th February 2019



Summary

The table below summarises the number for each categorisation of management action together with analysis by Audit Opinion (Includes Low risk Recommendations).

Categorisation	No. Of Actions	Implemented	Superseded	Target date not reached		Target date reached	
				No Response	Being Implemented	No Response	Being Implemented
Reasonable Assurance	112	72	9	13	1	2	15
Partial Assurance	143	106	0	5	4	1	27
Substantial Assurance	5	3	0	0	0	2	0
No Assurance	37	28	0	0	0	1	8
Total	297	209	9	18	5	6	50

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

5.2.3 The percentage of completed actions has risen to 80% from last quarters 53%

5.2.4 The draft Quarter 4 Follow Up report is awaited from RSM

5.2.5 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
0	7	3	5

6. **Comments of Other Committees**

There are no comments from other Committees

7. **Conclusion**

Members are requested to note details of the report.

8. **Appendices Attached**

Appendix 1 – Outstanding Medium risk internal Audit actions

Appendix 2 – Details of High Rated Recommendations

9. **Background Papers**

None

Audit Title	Target Date	Person Responsible	Management Action Summary	Update Date	Update Detail
Asset Register	31/3/2018	Andrew Pate	The Group Accountant Capital, Treasury and SUR will develop an Asset Management Procedure that clearly outlines the responsibilities of all involved departments and staff. The procedures will clearly outline: • How to identify assets; • Responsibility of	7/2/2019	A procedure is currently being developed and will be complete by mid-February. Asset Management have forwarded their procedure and Corporate Finance will incorporate into an overall document for consideration.
Asset Register	31/3/2018	Barry Stratfull	The Principal Asset Manager together with the Group Accountant Capital, Treasury and SUR will ensure that the Terrier system and CIPFA asset register are updated with details of all new assets acquired by the Council as they occur.	13/2/2019	Management action re-assigned to user: Barry Stratfull
Business Continuity Planning Arrangements	31/3/2018	Joe Carter	"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	18/12/2018	Not completed
Business Continuity Planning Arrangements	31/3/2018	Joe Carter	"A formal programme of business continuity training will be developed and delivered to staff covering,	18/12/2018	No action taken as per follow up Audit
Chalvey Early Years Centre	31/7/2017	Diane Lister	Il 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 FM	18/12/2018	completed bar one small area. HT signed that this is correct.
Chalvey Early Years Centre	30/6/2017	Diane Lister	The School will ensure that for any purchases exceeding £5000, (either as a single purchase or within a single financial year) the appropriate quotation/tendering process is undertaken with evidence retained to ensure that value for money of pur	18/12/2018	Aware and will do

Audit Title	Target Date	Person Responsible	Management Action Summary	Update Date	Update Detail
Contract Management Change	31/3/2018	Frederick Narmh	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	7/2/2019	Baby sitting this contract until re-procured. Some is being brought in to do Matrix procurement
Contract Procedure Rules Review	31/10/2018	Frederick Narmh	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.	7/2/2019	Discussed this action and weren't quite sure what it meant and was trying to control
Contract Procedure Rules Review	31/10/2018	Frederick Narmh	The POP will clarify the responsibility and time periods for the retention and safeguarding of supplier agreements and/or terms and conditions for goods and services. Furthermore, the need for spot checks on compliance with the CPR and FPR to b	7/2/2019	This action has been outsourced to HB Law
Creditors	30/6/2017	Barry Stratfull	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.	7/2/2019	Need to check with Agresso project if this is complete
Fixed Penalty Enforcement	30/11/2018	Ginny De Haan	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.	29/1/2019	A task and finish group is being established as part of the Corporate Enforcement Group as the service of FPN can potentially occur across the Council and any procedures agreed for the neighbourhood services Team needs to be replicated elsewhere.
Fixed Penalty Enforcement	30/11/2018	Colin Moone	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.).	12/2/2019	Management action re-assigned to user: Colin Moone

Audit Title	Target Date	Person Responsible	Management Action Summary	Update Date	Update Detail
Fixed Penalty Enforcement	31/10/2018	Ginny De Haan	The Enforcement Policy and FPN Policy will be revised to ensure they include all areas outlined within DEFRA guidance on Fixed Penalty Notices. Following this, FPN related policies and procedures will be circulated and made readily available to all staf	29/1/2019	The Enforcement Policy has been amended and a T&F set up to agree policy and procedures for FPN. To be presented to the Corp Enforcement Group and Service lead - regulatory services for sign off. This is anticipated to be completed by end March 2019
Fixed Penalty Enforcement	30/11/2018	Ginny De Haan	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.	29/1/2019	A task and finish group as been set up as part of the Corporate Enforcement Group to recommend a process that can be replicated across the Council.
Fixed Penalty Enforcement	30/11/2018	Ginny De Haan	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 of	29/1/2019	new processes are in place however the evidence to substantiate this has not yet been provided
General Ledger	31/7/2018	Simon Pallett	We will request regular backup reports from the supplier to provide assurance on the daily back up process and on the results of disaster recovery plans.	19/12/2018	Completed as per F&R DMT 17/9/2018

Audit Title	Target Date	Person Responsible	Management Action Summary	Update Date	Update Detail
Governance	31/3/2018	Sanjay Dhuna	The Council will publish parking account information to comply with the Local Government Transparency Code. The information will include: <ul style="list-style-type: none"> • A breakdown of income and expenditure on the authority's parking account. The breakdown of income must include de 	19/12/2018	Completed as per email from Kam Hothi. amended a sq1 follow up
Governance	31/3/2018	Sushil Thobhani	The transactions list for expenditure exceeding £500 will be updated and the latest version will be uploaded and maintained on a quarterly basis.	19/12/2018	Completed as per Fred Narmh. Amended as per q1 follow up
Governance	30/4/2017	Craig Brewin	The Council will meet the requirement to publish details of all grants to voluntary, community and social enterprise organisations on an annual basis. For each identified grant, the following information will be published as a minimum:		
Governance - Overview & Scrutiny	31/10/2018	Dean Tyler	As best practice, all relevant interests should be declared by Councillors at the Overview and Scrutiny Committee and recorded. As part of this, the Council will carry out a cost benefit analysis of the Council subscribing to a database (Tracker) which	31/1/2019	Management action re-assigned to user: Dean Tyler
Holy Family Catholic School	31/7/2017	Tina Tushingam	The School will ensure where a DBS check confirmation is not obtained prior to an employee start date, an appropriate risk assessment is undertaken on the employee to ensure they are fit for service.	19/12/2018	Completed as per Tina q3 17/18 Follow up - No action taken

Audit Title	Target Date	Person Responsible	Management Action Summary	Update Date	Update Detail
Holy Family Catholic School	30/9/2017	Tina Tushingham	The School will ensure annual inventory checks are taking place with any discrepancies being investigated. Those discrepancies identified over a predetermined sum will be reported to the Governing Body. To coincide with Asset Tagging.	19/12/2018	Asset tags to be added to equipment in half term Also looking at bespoke asset register systems but this is dependent on costs
Housing Regulation	31/3/2018	Amir Salarkia	The current suite of indicators will be reviewed to ensure these meet the characteristics of effective performance measures. Once reviewed and agreed, targets will be agreed for each indicator, and performance reported against each target. Flare reporting	19/12/2018	This has been completed and we can report performance accurately each quarter. q3 found this action incomplete
Information Governance	31/1/2017	Simon Pallett	The Council will develop and finalise the IG Improvement Plan to identify the actions necessary to embed robust IG arrangements and ensure compliance with the HSCIC IG toolkit requirements. Each action will be assigned a responsible owner and completion d	19/12/2018	Initial draft completed March 2018. Updating May 2018 from Data Mapping Workshops
Information Governance	31/3/2017	Simon Pallett	An annual data protection work programme will be developed to identify the work necessary to ensure the Council meets its data protection and confidentiality obligations. Clearly defined timescales and responsible owners will be assigned	19/12/2018	Simon P advised complete. 24/09/2018 Follow Up Audit found that Action is still in progress
Information Governance	31/7/2018	Simon Pallett	The Council will ensure that the draft Digital and IT team structure is approved by the IG Board and the recruitment process is undertaken to ensure that sufficient resources are in place to appropriately oversee information governance arrangements	19/12/2018	Partially Completed as per F&R DMT 17/9/2018. email 2/10/2018 requesting status

Audit Title	Target Date	Person Responsible	Management Action Summary	Update Date	Update Detail
Management of Housing Stock	31/3/2017	Karen Lewis	The Tenancy Strategy and Policy will be reviewed and 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, and subject to the required consultation.	19/12/2018	The Social Housing Green Paper was published in August 2018. Work is now underway to analyse the recommendations ahead of significant consultation with tenants, residents, partners and stakeholders as well as internal colleagues to determine the type/s o
Neighbourhood ASB Enforcement	31/10/2017	Ian Blake	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. This will be reviewed by the Resilience and Enforcement Team Assista	19/12/2018	From: Blake Ian Sent: 14 June 2018 10:40 To: Turnbull Tony; Brady Phil; Jones Liz; Palacio Richard; Bird Peter; Viechweg Diane; Harman Sarah; Stefano Sarah; Frost Jo; Corcoran Linda Cc: Tariq Sahera Subject: Internal Audit Recommendations.xlsx Dear All, I
Neighbourhood ASB Enforcement	31/10/2017	Michelle Isabelle	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 consistent understanding and applicat	19/12/2018	We reviewed the ASB Policy and confirmed it adequately detailed the strategy and overarching aims of the Council with regards to managing ASB. We noted there were a total of 14 Fact Sheets which were split between 'ASB Policy and Procedure' and 'ASB Legis
Neighbourhood ASB Enforcement	31/3/2018	Ian Blake	The Council will review and update the ASB categories and types on both Capita and Flare to ensure these are aligned and reflect the categories and types defined within Fact Sheet 6 - ASB Case Management Systems. Training will subsequently be provided to	19/12/2018	Outstanding as capacity to complete this piece of work is currently unavailable due to the project officer being on maternity leave. Attempts have been made to recruit to the vacancy to cover maternity leave with no suitable applicants available. Capita a
Neighbourhood ASB Enforcement	31/10/2017	Ian Blake	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.	19/12/2018	q3 Follow Up found no action taken. From: Blake Ian Sent: 14 June 2018 10:40 To: Turnbull Tony; Brady Phil; Jones Liz; Palacio Richard; Bird Peter; Viechweg Diane; Harman Sarah; Stefano Sarah; Frost Jo; Corcoran Linda Cc: Tariq Sahera Subject: Internal Au

Audit Title	Target Date	Person Responsible	Management Action Summary	Update Date	Update Detail
Procurement	31/8/2017	Frederick Narmh	Aligned to the review of the CPR, the POP will also be reviewed and updated, and maintained thereafter to ensure it is consistent with the CPR and reflective of current legislation and thresholds, and provides sufficient guidance to staff on procurement p	7/2/2019	As per Fred this is being done - will be reviewed on an annual basis
Procurement	30/6/2017	Frederick Narmh	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 pot	19/12/2018	As per FN - This will be undertaken by Fixed Term contract post. email 2/10/2018 requesting status
Procurement	31/8/2017	Frederick Narmh	The CPR 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 Panel for	7/2/2019	Need to do a briefing paper to Cabinet
Procurement	31/8/2017	Frederick Narmh	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.	19/12/2018	As Per F N - First draft by the end of September Then needs to go through a consultation process Est Implementation mid Oct 2017. 24/09/2018 - Action not done. email 2/10/2018 requesting status
Procurement	31/8/2017	Frederick Narmh	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 r	7/2/2019	RSM have been contact to provide service

Audit Title	Target Date	Person Responsible	Management Action Summary	Update Date	Update Detail
Purchasing Cards	31/3/2018	Sushil Thobhani	As part of the Councils Transparency code, the Council will publish expenditure on purchase cards, broken down by merchant, on its public internet site.	19/12/2018	Moved resp to ST
Purchasing Cards	31/3/2018	Andrew Pate	The Council will ensure that for all purchase cards in use, a Purchasing Card Agreement Form will be maintained centrally by the Finance team. Financial Limits will be recorded on Cardholder Agreement forms.	7/2/2019	This is being done for all new Purchase Card users. A form was sent out to all existing users asking them to complete and return the cardholder agreement to Lubna Khan. Cardholders were given a two week deadline
Purchasing Cards	31/3/2018	Andrew Pate	Spot checks by Finance on a sample of submissions each month will be conducted and recorded to ensure that that expenditure on the detailed receipts provided are for official Council purchases and in line with the Purchasing Card Policy.	7/2/2019	Lubna Khan will commence spot checks in February 2019
Schools Financial Value Services	30/9/2018	Domenico Barani	A revised submission date will be agreed between the schools' finance team and the respective schools. This information will be recorded in the SFVS Returns Monitoring Spreadsheet for audit trail. In addition, communication will be sent to the		
Special Educational Needs Funding	31/12/2017	Ranvir Chahal	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 w		

Audit Title	Target Date	Person Responsible	Management Action Summary	Update Date	Update Detail
Special Educational Needs Funding	31/12/2017	Jacqueline Laver	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 w		
SUR	31/1/2019	Joe Carter	The Council will seek assurance that the plans have been approved by JV Partner members prior to the planning of projects. SUR will create a shared drive (restricted to relevant personnel) to enable access to legal documentation.	28/1/2019	Email to Joe requesting status
SUR	31/12/2018	Joe Carter	The Board will ensure that at least two representatives from each Partner will attend Business Board meetings.		
Temporary Accommodation	31/10/2018	Debra Gilbert	The TA Team will obtain an up to date and accurate list of households within TA, the last date of visit and scheduled future visits and will formalise a plan to visit these households in a timely manner.	19/12/2018	This is ongoing. We have a new Officer starting on the 10/12/2018 which will provide us with additional capacity to schedule in visits and update Capita accordingly
Treasury Management and Cash Handling	31/7/2018	Barry Stratfull	The Finance team will develop an Authorised Signatory Database for petty cash expense forms and this will be implemented by the Cash Office.	11/1/2019	Management action re-assigned to user: Barry Stratfull

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Audit Title	Target Date	Person Responsible	Summary Management Action	Update Date	Update Detail
Temporary Accommodation	31/10/2018	Colin Moone	The TA Team will confirm all nightly self-contained properties and bed and breakfast properties have the following in place: <ul style="list-style-type: none"> ☑ a current gas safety record; ☑ carbon monoxide and fire safety precautions; ☑ safe electrics and electrical equipment; 	12/2/2019	<p>"A spreadsheet has been devised with a traffic light system to indicate certificates in date, out of date, approaching the end of date.</p> <ul style="list-style-type: none"> • Spreadsheet created with all properties being used with the providers details • Spreadsheet created with all Bed & Breakfasts that may be used with providers details • Gas Safety Certificates, Electrical Installation Certificates and EPC's requested from all providers • Compliance Folders created on the Shared Drive to save certificates • Work is ongoing to populate the spreadsheet and create Compliance Files <p>Next step will be to add Fire Precaution & Carbon Monoxider information</p>
Business Continuity Planning Arrangements	31/3/2018	Joe Carter	"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;	18/12/2018	Amended as per follow up audit April 2017. Amended as per Q1 follow up
Business Continuity Planning Arrangements	31/8/2016	Joe Carter	The Council will develop an overarching Business Continuity Management (BCM) Policy covering the framework for BCM in the organisation.	18/12/2018	Completed as per Joe Carter RHR SMT

Audit Title	Target Date	Person Responsible	Summary Management Action	Update Date	Update Detail
Information Governance	31/3/2018	Simon Pallett	The Information Governance Policy will be reviewed and updated to sure it reflects the arrangements and processes within the Council, in line with the HSCIC guidance, including; • roles and responsibilities, covering senior IG roles (Caldicott Guardian, •	19/12/2018	In progress
Creditors	31/5/2018	Barry Stratfull	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	7/2/2019	Not sure if this is comple
General Ledger	31/7/2018	Barry Stratfull	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.	7/2/2019	Will be completed by 31st March 2019
Information Governance	30/9/2017	Simon Pallett	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. The information flows will be risk ass	19/12/2018	Noaction taken, q1 Follow up found still in progress 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. email 2/10/2018 requesting status



SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

**For the Audit and Corporate Governance
Committee meeting on 7 March 2019**

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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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.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

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 26th February 2019.

2018/19 Internal Audit Plan

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

- Health and Safety 15.18/19 (**Partial Assurance**)
- Contract Management – Buoygues 23.18/19 (**Reasonable Assurance**)
- Capital Expenditure 26.18/19 (**Reasonable Assurance**)
- Cash Collection and Management 24.18/19 (**Substantial Assurance**)
- Rent Accounts 28.18/19– (**Reasonable Assurance**)
- Adult Social Care – Management of Income 17.18/19 (**Advisory**)

One of the above reports, Health and Safety resulted in a partial assurance opinion, and we identified that while the Corporate Codes of Practice were still undergoing update, there was no plan in place for the completion of this exercise. We also identified that risk assessments and self-audits within directorates were not routinely undertaken and regular directorate health and safety meetings were not taking place within the Children, Learning and Skills and Finance directorates. In addition, we noted that only 518 of 1169 employees had completed all four mandatory health and safety training modules within the last three years at the time of the audit, all of which could impact the Council's ability to manage corporate Health and Safety effectively.

A summary including medium and high priority management actions agreed from finalised 2018/19 reports, which resulted in a negative opinion (partial assurance), has been included within Appendix A below.

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

- Conflicts of Interest (**Partial**)– (issued 28th September)
- Risk Management – (**Reasonable**) (issued 22nd January 2019)
- General Ledger – (**Reasonable**) (issued 3rd January 2019)
- Whistleblowing – (**Advisory**) – (21st December 2018)
- Housing Benefits (**Reasonable**) (9th 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
Health & Safety	Q2	Final Report	8th November 2018	3rd December 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	2 nd August 2018	23 rd 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
Contracts Management - Buoygues	Q2	Final Report	21 st December 2018	9 th January 2019		1	3	0
Capital	Q3	Final Report	9 th January 2019	16 th January 2019		6	3	0
Rent Accounts	Q4	Final Report	5 th February 2019	25 th February 2019		2	1	0
Cash Collection and Management	Q3	Final Report	3 rd January 2019	11 th January 2019		2	0	0
Parish Council Governance	Q1	Final Report	3 rd August 2018	7 th November 2018	Advisory	13 actions agreed		
Conflicts of Interest	Q2	Draft Report	27 th September 2018					
Adult Social Care - Management of Income	Q2	Draft Report	8 th November 2018					

Whistleblowing	Q2	Draft Report	21 st December 2018
Housing Benefit	Q3	Draft Report	9 th December 2018
General Ledger	Q3	Draft Report	3 rd January 2019
Risk Management	Q3	Draft Report	22 nd January 2019
Governance	Q4	In Progress	
Contract Management – Osbornes	Q4	In Progress	
Council Buy Backs	Q4	In Progress	
Council Tax	Q3	In QA	
Debtors Management	Q3	In QA	
Business Rates	Q3	In QA	
Payroll	Q3	In QA	
Follow Up Q4	Q4	In QA	
Creditors	Q4	In QA	
Assets	Q4	In QA	
Financial Planning and Budgetary Control	Q3	In QA	
Fire Safety	Q4	Commencing 4 th March 2019	

Housing Revenue Account	Q4	Commencing 8 th March 2019
Agresso Self Service	Q4	Commencing 8 th March 2019
OFSTED Preparedness	Q4	Commencing 15 th March 2019
Governance - James Elliman Homes	Q4	Commencing 25 th March 2019
Business Continuity and Disaster Recovery	Q4	Commencing 1 st April 2019
Buildings Compliance Management	Q4	Being undertaken by Consulting Team
Workforce Planning	Q4	To be undertaken by Consulting Team
Direct Services Organisation	Q4	To be undertaken by Consulting Team

* 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
Licensing	We agreed with the Director of Finance and Resources to undertake a review of the processes in place for buying back council properties sold under the Right To Buy Scheme (RTB) where the property was sold to a tenant within 10 years, and as a result, the council has first refusal on the property. The review will provide assurance around the controls and processes within the council in relation to the decision-making process on whether to accept and purchase a property back.

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.

Page 50 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 will impact our 2018/19 Head of Internal Audit Opinion for the Council. To date we have issued 4 'Partial' assurance opinions, 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 has currently been 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 December 2018:

[Communities Security confirms funding package for local authorities in 2019 to 2020](#)

James Brokenshire, Communities Security has announced that councils in England are to benefit from increased funding for core services. Local authorities' core spending power will increase in 2019 to 2020 by £1.3bn, taking councils' funding to £46bn. The real terms funding increase is in recognition of the pressures local authorities are facing to deliver the services residents need, whilst protecting taxpayers from excessive increases in bills.

James Brokenshire stated 'this year's settlement paves the way for a fairer, more self-sufficient and resilient future for local government. That is why local authorities will have more control over the money they raise and a real terms increase in their core spending power. The settlement also recognises the pressures councils face in meeting growing demand for services and rewards their impressive efforts to drive efficiencies and rebuild our economy.'

[Local authorities with major air, land or sea ports to receive funding boost to help with Brexit preparations](#)

James Brokenshire has announced that £3.14m will be allocated to 19 local authorities with major 'air, land or sea port' to help them prepare for Brexit. This will allow them to increase their resources to work through the immediate impacts from Brexit in their local area. The funding is part of the £56.5m announced by the Ministry of Housing, Communities and Local Government (MHCLG) to help councils adapt to the changes caused by Brexit, ensuring their local authority is prepared ahead of 29 March, whilst also protecting vital local services.

[Councils to receive over £50m to support Brexit preparations](#)

The Ministry of Housing, Communities and Local Government (MHCLG) has announced that councils will receive a share of £56.5m to help support their preparations for Brexit. This is made up from £21.5m funding from the MHCLG's allocated 2018/19 budget and the previously announced £35m from the Treasury. Local authorities will receive £20m this financial year and £20m in 2019 to 2020 to spend on planning and strengthening their resources. Councils will decide how to allocate their funding. It is expected that money will be spent on resources like recruiting extra staff to ensure councils have the capacity to provide timely and accurate information to residents who have questions on how Brexit will affect them.

[Government confirms funding for councils to crack down on rogue landlords](#)

Heather Wheeler, Housing Minister has announced £2.4m of additional funding to 'crack down' on rogue landlords. Over 50 councils will receive a share of the fund which can be used to take action against irresponsible landlords who make tenants' lives a 'misery.' The cash boost will enable local councils to step up action against the small minority of landlords who continue to disobey the law and force vulnerable tenants, to live in housing that is inadequate or unsafe. The funding will also be used to boost short-term staffing and create digital tools to help councils better protect tenants. Councils that receive funding will be encouraged to share best practice and examples of innovative approaches, to help improve enforcement in other areas.

[Innovative digital projects to improve public services win funding](#)

The Ministry of Housing, Communities and Local Government (MHCLG) has allocated almost £1.3m for 16 council led projects to use digital technology to improve local services. The projects involve the lead councils partnering with others to share knowledge and ideas, and the Local Digital Collaboration Unit (LDCU) working with LocalGov Digital and a group of local authorities to develop an online resource for information on digital efforts taking place in the sector. Rishi Sunak, Minister for Local Government stated, 'ultimately, our aim is to make services better for users but it is likely to reduce costs for councils too.'


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 2018/19 INTERNAL AUDIT WORK (HIGH AND MEDIUM PRIORITY MANAGEMENT ACTIONS ONLY WHERE PARTIAL OR NO ASSURANCE REPORTS HAVE BEEN ISSUED)

Health and Safety (15.18/19) – PARTIAL ASSURANCE		2 - Low 4 - Medium 1 - High
<p>The following issues resulted in the agreement of one High and four Medium priority management actions being agreed:</p> <p>Risk Assessments</p> <p>We requested the risk assessments that have been undertaken for the Adult & Communities, Children, Learning and Skills and finance Directorates. From this we identified that a register was in place for Adult & Communities to record the details of risk assessments undertaken and the dates of risk assessments to be undertaken. However, risk assessments had not been undertaken for the Children, Learning and Skills Directorate or the Finance Directorate within the last year.</p> <p>If risk assessments are not undertaken on an annual basis at a minimum with evidence of this retained, this could result in risks relating to health and safety not being identified promptly and subsequently receive appropriate management attention and reduce the likelihood of any health and safety incidents occurring. (High)</p> <p>Directorate Consultative Forums</p> <p>We were provided with the minutes of the directorate health and safety meetings held by the Adult & Communities directorate in March 2018 and July 2018. Updates on accident statistics and training completion were items on the agenda at both meetings and risk issues were discussed. However regular DCF meetings were not being regularly held within the Children, Learning and Skills and Finance directorates.</p> <p>If DCF meetings are not held at a suitably regular basis, there is a risk that directorates within the Council may not be actively driving improvements in health and safety performance within the directorate in accordance with the Health and Safety policy. (Medium)</p> <p>Training</p> <p>We identified that of the 1,169 employees at the Council, all of whom have to complete the mandatory health and safety training below, the following completion rates had been documented;</p> <ul style="list-style-type: none"> • Introduction to Health and Safety - 671 employees had completed the module within the last three years with 10 employees listed as exempt. • Fire Safety - 663 employees had completed the module within the last three years with 36 employees listed as exempt or not applicable. • Display screen equipment - 621 employees had completed the module within the last three years with 38 employees listed as exempt, not applicable or on long term sick. • Office safety - 578 employees had completed the module within the last three years with 38 employees listed as exempt or not applicable. <p>In summary, we confirmed that only 518 of the 1169 (44%) employees had completed all four mandatory modules in the last three years. If staff do not complete the mandatory health and safety training modules in a timely manner, there is a risk that they may not be adequately informed of the appropriate processes to follow to allow them to discharge their duties in accordance with the Health and Safety policy. (Medium)</p>		

Self-audits and compliance monitoring

A health and safety self-audit system has been established in the form of a questionnaire and guide. Level three managers must carry out an audit of each Team / Department at least annually with action plans developed to rectify any shortfall. We requested the risk assessments that have been undertaken for the Adult & Communities, Children, Learning and Skills and finance Directorates. From this we identified that self-assessments had not been recently undertaken by either of these directorates.

An action plan was in place for Adult & Communities which documented 49 actions, however this was still a work in progress, with 45 actions detailed as not started and target dates not consistently documented.

If self-audits are not regularly undertaken within directorates, with action plans developed to address any issues identified, there is a risk that directorates may not be adequately reviewing their health and safety processes in a proactive manner in order to ensure that any weaknesses are addressed in a timely manner and the risk of health and safety incidents occurring is reduced. **(Medium – NB Action combined with training action above)**

Health and Safety Board

We were provided with the Health and Safety Board meeting minutes for the meetings held in May 2018 and July 2018 identified that an update on incidents occurring in the period and training compliance were discussed at the both meetings. However, we noted that the Board did not receive the directorate action plans at the July 2018 meeting to establish the progress of implementation and ensure that any risks identified are being addressed, despite it being stated at the May 2018 meeting that this would be a standing agenda item.

Without monitoring of directorate performance and the implementation of actions, there is a risk that the Board may not have adequate oversight of directorates and their performance to ensure that the Board are meeting their purpose of driving improvements in the control of health and safety risks, and any significant issues are promptly escalated to the Corporate Management team. **(Medium)**

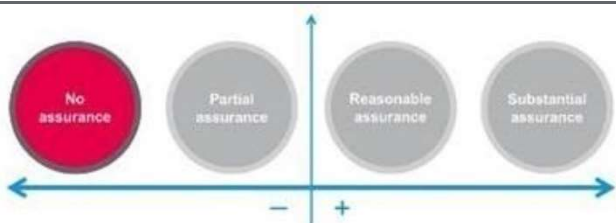
Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
1	We will ensure that all directorate Service Leads are informed of their responsibility to undertake risk assessments on an annual basis, as a minimum, with leadership training provided to facilitate this and evidence of assessments retained in a readily available format.	High	28 th Feb 2019	Robin Pringle – Health & Safety Manager
2	We will ensure that following the full completion of leadership training by directorate Service leads and of directorate actions plans using the template provided, the implementation process is regularly monitored with a directorate self-audit undertaken annually to assess compliance with the policy and identify any potential new weaknesses requiring attention.	2 x Medium	31 st May 2019	Robin Pringle – Health & Safety Manager
3	We will ensure that the Health and Safety Board are provided with oversight of the progress of actions on directorate action plans at each meeting to ensure that satisfactory	Medium	31 st May 2019	Neil Wilcox – Director of Finance & Resources

	progress is made, and any significant issues are promptly escalated to the Corporate Management team.			
4	<p>We will ensure that as part of the DMT / SMT meetings that local risks in relation to Health and Safety are being monitored and directorates are taking responsibility for driving improvements in health and safety performance, with the following included as standing agenda items;</p> <ul style="list-style-type: none"> • Update from departments; • Review of high level risks and actions arisen from risk assessments and self-audits; • Compliance of risk assessments and self-audits. <p>In addition, a Health and Safety Report will be produced including high level risks, performance against key Health and Safety indicators and accident statistics, which will be reported at each directorate Health and Safety meeting.</p>	Medium	31 st March 2019	Robin Pringle – Health & Safety Manager

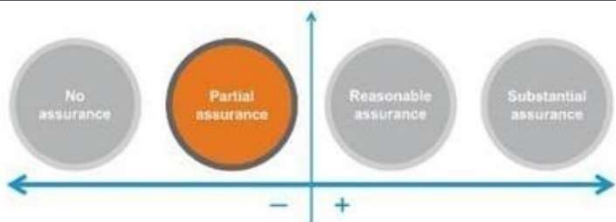
APPENDIX B: 2018/19 ASSURANCE OPINIONS

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.

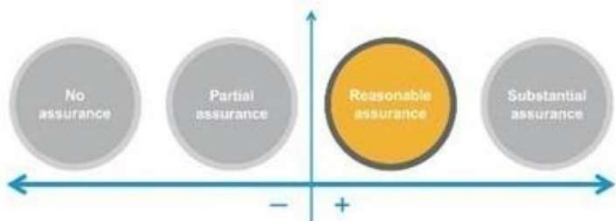
We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the Council can take:



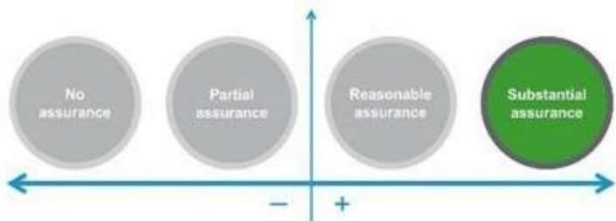
Taking account of the issues identified, the Council **cannot take assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).



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

Dan Harris, Head of Internal Audit

Daniel.Harris@rsmuk.com

07792 948767

Chris Rising, Senior Manager

Chris.Rising@rsmuk.com

07768 952380

Amir Kapasi, Assistant Manager

Amir.Kapasi@rsmuk.com

07528 970094

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SLOUGH BOROUGH COUNCIL

Internal Audit Strategy 2019 - 2020

Presented at the Audit and Corporate Governance Committee meeting of: 7th March 2019

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

EXECUTIVE SUMMARY

Our Internal Audit Plan for 2019/20 is presented for consideration by the Audit and Corporate Governance Committee.

The key points to note from our plan are:

2019/20 Internal Audit priorities: Internal audit activity for 2019/20 is based on analysing your corporate objectives, risk profile and assurance framework as well as other factors affecting you in the year ahead, including changes within the sector. Our detailed plan for 2019/20 is included at Section 1.

Risk based reviews, designed to provide assurance over risks which are linked to your Corporate Risk Register include: Temporary Accommodation, Corporate Health and Safety, Budget Setting and Control and Contract Management (Everyone Active Leisure Contract).



We are also proposing to undertake a review of **Corporate Health and Safety**, following a 'partial' opinion issued in 2018/19. Health and Safety is a key area of risk and is recorded within the Corporate Risk Register. The review will aim to provide assurance that issues identified within the last review, such as the monitoring of training compliance, ensuring regular meetings are being held of the Directorate Consultative Forums, conducting of directorate self-audits and ensuring effective oversight from the Health and Safety Board.

Transformation Agenda – The Council, together with partners across Berkshire has an ambitious transformation programme in place which aims to support the delivery of health and social care across the county. This programme forms a key part of the Council's Five-Year Plan and therefore it is important that assurance and advisory input is provided over the planning and delivery of this programme. We are therefore proposing to undertake a review on the **Delivery of the Transformation Programme** which will not only consider the governance arrangements in place for the Transformation Board and development of the plan itself, but also how the Council and its partners are monitoring how the benefits realised through the programme are being identified and reviewed.

Within 2019/20, the **Continuing Healthcare** function within Berkshire will be moved from the NHS (via CCGs) to Local Government, with Slough being responsible for commissioning placements for residents that meet the appropriate eligibility criteria. As part of this process, we are proposing to undertake an audit in Quarter 4 to provide assurance to the Audit and Corporate Governance Committee and CMT that robust procedures and processes have been implemented to manage the commissioning of placements, and we have significant experience within the NHS and this area to be able to add value to the work of the Council.

As part of the 19/20 plan, we are proposing to undertake a review of the '**Everyone Active**' leisure contract. Following the end of the relationship with Slough Community Leisure in 2017, the Council signed a 10-year deal with Everyone Active to take over the running of its public facilities. This includes management of Montem Leisure Centre, the Ice Arena, Salt Hill Family Activity Centre (formerly Absolutely Ten Pin) and Langley Leisure Centre when the projects have been completed. We are proposing to undertake a review of the contract management arrangements in place to provide assurance that the contract is being monitored appropriately to prevent a reoccurrence of previous failures in managing contractors, and to ensure that value for money is being achieved.

We have included a review in relation to **Budget Setting and Budgetary Control** as this has been highlighted as a key risk on the corporate risk register in relation to achieving financial stability. 2019/20 is set to be another difficult year financially for the Council, with a continued reduction in Government's Revenue Support Grant funding, as well as an increased demand for Council services. The Medium-Term Financial Strategy shows a balanced budget for the next three years and we propose to provide assurance over the effectiveness and the adequacy of controls in place to ensure that the Council achieves its targets.

We are undertaking a review of **Temporary Accommodation** following a '**partial**' opinion provided in 2018/19, to provide assurance to CMT and the Audit and Corporate Governance Committee that improvements have been made to the control framework. While the Council is currently in a similar position to other local authorities within the sector, with demand outstripping supply, we identified issues within the Council's control which need to be rectified, such as the undertaking of periodic visits to TA properties and monitoring of Health and Safety Requirements within Bed and Breakfast accommodation where Slough residents are placed.

In June 2016, we undertook a review of **Matrix – Management of Agency Staff** – and provided a '**no assurance**' opinion. Since the review the council have undergone a number of changes in structure, and with increasing pressures on the budget, there is a need to ensure that agency staff that are employed through the Matrix contract are appropriately monitored and that the system is used and managed to ensure that the use of agency is minimised. As a result, we are proposing to undertake a further review of this area to provide assurances that weaknesses identified as part of the previous review have been rectified and controls strengthened. In addition, the implications of IR35 heighten the need to employ permanent staff where possible and manage the use of agency for hard to fill posts such as Social Workers within Adult Social Care.

Arvato – Given that the Council has recently given arvato notice on the existing contract and that these services are coming back in-house, no specific contract management review is required. We will however be undertaking the core assurance reviews on the key back office systems and processes and providing assurance that these are still operating effectively.

IT audit coverage including Digitalisation audit – This was discussed with the Director of Finance and Resources and we have agreed to delay this review until early 2020/21, when the IT service will be back in house and a suitable range of IT focussed audits will be agreed.

General Data Protection Regulations (Data Protection Act 2018) – Although we have not included an audit on this area within the 2019/20 plan at this stage, this is considered to represent an important area for the Council to receive assurance over, and it is therefore proposed that should any area be removed from the plan during the year that this is replaced by an audit of GDPR. It will in any event be reviewed in early 2020/21.



Level of Resource: We will continue to utilise our core internal audit to deliver the contract and this will be supported by the use of specialists where appropriate, for example Health and Safety, BCP, contract management and our work on the Council's transformation agenda. We will continue using technology when undertaking operational audits in 2019/20. This will strengthen our sampling, increasing the level of assurance provided. Please refer to Appendix A.

Core Assurance: The core assurance reviews for the 19/20 audit plan, includes the review of the Risk Management and Governance frameworks, the Key Financial Systems (such as Accounts Payable / Accounts Receivable / Payroll / Council Tax / Housing Benefits / Rent Accounts / Treasury Management / Cash Collection and Management / General Ledger), and Schools reviews.



All of these reviews are required to support the Head of Internal Audit Opinion and help to inform the External Auditors risk profiling, whilst providing assurance across the range of full financial controls in operation at the Council. It should also be noted that a number of financial systems, e.g. debtors received no or partial assurance opinions in 2018/19 and therefore continued focus on these areas is important.

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1. YOUR INTERNAL AUDIT PLAN 2019/20

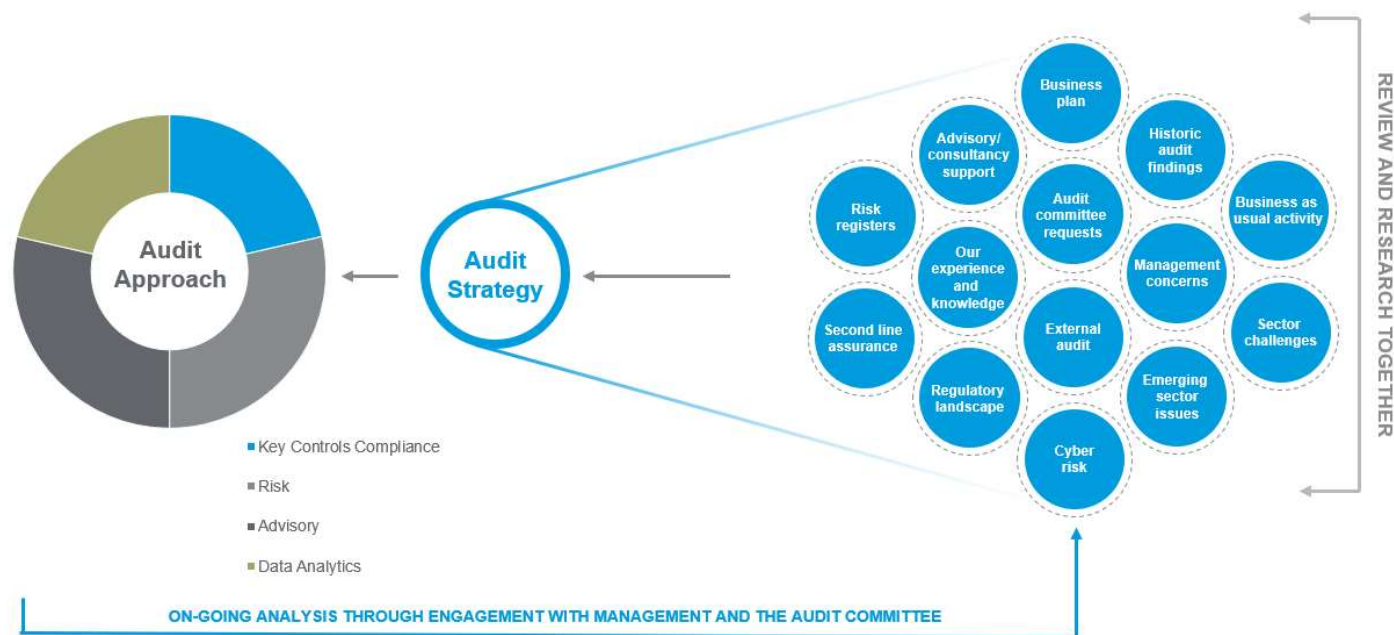
Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Slough Borough Council in the year ahead, including changes within the sector.

Risk management processes

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

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

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



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

2. INTERNAL AUDIT PLAN 2019/20

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2019/20. The table details the strategic risks which may warrant internal audit coverage. This review of your risks allows us to ensure that the proposed plan will meet the organisation's assurance needs for the forthcoming and future years. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: time for tracking the implementation of actions and an audit management allocation.

Objective of the review (Strategic risk)	Audit approach	Proposed timing	Proposed Audit Committee
Risk Based Coverage			
Major Infrastructure Projects	<p>Risk:</p> <p>Inability to manage the urban regeneration projects such that they deliver a quality product on time and to budget.</p> <p>Proposed Coverage</p> <p>The Berkshire Strategic Transport Forum (BSTF) brings together the LEP, the six local transport authorities, DfT, Network Rail, Highways England, Heathrow Airport Limited, and various train and bus operating companies to discuss and consult on matters of mutual interest relating to strategic transport issues in Thames Valley Berkshire. As a member of the BSTF, the Council is involved in a number of major infrastructure projects including the implementation of a Mass Rapid Transport (MRT) system across Berkshire.</p> <p>The audit will review the controls around the management of major infrastructure projects within the borough, and the controls in place to manage the implementation of major infrastructure projects.</p>	Quarter 1	September 2019
Temporary Accommodation	<p>Risk:</p> <p>Failure to ensure that the council meets its statutory service requirements in homelessness, re-housing and emergency housing as well as compliance with health and safety regulations (CR3)</p> <p>Proposed Coverage</p> <p>Following a 'partial' assurance opinion in 2018/2019, we will undertake a full review of the area to provide assurance that actions have been implemented to improve the robustness of the control framework in place including the monitoring of Health and Safety requirements over B&B accommodation, undertaking periodic visits to TA properties, issuing of notices to quit and procedures for breaches of licenses.</p>	Quarter 2	December 2019

Corporate Health and Safety	<p>Risk:</p> <p>Failure to ensure that the council meets its statutory service requirements in homelessness, re-housing and emergency housing as well as compliance with health and safety regulations (CR3)</p> <p>Proposed Coverage</p> <p>Following a 'partial' assurance opinion in 2018/2019, we will undertake a review to provide assurance that actions have been implemented to improve the robustness of the control framework in place. These include the monitoring of Health and Safety Training, regular meetings of Directorate Consultative Forums, appropriate oversight from the Health and Safety Board and conducting of directorate self-audits.</p>	Quarter 2 December 2019
Continuing Healthcare	<p>Risk:</p> <p>Increased costs as a result of poor decision making and a failure to commission placements in a timely manner.</p> <p>Proposed Coverage</p> <p>The Council is taking responsibility for the commissioning element of the Continuing Healthcare process currently undertaken by the NHS. As part of the review we will look to establish that robust controls in relation to the commissioning process have been established and are being adhered to.</p>	Quarter 4 June 2020
Contract Management - Everyone Active Leisure Contract	<p>Risk:</p> <p>Failure of the Leisure Strategy to have an impact on the health of the local community (C&L5)</p> <p>Proposed Coverage</p> <p>Following the appointment of new contractors to manage the Council's Leisure Services, we will review the management of the contract with a view to providing assurance of the contract management arrangements in place. This work would be led by our contract management specialists.</p>	Quarter 3 March 2020
Transition process from Children's Services to Adult Social Care	<p>Risk:</p> <p>Poor outcomes for children as they move into Adult Services.</p> <p>Proposed Coverage:</p> <p>With Children's Services being provided through Slough Children's Services Trust, there is a process of handover to the Council once a resident reaches 18.</p>	Quarter 3 March 2020

	The review will give assurance over the robustness of processes to manage the transition between the services.		
Budget Setting and Budgetary Control (including forecasting)	<p>Risk: Failure to ensure financial stability (CR2)</p> <p>Proposed coverage To ensure that the Council achieves its budget, robust controls need to be in place to effectively manage budgets, including the accuracy of forecasting.</p> <p>The council have had a continued reduction to the Council's budget leading to increased levels of service reductions and organisational wide transformation. As such the review will look to provide assurance that the budget is based on robust plans including whether robust assumptions are in place for income generating activities.</p>	Quarter 3	March 2020
Matrix – Use of Agency Staff (Advisory)	<p>Risk: Failure to ensure that the Council has adequate permanent staff with the skills required to meet their corporate objectives.</p> <p>Proposed coverage: Following a 'no assurance review in 2015/16, the aim of the review is to provide assurance that sufficiently robust arrangements are in place to manage use of agency staff. We propose to undertake the review with the support of our specialist HR Consulting Team.</p>	Quarter 1	September 2019
Core Assurance			
Business Rates	Coverage to provide assurance to the S151 Officer that robust systems of financial control are in place and being complied with.	Quarter 3	March 2020
Council Tax		Quarter 3	March 2020
Housing Benefits	Coverage will also meet External Audit / Regulatory requirements and any management concerns.	Quarter 3	March 2020
Treasury Management		Quarter 3	March 2020
General Ledger		Quarter 3	March 2020
Cash Collection and Management		Quarter 3	March 2020
Debtors		Quarter 3	March 2020

Payroll		Quarter 3	March 2020
Capital Expenditure		Quarter 3	March 2020
Rent Accounts		Quarter 3	March 2020
Assets		Quarter 3	March 2020
Creditors		Quarter 3	March 2020
Risk Management	To provide assurance over the effectiveness of risk management arrangements within the Council. This will include the use and management of both the Corporate and Service-level risk registers.	Quarter 3	March 2020
Governance	To provide assurance that key governance processes are operating effectively within the Council. Following feedback from the LGA Peer Review in February 2018, it was identified that further work was required to strengthen the council's arrangements within this area. The specific area for coverage will be agreed through discussion with Council Senior management.	Quarter 4	March 2020
Schools	To provide assurance over the effectiveness of governance and financial management arrangements within schools. As with previous years we will visit a sample of schools to review the effectiveness of governance and financial management arrangements on site.	Through the year	Each Audit Committee
Other Internal Audit Activity			
Emergency Planning / BCP	Proposed Coverage We will continue to support the Council in the development and implementation of its Business Continuity and Emergency Planning arrangements. This will be undertaken by our Business Continuity and Governance specialists.	Quarter 3	March 2020
Delivery of the Transformation Programme Board	Proposed Coverage At the request of the Chief Executive, we will review the governance and project management arrangements to support the delivery of the transformation programme. Our work will include the following; <ul style="list-style-type: none"> The effectiveness of the governance arrangements in place for the Transformation Board including how the Council are working with key external partners to support the delivery of the programme; Review of the Programme Blueprint and supporting implementation plans. This will consider the extent to which the overall strategy is supported by 	Quarter 2	December 2019

clear and measurable plans for which the delivery of project milestones can be monitored;

- Benefits Realisation. The audit will consider arrangements in place for the setting and monitoring of the delivery of benefits delivered through the programme, focussing on a sample of key benefits that were identified and how the delivery or otherwise of these has been assessed through the transformation programme.

The review will be undertaken by our specialist consultants.

Safety Advisory Group	<p>Proposed Coverage</p> <p>At the request of the Director of Finance and Resources, we will undertake a review to review the effectiveness of the group, including reporting and decision making</p>	Quarter 1	September 2019
Assurance Mapping	<p>Proposed Coverage</p> <p>We will assist the Council in the development of an assurance map which will identify, for each of the key areas of the business, how and when the Council are receiving first, second and third lines of assurance that the controls in place are operating effectively.</p>	Quarter 3	December 2019
Rent Arrears Recovery	<p>Proposed Coverage</p> <p>As part of this review, we will look to establish that robust controls and procedures are being employed by the Council and arvato to ensure that where rent arrears exist, that they are effectively recovered. Where possible, we will look to make use of IDEA to provide the council with statistical analysis on the arrears collection process.</p>	Quarter 2	December 2019
Heathrow Strategic Planning Group (HSPG)	<p>Proposed Coverage</p> <p>The HSPG represents the local authorities and other public organisations responsible for the land use planning, transport, environment, economic development and sustainable development in the wider area surrounding Heathrow Airport.</p> <p>Slough Borough Council is the accountable body for HSPG and acts as host for the small Core Team of technical and administrative staff who service the Group, and we will review the arrangements in place for governing the arrangement. This</p>	Quarter 2	December 2019

	work would be led by our Governance Consulting Team. This has never previously received any Internal Audit scrutiny / coverage.		
Regulatory Services – Cash Handling Arrangements	Proposed Coverage As part of this audit requested by the Director of Adults and Communities, we will review the arrangements for the handling of cash within the Council for services such as Trading Standards. Any additional areas will be confirmed with the appropriate Director and Service Lead at the time of audit.	Quarter 2	December 2019
Follow Up	Proposed Coverage We will conduct Follow Up audits on a quarterly basis to provide assurance that agreed actions have been implemented and that there is sufficient evidence to demonstrate their implementation.	On a quarterly basis	Each Audit committee
Management Meeting Attendance	This will include attendance at all meetings including Risk Board where attendance is requested.	N/A	N/A
Management	This will include: <ul style="list-style-type: none"> • Annual Planning • Preparation for, and attendance at, Audit and Corporate Governance Committee • Administration of our actions tracking database which is used by the Council to track actions – 4action • Regular liaison and progress updates • Liaison with external audit and other assurance providers • Preparation of the annual Head of Internal Audit opinion, IA Charter, Assurance Map 	N/A	N/A

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

2.1 Working with other assurance providers

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

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

APPENDIX A: YOUR INTERNAL AUDIT SERVICE

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

Core team

The delivery of the 2019/20 audit plan will be based around a core team. However, we will complement the team with additional specialist skills where required. This will include the use of our IT Specialists within the Technology Risk Assurance (TRA) team, Contract Management Specialists and wider consulting specialists.

Conformance with internal auditing standards

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

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

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







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

Conflicts of interest

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

APPENDIX B: INTERNAL AUDIT STRATEGY 2019-2022

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

Assurance Provided		Internal Audit - Third Line of Assurance				
		Risk Register Ref	2017/18	2018/19	2019/20	2020/21
	Red - Minimal Assurance / Poor Progress					
	Amber/red - Partial Assurance / Little Progress					
	Amber/green - Reasonable Assurance / Reasonable Progress					
	Green - Substantial Assurance / Good Progress					
	Advisory / AUP					
	IDEA					
Audit Area						
Risk based assurance						
Transition from Children's Services to Adult Social Care		CR19			✓	
Delivery of the Gold Projects		CR2			✓	
Heathrow Strategic Planning Group		CR15			✓	
Matrix – Use of Agency Staff					✓	
Contract Management – Everyone Active (Leisure Contract)		C&L5			✓	
Major Infrastructure Projects (Local Enterprise Partnership)					✓	
Continuing Healthcare					✓	
Section 106 Arrangements						✓

Regulatory Services - Cash Handling Arrangements				✓		
Governance - James Elliman Homes			✓			
Direct Services Organisation	CR6		✓		✓	
Agresso Self Service			✓			
Fire Safety			✓		✓	
Contract Management - Osborne	CR15		✓			
Procurement	CR9				✓	✓
Business Continuity and Emergency Planning	CR8		✓	✓	✓	
Contract Management – Buoygues	CR15				✓	
Slough Urban Renewal	CR4					✓
Adult Social Care - Management of Income						✓
Corporate Health and Safety	CR3			✓		✓
Contracts Procedure Rules Review					✓	
Temporary Accommodation Strategy	CR3			✓		
Whistleblowing Arrangements					✓	
Policies and Procedures						✓
Budget Setting and Budgetary Control (including forecasting)	CR2			✓	✓	✓
Gas Servicing					✓	
Special Educational Needs Funding						✓
Delayed Transfers of Care (DToC)					✓	
Governance - Overview and Scrutiny - Committee Effectiveness				✓		
Core Assurance						

Business Rates	CR2				✓	✓	✓
Council Tax	CR2				✓	✓	✓
Housing Benefits	CR2				✓	✓	✓
Treasury Management	CR2				✓	✓	✓
General Ledger	CR2				✓	✓	✓
Cash Collection + Management	CR2				✓	✓	✓
Debtors	CR2			✓	✓	✓	✓
Payroll	CR2			✓	✓	✓	✓
Capital Expenditure	CR2				✓	✓	✓
Rent Accounts	CR2			✓	✓	✓	✓
Assets	CR2			✓	✓	✓	✓
Creditors	CR2			✓	✓	✓	✓
Risk Management	CR2				✓	✓	✓
Governance	CR2			✓	✓	✓	✓
Schools	CR2				✓	✓	✓
Other Internal Audit Activity							
Delivery of Gold Projects						✓	
Transformation Programme					✓		
Safety Advisory Group (SAG)					✓		
Rent Arrears Recovery					✓		
Children's Centres							✓
Effectiveness of Partnership Arrangements (including STP)							✓
Primary Authority Partnerships						✓	

Section 11 audits						✓	✓
Sickness Absence and Reporting						✓	
Appraisals						✓	
GDPR (previously Information Governance)						✓	
Cyber Security and Cyber Risk						✓	
Conflicts of Interest							✓
Neighbourhood Enforcement							
Parish Council Governance							✓
Parking						✓	
Housing Revenue Account					✓	✓	
OFSTED preparedness					✓		
Buildings Compliance Management					✓		✓
Buildings Asset Management					✓		
Training and Development (including appraisals)						✓	
Sickness and Absence Management							✓
Human Resources - working from home						✓	
Digitalisation						✓	
Assurance Mapping						✓	
Continuous Assurance						✓	✓
Follow up							

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

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

The internal audit service is provided by RSM Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

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

Mission of internal audit

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

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

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Partner Daniel Harris (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the Chief Executive, with further reporting lines to the Director of Finance and Resources.

The head of internal audit has unrestricted access to the chair of audit and corporate governance committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to Slough Borough Council. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the audit committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the audit and corporate governance committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

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

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the audit and corporate governance committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the audit and corporate governance committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the audit and corporate governance committee to demonstrate the performance of the internal audit service.

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

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

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

Client care standards

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

- Discussions with senior staff at the client take place to confirm the scope four weeks before the agreed audit start date.
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee four weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 10 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Sharefile.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

Authority

The internal audit team is authorised to:

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

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

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

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

Reporting

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

The internal audit service will issue progress reports to the audit and corporate governance committee and management summarising outcomes of audit activities, including follow up reviews.

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

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Cabinet to inform the organisation's annual governance statement.

Data protection

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

Quality Assurance and Improvement

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

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

Fraud

The audit and corporate governance committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the audit and corporate governance committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the audit and corporate governance committee is also approving the internal audit charter.

FOR FURTHER INFORMATION CONTACT

Daniel Harris – Head of Internal Audit

Email: Daniel.Harris@rsmuk.com

Telephone: 07792 948767

Chris Rising – Senior Manager

Email: Chris.Rising@rsmuk.com

Telephone: 07768 952380

Amir Kapasi – Assistant Manager

Email: Amir.Kapasi@rsmuk.com

Telephone: 07528 970094

rsmuk.com

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Slough Borough Council and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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

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

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External Audit Plan

Year ending 31 March 2019



Contents



Your key Grant Thornton
team members are:

Julie Masci

Engagement Lead

T: 029 2034 7506

E: Julie.Masci@uk.gt.com

Sophie Morgan-Bower

Manager

T: 0117 305 7757

E: Sophie.J.Morgan-Bower@uk.gt.com

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Appendices

A. Audit Approach

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Slough Borough Council Authority ('the Authority') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Slough Borough Council. We draw your attention to both of these documents on the [PSAA website](#). We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the :

- Authority and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Corporate Governance Committee); and
- Value for Money arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit and Corporate Governance Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority's business and is risk based. We will be using our new audit methodology and tool, LEAP, for the 2018/19 audit. It will enable us to be more responsive to changes that may occur in your organisation.

Group Accounts

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The Authority is required to prepare group financial statements that consolidate the financial information of its subsidiary undertaking, James Elliman Homes Limited.

The Authority has a 50% interest in Slough Urban Renewal, a Limited Liability Partnership.

The Council will need to consider whether the entity will be consolidated into Group Accounts in 2018/19.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls
- Income from Other Fees and Charges, Grants, and Contracts
- Valuation of Land and Buildings
- Valuation of Investment Property
- Valuation of the Pension Fund net liability
- Valuation and Accounting for Lender Option Borrower Option (LOBO) loans
- Property, Plant and Equipment - Incomplete or inaccurate financial information transferred to the general ledger
- Group Accounts
- Presentation and disclosure – Financial Statement Level Risk
- Accounting for the Authority's Private Finance Initiatives (PFI) Scheme

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Introduction & headlines

Materiality	We have determined planning materiality to be £5.982m (PY £6.800m) for the group and £5.980m (PY £6.800m) for the Authority, which equates to 1.5% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.299m (PY £0.136m).
Value for Money arrangements	<p>Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks:</p> <ul style="list-style-type: none">• Children's Social Care services – In the prior year, Ofsted identified weaknesses in Children's Social Care services, resulting in a modified opinion on the use of resources in the year ended 31 March 2018;• Principles and values of sound governance and internal control – In the prior year, the Authority's auditor identified significant weaknesses in arrangements to prepare the financial statements to support informed decision making, resulting in a modified opinion on the use of resources for the year ended 31 March 2018; and• Financial sustainability of the Council (Medium Term Financial Strategy) - Slough Borough Council currently has a budget gap of £1.291m over four years to 2022/23. The Council has set a balanced budget for 2019/20 to 2021/22. <p>Further details are set out on page 16.</p>
Audit logistics	<p>Our interim visit will take place in March 2019 and our final visit will take place in June and July. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A.</p> <p>Our fee for the audit will be £98,193 (PY: Scale fee £127,523; final fee TBC) for the Authority. This is subject to the Authority meeting our requirements set out on page 19. Should any variation to this fee be required, this will require prior approval with the Authority and PSAA.</p>
Independence	We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Key matters impacting our audit

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External Factors

The wider economy and political uncertainty

- Local Government funding continues to be stretched with increasing cost pressures and demand from residents. For Slough Borough Council, as at December 2018 there is a projected budget gap of £1.657m for the financial year 2019/20.
- At a national level, the government continues its negotiation with the EU over Brexit, and future arrangements remain clouded in uncertainty. The Authority will need to ensure that it is prepared for all outcomes, including in terms of any impact on contracts, on service delivery and on its support for local people and businesses.

Changes to the CIPFA 2018/19 Accounting Code

The most significant changes relate to the adoption of:

- IFRS 9 Financial Instruments which impacts on the classification and measurement of financial assets and introduces a new impairment model.
- IFRS 15 Revenue from Contracts with Customers which introduces a five step approach to revenue recognition.

Internal Factors

New audit methodology

- We will be using our new audit methodology and tool, LEAP, for the 2018/19 audit.
- It will enable us to be more responsive to changes that may occur in your organisation and more easily incorporate our knowledge of the Authority into our risk assessment and testing approach.
- We can ensure that our resources and testing are best directed to address the risks we identify in an effective way.

Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will consider whether your financial position leads to material uncertainty about the going concern of the Authority and group and will review related disclosures in the financial statements.
- We will review the Council's progress against previously agreed recommendations within the 2017/18 Audit Findings Report as part of our work.

- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code.

- You will see changes in the terminology we use in our reports that will align more closely with the ISAs.
- We will ensure that our resources and testing are best directed to address your risks in an effective way.
- We have invited members of your Finance Team to our Local Government Chief Accountant Workshop, due to take place in February, with dates available in Birmingham and London.

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Audit Scope	Risks identified	Planned audit approach
Slough Borough Council	Yes	Audit of the financial information of the component using component materiality	<ul style="list-style-type: none"> Risks are detailed on page 3. 	Full scope UK statutory audit performed by Grant Thornton UK LLP
James Elliman Homes Limited	Yes	Audit of one or more classes of transactions, account balances or disclosures relating to significant risks of the group financial statements.	<ul style="list-style-type: none"> Risks are detailed on page 3. 	<p>Full scope UK statutory audit performed by component auditor</p> <p>The nature, time and extent of our involvement in the work of the component auditor will begin with a discussion on risks, guidance on designing procedures, participation in meetings, followed by the review of relevant aspects of the component auditor's audit documentation and meeting with appropriate members of management.</p>
Slough Urban Renewal LLP	To be confirmed	Audit of one or more classes of transactions, account balances or disclosures relating to significant risks of the group financial statements.	<ul style="list-style-type: none"> Risks are detailed on page 3. 	<p>Full scope UK statutory audit performed by component auditor</p> <p>The nature, time and extent of our involvement in the work of the component auditor will begin with a discussion on risks, guidance on designing procedures, participation in meetings, followed by the review of relevant aspects of the component auditor's audit documentation and meeting with appropriate members of management.</p>

Group audit scope and risk assessment (cont)

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Audit Scope	Risks identified	Planned audit approach
Development Initiative for Slough Housing Company Ltd	No	Analytical procedures at group level	None	Analytical review performed by Grant Thornton UK LLP.
Herschel Homes Ltd	No (Dormant)	Analytical procedures at group level	None (Dormant)	Analytical review performed by Grant Thornton UK LLP.

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Key changes within the group:

- The Authority is required to prepare group financial statements that consolidate the financial information of its wholly owned subsidiary undertaking, James Elliman Homes Limited.
- The Authority has a 50% interest in Slough Urban Renewal, a Limited Liability Partnership. The Council will need to consider whether the entity will be consolidated into Group Accounts in 2018/19.
- The Council has a wholly owned subsidiary, Development Initiative for Slough Housing Company Ltd
- During 2017/18 the Council established Herschel Homes Limited which is currently dormant.

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Analytical procedures at group level

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Income from Other Fees and Charges, Grants, and Contracts	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>For Slough Borough Council, we have concluded that the greatest risk of material misstatement relates to Other Fees and Charges income. We have therefore identified the occurrence and accuracy of Other Fees and Charges, Grants, and Contract income as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p> <p>We have rebutted this presumed risk for the other revenue streams of the group and Authority because:</p> <ul style="list-style-type: none"> • Other income streams are primarily derived from formula based income from central government and tax payers; and • opportunities to manipulate revenue recognition are very limited. 	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the group’s accounting policy for recognition of income from Other Fees and Charges, Grants, and Contracts for appropriateness; • gain an understanding of the Authority’s system for accounting for income from Other Fees and Charges, Grants, and Contracts and evaluate the design of the associated controls; • agree, on a sample basis, amounts recognised as income from Other Fees and Charges, Grants and Contracts in the financial statements to supporting documents.
Management override of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of investment property (Annual revaluation)	<p>The group revalues its investment property on an annual basis to ensure that the carrying value is not materially different from the current value or fair value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management have engaged the services of a valuer to estimate the current value as at 31 March 2019.</p> <p>We therefore identified valuation of investment property, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • write to the valuer to confirm the basis on which the valuations were carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register • evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.
Valuation of land and buildings (Rolling revaluation)	<p>The group revalues its land and buildings on a rolling five-yearly basis.. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority and group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • write to the valuer to confirm the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • test revaluations made during the year to see if they had been input correctly into the group's asset register • evaluating the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the Pension Fund net liability	<p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements and group accounts.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • agree any advance payment made to the pension fund during the year to the expected accounting treatment and relevant financial disclosures. • obtain assurances from the auditor of Berkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation and accounting for Lender Option Borrower Option (LOBO) loans	<p>LOBO loans are complex with terms that can be non standard, including inverse floating interest rates. Management need to consider the terms of the loan agreements of these loans and make judgements as to the appropriate accounting treatment. Last year, clarification was issued by CIPFA in relation to the accounting for LOBO loans.</p> <p>The Authority holds LOBO loans (PY: fair value of £13m in 2017/18) and has made a critical judgement regarding the accounting treatment and valuation of these loans during the year.</p> <p>We therefore identified the valuation and accounting for these LOBO loans as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • assess management’s processes and assumptions for identifying critical judgements; • gain an understanding of the processes and the controls put in place by management to ensure that the loans were not materially misstated and evaluate the design of the associated controls; • evaluate the competence, capabilities and objectivity of management experts used in the valuation of the loans; • discuss with management the basis on which the valuation was carried out, including advice received from treasury management advisers; • evaluate and challenge the reasonableness of the critical judgements and significant assumptions used by management and their expert in valuing and accounting for the loans.
Property Plant and Equipment - Incomplete or inaccurate financial information transferred to the general ledger	<p>In January 2019, the Authority implemented an opening balances exercise on the Property, Plant and Equipment balances for the 2018/19 financial year. When implementing this exercise, it is important to ensure that sufficient controls have been designed and operate to ensure the integrity of the data. There is also a risk over the completeness and accuracy of any data transfer from the previous ledger system.</p> <p>We therefore identified the completeness and accuracy of the transfer of revised financial information to the general ledger system as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • complete an information technology (IT) environment review by our IT audit specialists to document, evaluate and test the IT controls operating within the general ledger system; and • map the closing balances from the 2017/18 general ledger to the opening balance position in the new ledger for 2018/19 to ensure accuracy and completeness of the financial information.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Group Accounts	<p>The Authority is required to prepare group financial statements that consolidate the financial information of its wholly owned subsidiary undertaking, James Elliman Homes Limited.</p> <p>The Authority has a 50% interest in Slough Urban Renewal, a Limited Liability Partnership. Activity increased significantly in 2017/18; the Council will need to consider whether the entity will be consolidated into Group Accounts in 2018/19.</p> <p>The Council has a wholly owned subsidiary, Development Initiative for Slough Housing Company Ltd. During 2017/18 the Council established Herschel Homes Limited which is currently dormant.</p> <p>In 2017/18 Slough Urban Renewal was not consolidated due to the quantitative and qualitative aspects were not considered to be material by the Council. The Council will need to consider whether the subsidiary should be consolidated in the 2018/19 financial statements.</p> <p>The consolidation of the subsidiary may give rise to a number of material accounting transactions in the financial statements for which the economic substance of the transactions needs to be considered.</p> <p>We therefore identified the accounting transactions associated with the consolidation of Slough Urban Renewal as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review the key agreements to gain an understanding of the agreements put in place on the establishment of the company; • discuss with key group personnel, the underlying substance of the transactions and the basis of the group’s proposed accounting treatment of the arrangements; • critically assess the economic substance of the transactions to assess the appropriateness of the accounting treatment adopted by the group in accordance with the Code, International Financial Reporting Standards (IFRSs) and other relevant accounting guidance; • review the Group structure of the Council; • obtain an copy of the Group materiality assessment to be prepared by the Council; • review the qualitative and quantitative materiality of the Council’s subsidiaries in relation to the Council’s operations.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Private Finance Initiatives (PFI) Scheme	<p>The Council entered into a PFI contract for the design, build and operation of three schools in 2006/07.</p> <p>The PFI assets are recognised as Property, Plant and Equipment within the Authority's balance sheet.</p> <p>Accounting for PFI is complex and the transactions are significant. In addition, the monitoring of the contract is a key requirement for the Authority.</p> <p>There is a risk that Property, Plant and Equipment may be misstated due to improper valuations and accounting of PFI schemes in year. We therefore identified the accounting transactions associated with the PFI model as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> review the Authority's PFI model and assumptions therein to inform our audit approach; agree the balances in the financial statements to these models; review the basis of the Authority's accounting treatment and valuation for the PFI schemes; discuss with key group personnel, the underlying substance of the transactions and the judgements made.
Presentation and Disclosure – Financial Statement Level Risk	<p>In 2017/18 a significant number of weaknesses and misstatements were identified in respect of the group's arrangements for preparing the financial statements and working papers.</p> <p>There is a financial statement level risk that the financial statements may be misstated due to weaknesses identified. We therefore identified the presentation and disclosure of the financial statements as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> consider the Authority's arrangements for preparing the financial statements and working papers; discuss with key group personnel, the underlying substance of the transactions and judgements made; critically assess the financial statements in accordance with the Code, International Financial Reporting Standards (IFRSs) and other relevant accounting guidance; map the closing balances from the 2017/18 general ledger to the opening balance positions in the new ledger for 2018/19 to ensure accuracy and completeness of the financial information; consider the action plan presented to Audit Committee and consider progress made by Officers against this plan in the preparation of the 2018-19 financial statements.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
 - issue of a report in the public interest or written recommendations to the Authority under section 24 of the Act, copied to the Secretary of State.
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - Issuing an advisory notice under Section 29 of the Act.
- We certify completion of our audit.

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Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the group's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the group and Authority for the financial year. Materiality at the planning stage of our audit is £5.982m (PY £6.800m) for the group and £5.980m (PY £6.800m) for the Authority which equates to 1.5% of your prior year gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be 2% of the disclosure note for senior officer remuneration. We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

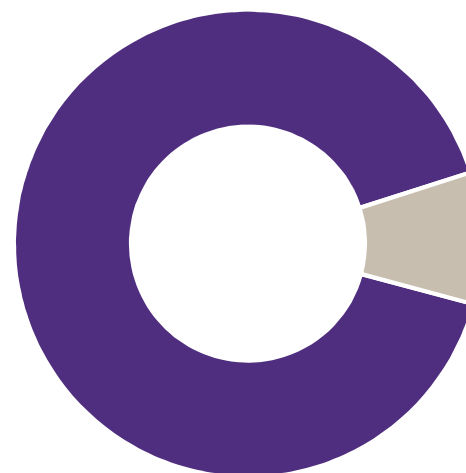
Matters we will report to the Audit and Corporate Governance Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Corporate Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' Authority, was matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the group and e propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.299m (PY £0.163m).

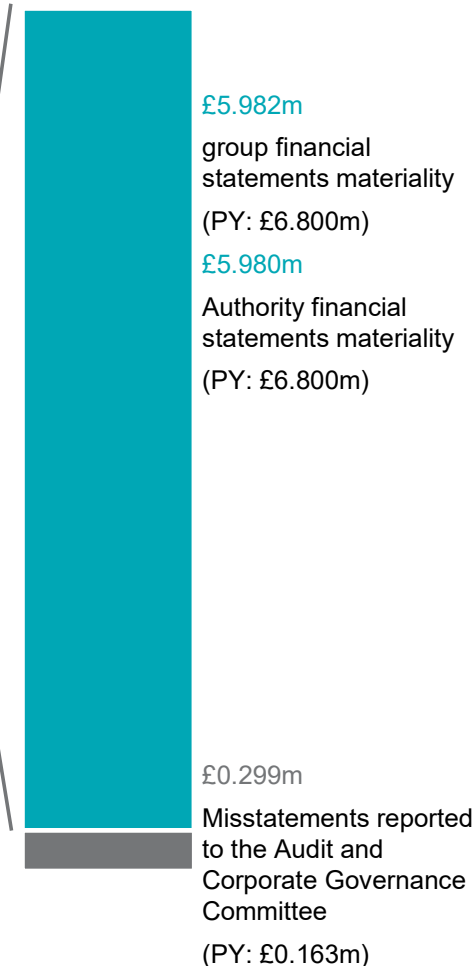
If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Corporate Governance Committee to assist it in fulfilling its governance responsibilities.

Prior year gross expenditure

£398.8m group
(PY: £398.8m)
£398.7 Authority
(PY: £398.7M)



- Prior year gross expenditure
- Materiality



Value for Money arrangements

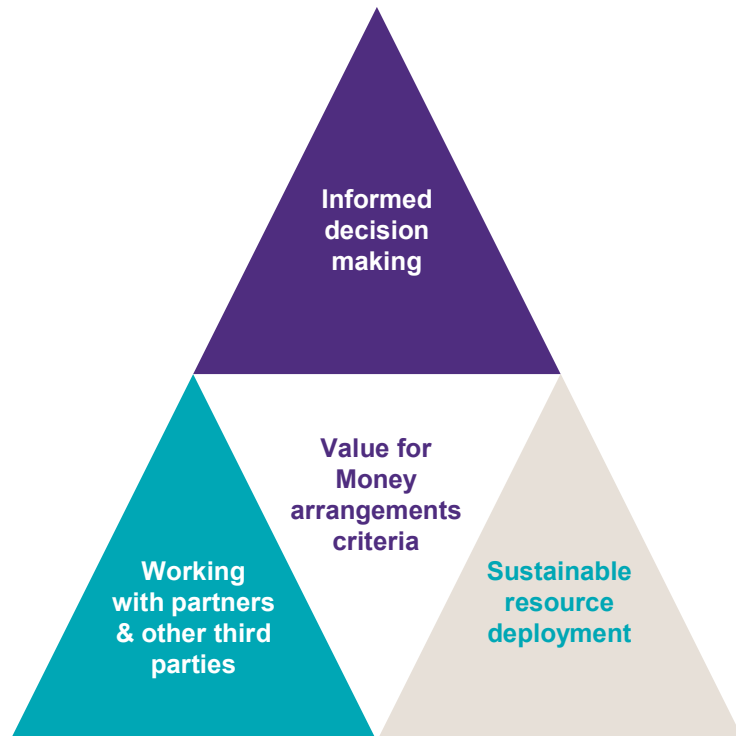
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:



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Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Authority to deliver value for money.



Financial Sustainability of the Council - Medium Term Financial Strategy

The ongoing challenge of meeting the savings outlined by Central Government continue to put pressures on Local Government finances. Slough Borough Council currently has a budget gap of £1.291m over four years to 2022/23. The Council has set a balanced budget for 2019/20 to 2021/22.

In the short term, the Authority has one off reserves that can be used to mitigate these pressures but the longer term implications are challenging. The Authority expects an estimated £9m reduction in central funding per annum to 2024/25 which further enforces the need to identify alternative methods of achieving the Authority's financial position for the future.

We will review the Authority's arrangements to prepare robust savings plans and how these have been challenged and consider the plans to identify further savings to address the future funding gap.

We will review monitoring arrangements, including the robustness of the Council's Medium Term Financial Strategy, the delivery of the 2018/19 budget, and the action taken when plans are not being delivered.

Value for Money arrangements

Significant VFM risks (continued)

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Authority to deliver value for money.



Principles and values of sound governance and internal control

In the prior year, the Authority's auditor identified significant weaknesses in arrangements to prepare the financial statements to support informed decision making, resulting in a modified opinion on the use of resources for the year ended 31 March 2018.

We will consider the Council's system of internal control and governance procedures and its progress in addressing the previously identified recommendations.

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Children's Social Care services

In the prior year, Ofsted identified weaknesses in Children's Social Care services, resulting in a modified opinion on the use of resources for the year ended 31 March 2018.

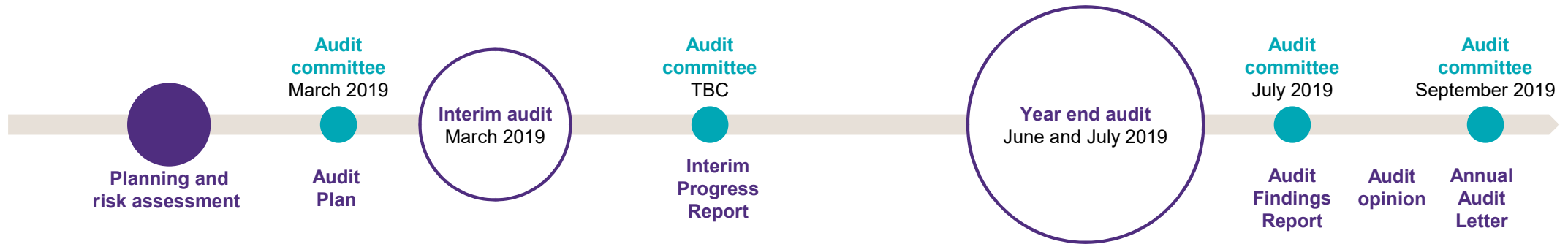
We will consider the Council's progress against the previously identified recommendations.

We will consider actions taken by the Authority to address the recommendations raised by Ofsted.

We will consider the Authority's processes for monitoring the progress against recommendation raised.

We will consider the results of any follow up inspections by external bodies.

Audit logistics, team & fees



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Julie Masci, Engagement Lead

Julie leads our relationship with you and takes overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Council.



Sophie Morgan-Bower, Audit Manager

Sophie plans, manages and leads the delivery of the audit, is your key point of contact for your finance team and is your first point of contact for discussing any issues.

Audit fees

The planned audit fees are £98,193 (PY: Scale fee £127,523; final fee TBC) for the financial statements audit completed under the Code, which are inline with the scale fee published by PSAA. £42,490 of fees are planned for the Housing Benefit certification work, which constitutes non Code work by PSAA. In setting your fee, we have assumed that the scope of the audit, and the Authority and its activities, do not significantly change.

Where additional audit work is required to address risks relating to the application of changes to International Financial Reporting Standard (IFRS) 9 – Financial Instruments and changes to the Authority’s recognition and accounting treatment of financial assets and/or liabilities, and the application of changes to International Financial Reporting Standard (IFRS) 15 – Revenue from contracts with customers and the Authority’s recognition and accounting treatment of income from contracts, we will consider the need to charge fees in addition to the audit fee on a case by case basis. Any additional fees will be discussed and agreed with management and require PSAA approval.

Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section ‘Early Close’. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Early close

Meeting the 31 July audit timeframe

In the prior year, the statutory date for publication of audited local government accounts was brought forward to 31 July, across the whole sector. This was a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts was curtailed, while, as auditors we had a shorter period to complete our work and faced an even more significant peak in our workload than previously.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 18). Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

In this context, in writing our 2018-19 Audit Plan we need to bring a specific issue to those charged with governance attention. Gray's Inn Trading (GIT) Ltd is a group of companies based in the Slough area. A separate special purpose vehicle, Ground Rent Estates (GRE) 5 Ltd, held by GIT Ltd, was acquired by Slough Borough Council on 8 March 2018. At the time of purchase, Grant Thornton were responsible for the audit and tax services for GIT Ltd. Audit and tax compliance services had been provided by Grant Thornton during the 2016-17 financial year, including tax compliance work which commenced in January 2018, nearly three months prior to the 8 March 2018 acquisition date. In addition to the tax compliance work, GT provided tax advice relating to the GRE 5 Ltd company transfer. No work was performed in respect of the 2017-18 year - the firm proposed to continue as the auditor of GRE5 Ltd for 2017/18 but, in view of the acquisition by the Council of GRE5 Ltd, the firm ceased its tax and accounts preparation services for audit year 2017/18. There is therefore no ongoing threat to independence as the firm will not be undertaking accounts preparation or tax work in future years.

For the 2016-17 audit, all fees relating to the audit and tax computation work for the group (including that for GRE 5 Ltd) have been and will continue to be billed to the GIT Group. No fees were billed to either GRE 5 Ltd or Slough Borough Council. The work is inconsequential to the Council (and is not consolidated within the financial statements of the Council) and Grant Thornton had substantially completed, and billed, the majority of the work before Slough Borough Council acquired GRE 5 Ltd in March 2018. The only element of work outstanding at the date of acquisition was the final sign off procedures, including the filing of year end accounts.

No members of the Slough Borough Council audit team had any involvement with the GIT Ltd or GRE 5 Ltd audit and tax services.

Following the subsequent discussions with our Head of Ethics, it has been agreed that there is no ongoing conflict of interest and there is no impact upon our independence and objectivity of the audit of either the Council or the company as the firm ceased its tax and accounts preparation services for the audit year 2017-18. There is therefore no ongoing threat to independence as Grant Thornton will not be undertaking accounts preparation or tax work in 2018-19 or in future years. Grant Thornton has fully reported the circumstances to Slough Borough Council and consulted with PSAA on 12 July 2018. PSAA has confirmed that they support this conclusion.

We are reporting this matter to those charged with governance as required under the Financial Reporting Council Ethical Standard to ensure that they are fully appraised of the situation. We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Independence & non-audit services

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The following other services were identified:

Service	£	Threats	Safeguards
Audit related			
Certification of Housing Benefit	42,940	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £43k in comparison to the total fee for the audit of £98k and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related			
CFO insights	12,500	Self-Interest (because this is a recurring fee)	We have provided subscription services only; any decisions are made independently by the Council. The work is undertaken by a team independent to the audit team.

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The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the group's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit Committee. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Independence & non-audit services

Non-audit services provided prior to appointment

Ethical Standards require us to draw your attention to relevant information on recent non-audit / additional services before we were appointed as auditor. In the table below we have set out the previous services we have provided to the Authority.

Service	Date of service	Fees £	Would the service have been prohibited if we had been auditor?	Has the outcome of the service been audited or reviewed by another firm?	Commentary
Services in respect of Ground Rent and Estates (GRE 5 Ltd)	September 2017	N/a – fees billed to the GIT group, with no fees billed to either GRE5 Ltd or Slough Borough Council as disclosed on page 20	Yes	No	See page 20 for commentary

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We do not believe that the previous services detailed above will impact our independence as auditors

Appendices

A. Audit Approach

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Audit approach

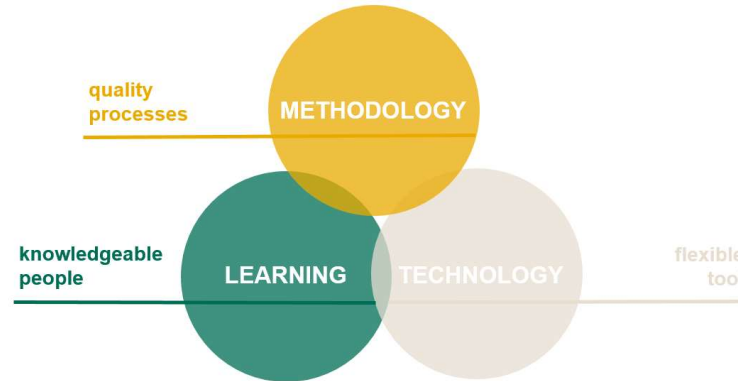
Use of audit, data interrogation and analytics software

LEAP



Audit software

- A globally developed ISA-aligned methodology and software tool that aims to re-engineer our audit approach to fundamentally improve quality and efficiency
- LEAP empowers our engagement teams to deliver even higher quality audits, enables our teams to perform cost effective audits which are scalable to any client, enhances the work experience for our people and develops further insights into our clients' businesses
- A cloud-based industry-leading audit tool developed in partnership with Microsoft



Info



Cloud based software which uses data analytics to identify trends and high risk transactions, generating insights to focus audit work and share with clients.



REQUEST & SHARE

- Communicate & transfer documents securely
- Extract data directly from client systems
- Work flow assignment & progress monitoring



ASSESS & SCOPE

- Compare balances & visualise trends
- Understand trends and perform more granular risk assessment



VERIFY & REVIEW

- Automate sampling requests
- Download automated work papers



INTERROGATE & EVALUATE

- Analyse 100% of transactions quickly & easily
- Identify high risk transactions for investigation & testing
- Provide client reports & relevant benchmarking KPIs



FOCUS & ASSURE

- Visualise relationships impacting core business cycles
- Analyse 100% of transactions to focus audit on unusual items
- Combine business process analytics with related testing to provide greater audit and process assurance



INSIGHTS

- Detailed visualisations to add value to meetings and reports
- Demonstrates own performance and benchmark comparisons

IDEA



- We use one of the world's leading data interrogation software tools, called 'IDEA' which integrates the latest data analytics techniques into our audit approach
- We have used IDEA since its inception in the 1980's and we were part of the original development team. We still have heavy involvement in both its development and delivery which is further enforced through our chairmanship of the UK IDEA User Group
- In addition to IDEA, we also other tools like ACL and Microsoft SQL server
- Analysing large volumes of data very quickly and easily enables us to identify exceptions which potentially highlight business controls that are not operating effectively

Appian



Business process management

- Clear timeline for account review:
 - disclosure dealing
 - analytical review
- Simple version control
- Allow content team to identify potential risk areas for auditors to focus on



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SLOUGH BOROUGH COUNCIL

GRANT CLAIMS AND RETURNS CERTIFICATION

Audit for the year ended 31 March 2018
20 February 2019



INTRODUCTION

PURPOSE AND USE OF THIS REPORT

This report summarises the main issues arising from our certification of grant claims and returns for the financial year ended 31 March 2018.

Public Sector Audit Appointments Ltd (PSAA) regime

PSAA has a statutory duty to make arrangements for certification by the appointed auditor of the annual housing benefit subsidy claim.

We undertake the grant claim certification as an agent of PSAA, in accordance with the Certification Instruction (CI) issued by them after consultation with the Department for Work and Pensions (DWP).

After completion of the tests contained within the CI the grant claim can be certified with or without amendment or, where the correct figure cannot be determined, may be qualified as a result of the testing completed.

Other certification work

A number of other grant claims and returns are not within the scope of our appointment by PSAA, but Departments may still seek external assurance over the accuracy of the claim or return. These assurance reviews are covered by tripartite agreements between the Council, sponsoring Department and the auditor.

The Council engaged us to carry out the following for the year ended 31 March 2018:

- Agreed-upon procedures, based on the instructions and guidance provided by the Ministry of Housing, Communities and Local Government (MHCLG), of the Pooling of housing capital receipts return
- 'Agreed-upon procedures', based on the instructions and guidance provided by the Department for Education, of the Teachers' pensions return.

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 our certification work.

AUDIT QUALITY

BDO is totally committed to audit quality. It is a standing item on the agenda of BDO's Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream's objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections. BDO welcome feedback from external bodies and is committed to implementing necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Council's Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US firms), the firm undertake a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years. We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our latest Transparency Report at www.bdo.co.uk.

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KEY FINDINGS

Below are details of each grant claim and return subject to certification by us for the financial year ended 31 March 2018. Where our work identified issues which resulted in either an amendment or a qualification (or both), further information is provided on the following pages. An action plan is included at Appendix II of this report.

CLAIM OR RETURN	FINAL VALUE (£)	QUALIFIED?	AMENDED?	IMPACT OF AMENDMENTS(£)
Housing benefit subsidy	£69,915,439	YES	YES	Increase subsidy receivable by £10,779
Pooling of housing capital receipts	£6,452,297	YES	NO	N/A
Teachers' pensions	£4,418,854	YES	YES	Decrease payable balance by £2,748

DETAILED FINDINGS

HOUSING BENEFIT SUBSIDY

Local authorities responsible for managing housing benefit are able to claim subsidies towards the cost of these benefits from central government. The final value of subsidy to be claimed by the Council for the financial year is submitted to central government on form MPF720A, which is subject to certification.

Our work on this claim includes verifying that the Council is using the correct version of its benefits software and that this software has been updated with the correct parameters. We also agree the entries in the claim to underlying records and test a sample of cases from each benefit type to confirm that benefit has been awarded in accordance with the relevant legislation and is shown in the correct cell on form MPF720A.

The methodology and sample sizes are prescribed by PSAA and DWP. We have no discretion over how this methodology is applied. The draft subsidy return provided for audit recorded amounts claimed as subsidy of £69,904,660. The final submission was increased by £10,779, to £69,915,439.

FINDINGS AND CONCLUSION

Our audit of 60 individual claimant files highlighted a number of errors the Council made in administering benefit and calculating subsidy entitlement.

Guidance requires auditors to undertake extended 40+ testing if initial testing identified errors in the benefit entitlement calculation or in the classification of expenditure. Such testing is also undertaken as part of our follow-up of prior year issues reported. This additional testing, combined with the original testing where there has been an overpayment of benefit, is extrapolated (or extended) across the population. Where the error can be isolated to a small population, the whole population can be tested and the claim form amended if appropriate. Where there is no impact on the subsidy claim, for example where the error always results in an underpayment of benefit, we are required to report this within our qualification letter.

This resulted in ten areas of 40+ testing, one area of additional testing and one amendment to the claim form.

All testing was carried out by BDO, as agreed with management.

Our work was completed and the claim was certified before DWP's deadline of 30 November 2018. Our audit certification was qualified and we quantified the effect of the errors identified on the Council's entitlement to subsidy (based on our extrapolations) in a letter to DWP.

A summary of our audit findings can be found on the following pages.

While the total of the reported issues below indicate a potential overstatement of subsidy claimed of £38,026, the application of threshold limits on the claim form meant that the majority of this difference was allowable and therefore has not been clawed back by DWP.

DETAILED FINDINGS

ERROR DESCRIPTION	IMPACT ON SUBSIDY CLAIMED
<p>NON-HRA RENT REBATES</p>	
<p>Incorrect application of LHA cap</p> <p>Testing of the initial sample of 20 cases and an additional random sample of 40 cases on expenditure on board and lodging or non-self contained licensed accommodation where the local authority is the landlord identified 11 cases where the Council had incorrectly applied the LHA cap.</p> <p>Testing of the initial sample of 20 cases and an additional random sample of 40 cases on expenditure on short term leased or self contained accommodation where the local authority is the landlord identified 18 cases where the Council had incorrectly applied the LHA cap.</p> <p>These errors resulted in misclassifications between cells on the claim form.</p> <p>We extrapolated the errors over the remaining population of untested cases.</p>	<p>The net effect of the extrapolated errors was as follows:</p> <ul style="list-style-type: none"> Cell 012 'Board and lodging or non self-contained licenced accommodation where the local authority is the landlord - Expenditure up to the lower of the one bedroom self-contained LHA rate and the upper limit (£500 or £375)' was overstated by £2,586 (attracts full subsidy) Cell 013 'Board and lodging or non self-contained licenced accommodation where the local authority is the landlord - Expenditure above the lower of the one bedroom self-contained LHA rate and the upper limit (£500 or £375)' was understated by £2,586 (attracts no subsidy) Cell 014 'Short term leased or self contained accommodation where the local authority is the landlord - Expenditure up to the lower of 90% of the appropriate LHA rate for the property plus the management costs element and the upper limit (£500 or £375)' was understated by £11,748 (attracts full subsidy) Cell 015 'Short term leased or self contained accommodation where the local authority is the landlord - Expenditure above the lower of 90% of the appropriate LHA rate for the property plus the management costs element and the upper limit (£500 or £375)' was overstated by £11,748 (attracts no subsidy). <p>As a result, subsidy claimed was understated by £9,162. The claim form was not amended for the extrapolated error and we reported this in our qualification letter to DWP.</p>
<p>Miscalculation of earned income</p> <p>Testing of the initial sample of 20 cases and an additional random sample of 40 cases with earned income identified one case where benefit had been overpaid as a result of the Council miscalculating the claimant's income.</p> <p>We extrapolated this error over the remaining population of untested cases.</p> <p>In addition, we identified two cases where benefit had been underpaid as a result of the Council miscalculating the claimant's income. However, as there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and was not classified as an error for subsidy purposes.</p>	<p>The net effect of the extrapolated error was as follows:</p> <ul style="list-style-type: none"> Cell 014 'Short term leased or self contained accommodation where the local authority is the landlord - Expenditure up to the lower of 90% of the appropriate LHA rate for the property plus the management costs element and the upper limit (£500 or £375)' was overstated by £48 (attracts full subsidy) Cell 026 'LA error and administrative delay overpayments' was understated by £48 (attracts no subsidy). <p>As a result, subsidy claimed was overstated by £48. The claim form was not amended for the extrapolated error and we reported this in our qualification letter to DWP.</p>

DETAILED FINDINGS

ERROR DESCRIPTION	IMPACT ON SUBSIDY CLAIMED
NON-HRA RENT REBATES (CONTINUED)	
<p>Incorrect passporting of claims <i>(i.e. claims where individuals are entitled to housing benefits because of their entitlement to certain other benefits or tax credits such as income support and jobseekers allowance)</i></p> <p>Testing of the initial sample of 20 cases and an additional random sample of 40 passported cases identified one case where benefit had been overpaid as a result of the Council incorrectly passporting the claim.</p> <p>As no similar findings were included in our previous qualification letters, we concluded that this error was isolated.</p>	<p>The effect of the identified error was as follows:</p> <ul style="list-style-type: none"> Cell 014 ‘Short term leaded or self contained accommodation where the local authority if the landlord - Expenditure up to the lower of 90% of the appropriate LHA rate for the property plus the management costs element and the upper limit (£500 or £375)’ was overstated by £40 (attracts full subsidy) Cell 026 ‘LA error and administrative delay overpayments’ was understated by £40 (attracts no subsidy). <p>As a result, subsidy claimed was overstated by £40. The claim form was not amended for this error and we reported it in our qualification letter to DWP.</p>
<p>Incorrect treatment of change of address</p> <p>Our testing in the prior year identified two cases where benefit was overpaid as a result of the Council not creating an overpayment when claimants moved address.</p> <p>There were 41 cases in the current year where the claimant moved address and our testing of all of these cases identified two cases where the system failed to recognise overpayments and the issue was not detected by the Council.</p>	<p>The effect of the identified error was as follows:</p> <ul style="list-style-type: none"> Cell 014 ‘Short term leaded or self contained accommodation where the local authority if the landlord - Expenditure up to the lower of 90% of the appropriate LHA rate for the property plus the management costs element and the upper limit (£500 or £375)’ was overstated by £397 (attracts full subsidy) Cell 015 ‘Short term leaded or self contained accommodation where the local authority if the landlord - Expenditure above the lower of 90% of the appropriate LHA rate for the property plus the management costs element and the upper limit (£500 or £375) was overstated by £884 (attracts no subsidy) Cell 027 ‘Technical overpayments’ was understated by £1,281 (attracts no subsidy). <p>As a result, subsidy claimed was overstated by £397. The claim form was not amended for this error and we reported it in our qualification letter to DWP.</p>

DETAILED FINDINGS

ERROR DESCRIPTION	IMPACT ON SUBSIDY CLAIMED
NON-HRA RENT REBATES (CONTINUED)	
<p>Incorrect netting off of overpayments</p> <p>Testing of the initial sample identified two cases where the Council incorrectly netted off expenditure from the headline and overpayment cell for subsidy purposes due to a manual error in processing a change of address from a non-HRA property. This resulted in an understatement of benefit expenditure.</p> <p>As there is no eligibility to subsidy for benefit which has not been paid, the underpayments identified do not affect subsidy and were not, therefore, classified as errors for subsidy purposes.</p>	<p>This had no impact on subsidy claimed.</p> <p>We reported this issue as an observation in our qualification letter to DWP.</p>
<p>Misclassification in type of accommodation</p> <p>Testing of the initial sample identified one case where the Council misclassified expenditure between cells 012 and 014, with the results that cell 012 was overstated and cell 014 understated. The benefit entitlement was correctly calculated and the detailed cells involved attract the same subsidy rate. The cap was correctly calculated at the cell 014 rate.</p> <p>As there was no impact on subsidy claimed, the issue was not classified as an error for subsidy purposes.</p>	<p>This had no impact on subsidy claimed.</p> <p>We reported this issue as an observation in our qualification letter to DWP.</p>
<p>Incorrect capping of rental liability</p> <p>Testing of the initial sample of 20 cases identified one case where the Council incorrectly capped the rental liability at the LHA rate. This resulted in an understatement of the headline cell and the detailed cell. Due to the specific nature of the error, whereby the system only applies the LHA rate cap to rents above the cap, this will always result in an understatement of rent and an underpayment of benefit.</p> <p>As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and was not classified as an error for subsidy purposes.</p>	<p>This had no impact on subsidy claimed.</p> <p>We reported this issue as an observation in our qualification letter to DWP.</p>

DETAILED FINDINGS

ERROR DESCRIPTION	IMPACT ON SUBSIDY CLAIMED
NON-HRA RENT REBATES (CONTINUED)	
<p>Incorrect dependants allowance</p> <p>Testing of the initial sample identified one case where benefit had been underpaid as a result of the Council assessing the claim on incorrect dependants allowance. The system caps dependants allowance at two dependants and in this case the claimant was entitled to a dependant allowance for three dependents. The effect of the error is that the headline cell and the detailed cells were understated.</p> <p>As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and was not classified as an error for subsidy purposes.</p>	<p>This had no impact on subsidy claimed.</p> <p>We reported this issue as an observation in our qualification letter to DWP.</p>
HRA RENT REBATES	
<p>Mismatch in in-year reconciliation cells</p> <p>We noted that the headline cell on the claim form for HRA rent rebates was £425 lower than the in-year reconciliation cell.</p>	<p>The Council amended the final claim form to increase the headline cell by £425.</p> <p>This had no impact on subsidy claimed.</p>
<p>Misclassification of overpayments</p> <p>Testing of the initial sample of 20 cases and an additional random sample of 40 cases identified five case where a Local Authority overpayment was incorrectly classified as an eligible overpayment.</p> <p>These errors resulted in misclassifications between cells on the claim form and an overstatement of subsidy claimed.</p> <p>We extrapolated the errors over the remaining population of untested cases.</p>	<p>The effect of the extrapolated error was as follows:</p> <ul style="list-style-type: none"> Cell 067 ‘Eligible overpayments’ was overstated by £21,765 (attracts 40% subsidy) Cell 065 ‘LA error and administrative delay overpayments’ was understated by £21,765 (attracts no subsidy). <p>As a result, subsidy claimed was overstated by £8,706. The claim form was not amended for this error and we reported it in our qualification letter to DWP.</p>

DETAILED FINDINGS

ERROR DESCRIPTION	IMPACT ON SUBSIDY CLAIMED
HRA RENT REBATES (CONTINUED)	
<p>Miscalculation of earned income</p> <p>Testing of the initial sample of 20 cases and an additional random sample of 40 cases with earned income identified one case where benefit had been overpaid as a result of the Council miscalculating the claimant's income.</p> <p>We extrapolated this error over the remaining population of untested cases.</p> <p>In addition, we identified two cases where benefit had been underpaid as a result of the Council miscalculating the claimant's income. However, as there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and was not classified as error for subsidy purposes.</p>	<p>The effect of the extrapolated error was as follows:</p> <ul style="list-style-type: none"> Cell 061 'HRA rent rebate expenditure attracting full-rate subsidy which is included in cell 055 but not separately identified in this section' was overstated by £85 (attracts full subsidy) Cell 065 'LA error and administrative delay overpayments' was understated by £85 (attracts no subsidy). <p>As a result, subsidy claimed was overstated by £85. The claim form was not amended for the extrapolated error and we reported this in our qualification letter to DWP.</p>
RENT ALLOWANCES	
<p>Mismatch in subsidy balancing workbooks</p> <p>We noted an imbalance of £10,951 in the subsidy balancing reconciliations. On further enquiry it was established that there were two rent allowances claims in the system but not on the subsidy report, due to a system issue.</p>	<p>The effect of the identified error was as follows:</p> <ul style="list-style-type: none"> Cell 102 'Expenditure under the rent officer arrangements: cases excluded from the requirement to refer to the rent officer' was understated by £10,844 (attracts full subsidy) Cell 121 'Eligible overpayments' was understated by £107 (attracts 40% subsidy). <p>The claim form was amended for this error, thereby increasing the subsidy claimed by £10,779.</p>
<p>Mismatch in in-year reconciliation cells</p> <p>We noted that the headline cell on the revised claim form for rent allowances was £2,299 lower than the in-year reconciliation cell. The Council provided an explanation for this difference and no adjustment was made to the claim form.</p>	<p>This had no impact on subsidy claimed. The claim form was not amended and we reported it in our qualification letter to DWP.</p>

DETAILED FINDINGS

ERROR DESCRIPTION	IMPACT ON SUBSIDY CLAIMED
RENT ALLOWANCES (CONTINUED)	
<p>Miscalculation of earned income</p> <p>Testing of the initial sample of 20 cases and an additional random sample of 40 cases with earned income identified two cases where benefit had been overpaid as a result of the Council miscalculating the claimant's income.</p> <p>We extrapolated this error over the remaining population of untested cases.</p> <p>In addition, we identified one case where benefit had been underpaid as a result of the Council miscalculating the claimant's income. However, as there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and was not classified as an error for subsidy purposes.</p>	<p>The effect of the extrapolated error was as follows:</p> <ul style="list-style-type: none"> Cell 103 'LHA expenditure' was overstated by £34,978 (attracts full subsidy) Cell 113 'LA error and administrative delay overpayments' was understated by £34,978 (attracts no subsidy). <p>As a result, subsidy claimed was overstated by £34,978. The claim form was not amended for the extrapolated error and we reported this in our qualification letter to DWP.</p>
<p>Miscalculation of rent liability</p> <p>Testing of the initial sample of 20 cases and an additional random sample of 40 cases identified one case where benefit had been overpaid as a result of the Council miscalculating the claimant's rent liability.</p> <p>We extrapolated this error over the remaining population of untested cases.</p> <p>In addition, we identified one case where benefit had been underpaid as a result of the Council miscalculating the claimant's rent liability. However, as there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and was not classified as an error for subsidy purposes.</p>	<p>The effect of the extrapolated error was as follows:</p> <ul style="list-style-type: none"> Cell 102 'Expenditure under the rent officer arrangements: cases excluded from the requirement to refer to the rent officer' was overstated by £838 (attracts full subsidy) Cell 103 'LHA expenditure' was overstated by £2,096 (attracts full subsidy) Cell 113 'LA error and administrative delay overpayments' was understated by £2,934 (attracts no subsidy). <p>As a result, subsidy claimed was overstated by £2,934. The claim form was not amended for the extrapolated error and we reported this in our qualification letter to DWP.</p>

DETAILED FINDINGS

ERROR DESCRIPTION	IMPACT ON SUBSIDY CLAIMED
RENT ALLOWANCES (CONTINUED)	
<p>Incorrect LHA rate applied</p> <p>Testing of the initial sample of 20 cases and an additional random sample of 40 cases identified one case where benefit had been underpaid as a result of the Council using the incorrect number of bedrooms in calculating the LHA rate.</p> <p>As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and was not classified as an error for subsidy purposes.</p>	<p>This had no impact on subsidy claimed.</p> <p>We reported this issue as an observation in our qualification letter to DWP.</p>

DETAILED FINDINGS

POOLING OF HOUSING CAPITAL RECEIPTS

Local authorities are required to pay a portion of any housing capital receipt they receive into a national pool administered by central government. The Council is required to submit quarterly returns notifying central government of the value of capital receipts received.

The return provided for our review recorded total receipts of £6,452,297, of which £839,749 was payable to MHCLG.

MHCLG requires that this return is certified but the work is not part of PSAA's certification regime. We therefore agreed a separate letter of engagement to provide agreed upon procedures.

FINDINGS AND IMPACT ON RETURN

Our work was completed and the return was certified before MHCLG's deadline of 11 January 2019.

We found that the Council had incorrectly included the repayment of a discount of £15,050 from April 2013 in the total of amounts from disposals of dwellings that took place before 1 April 2012 under Right to Buy. As a result, the amount was disclosed incorrectly on the return. We reported this issue as an exception in our report to MHCLG.

Our review did not identify any other issues and the return was certified without amendment.

DETAILED FINDINGS

TEACHERS' PENSIONS

Local authorities which employ teachers are required to deduct pension contributions and send them, along with employer's contributions, to the Teachers' Pensions office (the body which administers the Teachers' Pension Scheme on behalf of the Department for Education). These contributions are summarised on form EOYCa, which the Council is required to submit to Teachers' Pensions.

The return provided for our review recorded total contributions paid of £4,418,854 and an outstanding payable balance of £836.

The final certified return recorded total contributions paid of £4,418,854 and an outstanding receivable balance of £1,912.

The Department for Education requires that Form EOYC is certified but the work is not part of PSAA's certification regime. We therefore agreed a separate letter of engagement to provide agreed-upon procedures.

FINDINGS AND IMPACT ON RETURN

Our work was completed and the amended return was certified before the Department for Education's deadline of 30 November 2018.

We identified four exceptions in checking that the breakdown of contributions in each tier casts to the percentage rate of the contributory salary. However, satisfactory explanations were received from management for each of these exceptions and we were satisfied that they did not indicate any errors in the return.

In checking whether the entries on the return and supporting working papers agreed with the Council's payroll records or information from schools, we identified four errors where the contributory salary was not correctly calculated. This led to differences in the employer and employee contributions, as well as total contributory salary. These errors were corrected in the final return.

In our testing of a sample of teachers we found that some employee contributions paid were incorrect, although the correct amounts were recorded in the Council's working papers underpinning the return. Management explained that some technical issues occurred in January and February 2018, which resulted in incorrect employee contribution payments. However, these errors were identified and corrected by the Council in the following month, therefore they were correctly stated in the return.

In checking whether all prior year refunds disclosed on the return agreed to correspondence from Teachers' Pensions, we found that there were three prior year refunds for which there was no confirmation from Teachers' Pensions. Management explained that employee pension contributions were deducted in error in the prior year and refunded during 2017/18.

We reported these issues as exceptions in our report to Teachers' Pensions.

APPENDICES

APPENDIX I: STATUS OF 2016/17 RECOMMENDATIONS

RECOMMENDATION	PRIORITY	RESPONSIBILITY	TIMING	PROGRESS	STATUS
<p>Housing benefits claim - Non-HRA rent rebates</p> <p>Our audit of the 2016/17 housing benefits subsidy claim found errors in respect of Non-HRA rent rebate expenditure, in particular:</p> <p>a) Misclassification between expenditure up to the LHA cap and expenditure above the LHA cap</p> <p>b) Overpayments not being created when a claimant moved address.</p> <p>We recommended that the Council and its transactional services supplier carries out further reviews of non-HRA rent rebate cases throughout the year to address issues reported, in particular classification issues that have been reported for the past three years.</p>	High	SBC transactional services supplier and contract manager	June 2017	<p>a) Our audit of the 2017/18 claim identified ongoing issues with misclassification of expenditure above and below the cap, therefore this recommendation is carried forward.</p> <p>b) Our audit of the 2017/18 claim did not identify any significant issues regarding the treatment of overpayments when claimants move address, therefore this part of the recommendation is considered closed.</p>	<p>a) Open</p> <p>b) Closed</p>
<p>Housing benefit claim - Non-HRA rent rebates</p> <p>Our audit of the 2016/17 housing benefits subsidy claim found errors in respect of the classification of rent allowances overpayments.</p> <p>We recommended that the Council and its transactional services supplier carries out further reviews of rent allowances overpayment classifications to address issues reported, and that this is completed before the 2017/18 claim form is finalised.</p>	High	SBC transactional services supplier and contract manager	June 2017	Our audit of the 2017/18 claim did not identify any issues regarding classification of rent allowances overpayments, therefore this recommendation is considered closed.	Closed

APPENDIX II: 2017/18 RECOMMENDATIONS AND ACTION PLAN

CONCLUSIONS FROM WORK	RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
<p>Housing benefits claim</p> <p>Our audit of the 2017/18 housing benefits subsidy claim identified a number of errors, as highlighted in this report.</p>	<p>We recommend that the Council and its transactional services supplier carries out detailed reviews in the problem areas identified by the 2017/18 audit, to ensure that data is cleansed before preparing the 2018/19 subsidy claim.</p>	High	<p>SBC will continue to check random cases in the large cells and full caseload in the smaller cells of the claim form prior to submission</p>	<p>SBC transactional services supplier and contract manager</p>	<p>Prior to submission of 2018/19 claim (30th April 2019)</p>

APPENDIX III: FEES SCHEDULE

	2017/18 FINAL	2017/18 PLANNED	2016/17 FINAL	EXPLANATION FOR VARIANCES
	£	£	£	
PSAA regime				
Certification fee (Housing benefit subsidy claim)	38,000	30,000	30,000	Increase agreed with management due to a higher level of 40+ testing required this year as a result of errors identified by the audit (we tested 11 lots of 40+ this year compared to 6 lots in 2016/17), as a well as difficulties encountered in obtaining system reports for some of the additional testing.
TOTAL PSAA REGIME FEES	38,000	30,000	30,000	
Other certification work				
• Pooling of Housing Capital Receipts return	2,300	1,800	1,800	Increase agreed with management due to a change in MHCLG's requirements this year.
• Teachers' pensions return	3,535	3,535	3,535	N/A
TOTAL CERTIFICATION FEES	43,835	35,335	35,335	

FOR MORE INFORMATION:

JANINE COMBRINCK
Engagement lead

T: +44 (0)20 7893 2631

E: janine.combrinck@bdo.co.uk

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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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	P	
Amarpreet Dhailwal	P	P	P	
Minhas	Ap	P	Ap	
Munawar	Ab	Ab	P	
Nazir	P	P	P	
Plenty	P	P	P	
Sarfraz	Ap	P	P	
CO-OPTED INDEPENDENT MEMBERS				
Iqbal Zafar	P	P	P	
Alan Sunderland	Ap	P	P	

P = Present for whole meeting
 Ap = Apologies given

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

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