

Date of issue: Tuesday, 11 July 2023

<b>MEETING:</b>	<b>AUDIT AND CORPORATE GOVERNANCE COMMITTEE</b> (Councillors O’Kelly (Chair), E. Ahmed (Vice Chair), Akram, Anderson, Rana, W. Sabah, Shaik and Zarait)
	<b>CO-OPTED INDEPENDENT MEMBERS:</b> Naira Bukhari
<b>DATE AND TIME:</b>	WEDNESDAY, 19TH JULY, 2023 AT 6.30 PM
<b>VENUE:</b>	COUNCIL CHAMBER - OBSERVATORY HOUSE, 25 WINDSOR ROAD, SL1 2EL
<b>DEMOCRATIC SERVICES OFFICER: (for all enquiries)</b>	SHABANA KAUSER 07821 811 259

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.



**STEPHEN BROWN**  
Chief Executive

**AGENDA**

**PART I**

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	Apologies for absence.		
1.	Declarations of Interest	-	-

*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 9 and Appendix B of the Councillors’ Code of Conduct, leave the meeting while the matter is discussed.*



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#### **Press and Public**

**Attendance and accessibility:** 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 any items in the Part II agenda are considered. For those hard of hearing an Induction Loop System is available in the Council Chamber.

**Webcasting and recording:** The public part of the meeting will be filmed by the Council for live and/or subsequent broadcast on the Council's website. The footage will remain on our website for 12 months. A copy of the recording will also be retained in accordance with the Council's data retention policy. 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.

In addition, the law allows members of the public to take photographs, film, audio-record or tweet the proceedings at public meetings. Anyone proposing to do so 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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## **ARTICLE 9 – AUDIT AND CORPORATE GOVERNANCE COMMITTEE**

The Council will appoint an Audit and Corporate Governance Committee.

### **Statement of Purpose**

1. This Committee is a key component of the Council's corporate governance. It provides an independent and high-level focus on the audit assurance and reporting arrangements that underpin good governance and financial standards.
2. The purpose of the Committee is to provide independent assurance to Members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

### **Terms of Reference**

#### **Governance, risk and control**

3. To review the Council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
4. To review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
5. To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
6. To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
7. To monitor the effective development and operation of risk management in the Council.
8. To monitor progress in addressing risk-related issues reported to the Committee.
9. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

10. To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
11. To monitor the counter-fraud strategy, actions and resources.
12. To review the governance and assurance arrangements for significant partnerships or collaborations.

## **Internal audit**

13. To approve the internal audit charter.
14. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
15. To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
16. To approve significant interim changes to the risk-based internal audit plan and resource requirements.
17. To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
18. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.
19. To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
  - a) updates on the work of internal audit including key findings, issues of concern and actions in hand as a result of internal audit work
  - b) regular reports on the results of the quality assurance and improvement plan (QAIP)
  - c) reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards (LGAN), considering whether that non-conformance is significant enough that it must be included in the AGS.

20. To consider the head of internal audit's annual report:
- a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will include the reliability of the conclusions of internal audit.
  - b) The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the Committee in reviewing the AGS.
21. To consider summaries of specific internal audit reports as requested.
22. To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
23. To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
24. To consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations.
25. To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the Committee.

## **External audit**

26. To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review any issues raised by Public Sector Audit Appointments (PSAA) or the authority's auditor panel as appropriate.
27. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
28. To consider specific reports as agreed with the external auditor.
29. To comment on the scope and depth of external audit work and to ensure it gives value for money.
30. To commission work from internal and external audit.
31. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

32. To provide free and unfettered access to the audit committee chair for the external auditor, including the opportunity for a private meeting with the Committee.

### **Financial reporting**

33. To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statement or from the audit that need to be brought to the attention of the Council.

34. To consider the external auditor's annual report to those charged with governance on issues arising from the audit of the accounts.

### **Accountability arrangements**

35. To report to those charged with governance (including Cabinet) on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

36. To report to Full Council on a regular basis (and no less than once per annum) on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

37. To publish an annual report on the work of the Committee.

### **Membership**

38. The Committee will comprise:

a) Seven Councillors\*, who should not be members of the executive, group leaders or chairs of Overview and Scrutiny Committees/Panels. The crossover of membership between Overview and Scrutiny Committee/Panels and this Committee should be limited to two. The Councillors should be selected following a skills audit of the committee and must complete the CIPFA self-assessment, as well as training on the work of the committee before they sit on the committee. The following skills and knowledge should be represented where possible:

- Financial management
- Audit
- Accountancy
- Regulatory work
- Corporate governance, including company board representation

b) Up to four co-opted (non-voting) Independent Members (there must be a minimum of one Independent Member appointed to the Committee). The Independent Members should have suitable experience and be selected following a fair and open process. Skills and knowledge to include:

- Demonstrated ability to support good governance principles
- Public sector financial management
- Corporate governance, including company board representations
- Financial management
- Accountancy
- Auditing
- Regulatory work
- Risk management

The Chair of the Committee will be an elected Member of the Council

### **Working Arrangements**

39. The Committee will meet four\*\* or more times per year.

40. The quorum of the Committee shall be a minimum of three voting members of the Committee.

41. The Committee may require Members of the Council, Chief Officers and the Statutory Governance Officers to attend before it to answer questions. The Committee may request the attendance of another officer. Such a request should be made to the relevant Chief Officer. The Chief Officer may decide whether to send that officer or to attend instead. Chief Officers may send substitutes to answer questions instead of attending in person, however the Committee may require the attendance of the Statutory Governance Officers upon providing at least 7 days' notice. If an officer is unable to attend, the Committee may adjourn the matter to a future meeting when the officer is able to attend.

42. The Committee and its Sub Committee may require the production of any document or record in the possession of the Council to be submitted to it, unless to do so would involve a breach of data protection or other statutory provisions.

43. The Committee may request that one of the Statutory Governance Officers investigate any concerns of impropriety, financial mismanagement or system failures and ask for a report to be brought back to the Committee at a future date.

*\*Council meeting in May 2023 agreed that membership of the audit committee shall be eight Councillors*

*\*\* Council meeting in March 2023 agreed the Programme of meetings 2023/24 which stipulated that the audit committee shall meet six times a year*

*The terms of reference of the Committee will be updated accordingly to reflect the above changes.*

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**Audit and Corporate Governance Committee – Meeting held on Tuesday, 14th March, 2023.**

**Present:-** Councillors Kelly (Chair), Brooker (Vice-Chair), Ali and Carter

**Apologies for Absence:-** Councillors Grewal and Gill and co-opted member Naira Bukhari

**PART 1**

**45. Declarations of Interest**

Councillor Brooker declared that that he was a member of the Task and Finish Group looking at the Slough Children First Business Plan, Chair of the Finance Committee at Ryvers Primary School and Council appointee to the Foster Panel.

**46. Minutes of the Meetings held on 14th December 2022, 18th January 2023 and 22nd February 2023**

**Resolved** - That the minutes of the meetings held on 14<sup>th</sup> December 2022, 18<sup>th</sup> January 2023 and 22<sup>nd</sup> February 2023 be approved as a correct record.

**47. Action Progress Reports**

**Resolved** - That details of the Action Progress Reports be noted.

**48. Internal Audit Action Tracking Report - Quarter 4 2022/23**

The Committee received details of the report which set out progress on recruitment to a new in-house Internal Audit Team and arrangements for 2023/24, completion of Internal Audit actions for years prior to 2021/22, progress on the implementation of internal audit reports and actions for 2021/22 and 2022/23; and actions being taken by the Corporate Leadership Team and Department Leadership Teams to respond to internal audit reports and outstanding actions.

Members were reminded that the recruitment of an in-house internal audit team was one of the recommendations of the reports by CIPFA and DLUHC in October 2021. The recruitment of a new in-house team was part of the wider Finance and Commercial Services restructure and recruitment had been successful at the senior level with offers made and accepted for the Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance, Internal Audit Manager and Senior Auditor. It was anticipated that an in house internal audit team would result in the strengthening of internal controls and the control environment.

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Good progress continued to be made with regard to completion of internal recommendations, with only 3 actions from a total of 257 pre 2021/22 audit actions outstanding (2 medium rated, 1 low rated) and all internal audit reports from 2021/22 had been finalised allowing completion of the Head of Internal Audit Annual Opinion for 2021/22 as reported to the last meeting.

A number of Members expressed concern with regard to the number of 2021/22 high rated actions that remained outstanding, stating that realistic and achievable timescales for implementation of them should be put in place. Referring specifically to temporary accommodation, a Member questioned why an upto date Housing Strategy and Homelessness Strategy was not in place given that the target date was September 2022. Challenges to recruit and retain staff in the housing team had impeded the completion of a number of the actions and a revised target date of 31 December 2023 was in place to have the revised strategy completed. It was noted that the Assistant Director, Housing, be invited to attend the July Committee meeting to discuss implementation of actions as set out in the report, including progress on developing a strategy to identify households which are no longer owed a duty to be accommodated under the Housing Act 1996.

**Resolved** – That details of the report be noted and in particular

- progress on recruiting to an in-house team with key members of the new in-house team being on boarded during February to April 2023.
- progress with development of the 2023/24 Internal Audit Plan
- the reduction in outstanding actions pre 2021/22 to 3, 2 medium and 1 low priority actions
- the completion of all outstanding reports for 2021/22 and the issuing of a 'Negative' Annual Head of Internal Audit Opinion as discussed at the last meeting of the Committee
- the progress on completing responses to the outstanding 2022/23 internal audit report
- the progress to the completion of outstanding high rated actions as detailed in Appendix A which now number 10 for actions reported in 2021/22.
- that a detailed review of all outstanding recommendations continues to be carried out in order to further cleanse the data, the output from which has been shared with the new Departmental Leadership teams for actioning overdue and other outstanding actions

### **49. Risk Management Update - Quarter 4 2022/23**

The Committee received the Risk Management Update Quarter 4 2022/23 report with details of each of the risks as set out in the Corporate Risk Register (CRR). A review had been undertaken of the description of all risks, the consequences, current controls, actions and inherent risk score with the assistance of risk owners and action owners.

A Member commented that the CRR should also be used as a tool for anticipating and or identifying any areas of potential forthcoming issues posing a risk to the authority and referred specifically to the organisation's IT capabilities in delivering services. The Executive Director, Strategy and Improvement assured the Committee that Digital Strategy was a key focus area for the authority but whilst resourcing this area remained challenging, the team was in dialogue with other areas of the council with a view to bringing skills together. Members were informed that the full ICT & Digital Strategy was currently under review and scheduled for consideration by Cabinet in March 2023. It was emphasised that delivery of a robust strategy that aligned to the corporate plan would unlock inefficiencies and provide better customer service and service outcomes and that this would remain a key risk area for 2023/24.

Referring to the CRR and Risk 12 - governance and financial implications of the council companies - a Member asked for confirmation that no further loans were being provided to SUR and the Director of Finance stated that no active loans were being given but confirmation on this would be provided.

A Member suggested that the impact of increase in food costs also be included as part of the analysis of Risk 4 – Impact of Cost of Living Crisis and it was noted that this would be looked at.

**Resolved -**

- a) That revisions to the risk register be noted.
- b) To note the recruitment of the Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance who will be responsible for developing and taking forward the risk management strategy

**50. Counter Fraud Policy**

The Head of Financial Governance and Internal Audit reminded Members that overseeing the arrangements for Counter Fraud and Corruption was one of the responsibilities of the Committee as set out in its Terms of Reference.

Following a senior leadership and finance department restructure in August 2022, the Counter Fraud team now reported into the Finance and Commercial Directorate. It was noted that the Annual Counter Fraud report has not been presented to the Committee since 2018 and that an Annual Counter Fraud report would be brought to the July 2023 meeting of the Committee which would set out its activity during the year and in previous years.

A summary of the counter fraud team activity 2020/21 to 2022/23 was provided as set in the report. Members welcomed the report, stating that it was crucial in highlighting the important work being carried out to combat fraud. It was requested that future reports to include information relating to New Homes Bonus (empty properties initiative) activity for 22/23 and details

of fraudulent activity in areas relating to housing tenancy/sub-letting, council tax reduction, single person tax, business rates and COVID grants fraud.

**Resolved -**

- a) That the Corporate Fraud policy and related documents and the intention to review these during 2023 be noted.
- b) That the range of work undertaken by the Corporate Fraud team in recent years and the level of actual and notional savings arising from its activity be noted.
- c) That it be noted future work will be directly related to the risks identified from departments and learning from elsewhere.

**51. Slough Children First Governance Review - Update on Progress**

The Committee received a report that summarised the progress made on the recommended actions contained in the governance review of Slough Children First (SCF).

The report was introduced by the Principal Lawyer on behalf of the Council. Members noted the context of the governance arrangements of the company, including the DfE Direction to the Council, and the importance of ensuring good practice was followed in relation to the management of such a local authority owned company. In line with the request from the Committee both the Chair and Chief Executive of Slough Children First were present to comment on the report and answer questions from members.

The governance review of the company had been completed in the Summer of 2022 and the report updated on progress made since. An update on the recommended actions was detailed in Appendix 1 to the report. There had been an improvement in the RAG ratings of actions in the review with the number of 'red' rated actions reducing from 11 in September 2022 to 5 by February 2023, and the number rated 'green' rising from 14 to 18 over the same period. The outstanding 'red' risks related to the lack of an up-to-date business plan, financial management, closure of accounts and grip and lack of progress on evidencing internal schemes of delegation.

It was highlighted that the SCF Board were fully committed and engaged with this process and regular meetings took place between the Council and the Chair and non-executive directors of SCF to review progress. A new permanent Chief Executive of SCF, who was also director of children's services for the Council, had recently been appointed. The business plan was undergoing further development and was expected to be presented to Cabinet in the Summer of 2023.

There was now regular reporting in place to Members via quarterly reports to the Committee, several reports to Cabinet over the past year, a scrutiny task and finish group and widening of the remit of the Cabinet sub-committee to include company governance. The Chair of SCF reiterated the company's

readiness to work very closely with the Council. He commented that since the company had been established in April 2021 a new board had been put in place and a skills audit was being carried out. A new Council representative on the board was welcomed. The agreement of the business plan was a key priority to help put the company on a sound financial footing and help the company focus on its key priority of delivering improved services and outcomes for children and young people in Slough.

Members of the committee recognised and supported the improvements that had been made in several areas but commented that it had been hoped that the business planning process had been completed more quickly and there were concerns that key recommendations such as value for money and KPIs remained 'amber' in the RAG rating. Business plans, performance indicators and value for money were the basis of a well-run company and needed to be quickly addressed to enable the company to improve the services to and experiences of children in Slough. The Chair of SCF responded that the business planning process had been challenging given the need to align the priorities of the company with the Council's difficult financial position but that progress was being made. It was noted that the DfE Commissioner was chairing a new 'Getting to Good' Board and received regular performance scorecards. Assurance was provided that children's needs were central to the approach being taken, with the business plan seeking to put in place the resources to support that priority.

In view of the financial pressures on the company leading to the contract sum rising by £4.6m to £36.1m in 2023/24, councillors asked about the position of the loan made by the Council to the company that was repayable at the end of the contract term. The Executive Director Finance & Commercial stated that it was assumed in the Council's financial plans that the loan would be repaid in circa 5 years as part of the Capitalisation Direction, but that would be dependent on a significant amount of work in the company over the coming year on its budget and financial management. The Chair of SCF highlighted the huge pressures faced by children's services but stated the company's commitment to value for money and its awareness of the obligation to repay the loan to the Council.

Members also asked about training and development for SCF board members and the recent Ofsted inspection. The SCF Chief Executive stated that the Ofsted report would be published by the end of the week and it would be circulated to the Committee.

**Resolved –** That the progress set out in the report and Appendix 1 be noted.

## **52. Internal Audit Progress Report**

The Head of Internal Audit, Daniel Harris of RSM presented the Internal Audit Progress Report to 14th March 2023.

Members were updated on the progress of the handover between RSM and the Council's new internal audit team. It was noted that RSM would report on

## Audit and Corporate Governance Committee - 14.03.23

matters relating to the 2022/23 internal audit plan and matters on the 2023/24 plan reported by the Council's new team led by Head of Internal Audit, Tariq Mansour.

The one remaining final report from the 2021/22 Internal Audit Plan had now been issued and the opinions from that review had previously been reported to the Committee. In relation to the 2022/23 plan, eight further final reports had been issued since the last report in January 2023. Five of these reports had 'negative' opinions which would impact on the year end opinion for 2022/23. A further nine reviews had been issued in draft and were subject to discussions with management before they were finalised. Several other reviews were in progress.

A total of twelve final reports had been issued so far in 2022/23 and ten of those were likely to impact on the end of year opinion. The Head of Internal report stated therefore that it was likely that another qualified opinion would be issued for 2022/23.

A number of changes to the Internal Audit Plan for 2022/23 had been made since the last meeting in agreement with the Executive Director Finance & Commercial. These included deferring the Cyber Essentials and Assets reviews to 2023/24 and delaying the start of the Rent Accounts review, although it would still contribute to the 2022/23 opinion.

Members asked a number of questions about the key findings for finalised audits in Appendix A.

In relation to the housing benefits audit which highlighted an accumulated aged debt of £14.1m from 1997 to 2022, a Member asked how realistic it was to recover such historic aged debt and the point at which the line should be drawn if it could not be collected. The Executive Director Finance & Commercial described the work that was being done in the Revenues & Benefits service to review aged debt and highlighted that the recent report to Cabinet included some write off requests where it was considered the debt was unrecoverable.

The General Ledger audit had resulted in 8 high, 4 medium and 2 low recommendations and a Member asked how this compared to previous audits. Mr Harris stated that the General Ledger was now audited annually and he could provide the committee with the comparison figures for the 2021/22 compared to 2022/23.

The IT, Business Continuity and Disaster Recovery follow up opinion had concluded 'Little Progress' had been made and Members queried why this was the case. Mr Harris explained the finding was specific to progress against the recommendations in the original audit in 2021/22 rather than of IT more generally.

The advisory report on the Governance of Council Subsidiary Companies was reviewed and concern was raised by a Member about the potential substantial

risk that the SLAs for James Elliman Homes (JEH) and GRE5 had not been signed by representatives of the both parties. It was responded that since the audit had been finalised management had updated that the JEH SLA had been signed in August 2022 and the GRE5 SLA had been updated and would be signed by the end of 2022/23. Members expressed dissatisfaction that the GRE5 SLA had apparently been unsigned since 2018, although it was recognised that it had recently been updated and would be signed shortly.

The Health & Safety follow up report showed 'Little Progress' and Members asked management for an update about the non-completion of health and safety training. The Executive Director Finance & Commercial stated that monthly compliance reports were now provided to Executive Directors and the up-to-date figure of compliance could be provided to Members after the meeting.

The Workforce Recruitment and Retention audit had identified 1 high, 5 medium and 5 low priority recommendations. Members expressed concern at the conclusion that there was "no formally agreed or monitored approach for performance management" and there was no retention policy agreed. The Committee agreed that an update would be provided on the position following the meeting. Members also asked questions about panel training, recruitment policy and exit interviews which were responded to by the Executive Director Strategy & Improvement.

At the conclusion of discussion and question the report was noted.

**Resolved –** That the Internal Audit Progress Report be noted.

### **53. Internal Audit Plan 2023/24**

The Head of Internal Audit, Mr Harris introduced the draft Internal Audit Plan 2023/24 which RSM had been asked by the Council to produce ahead of the handover to the new internal audit team.

The report set out the range of factors that informed the content of the proposed schedule of internal audits for the coming year, including discussions with management, risk registers and prior year coverage where issues had been identified for follow up. Appendix B included audit coverage and opinions going back to 2018/19 and indicative audits for future years so the Committee could review the proposals for 2023/24 in context. It was noted that the incoming internal audit team were likely to bring further iterations of the plan to the committee during the year as their audit priorities emerged and the Council's risk register was reviewed. The incoming Head of Internal Audit, Mr Mansour confirmed the draft was a good plan and would be reviewed throughout the year.

The Internal Audit Charter was set out in Appendix C and it was part of the Committee's terms of reference to approve it each year.

Councillors asked a number of questions about the robustness of the new internal audit arrangements put in place by the Council so that Members could be assured that internal audit would be able to effectively carry out its important role within the authority. Mr Harris and Mr Mansour stated that a handover process was in place and on track for the new team to take responsibility for delivery of the function from 1<sup>st</sup> April 2023. The Monitoring Officer reminded the Committee that the responsibility for the internal audit function was and remained with the Section 151 Officer.

In relation to the draft plan, a Member asked whether the leaseholder charges audit would include engagement with leaseholders to ensure their views on whether they received value for money were taken into account. It was responded that the audit had not yet been scoped therefore there was the opportunity for such a request to be considered.

At the conclusion of the discussion the draft internal audit plan was approved. Members thanked the outgoing internal audit team led by Mr Harris for their work for the Council and their contributions to the Committee over the years.

**Resolved –** That the Internal Audit Plan 2023/24 be approved.

**54. Members Attendance Record**

**Resolved** - That details of the Members Attendance Record be noted.

**55. Vote of Thanks**

The Chair placed on record thanks to the Executive Director Finance and his team for all their work and efforts in assisting the authority on its financial recovery and wished them well for the future.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.07 pm)



**SLOUGH BOROUGH COUNCIL**  
**AUDIT & CORPORATE GOVERNANCE COMMITTEE**  
**ACTION PROGRESS REPORT**

14<sup>th</sup> March 2023

<b>Minute reference</b>	<b>Agenda item and Action required</b>	<b>Lead Officer</b>	<b>Status / Comment</b>
48	<p><b>Internal Audit Action Tracking Report Q4</b></p> <p>Assistant Director, Housing, be invited to attend the July Committee meeting to discuss implementation of actions as set out in the report, including progress on developing a strategy to identify households which are no longer owed a duty to be accommodated under the Housing Act 1996.</p>	Executive Director Property & Housing/ AD Housing	Deferred to September committee meeting.
49	<p><b>Risk Management Update Q4</b></p> <p><b>Risk 12 - Governance and financial implications of the council companies:</b> Confirmation that no further loans are being given to SUR</p> <p><b>Risk 4 – Impact of Cost of Living Crisis:</b> RM update to include impact of increase in food costs in cost analysis</p>	<p>Executive Director Finance &amp; Commercial</p> <p>Executive Director Finance &amp; Commercial</p>	<p><b>Completed.</b> Confirmed no further loans to SUR</p> <p><b>Completed.</b> Risk register to be reviewed at meeting on 19/7/23</p>
50	<p><b>Counter Fraud Policy</b></p> <p>Annual Counter Fraud Report – schedule for July Committee.</p> <p>New Homes Bonus (empty properties initiative) - information relating to activity for 22/23 to be provided.</p>	<p>Head of Financial Governance (Internal Audit)</p> <p>Head of Financial Governance (Internal Audit)</p>	<p><b>Completed.</b> On agenda for 19/7/23.</p> <p>Approval obtained for 23/24, the Counter Fraud Team are out on visits 19th and 20th July (254 visits on list). No approval for 22/23 from Senior Management.</p>

<b>Minute reference</b>	<b>Agenda item and Action required</b>	<b>Lead Officer</b>	<b>Status / Comment</b>
	<p>Reporting fraud - Fraud Policy details on the website to be updated to reflect Observatory House address and not St Martin's Place.</p> <p>Future report to include fraudulent activity in areas relating to housing tenancy/sub-letting, council tax reduction, single person tax, business rates and COVID grants fraud.</p>	<p>Head of Financial Governance (Internal Audit)</p> <p>Head of Financial Governance (Internal Audit)</p>	<p><b>Completed</b> – website updated.</p> <p><b>Completed.</b> On agenda for 19/7/23</p>
51	<p><b>Slough Children First Governance Review - Update on Progress</b></p> <p>OFSTED report to be circulated to the Committee when published.</p>	Executive Director People (Children)	<b>Completed.</b> Email sent 23.03.23
52	<p><b>Internal Audit Progress Report</b></p> <p><u>Appendix A -</u></p> <p>General Ledger – 21/22 details of number of issues identified that remained outstanding</p> <p>Health and Safety training - details be provided re figures relating to non-completion of mandatory training</p>	<p>Head of Financial Governance (Internal Audit)</p> <p>Executive Director Strategy &amp; Improvement</p>	<p><b>Completed:</b> 22/23 review 8 High, 4 Medium, 2 Low 21/22 review 6 high, 4 medium, 1 low</p> <p>H&amp;S Mandatory Training update:</p> <ul style="list-style-type: none"> <li>• Intro to H&amp;S – 59% compliance</li> <li>• DSE – 75% compliance</li> <li>• Risk Assessment (managers training) – 85% compliance</li> <li>• Accident Investigation (managers training) – 80% -compliance</li> </ul> <p>H&amp;S continue to work with managers to increase the compliance rates.</p>

<b>Minute reference</b>	<b>Agenda item and Action required</b>	<b>Lead Officer</b>	<b>Status / Comment</b>
	Workforce Recruitment & Retention – “no formally agreed and monitored approach for performance management....and no retention policy.” Update be provided	Executive Director Strategy & Improvement	HR are working through an improvement plan which focuses on getting the basics rights i.e. processes, systems and procedures. The performance management systems have been created to record appraisals and will be rolled out alongside the new Corporate Plan. There is a recruitment policy that has been drafted but now needs to be reviewed as part of the implementation of a new Applicant Tracking System being developed for recruitment purposes.

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**Slough Borough Council**

<b>Report To:</b>	Audit and Corporate Governance Committee
<b>Date:</b>	19 July 2023
<b>Subject:</b>	Internal Audit Annual Report 2022/23
<b>Chief Officer:</b>	Adele Taylor, Section 151 Officer
<b>Contact Officer:</b>	Daniel Harris, Head of Internal Audit for 2022/23
<b>Ward(s):</b>	All
<b>Exempt:</b>	No
<b>Appendices:</b>	Internal Audit Annual Report 2022/23

**1. Summary and Recommendations**

- 1.1 This report provides an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of Slough Borough Councils risk management, control and governance processes. The opinion should contribute to the Council's annual governance reporting (specifically the Annual Governance Statement).

The opinion for 2022/23 is a negative (qualified) opinion and is the third qualified head of internal audit opinion in succession.

**Recommendations:**

Committee is recommended to:

- a) Note the contents of this report
- b) Seek assurance that all of the issues and weaknesses identified are being addressed in line with the timescales agreed.

**Commissioner Review**

Commissioners are content with the recommendations.

**2. Report****Introductory paragraph**

*2.1 The Council has outsourced the internal audit provision up to 31<sup>st</sup> March 2023 and the annual report provides an opinion on the overall adequacy and effectiveness of Slough Borough Council's risk management, control and governance processes. All of the 2022/23 work has been completed, with 21 reports issued in final and six reports still in draft awaiting management responses.*

## Background

2.2 The Internal Audit Plan for 2022/23 was approved by the Audit and Corporate Governance Committee in March 2022 and this report provides the annual opinion on the risk management, governance and internal control processes.

In 2022/23 the internal audit team carried out a total of 27 internal audit reviews. The conclusion on the internal control framework at the Council, is that it was not adequate or effective. 27 audits were completed in 2022/23 and the following assurance levels were provided:

- Minimal Assurance (negative) – nine audits
- Partial Assurance (negative) – seven audits
- Advisory (significant issues) – four reviews, one where the full scope could not be completed
- Little Progress (negative) – three full follow up audits
  
- Reasonable Assurance (positive) – one audit
- Advisory (no significant issues) – one review
- Good Progress (positive) – one follow up audit
- Reasonable Assurance (positive) – one full follow up audit.

The key findings from the negative opinions (minimal and partial assurances) and the negative outcomes from the follow up and advisory reviews with significant issues are summarised in the paper, but there are a range of significant issues that need to be addressed as a matter of urgency in some areas.

## 3. Implications of the Recommendation

### 3.1 Financial implications

There are potential some direct financial implications relating to the findings and weaknesses in the internal audit reports issued in 2022/23. The successful and timely implementation of management actions agreed will improve the council's processes including those that underpin sound financial management, governance, risk management and internal control.

### 3.2 Legal implications

Failure to address those risks associated with the Directions from the Department for Levelling Up, Housing and Communities will impact the ability to secure the Authority's compliance with the requirements of Part I of Local Government Act 1999. The Council has specific legal duties in relation to certain areas, such as managing health and safety risks and civil contingency. Effective internal audit is a key part of providing assurance on the adequacy of governance, risk management and internal control.

### 3.3 Risk management implications

The annual Internal Audit report concluded that the Council did not have adequate and effective risk management arrangements in place in 2022/23. The Council has made positive progress with regards to their risk management framework since our partial assurance opinion in 2021/22, however we identified in 2022/23 that there were still fundamental elements missing that we would expect to see, particularly with regards to embedding risk management practices.

### 3.4 Environmental implications

There are no direct environmental implications from this report.

### 3.5 Equality implications

Section 149 of the Equality Act 2010 requires public bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected character.

### 3.6 Procurement implications

3.6.1 There are no procurement implications from this report.

### 3.7 Workforce implications

There are no workforce implications from this report.

### 3.8 Property implications

There are no property implications from this report.

## 4. **Background Papers**

Internal Audit Plan 2022/23

Internal Audit Progress Reports for July 2022, September 2022, January 2023 and March 2023

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# SLOUGH BOROUGH COUNCIL

Annual internal audit report for the year end 31 March 2023

DRAFT

For presentation and the Audit Committee on 19 July 2023

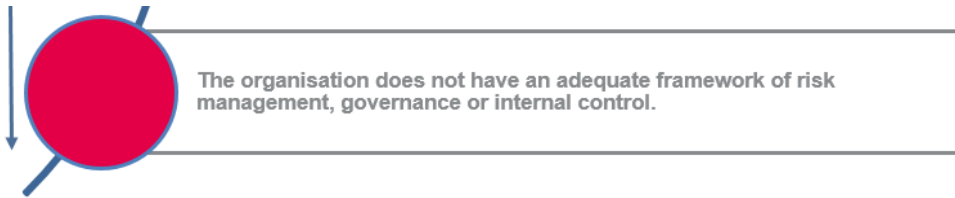
This report is solely for the use of the persons to whom it is addressed.  
To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

# THE ANNUAL INTERNAL AUDIT OPINION

This report provides an annual internal audit opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance reporting.

## The opinion

For the 12 months ended 31 March 2023, the DRAFT head of internal audit opinion for Slough Borough Council (SBC) is as follows:



The organisation does not have an adequate framework of risk management, governance or internal control.

Please see appendix A for the full range of annual opinions available to us in preparing this report and opinion.

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*It remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be a substitute for management responsibility around the design and effective operation of these systems.*

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## Scope and limitations of our work

The formation of our draft opinion is achieved through a risk-based plan of work, agreed with management and approved by the audit committee, our opinion is subject to inherent limitations, as detailed below:

- internal audit has not reviewed all risks and assurances relating to the organisation;
- the opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework (Corporate Risk Register). The assurance framework is one component that the board takes into account in making its annual governance statement (AGS);
- the opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management;
- where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance;
- due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to our attention;

- Internal Audit have not undertaken any work in relation to Budget Setting and Control and the Council's Medium Term Financial Strategy as part of the 2021/22 plan. While coverage was included as part of the Annual Plan for 2021/22, at the request of the Director of Finance (Section 151), this coverage was deferred to 2022/23 due to the many competing demands on the finance team at the year-end;
- The Internal Audit Plan for 2021/22 did not include specific audits on each of the Council's Subsidiary Companies, however we did include some coverage to follow up the actions agreed as part of the 2021/22 subsidiary governance review. We have also not undertaken a review of the Procurement service due to the ongoing operational support provided by RSM to assist the Council up to October 2022;
- due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to our attention;
- our internal audit work for 2022/23 has been undertaken throughout the operational disruptions as a result of the restructure. The Council also face a range of significant financial challenges and are still working to address the issues contained within the s114 report and the Government Directions that have put the Council under the control of Commissioners. We are also acutely aware of the number of interim and temporary staff (where we have seen high levels of turnover and vacancies) that have been working alongside other existing Council staff. In undertaking our audit work, we recognise that there has been significant impact on both the operations of the organisation and its risk profile; and our annual opinion should be read in this context; and
- Our planned internal audit work for 2022/23 has been subject to some delays / postponements / cancellations. We are however of the view that sufficient internal audit coverage has been performed to allow the provision of the annual Head of Internal Audit Opinion for 2022/23 included in this report.

We would also note the reports published in October 2021 by CIPFA and DLUHC also provide further relevant background and context, as well as the Recovery and Improvement plan that all explain some of the significant challenges that the Council is facing.

These documents along with the Accounts and Audit Updates and Section 25 report (provided by the Executive Director of Finance and Commercial (s151 Officer) and the Best Value Commissioners reports (1<sup>st</sup> report June 2022, 2<sup>nd</sup> report December 2022) all provide further useful context, that we have not repeated in detail in this annual report, but these issues have impacted on the competing demands facing the Council and the workforce and we believe the outcomes of a number of our reviews in 2022/23.

# FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

## Governance:

Our Governance opinion has been informed by a number of different factors, and specifically from the following reviews:

- Governance – Council Subsidiaries (Advisory – but significant weaknesses remained)
- Leavers Process (Minimal Assurance)
- Delegated Authorities (Partial Assurance)
- Health and Safety – Full follow up (Little Progress)
- Follow Up – Part 2 (Follow Up Governance)

In addition, our internal audit reviews of Cyber Security in 2021/22 (advisory but significant issues identified – four high and 15 medium priority actions agreed) GDPR Governance (advisory but significant issues identified – 12 high and 3 medium priority actions agreed) identified some significant issues. The planned audits in these areas for 2022/23 were deferred at management request until 2023/24 and it is possible therefore that some of these weaknesses still existed in 2022/23.

Specific findings from governance related coverage in 2022/23 informing our opinion:

We determined that the overall internal control and risk management framework relating the **Governance of Subsidiary Companies** has improved since the previous audit in 2020/21, although some actions remain outstanding. Improvements were demonstrated by regular reporting into the Council on governance, operational and financial issues, as well as the outcome of externally commissioned reviews and developments in progress. We also observed actions in progress. SBC has additionally replaced and appointed Directors/Members to each of the three companies reviewed, with replacements all signing up to revised letters of appointments aimed to improve the governance framework and clarity of expectations and responsibilities. Each subsidiary company Board is now meeting regularly and is attended by senior representatives / leads from the Council, to provide input into decision-making and provide more effective oversight, including in relation to risks.

The Council has commissioned reviews from external stakeholders for James Elliman Homes (JEH) and Slough Urban Renewal (SUR) that have largely superseded many of the internal audit actions agreed with management previously. In total 13 management actions have been superseded. We have additionally confirmed 16 of the management actions had been implemented and that six were ongoing, with progress being reported on periodically. Some management actions previously agreed have been deprioritised given that we can see progress has been made with implementation. However, we have still agreed one high and four medium priority actions that need to be addressed. Following the considerable changes that are taking place across the companies, business plans and service level agreements will be required to be updated to reflect future activities and objectives. During 2022, the Council has taken action to simplify its structure by closing down six companies. We also understand that the Council is considering further simplification of its subsidiaries and may seek to develop exit strategies over the short to medium term.

Following a specific request from the Best Value Commissioners, we performed an audit of the process for assurance over **Delegated Authorities** approved by the Cabinet. The audit concluded that there were a number of areas where weaknesses existed, and improvement was required. These issues related to a lack of clarity in relation to expected procedures and the consistency of their application. We identified issues relating to the maintenance of a central record for delegations, retention of records to evidence consultations with Lead Members, reporting of significant updates / progress to Cabinet (including the use of the significant decisions process), assurance reporting to Cabinet regarding the implementation of delegations and transfer of delegations as part of handovers where there was a turnover in staff.

It was noted that where delegations within our sample testing had been implemented (completed), we identified no apparent significant deviation from the approval granted by Cabinet. Although this was caveated by another finding, whereby the broadness of delegations often made it difficult to identify specifics, which in turn limited the ability to sufficiently assign ownership, record, monitor and receive assurance.

Our **Leavers Process** audit confirmed that controls were not well designed or complied with in relation to leavers processes, such as defining IT specific and Council/SCF wide guidance, the return of equipment from leavers, the termination of leaver access from Council and SCF IT systems, the provision of reporting to weekly meetings between the Council and SCF, and the implementation of the leavers related action agreed as part of previous internal audit assignment (General Ledger access).

More specifically, we found that:

- the Starters/Leavers Process document for IT did not define all arrangements regarding the processing of leavers;
- there was no Council/SCF wide guidance on leavers responsibilities and processes;
- the Council's SLA with SCF specified performance metrics, however, these were not being monitored or reported on; and
- an action agreed with the 2021/22 General ledger audit to monitor IT users and access levels (including adding starters, removing leavers and periodically checking access rights / levels were appropriate) had not been implemented.

We also found through sample testing that of 40 leavers since January 2022 (20 Council and 20 SCF leavers), 27 were recorded as still being in possession of equipment, four user accounts remained active at the time of the audit, and 20 had not been deleted; the latter 20 had been suspended despite having passed the point where the accounts should be deleted (three months since the user left). The findings in this review result in potential financial loss and potential breach of confidential and personal data (including non-compliance with GDPR legislation) and urgent action was required to strengthen the control framework in relation to the leavers process.

**Health and Safety – Full Follow Up** – A total of 12 management actions were tested as part of this review, comprising of one **high**, six **medium** and five **low** priority actions following our partial assurance opinion issued in 2021/22. We concluded that the Council had demonstrated **little progress** in fully implementing agreed management actions. However, we do recognise the work undertaken by the Council to make progress with the implementation of actions.

We confirmed that two low and one medium priority management actions had been implemented, and one medium priority action was now superseded.

The implementation of the remaining one high, four medium and three low priority management actions were found to be ongoing or partially implemented at the time of our review. The CLT needed to determine further steps to ensure that health and safety training non-compliance can be reduced, which will in turn resolve the high priority management action identified in this review. Senior management should also take action to ensure that health and safety meetings are attended by those required to join and the required information is submitted by the wider organisation, to allow key health and safety groups to exercise oversight of compliance and any residual risk exposure.

**Finalising Internal Audit Reports and Progress in implementing Internal Audit Management Actions** - The Council has been particularly slow in finalising internal audit reports, meaning that the required improvements in governance, internal control and risk management are not being reported, and therefore realised, in a timely manner. This has resulted in delays impacting the timeliness and effectiveness of the Audit and Governance Committee holding management to account for poor performance and internal control weaknesses that we have identified throughout the current and previous financial years. RSM has also provided a range of negative assurance opinions for the Council over many of the last financial years, and our conclusion on the effectiveness of the governance arrangements has been impacted by this.

The organisation has not demonstrated an ability to address control deficiencies over recent years, despite these being highlighted regularly. We therefore agreed to perform the following review in 2022/23 to summarise the position for the incoming S151 Officer and new in-house Head of Internal Audit.

We have also undertaken a specific **follow up Part 2 (Follow Up Governance)** audit to review which analysed the time between the Council first being made aware of weaknesses during an audit (where an action is agreed) and the most recent target implementation date. Our review found that there was a period between 366 days and 1,425 days from the date the Council were first made aware of the weakness / issues and the implementation date of the restated action agreed as part of the 2022/23 subsequent audit, with the average days being 715 days to the restated actions. Please note, all of these actions followed up are still outstanding and therefore the risks are likely to still exist. This confirms that the Council is not taking timely action to improve its control framework, increasing its exposure to risks identified as part of our audit fieldwork. We also undertook an analysis of the time taken to finalise reports in 2022/23 as actions are not tracked by management until reports are finalised. This analysis also suggests that timely action is not being taken to address control framework weaknesses with timeframes between 12 to 252 days, and an average of 96 days, from the issue of a draft report to finalisation (for the audits reviewed within our sample testing).

Background context:

The background as per the Section 25 Report from the Section 151 Officer is that in December 2020 the Council requested exceptional financial support from the Ministry of Housing, Communities and Local Government (MHCLG) (now the Department for Levelling Up, Housing & Communities (DLUHC)) in respect of the financial year 2021/22 to help it balance its budget. MHCLG agreed in-principle to provide support and commissioned CIPFA to undertake an independent and detailed financial assurance review of the Council. Since the original capitalisation request for 2021/22 of up to £15.2m, the Council has identified further very substantial liabilities for previous years, which the Council is unable to meet from its reserves. These liabilities impact substantially on the financial position for the Council in previous financial years, including the current financial year and beyond. On 1 December 2021, the Secretary of State for DLUHC made a statutory Direction requiring the Council to take prescribed actions and that certain functions be exercised from this date by appointed Commissioners. The functions to be exercised by the Commissioners included the requirement at Section 151 of the Local Government Act 1972 to arrange for the proper administration of the Authority's financial affairs, and all functions associated with the strategic financial management of the Authority. Commissioners were therefore appointed and will remain in force until 30 November 2024.

The Commissioners issued two reports during 2022/23 with the seriousness of the financial situation and how the Council found itself in this position remaining of significant concern. The Commissioners highlighted in their first report that the Council as a whole did not understand the implications of the Capitalisation Directions and the changes they needed to take. The second Commissioner report highlighted progress in promoting and embedding cultural changes had not been sufficiently progressed. Commissioners specifically stated that those in leadership roles did not see modelling corporate improvement as their overriding responsibility and that the approach taken had resulted in a more negative impact. In their second report it was stated that 'Progress had been very slow...' and that it took some time for the Council to '...recognise what had to be done.' There were some positive conclusions in relation to efforts made to improve finances; our review of medium-term financial planning largely corroborated with these conclusions, although our Budget Setting and Control audit provided a minimal assurance that identified various issues and risks that need to be addressed.

Commissioners recognised that asset sales impacted this, and that future sales of assets '...are likely to be less attractive to the market and as a result more susceptible to reducing prices...' with reference to the Akzo Nobel site. Commissioners were still not confident that the necessary receipts can be generated in time, with this issue highlighted in both Commissioner reports. The second Commissioner report concluded that '...SBC is many months behind where it should be...' and that the organisation will require exceptional financial support far beyond the envisaged end of the Direction regime and that it was impossible at that stage (December 2022) for Commissioners to conclude that the Council will be a viable unitary authority at the end of the current or potentially extended Direction period.



Finally, there have been significant organisational failures with signing off, and obtaining external verification of financial accounts for recent years. The Accounts and Audit Update to Cabinet in February 2023 has highlighted the serious errors identified in the 2018/19 accounts and these were noted as 'unprecedented'. It has been reported that there has been a lack of proper record keeping, poor procedures and poor practices across the Council, such that external auditors have had no alternative option other than to disclaim them. It was reported it had been particularly problematic to obtain supporting evidence or explanations for transactions posted in 2018/19 and prior periods due to the loss of staff, poor audit trails and poor-quality working papers, lack of appropriate reconciliations, mapping issues with the financial statements, in addition to inadequate control over journals and the lack of supporting evidence. Internal and external stakeholders had been made aware of these failing some time ago and it is accepted that the current finance team has spent a considerable amount of time and effort to address the failings. Commissioners had concluded that given the issues, the same errors are likely to be found in 2019/20 and 2020/21 accounts as the new finance team were not in place until 2021/22.

### **Risk Management:**

The Council has made positive progress with regards to their risk management framework since our partial assurance opinion in 2021/22, however we identified that there were still fundamental elements missing that we would expect to see, particularly with regards to embedding risk management practices. Whilst there had been some progress made, the fundamental aspects of an effective risk management control framework were still lacking, including an effective direction level process for risk identification and assessment, and an adequate process for identifying, recording and acting on sources of assurance that provide an opinion on the effectiveness of the controls in place, as the structure of the Council's risk registers did not incorporate assurances over controls.

We identified through our review that in relation to the two high priority management actions, action was still required to fully implement the management actions. Actions were also ongoing for two of the six medium priority management actions. In total, we were satisfied that six management actions, comprising four medium and two low priority actions had been fully implemented.

Our review has concluded that the direction of travel and framework for risk management is positive, although gaps still existed in the framework, in part influenced by the restructure. Progress had been demonstrated by a revised Risk Management Strategy being approved within the governance structure and the roll out of training to staff on risk management, as well as risk workshops held with the Corporate Leadership Team and a regular update and review of the Council's Corporate Risk Register. However, there was a need for an additional campaign to increase completion of training, and we note that the Council did not have up to date operational risk registers in place for all its new departments. We noted progress was made against this action under the previous restructure, however regular review ceased, and updates were not made as the new restructure got underway. In addition, we found that the structure of the risk register does not include a section on assurances (over controls). As a result, management had not yet fully implemented two high priority management actions, meaning that there remains a risk that the Council does not have an effective approach to risk management, and that the framework was not yet fully embedded.

Our risk management opinion has also been informed by a number of the risk-driven reviews (e.g., Temporary Accommodation, Corporate Health and Safety – Full follow up, Children Missing Education, Workforce Recruitment and Retention and Budget Setting and Budgetary Control) which all concluded with negative assurance opinions.

## Internal Control:

Our conclusion on the internal control framework at the Council, in line with the previous two years, is that it was not well designed, complied with, or effective. During 2022/23 we have completed a total of 27 audits and the following assurance levels were provided:

- Minimal Assurance (negative) – nine audits
- Partial Assurance (negative) – seven audits
- Advisory (significant issues) – four reviews, one where the full scope could not be completed
- Little Progress (negative) – three full follow up audits
  
- Reasonable Assurance (positive) – one audit
- Advisory (no significant issues) – one review
- Good Progress (positive) – one follow up audit
- Reasonable Assurance (positive) – one full follow up audit.

The key findings from the negative opinions (minimal and partial assurances) and the negative outcomes from the follow up and advisory reviews with significant issues are summarised below:

### **Budget Setting and Control (Minimal Assurance) - DRAFT**

Our audit identified several issues relating to both budget setting and the monitoring processes. We found limited evidence of budget manager and budget holder involvement in setting budgets, including savings, given the Council's prioritisation to set the budget for the coming year (although the Finance Team stated this had occurred). We also noted limited training provided to budget holders, no agreed approach for local budget monitoring and discrepancies in the virements process for a sample of virement transactions tested. It should be noted that the Council proposes to (and was in the process of) revising the procedures and controls relative to these areas, however, Officers had not agreed or introduced these at the time of our testing. We have also noted weaknesses with the level of guidance available to staff, namely those budget managers / holders involved in budget setting and monitoring, as well as the agreed reporting arrangements.

### **Workforce Recruitment and Retention (Minimal Assurance)**

Our review identified a number of weaknesses relating to recruitment and retention processes. There was no formally agreed and monitored approach for performance management, although a paper had been presented to CLT discussing proposed options in this regard. There was also no retention policy. We noted that right to work checks did not always appear to be undertaken in line with Government guidance, whilst identifying that insufficient staffing levels were reported for teams and services following the restructure. Our sample testing of the recruitment process also identified a number of discrepancies; however, many of these were impacted by the unavailability of evidence. This was caused by increased workload pressures on the reduced team (workload and staffing resources both impacted by the restructure), the departure of a key member of staff during the review, and inability to access a system portal.

While the absence of evidence does not automatically indicate non-compliance and may point to a potential issue with the retention of documentation during the recruitment process, without such documentation, we have been unable to confirm compliance with these parts of the recruitment process and there was a risk that controls in these areas were not being complied with. The impact of the lack of controls in place and/or being complied with was evident in the high vacancy rate, and this also contributed to the opinion.



### General Ledger (Minimal Assurance)

Our audit has identified that a number of significant issues, including a number of which that were identified in previous years reports were still outstanding. The process to clear the backlog and prevent future build-up of unposted journals was still ongoing, as was the agreement of actions to produce a month-end timetable, evidence the clearing of suspense accounts, provide Agresso training to key staff and evidence the adequate review of all control account reconciliations. We have highlighted this year that the supporting evidence for journals is not uploaded to Agresso in line with the system's functionality and that there were no additional checks of high-value journals. We have also restated a management action agreed from our 2020/21 review relating to the creation of a password policy, which had initially progressed and then fallen through. There was still limited guidance available to staff with regards to general ledger processes and no periodic review of general ledger access. The general ledger balance had not been rolled over (previous year closed down and subsequent year opened) from 2018/19, due to ongoing complications with the sign-off of the accounts.

### Leavers Processes (Minimal Assurance)

Our review confirmed that controls were not well designed or complied with in relation to leavers processes, such as defining IT specific and Council/SCF (Slough Children First) wide guidance, the return of equipment from leavers, the termination of leaver access from Council and SCF IT systems, the provision of reporting to weekly meetings between the Council and SCF, and the implementation of the leavers related action agreed as part of previous internal audit assignment (General Ledger access). More specifically, we found that:

- the Starters/Leavers Process document for IT did not define all arrangements regarding the processing of leavers;
- there was no Council/SCF wide guidance on leavers responsibilities and processes;
- the Council's SLA with SCF specified performance metrics, however, these were not being monitored or reported on; and
- an action agreed with the 2021/22 General ledger audit to monitor IT users and access levels (including adding starters, removing leavers and periodically checking access rights / levels were appropriate) had not been implemented.

We also found through sample testing that of 40 leavers since January 2022 (20 Council and 20 SCF leavers), 27 were recorded as still being in possession of equipment, four user accounts remained active at the time of the audit, and 20 had not been deleted; the latter 20 had been suspended despite having passed the point where the accounts should be deleted (three months since the user left). The findings in this review result in potential financial loss and potential breach of confidential and personal data (including non-compliance with GDPR legislation) and urgent action was required to strengthen the control framework in relation to the leavers process.

### Creditors (Minimal Assurance) - DRAFT

Our review identified a number of exceptions to compliance with the control framework. This included guidance having not been updated since 2016, leavers we identified had not been removed from Agresso, and sample testing of new users could not be completed as the Council could not provide the resource to enable the testing to take place. Whilst Agresso limits who can approve POs there was no delegation of authorities outlining how this should be set up and through review of a sample of 10 POs, three had not been approved prior to purchase. In addition, we found that the Expenditure Control Panel guidance did not set out exceptions despite the process not consistently being followed, aged creditor reports had not been reviewed for the last three months to take action on resolving Council debts, and three of a sample of 15 invoices were not paid in accordance with their terms.

Finally, we found that evidence of checks on payments over £50k as part of payment runs was not being held, evidence to test the setup of a sample of new suppliers was not provided to us and therefore we could not test whether controls had been established to prevent the addition of duplicate suppliers, and Agresso lacked the ability to output a list of suppliers that had been edited to enable sample selection and testing. Where we have retested actions from the previous audit, we have found that high and medium priority management actions from the 2021/22 Creditors audit had not been fully implemented (some of which were initially raised in the 2018/19 audit). There have been a number of management actions agreed prior to the 2021/22 audit that have still not been implemented and re-agreed in each annual audit since, including this audit.

#### Temporary Accommodation (TA) (Minimal Assurance)

Our audit has again identified significant issues within the TA function, a number of which that have not been addressed from previous years audits (including 2020/21 and 2021/22). It should, however, be noted that many of the issues are underpinned by the resource challenges within both the TA and Housing Demand Teams, the ongoing migration to the NEC system and the increasing demand on the service with respect to the number of homelessness applications made. The increasing demand in the service is represented by the increase of households in TA from 433 in October 2021 to 650 in October 2022, with estimations that this will exceed 800 over the next 12 months. The Council was aware of many of these issues prior to the audit.

We noted that the Council was lacking in strategic guidance with respect to the outdated Housing Strategy (2016-2021), moving households out of TA and the diversification of accommodation providers. We also found weaknesses with regards to performance monitoring and reporting, as well as TA rent arrears.

Our testing was restricted by the failure to provide us with evidence over the course of our fieldwork, given the operational workload of officers. This meant that compliance with regards to the processes for allocations, contact with households, homelessness decisions, license breaches / notices to quit and safety assurances from private TA providers could not be tested. There are various potential significant risks in these areas if adequate arrangements are not in place. Issues were identified and actions agreed in relation to each of these as part of the 2021/22 review, with findings including applicants remaining in TA between 3-9 years (96 identified), increasing rent arrears, delays in homelessness decisions (impacting compliance with the Housing Act 1996) and limited assurance regarding minimum safety requirements of accommodations managed by external providers (including gas, electric and fire safety). Given the lack of evidence and testing, we have been unable to confirm if any improvement has been made in the 2022/23 audit.

#### Debtors Management (Minimal Assurance) - DRAFT

Our review confirmed that controls were primarily not well designed or complied with in relation to debtor management, such as documentation of guidance, controlling access to Agresso AR, completion of training, raising and parking invoices, credit note backing documentation, review of aged debtor reports, write off of debts and the use of sequential numbering or invoices. More specifically, we found that responsibilities as to who must approve debt write offs had been removed from the Financial Procedure Rules from November 2022, evidence was not provided to test a sample of new users to Agresso and issues relating to the incorrect raising of invoices had continued with the level of credit notes raised to cancel these increasing since 2021/22.

We also found that backing documentation had not been uploaded to Agresso for 19 of a sample of 20 credit notes. Aged debt reports, whilst produced, had not been reviewed and debts written off had not been approved in line with guidance prior to November 2022. We followed up actions agreed as part of the 2021/22 Debtors Management audit (four high, five medium and three low priority actions) and found that seven (three high, three medium and one low) had not been implemented. Five of these actions were agreed prior to the 2021/22 Debtors Management audit, of which one dated back to 2019/20 and four at least back to 2018/19.

As for the remaining four, two had been implemented (one medium and one low) and two medium and one low action had been superseded.

### Capital Expenditure (Minimal Assurance) - DRAFT

Our review confirmed that controls were not well designed or complied with in relation to capital expenditure, such no updates to the Financial Procedure Rules with capital programme guidance and no development of procedural guidance, the lack of use of business cases for capital projects and approval of them, the lack of monitoring of capital projects by project managers, the absence of review and monitoring of the capital programme by the Finance Board and the lack of regular reporting to the Cabinet.

More specifically, actions from the 2021/22 Capital Expenditure audit had not been implemented (to add guidance to the Financial Procedure Rules relating to carry forwards or the development of procedural guidance), and out of a sample of 10 capital projects, nine did not have business cases covering expenditure in 2022/23, and where a business case existed the Council could not evidence approval. We were also not provided with Finance Board papers and minutes to test monitoring of the capital programme and confirmed the Cabinet were not receiving quarterly reports as expected.

We followed up actions agreed as part of the 2021/22 Capital Expenditure audit (two high, seven medium and three low priority actions) and found that seven (one high, four mediums and two lows) had not been implemented. As for the remaining five, two had been implemented (two medium) and three had been superseded (one high, one medium and one low).

### Rent Accounts (Minimal Assurance) - DRAFT

The rent accounts system has not been used to its full capacity due to ongoing issues that have been noted by the Housing services. The issues have been highlighted to the project team responsible for the implementation of the new system.

The authority did not evidence controls being in place for the following areas that were reviewed as part of this audit.

- Stock Reconciliation, either annually or more regularly;
- Appropriate action taken against Terminated Tenancies and Void properties;
- Write-offs from the period from October 2022 when the new Housing system was introduced;
- Verification that rent increases have been correctly applied to individual accounts and appropriately checked for 2022/23; and
- Daily reconciliations of income from Agresso to income received in the Slough Housing system.

As a result we have been unable to undertake any testing or provide any assurance in the above areas. This has contributed to the minimal assurance opinion concluded for this audit.

The Rent Account system needs to be reviewed considering the findings and actions that have been detailed in Section 2 of this report along with addressing any additional issues the Rent Accounts team identify as soon as possible. We have agreed 13 management actions in this audit. In addition, the actions agreed in the 2021-22 audit reports were reviewed to see if they had been implemented. Of the ten management actions, nine have still not been implemented.

### Children Missing Education (CME) (Partial Assurance)

This review found there had been an improvement in the controls and processes in place at the Council in relation to CME, including EHE and permanently excluded children, since our last audit in June 2021. We noted that policy and procedure documents were updated, arrangements for joint working, information sharing, and network contacts were clear, alternative education was found for a sample of permanently excluded children and regular reporting was occurring. Given the issues identified as part of the CME 2021/22 review, a number of improvements and revisions to processes were only recently implemented or were in progress at the time of this review.

As such, we have still identified weaknesses in adhering to the (new) CME process checklist (namely completion and timeliness of case upload, officer allocation, database checks and contacting parents), as well as the frequency and formality of both casework supervision meetings and case dip reviews. We have also found there needed further clarity over responsibilities, the process for all types of red EHE cases needs to be confirmed and that there was no systematic process in place for raising of orders / prosecution and associated monitoring.

#### Council Tax (Partial Assurance)

Whilst the Council had made some progress in implementing management actions from the 2021/22 review of Council Tax, we have reiterated management actions or agreed revised management actions in 2022/23, due to insufficient progress overall. Management have not yet fully implemented and reported closure of the management actions from the previous audit, and we note these are overdue for implementation (as of September 2022). The level of aged debt remains significant, increasing the risk of a loss of income for the Council. In addition, monthly reconciliations of Academy (Council Tax system) to Agresso (financial system) had not been completed for the period July to September 2022 and those completed prior in April to June 2022 had not been subject to independent review. We also found that markers can still be placed on accounts that can prevent debt recovery action, and that guidance covering this process has not been introduced, despite some progress being made by the Council Tax team in reviewing circumstance codes. Total Council Tax arrears for the period 1997/98 through to 2021/22 amounts to £18.1m. Without completing the outstanding reviews there is a risk that inappropriate markers are not identified and removed. Arrears may then not be subject to suitable recovery action, increasing the likelihood of financial loss. Our testing additionally identified two staff with inappropriate access to Academy (that were removed during the audit), a backlog of inspections developing without a clear schedule for completion, and exemptions that were inappropriately classified on Academy. Our sample testing confirmed effective processes were in place with regards to billing, discounts, refunds, and valuation updates.

#### Housing Benefits (Partial Assurance)

Our sampling of Housing Benefit and Council Tax Support claims processing found these to be operating in line with procedures, with the exception of processing times. Our sample testing of payment runs returned positive outcomes. However, delays in Temporary Accommodation providing details on claims for Housing Benefit was impacting processing timeframes. Our sample testing of the recovery of overpayments identified discrepancies where invoices had not been raised and recovery action had not been completed, and we are concerned over the level of accumulated aged debt which was circa £14.1m for the period 1997 through to 2022. Interviews with staff as part of the audit confirmed that the number of vacancies in the department has impacted compliance with procedures, and in particular, the recovery of accumulated aged debt, where in year debt is being prioritised.

We found that a sample of debts had not been approved for write off (or been written off) by the S151 Officer or Cabinet where this was necessary, but we understand that a consolidated report will go to the Cabinet by the end of the financial year. However, there had been delays as the debts had been approved for write off by the Housing Benefits Team in May and September 2022 respectively. In addition, our sample testing of access rights to the system identified two contractors that required their access to Academy to be terminated (one ex-contractor and one current) and we found that two prior medium priority management actions agreed in our 2021/22 internal audit of Housing Benefits had not been implemented. These related to reviewing key performance indicators and establishing a formal performance reporting route for the Housing Benefit function (e.g., a dashboard) and ensuring the timely completion of reconciliations between the housing system (whether Capita or Northgate) and Agresso, the financial system.

### Payroll, including associated financial controls (Partial Assurance)

Our audit has identified a number of weaknesses with the controls linked to payroll functions. It should be noted that the issues identified relate to financial controls and processes that come before or after the involvement of the payroll team. Activities managed by the payroll team were found to be effective, including guidance documents, system access, payment run processing, inputting of payroll rates and actioning payroll updates when notified.

We found that there were often delays in notifying the payroll team of payroll updates (such as new starters, leavers and amendments), resulting in over and underpayments. Sample testing of mileage claims identified that required supporting evidence had not been agreed and that this was not always being submitted, although this was not a mandatory requirement on Agresso. Sample testing also identified that invoices were not being suitably raised by line managers for overpayments, whilst appropriate action had not been taken with regards to one overpayment for which a payment plan should have been agreed. Furthermore, we noted issues with the Agresso system, namely with approval workflows that contributed to delays in notifying the payroll team of payroll updates, and one instance whereby a rejected expense claim proceeded to be paid.

### Treasury Management (Partial Assurance)

Our review identified some positives relating to the treasury management framework, namely that a treasury management strategy had been prepared and approved, that treasury activity was being conducted with agreed institutions and counterparties, and that a cashflow forecast has been prepared and was being regularly updated. However, our audit still identified a number of weaknesses in relation to the Council's treasury management function. Sample testing found no authorisations were required prior to investments, and that there were miscalculations for interest payable for matured loans. No evidence of reconciliations was provided, whilst further work was required for Councillor training and the introduction of internal reporting. We also identified issues relating to the Treasury Manual, updating the bank mandate, approval requests (for investments and loans), the loans authorisation process, and reporting to Cabinet.

### Delegated Authorities (Partial Assurance)

This review identified a number of areas where improvement was required and where weaknesses existed with regards to delegated authorities. These related to a lack of clarity in relation to expected procedures and the consistency of their application. It was noted that where delegations within our sample testing had been implemented (completed), we identified no apparent significant deviation from the approval granted by Cabinet. This should be caveated by another finding, wherein we identified the broadness of delegations often made it difficult to identify specifics, which in turn limits the ability to sufficiently assign ownership, record, monitor and receive assurance.

We also identified issues relating to the maintenance of a central record for delegations, retention of records to evidence consultations with Lead Members, reporting of significant updates / progress to Cabinet (including the use of the significant decisions process), assurance reporting to Cabinet regarding the implementation of delegations and transfer of delegations as part of handovers where there is a turnover in staff.

Our findings have been impacted by the availability of evidence; however, it was noted that most evidence for delegations involving HB Law could be provided. The findings namely related to the availability of evidence that should be held within the Council and / or processes that should be undertaken by the Council.



### Housing Management – Health and Safety: Gas, Electrical and Legionella (Partial Assurance)

We have identified areas of weakness, notably in relation to electrical installation condition reports (EICRs). At the time of testing, 383 EICRs were overdue from a total of 6,373 (based on the five-year review period), with 182 becoming overdue prior to 2020. As such, these properties were non-compliant with related legislation as well as Council policy expectations. It is necessary that the Council introduces additional controls to fully resolve and prevent recurrence, including updating and following the escalation procedure for EICRs. Owing to issues with the Slough Housing (NEC) system, reconciliations of property records on RAMIS could not be completed. We also found improvements could be made in relation to the accessibility of the Compliance Strategy and safety policies, inputting of check completion dates, and the timeliness of receiving reports / certificates. We have found the remaining controls in place to be well designed and adhered to. We noted operational guides included sufficient description for staff and that the frequencies of gas, electric and legionella checks were suitably defined, in line with applicable regulations and guidance.

Sample testing confirmed the operational effectiveness of processes for storing reports / certificates, recording gas and electrical check details, arranging checks (including after major works), escalating procedures for gas checks, and undertaking of remedial works. We also confirmed suitable performance reporting and governance arrangements through review of proceedings at the Operational Subgroup, Operational Management Group, Building Compliance Group and H&S Board. However, the non-compliance with legislation, combined with the other exceptions have resulted in a partial (negative) opinion.

#### Follow Up reviews completed concluding Little Progress has been made to implement management actions:

In three of the Full Follow Up assignments completed during the course of the year we found that insufficient progress had been made to implement previously agreed internal audit management actions. These were in relation to:

- Follow Up – IT Business Continuity and Disaster Recover
- Follow Up – Rent Arrears Recovery
- Follow Up – Health and Safety

It should be noted that all of these reviews were previously undertaken as full audits in 2021/22. The IT Business continuity audit was an advisory review, but identified significant issues previously, the other two reviews were both partial assurance opinions. The A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B. In total we agreed three high, 15 medium and four low priority actions across these three follow up reviews where issues previously identified had not been resolved and actions fully implemented.

We have also issued one reasonable assurance (positive), one reasonable progress (positive), one good progress (positive) follow up review and two advisory reviews that did not identify significant weaknesses as part of the 2022/23 internal audit plan.

We also have two reviews in progress relating to Rent Accounts and Capital Expenditure. The results of these two audits will be concluded shortly and the annual report will be updated.

## Key Statistics

An analysis of our internal audit findings across all reports which have been conducted (including those remaining draft) for 2022/23 shows that a total of 225 management actions (split 47 high / 120 medium / 58 low) had been agreed with management, arising from either controls not designed adequately or controls not being complied with (2 draft reports still to issue).

The largest number of actions were in the Temporary Accommodation (17), Creditors (15), General Ledger (14) and Rent Accounts (13) audits. We note that a number of issues raised within the individual reports that have contributed to the overall opinion for the 2022/23 Internal Audit Plan continue to be a result of the restructure and significant staff turnover linked to the Council issue of a S114 notice in July 2021, whilst some of the issues pre-date the S114 notice and have still not been addressed or only partly addressed.

Over the previous four financial years (2018/19 – 2021/22) a total of 71 reports over this four-year period concluded with either negative assurance opinions or significant weaknesses (advisory reviews).

In 2022/23 alone, a total of 22 of the 27 reports issued as of June 2023 (19 assurance reports and three advisory reviews) concluded with either negative assurance opinions or significant weaknesses. A key theme identified again in 2022/23 is actions being restated as the initial action had not been implemented, therefore demonstrating a lack of progress being made to fully implement high and medium priority actions agreed, over a number of financial years in some areas, with a worsening trend in areas which have been affected by high staff turnover as a result of the restructure and S114 notice. This theme is consistent with the findings in 2021/22 where a total of 27 reports (22 Assurance reports and 5 Advisory reviews) concluded with either negative assurance opinions or significant weaknesses and found poor progress in addressing internal audit management actions.

## Topics judged relevant for consideration as part of the annual governance statement

We have identified significant weaknesses in multiple areas of control and the control frameworks reviewed during 2022/23, as detailed in Appendix B below where minimal assurance could be taken for nine reviews and only partial (negative opinions) assurance could be taken by the Council for a further seven reviews over the effectiveness of the controls in place.

We also undertook Full Follow reviews of reports for a selection of areas where negative opinions were issued in 2021/22 (and previous years). The areas where full re-audits were completed were in relation to Council Tax, Housing Benefits, Payroll (including associated Financial Controls), General Ledger, Creditors, Debtors Management, Treasury Management, Children Missing Education (CME), Temporary Accommodation, Capital Expenditure and Rent Accounts.

We also performed specific follow up assignments and found that in three instances 'little' progress (negative opinion) had been made to implement previously agreed management actions. These were for Health and Safety, Rent Arrears and for IT Business Continuity and Disaster Recovery.

The AGS should therefore include appropriate detail regarding the weaknesses Identified and any actions that have already been taken by the Council to address the issues identified as part of audits where minimal assurance or partial assurance has been provided, and the three negative follow up reviews. These include:

- Budget Setting and Control
- Workforce Recruitment and Retention

- General Ledger
- Creditors
- Temporary Accommodation
- Debtors Management
- Children Missing Education
- Council Tax
- Housing Benefits
- Payroll (including associated Financial Controls)
- Treasury Management
- Delegated Authorities
- Housing Management – Health and Safety (Gas, Electrical and Legionella)
- Capital Expenditure
- Rent Accounts
- Follow Up – IT Business Continuity and Disaster Recovery
- Rent Arrears Recovery – Full Follow Up
- Health and Safety – Full Follow Up

The Council will also need to reflect the significant weaknesses following the Government intervention and appointment of best value commissioners and the progress being made to address all of these issues. The Council will also need to consider all of the issues identified by the external audit findings in their AGS.



# THE BASIS OF OUR INTERNAL AUDIT OPINION

As well as those headlines previously discussed, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

## Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during the 2022/23 financial year. Please note some reports are still in draft.

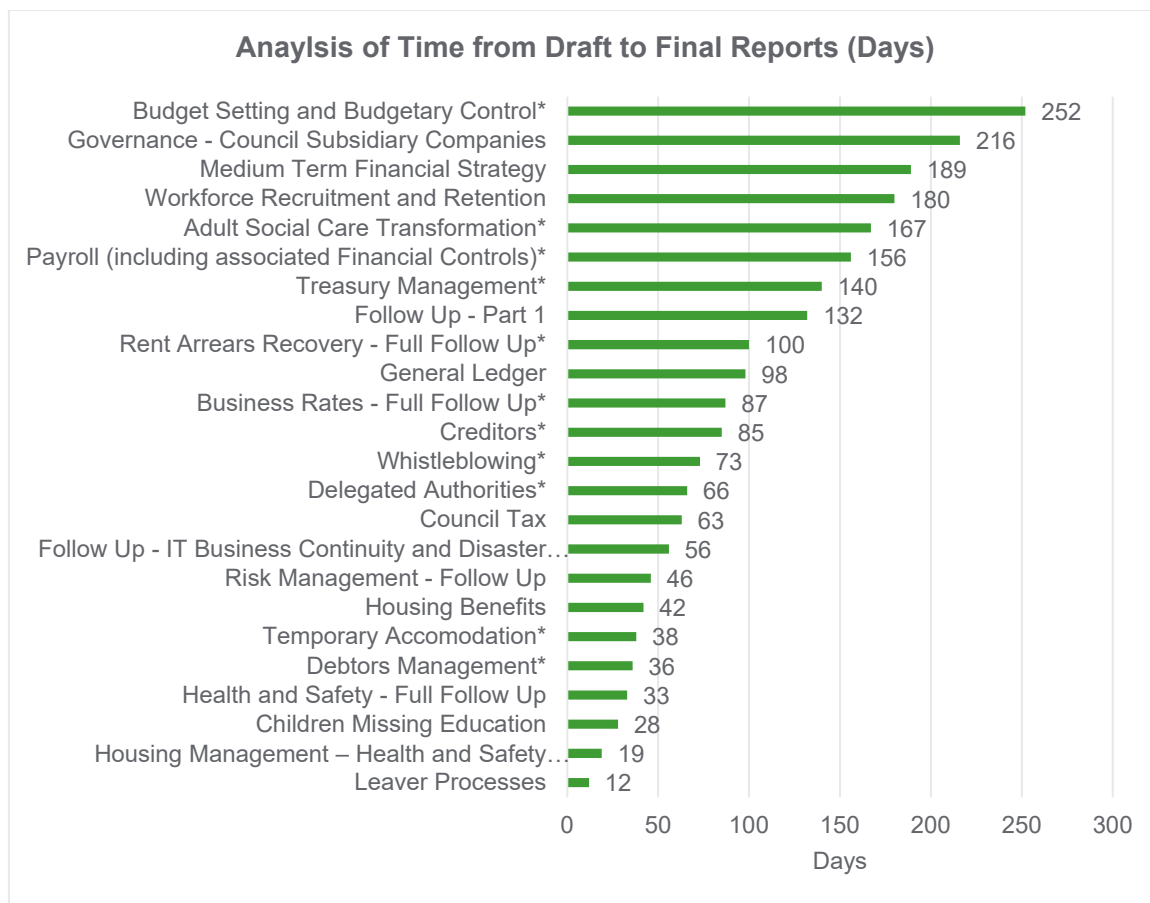
## Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management through the action tracking process in place. During the year progress has been reported to the audit and governance committee, with the validation of the action status confirmed by internal audit on periodic basis through 2022/23.

Our follow up of the actions agreed to address previous years' internal audit findings shows that overall, the organisation had made **little progress** (negative opinion) in implementing the agreed actions. This conclusion is derived from three Follow Up reviews that concluded that little progress had been made (Health and Safety Follow Up / Rent Accounts Recovery Follow Up / IT Business Continuity and Disaster Recovery Follow Up), in addition to significant weaknesses remaining in two other reviews (Risk Management and Council Subsidiary Companies), and various management actions reiterated through re-performing full audits in 2022/23 on areas identified as weaknesses in 2021/22.

However, it should be noted that we did issue two positive opinions from our Follow Up work in 2022/23; this included the Business Rates Full Follow Up that provided a reasonable assurance on progress, and the Part One Follow that provided a good progress opinion.

We also undertook an analysis of the time taken to finalise reports in 2022/23 as actions are not tracked by management until reports are finalised. This analysis also suggests that timely action is not being taken to address control framework weaknesses with timeframes between 12 to 252 days, and an average of 96 days, from the issue of a draft report to finalisation (see below graph).



### Working with other assurance providers

In forming our opinion, we have reviewed the first and second reports publishing in 2022/23 by the best value commissioners and some of the updates provided by the Section 151 Officer and made reference to these in this report (above). We are also aware that there have been a number of other independent reviews commissioned and undertaken which the Council should also take into consideration when drafting the Annual Governance Statement (for example, Ofsted, Special Education Needs, Ongoing reviews of Slough Children's First, Subsidiary Governance reviews, work of the external auditor).

# OUR PERFORMANCE

## Wider value adding delivery

Area of work	How has this added value?
Sector Briefings	Issued briefings relating to the sector within our progress reports presented to the ACGC to assist officers and committee members in being informed on the latest developments within the sector.
Webinar invitations	Various invitations have been sent to management to attend webinars to inform of any sector and wider sector updates. Examples include VAT, Employment Tax and Change Management, Procurement.
Audit Committee attendance	We have attended all ACGC and where appropriate contributed to the wider agenda.
Risk and Audit Board	We attend the Risk and Audit Board meetings, to provide a critical friend perspective on Risk Management information presented and as part of this meeting we review actions taken by the Council to address risks identified within Internal Audits and provide updates at each meeting on the progress of the IA plan and any significant findings and opinions issued. This has included updating the Group on significant findings from Internal Audit work together with providing independent challenge on the content and quality of the risk registers.
Data Analytics	Through the use of data analytics, we were able to analyse, amongst other areas, the aged profile of the Council's former tenant arrears and debtors which has provided the Council with an appreciation of the issues they may face around the collectability of older debts and have also used data analytics where applicable through all finance work completed during 2022/23.
Responding to Commissioner requests	Two additional audits completed following specific Commissioner requests.
Regular liaison with in-house IA team	Monthly status reporting to the S151 Officer and new Head of IA and the management team.

## Conflicts of interest

We have undertaken additional work in the 2022/23 financial year covering; Procurement: We have supported the Council with the provision of its procurement service until 30/9/22 and Insight software – the provision of software for the first part of the 2022/23 financial year. All this work was undertaken via separate letters of engagements, led by independent engagement partners and delivered by specialist staff separate from the core Internal Audit Team. We have considered as part of all of these additional engagements the safeguards required to be in place and are satisfied that these have been met.

When asked to undertake any additional roles / responsibilities outside of the internal audit programme, the Head of Internal Audit has discussed these areas with the Section 151 (S151) Officer and highlighted any potential or perceived impairment to our independence and objectivity. We have also reminded the S151 Officer of the safeguards we have put in place to limit impairments to independence and objectivity and how these continue to be managed.

RSM has not therefore undertaken any work or activity during 2022/23 that would lead us to declare any conflict of interest or a self-review threat.

## 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 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA, on which PSIAS is based.

The external review concluded that RSM 'generally conforms\*' to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

\* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

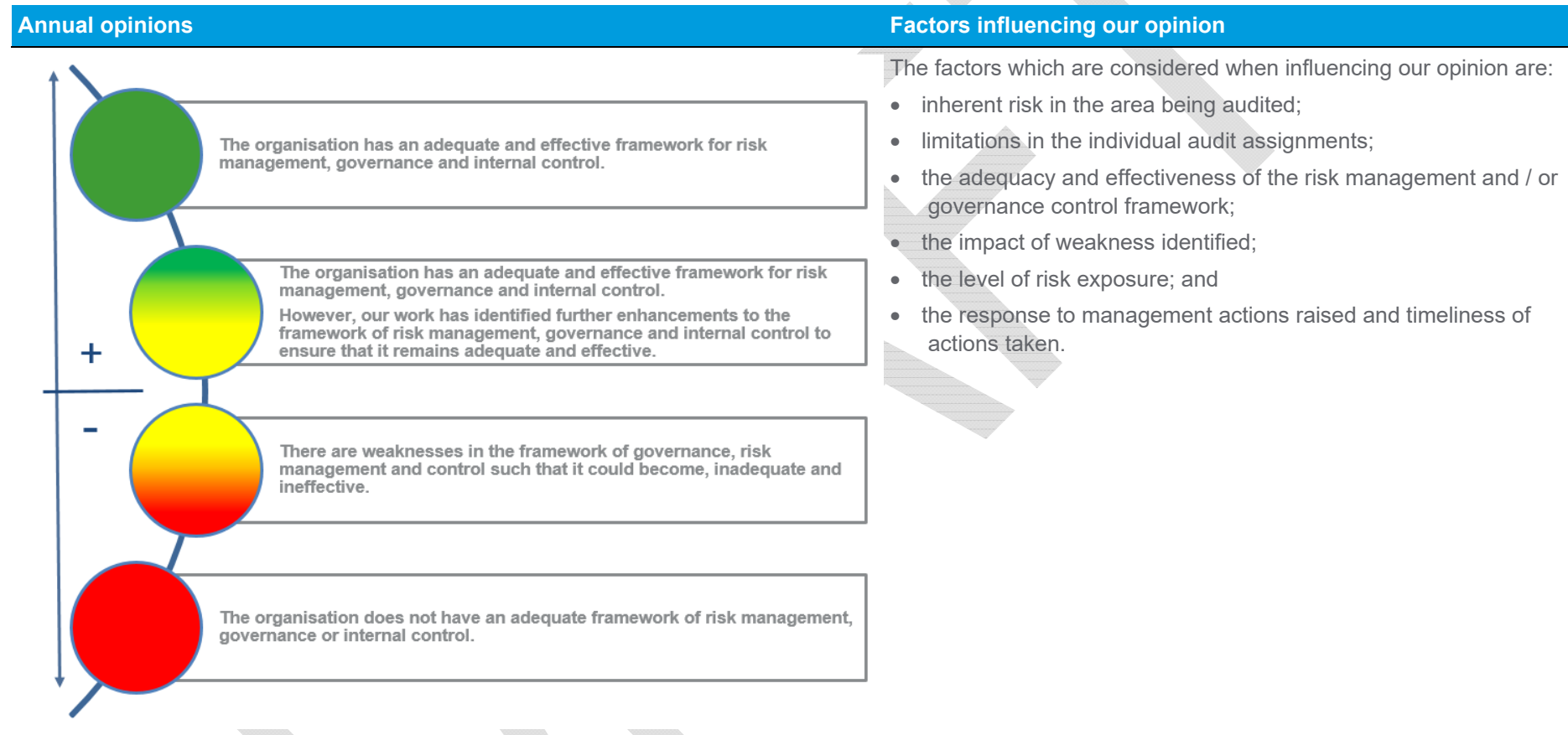
## Quality assurance and continual improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

Resulting from the programme in 2022/23, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you. In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

# APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.



## APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED MAY 2023

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
Risk Management – Follow Up 6.22/23	Section 151 Officer	Advisory – Significant weaknesses remain [●]	1	1	2
Governance – Council Subsidiary Companies 1.22/23	Section 151 Officer	Advisory – some Significant weaknesses remain [●]	2	4	1
Follow Up – Part 2 (DRAFT)	Section 151 Officer	Advisory – significant issues [●]	0	0	2
Whistleblowing 20.22.23 - <b>Full scope not covered</b>	Monitoring Officer	No opinion / Advisory [●]	2	3	0
Capital Expenditure 27.22/23 (DRAFT)	Section 151 Officer	Minimal Assurance [●]	2	7	2
Rent Accounts 26.22/23 (DRAFT)	Section 151 Officer	Minimal Assurance [●]	4	4	5
Budget Setting and Budgetary Control (DRAFT) 3.22/23	Section 151 Officer	Minimal Assurance [●]	2	5	1
Workforce Recruitment and Retention 4.22/23	Section 151 Officer	Minimal Assurance [●]	5	5	1
Leavers Processes 7.22/23	Section 151 Officer	Minimal Assurance [●]	0	5	3
General Ledger 9.22/23	Section 151 Officer	Minimal Assurance [●]	2	4	8

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
Creditors 19.22/23 (DRAFT)	Section 151 Officer	Minimal Assurance [●]	1	11	3
Temporary Accommodation 22.22/23	Executive Director of Housing and Property	Minimal Assurance [●]	2	10	5
Debtors Management 23.22/23 (DRAFT)	Section 151 Officer	Minimal Assurance [●]	2	6	4
Children Missing Education 5.22/23	Director of Children's Services	Partial Assurance [●]	5	5	0
Council Tax 10.22/23	Section 151 Officer	Partial Assurance [●]	3	5	2
Housing Benefits 12.22/23	Section 151 Officer	Partial Assurance [●]	1	3	3
Payroll (including associated Financial Controls) 13.22/23	Section 151 Officer	Partial Assurance [●]	2	3	1
Treasury Management 15.22/23	Section 151 Officer	Partial Assurance [●]	5	4	1
Delegated Authorities 21.22/23	Monitoring Officer	Partial Assurance [●]	0	8	1
Housing Management – Health and Safety (Gas, Electrical and Legionella) 24.22/23	Executive Director of Housing and Property	Partial Assurance [●]	3	3	1
Follow Up – IT Business Continuity and Disaster Recovery 14.22/23	Chief Digital and Information Officer	Little Progress [●]	0	6	1
Rent Arrears Recovery – Full Follow Up 16.22/23	Section 151 Officer	Little Progress [●]	1	5	1
Health and Safety – Full Follow Up 17.22/23	Section 151 Officer	Little Progress [●]	3	4	1

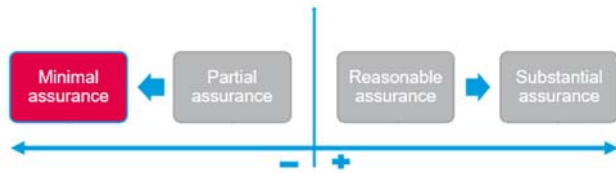
Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
Business Rates – Full Follow Up 18.22/23	Section 151 Officer	Reasonable Progress [●]	0	2	0
Medium Term Financial Strategy 2.22/23	Section 151 Officer	Reasonable Assurance [●]	4	3	0
Follow Up – Part One 8.22/23	Section 151 Officer	Good Progress [●]	2	1	0
Adult Social Care Transformation 11.22/23	Executive Director for Adults	No opinion / Advisory [●]	1	2	0

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# APPENDIX C: OPINION CLASSIFICATION

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



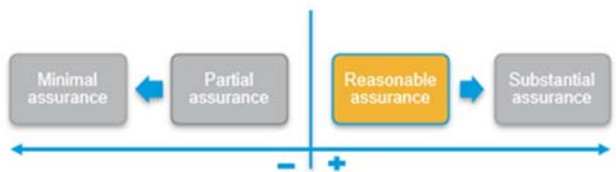
Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the board can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

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 board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

## YOUR INTERNAL AUDIT TEAM

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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 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 UK 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 UK 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 UK 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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## Slough Borough Council

<b>Report To:</b>	Audit and Corporate Governance Committee
<b>Date:</b>	19 July 2023
<b>Subject:</b>	Internal Audit Progress Report 2022/23
<b>Chief Officer:</b>	Adele Taylor, Section 151 Officer
<b>Contact Officer:</b>	Daniel Harris, Head of Internal Audit for 2022/23
<b>Ward(s):</b>	All
<b>Exempt:</b>	No
<b>Appendices:</b>	Appendix - Internal Audit Progress report 2022/23

### 1. Summary and Recommendations

- 1.1 This report provides a summary of progress made to deliver the 2022/23 Internal Audit Plan for Slough Borough Council. Nine final reports have been issued since the previous meeting and six reports from the 2022/23 internal audit plan remain in draft. There are a number of final (and draft) reports where significant weaknesses to the internal control framework have been identified, which need to be addressed, and in some cases with urgency.

#### Recommendations:

Committee is recommended to:

- a) Note the contents of this report.
- b) Seek assurance that draft reports will be finalised promptly.
- c) Seek assurance that management actions to address control weaknesses are progressing in line with agreed timelines.

#### Commissioner Review

Commissioners are content with the recommendations.

### 2. Report

#### Introductory paragraph

2.1 Delivery of the annual internal audit plan allows the Council to take assurance that effective frameworks are in place that will contribute towards to achievement of corporate objectives and priorities.

#### Background

2.2 The Internal Audit Plan for 2022/23 was approved by the Audit and Corporate Governance Committee in March 2022 and this report provides an update on the status of delivery of the plan since this date. It also provides the Committee with a high level summary of the significant findings from those reports that have been finalised.

### **3. Implications of the Recommendation**

#### *3.1 Financial implications*

There are no direct financial implications relating to the updates to the internal audit reports, but this Committee needs to be assured that management actions arising from the reports are being addressed in a timely manner. The implementation of the actions will improve the council's processes including those that underpin sound financial management, governance, risk management and internal control.

#### *3.2 Legal implications*

Failure to address those risks associated with the Directions from the Department for Levelling Up, Housing and Communities will impact the ability to secure the Authority's compliance with the requirements of Part I of Local Government Act 1999. The Council has specific legal duties in relation to certain areas, such as managing health and safety risks and civil contingency. Effective internal audit is a key part of providing assurance on the adequacy of governance, risk management and internal control.

#### *3.3 Risk management implications*

*The Internal Audit Plan allows the Council to take assurance against a number of the strategic risks identified on the Council's corporate risk register. Having in place an adequate internal audit function is a statutory responsibility of the s151 officer. The internal audit plan also reviews the corporate risk management arrangements in place.*

#### *3.4 Environmental implications*

*3.4.1 There are no direct environmental implications from this report.*

#### *3.5 Equality implications*

3.5.1 Section 149 of the Equality Act 2010 requires public bodies to have due regard to the need to:

- *eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the Act.*
- *advance equality of opportunity between people who share a protected characteristic and people who do not share it; and*
- *foster good relations between people who share a protected character.*

#### *3.6 Procurement implications*

3.6.1 There are no procurement implications from this report.

#### *3.7 Workforce implications*

There are no workforce implications from this report.

#### *3.8 Property implications*

There are no property implications from this report.

### **4. Background Papers**

Internal Audit Plan 2022/23

Internal Audit Progress Reports for July 2022, September 2022, January 2023 and  
March 2023  
Annual Internal Audit Report for 2022/23

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# SLOUGH BOROUGH COUNCIL

## Internal Audit Progress Report – 2022/23

For the Audit and Corporate Governance  
Committee meeting on 19 July 2023

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

# 1 KEY MESSAGES

This section provides an update on the key messages relating to the progress of the 2022/23 and internal audit plan, which was approved by the Audit and Corporate Governance Committee (ACGC).

## 2022/23 Internal Audit Plan

We have issued **nine final reports** since the March 2023 ACGC meeting. Of these:

- one resulted in a 'Minimal' (negative) assurance opinion,
- four resulted in a 'Partial' (negative) assurance opinion,
- one resulted in a 'Little Progress' (negative) assurance opinion,
- one resulted in a 'Reasonable Progress' (positive) assurance opinion,
- two were 'Advisory' reviews (one where the full scope of work could not be completed).

There are currently a further **six reviews issued in draft** (a number of which are negative opinions at draft stage). We are waiting for management responses to these before they can be finalised and presented to the Committee. [\[To note\]](#)

## 2023/24 Internal Audit Plan

RSM have been commissioned to deliver six reviews in quarter one of the 2023/24 internal audit plan. This item is being covered by an update from the Council's Head of Internal Audit for 2023/24 so we will not duplicate the update in this paper. [\[To note\]](#)

## 2022/23 Head of Internal Audit Opinion

We have issued 20 final reports to date in 2022/23, 18 of which have impacted our year end opinion. We have also issued six additional reports, and some of these with negative opinions where we have found weaknesses to be present (some from prior years) and these have also impacted our 2022/23 opinion. We have provided further updates to the S151 Officer (and previously to the lead Finance Commissioner) and we are presenting another qualified (negative) head of internal audit year end opinion for 2022/23. We will continue to provide updates to the S151 Officer and Head of Internal Audit through our weekly update reports and regular meetings. [\[To note\]](#)

The Committee need to continue to carefully monitor the progress made by Officers to implement the management actions agreed from all previous and current years internal audit reviews. The Committee also need to review progress of the time taken to finalise reports. [\[To note\]](#)



## 2 INTRODUCTION

This report provides a summary update on progress against the 2022/23 plan. The report is based on the position as at the 30<sup>th</sup> June 2023.

### **2022/23 Internal Audit Plan**

The Internal Audit Plan for 2022/23 was presented to the ACGC initially on the 1<sup>st</sup> March 2022, and a revised plan was subsequently approved on the 28<sup>th</sup> July 2022. Since the last update provided in March 2023, the following nine reports have been finalised:

- Adult Social Care Transformation – Advisory
- Treasury Management – Partial Assurance
- Delegated Authorities – Partial Assurance
- Whistleblowing – Advisory (full scope of work could not be completed)
- Rent Accounts Recovery Full Follow Up – Little Progress
- Business Rates Full Follow Up – Reasonable Progress
- Temporary Accommodation – Minimal Assurance
- Housing Management – Health and Safety (Gas, Electrical and Legionella) – Partial Assurance
- Payroll (including associated Financial Controls) – Partial Assurance

There are six reports at the draft report stage, with three having been outstanding for a number of months and we are awaiting responses from Officers (the majority of which have resulted in negative opinions, at the draft report stage). Three reports have been issued in draft more recently. We have not had management responses to any of these reports since the issue or re-issue date:

- Budget Setting and Budgetary Control – Issued 26 August 2022, revised draft issued 2 February 2023
- Creditors – Issued 9 February 2023, revised draft issued 1 March 2023
- Debtors Management – issued 30 March 2023
- Follow Up Q2 – issued 25 May 2023
- Rent Accounts – issued 12 June 2023
- Capital Expenditure – issued 16 June 2023

## 3 OTHER MATTERS

### 3.1 Changes to the plan

There have been no changes to the 2022/23 Internal Audit Plan since the March meeting of the Committee.

The following changes were previously agreed to the 2022/23 plan:

Note	Auditable area	Reason for change
1	Delegated Authorities	Extra work requested by the commissioners in November 2022, commenced December 2022 and complete.
2	Payroll and HR Interface	We have been advised that the Payroll and HR Interface audit is no longer a priority. We have agreed with the S151 Officer to replace this audit with a review of Payments to Temporary and Agency Staff given some of the issues identified with both the Matrix audit (minimal assurance) and Payroll (partial assurance) opinions.
3	Leavers Processes	Extra piece of work requested by the commissioners in August 2022. Work commenced end of August and is complete.
4	Multiple Audits	We have at the request of various officers within the Council, pushed back the timing of some audits, to aid the Council in dealing with the impacts of the S114 notice and the restructure.
5	Cyber Essentials	We were advised that very little progress has been made to implement previously agreed management actions and the current cyber specialists has very recently resigned so the audit cannot be accommodated in 2022/23 and will be deferred to 2023/24. We have agreed that the budget from this audit will be used for the additional Delegated Authorities review.
6	Assets	This review is now going to form part of the 2023/24 audit plan. We were advised that actions have not been implemented from the 2021/22 review. We have agreed with the S151 Officer to use this budget for the additional work and testing required on the MTFs, Budget Setting and Control and Adult Social care reports.

Note	Auditable area	Reason for change
7	Rent Accounts	Management have requested a delay to this review from to April 2023 which has have agreed to, but this report will still contribute to the 2022/23 opinion.

### 3.2 Impact of findings to date on the 2022/23-year end opinion

The Committee should note that 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 will be noted in the annual report and may result in a qualified or negative annual opinion (this includes follow up reviews, assurance opinions and advisory reviews with any significant weaknesses).

To date we have issued a total of 21 final reports and six are in draft. From the 21 final reports, 17 with negative assurance opinions (including three 'little progress' follow up reviews), two positive follow up reviews and two further advisory reviews, two of which had significant issues identified. All of the negative assurance reviews and negative follow up reviews have impacted our year end opinion. We have also issued a number of negative opinions in the draft reports issued (year to date) that have not yet been finalised. We will continue to provide further updates to the S151 officer and new Head of Internal Audit at our regular meetings. Our annual report was produced by the end of May 2023 and was updated in June 2023. It includes all of the details on our opinion.

### Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams. The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

### External reviews of quality



One of the key measures of quality is an independent third-party assessment and, as a firm we are required to conform to the requirements of the International Professional Practices Framework (IPPF) published by the Global IIA. Under the Standards, internal audit services are required to have an external quality assessment (EQA) every five years. The RSM UK Risk Assurance service line commissioned an external independent review of our internal audit services in 2021, to provide assurance as to whether our approach continues to meet the requirements.

The external review concluded that RSM 'generally conforms to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

# APPENDIX A - KEY FINDINGS FROM FINALISED 2022/23 INTERNAL AUDIT REPORTS

Detailed below are the High and Medium Priority Management Actions from negative opinion reports i.e. **Partial or Minimal Assurance reports** (or **Poor or Little progress** for follow up reports) and any **advisory reviews where significant issues were identified** (in the exception format previously agreed by the Committee):

<p><b>Treasury Management (15.22/23)</b></p>		<p>1 High 5 Medium 1 Low</p>
<p><b>Conclusion</b></p> <p>Our review has identified some positives relating to the treasury management framework, namely that a TMS has been prepared and approved, that treasury activity is being conducted with agreed institutions and counterparties, and that a cashflow forecast has been prepared and is being regular updated.</p> <p>However, our audit has still identified a number of weaknesses in relation to the Council's treasury management function. Sample testing found no authorisations were required prior to investments, and that there were miscalculations for interest payable for matured loans.</p> <p>No evidence of reconciliations was provided, whilst further work was required for Councillor training and the introduction of internal reporting. We have also identified issues relating to the Treasury Manual, updating the bank mandate, approval requests (for investments and loans), the loans authorisation process, and reporting to Cabinet.</p>		
<p> <b>Investment Authorisation</b></p> <p>Surplus cash is identified for investing daily, with investments made with approved institutions and counterparties per the TMS. For a sample of five money market investments, we were unable to confirm decisions to invest had been approved prior to agreement with brokers, with limited guidance relating to this within the guidance documents. We were advised by the Financial Accountant (Treasury) that investment orders are placed without management approval, with approval to pay amounts only obtained afterwards (when the Council is liable). Without ensuring considerations and approvals are agreed and clearly defined, there is a risk that the Council is liable for making investments that are not deemed appropriate and in contrast with the TMS. <b>(Medium)</b></p>		



### Matured Loans – Interest Payable

As loans mature, records are updated on the Logotech system accordingly and repayments are made via CHAPS payments. Repayments include principal loan amounts and interest payable. From a sample of 10 matured loans (loans received by the Council which were due to be repaid), we identified two instances whereby interest paid had been incorrectly calculated (based on loan periods of 365 rather than 364 days), resulting in overpayments totalling £54.25. Where interest payable is miscalculated, there is a risk that the Council overpays on the maturity of loans, resulting in financial loss. **(Medium)**

### Reconciliations



There are a number of reconciliations relating to treasury management, including for Logotech, control accounts, general ledger, bank account and interest (owed / received). We were not provided with evidence that reconciliations relating to treasury were being completed, with the Finance Manager – Treasury & Pensions advising that these were delayed. Without reconciliations being completed, there is a risk that discrepancies are not identified and resolved in a timely manner or at all, which could result in financial loss or have value for money implications. **(High)**

### Councillor Training



A training programme has been developed for members, which covers finances and treasury management. We obtained evidence that Local Government finance training had been administered in April 2022, which was attended by 23 of 42 Councillors (55 per cent). We noted that the training was general in nature, with references only to the treasury cycle and the requirement of members to approve the TMS. Without sufficient training (including understanding reported information and how treasury management impacts the Council), information relating to treasury may not be suitably reviewed and scrutinised. **(Medium)**

### Internal Reporting




There is currently no forum for internally reporting and discussion / scrutiny of treasury management activity, with the previous Treasury Management Board last meeting in June 2020. Over the course of our review, we obtained a draft monthly treasury report that had been prepared by the Finance Manager – Treasury & Pensions, however, the content or intended use of this had not been agreed. Without regular internal reporting, there is a risk operational treasury activity is not adequately scrutinised. **(Medium)**

1	The Council will agree, and then define within applicable guidance documents, whether authorisation should be obtained prior to making investments.	Medium	31 October 2023	Jacqui Mundy, Finance Manager, Treasury and Pensions
2	Following the identification of loans due to mature, the Treasury team will reconcile interest payable to broker confirmations to ensure amounts have been correctly calculated.	Medium	30 September 2023	Jacqui Mundy, Finance Manager, Treasury and Pensions

3	Monthly reconciliations relating to treasury functions and transactions will be prepared and checked in a timely manner. This will include retrospective reconciliations as well as for future months. Supporting evidence shall continue to be stored centrally and will be readily available to all relevant users.	High	30 September 2023	Jacqui Mundy, Finance Manager, Treasury and Pensions
4	As part of future training sessions for Councillors, there will be specific coverage of treasury management. This will include understanding reported information and how treasury management impacts the Council. Training attendance will also be monitored to ensure a sufficient number of Councillors attend.	Medium	31 March 2024	Jacqui Mundy, Finance Manager, Treasury and Pensions
5	The expected content of the monthly treasury management activity reports for the Director of Finance, which will include updated cashflow forecast positions, will be agreed. The arrangements for reviewing and discussing the reports will also be agreed.	Medium	31 December 2023	Jacqui Mundy, Finance Manager, Treasury and Pensions



<b>Delegated Authorities (21.22/23)</b>		<b>1 High</b> <b>8 Medium</b> <b>0 Low</b>		
<p><b>Conclusion</b></p> <p>This review has identified a number of areas where improvement is required and where weaknesses exist with regards to delegated authorities. These related to a lack of clarity in relation to expected procedures and the consistency of their application. It is noted that where delegations within our sample testing had been implemented (completed), we identified no apparent significant deviation from the approval granted by Cabinet. This should be caveated by another finding, wherein we identified the broadness of delegations often made it difficult to identify specifics, which in turn limits the ability to sufficiently assign ownership, record, monitor and receive assurance. We have also identified issues relating to the maintenance of a central record for delegations, retention of records to evidence consultations with Lead Members, reporting of significant updates / progress to Cabinet (including the use of the significant decisions process), assurance reporting to Cabinet regarding the implementation of delegations and transfer of delegations as part of handovers where there is a turnover in staff. Our findings have been impacted by the availability of evidence, however it is noted that most evidence for delegations involving HB Law could be provided. The findings namely relate to the availability of evidence that should be held within the Council and / or processes that should be undertaken by the Council.</p>				
1	The content of delegations will be recorded in concise and measurable wording, so as to ensure the specifics of tasks / action to be completed and outcomes representing success is clear.	Medium	30 June 2023	Stephen Taylor, Monitoring Officer
2	A central record will be prepared and used to record all delegations agreed by Cabinet.	High	30 June 2023	Nicholas Pontone, Democratic Services Lead
3	The responsibility for receiving and monitoring the central record for delegations will be assigned to an appropriate forum.	Medium	31 July 2023	Stephen Taylor, Monitoring Officer
4	Lead officers will be reminded of their responsibility to retain records of consultations with relevant Lead Members as part of delegations. Confirmation of consultations will be included within significant decision forms (action five).	Medium	31 May 2023	Stephen Taylor, Monitoring Officer



5	A review to assess the feasibility and practicalities of a feedback process should be undertaken.	Medium	31 July 2023	Stephen Taylor, Monitoring Officer
6	Lead officers for delegations (delegated authority officers) will be advised of their duties and reporting requirements once delegations are agreed. (Linked to Action 3)	Medium	30 April 2023	Stephen Taylor, Monitoring Officer
7	Upon the completion of delegations, assurance will be reported to Cabinet Members (Linked to Action 4)	Medium	31 May 2023	Stephen Taylor, Monitoring Officer
8	As part of monitoring the central record for delegations (action three), lead officers assigned to delegations will be reviewed to ensure these remain appropriate and current. Ownership will be reassigned as required.	Medium	31 July 2023	Stephen Taylor, Monitoring Officer
9	Formal procedures for handing over delegations will be agreed, where it is identified that ownership of delegations is to be reassigned. (Linked to Action 3)	Medium	31 July 2023	Stephen Taylor, Monitoring Officer



Whistleblowing (20.22/23)	Advisory – but full scope of work could not be completed.	<p>0 High</p> <p>3 Medium</p> <p>2 Low</p>
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### Conclusion

Overall, our review has found that the Council has demonstrated progress in improving its whistleblowing practices. This has included increased communications and the agreement of reporting arrangements and evidence of initial inquiries being completed for concerns raised. We have, however, identified issues with the completion of mandatory whistleblowing training by staff, as well as the internal staff survey, which remained in draft at the time of our audit.

It should be noted that we have been unable to fully review the Council’s investigation processes, given there were only three cases to be tested, none of which proceeded to the formal investigation stage in the past 12 months. We have also only been able to confirm that reporting arrangements have been recently agreed (rather than that these have been occurring in 2022/23) and were requested not to complete a staff survey. **Limitations to reflect these points have therefore been added to the scope.**

Given the impact of these limitations on our testing, and that the areas where we have limitations were linked to issues previously identified as part of the Whistleblowing 2021/22 review (and previous audits), we have not issued a formal assurance opinion and completed this an advisory piece of work. We have however agreed three medium and two low priority management actions.

#### Whistleblowing Training Compliance



‘Whistleblowing with Confidence’ is a mandatory training module for all staff at the Council (albeit currently this is namely for permanent staff, with temporary and contractor staff often not assigned). Through review of a training compliance report, we identified 73 per cent of staff assigned to the module had completed this (the same completion rate as identified in 2021/22). Completion for 25 per cent was overdue, 84 per cent of which was overdue by more than 120 working days. Whilst we confirmed monthly non-compliance reports had been issued, we found this was inconsistent owing to other focusses of both the Workforce Development Team and the wider Council.

Without ensuring whistleblowing training is completed, there is a risk staff are unaware of procedures and as such do not raise concerns. **(Medium)**

#### Temporary / Contractor Staff Training



Given the mandatory nature of whistleblowing training, temporary and contractor staff are expected to complete this (in addition to permanent staff). As part of our 2020/21 and 2021/22 reviews, we identified issues with assigning this mandatory training to such staff. At the time of testing, a process had not yet been introduced to assign whistleblowing training to temporary / contractor employees, despite increased levels of such staff at the Council (for example, more than 40 new temporary / contractor staff joined the Council in November 2022 alone). Without this, there is a risk that temporary / contractor staff are unaware of reporting processes, decreasing the likelihood whistleblowing concerns are raised. **(Medium)**



### Staff Survey

As part of our Whistleblowing 2021/22 review, we issued a staff survey to gauge opinions on the Council's whistleblowing culture. A number of negative responses were provided, notably 89 per cent of respondents not feeling confident in how concerns would be handled if raised. At the time of our 2022/23 review, the Council had committed to issuing another staff survey, however, we were unable to review this as this was in the early draft stages. Without obtaining feedback from staff on whistleblowing practices and culture, there is a risk that the Council cannot action improvements in this regard and be satisfied that staff have full confidence in the new arrangements. **(Medium)**

1	<p>Non-compliance reports will be issued on a monthly basis, for further dissemination within directorates.</p> <p>Line managers will review and follow up upon non-compliance (either via the issued reports or by accessing these themselves) as part of six-weekly one-to-one meetings.</p>	Medium	31 May 2023	Edwin Fernandes, Workforce Development Team
2	<p>Staff appointments via matrix (temporary and contractor staff) will be reported to the Workforce Development Team.</p> <p>The team will create Cornerstone accounts and assign mandatory training modules (including whistleblowing) to such staff.</p>	Medium	31 May 2023	Edwin Fernandes, Workforce Development Team
3	<p>The staff survey will capture staff views on whistleblowing, including how this can be improved.</p> <p>Feedback will be used to identify specific improvement points to be actioned.</p>	Medium	31 July 2023	Sarah Hayward, Executive Director, Strategy and Improvement



Rent Accounts Recovery – Full Follow Up (16.22/23)	Little Progress	<p>1 High</p> <p>4 Medium</p> <p>3 Low</p>
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### Conclusion

Slough Borough Council has demonstrated **little progress (negative opinion)** in implementing the agreed management actions.

We found that progress in implementing management actions arising from the Rent Arrears Recovery Report from 2021/22 has been impacted by both the delays in rolling out the new housing system, Northgate, and the problems experienced with the system since its implementation. The Northgate system was initially planned for roll out in August 2022 and this was subsequently delayed to October 2022 where there were already anticipated problems with the system, in part due to a lack of an adequate testing phase.

We understand that since roll out, the team have been unable to report from the system and obtain performance statistics in addition to the system not allowing recovery and other letters/correspondence to be generated and recommended action lists to be produced. This has resulted in staff having to access the previous system, Capita, following its closure, and this we are advised has impacted the team's performance. It was also set out in a narrative report that there have been problems with the allocation of direct debits and associated processes, with utilising contact addresses, with processing of lettings and voids, transfer of rents, and refunds, as well as processing of housing benefits.

The Section 151 Officer has been updated on the problems with the system. The project is being transitioned to the control of the Chief Information Officer and the ICT&D Team. The CIO informed us that a series of workshops are being planned for January 2023 to transition the project and options are being considered for exposing all remaining issues and risks more transparently.

We consider that management may wish to consider escalating the risk to the corporate risk register.

As a result of this, management actions relating to performance reporting have not been taken forward, so we cannot provide a positive assurance opinion in relation to the progress made against the previously agreed management actions. We have increased the priority of some of the management actions as a consequence of the fallings with the system currently in use and the risks this is exposing the Council to.

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1	The contents of the Rent Recovery Income Management Procedure will be subject to review to ensure information is accurate in light of changes to processes, the staff/teams involved and the new housing system. Once reviewed, the procedure will be approved for use, shared with relevant staff and made accessible via the shared drive. Reviews will occur on an annual basis as per the stated review interval.	Medium	August 2023	Andy Jeffs, Interim Head of Transactions Revenues, Benefits and Charges
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2	We will ensure the Former Tenants Procedures is updated to reflect key processes and responsibilities with regards to the new housing system, Northgate, is subject to approval and review periodically, and communicated to staff once finalised.	Medium	August 2023	Andy Jeffs, Interim Head of Transactions Revenues, Benefits and Charges
3	We will clearly define the performance reporting mechanism and process for reporting on Housing Services performance on a regular basis.	Medium	March 2023	Andy Jeffs, Interim Head of Transactions Revenues, Benefits and Charges
4	An action plan will be put in place and monitored in order to resolve the problems and known issues surrounding the new Housing System. This will set out clear activities, responsible officers, and deadlines. We will additionally consider escalation of risks to the corporate risk register.	High	June 2023	Baljit Shari, Interim Housing Project Manager
5	Key performance indicators will be reported through to a designated forum to establish regular, timely and effective oversight of performance.	Medium	March 2023	Andy Jeffs, Interim Head of Transactions Revenues, Benefits and Charges

<b>Business Rates Full Follow Up (18.22/23)</b>		<b>Reasonable Assurance</b>	<b>0 High</b> <b>2 Medium</b> <b>0 Low</b>	
<p><b>Conclusion</b></p> <p>Slough Borough Council has demonstrated <b>reasonable progress</b> in implementing the agreed management actions.</p> <p>Our follow up testing has confirmed that both high priority management actions have been fully implemented, as have two of the three medium priority management actions.</p> <p>The implementation dates for the two low priority management had not yet been reached, however, we confirmed management plans to implement the management actions by the required deadlines. The medium priority management action not implemented relates to the completion of inspections for empty properties which we confirmed has not been progressed. We found that a spot check on the completion of inspection cards in Academy has not been introduced since the previous audit and additional guidance has not been documented. In addition, our sample testing of 10 empty properties showed that none had been inspected during 2022 when there is a requirement for two inspections to be completed per year. If vacant properties are not routinely inspected, there is a risk that ratepayers may be receiving relief where a property is occupied, and they are liable for business rates.</p> <p>We have agreed two medium priority management actions to address this area of concern.</p>				
1	We will ensure that vacant properties are being inspected at least twice per year, with a periodic spot check process implemented to ensure that inspection cards are being appropriately completed and properties are being inspected at the expected frequency on a sample basis.	High	1 April 2023	Andy Jeffs, Interim Head of Transactions Revenues, Benefits and Charges
2	We will provide training to inspections officers to ensure that fully understand the requirements regarding inspections and the management and administration of this process in Academy. This will include introducing additional formal guidance.	Medium	1 April 2023	Andy Jeffs, Interim Head of Transactions Revenues, Benefits and Charges



<p><b>Temporary Accommodation (11.22/23)</b></p>		<p><b>5 High</b> <b>10 Medium</b> <b>2 Low</b></p>
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**Conclusion**

Our audit has again identified significant issues within the TA function, a number of which that have not been addressed from previous years audits (including 2020/21 and 2021/22). It should, however, be noted that many of the issues are underpinned by the resource challenges within both the TA and Housing Demand Teams, the ongoing migration to the NEC system and the increasing demand on the service with respect to the number of homelessness applications made. The increasing demand in the service is represented by the increase of households in TA from 433 in October 2021 to 650 in October 2022, with estimations that this will exceed 800 over the next 12 months. It should also be noted that the Council was aware of many of these issues prior to the audit.

We noted that the Council is lacking in strategic guidance with respect to the outdated Housing Strategy (2016-2021), moving households out of TA and the diversification of accommodation providers. We also found weaknesses with regards to performance monitoring and reporting, as well as TA rent arrears.

Our testing was restricted by the failure to provide evidence over the course of our fieldwork, given the operational workload of officers. This has meant that compliance with regards to the processes for allocations, contact with households, homelessness decisions, license breaches / notices to quit and safety assurances from private TA providers could not be tested. There are various potential significant risks in these areas if adequate arrangements are not in place. Issues were identified and actions agreed in relation to each of these as part of the 2021/22 review, with findings including applicants remaining in TA between 3-9 years (96 identified), increasing rent arrears, delays in homelessness decisions (impacting compliance with the Housing Act 1996) and limited assurance regarding minimum safety requirements of accommodations managed by external providers (including gas, electric and fire safety). Given the lack of evidence and testing, we have been unable to confirm if any improvement has been made in the 2022/23 audit.



**Housing System**

The previous Housing system (Capita) was replaced by Slough Housing (NEC) in quarter three of 2022/23. However, at the time of our review NEC was not yet fully functional for homelessness and TA services, whilst performance reporting was also limited. Without a functioning system, there is an increased risk that suitable evidence and records cannot be maintained, as was evidenced by difficulties in obtaining reports for our testing. There is also a risk that performance reporting and decision making is impacted by system issues, which could impact homeless applicants and result in financial implications for the Council. **(High)**



**Housing Strategy and Homelessness Strategy**

As part of the 2020/21 and 2021/22 reviews, we identified that the Council’s Housing Strategy (2016-2021) was in the process of being updated. At the time of this review, this strategy was out of date. Although not yet out of date, the Homelessness Strategy (2019-2024) is impacted by the Housing Strategy. The most recent update (Q4) provided to the Audit and Corporate Governance Committee (March 2023) stated that the strategy was “currently being drafted” and that this would be prepared by December 2023 (although the previous Q3 update had stated a December 2022 date). We



were not provided with evidence to identify this progress despite this being requested. Without appropriate strategies for housing and homelessness, there is a risk that relevant objectives are not agreed or achieved. **(High)**

#### **TA Rent Arrears**



TA rent arrears are recovered using a five-step approach. We found that based on the information available, levels of both current and former TA tenant arrears had increased. At 31 October 2021, TA current arrears totalled £183,340 and TA former arrears totalled £553,557. At October 2022, current arrears had increased to £499,529, whilst former arrears had increased to £611,072 as at May 2022. We were advised by the Housing Recovery Lead that the service was still catching up on arrears recovery, which had been impacted by resources and the NEC system. Without suitable recovery for TA rent arrears, there is a risk that the level of rent arrears continues to increase. **(High)**

#### **Health and Safety – Private Providers**



Annual compliance statements are returned by private providers of TA. As part of the 2021/22 review, we found issues with the retention of statements for providers, the recentness of statements and further safety assurances. We were unable to complete testing of safety assurances for private providers as evidence was not provided. As such, there is a risk that the Council cannot be assured private accommodation used for TA is safe. **(High)**

#### **TA Households**



As part of the 2021/22 review, we found that the Council was not efficiently moving households out of TA. There was also no strategy in place to progress households from TA. We were advised by the Group Manager – Accommodation that this continued to be an issue, demonstrated by the increase of households in TA from 433 (October 2021) to 650 (October 2022). There was an expectation that the total number could reach 800 in the next 12 months. Without a strategy, there is a risk that the Council is not efficiently moving households out of TA, in turn reducing the availability of accommodation for new applicants. **(High)**

#### **Staffing Resource**



Following the Council restructure (effective April 2021), the TA team was reduced in numbers and temporary staff were required to maintain the service. A management action was agreed as part of the 2021/22 review to prepare a business case for additional resources. Over the course of our review, we noted that the service continued to be under significant pressure, and that adequate staffing resources were not in place, although informal discussions had occurred to address this. This was demonstrated by the limited engagement and provision of audit evidence, given that the team was inundated with service-related work. Without sufficient TA staff, there is a risk that the service underperforms and is not able to fully carry out expected duties. **(Medium)**

A similar management action was agreed as part of the 2021/22 review regarding additional resources for the Housing Demand team, where it was identified that the team had been reduced in number and was failing to achieve targets (notably the timeliness of homelessness decisions). We were advised that this continued to be an issue within the service. Without sufficient Housing Demand staff, there is a risk that homelessness decisions are not made in a timely manner. There is therefore an increased potential that ineligible households remain in TA, impacting the availability of accommodation for new applicants. **(Medium)**

Once teams have sufficient staffing resources, there will be a requirement to provide appropriate training. Without this, there is a risk that inappropriate actions are taken as part of the assessment and allocation processes. This risk is increased given the new housing system and demand on services. **(Medium)**

#### **Allocations**



The Housing Demand team undertakes an initial assessment to determine whether the Council has an interim duty to accommodate. If so, cases are forwarded to the TA team to identify suitable accommodation. Whilst we sought to test adherence with expected procedures, evidence was not provided to select samples. As such, we cannot provide assurance in this regard. There is therefore a risk that accommodation is not being allocated in a fair manner, and that the Council has insufficient records. **(Medium)**

#### **Contact with Households**



There is an expectation that once accommodated, the TA team makes periodic contact with households. Through discussion with the Group Manager – Accommodation, we were advised that formal contact was not being made, owing to the prioritisation of other workload in light of resource constraints. Where there is limited contact with households in TA, there is a risk that tenant issues and concerns are unresolved. This may impact living conditions and the Council's reputation. **(Medium)**

#### **Homelessness Decisions**



As per the Housing Act, the Council has 56 days to make homelessness decisions. For positive decisions, the TA team completes reassessments of current accommodation for suitability and seeks permanent accommodation. For negative decisions, households are requested to vacate accommodations. We were unable to complete testing of homelessness decisions as evidence was not provided. Where the Council cannot take assurance over homelessness decisions, there is a risk that such decisions are untimely, impacting reassessments (positive) and evictions (negative). **(Medium x2)**

#### **Notices to Quit (NTQs)**



NTQs are issued where licenses are breached, following the sending of warnings. We were unable to complete testing of NTQs as evidence was not provided. Where the process for issuing NTQs is inconsistent and / or inappropriate, there are risks relating to repeat offences, delays in evictions and unavailability of accommodation. **(Medium)**

#### **Reporting**



As part of the 2020/21 and 2021/22 reviews, we identified that suitable performance reporting and monitoring was not occurring relative to TA. We were advised that a decision was taken to cease performance reporting from the Capita system in June 2022. However, owing to NEC system issues this had resulted in limited performance reporting to February 2023 for services, including TA. Corrective action was ongoing at the time of our review, with a contractor hired in February 2023 to prepare reports, and data extracted to retrospectively report on TA rent arrears for December 2022 and January 2023. Despite this, without sufficient performance reporting and monitoring, there is a risk that underperformance is not being identified and rectified. **(Medium)**



### Private Sector Providers

A management action was agreed as part of the 2021/22 to develop a diversification strategy focussing on engagement with private rented accommodation providers. We were advised by the Group Manager – Accommodation that progress had not been made in this regard, given the level of service demand and staffing resources. Using the information available, we identified that there were 93 Council-owned accommodations, indicating that the remainder of households were housed in private accommodation. Without a diversification strategy, there is a risk of significant disruption to service provision should providers withdraw services. **(Medium)**

1	The Council will review and approve the request for additional resources within the TA team.	Medium	31 January 2024	Caroline Bartos, Group Manager - Accommodation
2	The Council will review and approve the request for additional resources within the Homelessness team.	Medium	30 November 2023	Caroline Bartos, Group Manager - Accommodation
3	Once teams and sufficient staff are in place, training will be provided regarding the expectations for homelessness and TA processes.	Medium	31 January 2024	Caroline Bartos, Group Manager - Accommodation

### SBC Response

*Business case for additional staff has been submitted and approved. In the process of recruiting the following temporary staff for the TA team/Allocations Team: 1 Senior TA Officer; 1 TA Officer; and 1 Allocations Manager. The Allocations Manager will be responsible for managing both the TA team and Allocations Service.*

*Even though under the structure for the section, TA Officers sit under Housing Demand, the Temp Allocation Manager will manage the TA Officers as well as the Allocations Team. The Social Lettings Officers will move under the supervision of a Temporary Housing Demand Manager (yet to be recruited). All Allocation of property be it TA or permanent should be managed by the same manager. Social lettings will be managed within Housing Demand in order to assist with prevention of homelessness.*

*Once staff are in place we will work towards the following objectives: procurement of additional non hotel nightly paid accommodation; closer monitoring of TA rent accounts to reduce TA arrears; and closer supervision on necessary repairs to TA stock.*

***Please note these comments have not been subject to any verification or additional testing by Internal Audit.***

4	The Council will develop an action plan identifying all system issues relative to TA. This action plan will also include action to be taken, responsible staff and implementation timeframes.	High	30 November 2023	Ian Blake, Special Projects Manager
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### SBC Response:

	<p>We are currently in the process of transferring housing register cases from Capita to NEC and assessing new applications which are received on a daily basis. We have acquired an additional team of 6 officers (3/4 weeks ago) who have all nearly completed relevant training to transfer applications from Capita to NEC, they will also assist the Allocations Officers in assessing the new paper applications which we have received in the meantime since October when Capita switched to view only.</p> <p>Not having a functioning housing register is impacting our ability to allocate accommodation from TA to permanent accommodation and free up much needed accommodation as well as give housing register applicants a more realistic picture in relation to waiting times on the housing register.</p> <p>Capita is available on view only, the information dates back to October 2022 and there are plans to shut Capita down altogether. We require a live system during the transition of applications to NEC. This will be beneficial for issuing information on waiting times and the allocation of permanent accommodation (relieving TA), providing reports etc</p> <p><b>Please note these comments have not been subject to any verification or additional testing by Internal Audit.</b></p>			
5	<p>In line with current plans, the Council will ensure that an up-to-date Housing Strategy and Homelessness Strategy is created.</p> <p>Additionally, progress against the action plan will be periodically monitored by an appropriate forum.</p>	High	31 October 2023	Chris Stratford, Director of Housing
	<p><b>SBC Response:</b></p> <p>We haven't discussed this yet. There are fundamental issues to resolve first (e.g. tackling the backlog in Complaints and enquiries, backlog in homeless enquiries/applications and transferring/ updating and approving all housing register applications on to NEC, rent arrears in TA etc).</p>			
6	<p>The TA Team will ensure that all documentation relating to the TA allocation (including spot placements) processes are retained via DIP.</p>	Medium	31 March 2024	Caroline Bartos, Group Manager - Accommodation
	<p><b>SBC Response:</b></p> <p>All TA paperwork/documentation is retained on DIP.</p> <p><b>Please note these comments have not been subject to any verification or additional testing by Internal Audit.</b></p>			
7	<p>The TA Team will design interim measures to ensure that tenants are interacted with through periodic calls to identify any issues with their accommodation (or other related matters).</p>	Medium	30 November 2023	Ian Blake, Special Projects Manager
8	<p>The TA Team will ensure that following notification from the Housing Demand Team (of a positive decision), a reassessment of accommodation is completed to ensure that this is suitable and in line with the Team's Placement Policy.</p>	Medium	31 January 2024	Caroline Bartos, Group Manager - Accommodation

9	<p>The TA Team will ensure that following notifications are received from the Housing Team:</p> <ul style="list-style-type: none"> <li>• The negative decision has been recorded on Capita/NEC;</li> <li>• A notice-to-quit has been issued; and</li> </ul> <p>Assurance is received the ensure that the accommodation had been vacated by the previous licensee.</p>	Medium	31 January 2024	Caroline Bartos, Group Manager - Accommodation
<p><b>SBC Response:</b></p> <p><i>All homelessness casework is recorded on Jigsaw. The Housing Demand team notify the TA team of the household composition and requirements (positive/s. 193 accepted housing duty cases). The information is listed on the TA request referral.</i></p> <p><i>Capital has been view-only since Oct 2022. Decisions/data has not been recorded since that date.</i></p> <p><i>The TA team will issue NTQs following receipt of negative decisions and notify housing demand, rent accounts and housing benefit once the household have vacated TA.</i></p> <p><b><i>Please note these comments have not been subject to any verification or additional testing by Internal Audit.</i></b></p>				
10	<p>The TA Team will ensure notices to Quit are served where the tenant breaches the licence agreement with the Council, with this in line with Council Policy.</p>	Medium	30 November 2023	Caroline Bartos, Group Manager - Accommodation
<p><b>SBC Response:</b></p> <p><i>NTQs are being issued to tenants if they are in breach of their tenancies. They have not been able to record the issuing of NTQs on the system since Capita switched to view only in October 2022.</i></p> <p><i>The Council needs to ensure that all landlords/providers are responsible for changing locks once an NTQ on a licence expires. This is not the case for all accommodation which leads to further action having to be taken via the courts.</i></p> <p><b><i>Please note these comments have not been subject to any verification or additional testing by Internal Audit.</i></b></p>				
11	<p>Following the resolution of NEC system issues, a mechanism for reporting upon and monitoring TA service performance will be introduced. This will include agreeing performance indicators and subjecting performance to scrutiny.</p>	Medium	30 November 2023	Caroline Bartos, Group Manager - Accommodation
<p><b>SBC Response:</b></p> <p><i>All reporting is being impacted by the transition to NEC.</i></p> <p><b><i>Please note these comments have not been subject to any verification or additional testing by Internal Audit.</i></b></p>				

12	The Council will take action to improve the Council's rent arrears profile for those housed in TA. Collection rates will be reviewed via KPI reporting.	High	30 September 2023	Caroline Bartos, Group Manager - Accommodation
<p><i>Service is meeting with Revenues and Benefits to discuss all the codes which are required for setting up rent accounts on NEC.</i></p> <p><i>Service is working through outstanding accounts which have not been completed on the NEC system.</i></p> <p><i>TA Officers do not cover rent collection. They are required to issue the correct licence agreements when signing-up a tenant, set up the rent account, complete the online housing benefit form and issue NTQs</i></p> <p><i>To see if there is a meeting (fortnightly/monthly) which is attended by both a Senior TA Officer and representatives from Rent Accounts. There should be a regular meeting (TA working group).</i></p> <p><b><i>Please note these comments have not been subject to any verification or additional testing by Internal Audit.</i></b></p>				
13	The Annual Compliance Statement issued to Private Providers will be reviewed to assess whether the terms and conditions satisfies the Council's legislative duties as a housing provider. Following this, the Council will introduce a monitoring mechanism to ensure: <ul style="list-style-type: none"> <li>Providers are only engaged with should they have a signed Compliance Statement in place;</li> </ul> These Compliance Statements are reviewed and signed annually.	High	30 November 2023	Ian Blake, Special Projects Manager
14	The Council will develop a strategy to identify households which are no longer owed a duty to be accommodated under the Housing Act 1996.	Medium	30 November 2023	Ian Blake, Special Projects Manager
15	The Council will develop a diversification strategy to engaging with private rented accommodation providers.	Medium	30 November 2023	Ian Blake, Special Projects Manager
<p><i>There are fundamental issues to resolve first (e.g., tackling the backlog in complaints and enquiries, backlog in homeless enquiries/applications and transferring/updating/approving all housing register applications on to NEC etc).</i></p> <p><b><i>Please note these comments have not been subject to any verification or additional testing by Internal Audit.</i></b></p>				



<b>Housing Management – Health and Safety (Gas, Electrical and Legionella) (24.22/23)</b>		<b>1 High</b> <b>3 Medium</b> <b>3 Low</b>
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### Conclusion


We have identified areas of weakness, notably in relation to EICRs. At the time of testing, 383 EICRs were overdue from a total of 6,373 (based on the five year review period), with 182 becoming overdue prior to 2020. As such, these properties were non-compliant with related legislation as well as Council policy expectations. It is necessary that the Council introduces additional controls to fully resolve and prevent recurrence, including updating and following the escalation procedure for EICRs. Owing to issues with the Slough Housing (NEC) system, reconciliations of property records on RAMIS could not be completed. We also found improvements could be made in relation to the accessibility of the Compliance Strategy and safety policies, inputting of check completion dates, and timeliness of receiving reports / certificates.

We have found the remaining controls in place to be well designed and adhered to. We noted operational guides included sufficient description for staff and that the frequencies of gas, electric and legionella checks were suitably defined, in line with applicable regulations and guidance.

Sample testing confirmed the operational effectiveness of processes for storing reports / certificates, recording gas and electrical check details, arranging checks (including after major works), escalating procedures for gas checks, and undertaking of remedial works. We also confirmed suitable performance reporting and governance arrangements through review of proceedings at the Operational Subgroup, Operational Management Group, Building Compliance Group and H&S Board. However, the non-compliance with legislation, combined with the other exceptions have resulted in a partial assurance opinion.


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### Reconciliations

 Slough Housing (NEC) has replaced CAPITA as the Council's housing management system, whilst the Risk Monitor RAMIS system is used to manage compliance for RMI properties. Although RAMIS is updated based on known asset disposals, the Compliance Coordinator has been unable to complete an independent reconciliation of records since the transfer from CAPITA in October 2022. This is because data has not been fully migrated to NEC.

Without a full reconciliation, there is a risk that RAMIS records are incorrect, which may lead to checks not been arranged (new properties) or being inappropriately arranged (where properties have been disposed). **(Medium)**

### Electrical Checks

 EICRs should be completed every five years, with completion dates updated onto the RAMIS system. Through review of a performance report, we identified that the due dates for 383 EICRs from a total of 6,373 had expired and so were non-compliant with related legislation and Council policy. Further review found 149 of these EICRs had expired in 2023, 52 expired between 2020 and 2022 and 182 had expired before 2020. We were advised by the Compliance Coordinator that the expirations were known to the Council, and that work was ongoing to resolve the issue and prevent



recurrence. Without timely EICRs, there is a risk that properties are non-compliant with regards to electrical installations, which may lead to significant health and safety issues should an incident occur. **(1 High and 1 Medium)**

### Escalation Procedure – EICRs



The documented escalation procedure for EICRs includes issuing letters and pursuing legal action. For a sample of ten expired EICRs, we obtained evidence that letters had been sent, although there was a nine-month period between the first and second letters, and only a three week period between second and third letters. We also found legal action had not been pursued, as procedures were to be revised following instruction from the Magistrates Court. Where a suitable escalation procedure for EICRs is not followed (including timeframes for tasks), there is a risk appropriate action is not taken where access is not granted. As such, EICRs may not be completed in line with due dates. **(Medium)**

1	Following the resolution of NEC system issues, the Compliance Coordinator will resume with reconciling RAMIS and NEC property records. Reconciliations will seek to identify new or removed properties, to ensure compliance checks are suitably known.	Medium	31 January 2024	Chris Stafford
2	The Council will implement the flagging mechanism on the repairs system to identify properties without safety compliance checks. Repairs will only be scheduled once overdue checks are completed.	High	31 July 2023	Ian Stone
3	The Council will introduce additional forward planning for properties with previous access issues for EICRs.	Medium	30 September 2023	Tony Turnbull
4	The escalation procedure for EICRs will be reviewed and updated, notably to outline the action to be taken following the sending of reminder letters (replacing legal action). The actions in this procedure will then be followed (including the timeliness of actions) where no access is granted to complete EICRs.	Medium	30 September 2023	Tony Turnbull





<b>Payroll (including associated financial controls) (13.22/23)</b>		<b>1 High</b> <b>3 Medium</b> <b>2 Low</b>
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### Conclusion

Our audit has identified a number of weaknesses with the controls linked to payroll functions. It should be noted that the issues identified relate to financial controls and processes that come before or after the involvement of the payroll team. Activities managed by the payroll team were found to be effective, including guidance documents, system access, payment run processing, inputting of payroll rates and actioning payroll updates when notified.

We found that there were often delays in notifying the payroll team of payroll updates (such as new starters, leavers and amendments), resulting in over and underpayments. Sample testing identified that invoices were not being suitably raised by line managers for overpayments, whilst appropriate action had not been taken with regards to one overpayment for which a payment plan should have been agreed. Furthermore, we noted issues with the Agresso system, namely with approval workflows that contributed to delays in notifying the payroll team of payroll updates, and one instance whereby a rejected expense claim proceeded to be paid.

Furthermore, sample testing of mileage claims identified that required supporting evidence had not been agreed and that this was not always being submitted, although this was not a mandatory requirement on Agresso. For example, mileage claims are often not supported with information to verify the journey claimed. However, management have accepted the associated risk(s) with this weakness and a management action has not been agreed.

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#### Timeliness of Notifying the Payroll Team (new starters or amendments)



Updates to the payroll should be notified to the payroll team in a timely manner, to ensure that these are included within the subsequent payroll payment runs. As part of our sample testing, we identified instances where delays in notifying the team of new starters or amendments to working details resulted in back-dated payments being required, whilst delays in leaver information similarly resulted in over/underpayments (under payment as severance was owed). We identified that a number of the delays were caused by system workflow issues, which did not relay information to the payroll team. Where the team is not notified of payroll updates in a timely manner, there is a risk of over and underpayments being made. **(Medium x2)**

#### Temporary Variations – Rejected Expenses Claims



Expense claims are submitted to managers for review and approval, before approved expenses are automatically transferred into the payroll for the following month. One of our sample of five mileage claims (£251.64) was rejected by the manager, and despite then being returned to and deleted by the submitting staff member, was still paid in June 2022. The Agresso Consultant highlighted that this may have been caused by a system build fault. Where rejected claims proceed to payment, there is a risk erroneous or fraudulent claims are paid and/or financial loss. **(High)**

## Overpayments



Overpayments are recovered either via payroll deductions (current staff) or through raised invoices (former staff). For a sample of 10 overpayments, we identified issues with the timeliness of raising invoices and subsequent recovery of amounts, both of which are not the responsibility of the payroll team. Two invoices had not been raised (£712.14), three were only raised following our requests for evidence (£3,023.59), and three raised invoices had not yet been paid (£7,279.22). We also found that one invoice (£2,474.69) had been cleared by a credit note, pending the agreement of a payment plan. The reasons for these findings included that individual managers were responsible for raising invoices (rather than a central team), as well as unclear responsibilities regarding checking and chasing. Where invoices for payroll overpayments are not suitably raised, there is a risk overpaid amounts are not recovered.

## Payroll Budget Monitoring



We found there was an inconsistent approach to the monthly budget monitoring reports / meetings (which are expected to cover payroll payments) as part of the Payroll 2021/22 review. We were advised by the Deputy Director Financial Management that the Council was in the process of implementing such a process, in response to actions agreed as part of the Matrix – Management of Agency Staff 2021/22 and Budget Setting and Budgetary Control 2022/23 reviews. As such, we have not repeated a management action as part of this review. However, it should be noted that inconsistent monitoring may continue to contribute to findings identified as part of this audit, such as overpayments being made to leavers. **(Medium)**

**We also identified the following risk where a management action has not been agreed and management have agreed to accept the risk.**

## Temporary Variations – Expenses (Mileage)



Temporary payroll variations may include payments for mileage expenses. Five of our sample of expenses (total of 10) related to mileage and we identified that whilst four claims were approved via the workflow, there were no supporting documents added to the system for two of these (totalling £620.10). By means of a walkthrough, we found that mileage claims could be submitted for approval without supporting evidence (unlike other expenses where this was mandatory). We also identified that where supporting evidence was attached, the nature of this was inconsistent (fuel receipts or mileage sheets). Mileage claims are therefore often not supported with information to verify the journey claimed. Without agreement on the type of supporting evidence required for mileage, and having the system require this when submitting, there is a risk that claims cannot be substantiated but proceed to be paid, potentially resulting in financial loss. **Although this area of weakness was identified and discussed with management, management have accepted the associated risk(s) and no management action has been agreed.**



1	SBC and schools' staff) reminding them of the importance of relaying payroll updates to the payroll team in a timely manner.	Medium	31 July 2023	Surjit Nagra
2	Issues with the workflow will be investigated and resolved to ensure that the payroll team are suitably notified of updates required to the payroll.	Medium	31 August 2023	Alistair Rush
3	<p>The Council will investigate both:</p> <ul style="list-style-type: none"> <li>• Whether this expense payment was made in error; and</li> <li>• Whether there is a system build fault that allows claims rejected by managers and subsequently rejected / deleted by submitters to proceed for payment.</li> </ul> <p>Appropriate action will be taken based on the outcomes of the investigations, such as to recover the amount and address the system build fault.</p>	High	31 July 2023	Surjit Nagra
4	<p>The Council will agree the process and responsibilities for raising invoices for overpayments, ensuring invoices have been raised, chasing non-payment, and confirming payment. This will include ensuring overpayment debts are never cleared using credit notes.</p> <p>Once responsibilities have been agreed, this will be embedded as a process.</p>	Medium	31 July 2023	Jasvinder Dalvair/Surjit Nagra

## APPENDIX B - SUMMARY OF PROGRESS TO DATE




The table below provides a status update on the summary of progress with the 2022/23 internal audit plan to date (reports shown in **bold** below have been finalised since the last meeting).

### 2022/23 Internal Audit Plan

Assignment area	Fieldwork date / current status	Draft report	Final report	Opinion	Actions		
					L	M	H
Leavers Processes (additional review)	Final Report	6 October 2022	19 October 2022		0	5	3
Children Missing Education	Final Report	22 September 2022	20 October 2022		5	5	0
Risk Management – Follow Up	Final Report	22 September 2022	7 November 2022	Advisory	1	1	2
Council Tax	Final Report	1 November 2022	3 January 2023		3	5	2
Subsidiary Company Governance	Final Report	20 July 2022	21 February 2023	Advisory	2	4	1
Medium Term Financial Strategy	Final Report	23 August 2022	28 February 2023		4	3	0
Budget Setting and Control	Draft Report	26 August 2022					

Revised draft 2  
February 2023

Workforce - Recruitment and Retention	Final Report	1 September 2022	28 February 2023		5	5	1
Follow up – Part 1	Final Report	21 October 2022	2 March 2023	Good Progress	2	1	0
General Ledger	Final Report	24 October 2022	30 January 2023		2	4	8
<b>Adult Social Care Transformation</b>	<b>Final Report</b>	<b>18 November 2022</b>	<b>31 May 2023</b>	<b>Advisory</b>	<b>2</b>	<b>1</b>	<b>0</b>
Housing Benefits	Final Report	28 November 2022	9 January 2023		1	3	3
<b>Payroll (including associated financial controls)</b>	<b>Final Report</b>	<b>30 November 2022</b>	<b>21 June 2023</b>		<b>2</b>	<b>3</b>	<b>1</b>
IT Business Continuity	Final Report	7 December 2022	1 February 2023	Little progress	0	6	1
<b>Treasury Management</b>	<b>Final Report</b>	<b>16 December 2022</b>	<b>18 May 2023</b>		<b>5</b>	<b>4</b>	<b>1</b>
Creditors	Draft Report	9 February 2023					

Delegated Authorities (additional review)	Final Report	28 February 2023	31 May 2023		0	8	1
Whistleblowing	Final Report	21 February 2023	31 May 2023	Advisory	2	3	0
Rent Accounts Recovery – Full Follow Up	Final Report	25 January 2023	17 May 2023	Little progress	1	5	1
Corporate Health and Safety	Final Report	26 January 2023	28 February 2023	Little progress	3	4	1
Business Rates – Full Follow Up	Final Report	7 February 2023	16 May 2023	Reasonable progress	0	2	0
Temporary Accommodation	Final Report	28 March 2023	01 June 2023		2	10	5
Rent Accounts	03 April 2023	12 June 2023					
Debtors Management	19 January 2023	30 March 2023					
Capital Expenditure	22 February 2023	16 June 2023					
Cyber Essentials	Now deferred to 2023/24 (budget used for Delegated Authorities review)						
Follow Up – Part 2	13 March 2023	25 May 2023					
Housing Management – Health and Safety (Gas, Electrical and Legionella)	Final Report	21 April 2023	10 May 2023		3	3	1



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Payroll and HR Interface cancelled and replaced with a review of Payments to Temporary and Agency Staff

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Now deferred to  
2023/24

### **2023/24 Internal Audit Plan**

As agreed with the Head of Internal Audit and Internal Audit Manager for the Council, we have not included an update against the 2023/24 internal audit plan.

## APPENDIX C: 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:



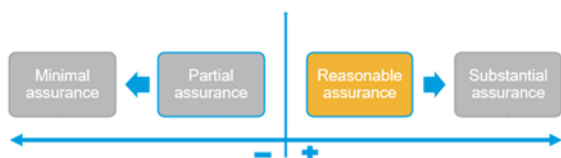
Taking account of the issues identified, the Council can take minimal assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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 upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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 upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

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 this risk are suitably designed, consistently applied and effective.



## FOR FURTHER INFORMATION CONTACT

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## Slough Borough Council

<b>Report To:</b>	Audit and Corporate Governance Committee
<b>Date:</b>	19 July 2023
<b>Subject:</b>	Revised Internal Audit Plan 2023/24 and Draft Internal Audit Charter
<b>Chief Officer:</b>	Adele Taylor – Executive Director of Finance and Commercial (S151)
<b>Contact Officer:</b>	Tariq Mansour, Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance
<b>Ward:</b>	All
<b>Exempt:</b>	No
<b>Appendices</b>	Appendix 1 – Revised Internal Audit Plan Appendix 2 - Draft Internal Audit Charter

### 1. Summary and Recommendations

This report details the revised Internal Audit Plan for 2023/24 and the draft Internal Audit Charter, which underpins the plans and practice of the Internal Audit team.

Recommendation:

The Audit and Corporate Governance Committee is recommended to approve this report noting in particular:

- The revised Internal Audit Plan.
- The draft Internal Audit Charter.

### Commissioner Review

Commissioners are content with the recommendations.

### 2. Report

#### **Revised Internal Audit Plan 2023/24 (Appendix 1)**

The Public Sector Internal Audit Standards (PSIAS) require the Internal Audit service to produce a risk-based audit plan. This paper sets out the revised 2023/24 Internal Audit Plan (Plan).

The revised 2023/24 Plan will be a rolling 3-month plan, to allow more flexibility to incorporate changing and emerging risks into the Plan, replacing the previous fixed annualised audit planning approach.

This paper sets out the following:

- The priority audits for July – September 2023. These Audits have been prioritised using our risk-based assessment and evaluation methodology.
- The significance and priority of all potential audits identified within the audit planning process, will be continually risk assessed throughout the year.

RSM has traditionally produced an Annual Plan, covering a 12-month period. This practice is in-line with the requirement to produce an annual opinion at the end of the year on overall systems of risk management, governance, and internal control.

To enable Slough Borough Council Internal Audit service to be more flexible and adaptive to changing priorities and emerging risks, the Plan for 2023/24 will be a 3-month rolling Plan. This dynamic approach will ensure optimum value to the Council and stakeholders and more effective deployment of audit resources.

The Plan will be reviewed every 3 months by completing an assessment of all potential audits identified.

The quarterly review will also consider an evaluation of relevant business intelligence to identify new priorities / emerging risks and potential audit areas.

Another key consideration when reviewing and updating the Plan throughout the year, will be to ensure there continues to be sufficient coverage of all directorates, which are utilised to ensure there is sufficient coverage for the Head of Internal Audit's Annual Opinion in July 2024.

Any amendments to the Plan will be reported to the Audit and Corporate Governance Committee.

### **Assumptions for revising the 2023/24 Internal Audit Plan**

- We have done this by considering a range of factors for example, a review of the Corporate Risk Register, the Directorate risk registers made available (and currently being updated), our knowledge of issues in the wider sector, meetings with Executive Directors, Assistant Directors, and technical guidance).
- Reviewed the reports submitted to Department for Levelling Up, Housing and Communities (DLHUC) and to the Council.
- The factors that contributed to the issuance of the Section 114 notice and the efforts to implement the Recovery Plan.
- Process of updating and improving the Directorate risk registers in place.
- Shared all the areas of priority that were identified from our discussions with the S151 Officer and Deputy S151 Officer.

Our audits will look to identify root causes that resulted in the S114 notice and the subsequent recovery programme to ensure SBC achieves its targets such as the Asset Disposal programme and the Savings programme.

### **The Draft Internal Audit Charter (Appendix 2)**

The Charter is a mandatory requirement of the Public Sector Internal Audit Standards, which should be reviewed and updated annually. The Charter sets out the purpose, authority, and responsibility of Internal Audit.

## **Conclusions**

The revised Plan provides sufficient coverage of the Council's current and emerging risks and priorities, with sufficient flexibility to add further reviews onto the plan as needed.

## Appendix 1: Revised Internal Audit Plan

Listed below are the proposed audits for 2023/24 per quarter:

Directorate	Audit	Q1	Q2	Q3	Q4
People Adults	Safeguarding		✓		
	CQC Regulatory Inspection				✓
Monitoring Officer, Democratic and Electoral Services	Governance			✓	
People Children	Schools ****	✓			
	<i>Enrolment, School Places and Attendance ****</i>	✓			
	<i>Safeguarding ****</i>	✓			
Place and Community	<i>Parking including Car Parks</i>				✓
	<i>Libraries</i>				✓
Housing, Property and Planning	Leasehold Service Charges		✓		
	Assets			✓	
Finance, Commercial and Resources	<i>Cash Collection &amp; Management ****</i>	✓			
	Follow Up ****	✓			
	<i>Travel and Subsistence</i>		✓		
	<i>Asset Disposal Programme</i>		✓		
	Business Rates		✓		
	Council Tax		✓		
	Procurement			✓	
	Budget Setting and Budgetary Control			✓	
	<i>Legal Services Contract</i>			✓	
	<i>Transactional Audit (reconciliation/journal vouchers/suspense accounts/debit balances on AP/credit balances on AR, interface)</i>				✓
	<i>Agresso Finance</i>				✓
	Grant audits				✓
	Strategy and Improvement	Matrix ****	✓		
Business Continuity and Emergency Planning			✓		
Payroll				✓	
<i>Starters, Movers, and Leavers Process</i>				✓	
Cyber Security and Cyber Risk (3 <sup>rd</sup> Party)					✓

Notes:

\*\*\*\* Currently in progress for Q1 delivery.

Audit areas in *Italics* in the table above are added by SBC Internal Audit for audit consideration in 2023/24.

## **Appendix 2: Draft Internal Audit Charter**

### **Purpose, Mission Statement and Definition**

The purpose of this Internal Audit Charter is to define internal audit's purpose, authority, and responsibility. It establishes the internal audit activity's position within the Council and reporting lines; authorises access to records, personnel and physical property relevant to the performance of audit work; and defines the scope of internal audit activities.

The charter also covers the arrangements for the appointment of the Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance and internal audit staff, and identifies the nature of professionalism, skills and experience required.

### **Internal Audit Mission Statement**

The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

### **Role**

The internal audit activity is established by the Corporate Leadership Team and Audit and Corporate Governance Committee. The internal audit activity's responsibilities are defined by the Corporate Leadership Team and Audit and Corporate Governance Committee as part of their oversight role.

The Public Sector Internal Audit Standards require that the Internal Audit Charter defines the terms Board, Chief Audit Executive and Senior Management in relation to the work of internal audit. For the purposes of internal audit work the roles are defined as follows:

- **Board** - The internal audit activity is established and defined by the Board, (hereafter referred to as the Audit and Corporate Governance Committee). The internal audit activity's responsibilities are defined by the Audit and Corporate Governance Committee as part of their oversight role.
- **Chief Audit Executive** - The role of the Chief Audit Executive is undertaken by the Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance.
- **Senior Management** – Senior Management is defined as the Corporate Leadership Team.

### **Standards and Core Principles**

Internal audit is a statutory service in the context of the Accounts and Audit (England) Regulations 2015, which require authorities to ensure that they have a sound system of internal control which:

- Facilitates the effective exercise of its functions and the achievement of its aims and objectives.

- Ensures that the financial and operational management of the authority is effective; and
- Includes effective arrangements for the management of risk.

The Accounts and Audit Regulations 2015 also state that: “a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management control and governance processes, taking into account public sector internal auditing standards or guidance”.

The internal audit function is required to comply with Public Sector Internal Audit Standards (PSIAS). The PSIAS encompass the mandatory elements of the Chartered Institute of Internal Auditors (CIIA); International Professional Practices Framework (IPPF) and CIPFA in respect of local government. A common set of Public Sector Internal Audit Standards (PSIAS) were adopted from 1 April 2013.

Compliance with the standards is subject to a quality assurance and improvement programme in line with the standards. This includes a regular self-assessment and an external assessment which must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. Results of quality reviews shall be reported to the Audit and Corporate Governance Committee by the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance.

The Core Principles within the PSIAS articulate internal audit effectiveness. For an internal audit function to be considered effective, all principles should be present and operating effectively. Failure to achieve any of the principles would imply that an internal audit activity was not as effective as it could be in achieving internal audit’s mission. The internal audit activity must achieve the following Core Principles:

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

### **Ethics and Professionalism**

Internal audit operates in accordance with the PSIAS and all internal audit staff in the public sector govern themselves by adherence to the PSIAS Code of Ethics. All audit staff are also required to adhere to the Codes of Ethics of their professional bodies, where appropriate. Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life’s ‘Seven Principles of Public Life’. Internal auditors must exercise due professional care by considering the:

- Extent of work needed to achieve the engagement’s objectives.



- Relative complexity, materiality, or significance of matters to which assurance procedures are applied.
- Adequacy and effectiveness of governance, risk management and control processes; and
- Probability of significant errors, fraud, or non-compliance.

### **Authority**

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, has authorised full, free, and unrestricted access to any and all of the organisation's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Audit and Corporate Governance Committee. Designated auditors are entitled, without necessarily giving prior notice, to require and receive:

- Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature.
- Access at all reasonable times to any land, premises, officers, and members of the Council.
- The production of any cash, stores, or other property of the Council under an officer's and member's control; and
- Explanations concerning any matter under investigation.

Where the Council works in partnership with other organisations, the role of internal audit will be defined on an individual basis. Where internal audit undertakes work on behalf of any other organisations, this will be determined in conjunction with the organisation's Audit and Corporate Governance Committee and in consultation with the Executive Director of Finance and Commercial to ensure that appropriate audit resources are available to provide assurance over the Council's activities.

### **Organisation**

Internal audit activity supports the Executive Director of Finance and Commercial to discharge their responsibilities for maintaining proper administration of financial affairs and an adequate and effective system of internal control as required under section 151 of the Local Government Act 1972 and by the Accounts and Audit (England) Regulations 2015.

The Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance reports to the Audit and Corporate Governance Committee. The Audit and Corporate Governance Committee approve the annual internal audit plan and review the adequacy of internal audit activity, the scope and nature of its work and receives and reviews the assurance statements from internal audit work undertaken. The Audit and Corporate Governance Committee also play a proactive role in seeking assurance that internal audit recommendations are implemented by inviting Heads of Service to provide updates to Audit Committee meetings on a sample basis.

Internal audit resides within the Finance and Commercial Directorate. The Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance will report on operational issues to the Executive Director of Finance and Commercial (Statutory Finance Officer) and the Chief Executive on strategic matters. The Head of Financial Governance, Internal Audit,

Counter Fraud, Risk, and Insurance has the authority to communicate and interact directly with the Corporate Leadership Team and the Audit and Corporate Governance Committee.

Internal audit and external audit communicate as and when required to reduce duplication and make optimum use of the available audit resources.

### **Independence and Objectivity**

The internal audit activity will remain free from interference by any element of Slough Borough Council, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair an internal auditor's judgement.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.

The Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance will confirm to the Corporate Leadership Team and Audit and Corporate Governance Committee, at least annually, the organisational independence of the internal audit activity.

### **Responsibility**

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of Slough Borough Council's governance, risk management and internal control processes in relation to the Council's defined goals and objectives. Internal control objectives considered by internal audit include:

- Consistency of operations or programs with established objectives and goals and effective performance.
- Effectiveness and efficiency of operations and employment of resources.
- Compliance with significant policies, plans, procedures, laws, and regulations.
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify and report such information.
- And safeguarding of assets.

Internal audit is responsible for evaluating all processes (Audit Universe) of the organisation including governance and risk management processes. The Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance must deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement (AGS). The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This is the 'assurance role' for internal audit.

Internal audit may also perform consulting and advisory services related to governance, risk management and control as appropriate for the Council; this is advisory in nature and

generally performed at the specific request of the organisation. The aim of the consultancy service is to help management improve the Council's risk management, governance, and internal control environment.

Based on its activity, internal audit is responsible for reporting significant risk exposures and control issues identified to the Corporate Leadership Team and Audit and Corporate Governance Committee, including fraud risks, governance issues and other matters requested or needed by the Corporate Leadership Team.

The Audit and Corporate Governance Committee is responsible for oversight of the governance, risk management and internal control environment at the Council. The Audit and Corporate Governance Committee have a key role in providing an appropriate level of challenge related to strategic risks to satisfy themselves that officers are taking action to mitigate risks.

The Statutory Finance Officer, Head of Paid Service and Monitoring Officer are responsible for ensuring that the Council complies with the Councils governance framework, of which internal audit form an integral role.

### **Role of Internal Audit in Fraud Related Work**

Managing the risk of fraud is the responsibility of line management. The Statutory Finance Officer has specific responsibilities in relation to the detection and investigation of fraud and may request internal audit to assist with the investigation of suspected fraud or corruption. The Counter Fraud Team also reports to the Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance and therefore appropriate links are in place to ensure a prompt response to serious fraud issues. The Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance should be notified of all suspected or detected fraud, corruption or impropriety, to inform their opinion on the control environment and their audit plan.

### **Internal Audit Plan**

The Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance should develop and maintain a strategy for economically and efficiently providing the Statutory Finance Officer, with objective evaluation of, and opinions on, the effectiveness of the Council's risk management, governance and internal control arrangements.

On an annual basis, the Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance will submit to the Corporate Leadership Team and Audit and Corporate Governance Committee an internal audit plan for review and approval, including risk assessment criteria. The internal audit plan includes timing as well as budget and resource requirements for the next financial year. The Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance will communicate the impact of resource limitations and significant interim changes to the Corporate Leadership Team and the Audit and Corporate Governance Committee.

The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input from senior managers. Prior to submission of the plan to the Corporate Leadership Team for approval the plan will be discussed with appropriate senior management. Any significant deviation from the approved internal audit plan will be communicated through the quarterly activity reporting process.

## **Scope of Internal Audit Work – Opinion Work**

The internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.

### **Governance**

Internal audit must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organisation.
- Ensuring effective organisational performance management and accountability.
- Communicating risk and control information to appropriate areas of the organisation; and
- Co-ordinating the activities of and communicating information among the Audit and Corporate Governance Committee, external and internal auditors, and management.

### **Risk Management**

Internal audit must evaluate the effectiveness and contribute to the improvement of risk management processes by assessing how:

- Organisational objectives support and align with the organisation's mission.
- Significant risks are identified and assessed.
- Appropriate risk responses are selected that align risks with the organisation's risk appetite; and
- Relevant risk information is captured and communicated in a timely manner across the organisation, enabling staff, management and the Audit and Corporate Governance Committee to carry out their responsibilities.

### **Internal Control**

Internal audit must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement. The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations, and information systems regarding the:

- Achievement of the organisation's strategic objectives.
- Reliability and integrity of financial and operational information.
- Economical, effective, and efficient use of resources.
- Effectiveness and efficiency of operations and programmes.
- Safeguarding of the Council's assets and interests from losses of all kinds, including those arising from fraud, irregularity corruption or bribery; and
- Compliance with laws, regulations, policies, procedures, and contracts.

### **Non - Opinion Work**

Where internal audit is requested to provide advice, consultancy, investigatory or project support work the request will be assessed by the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance. Such assignments will be undertaken where it is considered that the following criteria will be met:

- The work aligns with the available skills and resources within internal audit.
- The assignment will contribute to strengthening the control framework.
- Accepting the assignment would not give rise to a conflict with planned assurance work or the general requirement for internal audit to maintain independence.

Such assignments may be included as part of the internal audit annual plan or resourced through utilisation of contingency specifically set aside in the plan for this purpose. Approval must be sought from the Audit and Corporate Governance Committee for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement.

## **Delivery of Internal Audit Work**

### **Engagement Planning**

For each engagement, a Client Notification will be prepared, and agreed with relevant managers. The Client Notification will establish the objectives, scope and timing for the audit assignment, and reporting requirements.

Internal Auditors are not tasked with reviewing any systems for which they have previously held operational responsibility for. This is applied for a three-year period to ensure that objectivity is not compromised.

As the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance has operational responsibilities for the management of other areas in Risk, Insurance and Counter Fraud Services any audit assurance work related to these areas is managed by an appointed third-party with no involvement from the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance. On these occasions the scope of the work and agreement of the report are undertaken in conjunction with the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance's line manager (Deputy Statutory Finance Officer), to help avoid the risk of conflicts of interest.

### **Performing the Engagement**

Auditors are required to identify, analyse, evaluate, and document sufficient information to achieve the review's objectives. This evidence supports their conclusions, professional judgments and recommendations and therefore must be factual and accurate. This data is held in compliance with the Council's Retention Schedule. Engagements are supervised to ensure objectives are achieved and quality is assured.

Where key systems are being operated on behalf of the Council or where key partnerships are in place the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance must ensure arrangements are in place to form an opinion on their effectiveness.

Where the Council operates systems on behalf of other bodies, the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance must be consulted on the audit arrangements proposed or in place.

It is management's responsibility to ensure the provision for relevant audit rights of access in any contract or Service Level Agreement the Council enters, either as provider or commissioner of the service.

## **Reporting and Monitoring**

A written report will be prepared and issued by the Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance or designee following the conclusion of each internal audit engagement and will be distributed in accordance with internal protocols. Internal audit results will also be communicated to the Audit and Corporate Governance Committee.

The internal audit report includes management's response and corrective action taken or to be taken regarding the specific findings and prioritised recommendations. Management's response, whether included within the original audit report or provided thereafter by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance will agree reporting arrangements with the Statutory Finance Officer which will include procedures for the:

- Distribution and timing of draft audit reports.
- Council's responsibilities in respect of responding to draft audit reports.
- Distribution of finalised audit reports.
- Follow up by internal audit of agreed recommendations; and
- Escalation of recommendations where management responses are judged inadequate in relation to the identified risks.

The internal audit activity will be responsible for appropriate follow-up on engagement findings and high-risk recommendations. All significant findings will remain in an open issues file until cleared. It is the responsibility of the manager to ensure agreed recommendations are implemented and for them to provide relevant evidence to internal audit. The findings and results of follow up reviews are communicated to the Audit and Corporate Governance Committee and used to inform future audit planning.

The Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance will present a formal report annually to the Corporate Leadership Team and Audit and Corporate Governance Committee giving an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management, and internal control (including any reliance placed on work by other assurance providers). This report will conform to the PSIAS for the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance Opinion statement and will provide a summary of the work to support the opinion. It will be timed to support the production of the Council's Annual Governance Statement. Reports of progress against the planned work will be presented to the Audit and Corporate Governance Committee on a quarterly basis during the year.

A statement will also be made on the conformance with the PSIAS, the results of the quality assurance and improvement program and any external assessor's improvement recommendations, disclosure of any impairments or limitations. If an unfavourable opinion is given, the reasons for this must be specified.

## **Communicating the Acceptance of Risk**

If the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance concludes that management has accepted a level of risk that may be unacceptable to the

organisation, this will be discussed with the relevant senior manager. If the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance determines that the matter has not been resolved, then the matter will be communicated to the Statutory Finance Officer, Chief Executive and the Audit and Corporate Governance Committee.

### **Responsibilities of the Council**

The Council is responsible for ensuring that Internal Audit is provided with all necessary assistance and support to ensure that it meets the required standards.

The Statutory Finance Officer will make appropriate arrangements for the provision of an internal audit service. This will include the formal adoption of this Charter by the Corporate Leadership Team and Audit and Corporate Governance Committee and the adoption of corresponding elements in the Financial Regulations.

The Council will ensure it has taken all necessary steps to provide internal audit with information on its objectives, risks, and controls to allow the proper execution of the audit plan and adherence to internal audit standards. This will include notifying internal audit of any significant changes in key control systems which may affect the internal audit plan.

The Council, through the Corporate Leadership Team and other relevant managers, will respond promptly to audit plans, reports and recommendations.

Responsibility for monitoring and ensuring the implementation of agreed recommendations rests with the Council.

### **Skills and Competencies**

#### **Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance**

The Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance will be appointed by the Director of Finance and Commercial and will have sufficient skill, experience, and competencies to work with the leadership team and the Audit and Corporate Governance Committee and influence the risk management, governance, and internal control of the Council. The Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance is responsible for ensuring that there is access to the full range of knowledge, skills, qualifications, and experience to deliver the audit plan and meet the requirements of the PSIAS. In addition to internal audit skills, the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance will specify any other professional skills that may be needed by the internal audit team. The Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance will adhere to professional values and the Code of Ethics.

#### **Internal Audit Staff**

Internal audit must be appropriately staffed in terms of grades, qualification levels and experience. Internal auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate ongoing development programme. The Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance is responsible for appointing the staff of internal audit and will ensure that appointments are made to achieve the appropriate mix of qualifications, experience, and audit skills. The Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance is responsible for allocating appropriately qualified and

experienced auditors to specific assignments, from within the internal audit team and when using auditors from partner internal audit teams or other external sources.

Each job role within the internal audit structure will detail skills and competencies within the approved job description and person specification. In line with Council policy and the PSIAS, each member of the team will be assessed against these predetermined competencies and annual objectives. Any development and training plans will be regularly reviewed, monitored and agreed with the audit team members. This assessment will also consider competency changes as needed i.e., to reflect changing technology and legislation. Auditors are also required to maintain a record of their continual professional development in line with their professional body.

### **Periodic Assessment**

The Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance is responsible for providing periodically a self-assessment on the internal audit activity regarding its conformity to the Audit Charter (purpose, authority, responsibility) and performance relative to the audit plan.

In addition, the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance will communicate to the Corporate Leadership Team and the Audit and Corporate Governance Committee on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

### **Quality Assurance and Improvement Programme**

The internal audit service will maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The programme will include an evaluation of the internal audit activity's conformance with the Public Sector Internal Audit Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance will communicate to the Corporate Leadership Team and Audit and Corporate Governance Committee on the internal audit activity's quality assurance programme, including results of ongoing internal assessments and external assessment conducted at least every five years.

### **Internal Audit Resources**

If the Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance or the Audit and Corporate Governance Committee consider that the level of audit resources or the terms of reference in any way limit the scope of internal audit, or prejudice the ability of internal audit to deliver a service consistent with the Mission, the Definition of Internal Auditing and the Standards, they should advise the Chief Executive and the Statutory Finance Officer accordingly.



## **Review**

This Internal Audit Charter will be subject to annual review by the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance and will be formally presented to the Audit and Corporate Governance Committee of Slough Borough Council for approval.

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## Slough Borough Council

<b>Report To:</b>	Audit and Corporate Governance Committee
<b>Date:</b>	19 July 2023
<b>Subject:</b>	Internal Audit Quarterly Progress Report - Q1 2023/24
<b>Chief Officer:</b>	Adele Taylor – Executive Director – Finance and Commercial
<b>Contact Officer:</b>	Sati Seehra, Internal Audit Manager
<b>Ward(s):</b>	All
<b>Exempt:</b>	NO
<b>Appendices:</b>	Appendix 1 – Internal Audit Action Tracking

### 1. Summary and Recommendations

This report sets out progress on

- recruitment to a new in-house Internal Audit Team and arrangements for 2023/24.
- completion of Internal Audit actions for years prior to 2021/22.
- progress on the implementation of internal audit actions for 2021/22, and 2022/23, and
- Actions being taken by the Corporate Leadership Team and Department Leadership Teams to respond to outstanding actions.

#### **Recommendations:**

The Audit and Corporate Governance Committee is recommended to approve this report noting in particular:

- progress on recruiting to an in-house team with key members of the new in-house team being onboarded during February to June 2023.
- there are no outstanding actions pre 2021/22.
- that a detailed review of all outstanding recommendations continues to be carried out to further cleanse the data, the output from which has been shared with the new Departmental Leadership teams for actioning overdue and other outstanding actions. Update analysis has been provided as of 9th June 2023.
- We have introduced a target of 0% with a tolerance of 10% for all high priority audit actions for audits performed in 2023/24.

#### **Commissioner Review**

Commissioners are content with the recommendations.

## 2. Report

### Internal Audit Team Developments

The recruitment of a new in-house team has been part of the wider Finance and Commercial Services restructure. Recruitment has been successful at the senior level with offers made and accepted for the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance (Tariq Mansour) started on 3 February, Internal Audit Manager (Sati Seehra) started on 14 March, Senior Auditor (Inderpal Tumber) started on 10 April, Internal Auditor (Shay Kataria) started 1<sup>st</sup> June and Internal Auditor (Eric Cushny) started on 19<sup>th</sup> June 2023.

The Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance and the Internal Audit Manager have obtained the approval to procure an internal audit application (AuditBoard). This will help build a value-adding, fit for purpose audit services that will cater for the Council's present and future requirements.

RSM are involved in delivering the Q1 2023/24 audits and have engaged with Department Leadership Teams. Fieldwork is in progress for audits agreed for the period.

## 3. Response to Internal Audit Recommendations

Good progress continues to be made regarding completion of internal recommendations. There have been several changes since the last report to the Committee:

- Pre 2021/22 audit actions – There are no actions outstanding. All actions are completed.
- Actions from internal audit reports outstanding from 2021/22. Actions completed as of 9<sup>th</sup> June number 185 or 57 per cent of the total due with a further 9 or 3 per cent not yet due. A concerted effort is being made by CLT to close the remaining 133 actions that are overdue.
- 2022/23 reports and actions - 20 reports have been finalised and a further 5 reports are in draft and being responded to by management. 198 actions have been raised for 2022/23 from these reports. 54 actions are overdue and 41 complete as of 9<sup>th</sup> June. 36 are awaiting management responses (actions owners and implementation dates) and 68 are not due.

The Council's response to agreed internal audit actions should contribute to the achievement of the organisation's objectives and assist the Council in managing its risks. Officers have strengthened the arrangements for monitoring and verifying completion of audit actions. The current position is as follows:

### 2021/22 Outstanding Internal Actions

A total of 37 Internal audit reports were issued in 2021/22 (29 assurance and 8 advisory). All internal audit reports have now been finalised (including follow up audits).

The status of audits actions for the financial year 2021/22 is as follows:

Totals	Total	High	Medium	Low
Not Due	9	1	7	1
Overdue	133	12	70	51
Complete	185	42	81	62
Not Allocated	0	0	0	0
<b>Total</b>	<b>327</b>	<b>55</b>	<b>158</b>	<b>114</b>

- 327 recommendations were made in 2021/22 reports, 55 are High, 158 are medium and 114 are low rated.
- 185 actions or 57 per cent of actions due are complete with a further 9 or 3 per cent of actions not yet due for completion.
- 133 actions are now overdue the agreed date of implementation. 12 of these are rated high, 81 are medium and 62 low rated.
- The overdue actions have been shared with each department so Department Leadership Teams can consider the current position and respond. Work will continue with DLT's to reduce these numbers.

### **2023/24 Audits in Progress**

The internal 2023/24 audit plan was presented to the March Audit and Corporate Governance committee. It is agile to reflect changes in circumstances, including plans to develop an in-house internal audit function.

2 reports have been issued in draft and are subject to further discussion or are awaiting a response from management. 5 audits are currently in fieldwork. The audits are shown in the table below:

Audits in Q1 2023/24	Current Position
Follow Up	In management review
Safeguarding	In management review
Schools Audit 1	Fieldwork in progress
Schools Audit 2	Fieldwork in progress
Cash Collection and Management	Fieldwork in progress
Matrix	Fieldwork in progress
Enrolment, School Places and Attendance	Fieldwork in progress

### **Outstanding audit actions and reports**

The status of audit recommendations for the financial year 2022/23 is as follows:

Totals	Total	High	Medium	Low
Not Due	68	15	37	16
Overdue	54	15	27	12
Complete	41	6	22	13

Awaiting Management Responses	35	8	20	7
<b>Total</b>	<b>198</b>	<b>44</b>	<b>106</b>	<b>47</b>

- 198 recommendations have been made in 2022/23 reports, 44 are High, 106 are Medium, 48 are low rated and 35 are awaiting management responses (actions owners and implementation dates).

The overall position across all years is as follows:

Totals	Total	High	Medium	Low
Not Due	77	16	44	17
Overdue	187	27	97	63
Complete*	226	48	103	75
Awaiting Management Responses	35	8	20	7
<b>Total</b>	<b>525</b>	<b>99</b>	<b>264</b>	<b>162</b>

- Audits awaiting management responses are made up of Payroll (6 actions), Debtors Management (12 actions), Creditors (8 actions) and Budget Setting and Budgetary Control (9 actions).

#### 4. Completion of Internal Audit actions

All internal audit actions have been allocated to and reviewed by actions owners and executive directors, including actions that are deemed not relevant due to changes in circumstances. Actions from previous year's audits are also reviewed to ensure they are relevant to the service area to which they have been assigned.

The action tracker has been reviewed and updated to reflect the senior management restructure and the change in directorates.

Progress is being made on closing actions on the tracker. Evidence of actions completed is obtained and quality assured by the Head of Financial Governance, Internal Audit and Counter Fraud and the Internal Audit Manager, and, retained for use in follow up audits.

#### 5. Governance and monitoring of management actions

Outstanding internal audit actions are being actively monitored on a regular basis including reporting into Corporate Leadership Team, Finance Board and the Audit and Corporate Governance committee.

#### 6. Implications of the Recommendation

##### Financial implications

There are no direct financial implications relating to the updates to the internal audit recommendations, but completion of the actions will improve the council's

processes including those that underpin sound financial management, governance, risk management and internal control.

### **Legal implications**

Failure to address those risks associated with the Directions from the Department for Levelling Up, Housing and Communities will impact the ability to secure the Authority's compliance with the requirements of Part I of Local Government Act 1999. The Council has specific legal duties in relation to certain areas, such as managing health and safety risks and civil contingency. Effective internal audit is a key part of providing assurance on the adequacy of governance, risk management and internal control.

### **Risk management implications**

Having in place an adequate internal audit function is a statutory responsibility of the s151 officer. Failure to operate an adequate internal audit function heightens the risk of poor governance, internal control, and risk management.

### **Environmental implications**

There are no direct environmental implications in this report.

### **Equality implications**

Section 149 of the Equality Act 2010 requires public bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected character.

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# Internal Audit Action Tracking Report

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## Internal Audit Action Tracking

### **21/22 internal audits:**

- Actions completed as at end of May number 185 or 57% of the total due with a further 9 or 3% not yet due. A concerted effort is being made by CLT to close the remaining 133 actions that are overdue.

### **22/23 internal audits:**

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20 reports have been finalised and a further 5 reports are in draft and being responded to by management. 199 actions have been raised for 2022/23 from these reports. As of 9<sup>th</sup> June 2023, 57 actions are overdue and 38 complete. 39 are awaiting management responses (actions owners and implementation dates).

## Internal Audit Actions Update

- All internal audit actions have been allocated to and reviewed by actions owners and Executive Directors, including actions that are deemed not relevant due to changes in circumstances. Actions from previous year's audits are also reviewed to ensure they are relevant to the service area to which they have been assigned.
- The action tracker has been reviewed and updated to reflect the senior management restructure and the change in Directorates.
- High rated actions are being given priority and are reviewed monthly by the Council's Finance Board, DLTs' and will be reviewed quarterly by CLT Assurance meetings.
- Progress is being made on closing actions on the tracker. Evidence of actions completed is obtained and quality assured by the Internal Audit Manager, and, retained for use in follow up audits.
- Officers have strengthened the arrangements for monitoring and verifying completion of audit actions through monthly DLT meetings. This will also continue in the quarterly CLT Assurance meetings.

## 2021/22 Internal Audit Recommendations

As of 9 June 2023

Total 21/22				
Totals	Total	High	Medium	Low
Not Due	9	1	7	1
Overdue	133	12	70	51
Complete	185	42	81	62
Not Allocated	0	0	0	0
<b>Totals</b>	<b>327</b>	<b>55</b>	<b>158</b>	<b>114</b>

As of 26 May 2023

Total 21/22				
Totals	Total	High	Medium	Low
Not Due	10	1	7	2
Overdue	144	12	81	51
Complete	173	42	70	61
Not Allocated	0	0	0	0
<b>Totals</b>	<b>327</b>	<b>55</b>	<b>158</b>	<b>114</b>

The number of overdue audit actions has decreased from 144 to 133. The overdue actions are recommendations not being implemented by their due dates, due to factors such as resourcing.

## 2022/23 Internal Audit Recommendations

As of 9 June 2023

Total 22/23				
Totals	Total	High	Medium	Low
Not Due	68	15	37	16
Overdue	54	15	27	12
Complete	41	6	22	13
Not Allocated	35	8	20	7
<b>Totals</b>	<b>198</b>	<b>44</b>	<b>106</b>	<b>48</b>

As of 26 May 2023

Total 22/23				
Totals	Total	High	Medium	Low
Not Due	72	16	40	16
Overdue	50	14	26	10
Complete	38	6	19	13
Not Allocated	39	9	22	8
<b>Totals</b>	<b>199</b>	<b>45</b>	<b>107</b>	<b>47</b>

The number of overdue audit actions has increased from 50 to 54. The overdue actions are due to recommendations not being implemented by their due dates.

## Total Internal Audit Recommendations

As of 9 June 2023

Total - All Years				
Totals	Total	High	Medium	Low
Not Due	77	16	44	17
Overdue	187	27	97	63
Complete	226	48	103	75
Not Allocated	35	8	20	7
<b>Totals</b>	<b>525</b>	<b>99</b>	<b>264</b>	<b>162</b>

As of 26 May 2023

Total - All Years				
Totals	Total	High	Medium	Low
Not Due	82	17	47	18
Overdue	194	26	107	61
Complete	211	48	89	74
Not Allocated	39	9	22	8
<b>Totals</b>	<b>526</b>	<b>100</b>	<b>265</b>	<b>161</b>

**SLOUGH BOROUGH COUNCIL**

<b>Report To:</b>	Audit and Corporate Governance Committee
<b>Date:</b>	19 July 2023
<b>Subject:</b>	Risk Management Update
<b>Chief Officer:</b>	Adele Taylor – Executive Director of Finance and Commercial (S151)
<b>Contact Officer:</b>	Tariq Mansour, Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance
<b>Ward:</b>	All
<b>Exempt:</b>	No
<b>Appendices:</b>	Appendix 'A' – Corporate Risk Register

**1. Summary and Recommendations**

- 1.1 This report is to update the Audit and Corporate Governance Committee on the corporate risk register with an opportunity to comment. The register is shown below at Appendix A.

**Recommendations:**

- 1.2 The Audit and Corporate Governance Committee is recommended to:
- Review and note the Council's corporate risk register.
  - Note the recruitment of the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance who together with the Risk and Insurance Manager and the Risk and Insurance Officer will be responsible for developing and taking forward the risk management strategy.
  - Note the introduction of a new Risk Register template and the efforts to explore software solutions that may further enhance the visual presentation of risk management reporting as well as facilitate the analysis, collation, and reporting of information.

**Reason:**

- 1.3 Risk is inherent in all activities across the Council and risk management is an integral part of the Council's corporate governance arrangements. Managing risk improves the way we do business. It plays a key role in helping achieve our strategic objectives. It helps ensure decision making is better informed, precious resources are used efficiently and effectively and helps avoid unwelcome surprises. Good risk management is a key part of our everyday business.
- 1.4 It is good practice for CLT to review and update the Council's corporate risk register on a regular basis. The review to consider the following:

- The current risks and their scores. Do any scores need to be increased or can any be reduced?
- Whether any risks should be amended, either because the nature of the risk has changed, or the level of risk has changed. Have any new mitigating actions been identified?
- Whether there are any new risks that should be included?
- Whether there are any risks that should be removed?

## Commissioner Review

There is a specific Direction requiring the council to improve its risk management approach. This report shows that there is still some way to go. The report acknowledges that and accordingly Members should assume that the identified risks and/or their ranking will change when this is next brought to the committee. It will be appreciated that, at the moment, Commissioners cannot approve the selection or ranking of risks as set out in this report.

As this is the subject of a Direction, Commissioners recommend that an updated report is brought to your next committee setting out what progress has been made and presenting a refreshed corporate risk register. The committee might also wish to invite individual departments to present their departmental risk registers to you so that you can be assured that risk is being managed effectively at that level of the organisation.

## 2. Report

**2.1 Recruitment to the Risk and Insurance team** – following the recent round of recruitment to the Finance and Commercial Services department several appointments have been made that will be the focus for taking forward the Council's risk management arrangements:

- **Tariq Mansour** has been appointed Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance – he started work with the Council on Friday 3 February 2023.
- **Naren Lathigra** has been with the council as Risk and Insurance manager since December 2021 on an interim basis and will be replaced by a permanent employee in Q2 2023.
- **Risk and Insurance Officer:** Currently vacant, recruitment is underway to fill the position by Q3.

**2.2** The team is reviewing current arrangements and work with key stakeholders to move the risk management arrangements forward in line with the plans outlined in the risk management strategy or revisions as they see fit. **Refer to point 2.7 and 2.8.**

**2.3 Corporate Risk Register update**



- 2.4** A review has been undertaken of the description of all risks, the consequences, current controls, actions, and inherent risk score with the assistance of risk owners and action owners. In some places risk owners have been amended to reflect new job titles and officers' names. The document at Appendix A is the current version of the Corporate Risk Register as of 30th June 2023. This will be updated on a quarterly basis or as required if significant risks arise. Since the last meeting each of the risks has been shared with the allocated Risk Owner and Action Owners for comment and update. It has also been updated for one comment at the Audit and Corporate Governance Committee relating to the cost of food inflation.
- 2.5** The Strategy determines that CLT (Corporate Leadership Team), has overall accountability for risk management across the business including ensuring the Management Board strategic risk register is a live and up to date record of the current risk exposure. Members and quarterly monitoring reports are submitted to the Audit and Corporate Governance Committee. The CRR has strategic and corporate risks on it. Strategic risks are those impacting on the performance of the Council, and on its ability to deliver the Council's priorities. Corporate risks relate to corporate systems underpinning the authority's overall governance and ability to deliver services.
- 2.6** Operational risks are those risks relating to the delivery of individual services. They are not usually on the CRR as they are on departmental risk registers, which are managed and monitored at departmental level. However, any risks from the operational risk registers can be escalated to the CRR if identified as being sufficiently important.
- 2.7** We have introduced a new Risk Register template based on HM Treasury's Orange Book throughout the Council Directorates. This will align risk identification, assessment, and measurement throughout the organisation. Currently, all Directorates are in the process of reviewing their departmental risks. A summary of these risks will be shared with CLT.
- 2.8** We are exploring software solutions that may further enhance the visual presentation of risk management reporting as well as facilitate the analysis, collation, and reporting of information. Some initial discussions have taken place with a recommended company and SBC ITC team to gain further insight and we are also exploring alternative options as to what may be possible to achieve in-house.

**2.9 The main points to note are as follows:**

**Risk 1 – Children's Safeguarding**

The key elements of the risk remain the financial viability of the Children's Company, recruitment of social workers and the continuing increasing levels of demand post Covid. The risk score is likely to be re-visited and influenced by the outcome of the recent OFSTED inspection which has yet to be reported. Action plans are being progressed to mitigate the different elements of the risk. Importantly there is a Safeguarding Risk register in place, and this has been used to update the corporate risk register.

**Risk 2 – Delivery of the Adult Social Care Transformation Programme**

The key mitigating actions are focused on delivery by 31 March 2023. CLT reviewed progress against this risk as an agenda item on the October meeting. Regular review is taking place and is reported to the ASC Transformation Board. Key deliverable in 2023 is a revised Adults Strategy that aligns to the transformation programme. This remains on track to be completed by end of February 2023 to inform 2023/24 and beyond.

### **Risk 3 – SEND Local Area Inspection**

A Written Statement of Action has been agreed with DfE and a successful resolution to the discussions with the department about Dedicated Schools Grant funding. Plan in place to reduce deficit subject to government support. Recruitment to key posts is actively taking place. Expected re-inspection in late 2023. SEND Board monitoring taking place.

### **Risk 4 - Impact of Cost-of-Living Crisis on Slough Residents**

Actions relating to contract management aspects now complete and therefore moved to business-as-usual controls. Revenues and Benefits team continue to respond to changes from Government regarding support measures and have successfully completed the first phase of payments under the Household Support Fund. A number of cost saving actions for the Council are still in train subject to disposal of council owned properties and development of various energy efficiency strategies early in 2023. This risk needs further review to articulate the risks elements that relate to the council's own business and those that arise due to pressures on the community.

### **Risk 5 – Temporary Accommodation**

This remains a key risk as it represents a failure to meet statutory responsibilities and has a direct financial impact due to loss of subsidy estimated at £1.8m in 2022/23. The key action remains the need to recruit staff on a temporary and permanent basis to enable the service to progress and manage the statutory requirements. There will be a continuing impact on clients, reputation, and financial subsidy if service improvement does not happen. Government review was undertaken in Autumn 2022 and action plan is being progressed. The department is also undertaking a fundamental review of the service and its processes as part of the wider Housing Strategy review.

### **Risk 6 - Recruitment and Retention**

Minimal changes to the narrative although the risk remains significant in a number of key areas. Actions that had passed were transferred to 2023 with new completion dates. A recruitment and retention workshop was held on 9<sup>th</sup> January 2023 which was facilitated, recorded and identified further actions for improvement. The outcome of the workshop is forming changes to the process and systems to streamline the recruitment process for both managers and candidates. This includes the end-to-end recruitment process.

A new process of recruiting to Senior Managers (Tiers 1,2 and 3) is being developed in light of the recruitment direction issued by Commissioners in September 2022.

A draft of a revised recruitment and selection policy has been drafted which is currently being socialised with key stakeholders including trade unions. A recruitment plan for SCF will follow once we have agreement of a revised business plan.

The new performance management system has been rolled out to the Council and a new process of recording one to one conversations has been devised on Cornerstone.

The financial impact of engaging temporary workers is continuing to be high which remains unsustainable.

### **Risk 7 – Health and Safety**

Progress is being made but a number of key actions remain to be completed by 31 March 2023 including development of a new corporate Health and Safety strategy; a gap analysis of training needs, provision and uptake; completion of all health and safety audit reviews and implementation of an appropriate software solution for monitoring and tracking health and safety incidents and providing information for learning for the future.

### **Risk 8 – Emergency Planning and Business Continuity**

Significant progress has been made on developing and approving key policy and strategy documents such as the Major Incident Plan and Business Continuity Plan and relationships with the Thames Valley Resilience Forum have been strengthened. Whilst recent events such as Operation London Bridge and the bus station fire have tested these arrangements there remains a recognised need to undertake a formal testing exercise across all agencies during 2023. Training for Gold Commanders i.e., CLT members has been completed and a rota of the team in place. Other training for Silver and Bronze is still being completed.

### **Risk 9 – Cyber Security and Data Protection**

Defences have been put in place and there is on-going review of the Council's IT security. A number of key appointments have been made to strengthen security and compliance. A key mitigation will be the implementation of the security aspects outlined in the IT modernisation programme scheduled to complete during 2023. In the interim there remains an inherent risk of an attack that could impact ability to provide services. Arrangements have been put in place through the Emergency Planning group should this threat become a reality.

### **Risk 10 – Financial Management and Sustainability**

Progress continues to be made to implement the core actions required to improve financial management, financial reporting, and internal control. Actions delivered have included the completion of the accounts for 2018/19 and 2019/20, the recruitment of a range of people following the restructure with further external advertising currently happening; the 2022/23 budget is being managed and a large proportion of the savings for 2023/24 have already been identified; an improved budget monitoring and reporting process is in place; Members are kept up to date through the Finance Action Plan and regular briefings and the departmental business plan is to be refreshed alongside the Service Plan for 2023/24. The sale of assets is ahead of schedule which is beneficially

impacting the scale of the overall capitalisation directive and the councils' ability to balance the budget within the medium term.

### **Risk 11 – Pace of sale and valuation of assets**

The pace and valuation of asset sales is in line or ahead of the potential identified in the Strategic Asset Review undertaken by Avison Young, £200m is forecast for 2022/23. Performance against the strategy is reported to the Cabinet and is monitored by the Asset Disposals Working Group. This is impacting the Council's Medium Term Financial position positively as it enables debt reduction to happen more quickly. Close monitoring and delivery of the strategy over five years remains crucial to future financial sustainability.

### **Risk 12 - Governance of Council Companies**

The narrative has changed little as progress continues apace. All dormant companies have been closed and the governance and reporting arrangements for the four main companies have been greatly altered and improved. Detailed plans are in place to manage the Council's interests to achieve the best outcomes and minimise liabilities over the next 18 months.

### **Risk 13 - Improvement and Recovery Planning**

The Council has responded positively to the Directions and implemented many actions. The reporting of these improvements are now being brought together in a more holistic manner to enable a more consistent and evidenced based dialogue to take place with the Commissioners. The recruitment of a programme management support office has provided focus and challenge. Reporting to the Improvement and Recovery Board continues to evolve but is greatly improved. The alignment of the Improvement and Recovery actions with departmental service plans is taking place before the year end. The risk owner has indicated that he believes this risk has improved to a residual score of 12 at this time. The risk register has been amended to reflect this position.

### **Risk 14 – Digital Strategy**

Resourcing this area remains challenging, but the team is in talks with other areas of the council with a view to bringing skills together, and a new recruitment phase is due to start shortly. The full ICT & Digital Strategy is currently under review and going to Cabinet in March 2023. Delivery of a robust strategy that aligns to the corporate plan will unlock inefficiencies and provide better customer service and service outcomes. This will be a key risk area for 2023/24 and beyond.

### **Risk 15 – 'Inadequate' Rating by CQC**

Agreement for Assurance work to continue to be funded via PMO – Self Assessment 2 to review progress against initial plan starts 21st March – Update report to CLT Mid-April. Actionee: Amanda Halliwell

### **Risk 16 – Market Sustainability**

Failure to have a stable Adult Social Care Market capable of meeting the needs of vulnerable local residents.

Risk associated with Providers increasing costs in line with rising costs everywhere. Also, risks that we may lose some Providers because market conditions mean that profitability is reduced.

### **3. Revised Corporate Risk Register**

- 3.1 The revised corporate risk register is shown as Appendix A which sets out all the actions by risk and progress against completion of all actions. The current scores attributed to the various risks are shown in Table 1 below:

<b>Risk</b>	<b>Inherent Risk</b>	<b>Current Risk</b>	<b>Target Risk</b>	<b>Direction of Travel</b>
Risk 1: Safety of Children and Young People	24	20	9	↑
Risk 2: Delivery of the Adult Social Care (ASC) Transformation Programme	18	6	6	↑
Risk 3: Special Educational Needs and Disability (SEND) Local Area Inspection	24	16	4	↑
Risk 4: Impact of the cost-of-living crisis on Slough's residents	24	18	6	↑
Risk 5: Risk of the failure of statutory duty for provision of temporary accommodation	18	12	6	↑
Risk 6: Service delivery risk due to workforce recruitment and retention issues	24	20	6	↑
Risk 7: The Council does not take adequate mitigation to reduce the risk of injury or death from incidents within the Council	20	12	6	↑
Risk 8: Business Continuity and Emergency Planning	16	8	6	↑
Risk 9: Cyber Security	15	9	6	↑
Risk 10: Financial sustainability	24	15	4	↑
Risk 11: Pace and evaluation of the disposal of assets	24	12	8	↑
Risk 12: Governance and financial implications of the council companies	20	9	2	↑
Risk 13: Recovery and Renewal Plan	24	12	6	↑
Risk 14: Failure to explore opportunities for more efficient operating models	16	12	8	↑
Risk 15: The Authority will receive an 'Inadequate' Rating when CQC begin inspecting Adult Social Care in April 2023.	16	12	8	↑
Risk 16: Failure to have a stable Adult Social Care Market capable of meeting the needs of vulnerable local residents.	12	12	8	↔

Note: ↑ indicates risk assessment has improved since last review; ↓ indicates risk assessment has deteriorated since last review

## 4 Implications of the Recommendation

### 4.1 Financial implications

4.1.1 There are no direct financial implications relating to the updates to the corporate risk register and the mitigating actions, but completion of the actions will improve the

council's processes including those that underpin sound financial management, for example the council's accounts and budget. The impact of not responding to the risks could be significant for example loss of subsidy, insurance claims or failure to deliver efficiencies.

## **4.2** Legal implications

- 4.2.1** Failure to address those risks associated with the Directions from the Department for Levelling Up, Housing and Communities will impact the ability to secure the Authority's compliance with the requirements of Part I of Local Government Act 1999. The Council has specific legal duties in relation to certain areas, such as managing health and safety risks and civil contingency. Effective risk management is a key part of good governance. As stated in the Council's Policy Statement on Corporate Governance:

"Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities."

## **4.3** Risk management implications

- 4.3.1** Failure to operate an adequate strategic risk register exposes the Council to risk across a wide variety of services because:

- Risks are not identified.
- Actions are not planned, and progress reported.
- Members are not made aware of the serious risks facing the Council.

- 4.3.2** There are a number of mitigations in place that currently rates the risk Amber and reflects the continuing work to develop management of strategic risk including:

- a proactive officer risk and audit board
- proactive management of the risk register
- a risk register that encompasses strategic risks with actions, milestones
- reporting that shows trends, update on actions and impact of actions

- 4.3.3** The council is working to rate the risk Green in the 2023/24 financial year by implementing the following actions:

- recruit to an in-house Risk and Insurance Team to provide support, guidance, professional advice and the necessary tools and techniques to enable the organisation to take control of the risks that threaten delivery.
- implement an Enterprise Risk Management Framework and if necessary, an associated IT system to manage risk.

## **4.4** Environmental implications

- 4.4.1** There are no direct environmental implications in this report.

## **4.5** Equality implications

- 4.5.1** Section 149 of the Equality Act 2010 requires public bodies to have due regard to the need to:
- eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the Act.
  - advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
  - foster good relations between people who share a protected character.
- 4.5.2** The risks highlighted above affect service users and residents in different ways. Risks to services such as children's and adult social care are more likely to impact on children and young people and vulnerable adults and older people than the wider population. Failures in the SEND service will impact on children and young people with disabilities. Likewise, failures in provision of temporary housing will affect certain population groups to a greater extent.



## Risk 1: Safety of Children and Young People

**Risk Owner: Executive Director Children**

**Direction of Travel: ⇔**

### Description:

Children and Young people are not kept safe through failure to meet our statutory and regulatory obligations.

### Context

- If Slough Children First becomes financially unviable, then the Council will need to divert resources to continue essential services for children and their families.
- Slough Children First (SCF) are a wholly owned council company that provide children's safeguarding through a service contract. A business plan and budget is agreed by cabinet each year and managed via a strategic commissioning board. There is risk that the company fails to deliver safeguarding services to children within the approved budget due to additional demands.
- The company is reporting an in year overspend of £4m and has requested a further £1.3m to invest in Early Help to reduce costs in future years. There is a risk that the company could go into liquidation if it does not mitigate the loss or receive financial support from the council.
- The Department for Education (DfE) have notified the company that it will be substantially reducing the grant it provides for annual running costs of £2.2m pa to in the region of £0.8m in 2023/24 and potentially less in future years. This loss of grant will either need to be filled from additional savings or support from the council.
- Increasing demands in terms of referrals both pre and post the pandemic have put significant pressures on the Company's resources and its ability to meet agreed targets across a range of measures.
- The Company along with many service areas is finding difficulty in recruiting qualified and experienced members of staff.
- At the current time these challenges have not translated into any major child safety issues – but the increasing pressure on staff workloads and across the safeguarding partnership, more generally, means this remains a high-risk area.
- The volume of cases moving to referral is increasing as is the complexity of cases with a subsequent impact on resources.
- Inability to fund additional Early Help services increases the chance of referral and additional demand.

### Consequence:

- The risk that children's lives are being placed at greater risk due to the rising demands and not having sufficient resources to meet that demand, which could lead to risk of harm being missed.
- Inability to spend within budget.
- Reputational damage to the council and the company if unable to meet its statutory duties.
- If improvements to service delivery are not made in line with the Directions issued by the Department for Education, there is a risk of further intervention.

- The outcome of the OFSTED inspection will need managing and an appropriate response which may bring adverse publicity and increased resource implications in order to deliver against recommendations.

### **Current Controls:**

- The performance and financial position of the company is monitored on a monthly as is through the contract monitoring process and strategic commissioning board chaired by the Chief Executive.
- The financial position is reported to cabinet through the council's budget monitoring process and standalone reports requesting in-year changes to the budget.
- The business plan is subject to a scrutiny task and finish group, which is focused on a specific area of the plan. The business plan will be approved by Cabinet as part of the budget setting process.
- The DfE have commissioned Mutual Ventures to review the SCF business plan to assess its effectiveness as a model for invest to save.
- Recruitment plan in place including overseas options.
- Audits of the Front Door process show decision-making is sound.
- Sustainable Early Help service business case is in development.
- The Council and SCF board are working together on improvements to the governance arrangements in place and this is being monitored by the Audit and Corporate Governance Committee.

### **Strategic Objectives:**

A borough for children and young people to thrive.

A council that lives within our means, balances the budget, and delivers best value for taxpayers and service users.

### **Actions Required:**

- Resolve the in-year financial position and establish medium term position.
  - Actionee: Sue Butcher/ Matt Marsden
  - Target date: 31 March 2023
  - Latest update: Report to February Overview and Scrutiny
- Review the recruitment plan and assess further options.
  - Actionee: Sue Butcher
  - Target date: 28th February 2023
  - Latest update: This is being reviewed by the People Scrutiny Task and Finish Group who will report in February.
- Implement the Early Years strategy and plans and report regularly to the Safeguarding Partnership and CLT on progress.
  - Actionee: Sue Butcher
  - Target date: 28 February 2023
  - Latest update: Draft business case with delivery plan will be updated and shared at the February Cabinet

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	5	3
Impact	4	4	3
Score	24	20	9

Date last updated: **30 June 2023**

## **Risk 2: Delivery of the Adult Social Care (ASC) Transformation Programme**

**Risk Owner: Executive Director of People (Adults)**

**Direction of Travel: ⇔**

### **Description:**

If the adult social care transformation programme does not deliver changes in a timely and effective way there will be a negative impact on quality of service with residents directly affected, savings will not be achieved, and a balanced budget will not be delivered.

### **Context**

- There are pressures across the adult social care service with regard to provider stability, increasing demand, partnership working and provider costs.
- The ASC Transformation Programme is on track to deliver a savings target of £9,121,000 which was set in 2021 and which was intended to be delivered over 3 years (2021-2024). Of this amount, £4,771,000 is expected to be delivered in the 2022-2023 financial year. This is being delivered through a range of improvement projects relating to adult social care. This is alongside an additional savings programme managed directly by the directorate – taking a likely minimum savings total of £14.7M being delivered over three years.
- Adult Social Care is currently experiencing a number of conflating pressures. These include the need to:
  - Implement Adult Social Care Reforms – including preparation for the new Assurance (Inspection) Regime.
  - Manage the market of social care providers within the context of inflationary pressures and a backdrop of economic uncertainty.
  - Maintain business as usual alongside improvement activity.
  - Manage resourcing challenges.

### **Consequence:**

- Increasing number of people waiting for assessment, service or review.
- Increasing number of safeguarding cases.
- Provider failures and reduced quality.
- Demand increasing.
- Use of agency staffing increasing.
- Budget not balanced, savings not delivered, cost and price increasing.
- Health funding to support the changes may be withdrawn.
- Damage to reputation
- Ability to recruit suitably skilled workforce and manage the welfare of the workforce.

### **Current Controls:**

- Adult Social Care business case and implementation plans
- Adult Social Care Transformation Board – reporting into Recovery and Renewal board
- Tracking of actions and savings
- Support and challenge from People To consultant partners – regularly meet to monitor the programme.
- 22/23 Funding for Transformation partner agreed at 21/03/22 Cabinet.
- Directorate away days – to increase reliance and build relationships within the directorate.

### Strategic Objectives:

- A council that lives within our means, balances the budget, and delivers best value for taxpayers and service users.
- An environment that helps residents live more independent, healthier, and safer lives.

### Actions Required:

- Manage additional income from client contributions. Based on the Financial Assessment and Charging Workstream,
  - Backdated invoices raised to the value of **£889k last financial year**.
  - Target for this year £560k - £455k already achieved.
  - This is considered additional income over and above that budgeted.
  - Actionee: Marc Gadsby
  - Target Date: 31/03/2023
  - Latest Update: Progress continues to be made – Provider Services now closed - monthly reporting of progress to ASC transformation programme board, monthly project report to Exec Board and weekly financial tracking progress to lead members and directors.
  
- Deliver the workstream actions in the adult social care transformation programme. Good progress is being made – monthly reporting of progress to ASC transformation programme board, monthly project report to Exec Board and weekly financial tracking progress to lead members and directors. Cashable savings 2022/2023 currently being ratified to the value of £2.8m.
  - Actionee: Marc Gadsby / Jane Senior
  - Target date: 31/03/2023
  - Latest update: Progress continues to be made – Provider Services now closed - monthly reporting of progress to ASC transformation programme board, monthly project report to Exec Board and weekly financial tracking progress to lead members and directors.
  
- Agree the Adults social care strategy at Cabinet which aligns to the transformation programme.
  - Actionee: Marc Gadsby
  - Target date: 28/02/2023
  - Latest update: Alignment of strategy to be launched in 2023/24

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	2	2
Impact	3	3	3
Score	18	6	6

Date last updated: **30 June 2023**

## **Risk 3: Special Educational Needs and Disability (SEND) Local Area Inspection**

**Risk Owner: Executive Director People (Children)**

**Direction of Travel: ⇄**

### **Description:**

If we fail to provide a fit for purpose SEND service, then it puts service users at risk and provides poor value for money.

### **Context**

- The SEND Local Area Inspection took place in September/October 2021. The report highlighted significant areas of weakness.
- The local area includes the local authority SEND services, Children's Social Care and Health partners.
- The area was required to produce a Written Statement of Action (WSOA), which highlights how we will address the areas of concern. This was produced and sent to Ofsted/CQC on 18<sup>th</sup> February. It was approved by Ofsted and CQC as fit for purpose but with a letter of recommendations to add to the WSOA.
- There is an approximate timeline of 12-18 months for improvements to be demonstrated in which Ofsted are likely to be back for inspection again.
- Staff turnover and absence is impacting significantly on delivery of SEND services.
- Current SEND service is not fit for purpose and additional resources are required.
- The High Needs Block is significantly overspent with a deficit of approximately £26 million.
- The LA is required to have a DSG (Dedicated School Grant) management programme to address this and reduce in-year spend to 0 within 4-5 years.

### **Consequence:**

- Reputational risk
- Failure to carry out statutory duties.
- Vulnerable children not getting the full support they are entitled.
- Failure to reduce High Needs Block overspend.
- Potential DfE intervention
- Negative Ofsted re-inspection outcome
- Deterioration of relationship with stakeholders/resident and partners
- Financial risk

### **Current Controls:**

- Extra funding has been agreed to expand the SEND service by 6FTE and recruitment is taking place. Expected start dates if recruitment successful will be End of January/Beginning of February 2023.
- Monthly SEND strategic board meetings
- DSG recovery plan is in place to reduce costs over 4-5 years.

- Bi-weekly meetings with DfE regarding Safety Valve Programme. LA is forecasting a balanced budget within 4 years.
- LA looking to submit papers to join safety valve programme by February 2023.
- Monthly SEND strategic board meetings
- Monthly DSG management plan meetings
- Slough Children First and the Clinical Commissioning Group have put in additional resources to address the areas highlighted in the Ofsted inspection.
- Regular meetings are being held with the DfE – there are Slough specific advisors – monitoring and challenge the implementation of the WSOA.
- A SEND LGA review was commissioned by the DCS and took place on 20-23<sup>rd</sup> September 2022

### **Strategic Objectives:**

- A borough for children and young people to thrive.

### **Actions Required:**

- Exploring specific resources to implement the WSOA. Additional SEND staffing resources are needed to improve functioning of the team and secure improvement. Update: The new roles have been graded and will be going out to advert to recruit in September 2022
  - Actionee: Sue Butcher
  - Target date: January and February 2023
  - Latest update: Interviews have taken place over October and the following have been recruited to 4 Assistant SEND Officers, 1 SEND Officer. 4 candidate have start dates throughout December and January with one candidate to be negotiated still. Recruitment to a Compliance and Partnerships Manager was unsuccessful and will go back out to advert in January so as to maximise interest.
- Implement the WSOA with all relevant partners, the WSOA.
  - Actionee: Sue Butcher
  - Target date: 31 March 2023
  - Latest Update: Monthly board meetings continue to take place with all relevant partners. A project manager has been secured via the council PMO team who will be supporting delivery of the WSOA. Note this action is led by JK in the council but is a joint delivery between education, social care and health services.
- Implement SEND LGA review recommendations with all relevant partners.
  - Actionee: Sue Butcher
  - Target date: 31 March 2023
  - Latest Update: The draft report has been reviewed and the LA will develop an action plan for implementation. A cabinet report is being prepared for January 2023.
- Implement Dedicated Schools Grant (DSG) recovery plan in partnership with the Department for Education (DfE). This is also known as the Safety Valve

programme. Meetings are taking place with the DfE with two workshops in August 2022

- Actionee: Sue Butcher
- Target date: February 2023
- Latest Update: The LA has submitted a report to the DfE in early February currently waiting on a response. The DfE have commented on positive progress in working with the LA to date.

	Inherent Risk	Current Risk	Target Risk
Likelihood	5	4	2
Impact	4	4	2
Score	20	16	4

Date last updated: **30 June 2023**

## **Risk 4: Impact of the cost-of-living crisis on Slough's residents.**

**Risk Owner: Chief Executive**

**Direction of Travel: ⇄**

### **Description:**

Rising inflation will impact the Council and residents' ability to meet day to day essential needs.

### **Context**

- UK inflation (CPI) has increased to 9.6% - the highest since 1992, the bank of England is predicting further rises.
- Energy price cap has increased by 54%, and is expected to increase further when it is revised in October 2022
- Increase in food and energy prices has led to a rise in food and fuel poverty. Food inflation stood at 17.1 per cent at end of January 2023 according to the ONS.
- This has led to an increase in residents and local businesses needing council support and services. Need is likely to continue increasing.
- The Autumn statement announced increases in benefits and pensions of 10.1 per cent. In addition, there are changes to the Council Tax increases that can be applied by the Council and a range of other funding measures that will be built into the budget statement in March 2023.
- A number of one-off cost of living payments were announced from April 2023 as well as changes to the Governments energy support package which will be scaled back from April 2023.
- Benefits increased in April 2022 by less than the current level – or expected level – of inflation, which even with inflationary increases will put pressure on households relying on these payments.
- Failure to obtain energy at competitive prices will significantly impact savings targets and ability to provide services to residents.
- The estimate cost of energy supply contracts is now £5.24m in 22/23 against the (21/22 outturn of £3.14m). The budget for energy was set at £3.16m for 22/23. There is now an estimated £2million revenue pressure overall on energy costs across the Council corporate assets, street lighting, PFI school and housing.
- There are also historic energy debts and meter data charges, disconnection costs of approximately £0.2m in 22/23

### **Consequences**

- Financial difficulties impact on other areas of residents' lives (e.g., health) which could further increase pressure on services including social care services due to increase stress/mental health issues.
- The council and its services will also be directly affected by an increase in its own costs, including contractors increasing prices for services provided to the council.
- This will further increase pressure on SBC's limited finance and resources and affect the council's recovery process and response to policy changes.



- Delivery of budget at greater risk due to costs rising faster than commercial income, grant income, council tax and business rates
- Capital budget estimates may prove to be understated, SBC cannot afford to put more money in and so there may need to be decisions about the quality/quantity/scale of what is being built/acquired.
- Interest rates, impacting on borrowing costs, could rise beyond the level assumed in the budget.
- Residents are forced out of the private rented sector due to rent increases and into homelessness.
- Inability of residents to pay council tax.
- Instability of business effects collection of business rates
- Residents fall into absolute poverty and have to make difficult decisions related to personal finances and may affect their ability to pay priority debt e.g., council tax
- Greater demand on welfare teams
- Schools, already facing constrained budgets and rising deficits, will also be hit with rising energy costs and have to make decisions around energy usage and how to prioritise spend.
- Unions arguing for higher pay increases for staff, increase in cost of filling essential temporary posts.
- Consequences for energy price rises include:
  - Cost of street lighting has nearly tripled
  - Cost of corporate assets have nearly tripled
  - Cost to tenants and leaseholder energy cost has tripled
  - Cost of PFI school energy costs has tripled
  - Overall revenue pressure of energy costs is £2m+

### **Current Controls:**

- Government support:
  - £500m new funding for the Household Support Fund (HSF), with £421 million to be distributed by local authorities in England.
  - Tranche 2 of the HSF the Council received £1,177m in funding and spent £40k on administration of schemes.
  - To date we have paid the following:
    - Support for food for families in receipt of Free School Meals - £681k for 6,488 children over May half term and summer holidays
    - Support for residents have requested support - £49.3k for 251 claims.
  - The guidance for latest batch of HSF funding for Oct 2022 – March 23 has been announced but not the value, once this is known we will make recommendations for the best utilisation of this funding.
  - A £150 non-repayable rebate for households in England in council tax bands A to D. The Core scheme has been completed, the final 13.7k rebates were paid onto council tax accounts on 2nd September.
  - Rise in the National Insurance threshold and changes in personal taxation will help those at the bottom end of the earnings scale – those under £25k will pay less in direct taxes on income.
- Monitoring of monthly trends/indicators of social poverty to demonstrate the extent to which Slough residents are affected e.g., households in receipt of council tax relief, free school meals, temporary accommodation etc. This is done through the

- Local Insight tool to monitor trends and reporting monthly to CLT, which includes service demand indicators such as temporary accommodation.
- Council website updated to help people understand what benefits they are entitled to.
  - Internal Energy group set up to monitor energy spend and consumption. Energy provide billing and metering services to ensure accurate billing. Arrange disconnections of unused meters and supplies, add new/existing meters under the energy corporate contracts. Claw back overpayments. Remove unused meters, add new/existing meters under corporate contract.
  - Risk management strategy developed to determine when purchase energy volume under new flexi Gas and Energy (HH) contracts. Energy brokers Beond will advise on opportunistic purchasing (markets retrace). Assume future gas and energy volume at lower market rate during Q2, Q3 and Q4 – provisional estimate **£100k** saving but entirely dependent on market rates at time of purchase – going back to Cabinet with a revised purchase strategy in February 23.
  - Housing recharge energy costs for communal heating and lighting to residents – needs a paper to determine the level of recharge and whether HRA reserve picks up some of this cost. **(Currently estimated at £1.1m)**
  - PFI School recharge energy costs negotiated and agreed and subject to the Government Energy Support Relief Scheme (currently estimated at £1m).
  - Inflation policy agreed and communicated through staff training sessions.
  - Review of contracts has been completed to challenge and seek to verify if procurement is necessary and to identify opportunities to maximise value for money through contract rationalisation and consolidation including identification of contracts which fulfil statutory responsibilities.

### Strategic Objectives:

A council that lives within our means, balances the budget, and delivers best value for taxpayers and service users.

### Actions Required:

- Implement government relief e.g., Household Support Fund, maximise use of the fund.
  - Actionee: Group manager – revenues, benefits, and charges
  - Target date: 31 March 2023
  - Latest update: Approach agreed for current tranche.
- Change/amend heating/lighting/ventilation controls – for each 1% reduction in consumption across the portfolio of Corporate/community Buildings we would save approximately **est. £25k saving**.
  - Actionee: Jonathan Tewson
  - Target date: 31<sup>st</sup> March 2023
  - Latest update: Working with the building management as well the FM service provider with an agreed action plan to deliver reductions in power usage (Electricity, Gas & Water), this includes removing unnecessary lighting, fine

- tuning programmable lighting (OH) using PIR switching systems, updating lighting LED (as & when required), constantly lowering power consumption by the way of regularly checking timeclocks on boilers & other time monitored plant, also checking correct functionality & consumption during in regular PPMs across the SBC estate.
- Asset disposal program will see a reducing number of buildings provided with SBC funded heat, light and power – provisionally **est. £100k saving** in 2022/23 but entirely dependent on sales programme yet to be determined.
    - Actionee: Fin Garvey
    - Target date: 31<sup>st</sup> March 2024
    - Latest Update: Corporate assets are not yet included in the assets identified for disposal, within the 22/23 financial year.
  
  - Temporary or part closure of existing assets to reduced consumption (changing rooms, other community buildings, SMP, Priors Close) **est. £50k saving**.
    - Actionee: Kamal Lallian
    - Target date: 31<sup>st</sup> March 2023
    - Latest Update: Improvement of greater than £50k against 2021/22 budget. Will require Buildings Management review during 23/24.
  
  - Re-Fit Programme Energy efficiency measures for remaining buildings will prove effective in reducing energy costs but requires capital investment and a longer return on investment. A business case will be developed.
    - Actionee: Jason Newman
    - Target date: 30<sup>th</sup> September 2023
    - Latest Update: In progress, future savings to be identified, contingent on assets disposal programme.
  
  - Paper on HRA recharge costs will be required on agreed rates to recharge tenants for energy costs for communal heating and lighting.
    - Actionee: Jason Newman/Trevor Costello
    - Target date: 31 March 2023
    - Latest Update: Being scoped.
  
  - Street Lighting timer controls to reduce lux levels require investigating to determine the consumption reduction and potential reduction of costs.
    - Actionee: Jason Newman
    - Target date: February 2023 Cabinet
    - Latest Update: Feasibility study being undertaken, included in 23/24 savings tracker.

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	6	3
Impact	4	3	2
Score	24	18	6

Date last updated: **30 June 2023**

## **Risk 5: Risk of the failure of statutory duty for provision of temporary accommodation**

**Risk Owner: Executive Director - Housing and Property**

**Direction of Travel: ⇄**

### **Description:**

If we fail to manage the increasing demand for temporary accommodation it will cost us financially and damage our reputation.

The provision of TA accommodation also carries statutory and regulatory requirements to ensure the safety and wellbeing of the occupants. The Council therefore needs to have in place and approved inspection regime in place for inspection in accordance with the Housing Health and Safety Regulations.

### **Context**

- There are financial, regulatory, and reputational risks arising from the increasing demand for temporary accommodation. We have increasing numbers of UK nationals presenting as homeless now that evictions are being allowed. We have pressure to receive asylum seekers – currently 300 asylum seekers are in the borough awaiting immigration status and further to this the UK has specific commitments to Hong Kong and to Afghanistan and has “bridge head” infrastructure in place in Slough as a result of our existing cohort of asylum seekers.
- The conflict in Ukraine is also likely to impact the demand for housing, particularly after scheme to host families ends after 6 months.

### **Consequence:**

- Budget pressure
- People do not have a safe and secure home.

### **Current Controls:**

- Housing Needs officers are being supported in taking an appropriate approach when assessing the suitability, eligibility for temporary accommodation (number of units)
- Temporary Accommodation officers are being supported in negotiating better rates (cost/unit) with landlords and other housing providers.
- DLUHC review being undertaken.

### **Strategic Objectives:**

- An environment that helps residents live more independent, healthier, and safer lives.
- A borough for children and young people to thrive.

### **Actions Required:**

- Address staffing shortages in the Temporary Accommodation team – temporary staffing
  - Actionee: Ian Blake
  - Target date: 31<sup>st</sup> December 2023

- Latest update: Housing Needs officers' resources are inadequate and an approved inspection regime with subsequently regular contact established with the more vulnerable residence needs to be established to comply specifically with housing regulatory requirements.
- 
- 
- Address staffing shortages in the Temporary Accommodation team – permanent staffing
  - Actionee: Ian Blake
  - Target date: 31<sup>st</sup> December 2023
  - Latest Update: Fundamental review of the team, its structure and processes being undertaken within the context of a revised Housing Strategy
  -

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	4	3
Impact	3	3	2
Score	18	12	6

Date last updated: **30 June 2023**

## **Risk 6: Service delivery risk due to workforce recruitment and retention issues**

**Risk Owner: Chief Executive**

**Direction of Travel: ⇄**

### **Description:**

The Council is challenged in delivering high quality services in all areas for residents because of the inability to recruit and retain staff, including the right calibre of staff in specialist roles. This is also applicable to Slough Children First.

### **Context**

- The Council does not have appropriately qualified, skilled, and experienced people to deliver necessary service levels and identify budget savings to allow the Council to live within its means.
- There are currently significant numbers of vacancies within the Council in key support professions such as Finance, IT, and HR. This is exacerbated by significant vacancies in key service areas such as Social Workers, planners, and engineers.
- The Council has massive competition for employees within Berkshire and the Greater London area. It is located on the M25 and has excellent links into London offering greater choice of employer for its own and residents within its travel to work area.
- The reputational damage caused by the section 114 notice and the appointment of Commissioners will potentially impact recruitment and retention.
- The Directions include the requirement to implement a suitable officer structure and scheme of delegation for the Authority which provides sufficient resources to deliver the Authority's functions in an effective way, including the Improvement Plan and its monitoring and reporting, prioritising permanent recruitment and/or longer-term contract status of interim positions.
- Recruitment into posts to assist with the council's recovery has not happened quickly enough and as a result, an additional Direction came into effect on 1 September 2022. The Direction permits the Commissioners to define the structure for and to recruit staff to senior positions for the period of the Directions.

### **Consequence:**

- A higher reliance on agency staff has a direct impact on budgetary pressures.
- Significant numbers of interims in leadership roles leads to staff uncertainty about future sustainability and continuity of management.
- Higher costs due to cost of recruitment to replace staff who have left.
- Loss of corporate memory leads to inefficiencies and additional costs
- Staff turnover includes hard to fill posts which has an impact on workloads in teams and increases staff absences, wellbeing, and resilience.
- Employee disengagement leading to reduced productivity.
- Failure to maintain required levels of service delivery affecting our residents, especially statutory obligations.
- Reduced staffing levels will impact the quality of service being provided.
- Statutory roles are not permanently filled e.g., Returning Officer, Monitoring Officer
- Council is unable to delivery key improvement projects.

- Fines for non-delivery of statutory services
- Judicial review and associated financial and reputational costs.
- Civil unrest due to inadequate / inappropriate response.
- Local and national media interest
- Reduced quality of service delivery
- Increase in safeguarding issues, impact on quality of life.
- Securing qualified staff in the national context where resources are hard to recruit and retain.

### **Current Controls:**

- Engagement with the workforce through regular communications and briefings to provide reassurance to staff of the development and then progress of the recovery process, including trade union colleagues. This is stronger with the appointment to Senior Management posts and the appointment of HOPS.
- Slough Children First continue to invest to recruit a permanent workforce including overseas recruitment and apprenticeships.
- Development of functional capability action plans and transition into service plans
- Development of communications plan for staff briefings
- Implementation of Adults social care transformation programme to drive service improvements and efficiencies.
- Appointment of chief information officer to drive forward digitisation of services.
- Review of Performance Indicators to identify areas of concern.

### **Strategic Objectives:**

- Corporate Health: Corporate Operations

### **Actions Required:**

- Development of a recruitment and retention strategy, to align with the future operating model.
  - Actionee: Surjit Nagra
  - Target date: 31<sup>st</sup> March 2023
  - Latest Update: Data is being collated to support the introduction of a retention strategy i.e., analysing current recruitment episodes to ascertain the response rates, reviewing recruitment documentation; assessing the social media platforms to analysing the leaver information. HRBP Team reviewing monthly agency spend with Directorates; Request for DLT's to review monthly agency spend. Discussions with departments delayed due to restructures and HR capacity. A new recruitment and selection policy and procedure has been drafted.
- Tracking of staff turnover rates to Corporate Leadership Team and to workforce committee and Board within Slough Children First - monthly
  - Actionee: Surjit Nagra
  - Target date: 31 March 2023
  - Latest Update: Working on producing this data on a regular basis and review existing process from the Agresso system to ensure data accuracy. Staff turnover rates are being published monthly via the performance team.

- Appraisals and performance management of staff – put in place revised processes and procedures.
  - Actionee: Surjit Nagra
  - Target date: *31<sup>st</sup> December 2022 (Complete)*
- Latest Update: The new performance management framework was rolled out and currently monitoring of compliance is taking place.
  
- Review of current pay and reward structure of the council
  - Actionee: Surjit Nagra
  - Target date: Ongoing to 31 March 2023
  - Latest Update: Council has legal requirement to comply, on equal pay and the National Minimum Wage, as well as reporting on the organisation’s gender pay gap and including chief executive pay ratio. The pay policy statement for 22/23 has been approved and updated on the website which includes an update on the annual pay increase – this included the CX Pay ratio. The Gender Pay Gap 2021 reporting has also been approved and uploaded onto our external website with an action plan. Currently working on the 2022 figures. Payroll compliance deadlines with HMRC have all been met. The council has recently reported on gender pay gap and senior officer pay for 2021 – 2022, currently preparing a report on 2022 to 2023. The Council has begun review of pay as part of recent structure reviews.
  
- Tracking of specific issues through analysis of exit interviews
  - Actionee: Surjit Nagra
  - Target date: 31<sup>st</sup> March 2023
  - Latest Update: Putting in place a system to capture this information. Working with Agresso HR reports are being updated to review analysis of exit interviews, reported to EAC committee on an annual basis.
  
- Slough Children First are implementing a recruitment and retention measures as per the business plan.
  - Actionee: Kate McCorrison
  - Target date: 31 March 2023
  - Latest Update: In the process of writing the business plan and all supporting business cases for approval. Once these have been submitted and approved then SCF will be able to move forward with the recruitment and retention initiatives.
  - The business plan remains under review.

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	5	2
Impact	4	4	3
Score	24	20	6

Date last updated: **30 June 2023**



# **Risk 7: The Council does not take adequate mitigation to reduce the risk of injury or death from incidents within the Council**

**Risk Owner: Executive Director Strategy and Improvement**

**Direction of Travel: ⇔**

## **Description:**

If the Council does not meet its wide range of Health & Safety requirements, then there could be a risk to the safety of **staff and** citizens.

## **Context**

The profile of health and safety matters has not been given sufficient prominence in recent years however COVID has addressed the imbalance.

Key potential causes of health and safety risks are:

- Lack of understanding of roles and responsibilities
- Insufficient staff numbers to carry out work plans in a safe way.
- Lack of appropriate training.
- Lack of oversight and control by local management.
- Lack of information on the potential or known risks i.e., through lack of reporting, lack of risk assessments, staff turnover, etc.,
- Lack of learning from previous lessons
- Inadequate contract management arrangements. H&S legislation states you are still liable even if contractors undertake work.
- Lack of effective processes and systems consistently being applied.
- Lack of accountability and governance arrangements

The risk of injury or death is increased in certain circumstances and for high-risk activities such as:

- lone working
- violence
- use of machinery
- inadequately managed buildings
- inadequate contract management

## **Consequence:**

- Corporate manslaughter charges
- Significant reputational damage
- Death/injury to individuals and/or non-compliance with relevant legislation resulting in prosecution and civil claims.
- Staff sickness through accidents/incidents/stress
- Increased insurance premiums

## **Current Controls:**

- Health and Safety Manager, Health & Safety professional and Health & Safety adviser in post
- A health and safety management system (policy and codes of practice) in place. These are regularly reviewed and updated, clearly communicated, and placed on SBC insite.
- Corporate health & safety strategy (2018-2021) in place with directorate plans dovetailing. New Health and Safety Strategy to be devised to align with new organisation structure.
- Accident reporting system and procedure in place and communicated. Investigations occur and are reported.
- Health & safety training programs in place, available face to face and online. Mandatory training identified and in place.
- Lone worker In-check and personal safety devices in place
- Monitoring of health & safety indicators at Health & Safety Committees (bi-monthly) and Health & Safety Board (bi-monthly).
- Trade Union consultation with health and safety trained representatives present (Corporate Consultative Forum)
- Compliance monitoring 'Building Compliance Group' (monthly) – this now falls under the Property and Housing Directorate.
- Health and Safety audit programme for 2022-2023

### **Strategic Objectives:**

- Corporate Health: Corporate Operations

### **Actions Required:**

- Online accident reporting for accurate monitoring and tracking.
  - Actionee: Surjit Nagra
  - Target date: 31<sup>st</sup> September 2023
  - Latest update: H&S currently working with IT Project Manager to look into possibility of utilising existing company Intec who can create several databases Council wide. Review was undertaken by IT to identify other potential teams who may use a similar/require a database. As there is no uptake, a business case will be raised for H&S to upgrade to the corporate contract which will mean unlimited licenses and several databases will be created for H&S purposes. One of these databases will include accident and incident reporting. H&S Team currently working on plan of action to migrate current Incheck database onto online portal which is scheduled to be in place by end of April 2023. Once this is complete, conversation will be held with Intec to discuss the requirements for an online cloud-based system. Subsequently a business case will be raised to upgrade to the corporate contract. Research was undertaken for a range of providers who have Accident/Incident databases however due to the cost implications and the current financial situation, H&S manager has decided not to pursue a custom/off the shelf system with a new provider.

- Monitoring of actions from accidents and audits to ensure lessons are learnt and actions are implemented through an online system.
  - Actionee: Surjit Nagra
  - Target date: 31<sup>st</sup> March 2023
  - Latest Update: This action is aligned to the action above and will be completed once new system is implemented.
  
- Health & safety team will be auditing high risk areas of the council: asset management, environmental services, strategy and infrastructure and lone workers. Lower risk areas to conduct self-audits. Responsibility of AD/GM's. Corporate Leadership Team approved new audit format in November 21 following report from Health & Safety Board. Self-audits approved by Corporate Consultative Forum meeting on March 7<sup>th</sup>, 2022.
  - Actionee: Surjit Nagra
  - Target date: 31<sup>st</sup> March 2023
  - Latest Update: So far 22 responses have been received and H&S will be reviewing these and providing feedback. In the absence of an organisation structure detailing where each service/team sit, it is difficult to determine how many H&S self-audits should have been received. Reporting of self-returns is being communicated in H&S Committee meetings and members are being asked to review and identify missing teams who have yet to complete a self-audit. Due to current workload pressures and capacity issues within the team, health and safety internal audits are being reviewed on a weekly basis and the schedule is being realigned as required.
  
- Gap analysis of training needs, provision, and uptake. Work commenced with Workforce Development in identifying risk assessment and accident investigation training. All managers and staff encouraged to complete mandatory H&S online training via communications issued to all staff and managers. All managers have been provided with instructions on how to determine the compliance status of staff.
  - Actionee: Surjit Nagra
  - Target date: 31<sup>st</sup> March 2023
  - Latest Update: Training: The 'Risk Assessment' and 'Accident Investigation' Training has been split into blending learning. Delegates are required to undertake the theory session on Cornerstone prior to attending a practical session which will be delivered by the H&S team. Training dates have been scheduled for the practical sessions and has been communicated to the organisation via newsround, H&S Committees and the H&S Board. Both the theory and practical are 1.5 hours each and the aim is to increase the uptake as the sessions have been split to enable delegates to attend around their work schedule. 3 more sessions are scheduled until the end of March 2023 and communications are regularly sent out to the organisation. A new training schedule will be devised for 2023/2024 with targeted training to deliver the 'Risk Assessment' and 'Accident Investigation' training sessions.

- New corporate strategy to be developed for 2023 onwards and directorate plans to be developed H & S Board has requested a new strategy and this will be presented to Corporate Leadership Team (CLT) in March 2023
  - Actionee: Surjit Nagra
  - Target date: 31<sup>st</sup> March 2023
  - Latest Update: A new strategy will be devised and finalised once the new structure is in place and the services/teams are reallocated to the 7 Directorates. Once devised, the strategy will be presented to the H&S Board and CLT for approval and subsequently rolled out via H&S Committees. A draft H&S Strategy and Directorate H&S Action Plan has been submitted and presented to the H&S Board on 26/01/23. Subsequently this has been issued to CLT and will be discussed on 08/02/23. Once approved and ratified by the H&S Board and CLT, the documents will be shared and communicated to H&S Committees for roll out across the organisation.

	Inherent Risk	Current Risk	Target Risk
Likelihood	5	3	3
Impact	4	4	2
Score	20	12	6

Date last updated: **30 June 2023**

## **Risk 8: Business Continuity and Emergency Planning**

**Risk Owner: Executive Director Strategy and Improvement**

**Direction of Travel: ↑**

### **Description:**

Failure to deliver and maintain emergency planning and business continuity response arrangements will lead to the Council at risk of being unable to continue its business should a serious event cause disruption or an emergency occurs.

### **Context**

The Council has not had in place a permanent qualified and experienced Business Continuity and Emergency Planning lead in order to enable it to respond to incidents and disruption since November 2021. However, this position has been filled by an interim with the necessary skills, qualifications, experience, and knowledge since November 2021. Some of the recent improvements include:

- Improved procedures for the response and co-ordination during an incident or disruption
- Strong links to the Thames Valley Local Resilience Forum.
- Finalisation of the Major Incident Plan (MIP)
- Business Continuity Plan now in place
- Arrangements to Exercise the Emergency Response Arrangements & Plans are being organised – a gap analysis has already been undertaken as a tabletop exercise.
- Arrangements to exercise the Business Continuity Plan are also being organised.

### **Consequences if the above was not in place:**

- No response to operational emergencies due to severe weather conditions, fire, or any other major incident.
- Council is not prepared to respond as directorate and service areas do not have an adequate or co-ordinated response in place.
- Availability of staff to deliver key services if trained volunteers are taken away to deal with a major incident (the Council is a Category 1 responder under the Civil Contingencies Act).

### **Current Controls:**

- Business Continuity (BC) Plans in place
- Emergency Planning procedures in place
- Emergency planning and business continuity lead in place
- Sufficient Response Officers (Local Authority Liaison Officer (LALO) & Rest Centre Managers (RCM)) who can be utilised in the event of an emergency. Additional capacity in adults would strengthen our response.

- Arrangements and links in place with TVLRF & Partner Organisations
- Utilising lessons learnt from Covid.
- Local and regional response arrangements in place

### **Strategic Objectives:**

- Corporate Health: Corporate Operations

### **Actions Required:**

- Exercising of Emergency Response Arrangements & Plans and the Business Continuity management & Plans – through tabletop testing
  - Actionee: Anthony-Mario Montana
  - Target date: 31<sup>st</sup> October 2023
  - Latest Update:
    - The Exercising of the Major Incident Plan and Emergency Response Arrangements will be undertaken by end of October 2023
    - 'Blu Nimbus' will be a live testing of the plans which is due to take place in October 2023.
  
- In person, one to one and online training to be completed for Gold, Duty Gold Officers, Duty Sliver Officer/EOC Managers, LALOs & RCMs
  - Actionee: Anthony-Mario Montana
  - Target date: 31<sup>st</sup> December 2022 (complete but on-going for new recruits)
  - Latest Update:
    - Directors have all completed the Local Council Gold Group and Duty Gold training excluding two new members to CLT which training would be arranged for a later date.
    - Directors have all been scheduled to take the external Regional Strategic Coordination Group (Gold) Training due to take place by end of December 2022
    - The LALOs & RCMs have taken the JESIP Bronze Commander Training.
    - The LALOs & RCMs have completed the Risk Management Training on Cornerstone
    - Other training course will be arranged, scheduled and/or designed at later stage.
  
- Securing more Rest Centre Managers (RCMs) from Adults and Children's services
  - Actionee: Anthony-Mario Montana
  - Target date: 30<sup>th</sup> September 2023
  - Latest Update: Work with the ED's in Children and Adults to secure resources for this duty.

- Recruit Volunteer Response Support Staff to staff and run the Emergency Rest Centres and the Emergency Operation Centre.
  - Actionee: Anthony-Mario Montana
  - Target date: 30th September 2023
  - Latest Update: Now the plans are signed off work will begin to secure these volunteers. Process in place to secure volunteers during emergencies via the MOU through the LRF.
  
- Develop a robust prevention programme within the council supported by emergency planning.
  - Actionee: Anthony-Mario Montana
  - Target date: 31<sup>st</sup> March 2023
  - Latest Update: Working with service areas to understand what prevention plans are in place, to reduce impact of risks identified. This action is with the Risk and Audit Board.

**Note:**

Emergency Planning (The Council) has a dynamic framework that can be utilised by the emergency planning team to respond to both a major incidents and business continuity interruption while the Major Incident Plan (MIP) & BC plans undergo the current review.

	Inherent Risk	Current Risk	Target Risk
Likelihood	4	4	3
Impact	4	2	2
Score	16	8	6

Date last updated: **30 June 2023**

## Risk 9: Cyber Security

Risk Owner: Executive Director Strategy and Improvement

Direction of Travel: ⇔

### Description:

- Failure to adequately protect our information and technology assets from an attack via the organisations internal network or the internet, that is either deliberate or because of non-compliance with policy and procedures.
- Failure to comply with the Data Protection Act 2018 (GDPR) legislation.

### Context

- There is a continual risk of cyber-attack from a wide range of sources which if enacted could cause significant financial, service delivery and reputational damage to the Council and its partners – recent attacks on local authorities and NHS bodies have caused significant disruption and expense in rectifying the impact.
- Heightened risk of cyber-attacks in relation to the Ukraine conflict.
- The Council has continued to invest resources in strengthening its controls in this area.
- An action plan to achieve improvements in relation to the proper functioning of the Authority's IT is in the Directions from DLUHC.
- DPA 2018/GDPR came into force in May 2018. Policies and processes developed as our corporate and local response to the implementation of DPA 2018/GDPR. A full data flow analysis was undertaken across the organisation and is being refreshed as part of the 2022 audit.
- The team that manages information governance has had limited resource. The team has now recruited an interim DPO and the recently completed ICT restructure includes the proposed appointment of a permanent DPO and a Cyber security officer that will be progressed in the last quarter of 2022.
- Recruiting people with strong DPA 2018/GDPR understanding is challenging in the current market and especially difficult in the public sector.

### Consequence:

- *Worst case*: Temporary or permanent loss of access to some or all of SBC data and / or IT systems leading to not being able to deliver business critical or statutory functions e.g., elections.
- *Likely case*: (some of) loss of reputation in handling personal data, removal of access to PSN and DWP direct data connections, removal or penalties for bank payment handling and processing. Short term loss of access to data or systems.
- *Best case*: Isolated incident with minimal or no data loss and no loss of access to IT systems.
- If there is not an adequate response to DPA 2018/GDPR there is a chance that the following may arise:
  - fines
  - criticism from the information Commissioner
  - damage to corporate reputation
  - civil claims for damages



## Current Controls:

- Procured membership of SEGWARP and other government alert agencies. This provides regional alerting on vulnerabilities that SBC needs to be aware of intelligence sharing / threats / policy development. SBC have also registered with the Cyber Resilience Service for the southeast to enable a regional approach to cyber alerting.
- Ensure security patching is up to date and continues regularly. An interim resource has been engaged to check and apply security patching.
- Periodic and regular 3rd party penetration testing. ICT&D are part way through a sequence of testing.
- Cyber Security support from market leading 3rd party. Softcat are contracted to provide additional cyber security support. This covers the following.
  - Quarterly Security Controls Assessment
  - Breach Assessment annually
  - Security Improvement Programme Leadership

Organisation and Execution of cyber essentials audit action plan. Actions to complete before the end of 2022.

- Communications to staff has been increased through councils Newsround and subject specific emails in particular awareness on cyber security issues, including phishing emails, scam calls & data protection responsibilities.
- Documented and detailed security procedures have now been put in place for patching, testing and incident handling & testing of these is in progress.
- DLUCH Funding obtained following application and workshops - £200k.
- Cabinet approval for a continuous improvement programme for IT security hardware and software, for 3 years.
- Remedial / Modernisation programme has targeted security improvements under emergency funding and agreed.
- The recent ICT&D restructure has assigned the formal Data Protection Officer (DPO) role for SBC to the ICT&D Service Manager.
- DPA 2018/GDPR training for new starters to minimise breaches.
- External review of compliance by Internal Audit
- Initial data mapping completed by SBC supported by RSM.
- The council has updated its information governance policy in November 21 and this has been signed off by the Information Governance (IG) board, the updated policy supports the process by which an organisation obtains and provides assurance that it is complying with its legal, policy and moral responsibilities in relation to the processing of information. Alongside this an IG Improvement plan has been developed and will be monitored through the Information governance board moving forward.
- All aspects and issues of DPA 2018/GDPR have been drawn into one place, a programme to confirm compliance or implement required controls where necessary is being developed and will report into the council's information governance board.
- DPO role assigned to the ICT&D Services Manager

## Strategic Objectives:

- Corporate Health: Corporate Operations

## Actions Required:

- Compliance - fortnightly monitoring audit actions
  - Actionee: Alex Cowen
  - Target date: 31<sup>st</sup> March 2023
  - Latest update: Newly appointed infrastructure manager and Data Protection officer are supporting on finalising Cyber 2022 audit and monitoring of actions.
  
- Implement security solutions as per the IT modernisation programme.
  - Actionee: Alex Cowen
  - Target date: 30<sup>th</sup> June 2023
  - Latest Update: Programme established and recruitment to programme manager, two project managers and three business analysts. Programme board established and highlight reporting being finalised.

	Inherent Risk	Current Risk	Target Risk
Likelihood	5	3	2
Impact	3	3	3
Score	15	9	6

Date last updated: **30 June 2023**

**Risk 10: Financial management and sustainability**  
**Risk Owner: Executive Director – Finance and Commercial (S151)**  
**Direction of Travel: ↑**

**Description:**

If the Council fails to significantly improve its financial planning and management and its internal control and financial reporting in the medium to longer-term the Council will not become a financially self-sustaining council.

**Context**

**Financial Management, Planning, and control**

- The S151 officer issued a statutory S114 notice in July 2021. Expenditure controls have been in place since in order to limit the Councils spend to the minimum. A capitalisation direction (CD) was approved in principle by DLUHC in March 2022 for £307m in order to enable the Council to set a balanced budget for 2022/23. Cabinet approved the budget on 9 March 2022. Initial forward planning indicated that the CD could increase to c £800m, this has since been reduced to less than £400m. The revenue budget savings have also been reduced from £20m pa for 7 years to £20m, £23m and then £12.9m pa for 5 years.

The DLUHC Directions include the requirement to put in place an outline action plan to achieve financial sustainability and to close the long-term budget gap identified by the Authority across the period of its Medium-Term Financial Strategy (MTFS).

The Council has also actioned the following:

- Asset sales agreed by Cabinet Sept 21 – circa £200m planned for 2022/23, £200m planned for 23/24
  - 18/19 and 19/20 accounts submitted.
  - 22/23 budget forecasting to be balanced, capital programme greatly reduced, treasury management correctly prepared.
  - All revenue savings for 2023/24 identified.
  - Comprehensive updates of financial recovery presented to Cabinet and every Council from September 2021
  - 6 companies closed, 3 radically reviewed, no further expenditure on them and sales being prepared, governance greatly improved.
  - Internal audit recommendations now being addressed, procurement greatly improved.
  - Delivering DSG in year balanced budget plan and management plan highly regarded by DfE and likely to lead to £27m write of historic debt.
- 
- The seriousness of the financial situation and how the Council found itself in this position remain of significant concern. This has been acknowledged and the financial recovery strategy agreed and actioned from July 2021. The availability of significant future support is a key assumption underpinning the 2023/24 budget and will be for several future years.

## **Financial Control**

Many of the Councils financial processes are not fit for purpose. These include by way of example:

- financial systems – the Agresso system is not fully used.
- financial capacity and skills – the number and skills of permanent staff in the team have in some cases considerable room for improvement.
- financial processes – basic processes are improving but require embedding.
- insurance and other provisions were inadequate.

## **Financial Reporting**

- The accounts originally provided for audit in 2019 were inadequate and contained significant errors. The 2018/19 were finally completed in September 2022. The 2019/20 were given to the auditors at the end of October 2022. The accounts for 2020/21 is imminent.
- As a result of the investigations by the new Finance team there have been significant amendments made to the 2018/19 accounts plus many working papers, figures and narrative statements have had to be fundamentally corrected. In total there have been 50 material errors made that have affected 100 per cent of the figures in the core statements and 80 per cent of the disclosure notes. The changes made have impacted the General Fund balances available to the Council and the Balance Sheet. The changes have decreased the net value of the balance sheet by c 40 per cent. Significant weaknesses in respect of the information to support journal entries within these statements will impact the auditor's opinion.

## **Consequence:**

- The Council is able to, but has challenges, setting a legal budget.
- The Section 151 officer could be required to consider issuing further s 114 notices should budget savings not be delivered.
- If the Council continues to fail to produce its annual accounts, then the Council would be in breach of their responsibilities to provide proper financial stewardship and control.
- The Council has no properly audited financial base line since 1 April 2019 and thus has challenges preparing its budgets and financial planning going forward.
- It has also not fulfilled its requirements to properly account for its stewardship of public monies.
- It will face increased external audit fees and is having to have its staff spend a great deal of time "looking backwards" rather than planning forwards.
- The Council faces significant reputational damage which may impact its ability to borrow money and secure adequate insurance.
- The Directions include the potential for Commissioners to impose their own budget in total or detail if they consider it necessary.
- Reputational damage caused by an adverse audit opinion.

## **Current Controls:**

### **Financial Management and Planning**

- The Council will consider a series of budget reports at its meeting on the 9th of March 2023 including:
  - Revenue budget
  - Capital programme.
  - Treasury management
  - S25
  - DSG
  - Council Tax Support

These reports included a wide range of proposals that will set a new start for the Council moving forward on its ambition for financial sustainability.

- Expenditure controls in place throughout 2022/23 financial year and beyond.
- Commissioners' approval for all budget changes.
- Regular budget monitoring and reporting is now in place.
- A Finance Board has now been put in place to monitor key aspects of financial management, planning, risks, and controls.

### **Financial Control**

- Specialist resources have been brought in to understand the nature and scale of the problems and to address them.
- Finance action plan reported to full Council for each meeting (with the exception of March when the budget papers will be tabled)
- Finance and Commercial service business plan has been developed to ensure future sustainability of the service.

### **Financial Reporting**

- The Council has implemented a structured and well tested method for preparing its accounts using a whole team approach involving as many of the existing finance team as possible in order to upskill permanent members of staff and to spread the workload.
- The standard approach is that individual officers have been assigned a disclosure note to prepare (the preparer) and that each disclosure note will be subject to first line QA review by a reviewer.
- For the 2019/20 and 2020/21 accounts standard closing folders for both years have been set up with folders for each core statement and disclosure note
- All working papers are being filed on these folders so that there is a clear trail back from the accounts to centrally filed working papers rather than information filed on personal folders which seems to have been the experience in the past.
- For each core statement and disclosure note standard template workbooks are being used to collate information and produce the relevant disclosure. The purpose of using the standard template workbooks is to ensure there is a clear audit trail between the information reported in the accounts back to source documentation, and to provide clear evidence of quality assurance in the account's preparation process.

## Training

- Training sessions have taken place for Members and Officers

## Strategic Objectives:

- A council that lives within our means, balances the budget, and delivers best value for taxpayers and service users.

## Actions Required: The immediate actions include:

- Ensure 2022/23 budget can be delivered –
  - Actionee: Adele Taylor, Hitesh Jolapara, Alistair Rush
  - Target date: 30<sup>th</sup> June 2023
- The P9 revenue forecast is for a balanced budget comprised of the following:
  - Service area overspends of £4.3m
  - Collection fund improved position of £2.5m
  - Treasury management and other corporate budgets of £1.3m
  - Offset by capitalisation requirement of £0.5m

For 23/24 savings a full schedule of savings options has been identified. Ensuring that budget savings can be delivered by each Directorate will be key going forward.

- Actionee: Exec Directors, Adele Taylor, Hitesh Jolapara
- Target date: 31/3/24
- Latest update: budget in balance for 2023/24, delivery is the key issue.
- Regular communications to officers and members continue on the financial situation.
  - Actionee: Adele Taylor
  - Target date: ongoing
  - Latest update: Very regular reports have been provided since May 2021. Links to Culture change needed for the organisation to live within budgets.
- The 2018/19 accounts have been completed and audited. 2019/20 has been submitted for audit.
  - Actionee: Alistair Rush
  - Target date: TBD
  - Latest update: 2018/19 and 2019/20 accounts completed. Others to follow during 2023.
- To feed the outcome of these accounts into the Council's forward financial planning
  - Actionee: Alistair Rush
  - Target date: Post audit completion for 2018/19 as at March 2023
  - Latest Update: 2019/20 will follow.

Recruitment to vacant posts in the restructured department.

- Actionee: Adele Taylor
- Target date: 28 February 2023 (first phase complete)
- Latest update: First phase of recruitment complete with up to 20 appointments including internal promotions and transfers. Further recruitment taking place in areas where applications were low or recruitment didn't take place.

➤ The finance action plan is reported to Cabinet and sets out in detail the current position on key financial matters and the actions being taken. This is updated on a bi-monthly basis and reported to Cabinet. The report shows the significant progress that has been made in all areas during 2021/22 and 2022/23.

- Actionee: Adele Taylor
- Target date: Bi-monthly update
- Latest update: Last update provided in revised format for March 2023 Cabinet and Council

➤ A business plan has been developed for the service for 2022-23 which includes a range of key performance indicators and targets for delivery of key change initiatives.

- Actionee: Adele Taylor
- Target date: Business Plan completed and needs refreshing under new Executive Director for 2023/24
- Latest update: Appointment of new ED to determine way forward in line with corporate requirements.

	Inherent Risk	Current Risk	Target Risk
Likelihood	5	3	1
Impact	5	5	4
Score	25	15	4

Date last updated: **30 June 2023**

**Risk 11: Pace and valuation of the disposal of assets**  
**Risk Owner: Executive Director – Place and Executive Director –**  
**Finance and Commercial (S151)**  
**Direction of Travel: ↑**

**Description:**

**If the Council does not dispose of sufficient assets to realise capital receipts, we will be unable to set a balanced budget or deliver long-term financial sustainability.**

**Context**

- The council's long-term sustainability is dependent on the sale of between £400 and £600m of assets. In September 2021 the Cabinet agreed to assess the options during 2022/23 and to begin asset disposals as soon as prudently possible, given the Council's responsibility to obtain best value.  
The Housing & Property department has a strategy in place to drive the asset disposal programme forward

**Consequence:**

- Without a programme of asset disposals to finance reduction of external debt, the Council's external borrowing per head of population will remain one of the highest in the UK and debt charges will increase to a significant proportion of the net revenue budget.
- If Cabinet either delay or do not accept the disposal programme this will lead to failure to meet the budget targets and risk more intervention
- Without significant asset disposals the Council's long-term financial position is not sustainable and will compromise the Council's ability to:
  - finance the anticipated capitalisation direction and
  - to allow the Council's external borrowings and debt charges to be reduced
  - provide existing levels of services in the future.

**Current Controls:**

- A new department of Housing and Property has been established to enable the recruitment and retention of suitable senior leadership and professional expertise to manage the asset disposal programme to best effect.
- Multinational consultant Avison Young have been retained as strategic property advisers and other professional services like valuers and auctioneers are being procured.
- An Asset Disposals Sub-Committee has been established and meets on a regular basis to review asset disposal proposals and updates.



- All out of borough assets have been marketed and the last one is due to be sold before Christmas. In addition, one significant in borough asset has been sold and another is due to be sold within next few weeks. As a result, we are on track to deliver £200m of sale income in year 22/23. A further £200m of sales are planned for 23/24

### Strategic Objectives:

- A council that lives within our means, balances the budget, and delivers best value for taxpayers and service users.

### Actions Required:

Continue to monitor and report the asset sales position to CLT, as the continued sale of assets during 2023/24 and beyond will remain crucial to the Council's medium to long term financial sustainability.

- Action Owner: Pat Hayes
- Target Date: 31 March 2023 (year-end update position) then quarterly thereafter
- Latest position: On track for 2022/23.

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	3	2
Impact	4	4	4
Score	24	12	8

Date last updated: **30 June 2023**

## **Risk 12: Governance and financial implications of the council companies**

**Risk Owner: Executive Director – Finance and Commercial (S151)**

**Direction of Travel: ↑**

### **Description:**

If we fail to review the relevance and rationale for each of the Council's Companies, we open the Council up to potential financial losses, reputational damage, and legal challenge.

### **Context**

- The Council has a number of subsidiaries and a joint venture that deliver a range of services or address specific issues. Given the Council's current financial and operational circumstances, and issues that have been identified to date, the rationale for continuing to have these companies needs to be reviewed. This was highlighted by both CIPFA and DLUHC in their reports in October 2021 and the Council started to consider this in summer 2021.
- In addition, a wide range of governance, management, operational and financial issues have been identified over a number of years and had not been addressed. These need to be (a) reassessed to reflect the latest available information relevant to the companies and (b) revised actions implemented. There is a risk of poor service delivery, ineffective decision making, poor oversight, poor value for money and additional reputational and financial risk for the Council (e.g., additional costs, non-repayment of loans, grant clawback)
- There is a Direction in place regarding the Commercial Companies including consideration of the roles and case for continuing with each subsidiary company of the Authority (except Slough Children First).

### **Consequence:**

- Additional financial pressure on existing Council budgets that are not within plan.
- Inefficient service delivery by the Council, especially in relation to housing, due to poor contract management and controls
- Potential grant clawback across a range of companies which may have implications for the Council. e.g., James Elliman Homes, Ground Rents Estates 5
- Reputational damage to the Council as a result of the failure of a number of high-profile initiatives with a national interest. e.g., Nova House
- Key strategic sites are not developed – failure to achieve the Council's strategic objectives and key outcomes. e.g., Slough Urban Renewal
- Improved governance arrangements should enable the Council to make timely informed decisions on key strategic and financial matters that are critical to the Council's capitalisation directive. These include:
  - the Council's capital programme has been reduced (e.g., SUR programme reduced by c £50m and the JEH acquisition programme has been stopped reducing the capital programme by a further £15m).
  - increased loan repayments to the Council improving cash flow and

borrowing costs (e.g., a significant reduction in the SUR loan facility from £9m to £2m this year).

- capital receipts have been accelerated (e.g., SUR opted site disposals of c £40m in the next few years).
- reduced cost exposure on key development sites.
- reduced operational losses for JEH due to the change to its acquisition strategy and improved Council operational oversight and additional sources of funding have been identified and approved to reduce the Council's overall financial exposure (e.g., Homes England funding of at least £9m for GRE5 as a contribution towards the ACM programme and additional First Homes grant funding to accelerate the sales of apartments at the Old Library Site).

### **Current Controls:**

- Establishment of a new corporate oversight board for Slough Urban Renewal
- Development of role profiles for Directors and appointment of new directors and senior responsible owners with clarity on roles and reporting
- Regular Board meeting cycle to be established at all active companies.
- Establishment of shareholder oversight group for GRE5
- Improved board reporting including performance reporting across all company Boards.
- Establishment of monthly financial reporting from key companies into the Council
- Internal audit tracker for key issues to monitor progress through to issues getting closed down.
- All Dormant Companies have been closed down.
- Revised governance arrangements have been introduced across all companies (with the exception of DISH which has not been prioritised for action in FY 22/23 as it is a much smaller scale compared to the other entities, is not a trading company and has limited risk (it has a lease with the Council for 54 properties dating back to 1988 when it was established) and is lower risk rated by Internal Audit compared to other entities. DISH revised governance will be introduced in early FY 23/24 following a review).
- Establish appropriate governance and reporting arrangements for GRE5 and JEH

### **Strategic Objectives:**

- A council that lives within our means, balances the budget, and delivers best value for taxpayers and service users.

### **Actions Required:**

A wide range of workstreams are underway with the immediate actions focused on:

- Ground Rent Estates 5 – execution of Council loan; continue to support litigation proceedings; further strengthen performance, risk and financial reporting, development of exit strategy.
  - Actionee: Adele Taylor
  - Target date: 31 March 2024
  - Latest Update:

- In line with previous reports provided to Cabinet, it is expected that the Council will exit GRE5 when the works to Nova House have been completed and the legal claim has concluded – this is expected to be in 2024. Cabinet will be requested to approve an exit route and a number of options are likely to be available to the Council if the works are completed satisfactorily and the legal claim is resolved. Bevan Brittain have been asked to provide advice on regulatory and legal considerations to inform the most appropriate exit strategy. e.g., sale of freehold lease to a third party, leaseholder transaction.
  - Significant progress has been made to **GRE5's** financial planning and reporting, oversight and critical governance arrangements including the appointment of new external directors, the establishment of a new corporate oversight group and strengthened risk management. The Council's loan to GRE5 has now been fully executed following a financial review in FY 21/22 which identified that the Council's loans had not been approved in line with its Investment Strategy and was not implemented appropriately. Whilst building work is underway on Nova House, a number of additional structural issues have been identified which have had an impact on the ACM works and the resolution of the legal claim. A report is expected to be provided to Cabinet in March 2023 to provide a full update on the programme.
- Slough Urban Renewal – in principle agreement obtained for the restructuring of the Council's commercial relationship with Muse. Progression with negotiations and Heads of Terms for the SUR key sites (Montem, Wexham, Haymills and Stoke Wharf). Due diligence completed re NWQ for potential disposal/partnership change – transaction negotiations and heads of terms in development. Agree changes to the Partnership Agreement including revised business plan (all FY 22/23).
- Actionee: Adele Taylor
  - Target date: 31 March 2023
  - Latest Update:
    - The Council has established a Corporate Oversight Board for SUR to strengthen governance and management arrangements, including oversight of a phased reduction in SUR's activities. New Representatives (of the LLP) have also been appointed to oversee the changes and planned exit from SUR. Financial and performance reporting is regularised and now takes place on a quarterly basis. A Councillor was appointed in Autumn 2022 as the final (of three) representatives to the SUR LLP Board.
    - Following an Options Review by Montague Evans, the SUR Partnership will not be undertaking any further major developments. This will significantly reduce the Council's capital commitments and financial risks over the next five years. The Partnership will be wound up following a series of land disposals over the next few years – each site disposal will be approved by the Cabinet. A site disposal strategy has been approved for NWQ and the full disposal transaction has been approved for Montem. Other sites will be considered by Cabinet in 2023.
    - Good progress has been made on the only ongoing SUR development project; the Old Library Site (OLS). Following the successful approval of

First Homes Funding from Homes England in FY 22/23, apartment sales have accelerated and the Council's loan facility of £10m to the OLS has been fully repaid. Less than 5 apartments remain unsold/not under offer which significantly reduces the risk of loan default on the £2m of loan notes outstanding and has a positive impact on the Council's cash position.

- James Elliman Homes – undertake further work/analysis as recommended in the Options Review (led by Local Partnerships); approve revised Service Level Agreement between the Council and JEH; undertake review of rental levels/tenants across the portfolio; strengthen financial reporting and related board reports; service improvements plan to be developed by the Council (to be underpinned by the SLA), continued improvements to governance and performance reporting and oversight.
  - Actionee: Adele Taylor
  - Target date: 31 March 2023
  - Latest Update:
    - Local Partnerships have reviewed JEH and have provided a series of options for the future operations. Cabinet will be requested to approve a preferred option(s) in March 2023 following the completion of further analysis (legal and financial) to inform the options.
    - The options appraisal has recommended a phased exit including the transfer of some assets to the Council. The report identified a series of additional workstreams which are inquired to inform the Options and the development of the detailed action and exit plan. The exit plan is scheduled for agreement by 31/3/23.
    - New Directors have been appointed for JEH in FY22/23 and monthly Board meetings have been reinstated from January 22. Board reporting including financial, performance and risk reporting has been redesigned to improve management and board effectiveness. A new SLA between the Council and JEH has been produced and approved in FY 22/23 and further improvements will continue to be made.
  
- DISH – establish regular performance reporting to the Board, commence high level options review to explore the potential to transfer DISH properties into the HRA, commercial review of DISH lease, preparation of a service level agreement to reflect the services the Council is providing (action plan programmed for the end of FY 2022/23).
  - Actionee: Adele Taylor
  - Target date: 30 June 2023
  - Latest Update:
    - DISH was established in 1988 and has a lease with the Council for 54 properties; with the majority of tenants classed as long-term tenants. DISH is considered to be a lower risk compared to other companies and an options review and exit strategy is scheduled to be complete by 30/6/23.

- SCF – an update on actions and risks is covered in Risk 1. There is a monthly corporate oversight group including the Council’s contract manager, “shareholder” representative and finance lead, as well as governance meetings with the Chief Executive and s.151 officer. There is regular reporting to cabinet due to the level of risk. A regular report will be taken to Audit and Corporate Governance Committee on progress against the governance review recommendations, with the first report in December 2022.

	Inherent Risk	Current Risk	Target Risk
Likelihood	5	3	1
Impact	4	3	2
Score	20	9	2

Date last updated: **30 June 2023**

## **Risk 13: Improvement and Recovery Planning**

**Risk Owner: Chief Executive**

**Direction of Travel: ↑**

### **Description:**

Failure to deliver on the wide range of improvement and recovery actions specified in the Directions and various Government reports leads to further intervention.

### **Context**

- The Council has put in place a wide range of improvement and recovery actions to respond to the various reports it received. The council has carefully considered the timing and delivery of improvement and recovery actions, so they are completed in line with Government Directions.
- The Council has delivered a wide range of the required actions but only recently brought these together in a holistic manner in communication with the Commissioners, for example:
  - As of October 2022, a new reporting style and content has been made available for the monthly Improvement and Recovery Board (IRB) meetings. Feedback has been positive from the Commissioners.
  - Commissioners provide regular feedback on the IRB reporting and continuous improvements and expansion of the contents being made for each IRB.
  - Recovery plans continue to develop across the council, and these have been brought together in summary form as a “plan on a page” to share with the IRB. Plans include:
    - An action plan to achieve financial sustainability and to close the long-term budget gap. This includes completion of accounts up to and including 2020/21.
    - An Asset Disposal programme with forecasts to return c. £216m and c. £164m in 2022/23 and 2023/24 respectively.
    - An action plan to achieve improvements in relation to the proper functioning of the Procurement and Contract Management function.
    - A plan to ensure the proper oversight of SBCs subsidiary companies.
    - Action plans to ensure proper functionality of Scrutiny and Democratic functions.
    - Recruitment of an Internal Audit team and plans to ensure its proper functioning. Closure of existing identified Management Actions is underway.
    - An extensive set of plans to ensure the proper functioning of ICT and the systems / procedures in use at the Council. Recruitment is ongoing.

- Demonstrating to Commissioners that significant progress has been made in the structure and recruitment of the Snr. Management teams (CLT and SLT levels).
- Plans for the revision of the Corporate Plan are under development.

**Consequence:**

Failure to deliver a robust Improvement and Recovery Plan will lead to further intervention and Directions from DLUHC

Preparing these plans will enable the Council to set its strategic direction and set the Council on its way to recovery.

Failure to put in place an effective Transformation Team risks being unable to deliver the plan to the satisfaction of the Commissioners as required by Directions.

**Current Controls:**

The Commissioners' Improvement and Recovery Board now receives monthly updates on progress in delivering the plan, alongside other reports on the council's finances and performance, which includes detail on any risks and issues that have been identified against delivery of the plan's four strategic priorities and seven recovery themes.

There is now regular reporting on progress to Cabinet and Scrutiny, this will continue quarterly.

A Transformation Team led by the Associate Director for Transformation has been formed to provide programme management assurance for the Improvement and Recovery Plan. The Transformation Team was agreed as part of the review of the senior management structure approved by Cabinet in July 2022.

A consistent corporate approach to reporting on all improvement actions arising from the costed action plans corporately. Services have been asked to liaise with the IT, HR and Comms teams to identify co-dependencies. This will be updated following the conclusion of service planning.

**Strategic Objectives:**

- A council that lives within our means, balances the budget, and delivers best value for taxpayers and service users.
- An environment that helps residents live more independent, healthier, and safer lives.
- A borough for children and young people to thrive.
- Infrastructure that reflects the uniqueness of Slough's places and a new vision for the town centre

**Actions Required:**

- Continue to refine the Improvement and Recovery Board reporting and monitor implementation of the required actions.
  - Actionee: CEO / AD Transformation
  - Target date: 31/03/2023



- Latest Update: Monthly review through the Improvement and Recovery Board
- Deliver the revised Corporate Plan and evolve service delivery plans.
  - Actionee: All EDs
  - Target date: 31/06/2023
  - Latest Update: First drafts have been completed, Plans are now being reviewed to ensure alignment and provide an opportunity for constructive challenge.
- Manage the communications with Commissioners in a positive manner and implement any further actions arising from the Commissioners Reports as required.
  - Actionee: CEO / AD Transformation
  - Target date: 31/13/2023
  - Latest Update: Will respond based on Commissioner letter to DLUHC in December 2022 and feedback from Commissioners.

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	4	3
Impact	4	3	2
Score	24	12	6

Date last updated: **30 June 2023**

## **Risk 14: Risk that the lack of an agreed council-wide vision, principles and governance for building digital access for residents continues to lead to incoherent and poor-quality digital services**

**Risk Owner: Executive Director Strategy and Improvement**

**Direction of Travel: ⇔**

### **Description:**

- There is a risk that the Council is unable to meet its ambition for more efficient digital services due to insufficient resources, poor governance and engagement across services, and poor understanding of the tools in place and the work done to-date.

### **Context**

- The Council has not had an integrated Digital and Customer service strategy that is focused on delivery of more efficient and effective customer service.
- The Council has not transferred the point of access of enough of its services to a coherent digital platform resulting in significant capacity and customer service issues in many frontline services.

### **Consequence:**

- The Council cannot switch to lower cost transactions that are easier for residents, leading to an inability to make savings and poorer quality of interactions for the public.

### **Current Controls:**

- A paper proposing a reset to the approach to Digital Customer engagement has been written and has been shared with Cllr Ajaib (lead member for ICT & Digital), COO, CEO and Director of Finance.
- The ICT & Digital Team restructure has been completed and both internal and external recruitment has commenced.
- Remaining contract resources have been extended to the end of the financial year to provide continuity.

### **Strategic Objectives:**

- Corporate Health: Customer engagement

### **Actions Required:**

- Establish Digital working group as a subgroup of SLT to provide plan to Cabinet in March 2023
  - Actionee: Simon Sharkey Woods
  - Target Date: 31/03 /2023
  - Latest Update: Currently building the terms of reference and data inputs to ensure the meeting is meaningful and the plan can be delivered.

	Inherent Risk	Current Risk	Target Risk
Likelihood	4	3	2
Impact	4	4	4
Score	16	12	8

Date last updated: **30 June 2023**

## **Risk 15: The Authority will receive an 'Inadequate' Rating when CQC begin inspecting Adult Social Care in April 2023**

**Risk Owner: Executive Director People, Adults**

### **Description:**

If the Authority receives an 'Inadequate' Rating when CQC begin inspecting Adult Social Care, then the reputational damage that may result from CQC publishing enforcement action taken against ASC may have a detrimental effect that impacts beyond SBC balance sheet.

### **Context**

- There are pressures across the adult social care service with regard to provider stability, increasing demand, partnership working and provider costs.

### **Consequence:**

- Registration could be suspended or cancelled.
- Not being able to provide regulated services.
- Prosecution.
- Loss of income.

### **Current Controls:**

- Self -Assessment 1 completed – Action Plan developed – Progress being made.

### **Strategic Objectives:**

- A council that lives within our means, balances the budget, and delivers best value for taxpayers and service users.
- An environment that helps residents live more independent, healthier, and safer lives.

### **Actions Required:**

- Agreement for Assurance work to continue to be funded via PMO – Self Assessment 2 to review progress against initial plan starts 21st March – Update report to CLT Mid-April.
  - Actionee: Amanda Halliwell
  - Target Date: Mid-April 2023
  - Latest Update: Progress continues to be made.

	<b>Inherent Risk</b>	<b>Current Risk</b>	<b>Target Risk</b>
Likelihood	4	3	2
Impact	4	4	4
Score	16	12	8

Date last updated: **30 June 2023**

## **Risk 16: Failure to have a stable Adult Social Care Market capable of meeting the needs of vulnerable local residents**

**Risk Owner: Executive Director People, Adults**

### **Description:**

- Risk associated with Providers increasing costs in line with rising costs everywhere.
- Risks that we may lose some Providers because market conditions mean that profitability is reduced.
- Risk that other authorities obtain care and beds originally used by Slough because they are able to offer more attractive rates.
- Increase cost pressure affects quality of provision.

### **Context**

- There are pressures across the adult social care service with regard to provider stability, increasing demand, partnership working and provider costs.

### **Consequence:**

- Registration could be suspended or cancelled.
- Not being able to provide regulated services.
- Prosecution.
- Loss of income.

### **Current Controls:**

- Securing block purchase arrangements where possible.
- Using NHS Discharge Grant in creative ways to support providers.
- Consideration of how best to quality assure provision is an ongoing discussion, also in line with the Council's Assurance Workstream around Regulatory Inspection.

### **Strategic Objectives:**

- A council that lives within our means, balances the budget, and delivers best value for taxpayers and service users.
- An environment that helps residents live more independent, healthier, and safer lives.

### **Actions Required:**

- .
  - Actionee: Marc Gadsby
  - Target Date: May 2023
  - Latest Update: Progress continues to be made.

	Inherent Risk	Current Risk	Target Risk
Likelihood	3	3	2
Impact	4	4	4
Score	12	12	8

Date last updated: **30 June 2023**

**SLOUGH BOROUGH COUNCIL**

<b>Report to:</b>	Audit and Corporate Governance Committee
<b>Date:</b>	19 <sup>th</sup> July 2023
<b>Subject:</b>	Report of the progress of the Corporate Fraud Team in 2022/23 and Plan for 2023/24
<b>Chief Officer:</b>	Adele Taylor – Executive Director of Finance and Commercial (S151)
<b>Contact Officer:</b>	Lyn Davies, Counter Fraud Manager
<b>Wards affected:</b>	All
<b>Exempt:</b>	No
<b>Appendices:</b>	Appendix 1 Annual Outcomes Report Appendix 2 Corporate Fraud Team Enquiries Report Appendix 3 ARIS Report 22/23 Appendix 4 Corporate Fraud Activity Plan 23/24 Appendix 5 AML Process 2023 CFT Glossary

**1. Purpose of Report**

The Corporate Fraud Team (CFT) supports the Council in meeting its statutory responsibility under section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. Part of proper administration is having effective systems for the prevention and detection of fraud and corruption. The work of the CFT underpins the Council's commitment to a zero-tolerance approach to fraud, bribery, corruption, and other irregularities, including any money laundering activity.

The CFT works closely with SBC departments and its partners to prevent, detect, and investigate allegations of fraud and corruption occurring within and/or against the authority. An Anti-Fraud and Corruption Response Plan has been developed to ensure that members and employees know what action to take should they become aware of or suspect fraud or corruption.

A key feature of 2023/24 will be a closer collaborative approach to risk and governance between Internal Audit (IA) and the CFT. The CFT will provide greater support to IA in identifying and mitigating fraud risks as part of undertaking IA assurance and consultancy reviews. This will lead to the CFT being alerted to fraud risks at the earliest opportunity and supporting IA in developing measures to prevent fraud.

The team works on a range of high-risk areas that include, but are not limited to:

- Social Housing Fraud
- Right to Buy Fraud

- Council Tax Fraud
- Corporate and Internal Fraud
- Financial Investigations; Proceeds of Crime (POCA)
- Social Care

### **Key Highlights**

- All central government post-payment checks in relation to Covid19 business grants complied to government standards justifying the decision to verify every Grant application prior to payment.
- Partnership with Suffolk and Oxford Councils to carry out financial investigations (POCA).
- Successful Financial Investigation resulting in a Confiscation order of £318.1k.

The Fraud Risk Assessment is to be introduced in Financial Year 2023/24.

### **Commissioner Review**

Commissioners are content with the recommendations

### **2. Recommendations**

The members of the Audit and Corporate Governance Committee are recommended to note the contents of this report.

### **3. Background**

The purpose of this report is to provide the members of the Audit and Corporate Governance Committee with an update of the work of the CFT towards preventing, detecting, and investigating fraud against the Council during the operational year 2022/23 and a proposed plan of work for 2023/24.

### **4. Counter Fraud Activity**

The CFT is responsible for undertaking proactive anti-fraud work and investigating fraud committed against the Council by members of the public, Council officers, members, suppliers, or contractors.

Prevention of fraud is the key part of our strategy, and we strive to prevent fraud from being committed at the outset. We seek to prosecute and take action to recover any proceeds of crime. We want our residents, suppliers, and the public to know that fraud perpetrated against Slough Borough Council does not pay.

The CFT is continuing to move from reacting to fraud by investigating cases as referred, to taking a proactive stance to prevent fraud from occurring in the first place. The team aims to build further on this with a view to embedding this ethos to become part of business-as-usual processes across the council.

The CFT has established three key areas of work:

- **Reactive** – work which focuses on investigating and pursuing those who commit fraud against the council. An essential part of the investigation, this work will continue, but increasingly we will work to try to prevent fraud.
- **Proactive** – work which focuses on the identification, deterrence, and prevention of fraud, by further increasing our work with management to build tools into existing processes, develop services to help them undertake checks, increase risk-based monitoring to focus on fraud risks, and to make sure they know where and how to report fraud.
- **Redress** – work which focuses on the maximum recovery of loss including through the proceeds of crime.

The combined work of these areas helps protect the Council's resources for those with a genuine need.

The CFT are currently conducting investigations into 54 cases covering a range of Fraud category types including:

- Social Care
- Right to Buy (RTB)
- Corporate and Internal
- Council Tax Reduction Scheme (CTRS) and Single Person Discount (SPD)

The CFT closed a total of 57 cases for period 1 April 2022 to 31 March 2023.

### **Social Housing Fraud**

The remit of the CFT covers all aspects of social housing fraud, including:

- Sub-letting a property for profit.
- Providing false information in a housing application to gain a tenancy.
- Wrongful tenancy assignment and succession where the property is no longer occupied by the original tenant.
- Failing to use a social housing property as the principal home or abandoning the property (which could lead to squatting).
- Selling keys to a third party.
- Falsely claiming a RTB discount.

Potentially unlawful sub-let properties come from a range of different sources, including housing officers or contractors, the Council's fraud reporting hotline, the fraud referral form on the Council's website and data matching exercises, where housing data is matched electronically with data held by Slough Borough Council and other Councils and data sources. Some referrals come through pro-active exercises, in the form of residency checks undertaken by housing staff in conjunction with the CFT.

In addition to the unlawfully sublet properties, the work undertaken for housing includes reviewing potentially unlawful RTB applications, tenancy successions, false housing applications, and tenants that are alleged not to be using the property as their main residence.

Subletting is a criminal offence under the Prevention of Social Housing Fraud Act 2013 and each case is considered for criminal action.

### **Right to Buy (RTB) Fraud Anti Money Laundering (AML) checks**

CFT investigators work with Housing Management to check RTB applications when the tenant has confirmed an intention to purchase the property by conducting enquiries around eligibility and residency, as well as verifying the details provided to facilitate purchase, this includes an un-notified visit by the CFT as part of the AML checks.

### **Additional Monies Recovered**

During a RTB investigation, evidence may be found that an applicant has fraudulently claimed Housing Benefit, Council Tax Benefit, Council Tax Support, Discretionary Housing Payments, Single Person Discounts, or a combination of two or more of these benefits.

Nationally, the number of RTB applications over the last few years has risen dramatically, and proportionate measures are needed to avoid selling council properties to those whose funds are derived from criminal activity. There have been 101 RTB applications received by the Council between 1 April 2022 and 31 March 2023.

The CFT have been working with the RTB team by providing specific fraud awareness and document verification training and working with Housing Management to conduct residency checks at the point of accepting the RTB. An agreed process is now in place to ensure a consistent approach to AML checks (**See Appendix 5**).

The team have also been working with the RTB team to ensure that funding for property purchases is from legitimate sources. The AML checks protect the Council from receiving funds from unverified and illegitimate sources. The maximum discount on RTB purchase is £84.6k for 2022/23. This figure will increase to £87.2k for any new RTB applications received from 05 April 2023.

### **Council Tax Fraud/Council Tax Reduction Scheme (CTRS)**

Slough Borough Council's Revenues and Benefits Team conduct a review of all properties in the Borough who are receiving a single person discount. They also provide data for the National Fraud Initiative. Any accounts they believe are fraudulent should be referred to CFT for further investigation and legal proceedings where appropriate. Referrals are also received through the online reporting form, and via the telephone fraud hotline which is manned during office hours.

### **Social Care Investigations**

The CFT has started to conduct activity in Social Care. Like Housing, the current economic climate presents the opportunity for high levels of fraud within Social Care. The CFT actively encourage referrals from the Adult Social Care Teams where there are concerns over potential fraud. One case referred after Fraud Awareness training



with ASC has resulted in a fraudulent overpayment of almost £170k. As a result of these cases a Forum has been arranged for 21<sup>st</sup> June 2023 of staff from all departments of ASC, IA and the CFT. The aim is to take a holistic view of the processes that are currently in place, but which are not being utilised as intended.

### **Corporate Fraud Investigations**

Corporate investigations cover all areas of the Council's business and include all investigations originating from within the organisation or externally from individuals, contractors, or suppliers to the Council.

There has been an increase in referral received that relate to employees and therefore all enquiries have taken into consideration issues covered under Council's Code of Conduct for employees, compliance with the Council's Constitution and the Council's Financial Procedure Rules, and other associated rules and regulations, i.e., procurement and contract procedure rules, recruitment issues etc.

The CFT have 4 open cases which involve current or former members of staff and are still open investigations.

### **Proceeds of Crime Act**

The CFT continues to work with partners to recover the proceeds of crime from those who have gained from their unlawful activities and been successfully prosecuted, to send out a clear message that crime does not pay. The Council has 2 accredited financial investigators (AFIs) that have recovered £189k prior to this financial year and £151k since 1<sup>st</sup> April 2022 through the Home Office Asset Recovery Incentivisation Scheme (ARIS). There are currently earmarked reserves of £340k that can be specifically utilised for reducing crime reduction (detection and prevention) initiatives, to benefit the residents of Slough (**see Appendix 3**).

The majority of the CFT POCA cases come from close working relationships with Trading Standards and Planning Enforcement.

In addition, the AFI's also provide their services to other Local Authorities who require assistance, on a case-by-case basis. This service is provided at an agreed hourly rate, with any ARIS payments resulting from the confiscation order obtained in these cases, going to the partner Authority.

### **Fraud Awareness**

The CFT strives to assist employees to learn the importance and impact of fraud, the risks related to processes and policies which would eliminate the risk of fraud, how to recognise indicators of fraud etc.

The CFT has created bespoke training (counter fraud awareness) to highlight SBC's Fraud Policy and how the Counter Fraud Team works with different departments to eliminate and identify fraud and potential fraud risks. The training covers Local Authority fraud and the types of fraud that the CFT have investigated.

Although there is no mandatory training for council employees to undertake fraud awareness training as part of their induction, we will explore with the training team

about the possibility of making this training mandatory every two years. The CFT has agreed to deliver training to several SBC departments and are intending to include Directors, Managers and Members in this training.

The CFT have also delivered bespoke Money Laundering Training, to several departments who deal with credit report finances including the Finance Team, Licensing Department and Council Registrars etc. This training was delivered during the Covid lockdowns and during 2021/22.

The CFT do not have the resources to investigate all allegations of fraud therefore it is essential that we take measures to prevent it. One important method of deterrence is publicity. We publicise successful outcomes, including case studies in articles published to all staff, resident newsletters, and local press. This reminds the Staff and Public that action will be taken if they commit fraud against the Council.

### **Proactive Exercises**

In addition to the reactive and proactive core work detailed above, the CFT have been working on proactive projects which are aimed at both the prevention and detection of fraud through data-matching, the introduction of new technology and the review of procedures, documentation and working practices.

The team have been able to support the Council during the pandemic by providing, support and assistance with document verification and due diligence checks of all Government Business Grant applications prior to payment.

Discussions have been undertaken for the CFT to undertake follow up verification visits on a selection picked at random of Council Tax Reduction Scheme (CTRS) applications. The CFT undertakes this work to prevent and detect instances of fraud. We welcome suggestions from all departments about new methods of prevention.

The CFT is going to request a report in Q2 of 2023/24 to enable the team to identify the 25 recipients of Social Care Direct Payments of highest value. The CFT will then visit to verify their applications.

### **New Homes Bonus**

This is a yearly pro-active to maximise the grant received from Central Government by identifying empty properties that are now occupied. The net number of properties brought back into occupation attracts a grant from Central Government. The CFT did not participate in 2022/23 but will apply for approval for 2023/24.

### **Blue Badge Fraud**

The CFT undertakes work to prevent, detect and investigate instances of Blue Badge fraud and misuse, taking appropriate sanction action where necessary.

For the period 1 April 2022 to 31st March 2023, the following results have been achieved:

- 6 Blue Badges have come into the council's possession.
- 3 Cautions were issued.

- 1 Warning Letter issued.
- 2 cases where no further action was appropriate.

The team will be carrying out a Blue Badge pro-active for the first time since the pandemic on 27<sup>th</sup> April 2023. This will be carried out with the Parking Team's Parking Enforcement Officers in Slough town centre and surrounding roads. We carry this pro-active out to deter the misuse of Blue Badges. During this exercise we are greeted positively by those residents using their Blue Badges correctly. We aim to carry out a minimum of two pro-actives 2023/24.

### **National Fraud Initiative**

The Council participates in the mandatory bi-annual National Fraud Initiative (NFI) run by the Cabinet Office.

In preparation for NFI 2022/23, the CFT contacted all key stakeholders to confirm the data specifications required for the data to be extracted and provided for the exercise and uploaded the data in October 2022. The NFI 2022/23 data matching results were received in the first week of February 2023.

The CFT key NFI contact will allocate reports to the key stakeholders who have agreed to check all matches marked as high priority if the report identifies a significant number of cases, a decision will be made on whether the entire report should be checked.

### **Joint Working Cases**

The CFT refer cases to both internal and external partners to investigate cases that fall under their jurisdiction. Over the last year this has included the Department for Work and Pensions, The Police, Housing Association, and other Local Authorities.

## **5. Implications of the Recommendation**

### **Financial Implications**

All fraud has a detrimental financial impact on the Council. In cases where fraud is identified, recovery action is taken to minimise the impact that such instances cause. This also includes action, where appropriate, to make improvements to the financial administration arrangements within the Council as a result of frauds identified.

### **Legal Implications**

The Council has a duty under S151 of the Local Government Act to make arrangements for the proper administration of their financial affairs. To effectively discharge this duty, these arrangements include Council policies and procedures which protect the public purse through managing the risk of fraud and error. Local authorities have statutory duties to provide services and deliver functions. Within these statutory frameworks, there are powers to investigate and prosecute for offences, as well as a general power to institute proceedings where it is expedient for the promotion or protection of the interests of the inhabitants of the local area.

Effective anti-fraud strategies and systems are an essential part of corporate governance. The Council's policy statement on corporate governance at Part 5.9 of the Council's Constitution refers to these policies in relation to maintaining integrity and having robust internal controls,

### **Risk Management Implications**

The risk of fraud is being managed in a number of ways including:

- Through the Counter Fraud team work on fraud, which is monitored by the Audit and Corporate Governance Committee.
- Through agreed management action taken in response to fraud investigations and/or proactive reviews.

### **Environmental Implications**

There are no direct environmental implications in this report.

### **Equality Implications**

Section 149 of the Equality Act 2010 imposes a legal duty on the Council to have due regard to three specified matters in the exercise of their functions:

- Eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The 'protected characteristics' covered by section 149 are race, gender, disability, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment. The duty to have due regard to the need to eliminate discrimination also covers marriage and civil partnership.

The Council acting in its role as Prosecutor must be fair, independent, and objective. Views about the ethnic or national origin, gender, disability, age, religion or belief, political views, sexual orientation, or gender identity of the suspect, victim or any witness must not influence the Council's decisions.



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## Annual Outcomes Report

### Appendix 1

Work Area	Description	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2022/23
Right To Buy	Right to buy discounts withdrawn			1 - 84,200	2 – 168,400	£252,600
	Property Recovery Valuation	1 197K		1 281K	1 185k	
	Other savings/loss prevention					
Housing	Sub-letting					
	Housing Applications Withdrawn Notional Value £3240 (NFI)	3				£9720
	Non-Occupation	1		1	1	3
	Wrongful Succession					
	Deceased					
Social Care	Financial Assessments					
	Direct Payments					
	Disabled Facilities Grants					
Revenues	Council Tax Fraud Identified		11,127	13,951	3,187	£28,265
	Housing Benefit Fraud Identified		125,914	63,445	22,015	£211,374
	SPD Fraud Identified	2464	828	1216		£4508
	NNDR					
	Payroll Fraud Identified	4303				£4303
	Sanctions Income Received		100	1000	1913	£3013
	Costs Received	1000	5533			£6533
Blue Badge	Simple Caution & Administration Costs			1	2	3
	Prosecution					
	Warning Letter		1	1	1	3
NFI Blue Badge with deceased persons	Notional Value £650				158 NFI Data Match 02/23	£102,700
NFI Concessionary bus passes with deceased persons	Notional value £31				297 NFI Data Match 02/23	£9207

**Annual Outcomes Report**  
**Appendix 1**

State Benefit Overpayments Identified						
	Pension Credit		£60,605			
	ESA				£8339	



**Corporate Fraud Team Enquiries Report**  
**Appendix 2**

Enquiries sheet stats 22/23								
	Member of public	Police	DWP	Housing Association	SBC Department	LAIEFS	Other	Total
April	0	28	0	0	0	6	0	34
May	6	41	0	0	0	1	0	48
June	8	36	1	0	1	6	2	54
July	7	28	2	0	0	12	4	53
Aug	7	38	3	0	2	2	1	53
Sept	5	42	4	0	0	2	2	55
Oct	8	39	2	0	1	5	4	59
Nov	15	30	2	0	1	2	2	52
Dec	8	33	2	1	1	1	0	46
Jan	15	38	2	1	2	9	4	71
Feb	6	38	3	0	1	0	4	52
March	6	17	7	0	1	0	2	33
<b>TOTALS</b>	<b>91</b>	<b>408</b>	<b>28</b>	<b>2</b>	<b>10</b>	<b>46</b>	<b>25</b>	<b>610</b>
<b>AML Referrals set up</b>				<b>34</b>				
<b>Fraud Investigations set up</b>				<b>71</b>				
<b>Police GDPR requests</b>				<b>408</b>				
<b>Rejected</b>				<b>65</b>				

NB:

AML: Anti Money Laundering

LAIEFS: Local Authority Information Exchange Forms issued by Department for Work & Pensions (DWP)

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## Financial Investigation Asset Recovery Incentivisation Scheme (ARIS)

### Income Report 2022-23

#### Appendix 3

<b>Financial Investigation ARIS Income</b>			
<b>Date Received and related Quarter/Year</b>	<b>Source of Prosecution</b>	<b>£ ARIS Amounts (pre and post top slice)</b>	<b>Current Ring-fenced Funds (Actual)</b>
12/4/2022 (Q3 2021 - 2022)	Trading Standards	£10,125 ( <b>£9,871.88</b> after 2.5% top slice)	£198,853.15
6/7/2022 – expenditure on new CD recording machine for PACE interviews.	Enforcement Teams Agreed	Less £1,380 (excl. VAT)	£197,473.15
11/7/2022 (Q4 2021 – 2022)	Trading Standards	£2,702.69 ( <b>£2,649.99</b> after 1.95% top slice)	£200,123.14
4/10/2022 (Q1 2022 – 2023)	Planning	£11,368.12 ( <b>£10,674.67</b> after 6.1% top slice)	£210,797.81
4/10/2022 (Q1 2022 – 2023)	Trading Standards	£109,540.22 ( <b>£102,858.26</b> after 6.1% top slice)	£313,656.07
4/10/2022 (Q1 2022 – 2023)	Trading Standards	£6,000 ( <b>£5,634</b> after 6.1% top slice)	£319,290.07
4/10/2022 (Q1 2022 – 2023)	Trading Standards	£3,750 ( <b>£3,521.25</b> after 6.1% top slice)	£322,811.32
5/1/2023 (Q2 – 2022 – 2023)	Trading Standards	£4,988.40 ( <b>£4,684.11</b> after 6.1% top slice)	£327,495.43
5/1/2023 (Q2 – 2022 – 2023)	Trading Standards	£8,302.06 ( <b>£7,795.63</b> after 6.1% top slice)	£335,291.06
5/1/2023 (Q2 – 2022 – 2023)	Trading Standards	£4,376.32 ( <b>£4,109.37</b> after 6.1% top slice)	£339,400.43
5/1/2023 (Q2 – 2022 – 2023)	Planning	£599.75 ( <b>£563.17</b> after 6.1% top slice)	£339,964.18

During the financial year 2022/23, a further £150,982.33 in income was realised from the Asset Recovery Incentivisation Scheme (ARIS). This was made up of a total of 3 prosecutions, involving a total of 7 defendants against which, confiscation orders were obtained using the Proceeds of Crime Act 2002 (POCA).

There are now total funds of £339,964.18 available to spend on crime prevention/reduction/detection activities. Any proposed projects must be likely to result in the identification of cases suitable for prosecution, to ensure the ongoing existence of the council's Financial Investigation capacity and thus continued income generation.

**NB:** In 2014/15, the Government introduced a top-slice of funding which was reserved for projects that contributed towards improving the national asset recovery performance picture. The top slice would be applied before any amounts are allocated to the Home Office or operational partners like SBC. The amount is pre-determined by the Government.

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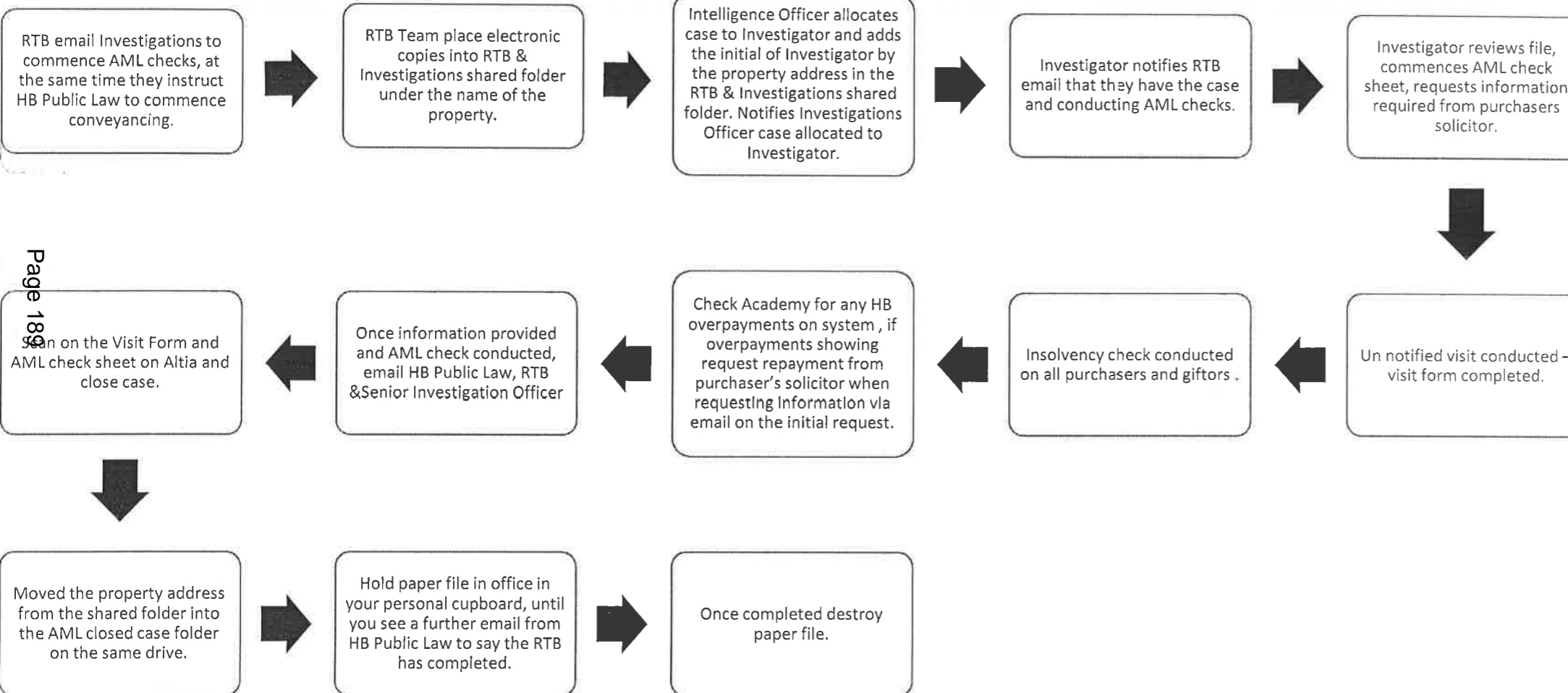
## Counter Fraud Annual Operational Plan 2023/2024 Appendix 4

<b>Counter Fraud Activity</b>	<b>Planned Work</b>	<b>Comments</b>
New Homes Bonus/ Empty Properties	A yearly pro-active to maximise the grant received from Central Government by identifying empty properties that are now occupied. The net number of properties brought back into occupation attracts a grant from Central Government.	June/July 2023
Right to Buy (RTB) Anti-Money Laundering (AML) Checks	The Corporate Fraud Team (CFT) ensure that all Right to Buy applications are verified confirming residency eligibility and the funds used in the purchase abide by money laundering regulations	<i>RTB Process</i> <b>Appendix 5</b>
Blue Badge Pro Actives	Undertake in co-operation with The Parking Enforcement teams at least 2 Blue Badge pro-actives during the year to confirm and lawful use of badges. A visual presence to provide assurance to residents that SBC takes this Fraud seriously and to deter misuse across the Borough.	27 <sup>th</sup> April 2023
Council Tax Reduction & Single Person Discount	Investigate potential Council Tax Reduction Benefit and Single Person Discount Fraud.	Referrals received via residents use of Online Fraud Referral form or via the Telephone Fraud Hotline
Employee Fraud	The importance of preventing detecting and stopping “insider fraud” can reverse the negative impact this may have on the culture of an organisation. Staff morale recruitment and staff retention may be significantly impacted.	CFT have been included in the format of a new Staff Declaration of Interest Template
Adult Social Care –Direct Payments – Social Care Assessments	Cases of funds not being used appropriately and /or misrepresentation of circumstances to access funding towards care costs. Forum arranged for June to include all areas of Adult Social Care to ensure that policies are in place to ensure prevention and detection of Fraud in this area.	2 ongoing cases with CFT (First referrals received )
Proceeds of Crime Act (POCA)	Stopping fraud and corruption from happening in the first place must be our aim. However, those who keep on trying may still succeed. A robust enforcement response is therefore needed to pursue fraudsters and recovering fraud losses provides the community with the assurances that fraud will not be tolerated by this authority.	POCA results <b>Appendix 3</b>

**Counter Fraud Annual Operational Plan 2023/2024 Appendix 4**

	Furthermore through the use of strong punishments such as criminal prosecution and proceeds of crime, this action also contributes towards the Council's overall fraud resilience and deters potential fraudsters	
National Fraud Initiative Bi-Annual Exercise.	Continuous work on the statutory data matches from the Cabinet Offices, which will be investigated throughout the year The matches provide a significant contribution to saving areas including Subsidised Travel Passes, Blue Badges, Housing and Revenues.	Housing Tenants to DWP Deceased List Deceased Blue Badge /Concessionary Travel Passes Payroll to Payroll for example
London Borough Fraud Investigators Group (LBFIG)	As part of this group we are able share with London based Local Authorities their outcomes and discuss areas of Fraud and error that might occur in our Borough.	
Housing Tenancy/ Verifications	The CFT will continue to investigate illegal sub-letting and non-occupation of Council properties as referred by colleagues and residents. This also includes false applications for housing assignment and succession	
Fraud Awareness & Engagement	As part of the CFT commitment to strengthening the counter fraud culture within the Council the team will continue to carry out Fraud Awareness sessions to colleagues throughout the organisation. The purpose of the sessions is to raise awareness and discuss the different types of potential fraud that could occur within their service areas.	

## Corporate Investigations AML Process April 2023



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## Corporate Fraud Team Glossary

CFT	Corporate Fraud Team	
DWP	Department for Work & Pensions	
LAEIFS	Local Authority Information Exchange Forms	
AML	Anti-Money Laundering	
GDPR	General Data Protection Regulation	
ARIS	Investigation Asset Recovery Incentivisation	
PACE	Police and Criminal Evidence Act 1984	
POCA	Proceeds of Crime Act 2002	
RTB	Right to Buy	
CTRS	Council Tax Reduction Scheme	
SPD	Single Person Discount	
ASC	Adult Social Care	
NFI	National Fraud Initiative	
LBFIG	London Boroughs Fraud Investigators Group	
HB	Housing Benefit	
ALTIA	Fraud Team Case Management Software System	
ESA	Employment Support Allowance	

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## Slough Borough Council

<b>Report To:</b>	Audit and Corporate Governance Committee
<b>Date:</b>	19 July 2023
<b>Subject:</b>	Annual Governance Statement
<b>Chief Officer:</b>	Adele Taylor – Executive Director – Finance and Commercial Stephen Brown - Chief Executive Stephen Taylor – Monitoring Officer
<b>Contact Officer:</b>	Sarah Wilson – Head of Legal
<b>Ward(s):</b>	All
<b>Exempt:</b>	NO
<b>Appendices:</b>	Appendix 1 - Annual Governance Statement – 2022/2023

### 1. Summary and Recommendations

- 1.1 This report seeks approval for the Annual Governance Statement (AGS) for the previous financial year. The AGS is a statutory document, which explains the processes and procedures in place to enable the council to carry out its functions effectively. The draft statement has been produced following a review of the council's governance arrangements and includes an action plan to address the overarching governance issues identified.

#### Recommendations:

Committee is recommended to:

- (a) Review, comment and approve the Annual Governance Statement for 2022/23 set out at Appendix 1.
- (b) That the issues arising and proposed actions identified in Appendix 1 be noted and that progress against the actions be brought back to the Audit and Corporate Governance Committee on a quarterly basis.

#### Reason:

The AGS is a critical document in the Council's corporate governance processes. Previous AGSs have been criticised as part of the DLUHC commissioned DLUHC review as lacking detail and not having comprehensive action plans. Whilst the AGS is usually produced in conjunction with the Council's statement of accounts, the Council is expected to approve its AGS each financial year even if the accounts is delayed. Approving the AGS promptly after the end of a financial year ensures that those officers and elected members who are familiar with activity in that year are involved in the review.

#### Commissioner Review

The Council has made the decision not to complete historic outstanding AGS and focus on 2022/23. Whilst this approach seems reasonable confirmation will be required that this approach is endorsed by the external auditors.

In preparing the AGS consideration has been taken of reports following external assessments and reviews, however the internal audit annual opinion is informed by internal audit work throughout the year and concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The annual opinion should be incorporated in to the AGS, and report used by the Council to inform its governance statement and identify improvement opportunities.

For future AGS the approach and outcome could be further enhanced by the consideration of assurances received from its statutory officers and managers across the Council and its wholly owned companies, that core elements of the governance arrangements are in place and effective.

## 2. Report

### Introductory paragraph

2.1 Slough Borough Council is responsible for ensuring that its operations are conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. To achieve this the council has to ensure that they have a governance framework that supports a culture of transparent decision making.

2.2 The Accounts and Audit Regulations 2015 require the council to conduct a review, at least once a year, on the effectiveness of its system of internal control and publish an Annual Governance Statement reporting on the review with its Statement of Accounts.

### Options considered

1. Approve the AGS promptly after the end of the financial year. **This is recommended** and ensures a thorough review and action plan involving officers and elected members who are familiar with the activities conducted throughout the year.
2. Delay review and approval of the AGS pending completion of the Council's statement of accounts. **This is not recommended** as it would not comply with best practice. Whilst the deadline for publication of the AGS is in connection with approval of the statement of accounts, there is no reason why the AGS cannot be published in advance of this to ensure transparency. If the closure of accounts process identified other matters, the AGS can be updated at that point.

### Background

2.3 The AGS is integral to the governance framework at the Council that supports the achievement of the outcomes set out in the Council's corporate plan priorities.

2.4 The CIPFA and Governance review reports commissioned by the Department for Levelling Up, Housing and Communities stated that the Council has not prepared an AGS for 2020-21 reflecting the delay in closing its accounts. This meant there was no clear statement from the Council on its current governance arrangements nor an action plan setting out how it sought to remedy any deficiencies in governance. One of the recommendations was to prepare an AGS for 2020-21 by December 2021.

2.5 Whilst a draft AGS was prepared for 2020-21, this was not taken to Committee for formal approval, nor was there a draft produced for 2021-22. It is challenging for current officers to review governance arrangements and the suitability of action plans going back several years. Therefore a decision has been made to focus attention on the governance review of 2022/23 to inform the 2022/23 AGS. Approved and draft AGSs, including the action plans, for previous financial years will be reviewed as part of the closure of accounts process and officers will work closely with the external auditors in relation to this process, however it should be noted that the process will not be as detailed as for this AGS due to issues with record keeping and loss of corporate memory.

2.6 The AGS provides an assurance to the Council and its stakeholders that good governance procedures and requirements are in place. It has been produced following a review of the governance arrangements by the Corporate Leadership Team, including the statutory governance officers and consideration by the internal Corporate Governance Board, which includes the Head of Internal Audit. The outcome of internal audit reports by RSM and the draft annual audit opinion have also informed the review. The AGS includes an action plan to address governance issues that have been identified. This is high level and the detail for some of these areas is already contained in action plans under the Council's improvement and recovery programme.

2.7 The Council must at least annually conduct a review of the effectiveness of its systems on internal control and report its findings in an AGS. The AGS should be prepared in accordance with proper practices and the Council has followed the CIPFA/SOLACE Delivering Good Governance framework.

2.8 The AGS is a valuable means of communication. It enables the Council to explain to its residents, service users, tax payers and other stakeholders its governance arrangements and the controls it has in place to manage risks of failure to deliver its outcomes and priorities. This is important for all local authorities (and corporate entities), however it is even more critical for an organisation such as the Council, which has been identified to have failures in its corporate governance processes and to have failed to meet its statutory best value duty.

2.9 The issues that have been identified for specific action are as follows:

1. Council plan and compliance with DLUHC statutory direction
2. Children's Social Care
3. Special Educational Needs and Disability (SEND) services
4. Financial management / sustainability
5. Asset disposal project
6. Closure of statement of accounts
7. Housing management
8. Company governance arrangements
9. Supporting new and inexperienced members
10. Organisation and culture
11. Resident engagement
12. Performance and risk management.

2.10 The issues are widely drawn to reflect general areas of improvement and link to the Council's recovery plans aligned to the DLUHC statutory direction. It also picks up on external reports during the financial year, including the Ofsted, the Local Government and Social Care Ombudsman and Grant Thornton (the Council's external auditor). The issues

have also taken account of reviews commissioned by the Council, including a review of the effectiveness of corporate parenting and reports by the Centre for Governance and Scrutiny on the Council's scrutiny arrangements.

2.11 The recommendations include a requirement to produce quarterly reports to the Committee on progress. These reports can include sign-posting members to reports to other member bodies as assurance that progress is being made.

### **3. Implications of the Recommendation**

#### **3.1 *Financial implications***

3.1.1 There are no direct financial implications. Where further work is required to respond to the issues identified, any additional financial resources required to implement identified improvements will be raised separately or through the budget process.

#### **3.2 *Legal implications***

3.2.1 Regulation 3 of the 2015 Regulations state that a local authority must ensure it has a sound system of internal control which:

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective, and
- (c) includes the effective arrangements for the management of risk.

3.2.2 Regulation 6 states that a local authority must, each financial year:

- (a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and
- (b) prepare an annual governance statement;

3.2.3 The Council is a Category 1 authority and therefore following the review, it must:

- (a) consider the findings of the review by a committee or full council (this is normally undertaken by the Audit and Corporate Governance Committee), and
- (b) approve the annual governance statement prepared by resolution of a committee or full council.

3.2.4 The AGS must be:

- (a) approved in advance of the LA approving the statement of accounts; and
- (b) prepared in accordance with proper practices in relation to the accounts.

3.2.5 Regulation 10 requires Category 1 authorities, after approving the statement of accounts no later than 31 July of the financial year immediately following the financial year to which the accounts relate, to publish the statement of accounts, AGS and narrative statement. If the deadline is not met, publication must happen as soon as reasonably practicable and a notice must be published giving reasons why the statement of accounts has not been published within the timescale required.

3.2.6 Whilst in most local authorities, the AGS will be prepared in conjunction with the statement of accounts and may be taken to the same committee meeting, there is a requirement for it to be approved in advance. Publication is required simultaneously, however there is no requirement to delay approval of the AGS to wait for the statement of accounts, although the delay in the statement of accounts may result in the AGS having to be updated, as happened for 2018/19 and 2019/20.

### 3.3 *Risk management implications*

3.3.1 The AGS is a statutory document. Failure to conduct a comprehensive review could expose the Council to legal challenge and increase the risks that the Council is not complying with its legal responsibilities. Failure to conduct an annual review could increase the risk of financial exposure as a result of such challenges, but also fail to direct limited financial resources into the most appropriate areas. The annual review of the effectiveness of the system of internal control supports the Council to identify and correct control weaknesses.

### 3.4 *Environmental implications*

3.4.1 There are no specific environmental implications as a result of the AGS process. One of the principles assessed is defining outcomes in terms of sustainable economic, social and environmental benefits.

### 3.5 *Equality implications*

3.5.1 The AGS includes reference to the CIPFA/SOLACE framework, which includes principles that are linked to the Equality Act duties, including a requirement to maintain with integrity and respect the rule of law, ensuring openness and comprehensive stakeholder engagement and defining outcomes in terms of social benefits.

## **4. Background Papers**

None

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**SLOUGH BOROUGH COUNCIL**  
**ANNUAL GOVERNANCE STATEMENT**  
**2022/23**

## Scope of Responsibility

Slough Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. In 2021 the Council was found to have failed in its best value duty under the Local Government Act 1999, which requires it to make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In delivering its statutory functions, the Council is responsible for putting in place proper arrangements for the governance of its affairs, which includes having appropriate systems of internal control, including arrangements for managing risk.

The Council acknowledges its responsibility for ensuring that there is effective governance within the Council and updated its Policy Statement on Corporate Governance in 2021. This Policy Statement is consistent with the seven core principles of the CIPFA and SOLACE guidance “Delivering Good Governance in Local Government framework – 2016 Edition”. A copy of this policy is part of the Council’s Constitution, which is accessible on the Council’s website. This policy will be subject to a detailed review in 2023.

This annual governance statement explains how the Council has complied with its Policy Statement in the financial year 2022/23 and sets out the areas the Council needs to focus on in 2023/24. It would be usual practice to update on action plans from previous annual governance statements, however due to the delay in approval of the statements of accounts for previous years, the previous annual governance statements, where approved, have been subject to review. In addition, there have been significant changes in relation to the risk profile and issues since approval of these statements. The Council has published its improvement and recovery plans and actions to address previous failures, these include reports to Cabinet, Council and Audit and Corporate Governance Committee. This statement does not seek to replicate these updates.

The responsibility for leading and directing the annual review of the effectiveness of the Council’s governance arrangements and providing ongoing oversight and robust challenge lies with the Council’s statutory officers, comprising the Chief Executive, Chief Finance Officer (s.151 officer) and Monitoring Officer. The findings have been reported and agreed by the Audit and Corporate Governance Committee, who are also responsible for monitoring compliance with the action plan.

## What is Governance?

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

Good governance should ensure the Council is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- Leadership and management

- Performance and risk management
- Stewardship of public money; and
- Public engagement and outcomes for our residents, taxpayers and service users.

## What is the Annual Governance Statement?

The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement, in order to report publicly on the extent to which it has complied with its own Policy Statement on Corporate Governance, including how the effectiveness of the arrangements have been monitored and reviewed. The Annual Governance Statement is a valuable means of explaining to the community, service users, taxpayers and other stakeholders the governance arrangements and how the controls that are in place have managed risks of failure in delivering on intended outcomes.

In this document the Council:

- Acknowledges its responsibility for ensuring there is a sound system of governance;
- References the effectiveness of key elements of the governance framework and the roles and responsibilities of individuals and bodies within that framework;
- Provides an opinion on the level of assurance that the governance arrangements can provide and their fitness for purpose;
- Produces an action plan showing actions taken, or proposed, to deal with significant governance issues;
- References how issues raised in the previous year's annual governance statement have been resolved;
- Commits to monitoring implementation as part of the next annual review.

The Annual Governance Statement is normally approved in conjunction with the Council's statement of accounts for the relevant year and it will be published alongside this statement of accounts. However, the Council is unlikely to have its statement of accounts for 2022/23 approved for some months due to a failure to close its accounts and have them audited for a number of financial years. The failure to promptly close off the statement of accounts is not a reason to delay the preparation and approval of the Annual Governance Statement. However, the accounts process may mean that new information will come to light which requires the Annual Governance Statement to be updated in due course.

## Significant external documents published in 2022/23

During 2022/23, the Council received several reports from external bodies and its appointed Department of Levelling Up, Housing and Communities (DLUHC) commissioners, which are relevant to the effectiveness of governance arrangements:

### June 2022

First report of the DLUHC Commissioners – the report was dated 9 June 2022 and published on DLUHC’s website on 28 July 2022. The report referred to the failed restructure and lack of stability at corporate leadership level, as well as the dismissal of the former chief executive. The report confirmed that a lawful budget was able to be set due to a “minded to” letter agreeing to capitalisation directions. Some of the issues leading to the financial situation, related to an overly ambitious capital programme and lack of understanding or application of the rules on minimum revenue provision and use of capital. There was deemed to be a lack of oversight at member level and a poor leadership culture. As a result of specific concerns about recruitment and retention, an additional power of direction was requested (and approved by the Secretary of State) in relation to recruitment of the top three tiers.

### September 2022

The Local Government and Social Care Ombudsman issued a public interest report on the Council’s failure to properly implement a system of allocating disabled facility grants and that such fault caused injustice. The recommendations were reported and responded to by Cabinet in September 2022 and the Council approved an updated housing assistance policy at the same meeting. Learning from this report was included in the Cabinet report and includes that there was insufficient oversight of complaints by the Monitoring Officer, complaints data was not being regularly reported to CLT or members, policies were not always being approved at elected member level, the Council’s scrutiny function requires a review to ensure it is effective, performance data reporting needs improving and partnership working with local housing associations should improve.

### February 2023

Grant Thornton published its Audit Findings for Slough Borough Council for year ending 31 March 2019. This highlighted that the process for auditing the 2018/19 accounts commenced in July 2019 but was unable to complete during this year due to a number of significant issues. At the time management were focused on pushing for the audit to complete rather than providing appropriate audit evidence. The significant issues identified included inadequate processes and controls over journals, inadequate record keeping and audit trails and significant material misstatements. The scale and size of the issues identified led to a disclaimer of opinion. The report was reported to Audit and Corporate Governance Committee and Full Council.

## February 2023

Grant Thornton published a decision and statement of reasons in relation to an objection to the accounts 2018/19 and made two statutory recommendations. This related to the Council's decision to purchase Observatory House in 2018. Grant Thornton found that the Council had the legal power to acquire the property, but raised some concerns about the decision-making processes following in the exercise of those legal powers, particularly in relation to the information made available formally to members to inform their decision and the use of the Lead Member and Directors group to provide a "steer" on the favoured option. Grant Thornton made two statutory recommendations, which were reported to Audit and Corporate Governance Committee and Full Council and accepted.

## March 2023

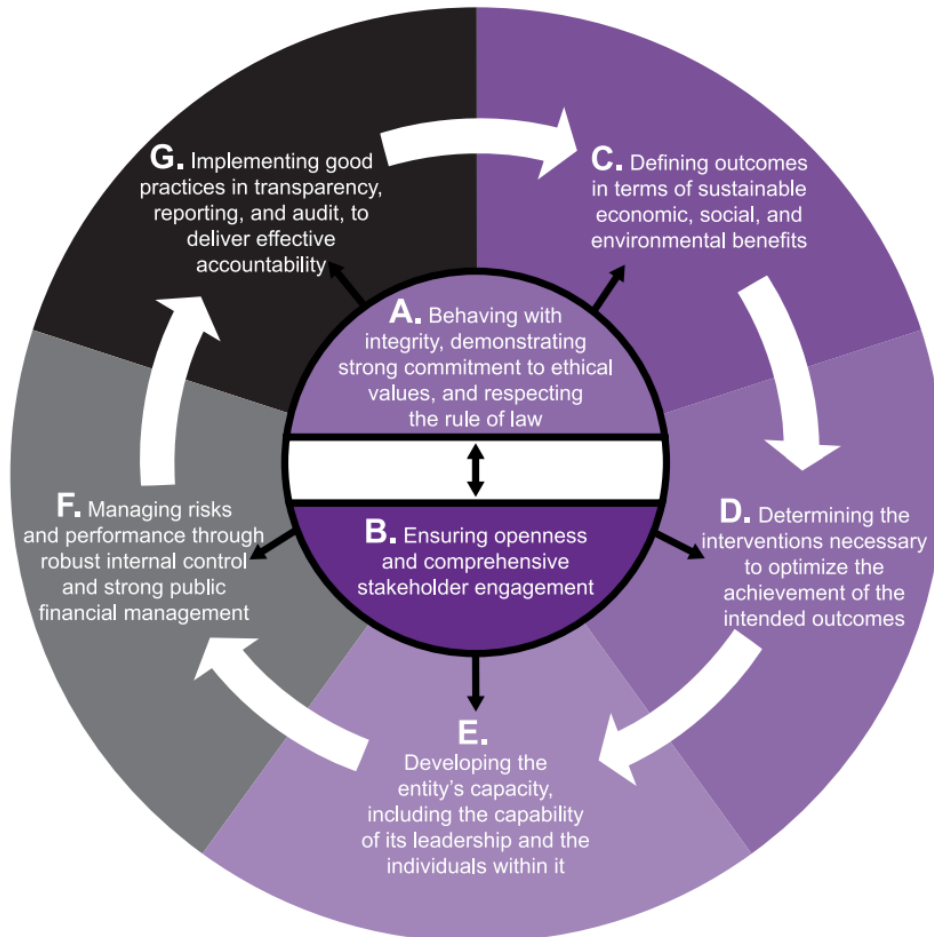
Ofsted published its report on its inspection of children's services. The overall effectiveness was found to be requires improvement to be good, with impact of leaders found to be inadequate. The overall quality of practice was found to be at the same level as in 2019 and several areas of improvement identified as not being successfully tackled. Scrutiny by senior leaders of the Council and governance arrangements, impact of leaders and managers, including the corporate parenting board were areas particularly highlighted for the Council to improve.

## March 2023

Second report of the DLUHC Commissioners – the report was dated 22 December 2022 and published on DLUHC's website on 16 March 2023. The report referred to a lack of progress on culture change despite the work of hard-working individuals, In the majority of Direction areas, work by officers was evident, but this had not always been reported or approved at commissioner or member level. The report noted the delay in reporting the outcome of a CfGS review, although it noted that the Chair and Deputy Chair had more recently been involved. Significant progress in identifying and risk assessing financial savings was noted, although it confirmed the challenge was significant and subject to national pressures even if approval was given for a 9.99% council tax increase. The letter flagged significant concerns about some procurement and asset acquisition practices in the past and decision-making around this, which were drawn to the external auditors' attention. This was evidenced by reference to the decision to acquire the Akzo Nobel site in 2021. Reference is made to the need to improve company governance, including for Slough Children First and the need for increased member reporting. Finally reference is made to the need for senior leadership at political and officer level to focus on performance management to ensure the improvements are made and for scenarios to be tested to identify whether the Council is a viable entity moving forward.

## What is the Council's Governance Framework

The Council has adopted the seven core principles of good governance set out in the CIPFA/ SOLACE framework in its Policy Statement on Corporate Governance.



## Review of Effectiveness 2022-23

<b>CORE PRINCIPLE A</b> <b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</b>	
Sub Principles	Assessment of the effectiveness of key elements of the council's governance processes during 2022-23
<p><b>Behaving with integrity</b></p>	<ul style="list-style-type: none"> <li>▪ The Council set up a new Standards Committee for 2022/23, separately out functions from the Audit and Corporate Governance Committee. The Standards Committee is responsible for the promotion and maintenance of high ethical standards. The Committee met for the first time on 19 July 2022. It reviewed and made minor amendments to the Code of Conduct for Members and received an anonymous list of complaints received together with any themes identified. The Standards Committee also received an annual report on whistleblowing, agreeing minor changes to the code following a review against best practice guidance and received the outcomes of a staff survey, a report on members' registers of interest and an update on the Government's response to the Standards for Public Life. Although the second meeting of the Standards Committee was not quorate, meaning that it could not formally review the planned member induction and development programme or the results of a member survey, an informal group of members did review these documents and provide comments to officers.</li> <li>▪ The Council's Audit and Corporate Governance Committee received a report on the corporate anti-fraud policies and procedures in March 2023 agreeing to receive an annual report on activity and for a detailed review of the policy to be completed in 2023. Awareness of the strategy is promoted corporately via the fraud e-learning package and through induction processes for new staff.</li> <li>▪ The Council has not recently reviewed its Local Code of Conduct for Employees and it is proposed that this is subject to a review in 2023, particularly focusing on rules and guidance on use of social media.</li> <li>▪ The Member Welcome evening for new or returning members elected in May 2022 included training on the Code of Conduct and Member Officer Relations Code. A more detailed induction and development programme has been developed for delivery following the whole council elections in May 2023.</li> </ul>
<p><b>Demonstrating strong commitment to ethical values</b></p>	<ul style="list-style-type: none"> <li>▪ The Council has a culture working group which is working on a culture improvement programme. This has included a staff survey, which has been rolled out in 2023/24 and the results of which will be reported in public with an action plan to address the findings.</li> <li>▪ The Council was subject to a review audit on its whistleblowing code, which identified that there was a low level of complaints which were all appropriately handled. The Council has a mandatory training programme and actions are</li> </ul>



**Respecting the rule of law**

being taken to increase uptake, particularly in the Place and Community directorate. The staff survey includes questions on culture and awareness of whistleblowing procedures.

- The Council has improved its processes in relation to procurement and contract management, which include introducing a contracts register and providing more detail on its annual procurement plan. This enables officers to better plan for re-commissioning of services allowing tender processes and contracts to include requirements for adherence to the Council's ethical framework. The Council has commissioned training on contract management from an external body.
- Historically decision-making has been poorly supported by legal and financial advice. New clearance deadlines and an increased focus on this at CLT has led to some improvements.
- As part of its accounts process for 2018/19, the Council's external auditors made a statutory recommendation in relation to the decision to purchase Observatory House in 2017. The recommendation related to ensuring there was better information to support decision-making and that the informal lead member and directors group was not used as a substitute for the formal decision-making processes. Council officers and members supported the recommendations and accepted that the historic decision report did not have sufficient information within it. Since that decision, significant improvements have been made in relation to decision-making at member level, including increasing the amount of information put in Part 1 (public) reports, improving the evidence base for decisions, delivering officer training on decision-making processes and report writing, improvements in data collection and analysis and requiring business cases for specific decisions.
- The Council's current financial situation is partly due to decisions to purchase assets without understanding the full costs of borrowing and risks involved in such acquisitions. Historically these decisions were not always made in a transparent manner, nor informed by detailed analysis and advice. The Council set up a new Cabinet Committee for Asset Disposals in 2022. The Committee reviewed and recommended approval of a new Asset Disposal Strategy, approved the list of properties for disposal and recommended approval of disposals for those properties that required a full Cabinet decision. Lessons learned were captured in update reports, including a report to the Committee in January 2023 highlighting a lack of record keeping, external lawyers being instructed with no internal oversight and wide delegations being given to single officers with no requirement to consult other officers or elected members.
- There are regular meetings between the three statutory governance officers and between the Monitoring Officer, Head of Governance and Head of Legal to ensure any issues are shared, discussed and action taken in response. The Head of Legal attends CLT alongside the Monitoring Officer to ensure that legal issues are considered by the corporate officer team.
- Any suspicion of corruption or fraud is investigated by the Corporate Anti-Fraud Team. A report was taken to Audit and Corporate Governance Committee in March 2023. This confirmed that the last annual counter fraud report was presented to members in 2018 and the policies were last reviewed in 2021. It is intended there will be a full review in 2023. The team is effective



in responding to referrals, however there is less evidence of a preventative approach and it is proposed that a fraud risk assessment is undertaken in 2023. Regular reporting will also be undertaken to the Audit and Corporate Governance committee.

**CORE PRINCIPLE B Ensuring openness and comprehensive stakeholder engagement**

**Sub principles**

**Assessment of the effectiveness of key elements of the council's governance processes during 2022-23**

**Openness**

- Historically the Council has relied too heavily on fully Part 2 reports and some member level reports have not contained sufficient information to justify the decision, with more detailed information only being taken to internal, informal boards. There has also been confusion as to the decision-making function of such boards. For instance, the Our Futures board consisted of senior officers and elected members, but had no decision-making power and a single delegation was being relied upon to make significant decisions. The Council has improved its use of split Part 1 / Part 2 reports, allowing it to put a much information in Part 1 as possible, whilst accepting that some information cannot be published. Where information cannot be published for time sensitive reasons, the Council has taken reports back to future meetings once publication is permissible. This is particularly relevant for property disposals when there is public interest in the value achieved on a sale, but this information cannot be put in the public domain until the deal has completed.
- The Council's internal auditors conducted an audit of delegated decision-making and in response the Council has reviewed and amended its significant officer decision-making processes. Systems and training to ensure these are complied with will be put in place in 2023/24.
- The Council has systems in place to take urgent decisions at officer and member level, which are subject to call-in. The decisions are not taken in public but are publicised on the Council's website.

**Engaging comprehensively with institutional stakeholders**

- The Council needs to make significant improvements in the way it works with its partners, including ensuring that partnership forums are effective and evidence the value they add. This has been highlighted in external reviews and reports, including in the Ofsted inspection report as well as highlighted in reports completed by scrutiny members.
- The Council's Scrutiny function undertook task and finish groups on contract management and workforce strategy for Slough Children First. The reports for these were taken to Cabinet which accepted the recommendations in full. The new Corporate Improvement Scrutiny Committee needs to ensure there is evidence that these recommendations were acted upon.

**Engaging with individual citizens and service users effectively**

- The Council has had an external review on its corporate parenting panel, which includes representatives from other agencies. This has resulted in new terms of reference being agreed and the Executive Director of Children’s Services will be working with the panel to improve its effectiveness in 2023/24.
- The Council received a critical SEND report in conjunction with the CCG. There has been a lack of progress on the Written Statement of Action and the pace of improvement needs to increase significantly. A new Executive Director of Children’s Services and new Director of Education were recruited in early 2023 which will help increase the pace of improvement.
- The Council has established links with the voluntary and community sector and has produced helpful guidance on issues such as support for those impacted by the cost of living crisis. To support an effective voluntary sector, the Council has recommissioned an arrangement with Slough Community and Voluntary Services to provide 2nd tier support to the sector.
- The Council has systems in place to consult its residents on statutory and non-statutory issues. It has moved to one consultation platform and utilised this for significant consultations, such as the consultation on changes to children’s centres. The level of expertise on resident engagement is limited and relies on a relatively small number of officers. This is an area of risk which should be considered in the senior officer restructure.
- The Council has commenced annual reporting of its complaints data to its Audit and Corporate Governance Committee. This includes detailed of learning and trends as well as numbers and type of complaints. Following receipt of a public interest report, the Council reported to Cabinet on the learning and the actions being taken in response. The Council’s Head of Legal reviews all complaints referred to the LGSCO on behalf of the Monitoring Officer.
- The Council’s scrutiny panel set up a task and finish group to look at complaints handling, including visiting other authorities to learn from their processes. This will result in a change to the complaints process to be implemented in 2023/24. Quarterly reports are now taken to CLT on complaints data to ensure that the Council is listening and learning from complaints.
- The Council has undertaken a residents’ survey through an independent research company and these results have been reported to CLT. The results have not yet been reported formally to elected members.
- The corporate communications team has pulled together a communications plan to better manage communications activity.
- The Council communicates to its stakeholders through various communication channels including Twitter, Instagram, Facebook, LinkedIn, and YouTube.

**CORE PRINCIPLE C - Defining outcomes in terms of sustainable economic, social, and environmental benefits**

Sub principles	<b>Assessment of the effectiveness of key elements of the council's governance processes during 2022-23</b>
<p><b>Defining outcomes</b></p> <p><b>Sustainable economic, social, and environmental benefits</b></p>	<ul style="list-style-type: none"> <li>▪ The Council's strategic vision for Slough was outlined in its Council Plan – Doing Right by Slough. Due to timing this plan was not subject to public consultation, nor taken through Cabinet prior to its approval by Full Council. The Council is in the process of refreshing the Corporate Plan, following the whole council elections. This plan will be subject to public consultation with a view to it being adopted in Autumn 2023.</li> <li>▪ Historically some council officers have purported to approve strategies and policies without these being approved by Cabinet or the appropriate member forum. There have been some improvements on this, with two strategies for education being approved by Cabinet in 2022/23.</li> <li>▪ The previous Medium Term Financial Strategy (MTFS) was unsustainable as identified in the s114 notice. A revised MTFS is being developed and each directorate will need to plan out how it will deliver the outcomes relevant to its area of work through revised business plans and a much-reduced financial envelope in the context of the agreed budget for the year ahead and the 5-year medium term financial planning.</li> <li>▪ The Council needs to make significant improvements to its performance reporting arrangements, including agreeing a new set of corporate key performance indicators and ensuring these are regularly reported to Cabinet and that performance indicators influence decision-making.</li> <li>▪ In the light of its financial situation the Council has stripped its Capital programme back to the minimum alongside a significant asset disposal programme, which will be required to achieve future financial plans.</li> </ul>

**CORE PRINCIPLE D - Determining the interventions necessary to optimise the achievement of the intended outcomes**

Sub principles	<b>Assessment of the effectiveness of key elements of the council's governance processes during 2022-23</b>
<p><b>Determining interventions</b></p> <p><b>Planning interventions</b></p> <p><b>Optimising achievement of</b></p>	<ul style="list-style-type: none"> <li>▪ The Council's governance mechanisms for considering significant decisions have found to be inadequate and lacking in evidence/advice about options before taking a decision. Financial and legal implications have not always been fully understood or considered when making key decisions and in some cases there were inadequate options appraisals. The template cabinet report requires an options section to be completed, as well as clearance processes for finance and legal officer to review and amend reports. The reports are timetabled for review by CLT before being considered by cabinet members at an informal meeting and finally reported</li> </ul>

**intended  
 outcomes**

formally to cabinet at a public meeting. The evidence base for decisions is improving, but the Council needs to ensure that it has the data to support its decisions and priorities. Some elements of the Council have robust data systems, including public health, whilst other areas need to make significant improvements in this area. The Council intends to adopt a new data strategy in 2023/24 and to make use of technology to deliver efficiencies. For instance, the Council is investing in its new housing software to ensure it housing management and housing needs data is accurate and reliable.

- The Council has failed to utilise a robust business case model. This has led to decisions being taken that have been unaffordable; not based on accurate information and, in some cases, possibly unlawful. Reviews are in place to identify and rectify the impact of some of these decisions and to implement more robust financial modelling in future.
- The Council's approach to governance of its companies has been poor in the past. Whilst there have been some improvements on regularising loan arrangements, taking decisions on financial support and formally reviewing and reporting on governance, this is still an area of challenge and the terms of reference of the Asset Disposal Committee of Cabinet were expanded in order to enable the Committee to review the governance of the companies.
- The Council's strategic procurement board reviews business cases for procurement, an improved annual procurement plan has been taken to Cabinet in 2022 and a contracts register has been put in place. Financial regulations were updated in 2022 and set out approval levels for virement and budget management responsibility. Budget monitoring reports have been taken to Cabinet on a regular basis, however the Period 9 report was not reported until February 2023 and no further updates on 2022/23 budget have been reported in-year.
- The Council's budget setting process including opportunities for scrutiny to review savings proposals, however, there was no opportunity for public consultation.
- External audit's VFM conclusion has not been issued for 3 years due to the accounts not being completed. Plans are in place to rectify this position.
- The Council's revised budget-setting process requires the revenue and capital implications of all major projects to be considered including external funding options.
- The priorities sought through the responsible procurement are aligned to the social value priorities.
- Whilst Cabinet has received some update reports, the Council is generally poor at reporting on whether its strategies and policy decisions achieve the intended strategic aims.

**CORE PRINCIPLE E - Determining the interventions necessary to optimise the achievement of the intended outcomes**

Sub principles	<b>Assessment of the effectiveness of key elements of the council's governance processes during 2022-23</b>
<p><b>Developing the entity's capacity</b></p> <p><b>Developing the entity's leadership</b></p> <p><b>Developing the capability of individuals within the entity</b></p>	<ul style="list-style-type: none"> <li>▪ Council performance reporting to a member forum ceased in 2021. This needs to be urgently resolved so that Cabinet members receive performance reports and debate these in a public forum. This will also allow scrutiny members to review performance data when determining their work programme.</li> <li>▪ Cabinet has received regular reports on ICT improvements and priorities and investment has appropriately been targeted to this area.</li> <li>▪ The Council belongs to a number of partnerships, however there is no central record of these and in some cases it is not clear what legal documentation is in place to govern these arrangements. There is a lack of reporting on the effectiveness of partnerships and whether they are achieving their strategic aims and adding value.</li> <li>▪ The Council needs to dispose of a number of assets to reduce its borrowing. It has to date disposed of investment assets, however, it needs to approve a strategy to allow it to rationalise its operational assets and look at opportunities to dispose or utilise these differently.</li> <li>▪ The Council completed a senior leadership restructure in 2022/23 and has recruited to its executive leadership team which has created stability. The Council is in the process of a further restructure which needs to be delivered at pace to further stabilise the organisation.</li> <li>▪ The Council has undertaken regular reviews of its constitution, focusing on the decision-making aspects, such as financial procedure and contract procedure rules, executive decision-making and officer scheme of delegation.</li> <li>▪ The Employment and Appeals Committee received a report on learning from performance management of senior officers and agreed a new system for setting objectives for the chief executive, which reflects that fact the chief executive works for the whole council and not just the executive.</li> <li>▪ The Council has received support from the LGA, CfGS and external persons on building up the capability of senior officers and elected members. This has included responding to a review by CfGS on its scrutiny function, including a complete review of the structure and procedures for scrutiny, governance workshops utilising the CfGS governance framework, training for Audit and Corporate Governance Committee members, mentoring and coaching support for cabinet and scrutiny members and reviews on commissioning processes and corporate parenting.</li> </ul>

**CORE PRINCIPLE F**

**Managing risks and performance through robust internal control and strong public financial management**

**Sub principles**

**Assessment of the effectiveness of key elements of the council's governance processes during 2022-23**

**Managing risk**  
**Managing performance**  
**Robust internal control**  
**Managing Data**  
**Strong public financial management**

- A Risk Management strategy was approved in 2022 and sets out the Council's approach to controlling risk and how it is considered as part of decision making. Risk management processes did not operate continuously during 2022/23. Going forward, all risks will be scored by departmental risk leads. The Risk and Audit Board was recently reinstated and now reviews and escalates the corporate risks to CLT. This is an area recognised as needs further improvement. Risk registers are maintained at a corporate and individual service department level. Risk and risk management is now a standing agenda item for senior management teams and reported quarterly to the Audit and Corporate Governance Committee.
- All Internal Audit reports identify the risks and implications associated with audited activity. The Audit and Corporate Governance Committee agree the internal audit plan annually each year. The outsourced internal audit contract ended in 2023 and a new internal audit team has been recruited with detailed handover processes in place. The Annual Internal Audit Assurance statement was qualified for 2022/23 due to the wide range of control weaknesses identified and a lack of response to IA recommendations. Processes are being strengthened to ensure more timely and comprehensive response to all IA recommendations. This process will continue to develop in 2023 including more regular updates from management and regular review by the Risk and Audit Board and CLT. Regular audits of the corporate risk management process, commissioned by Internal Audit, are carried out. The corporate risk function was audited by RSM in 2022. The Council received a 'unsatisfactory' rating with areas for improvement highlighted. IA review the service risk registers as part of their annual planning exercise and discuss risks with the appropriate CLT when identifying the audits to be undertaken and timing.
- The Council historically used Management Assurance Statements to provide additional assurances to the Committee, but these have not been routinely completed in the past three years. It is important that senior managers recognise their responsibilities for corporate governance and attest as such on an annual basis.
- The Council is a registered Data Controller as set out in its Fair Processing Notice on its website. The Council's Information Management Team manages information governance, security, and records management and has access to specialist legal support where required.
- The Council's systems, records and processes for financial management have found to be significantly flawed, leading to a disclaimer of opinion by its external auditors for the 2018/19 accounts. Whilst improvements were put in place in 2021, there are still issues with budget coding. This is an area of focus for the new senior leaders in finance and regular reports on financial action plans have been regularly reported to elected members.



**CORE PRINCIPLE G**

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

**Sub principles**

**Assessment of the effectiveness of key elements of the council's governance processes during 2022-23**

**Implementing good practice in transparency**

**Implementing good practices in reporting**

**Assurance and effective accountability**

- The Council has improved its use of split Part 1/2 reports to ensure more information is put in the public domain. The Council has also improved its report writing to allow reports to be understood by the public, however this is still an area for improvement. Striking a balance between providing sufficient information and not making the process too onerous or the reports too over-whelming is something the Council needs to focus on in 2023/24.
- External audit recommendations were reported to the Audit and Corporate Governance Committee and where required, to Full Council. The Council officers have a good working relationship with the external auditors, who have also attended a number of member level meetings.
- The Committee have also during 2022/23 begun monitoring the implementation of internal audit recommendations at a detailed level to ensure that actions are being implemented as required. A large number of internal audit recommendations have been identified as requiring action by management and a concerted effort is being made to reduce the number outstanding. This is being reported to the Committee on a quarterly basis. Internal audit have unrestricted access to Senior Management and elected members if required and a new in-house team started in post in early 2023.

## Key roles of those responsible for developing and maintaining the Governance Framework

<b>The Council</b>	<p>Approves Policy and Budget Framework</p> <p>Approves the Constitution</p> <p>Elects Leader and sets terms of reference for committees, including appointing chairs for committees.</p>
<b>Cabinet</b>	<p>Makes most policy and strategic level decisions.</p> <p>Each lead member has a portfolio responsibility, but no single decision making permitted except by the Leader under urgency provisions.</p>
<b>Audit and Corporate Governance Committee</b>	<p>Provides independent assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment.</p> <p>Approves or recommends to Council annual statement of accounts and annual governance statement</p>
<b>Standards Committee</b>	<p>Promotes high standards of member conduct and ethical framework</p>
<b>Overview and Scrutiny function</b>	<p>In 2022/23 there was a main Overview and Scrutiny Committee and three panels without overall responsibility for reviewing the Council's policies and holding Cabinet members and officers to account for performance.</p>
<b>Corporate Leadership Team</b>	<p>Implement policy and budgetary framework set by the Council and policies and strategies set by Cabinet.</p> <p>Provide advice to Cabinet and other member forums on the development of future policy.</p>
<b>Statutory governance officers</b>	<p>Chief Executive – Head of Paid Service</p> <p>Executive Director Finance and Commercial – Chief Finance Officer / s.151 officer</p> <p>Monitoring Officer</p> <p>Have specific statutory responsibilities and duty to report issues relating to staffing structure, adequacy of financial arrangements and contraventions of law or maladministration.</p>
<b>Internal Audit</b>	<p>Provides independent assurance and annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework.</p> <p>Delivers an effective programme of risk based audit activity, including counter fraud and investigation activity.</p> <p>Makes recommendations for improvements in the management of risk.</p>
<b>External Audit</b>	<p>Audit, review and report on the Council's financial statements, providing an opinion on the accounts and use of resources, concluding on value for money.</p> <p>Has the right to make statutory recommendations and issue a public interest report.</p>
<b>Managers and staff</b>	<p>Responsible for developing, maintaining and implementing the Council's governance, risk and control framework.</p> <p>Contribute to the effective corporate management and governance of the Council by use of professional skills and knowledge.</p>



## What are the key 2022/23 Governance matters identified

### **Action 1 - Council Plan and compliance with DLUHC Directions**

The Council needs to approve a corporate plan that reflects the new administration's priorities, is subject to public consultation and has affordable, delivery plans beneath it. The plan should link to the DLUHC statutory direction and ensure that the recovery activities required as part of that direction is appropriately prioritised. Each priority should have a named senior responsible officer and appropriate programme management support. There should be regular reporting mechanisms to ensure that plans deliver on the outcomes and any savings targets and are delivered on budget and to agreed timescales. Key decisions should be made at member level, with appropriate update reports on progress.

### **Action 2 - Children's Social Care**

The Council's plans and strategies should be appropriately focused on children and families to reduce the pressure on children's social care and ensure families receive the right support at the right time. Responsibility for children should be a whole council responsibility. The Council must improve its corporate parenting role at both an officer and member level. The Council must support Slough Children First to deliver effective and cost efficient services within an agreed budget.

### **Action 3 - SEND services**

The Council needs to significantly improve its services to children and young people with SEND and their families. This requires improved partnership working with health and Slough Children First as well as other agencies, including schools. Council officers should provide regular updates to Cabinet and ensure that any new policies are subject to appropriate scrutiny, informed by good performance data and best practice elsewhere and approved at a member level. The Council should continue its focus on reducing the overspend on its high needs block as part of the Department for Education's safety valve programme.

### **Action 4 - Financial management/sustainability**

The Council will introduce more regular and robust financial monitoring arrangements during 2023/24 and will simplify the presentation of financial information to aid transparency. The review and management of delivery of savings will be fully integrated into the regular budget monitoring processes. Following the calculation of the outturn position for 2022/23, a revised medium term financial model will be produced, including an update of the Capitalisation Direction modelling, to ensure that a balanced 3 year medium term financial plan can be approved by March 2024.

### **Action 5 - Asset disposal project**

The Council needs to demonstrate that it receives best consideration reasonably obtainable having regard to valuations obtained. Reports to members will include all relevant information, including information about the value of the property being sold and an assessment as to whether it is the opportune time to proceed with the disposal.

### **Action 6 - Closure of statement of accounts**

The Council will work with its External Auditors to move forward as swiftly as possible to catch up on the backlog of work around the closure of statement of accounts. Recognising that given the very historic nature of some of the accounts, although the Council may not be able to ensure that the

audit options for financial years from 2019/20 through to 2021/22 will be able to be unqualified and are likely to continue to be disclaimed due to the historical poor record keeping, the Council will endeavour to show a continued improvement in the supporting evidence it is able to provide. The learning from the historic weaknesses will be used to ensure that from this point forwards, that record keeping adheres to good practice and standards of accounting practice are adhered to.

### **Action 7 - Housing management**

The Council needs to complete implementation of its new housing software to improve its record keeping and allow good quality performance data to inform decision-making. The Council should review its housing policies and strategies and seek approval from members for any significant amendments. The Council should have a plan to ensure compliance with the Regulator for Social Housing's Home Standard and Tenant Involvement and Empowerment Standard. Once approved, regular reporting should be provided to members on progress.

### **Action 8 - Company governance arrangements**

The Council must improve its governance of its controlled companies. In addition to having named senior officers to represent the Council as owner, the Council must ensure it has competent and effective board members with regular reporting to elected members at the Asset Disposal Committee of Cabinet on achievement against strategic aims. There should be clarity on what decisions can be made by the company board and what are reserved, and for reserved matters when these need to be made at a member level.

### **Action 9 – Supporting new and inexperienced members**

The Council should implement and review the effectiveness of its member induction and development programme, including providing training, guidance and support to new members to enable them to effectively discharge their duties. This should include utilising the support of external bodies such as the Local Government Association and Centre for Governance and Scrutiny where appropriate. Members should be supported to understand their role and the formal decision-making processes, including the need to have sufficient information and evidence to support decisions and to take account of professional advice when making decisions.

### **Action 10 - Organisation and culture**

The Council should implement its restructure of the top three tiers and seek to permanently recruit where appropriate. The Council should review its induction and development programmes to ensure they provide the right information and support to allow officers to do undertake their responsibilities in an effective manner. The Council must have an effective performance management system that includes setting clear objectives and measuring performance against these and taking appropriate action where performance is not to an adequate level.

### **Action 11 - Resident engagement**

The Council should improve its approach to resident engagement, including ensuring that residents' views are sought for significant decisions and where it is not possible to seek views, that representative bodies or external data on impact is utilised to inform decisions. Opportunities to co-design new ways of working should be explored, including working with voluntary and community groups on service delivery. The Council should consider adopting a resident engagement strategy setting out its expectations for resident engagement. When making decisions that will impact residents, the Council should be open and transparent about the decision and the reasons for it. The

Council should be open and receptive to complaints and should use complaints data to continuously improve its services.

### **Action 12 - Performance and risk management**

The Council must ensure basic systems and controls are in place to ensure that performance is managed and risk appropriately identified, reported and monitored. Performance data should measure the quality of services for users, use of resources and value for money. Performance indicators should be set drawing on sector wide data sets from various organisations including the Local Government Association and CIPFA.

The Council's policy and systems are based on the "Three Lines of Defence" model which relies upon risk owners ensuring an effective control environment, maintenance of a risk management framework and internal and external audit taking an independent view of the application of risk management. The system of reviewing risks at an internal risk board and reporting corporate risks up to CLT and Audit and Corporate Governance Committee on a regular basis must continue to ensure effective risk management.

## Assurance Statement 2022-23

We have reviewed the Annual Governance Statement for 2022-23 and to the best of our knowledge, the governance arrangements, as defined above and within the Council's Policy Statement of Corporate Governance, have been effectively operating during the year with the exception of those areas identified above. The Council still has significant improvements to make to its governance arrangements and its historic record keeping and lack of corporate memory in some directorates mean that there may need to be further updates to this statement as the process of approving historic statements of accounts progress. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

Position	Signed	Date
<b>Leader</b>		
<b>Chief Executive</b>		
<b>Monitoring Officer</b>		
<b>Executive Director of Finance</b>		

We have reviewed the Annual Governance Statement in our role as appointed commissioners for the Department for Levelling Up, Housing and Communities. We are satisfied that the Council is focused on the right areas for improvement and will continue to support and constructively challenge officers and elected members to ensure improvements to governance arrangements continue to be made.

Position	Signed	Date
<b>Lead Commissioner</b>		
<b>Commissioner</b>		
<b>Commissioner</b>		

## Slough Borough Council

<b>Report To:</b>	Audit and Corporate Governance Committee
<b>Date:</b>	19 <sup>th</sup> July 2023
<b>Subject:</b>	Slough Children First Governance Review – Update on progress
<b>Chief Officer:</b>	Stephen Brown – Chief Executive
<b>Contact Officer:</b>	Sarah Wilson – Principal Lawyer
<b>Ward(s):</b>	All
<b>Exempt:</b>	No
<b>Appendices:</b>	Appendix 1 – SBC update on progress against SCF Governance Review – June 2023

### 1. Summary and Recommendations

This report sets out a summary of the progress made on actions recommended following a governance review of Slough Children First (SCF).

#### Recommendations:

Committee is recommended to review and comment on the progress made as set out in Appendix 1.

#### Reason:

1.1 Improvements in company governance are an important part of the Council's recovery plans. Issues in governance arrangements were highlighted by the external auditors in May 2022 and in the DLUHC commissioned Governance Review. The latter led to the issue of statutory directions and the appointment of commissioners to oversee progress on improvements and recovery.

### 2 Alternative options considered and not recommended

2.1 Whilst there is no legal requirement to undertake a formal governance review, based on concerns raised from external sources and the importance of good governance to overall performance and financial management, officers undertook a review in the Summer of 2022 and reported this to Cabinet in October 2022. Cabinet recommended that Audit and Corporate Governance Committee be responsible for receiving six monthly updates on progress against the recommendations contained in the Governance Review and the Committee asked for these to be quarterly. This is the third update.

2.2 By publicly reporting on progress on the governance review recommendations, elected members have an opportunity to comment and question whether the focus is right and the pace of change is appropriate. Members can also consider the learning from this review when reviewing risks arising from other Council companies.

## Commissioner Review

Commissioners are content with the recommendation.

### 3 Background

3.1 SCF became wholly owned by the Council on 1 April 2021 as a result of a change in the Articles of Association. Prior to that it was an independent trust. SCF delivers statutory children's services under a statutory direction of the Secretary of State for Education. Cabinet received a report in October 2022 providing an annual report from SCF and the findings of a governance review undertaken by the Council's Principal Lawyer using the Local Partnerships framework. Local Partnerships is an entity joined owned by the Local Government Association, HM Treasury and the Welsh Government. Its purpose is to help public organisations manage the challenges of meeting rising demand for services with shrinking budgets. As part of this work, Local Partnerships published a Local Authority Company Review Guidance toolkit for undertaking strategic and governance reviews of wholly or partly owned council commercial entities. This has picked up on learning from failures in company governance in other areas, in particular the rapid review undertaken for Nottingham City Council.

3.2 Good governance arrangements for council owned entities should seek to achieve the following:

- The entity should have sufficient freedoms to achieve its objectives
- The council should have sufficient control to ensure that its investment is protected, appropriate returns on investment can be obtained and that the activities of the entity are aligned with the values and strategic objectives of the council
- The entity continues to be relevant and required (in its existing form) and, if not, appropriate steps are taken (for example, amending constitutional documents or changing form or terminating the vehicle).

3.3 It is important to note the reason for SCF existing. This is succinctly set out in the introductory paragraphs of the DLUHC commissioned Governance Review of the Council by Jim Taylor dated September 2021, which is published on the DLUHC website.

*"In 2011 Slough Children's Services received an inadequate rating from OFSTED. In November 2013, following a further OFSTED inspection, from February 2014 the council was subject to intervention from the Department for Education. There were 'serious systematic failures' and 'longstanding and serious concerns about the leadership, management, and governance of Children's Services in Slough'. Slough Children's Services Trust was subsequently established. An OFSTED inspection of November 2015, published in February 2016, again found Children's Services to be inadequate. It was only in 2019 that the OFSTED inspection rating began to improve to 'requires improvement to be good'.*

*Such a failure in children's services, over this length of time, reflects on whole council leadership. For a failing children's services department to achieve success within a council, all council services must be marshalled together to help with the improvement. The fact that it took so long to demonstrate any significant improvement indicates that the council has been unable to improve a statutory service at the pace required."*

- 3.4 This is not to say that there are not good leaders and officers working across the Council and SCF. SCF employs many highly experienced and competent staff who are supporting children and families daily to assist with many challenges that life brings. These staff are all committed to protecting children and young people and supporting families to improve the wellbeing of these individuals. There is a new executive leadership team in SCF and the positive impact of this new team is evident in the progress being made in terms of the quality of services being provided.
- 3.5 However there have also been historic concerns in relation to the financial cost of the services and whether the focus for support is appropriately targeted. In its second report to the Department for Levelling Up, Housing and Communities, the DLUHC appointed commissioners stated that the potential financial investment requested by SCF is extremely difficult to accommodate within the budget envelope available and the SCF will need to demonstrate that its programme and financial management ensures that all funds are used to best effect. The Council’s best value duty as set out in the Local Government Act 1999 requires the Council to “secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.” The Governance Review is aimed at ensuring the Council keeps this duty at the forefront in the way it governs its companies.
- 3.6 An update on recommended actions is attached at Appendix 1. This is reporting against the original Governance Review which was appended to the Cabinet report in October 2022. The table below shows the split of RAG rated actions:

Red				Amber				Green			
Sept 2022	Nov 2022	Feb 2023	June 2023	Sep 2022	Nov 2022	Feb 2023	June 2023	Sept 2022	Nov 2022	Feb 2023	June 2023
11	8	5	2	21	21	23	16	14	16	18	27

- 3.7 The red rated risks relate to the need for the financial transactions and values attributable to SCF with the Council’s Medium Term Financial Strategy aligning with the projections in its business plan and to the need for the board to have reports containing a clear presentation of monthly income and expenditure and cash flow to inform decisions. There have been significant improvement in terms of business planning, with the Council’s cabinet receiving a draft Business and Improvement Plan for approval on an interim basis, however the financial sustainability of SCF and alignment with the Council’s budget envelope remain of concern and as such it is recommended that Cabinet receive quarterly update reports on progress against the plan. Other areas of improvement include SCF having recruited a permanent executive leadership team and improved business planning with a short and longer term improvement plan with measurable targets.
- 3.8 The SCF board are fully engaged and supportive of the governance review and the SCF Chief Executive is leading on the governance improvements required. Regular meetings take place between the SBC’s Head of Legal, who acts as the member representative (equivalent of a shareholder representative) and SCF’s Chief Executive, together with finance colleagues and SBC Chief Executive where required. In addition, the Head of Legal has attended the board meetings and SCF Audit and Corporate Governance Committee meetings and the new SBC finance lead has also attended the SCF Audit and Corporate Governance Committee. The SBC Chief Executive and Head of Legal were also invited to attend the facilitated board development day in June. This is also in addition to the role of the Council nominated directors, whose

roles are partly to ensure that the Council's interests and priorities are understood by the board and that the local context of Slough is considered.

3.9 Children's social care services in Slough remain under statutory intervention of the Department for Education and there is an appointed DfE commissioner. The commissioner changed in October 2022 and there have been meetings between key individuals in the Council and the DfE commissioner, as well as the establishment of close links between the DfE commissioner and the DLUHC commissioners. The DfE Commissioner has fulfilled the role of SCF Chair on an interim basis and is leading on the recruitment of a new Chair, with involvement of SBC's Chief Executive.

3.10 The role of the member representative (SCF is a company limited by guarantee, however this is equivalent to a shareholder representative) is as follows:

- Oversight of any decisions that are reserved to the Council, as sole owner of SCF. This does not mean that decisions are made by this individual, as many of the decisions are reserved to cabinet, for instance approval of the business plan and approval of in-year funding requests over certain limits;
- Reviewing how SCF achieves its strategic aims and how this links to the Council's priorities;
- Oversight to ensure that decisions are taken in accordance with contractual requirements, the Articles of Association, the Governance Side Agreement and other relevant policies and procedures;
- Engagement with the Chairman, Board and chief executive of SCF to ensure effective performance against strategy and governance;
- Ensuring that the Council's views are captured and effectively communicated to the SCF board;
- Evaluating the effectiveness of the board and delivery of performance against strategic objectives and the approved business plan;
- Working with officers, elected members, commissioners and the DfE to review the effectiveness of the vehicle to deliver the outcomes required and whether more viable alternative models might offer a more effective means of delivering on priorities;
- Reviewing risk and how this is monitoring and reported on.

3.11 In the last year there has been an increased level of reporting and involvement of elected members. This has included cabinet reports on the business plan, in-year funding requests, annual report and governance review, the completion of a scrutiny task and finish group on workforce strategy and quarterly reporting to Audit and Corporate Governance Committee in relation to reviewing progress against the recommended actions in the SCF Governance Review. The Cabinet Committee now has responsibility for reviewing company governance and reports will be taken to this Committee or to full Cabinet on business planning progress and financial management.

## **4. Implications of the Recommendation**

### **4.1 *Financial implications***

The agreed contract sum for SCF in 2022/23 was £31.435m. Two in-year requests for increased funding have been submitted, with the second one considered by Cabinet in December 2022. The contract sum for 2023/24 was agreed by Cabinet in February 2023 and is significantly higher than in 2022/23 to reflect increases pressures, including



inflation. The agreed contract sum for 2023/24 is £36.067m, an increase of £4.632m on 2022/23 base budget. However, the current draft Business and Improvement Plan indicates a requirement for further funding for 2023/24, which is being considered by Cabinet in July 2023. SCF was given a working capital loan and it has used this to fund deficits that have arisen in 2021/22 and 2022/23, although it has now sought agreement for funding to be provided to fund this deficit. The loan is repayable at the end of the contract term, which is September 2026.

## 4.2 *Legal implications*

4.2.1 The Secretary of State for Education has powers to issue a direction in relation to specified social services functions relating to children under s.497A of the Education Act 1996. Various directions have been issued in relation to statutory functions in Slough since 2014. The sixth statutory direction was issued in April 2021. This requires that the Council secures that prescribed children's services functions are performed by SCF and the Council jointly and other prescribed children's services functions are performed by SCF on behalf of the Council. The Council was also directed to enter into a new service agreement to implement the discharge of these functions and continue to comply with any instructions of the Secretary of State, his representatives and the Children's Services Commissioner in relation to

- i. ensuring that the Council's children's social care functions are performed to the required standard;
- ii. the terms of the Service Agreement that require the Secretary of State's consent or approval;
- iii. the operation of the Direction.

4.2.2 The intention behind SCF becoming wholly owned by the Council was to clarify the roles and responsibilities of the Council and the DfE, on the basis this will give the Council greater control over the strategic direction of the Company, whilst ensuring operational independence for day to day functions. The reserved matters set out in the Articles allow the Council to make certain high level decisions, however these matters are also subject to consultation and consent rights of the Secretary of State for Education, as set out in a separate Governance Side Agreement.

4.2.3 The governance review was undertaken using the Local Partnerships guidance on local authority companies. This recommends that key documents are reviewed as follows:

- (a) Articles of Association – these were re-written and adopted in April 2021 and have been reviewed. The Articles are bespoke and clearly set out the reserved matters which require Council approval;
- (b) Financial agreements – the service delivery contract and support services contract have been reviewed as have existing contractual arrangements. The contractual KPIs are in the process of being reviewed to ensure they remain fit for purpose and aligned to the Business and Improvement Plan;
- (c) 12 months of minutes for board meetings and any shareholder groups and engagement between shareholder groups and board members – some minutes for meetings have been provided, although more have been requested. There are regular meetings between Council officers to ensure appropriate oversight. There has been an increased level of reporting to elected member forums. Council officers have been invited and have attend

SCF board and committee meetings as well as having informal meetings with the SCF executive officers.

(d) Key executive and scrutiny reports – since the review improvements have been made in the role of cabinet, audit and scrutiny in governing SCF.

(e) SCF business plan and other key documents which document performance – the detail is covered in the appendix and this has been a key area of improvement.

(f) Governance and structure charts and descriptions of key roles – the board structure has been the subject of review and there are terms of reference for board committees. This will be a key area of focus for the new SCF Chair.

(g) Terms of reference for the member role, the board and the audited accounts. The member role is set out above, however as part of wider company governance further guidance may be produced on this. The role of the board and reserved matters are clearly set out in the articles.

(h) Risk logs – further information is set out in Appendix 1 and whilst there are improvements, further work is required.

(i) Policies and procedures to manage conflicts of interest – these exist for council officers and the joint SCF chief executive and Executive Director of People.

(j) Training plans for board members – the facilitated board development day was a positive to ensure the board has time to form as a team and for individuals to share their expertise. A new NED with financial management experience has improved the overall skills of the board. A training and development plan will be a focus for the new Chair.

#### 4.3 *Risk management implications*

4.3.1 The risks of failure of a company delivering statutory children's services are high and must be carefully managed. If appropriate funding is not provided, SCF will not be able to deliver effective services and this will put children and families at risk of harm. Good governance is intrinsically linked to high performance and it is important to ensure that this is given an appropriate focus both within SCF and by the Council. This also linked with compliance with the Council's best value duty as set out above.

#### 4.4 *Environmental implications*

4.4.1 None

#### 4.5 *Equality implications*

4.5.1 SCF provides social care services to protect some of Slough's most vulnerable children and to support families from a diverse background. If SCF fails to adequately deliver its services this will impact on children and working age adults with children to a greater extent than the wider population. In addition, it will negatively impact on children and parents with disabilities who are more likely to need the support of SCF. Certain ethnic groups and gender are disproportionately represented within the community supported by SCF and will therefore be disproportionately impacted by any change in the delivery of services.

### **5. Background Papers**

None.

## Slough Children First Governance review – Progress update to June 2023

Aim	RAG Rating				Actions recommended	Update as at June 2023	Lead person
	0	1	0	0			
	9	1	2	6			
	2	2	2	2			
	0	0	0	0			
	2	2	2	2			
	2	2	3	3			
<p>C1 There should be evidence that the council and senior management recognise the importance of establishing appropriate and proportionate governance arrangements for the oversight of entities</p>					<p>Clarify role of scrutiny committees/panels.</p> <p>Clarity over role of Audit &amp; Corporate Governance Committee</p> <p>Clarify extent to which SCF is subject to internal controls of the Council ie. expenditure control panel.</p> <p>Review of the Articles of Association to consider whether to recommend changes to the number of Council nominated NEDs and independent NEDs and the quorum rules.</p>	<p>New Corporate Improvement Scrutiny Committee considering work programme.</p> <p>Audit &amp; Corporate Governance Committee receiving reports quarterly.</p> <p>SCF not subject to internal Council processes – contractual provisions used.</p> <p>Two council nominated NEDs appointed and meetings with council officers taking place.</p>	<p>Monitoring Officer / Scrutiny Officer Head of Legal s.151</p> <p>Head of Legal</p>
<p>C2 There should be evidence of a culture of challenge and clarity relating to the purpose, efficiency, effectiveness, specific objectives, and freedoms of the entity</p>					<p>SCF need to ensure that whoever is undertaking company secretariat functions is ensuring that the board of directors fully understand the contractual mechanisms and the requirements for contract sum re-negotiation and business plan submissions.</p> <p>Clarify role of scrutiny committees/panels.</p>	<p>The business plan was submitted in draft with a recommendation that this is approved as an interim plan with regular updates to Cabinet, based on need for significant increase in funding and to ensure deliverability and budget monitoring is robust. Historic in-year request for funding for FY 2021/22 and 2022/23 have now been submitted.</p> <p>See above.</p>	<p>SCF Director of Finance</p> <p>Monitoring Officer /</p>

Clarity over role of Audit & Corporate Governance Committee

SBC to review business plan to ensure it aligns with its own corporate plan and priorities.

The induction programme for new directors to include training/briefing on contractual requirements.

Annual timetable of deadlines for submission of documents to the Council for approval to be provided by SCF to the Council.

The annual business plan to be provided to the Council by 30 September each year to allow it to be taken through scrutiny and cabinet prior to approval of the contract sum as part of the Council's budget setting.

Committee to monitor progress against governance action plan

SBC in process or reviewing and renewing its Corporate Plan in 2023. The new plan is intended to place more focus on need for children to thrive which will align with SCF vision and priorities.

Board development day with facilitator and attendance by council officers. Regular meetings with independent NEDs to review continued improvements.

Systems are not yet in place to ensure that documents are submitted in accordance with contractual and governance timescales. This will be an area of focus for the new Chair of the Board.

Attendance by Head of Legal and SBC Chief Executive at board development day and continued attendance by Head of Legal and finance colleagues to board meetings and informal meetings as appropriate, including pre-board finance meetings.

For the second year, the draft business plan has not been submitted to this deadline. The delay was partly attributable to the Mutual Ventures review. The new SCF CE commenced in role in January 2023 and has now produced an improved business plan which contains short, medium and longer term plans on improvements required. This has been informed by the feedback from the Ofsted inspection, People Scrutiny Panel task and finish group recommendations and the Council's emerging new corporate plan.

Scrutiny Officer  
Head of Legal

SBC Chief Executive

SCF Chair/SCF CE

SCF Chair/SCF CE

SBC Head of Legal

SCF CE













<p>C3 There should be a clearly designated council shareholder role or function which is both understood and recognised by the council and the entity (and documented in terms of reference)</p>				<p>A formal review of the KPIs and other performance indicators to be undertaken.</p> <p>Engagement with DfE on an options appraisal to consider delivery models for children’s services in Slough.</p> <p>Contract liaison group to continue and to report to contractual and other forums as appropriate.</p>	<p>KPIs in process of review and to be discussed with new SCF CE. To be reviewed with new DfE commissioner as part of review of Getting to Good Board and subject to discussion with SCF CE and new Chair of Board. These should be linked to the updated improvement plans in the business plan.</p> <p>Round table meeting took place on 16 November 2022. Cabinet authority to progress discussions given to officers in October 2022. Regular meetings with new DfE commissioner and DLUHC commissioners.</p> <p>Council officers meet regularly to review SCF and regular meetings with Exec Director of Children’s Services to ensure that there is close liaison and to reduce unnecessary duplication or bureaucracy, whilst maintaining appropriate governance and ensuring compliance with contractual provisions.</p>	<p>SBC Contract Manager/ SCF CE</p> <p>SBC CE</p> <p>SBC Contract Manager/ Finance lead and Head of Legal</p>
<p>C4 There should be clarity regarding the role of shareholder, with reserved matters clearly documented and updated as required, reflecting any changes made as the entity has developed, in a shareholder’s agreement (or as set out in the company’s governing articles of association)</p>				<p>A review of the articles of association be undertaken particularly in relation to number of independent NEDs and council nominated NEDs and quorum rules.</p>	<p>Review undertaken and no changes made. Two council NEDs are in place.</p> <p>Reserved matters are set out clearly in Articles and shareholder representative function established.</p>	<p>SBC Principal Lawyer/ SBC Chair</p>
<p>C5 There should be evidence that the individual undertaking</p>				<p>The Principal Lawyer to continue acting as equivalent of “shareholder</p>	<p>Regular meetings with council officers to discuss company governance, as well as meetings with Exec Director of People – Children.</p>	<p>Head of Legal/ SBC</p>

<p>the shareholder role is provided with suitable training and support commensurate with the role</p>				<p>rep” under delegation from chief executive.</p>	<p>Regular reporting to cabinet and Audit and Corporate Governance Committee.</p> <p>ToR of Cabinet Committee amended to include company governance matters.</p>	<p>Chief Executive</p>
<p>C6 There should be evidence of formal periodic shareholder/ Chair/CEO meetings with effective supporting papers to inform subsequent company board meetings</p>				<p>Regular strategic contract meetings should be arranged, with the Council having internal agenda planning meetings in advance. These should be chaired by the Council’s chief executive.</p> <p>The role of the TSG should be reviewed to avoid duplication between this and the contract management meetings.</p>	<p>Regular meetings at operational and strategy level taking place, with notes. New council officers in finance have been identified to support these meetings.</p> <p>New Getting to Good board under leadership of new DfE commissioner. Meetings between DfE commissioner and SBC officers to reduce duplication and overlap.</p> <p>Elected members no longer invited to strategic commissioning group meetings, but cabinet authority sought where required, cabinet committee terms of reference expanded and lead members briefed appropriately.</p> <p>Contract management arrangements to be reviewed to reflect the significant time commitment required to contract manage the SCF contract.</p>	<p>SBC Chief Executive</p> <p>DfE commissioners/ DCS / SBC Chief Executive</p> <p>SCB Contract Manager</p>

C7 There should be documented evidence of transparent member and officer scrutiny, oversight, and approval of business plans					<p>SCF to provide copies of board minutes to demonstrate that the board of directors appropriately challenged the business plan, to understand how plans were submitted that were later identified as undeliverable.</p> <p>Consideration to be given to what support could be provided to the board from an independent Director of Children’s Services from another local authority or from external organisations such as the LGA or Institute of Directors. This should include how to scrutinise financial management and risks and hold executive officers to account for a statutory, demand led service and how to review and challenge performance data.</p>	<p>Meeting with council NEDs to understand level of information being presented to board.</p> <p>Council representatives to be invited on an as and when basis related to a specific item. This includes the lead member for children’s services, who should no longer attend board meetings as a participating observer.</p> <p>Finance officer attended recent SCF Audit and corporate governance committee meeting.</p> <p>New council NED is experienced board member and board consists of individual who have considerable experience on company boards. Facilitated board development day is a significant improvement to provide support for the board and time for it to form as a team.</p> <p>Suggestion to have pre-board finance briefings with support from council finance officers are being put in place to assist board members.</p>	<p>SCF Director of Finance</p> <p>SCF Chair</p> <p>SCF Chair</p>
C8 There should be evidence of a clear set of KPIs that fall out of the business planning process					SCF to review KPIs and other performance indicators as set out in service delivery contract.	The new SCF CE and Director of Operations to formally review contractual KPIs and will make recommendations on any changes required. These should be linked to the improvement plans in the new draft business plan.	SCF CE/ Director of Operations SBC Head of Legal
C9 There should be evidence that senior company staff are performance managed against KPIs					The RNAC to be responsible for reviewing effectiveness of the board and sub committees and to provide assurance evidence to SBC.	SCF Chair has set 2023/24 objectives for new SCF. There is a clear short term improvement plan which provides a framework for performance management. In future the views of the Council need to be taken into account in objective setting and appraisals of SCF CE.	SCF chairman and chair of RNAC








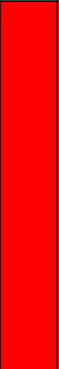

					<p>The SCF CE is responsible for performance managing the executive leadership team.</p>	<p>SCF CE has appointed a new Director of Operations and has appointed a new Director of Finance subject to ratification by RNAC.</p>	
<p>C10 There should be evidence of ongoing assessment of value-for-money and quality offered by the entity through an adequately resourced monitoring function</p>					<p>SBC to request sight of external reports and internal assessments of value for money and quality on a minimum of an annual basis, to be incorporated into the Annual Report submitted by SCF. The outcome of these should be included in reports to elected members.</p> <p>SCF to ensure it utilises the in-year change mechanism to deal with demand pressures and invest to save pressures and the information provided is in accordance with the contractual requirements and backed up by independent evidence where available.</p> <p>SCF to consider which of its committees should be responsible for assessing and monitoring value for money and performance and to provide minutes of meetings to SBC upon request, as well as provide the opportunity for Council officers to attend on at least an annual basis. If a finance committee is required, this should not be delayed pending a further council nominated director being appointed. The independent NEDs should have the capability to chair such a committee.</p>	<p>Mutual Ventures report reviewed and roundtable meeting with DfE, DLUHC commissioners, SCF and SBC.</p> <p>Mutual Ventures report provided to People Scrutiny task and finish group and published as part of formal report.</p> <p>Submissions made to pay historic deficits for 2021/22 and 2022/23 with supporting evidence.</p> <p>The submitted business plan which was considered by board does have evidence of value for money, including savings proposals and assumptions from investment in specific areas, although this is mainly to contain demand as opposed to deliver immediate savings over and above the contract sum. It is anticipated that this investment will lead to savings in future years.</p> <p>The new council NED should provide an additional focus on financial management and value for money and there will be regular meetings with him to hear his views on this.</p>	<p>SBC Head of Legal</p> <p>SCF Chair/SCF CE</p> <p>SCF Director of Finance/ SCF Chair</p> <p>SCF Council NED leading on finance.</p>



<p>C11 There should be ongoing assessment of risks relating to the entity, supported by processes to ensure that risks are managed as part of the council's overall risk management approach, with appropriate escalation and reporting</p>					<p>There should be a formal review of KPIs and agenda'ed discussions on risk at contract monitoring group meetings, reported up to strategic commissioning group where appropriate.</p> <p>This should be in addition to risks being included in the Council's corporate risk register and reported to Audit and Corporate Governance Committee.</p>	<p>Corporate risk register reviewed by SBC CLT in relation to risks to children, young people and families and monitored by Audit and Corporate Government Committee.</p> <p>The draft business plan sets out strategic level risks and there is a clear link to the priorities and improvement plan. The Council should be sent further detail of risk management reports submitted and considered by board members to provide further assurance that risk is being considered at appropriate level.</p>	<p>Monitoring Officer / Scrutiny Officer</p> <p>SBC Contract Manager/S CF Operations Director/ SCF CE</p>
<p>C12 There should be evidence of a consistent approach across the council when it comes to engaging with its entities</p>					<p>SCF is a company set up under direction of the Secretary of State for Education. It also manages statutory services. There is a rationale for it being managed differently to the Council's other entities. It is also of a size that it has a separate process for finalising and auditing its accounts.</p>	<p>No update required.</p>	
<p>C13 The council should have clear and unfettered access to audited accounts for its entities</p>					<p>The Council should ensure that its internal auditors programme in audits relating to the functions of SCF, as well as the governance of the company.</p>	<p>An independent NED is leading on a review of the audit function within SCF. This will include clarity on internal audits undertaken on behalf of the Council to test its own governance processes and internal audits undertaken on behalf of SCF board as part of its internal controls.</p> <p>The s.151 officer has a new internal audit team who can consider its role for SCF and other council owned companies. Current working relationships are positive.</p>	<p>SBC s.151 officer</p> <p>SBC s.151 officer</p>
<p>C14 A business case which assessed the risk</p>					<p>The Council should consider whether it wishes to commission an options</p>	<p>Mutual Ventures report included a section on alternative delivery models. Roundtable meeting with</p>	<p>SBC Chief Executive</p>

involved in establishing the entity and recommended its establishment, taking account of other potential delivery models, should be available to review.	Red	Yellow	Yellow	Green	appraisal for the future operating model, however whilst the services are under statutory intervention, this should be commissioned with the agreement of the DfE and the appointed commissioner.	DfE, DLUHC commissioners, SBC and SCF to discuss options. Whilst SCF remained under statutory intervention this is primarily a matter for the DfE and the focus is rightly on ensuring the services delivered are good. Currently the DfE Commissioner is employing a light touch regarding considering alternative delivery models.	
C15 Objectives of the entity should be clearly defined and documented, and regularly reviewed to ensure that its operation continues to support council policy and strategy, including periodically reviewing the business case to ensure it is still valid	Yellow	Yellow	Yellow	Green	Future year's business plans should have clear objectives linked to the Articles of Association and service delivery contract as well as to the Council's priorities. These priorities must include value for money, as well as quality of practice.	The draft business plan did not clearly align to either the objects in the Articles but does align to the Council's priorities. Recommendations from the task and finish group report have been incorporated and there are financial sections with details of savings for the next two years and assumptions on how these savings are being delivered. It is accepted the environment for children's social care is challenging and there is increased demand. There is a clear improvement plan focused on the right areas and clearly linked to the priorities.	SCF CE/SCF Chair
C16 Agreements should be documented between the council and the entity for any support or services provided by either party to the other party	Green	Green	Green	Green	Ensure that relevant individuals understand the contractual and governance mechanisms and that these are adhered to and non-compliance is reported.	There are clear contractual provisions in place for service delivery and support services.	SBC Contract Manager
C17 All agreements should be clear, up-to-date, and regularly monitored and reviewed, with any changes to agreements documented so that a clear audit trail exists	Green	Green	Green	Green	New agreements were put in place in 2021.	Deed of variations completed as required, including for pension arrangements.	SBC Contract Manager

<p>C18 There should be evidence that a culture exists whereby actual or potential conflicts of interests are identified, declared, and acted upon, including evidence of appropriate training across the organisation</p>					<p>Evidence of induction and training for directors and senior managers in SCF to be provided.</p>	<p>The board has had a development day and there is an interim arrangement in place for the Chair. It is important that the new Chair is experienced in company governance and ensures that conflicts of interest are appropriately managed.</p>	<p>SCF Chief Executive / Chairman</p>
<p>C19 The council should have clear and up-to-date policies and processes to consistently manage actual conflicts or potential conflicts of interest, including a clear process for investigations and procedures for appropriate disciplinary actions in the event of breaches</p>					<p>The Council will deliver training / support on management of conflicts of interest for its officers or elected members who are to be nominated or appointed to an outside body.</p>	<p>Code of Conduct for Employees covers management of conflicts of interest. Guidance given to new council nominated NED. No elected member appointed to board.</p> <p>SCF CE not invited to meetings to discuss risks around SCF governance where this would lead to a conflict of interest, but separate meetings held to ensure CE is aware of council's position. Clear separation of functions, with reports being presented to Cabinet not authored by SCF officers or joint officer.</p> <p>Conflict of interest protocol appended to secondment agreement for SCF CE and provided to post holder.</p>	<p>SBC Monitoring Officer / Principal Lawyer</p>
<p>C20 The roles, responsibilities and reporting lines of officers and members who are involved in council oversight of the entities, the provision of services between the entities or the running of the entities should be clearly defined and documented</p>					<p>No action required.</p>	<p>No update required.</p>	

<p>C21 There should be evidence that appointments to the board are subject to a documented formal, rigorous, and transparent procedure based on merit and published objective criteria which also promote diversity</p>				<p>Declarations of interest to be provided by SCF to the Council as evidence of compliance</p> <p>A review of the board to be undertaken to identify which council officers or members should be nominated to the board and options for appointing an officer to a specific role to undertake council director duties.</p> <p>Evidence to be submitted by SCF of the annual evaluation process of the board and individual directors.</p> <p>Further information is required to provide assurance there is an effective system of evaluation and performance management of the whole board and individual executive directors.</p>	<p>The SCF chair completed appraisals and 2023 objective setting for the three independent NEDs and the council nominated NED in mid January 2023. The appraisal aspect involved a review of the previous year and future challenges, board operation and improvement opportunities, what went well and less well re personal contribution and learning, and mutual feedback for improved performance. The chair will be building key themes from those appraisals into the board awayday for which a date is to be agreed by the end of the financial year.</p> <p>There is an interim chair in place. The new chair will be appointed on 2nd July 2023, with involvement from the Council and will need to be set objectives with involvement of the Council.</p>	<p>SCF CE</p> <p>DfE/ SBC CE</p>
<p>E1 The entity's articles of association should be clear, up-to-date, and reflective of how the entity is run</p>				<p>No action required.</p>	<p>No update required.</p>	<p>SBC Principal Lawyer</p>
<p>E2 There should be evidence of an up-to-date business plan that is reflective of the current circumstances and environment in which the entity operates</p>				<p>Business plan to be updated and approved by the Council.</p> <p>In future years, annual business plans must be submitted within the</p>	<p>The Board took difficult decision not to approve draft business plan in February 2023. It has now submitted a draft business plan which is to be considered by Cabinet in July 2023 with a recommendation this is approved on an interim basis with regular updates provided. The business plan has a clear short and longer term improvement plan and financial information/assumptions on savings.</p>	<p>SCF Chief Executive / SBC Chief Executive</p> <p>SCF CE / Chair</p>

					<p>deadlines set out in the SDC and must have been subject to appropriate scrutiny by the board.</p>		
E3 There should be evidence that the board meets regularly to consider, review and record discussions and conclusions					<p>Samples of minutes and dates of meetings to be provided to the Council for assurance.</p> <p>Whilst dates of meetings have been given, no documentary evidence has been supplied of agendas or extracts of minutes to demonstrate the quality of the discussion and conclusions. Further evidence is required to provide assurance on this.</p>	<p>Council officers have been invited to and attended board meetings on an as and when basis.</p> <p>Sample minutes will be requested and supplied to provide further assurance, plus there are regular meetings with Council NEDs to seek views on board discussion.</p>	<p>SBC Head of Legal</p> <p>SCF CE / Chairman</p>
E4 There should be evidence of delivery of strategies and plans, including scrutinising key operational and finance performance information					<p>Evidence of board challenge to be provided to the Council.</p> <p>Internal scheme of delegation to be provided to the Council. Review best practice to consider whether 5 committees of the board are required and whether quality of practice and finance and business could be merged into an operational practice committee, to avoid financial performance and quality of practice being considered in isolation.</p>	<p>Council officers have attended board meetings and seen improved quality of reporting. Pre-board finance meetings will now be held with council finance officers to assist the board with financial scrutiny.</p> <p>No progress on internal scheme of delegation, although an example of SBC internal scheme has been sent through.</p> <p>The committee structure should be reviewed by the new SCF Chair.</p>	<p>SCF Director of Finance / Chairman</p> <p>SCF Chief Executive</p> <p>SCF Chair</p>
E5 There should be evidence of the desired culture and behaviours					<p>The SCF Board to consider its current set of values and behaviour as part of its annual review and put in place any required actions in response. In accordance with good governance instituted recommendations, SCF will undertake a survey of key stakeholders on this.</p>	<p>The board had a facilitated development day, with attendance from Council's CE and Head of Legal to ensure alignment of priorities. There is a new council NED with board and finance experience. A number of the board are experienced board members.</p> <p>The SCF CE has worked with the interim Chair on ensuring the board is focused on strategic decision-</p>	<p>SCF Chairman</p> <p>SCF Chair / SCF CE</p>

					Working with the Council, SCF Chairman to review the make up of the board in relation to number of independent NEDs and council nominated NEDs to ensure appropriate skills, experience and knowledge.	making and that challenge is constructive. This will be the responsibility of the new Chair in the future.	
E6 The company structures should be regularly scrutinised in order to ensure they remain fit for purpose					SCF to include its organisational structure in its annual business plan	<p>The executive leadership team structure is being reviewed with the departure of the Director of Finance.</p> <p>The new Chair should consider whether the board structure meets the needs of SCF.</p>	<p>SCF Chief Executive</p> <p>SCF Chair</p>
E7 There should be evidence that the board has clear policies and procedures for its members to ensure that actual or potential conflicts of interests are identified, declared, and acted upon					SCF to provide details of its codes of conduct for staff, terms of appointment for independent NEDs, declaration and registers of interests and policies for managing conflicts of interests in general.	The SCF board has committed to putting in place terms of appointment for any NED who does not have one in place and ensuring there is a conflict of interest policy and arranging for recording conflicts and interests. This is being led by RNAC.	SCF Chairman / SCF CE
E8 There should be evidence that directors have sufficient skills and experience to run the entity					<p>Evidence of induction and training to be supplied</p> <p>Evidence of process for evaluating effectiveness of board to be supplied</p> <p>SCF to undertake a review of the Board effectiveness and to evaluate the effectiveness of individual directors, including executive directors.</p>	<p>Individual performance evaluation meetings have taken place for board members. RNAC is considering independent support for a skills audit of the board. A new council director has been appointed who has experience as a NED for a children's company.</p> <p>Process in place to recruit new Chair, with involvement of Council CE. Interviews scheduled to take place on 3<sup>rd</sup> July 2023</p>	<p>SCF Chairman</p> <p>SCF Chairman</p>
E9 There should be evidence that directors' behaviours are aligned					Evidence to be supplied	Details of appraisal meetings by former SCF CE have been supplied. Board evaluation is a focus for RNAC and the development day. A number of board	SCF Chairman

with the requirements of the Companies Act 2006 and the Nolan Principles as well as Cabinet Office's Code of Conduct for Board Members of Public Bodies						<p>members are experienced company directors, with a range of skills including audit, financial management and HR.</p> <p>There is a process in place for recruitment of new Chair led by the DfE, which should include ensuring the individual is experienced in company governance.</p>	SCF Chairman / SCF CE
E10 The scope of directors' authorities should be documented and clear to all parties					<p>Internal scheme of delegation to be supplied, including terms of reference for committees</p> <p>The ToR of each committee/sub-committee should be reviewed urgently by the board and on an ongoing basis at least every two years. Documentary evidence to be supplied that there is an effective scheme of delegation in place covering all operational functions to include, but not limited to, finance, HR and procurement.</p>	<p>The ToR of each committee have been reviewed and agreed at board level. Financial policies were reviewed at ACG Committee in February. More work is required on internal schemes of delegation to ensure staff at different levels understand their authority to make decisions that are not related to children's casework.</p> <p>The board structure will be a focus for the new SCF Chair.</p>	SCF Chief Executive / SCF Chairman
E11 There should be evidence that the board has a diverse membership with the collective skills and attributes needed to lead the entity effectively					Council to review who to nominate as council nominated directors	The Council has appointed an individual as an officer who will also act as a council director and has finance experience and experience on a board of a children's company delivering statutory services.	SBC Chief Executive
E12 There should be evidence that board membership is reviewed regularly for composition and fitness for purpose					Evidence to be supplied of evaluation process	<p>The SCF Chair was evaluated by the DfE Commissioner with input from independent NEDs. There needs to be more formal process for obtaining views of the Council and other stakeholders.</p> <p>A skills audit is to be commissioned by RNAC.</p>	SCF Chairman















<p>E13 There should be evidence that the board understands the organisation's risk profile and the effectiveness of key controls and regularly reviews risks and risk appetite</p>					<p>Risk management procedures to be supplied</p> <p>Sample of minutes to be supplied to demonstrate consideration of risk, in particular financial risk</p> <p>Risk management strategy to be formally reviewed and agreed at the board and a copy of strategy and the minutes of discussion to be supplied to the Council.</p> <p>The lead member for children's services to be removed as risk owner and her role in attending board meetings to be clarified and a protocol to be drawn up if the lead member continues to attend board meetings.</p> <p>SCF to consider commissioning support from SBC or an external provider on reviewing its risk management procedures and delivering training on risk management.</p>	<p>This should be a focus of the new SCF Chair.</p> <p>The ACGC has responsibility for risk management and at its meeting in February 2023 review the risk register. This will be a standing agenda item.</p> <p>Lead member for children's services removed as risk owner. The lead member no longer attends board meetings as a participating observer and council representatives are invited on an as and when basis with a clear purpose.</p> <p>Risk log in place however, further review of documents relating to risk management required to provide further assurance, particularly around financial risk management.</p>	<p>Chair of SCF A&amp;CGC</p> <p>SCF Chief Executive</p>
<p>E14 There should be documented evidence that the board regularly undertakes a skills audit to ensure that it has an appropriate balance of skills and experience</p>					<p>Details of last skills audit to be supplied</p>	<p>Skills audit supplied and informed council nominated director appointment.</p> <p>A new council director has been appointed.</p> <p>RNAC is considering commissioning external support for a skills audit.</p>	<p>SCF Chairman</p>



E15 There should be evidence of ongoing professional training provided to ensure that all board members are up-to-date in their understanding and supported in their roles					Training records to be supplied.	<p>The board has held a development day and RNAC is responsible for ensuring board evaluation and a development programme.</p> <p>Further information on training programme to be supplied as further assurance.</p>	<p>SCF Chief Executive</p> <p>SCF Chairman</p>
E16 There is evidence that the role of executive directors is clearly defined and documented					Role profiles for all executive directors to be supplied	<p>The SCF CE was appointed following a competitive process and has a role profile and the secondment agreement sets out the separation of functions between SBC and SCF roles and a protocol for managing conflicts of interest.</p> <p>SCF has a permanent Director of Operations. SCF had recently reviewed its executive leadership team and has appointed a Director of Finance. Role profiles in place for these roles.</p>	<p>SCF Chief Executive</p> <p>SCF Chief Executive</p>
E17 Non-executive directors are in place to bring an independent judgement to bear on issues of subject matter expertise, strategy, performance, resources including key appointments, and standards of conduct					<p>Further evidence to be supplied by SCF</p> <p>Despite good evidence being supplied to demonstrate the value that NEDs are adding, this is reliant on the right information being provided at the right time and that requires a culture and governance arrangements that are receptive to constructive challenge and the need for assurance. This needs to be kept under review over the next 12 months and considered as part of the review of board effectiveness.</p>	<p>Head of Legal and finance lead attended board meetings. The reports supplied and debate and constructive challenge was evidenced.</p> <p>Meeting with Council NEDs on an ongoing basis to provide further assurance.</p>	<p>SCF Chairman</p> <p>SCF Chairman</p>
E18 There is documented evidence that the board values					Sample of minutes of meetings to be provided for assurance purposes	The meetings in February indicated there is a greater understanding of the legitimate role of NEDs. The board development day is a positive way of ensuring	SCF Chairman

<p>the role of non executive directors, and their views are influential in the board's decisions</p>					<p>The review of the effectiveness of the board should consider the culture of SCF in terms of valuing the role of NEDs and of the right information being provided at the right time.</p>	<p>that the board and executive leadership team work together closely and understand each other's roles.</p> <p>Further samples and meetings are required to provide further assurance.</p>	<p>SCF Chairman</p>
<p>E19 There is evidence that the chair provides clear board leadership, supporting the directors and chief executive and taking account of the shareholders views</p>					<p>Evidence to be supplied</p> <p>The Council to formally request information and evidence to demonstrate the appraisal process in place to assess the effectiveness of the Chair.</p>	<p>The SCF Chair has attended the Council's scrutiny meeting to answer questions and listen to the debate.</p> <p>SCF has an interim Chair and is in process of recruiting a new Chair. The interviews are scheduled for 3<sup>rd</sup> July.</p> <p>DfE Commissioner to supply details of meetings held to demonstrate that the chairman is fulfilling the role to the satisfaction of the DfE</p>	<p>SCF Chairman /</p> <p>.</p> <p>DfE Commissioner</p>
<p>E20 There should be a fully documented and approved business plan that is consistent with and no more than 12 months older than the previous business plan. The changes within the updated business plan should accord with the trajectories that are apparent from monthly financial and non-financial performance reports</p>					<p>Evidence to be supplied and evaluation of performance of the board in terms of monitoring and management of financial performance.</p> <p>Whilst there is evidence of challenge on the business plan by NEDs, the business plan process has been convoluted and the historic issues with overspend have been replicated in the first year of trading, with the in-year change mechanisms not being utilised until July 2022. More evidence is required to demonstrate that the business plan is effective and focused on the right priorities. This will be informed by the Mutual Ventures report.</p>	<p>The SCF board took the difficult decision not to approve the business plan due to arrival of new SCF CE, Ofsted inspection and concerns that it is not a plan that will be easily understood by the staff. The SCF CE has committee to producing a new business plan in the first quarter of 2023/23.</p> <p>The new draft business plan better aligns with the Council's emerging corporate plan, takes account of the findings of the MV review and the People Scrutiny task and finish report. There is still concern about affordability, risk and deliverability, which partly reflects the national pressures on children's social care.</p> <p>It is recommended that Cabinet receive quarterly updates to keep delivery against the plan under review.</p>	<p>SCF Chairman</p> <p>SCF Chairman/ SCF CE</p>

<p>E21 The financial transactions and values attributable to the company within the council's medium term financial plan should agree with the projections in the business plan</p>				<p>To be addressed in future business plans</p> <p>The board should be able to effectively scrutinise and challenge financial information and agreed and monitor budgets. A training and development plan should be supplied to the Council to demonstrate that appropriate support is being given to the board to undertake its functions. Whilst SCF can review whether further financial expertise is required on the Board, the reliance on one individual to address this issue fails to recognise the role of NEDs and the board as a collective.</p>	<p>SCF has been given an increased contract sum to reflect agreed in-year funding increases and the MV review. Its draft business plan requests a considerable increase in funding for 2023/24 as well as payment of historic deficits. This is placing considerable financial pressure on the Council and impacts on its MTFS.</p> <p>Pre Board finance meetings between SBC 151 officer, the NEDs representing the Council and SCF to consider financial issues to ensure SCF Board and the Council are financially better aligned.</p>	<p>SCF Chairman and SCF Chief Executive</p> <p>SCF Chief Executive/SBC 151 Director of Finance</p>
<p>E22 Board reports should include clear presentation of the monthly income and expenditure position of the company as well as a cash flow statement and balance sheet</p>				<p>There is insufficient information supplied to demonstrate the board is receiving appropriate financial information on a regular basis and managing the risks appropriately. An action plan to address this should be provided.</p> <p>SCF Board should consider whether reports should have a financial implications section as standard.</p>	<p>Two in-year change requests submitted in 2022/23 and further requests submitted to cover historic deficits.</p> <p>In Sept 2022 the Mutual Ventures report analysed assumptions and identified concerns about optimism bias.</p> <p>This is a focus of the newly appointed council director and the ACG Committee and will need to be a focus of the new Chair.</p> <p>A new Financial Director was appointed on 29<sup>th</sup> June.</p>	<p>SCF Director of Finance</p> <p>SCF Chairman</p>

<p>E23 There should be evidence of an annual audit letter from the council's external auditors, confirming the degree of confidence they hold in respect of consolidation or treatment of financial instruments entered by the company</p>					<p>Assurance processes in place regarding treatment of financial instruments and consolidation.</p>	<p>SCF accounts process has highlighted some errors, which will need to be subject to scrutiny by the board and external auditors. This is a focus of the ACG committee and SCF auditors have been held to account.</p> <p>New finance audit currently taking place June/July 2023. Consideration being given to changing auditors next year due to concerns about progress.</p>	<p>SBC s.151 Officer</p>
<p>E24 Documented financial policies and procedures should be available</p>					<p>Financial policies to be reviewed, updated and approved by board. It is not appropriate to wait for the set up of a new finance committee, unless this is happening imminently.</p>	<p>Financial policies have been reviewed and a number of policies were being considered at February meeting of ACG Committee. Further work is being done on a financial scheme of delegation and a travel expenses policy.</p>	<p>SCF Director of Finance</p> <p>SCF Director of Finance</p>
<p>E25 There should be evidence of an effective annual internal audit programme</p>					<p>SBC to consider the effectiveness of the internal audit programme for SCF and the quality of internal audits undertaken in 2022/23.</p>	<p>To be reviewed as part of in-sourcing internal audit. Independent NED leading on governance is reviewing this as part of review of committee ToR.</p>	<p>SBC s.151 officer / SCF Chair of Audit Committee</p>

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**AUDIT AND CORPORATE GOVERNANCE COMMITTEE**  
**2023/24 WORK PROGRAMME**

**Meeting Date**

**13 September 2023**

**Standing Items**

- Internal Audit Quarterly Progress Report - Q2 2023/24
  - Risk Management Update – Q2 2023/24
  - Internal Audit Action Tracking Report - Q2 2023/24

**Other Items**

- External Audit Fee Letter
- External Audit Progress Report

**22 November 2023**

**Standing Items**

- Internal Audit Quarterly Progress Report - Q3 2023/24
  - Risk Management Update – Q3 2023/24
  - Internal Audit Action Tracking Report - Q3 2023/24

**Other Items**

- Statement of Accounts Progress Report
- Counter Fraud Policy Approval
- Risk Strategy Approval

**17 January 2024**

- Minimum Revenue Report update up to 23/24
- Treasury Management Strategy 24/25

**Meeting Date**

**20 March 2024**

**Standing Items**

- Internal Audit Quarterly Progress Report - Q4 2023/24
  - Risk Management Update – Q4 2023/24
  - Internal Audit Action Tracking Report - Q4 2023/24

**Other Items**

- Annual Internal Audit Plan 2024/25