

THE POWER OF BEING UNDERSTOOD

SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

For presentation to the Audit and Corporate
Governance Committee

10 December 2015



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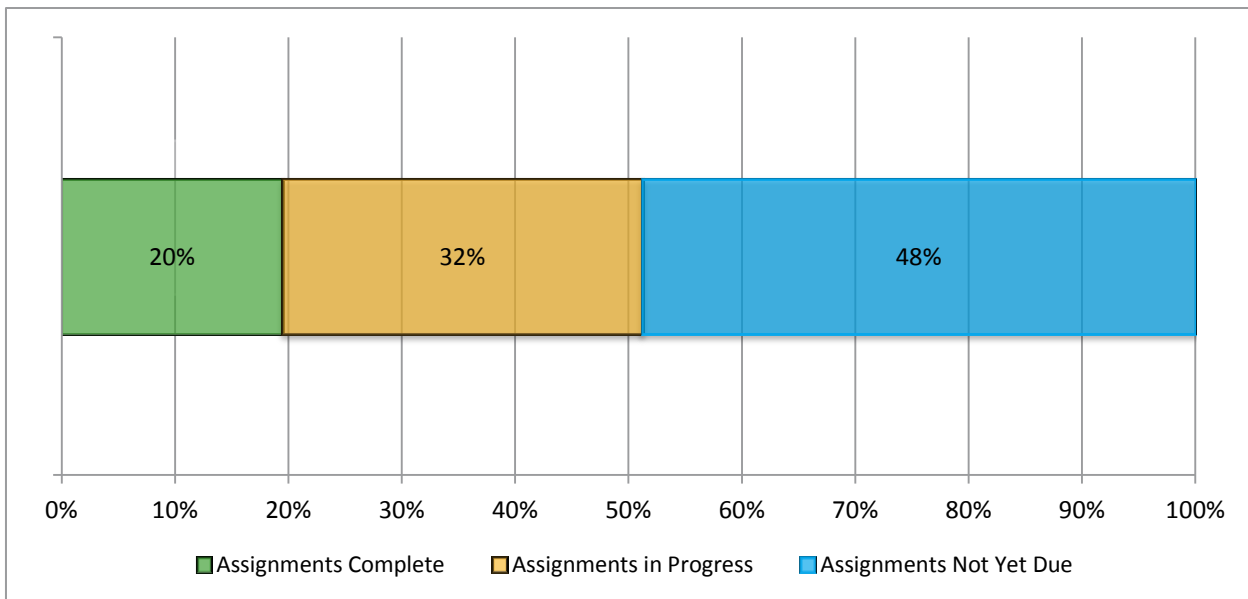
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1 INTRODUCTION

The internal audit plan for 2015/16 was approved by the Audit and Corporate Governance Committee in March 2015. Below provides a summary update on progress against that plan and summarises the results of our work to date. Please see the chart below for current progress with the plan.



2 REPORTS CONSIDERED AT THIS AUDIT COMMITTEE

This progress report provides an update on the remaining 2014/15 audit reports and an update on progress with the 2015/16 Internal Audit Plan.

2014/15 draft reports:

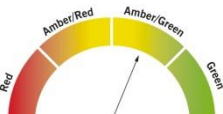
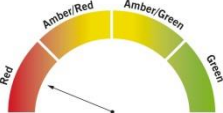

The following five reports are still outstanding in draft from the 2014/15 audit plan:

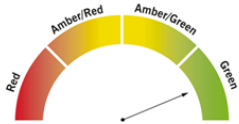

- Arvato Phase II – We are actively working with management to finalise this report.
- Arvato Performance Management - We are actively working with management to finalise this report.
- Data Protection Action – Subject Access Requests – Children’s Services – we are liaising with the Interim Director of Children’s Services to get this finalised.
- Educational Services – Contract Management – We are working with the Strategic Director, Wellbeing with a view to finalising this report.
- Procurement - We are actively working with management to finalise this report.

We have been chasing management responses and are working with management to finalise these reports.

2015/16 Final reports:

The internal audit plan for 2015/16 was approved by the Audit and Corporate Governance Committee in March 2015. The table below informs the Audit and Corporate Governance Committee of the six audit reports that have been finalised since the last meeting. The Executive Summary and Key Findings of the reports finalised below are attached to this progress report (at Appendix B) where a red or amber red assurance opinion has been provided. Appendix A also contains details of the full history of the audits finalised in 2015/16 that have been presented to previous meetings.

Assignments	Status	Opinion issued	Actions agreed		
			L	M	H
2015/16 FINAL REPORTS					
Better Care Fund (6.15/16)	FINAL		0	3	3
Hire of Council Buildings (9.15/16)	FINAL		0	9	3
Commissioning (Voluntary and Community Sector) (12.15/16)	FINAL		2	3	0

Assignments	Status	Opinion issued	Actions agreed		
			L	M	H
Penwood School (2.15/16)	FINAL		2	0	0
Pippins School (10.15/16)	FINAL		3	2	0
SFVS (8.15/16)	FINAL	ADVISORY			

2015/16 draft reports:

In addition to those reports finalised above since the previous meeting, the following reports have been issued to management in draft for 2015/16:

- Chalvey Early Years Centre (5.15/16)
- Matrix – Management of Agency Staff (7.15/16)
- Adult Safeguarding (11.15/16)

3 LOOKING AHEAD

This section provides a further update on progress against the 2015/16 plan and summarises the current status of all remaining audits.

Assignment area	Timing per approved IA plan 2015/16	Status	Target Audit Committee per the IA Plan 2015/16
Chalvey Early Years Centre (5.15/16)	July 2015	Draft issued on 30 July 2015	September 2015
Matrix - Management of Agency Staff (7.15/16)	July 2015	Draft issued on 6 August 2015	September 2015
SFVS (8.15/16)	July 2015	Draft issued on 11 August 2015	September 2015
Adult Safeguarding	July 2015	Draft issued on 25 September 2015	September 2015
Schools Thematic Review	September 2015	In QA – draft report to be issued shortly.	March 2016
Cheque Payments	August 2015	In QA – draft report to be issued shortly.	March 2016
Grants	September 2015	In QA – draft report to be issued shortly.	March 2016
Recruitment	October 2015	In QA – draft report to be issued shortly.	March 2016
Wexham Secondary School	Commencing 16/11/15	Fieldwork complete – In QA	March 2016
Slough Centre Nursery	Commencing 19/11/2015	Fieldwork complete – In QA	March 2016
Council Tax	Commencing 23/11/2015	In Progress	March 2016
Housing Benefits	Commencing 27/11/2015	In Progress	March 2016
Governance	December 2015	Scope Issued	March 2016
Treasury Management	Commencing 03/12/2015	Scope Issued	March 2016
Budgetary Control and Financial Reporting	Commencing 07/12/2015	Scope Issued	March 2016
Cash Handling	Commencing 09/12/2015	Scope Issued	March 2016
Business Rates	Commencing	Scope Issued	March 2016

Assignment area	Timing per approved IA plan 2015/16	Status	Target Audit Committee per the IA Plan 2015/16
	14/12/2015		
Capital	Commencing 16/12/2015	Scope Issued	March 2016
Risk Management	Commencing 18/12/2015		March 2016
Creditors	Commencing 04/01/2016		March 2016
Implementation of the Care Act	Commencing 15/01/2016		March 2016
Debtors Management	Commencing 25/01/2016		March 2016
Rent Accounts	Commencing 25/01/2016		March 2016
General Ledger	Commencing 01/02/2016		March 2016
Payroll	Commencing 02/02/2016		March 2016
IT Strategy	Commencing in Q4		March / July 2016
IT Business Continuity and Disaster Recovery	Commencing in Q4		March / July 2016
Contract Management - Implementation of Previous Recommendations	Commencing in Q4		March / July 2016
Assets	Commencing 10/02/2016		July 2016
Follow Up	Commencing 10/02/2016		July 2016
Annual Governance Statement	Commencing 29/03/2016		July 2016

4 OTHER MATTERS

4.1 Changes to the audit plan

There have been changes to the audit plan, please see details below: Auditable area	Reason for change
ERP Implementation	This work will be conducted in 3 stages; a transfer of balances review to provide assurance that balances have been appropriately transferred across to the new CSO; sitting on the ERP project Board to provide a 'critical friend' opinion on the progress of the project and some 'real time auditing' on the system as it being developed as required by the Council.
Contracts Lettings Assurance.	This work will be undertaken by our Contract Management Specialist Team, who have previously provided specialist input and advisory reviews in this area for the Council.

4.2 Added value work

We have undertaken the following added value work since the previous Audit Committee.

Area of work	How this has added value
Our audit of Troubled Families (May Submission) was undertaken to provide assurance that the Council had identified appropriate families for inclusion within the scheme in line with DCLG guidance.	Our audit provided the Council with assurance that the Troubled Families Team had identified appropriate families, in line with the guidance provided by DCLG for inclusion within the Troubled Families Phase I scheme. Our findings were also verified by an independent review conducted by DCLG in May 2015 whose results were consistent with our findings.
Our consultancy team has undertaken a review of the Council's contract with Slough Community Leisure to provide assurance as to the accuracy of figures used as part of the contract, which was won following a Council led Tender Exercise through the Procurement Team.	The work will provide assurance to the Council that accurate financial information is contained within the contract.
We are attending meetings of the ERP Project Board. This role is being undertaken by one of our IT specialists	Through attendance at the Project Board we will be able to provide assurance over the effectiveness of project management arrangements in respect of the ERP project implementation.

4.3 Information and briefings

The following items were highlighted as part of our information briefings since the last Audit Committee.

Key issues	Impact and actions required
<p data-bbox="98 745 938 779">Delivering good governance in local government: a framework</p> <p data-bbox="98 826 1222 983">The CIPFA / SOLACE Joint Working Group have published an updated 'Delivering Good Governance in Local Government' framework. The framework has been reviewed so that it remains appropriate as: local authorities adapt to further funding reductions; develop their own approach to governance; and to ensure it emphasises the importance of the longer term link between governance and public financial management. The consultation will remain open until 28 September 2015.</p>	<p data-bbox="1236 745 1481 779">The Council to Note</p>
<p data-bbox="98 1030 738 1064">2014 – 2020: A guide to EU funding for councils</p> <p data-bbox="98 1111 1222 1332">The Local Government Association has published a guide to the various EU funding grants available to local government through to 2020. The guide focuses on some of the main options available for local authorities and states that €6.9 billion of ESIF (European Structural and Investment Funds), which itself comprises four other funds including the ERDF (European Regional Development Fund), are available to England and have already been sub divided between the 39 Local Enterprise Partnerships (LEPs). The guide goes into some detail on the various routes available for local governments to obtain these funds; be it applying to UK wide managing authorities or applying to the relevant EU body itself.</p>	<p data-bbox="1236 1030 1481 1064">The Council to Note</p>
<p data-bbox="98 1377 738 1411">NAO short guide to its work on local authorities</p> <p data-bbox="98 1458 1222 1713">The National Audit Office (NAO) has published a simple guide into its work on local authorities. The guide provides information on: how local authorities are funded; the pressures facing them; staffing updates; and recent key developments. The report explores three key services provided by local authorities, notably: adult social care; child services; and economic growth, transportation and housing. The guide examines the spending cuts and their effect on the sustainability of those services provided. Details are also provided on future NAO publications which include 'Financial Sustainability of the Fire and Rescue services' (October 2015) and 'Financial Sustainability of local authorities - capital expenditure and financing' (February 2016).</p>	<p data-bbox="1236 1377 1481 1411">The Council to Note</p>
<p data-bbox="98 1747 979 1780">Care Act first phase reforms – local experience of implementation</p> <p data-bbox="98 1827 1222 2011">Published by the National Audit Office the reports scope is to examine the economy, efficiency, and effectiveness of local authorities' use of resources to perform their functions. The report analyses the changes brought about by the Care Act 2014 and the core duties placed upon local authorities who have responsibility for providing local care and services. The report looks at a selection of local authorities and highlights their experiences and approaches to the changes. The report also takes into account the delay in the governments cap on care costs to April 2020.</p>	

A shared commitment, local government and the spending review

The Council to Note

The Local Government Association (LGA) has set out its preferred agenda for local government following the upcoming spending review. The LGA has used a refreshed version of its Future Funding Analysis suggesting a local government funding gap of up to £9.5 billion by 2020, whilst noting there is little scope for further efficiency savings. Some of the proposals suggested by the LGA include: that local authorities should be able to re-valuate the cost of properties; that a reform of council tax should take place; and that the 'Better Care Fund' should be expanded.

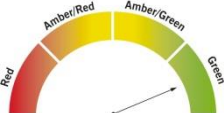
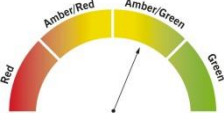
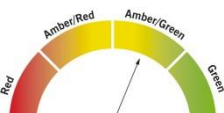
English housing survey, profile of English housing 2013

The Council to Note


The full outcomes of the 2013 English Housing Survey have been published by the Department for Communities and Local Government. The publication builds on the headline report published in February 2015 and provides a national picture of people's housing circumstances. The report is divided into three core sections: section one examines housing stock and considers how this has changed; section two focuses on amenities, services and adaptations; and section three provides analysis on property conditions. The report provides information and data relating to private rented housing, owner occupied homes, housing association and local authority social housing.

APPENDIX A: 2015/16 INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

Reports previously seen by the Audit Committee and included for information purposes only:

Assignment	Opinion issued	Actions agreed		
		L	M	H
Troubled Families (May Submission) (1.15/16)	Advisory		-	
Budget Setting including Savings Plan Development (3.15/16)		0	0	1
Employment Tax Follow Up (4.15/16))	Reasonable Progress		-	
Better Care Fund (6.15/16)		0	3	3
Hire of Council Buildings		0	9	3
Commissioning (Voluntary and Community Sector		2	3	0
Penwood School (2.15/16)		2	0	0
Pippins School (10.15/16)		3	2	0
SFVS (8.15/16)	ADVISORY		-	

APPENDIX B: KEY FINDINGS FROM RED AND AMBER RED RATED REPORTS

Assignment: Hire Of Council Buildings	Opinion: 	Management Actions: 3 High 9 Medium 0 Low
<p>The key findings from this review are as follows:</p> <p>Our review identified three high and nine medium priority issues, fully detailed within the Action Plan that follows, the principal of which are:</p> <ul style="list-style-type: none"> We identified a lack of an adequate policy framework to govern the hiring of Council buildings. An overarching policy was not in place, procedural guidance in place was not comprehensive nor did they cover the entire bookings process and there was no evidence to demonstrate the appropriate approval of the 'Terms and Conditions for the hire of community centre'. Furthermore, our sample testing identified the application of certain charging policies, however there was no evidence that these had been appropriately approved. Without an appropriately approved policy framework, the service cannot be adequately managed as there is risk that staff may follow inadequate processes which are inconsistent with wider Council policies, potentially exposing the Council to wider financial and reputational risks. We reviewed the approved hire charges for 2015/16 and noted that this did not cover all applicable charges recorded on the charges spreadsheet maintained by the Bookings Team. In addition, there was no evidence to demonstrate the basis for setting the charges; whether benchmarking or appropriate analysis of costs to provide the service had taken place. We noted that reconciliations between income received and the Artifax bookings system were not undertaken, and there was a lack of monitoring of aged debtors. The absence of these controls means that assurance cannot therefore be gained that the Council is receiving all income due from the hire of community buildings, potentially resulting in financial loss to the Council. 		
High and Medium Risk Management Actions:	Date	Responsible Officer
<p>The Facilities Contracts Manager will liaise with Finance to request a monthly Oracle generated report showing income from the hire of community centres. This is will be reconciled to the Artifax system on a monthly basis by the Bookings and Events Coordinator. The reconciliation will then be independently reviewed by the Facilities Contracts Manager.</p> <p>Evidence of each monthly reconciliation will be retained. (High)</p>	Immediate	Jamila Ibrahim – Facilities Contracts Manager
<p>The Head of Facilities Management will liaise with Finance to ensure that Aged Debt reports are received on a monthly basis. These will be reviewed by the Bookings Team to ensure that, where debts are outstanding, action is taken to suspend bookings until these have been cleared.</p> <p>Where a customer's bookings have been suspended, this will be recorded on the Artifax system and the Bookings Team will liaise with the Debt Recovery</p>	Immediate	Charan Dhillon – Head of Facilities Management

<p>Team to confirm whether debts have been settled before taking any further bookings.</p> <p>A spreadsheet will be maintained on a monthly basis to record such customers and when debts have been settled. (High)</p>		
<p>The Bookings Team will seek payment of the outstanding invoices 700211926 and 700218300 for customer 30434 and suspend further bookings until the debt has been cleared. (High)</p>	Immediate	Jamila Ibrahim – Facilities Contracts Manager
<p>An overarching policy governing the hire of council buildings will be developed and implemented to provide a robust framework for managing the service.</p> <p>The 'Terms and Conditions (T&Cs) for the hire of community centres' will also be reviewed to ensure that it is fit for purpose.</p> <p>The overarching policy, with the T&Cs appended, will be subject to the Council's policy scrutiny and approval process comprising;</p> <ul style="list-style-type: none"> • Corporate Management Team (CMT); • Overview and Scrutiny Committee; • Cabinet; • Full Council. <p>The policy and T&Cs (as an appendix) will be reviewed by CMT annually thereafter; and any changes will require CMT approval.</p> <p>Version control will be included within the policy to record approval and review details, as well as next review date.</p>	30 November 2015	Jamila Ibrahim – Facilities Contracts Manager Charan Dhillon – Head of Facilities Management
<p>The policy / procedural documents related to community centres currently on the intranet will be removed and replaced by the overarching policy once this has been approved.</p>	30 November 2015	Jamila Ibrahim – Facilities Contracts Manager
<p>A procedure manual will be developed covering the end-to-end bookings process and use of the Artifax system in order to provide guidance to staff involved in the bookings process.</p> <p>The manual will be reviewed annually to ensure it remains up-to-date and reflective of processes, and will record last and next review date.</p>	30 November 2015	Jamila Ibrahim – Facilities Contracts Manager
<p>The Facilities and Contracts Manager will liaise with the Council's Legal department to obtain a copy of the agreement with Slough CVS to confirm the terms of the agreement, and that the agreement has been duly signed by both parties and is still in date.</p>	Immediate	Jamila Ibrahim – Facilities Contracts Manager
<p>Going forward, the setting of the charges for the hire of community centres will be based on an appropriate benchmark, and evidence will be retained to demonstrate analysis undertaken.</p> <p>We will ensure that the list of charges presented for approval is comprehensive and covers all applicable charges for all the community</p>	31 December 2015	Jamila Ibrahim – Facilities Contracts Manager Charan Dhillon – Head of

centres.		Facilities Management
The charges spreadsheet will be updated to reflect only approved policies in relation to the hire of community centres.	30 November 2015	Jamila Ibrahim – Facilities Contracts Manager
The Facilities and Contracts Manager will liaise with the Young People's Service and the Council's Legal department to seek assurance that an agreement is in place with YES Group and obtain a copy to confirm the terms of the agreement, and that the agreement has been duly signed by both parties and is still in date.	Immediate	Jamila Ibrahim – Facilities Contracts Manager
The Bookings Team will ensure that booking contracts and Terms and Conditions are signed and returned prior to commencement of hires, and signed copies for all bookings as well as copies of all other agreements in place relating to the use of the Council's community centres will be retained electronically in a central repository.	Immediate	Bookings Team
The Bookings and Events Coordinator will undertake a reconciliation of deposits received for regular hirers and going forward, any deposits received will be recorded on the Artifax system and a spreadsheet will be maintained to record deposits received, the date received and when these were returned.	Immediate	Ishrat Fatima – Booking and Events Coordinator

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