

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Corporate Governance Committee

DATE: 11th January 2017

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WARD(S): ALL

PART I **FOR COMMENT & CONSIDERATION**

AUDIT AND RISK MANAGEMENT UPDATE – QUARTER 2 2016/17

1. **Purpose of Report**

The purpose of this report is to:

- Report to Members on the progress of the implementation of Internal Audit recommendations
- Report to Members the amended process for finalising internal audit reports
- Report to Members the Council's latest counter-fraud activity
- Report to Members the Council's Risk Register
- Note the Risk Management Strategy

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

That the Committee

- a) Note details of the implementation of Internal Audit recommendations, the amended process for finalising internal audit reports, counter fraud activity and the Council's Risk Register.
- b) Recommend that Cabinet approve the Risk Management Strategy as attached at Appendix 2.

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

The [Slough Joint Wellbeing Strategy](#) (SJWS) is the document that details the priorities agreed for Slough with partner organisations. The SJWS has been developed using a comprehensive evidence base that includes the Joint Strategic Needs Assessment (JSNA). Both are clearly linked and must be used in conjunction when preparing your report. They have been combined in the Slough Wellbeing Board report template to enable you to provide supporting information highlighting the link between the SJWS and JSNA priorities.

3a. **Slough Joint Wellbeing Strategy Priorities**

The report indirectly supports all of the strategic priorities and cross cutting themes.

The maintenance of excellent governance within the Council to ensure that it is efficient, effective and economic in everything it does is achieved through the improvement of corporate governance and democracy by ensuring effective management practice is in place.

The report helps achieve the corporate objectives by detailing how the Council is delivering the Council's budget in line with the approved budget.

4. **Other Implications**

(a) Financial

There are no direct financial implications of this report

(b) Risk Management

This report is concerned with the risk management and other governance arrangements of the Council

(c) Human Rights Act and Other Legal Implications

There are no human rights issues arising from this report

(d) Equalities Impact Assessment

There are no equality issues arising from this report

5. **Supporting Information**

5.1 **Finalising Internal Audit Reports**

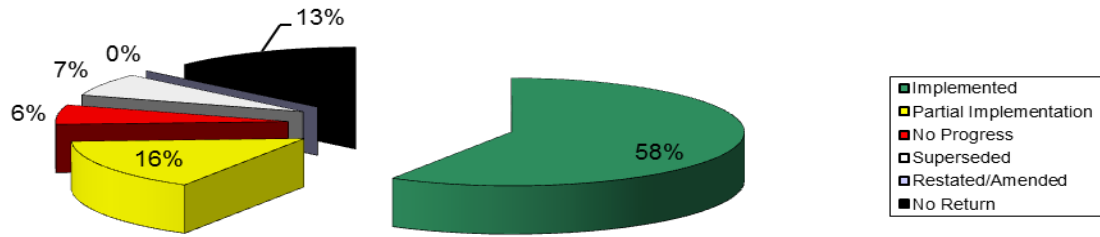
5.1.1 The table below shows those Internal Audits that remain in draft and are yet to be finalised as at 31st October 2016.

Audit Title	Draft Issued	Responses due	Client sponsor	Rating
Voluntary Sector Commissioning 7 16 17	01 November 2016	15 November 2016	Alan Sinclair	Amber Red

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

5.1.3 The number of implemented recommendations has increased to 58%, up on the 56% reported at the previous Audit and Corporate Governance committee.

**Internal Audit Recommendations due by 31st October 2016
(excluding schools)**

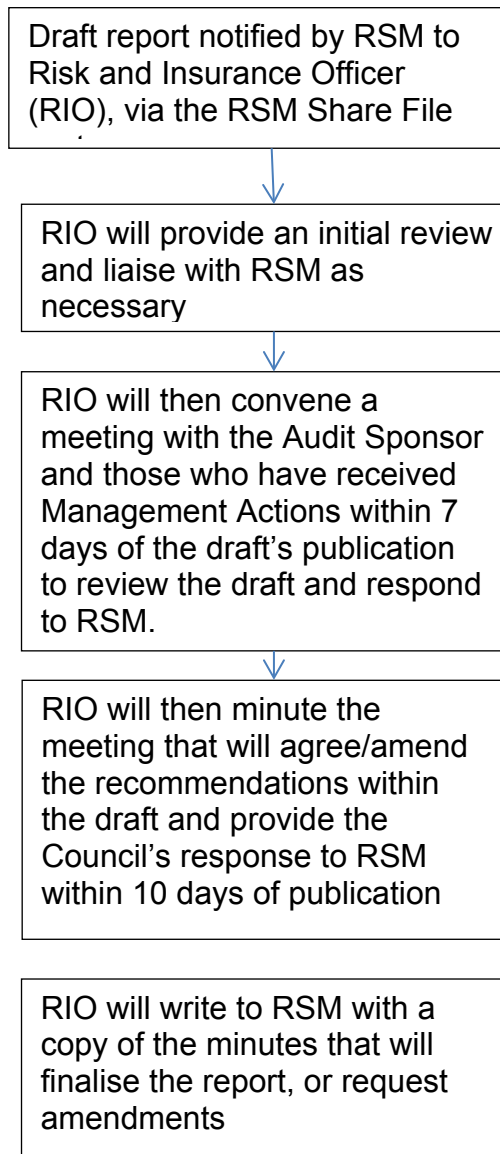


5.1.4 The table below details those audits where recommendations are still outstanding

Name of Audit	High Level rec's not Completed		Medium Level rec's not Completed		Audit Sponsor
	No Progress	Partial	No Progress	Partial	
Corporate Reports					
	No Progress	Partial	No Progress	Partial	
avarto phase II contract management 25 14 15	2	1	1	0	Roger Parkin
avarto performance management 45 14 15	0	0	1	1	Roger Parkin
Budgetary Control and Financial Reporting 25 15 16	0	0	1	0	Neil Wilcox
General Ledger 31 15 16	0	0	2	0	Neil Wilcox
Slough Community Leisure 7 14 15	0	1	1	0	Gurpreet Anand
Five Year Plans Outcomes 33 15 16	0	0	1	1	Roger Parkin
Rent Accounts 28 15 16	0	0	0	1	Neil Wilcox
Business Continuity Planning Arrangements 1 16 17	5	0	0	0	Mike England
Matrix - Management of Agency Staff 7 15 16	2	0	5	0	Roger Parkin
Creditors 19 15 16	0	0	0	1	Neil Wilcox
Risk Management	0	0	1	5	Neil Wilcox
Schools Thematic Review 24 15 16	0	0	1	0	Jo Moxon
Payroll 26 15 16	0	0	0	1	Neil Wilcox
Adult Safeguarding 11 15 16	0	0	0	1	Alan Sinclair
Sub Total	9	2	14	11	
Schools					
Khalsa	0	0	2	0	Jo Moxon
Pippins	0	0	1	0	Jo Moxon
Our of Peace Primary	0	0	2	0	Jo Moxon
Total	9	2	19	11	

5.2 Finalising Internal Audit Reports – Change of Process

- 5.2.1 It has recently become apparent that, historically, an unacceptable number of internal audit reports have remained in draft, significantly past the date by which they should have been finalised. This means that the recommendations for improvement in the reports remain unaddressed and individuals are not held accountable for their implementation.
- 5.2.2 To remedy this problem, and to introduce a more robust process by which Internal Audits are finalised, the Risk Insurance Officer has implemented, with agreement from CMT, the process outlined below:



5.3 Fraud update

Every year the Council is required to report all fraud activity with a value of over £10,000. The Council provides this summary on a quarterly basis to the Audit & Risk Committee. For Quarter 2 (July to October) 2016/17 please see below:

1. Fraud value over £10,000

Type of Fraud	Amount	Recovery Action	Action Against Perpetrator
• School Photocopy Fraud	Fraud over £130,000	Prosecution	Prosecution
• Fraud against vulnerable service user in supported living	Fraud over £20,000	Prosecution	Prosecution

2. Number of occasions SBC have used powers under the Prevention of Social Housing fraud Act 2013:
 - a. **Nil.**
3. Or similar powers - SSFA (Social Security Fraud Act 2001) and CTRS (Council Tax Reduction Scheme) 2013:
 - a. **9 statutory requests.**
4. Total number of employees undertaking fraud/prosecution duties
 - a. **3**
5. Total number of employees (absolute and full time equivalent) of professionally accredited counter fraud specialists
 - a. **2**
6. Total amount spent by the authority on the investigation and prosecution of fraud
 - a. **NA**
7. Total number of fraud cases opened in quarter: **23 opened**
8. Total number of sanctions obtained:
 - a. Caution - **1 caution issued for tenancy fraud and property recovered.**
 - b. Prosecution issued – **2 prosecutions submitted**
 - c. Convictions obtained – **2 convictions for housing and council tax benefit fraud. DWP Lead agency.**
 - d. Properties recovered - **4**
9. Total number of Proceeds of crime Act 2002 actions:
 - a. Investigations – **Nil**
 - b. Restraint Orders – **None.**
 - c. Confiscation Orders - **None**
 - d. Funds received from Home Office for previous Confiscation Orders:
 - i. Compensation- **£0**
 - ii. Confiscation- **£0**

5.4 Corporate Risk Register

5.4.1 Appendix 1 shows the current draft Corporate Risk Register

5.5 Risk Management Strategy

5.5.1 The amended Risk Management Strategy is included as Appendix 2 for your approval.

5.5.2 Once this document is approved it will be presented to the Audit and Corporate Governance committee to recommend that it is signed by Cabinet

6. Comments of Other Committees

N/A.

7. Conclusion

The Committee is requested to:

- Note the progress of the implementation of Internal Audit recommendations
- Note the amended process for finalising internal audit reports
- Note the Council's latest counter-fraud activity
- Note the Council's Corporate Risk Register
- Note the Risk Management Strategy
- The Committee is requested to recommend that Cabinet sign the attached Risk Management Strategy at Appendix 2

8. Appendices Attached

'A' - Corporate Risk Register – Appendix 1
'B' - Risk Management Strategy – Appendix 2

9. Background Papers

None.