



SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

Presented at the Audit and Corporate
Governance Committee meeting on 11th
January 2017

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1 INTRODUCTION

The Internal Audit Plan for 2016/17 was approved by the Audit Committee on 10th March 2016. This report provides a summary update on progress against that plan and any outstanding draft reports from the 2015/16 plan as at the 16th December 2016.

2015/16 Internal Audit Plan

The Council have finalised the following ten reports relating to the 2015/16 plan since the previous Audit and Corporate Governance Committee meeting. The IT Business Continuity and Disaster Recovery, Income and Debtors, Asset Register and Treasury Management audits resulted in only 'Partial Assurance' and the Follow Up report demonstrated that only 'Little' progress had been made in implementing previous recommendations.

The opinions and numbers of recommendations have been reported previously for these reports as part of our Internal Audit Annual Report however we have included the Executive Summary and action plans for those partial assurance opinion reports within this report at Appendix A:

- Treasury Management – Partial Assurance
- Income and Debtors – Partial Assurance
- IT Business Continuity and Disaster Recovery - Partial Assurance
- Asset Register – Partial Assurance
- Follow Up – Little Progress
- Five Year Plan Outcomes – Reasonable Assurance
- Rent Accounts – Reasonable Assurance
- Governance – Reasonable Assurance
- IT Strategy – Reasonable Assurance
- Khalsa Primary School - Reasonable Assurance

2016/17 Internal Audit Plan

The Council have finalised eight reports relating to the 2016/17 plan since the previous Audit and Corporate Governance Committee meeting. These are in the following areas:

- Business Continuity
- Budgetary Control and Financial Reporting
- Budget Setting
- SFVS
- Agresso: Transfer of Balances
- Voids
- Information Governance
- Cippenham Nursery School








Five of these reports; Information Governance, Voids, Budgetary Control, Agresso: Transfer of Balances and Business Continuity, resulted in negative assurance opinions and further details are provided below and in Appendix A.




The rest of this report summarises the results of our work to date with the 2016/17 plan. Delivery of the plan is in line with the delivery agreed by the Audit and Corporate Governance Committee, with the exception of three reports, Homelessness, Cyber Risk and the Management of Housing Stock and the reasons for the change are documented within Section 3 below.

2 SUMMARY OF PROGRESS TO DATE

Reports shown in bold have been finalised. Executive summaries and action plans from the negative assurance reports are appended to the bottom of this progress report.

2016/17 Internal Audit Plan (includes draft opinions)

Assignment area	Timing per approved IA plan	Target AC per IA Plan	Fieldwork date/status	Draft report issued	Final report issued	Opinion	Actions		
							L	M	H
Agresso: Transfer of Balances	June 2016	September 2016	Complete	8/7/16	21/11/16		0	2	1
Business Continuity	June 2016	September 2016	Complete	21/06/16	30/6/16		0	2	5
Contract Management	June 2016	September 2016	Complete	02/09/16		Advisory		-	
Information Governance	June 2016	September 2016	Complete	26/07/16	01/12/16		4	12	2
SFVS	June 2016	September 2016	Complete	22/09/16	21/11/16	Advisory		-	
Budget Setting	July 2016	September 2016	Complete	19/08/16	21/11/16		2	1	0
Voids	August 2016	December 2016	Complete	22/09/16	02/12/16		3	3	3
Fixed Penalty Enforcement	August 2016	December 2016	Complete	02/11/16			3	5	4
Cyber Security	August 2016	September 2016	Revised start date proposed for 20/2/17 – awaiting response from Head of IT						
Cippenham School	September 2016	December 2016	Complete	01/11/16	30/11/16		1	1	0

Commissioning	September 2016	December 2016	Complete	01/11/16			1	4	1
Budgetary Control & Financial Reporting	October 2016	December 2016	Complete	4/11/16	21/11/16		2	4	1
Governance	October 2016	December 2016	In QA						
Council Tax	November 2016	March 2017	Complete	16/12/16			0	1	0
Rent Accounts	November 2016	March 2017	In QA						
Capital Expenditure	November 2016	March 2017	In Progress						
Business Rates	December 2016	March 2017	In Progress						
Indirect Tax	December 2016	March 2017	In Progress						
Homelessness	December 2016	March 2017	Meeting scheduled with Strategic Director RHR for 20/12/16 to agree scope.						
Health & Safety	January 2017	March 2017	Scope Issued						
General Ledger	January 2017	March 2017	Scope Issued						
Risk Management	January 2017	March 2017	Scope Issued						
Treasury Management	January 2017	March 2017	Scope Issued						
Creditors	January 2017	March 2017	Scope Issued						
Debtors	February 2017	March 2017	Scope Issued						
Management of Housing Stock	October 2016	March 2017	Audit delayed due to changes at AD level.						
Adult Safeguarding	February 2017	March 2017	Scope agreed						

Cash Collection	February 2017	March 2017	Scope agreed
Payroll	February 2017	June 2017	Scope to be Issued, dates agreed
Allocations (Tenancy Management)	February 2017	June 2017	Scope to be Issued
Housing Benefit	February 2017	June 2017	Scope to be Issued
Assets	February 2017	June 2017	Scope to be Issued
5 Year Plan Outcomes	March 2017	June 2017	Scope to be issued
Annual Governance Statement	March 2017	June 2017	Scope to be Issued
Follow Up	March 2017	June 2017	Scope to be Issued
Public Health	Q4		To be confirmed with Interim Director, Adult Social Services
Procurement	Q4		Meeting to be held with Strategic Director, Customer and Community Services to scope.

* Please note change from agreed plan, see details below.

3 OTHER MATTERS

3.1 Changes to the 2016/17 audit plan

Auditable area	Reason for change
Cyber Risk	Audit delayed at the request of the Head of IT as not enough resource at arvato.
Homelessness	Delayed at the request of Housing and the AD Housing and Neighbourhoods
Management of Housing Stock	Delayed at the request of Housing and the AD Housing and Neighbourhoods

3.2 Impact of our work to date on year end opinion

The assurances given in our audit assignments are included within our Annual Assurance report. In particular the Committee should note that any negative assurance opinions (No Assurance or Partial Assurance opinions) will be noted in the annual report and may result in a qualified or negative annual opinion.

The Committee should note there are a number of weaknesses that need to be promptly addressed and assurance provided through the recommendation tracking process that timely management action is being taken. Where we have issued 'no assurance' (red) and 'partial assurance' (amber / red) reports, these opinions will impact our 2016/17 Head of Internal Audit Opinion for the Council. It should be noted that the provision of further negative assurance reports on key systems of internal control could result in this opinion being qualified at the year end.

We have issued five final reports to date that will impact our year end opinion, some of these will need to be considered in the Annual Governance Statement. We also have a number of draft reports issued with negative opinions that will also impact the year end opinion but we are still awaiting management comments before we can finalise these reviews. In addition, we have issued a further four reports in draft for the 2016/17 plan, which are detailed in section 2 below. One of these reports has been issued in draft with a 'No Assurance' opinion and one with a 'Partial' Assurance opinion.

We will keep the Section 151 Officer, CMT and Audit and Corporate Governance Committee updated throughout the financial year on the outcome of our work and any potential impact on the year end opinion.

3.3 Added value work

Area of work	How this has added value
Risk Management – Provision of training.	We have provided Risk Management Training to members of the Senior Leadership Team. In addition, we have provided comments on the content of the current Risk Management Strategy
HR Policy Review	We have provided comments to the Council (HR department) on the content of two policies as an additional service and free of charge: <ul style="list-style-type: none">• DBS Policy• Smart Working Policy
Contract Management Workshops	We have provided a series of workshops to the Council in relation to the management of contracts.
Contracts Letting Review	We have provided an Advisory report to the Council with suggestions for the future model of contract management within the Council.

3.4 Information and briefings

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

Replacements falling sharply

Research by the Local Government Association (LGA) has confirmed that council house replacements for properties purchased under the right to buy have fallen by 27 per cent in 2015/16, when compared to the previous year. The LGA states that with a number of national restrictions and with councils only receiving a third of receipts from right to buy sales, councils are unable to replace properties at the required rate in order to alleviate ever increasing demand on house waiting lists.

Reforming business rate appeals

The Department for Communities and Local Government (DCLG) has published its response to the consultation on statutory implementation of the 'check, challenge, appeal' plans for business rates appeals. Some of the views requested by the DCLG related to the role of local authorities in the reformed system and on the approach to dealing with material changes in circumstances.

Regional growth fund

The research briefing by the House of Commons library explores the regional growth fund, designed to promote the private sector in areas in England most at risk to public sector cuts.

Tackling homelessness

The Communities and Local Government Committee (the Committee) has published the report on its inquiry into homelessness in the UK. The Committee finds that homelessness is increasing and concludes that despite a particular concern that the statistics relating to homelessness are not 'robust enough' to be considered as national statistics, they still show enough information to prove the increase in homelessness. Indeed one of the Committee's recommendations is for better reporting arrangements on local authorities' homeless reduction work.

Autumn statement submission

With post-haste the Local Government Association (LGA) has published its submission prior to the Chancellor's autumn statement (scheduled for 23 November). The LGA set its agenda around a speech made by the Prime Minister that promised a country that 'works not for a privileged few, but for every one of us'. Using this as a backdrop the LGA calls on government to pursue three primary objectives:

- 'creating the conditions for change', through continuing devolution;
- 'delivering opportunities for all', by removing regulatory barriers with examples of the limits on the housing revenue account cited; and
- 'supporting everyone to contribute and benefit', particularly in ensuring that local authorities are equipped and funded enough to create sufficient school places and protect vulnerable children.

Homelessness reduction bill

The Communities and Local Government Committee (the Committee) has published a report detailing its analysis and further ideas in relation to the government's draft homelessness reduction bill. The Committee throws its weight behind the government's plans for the bill. A couple of the requirements in the bill directed at local authorities include: strengthening the requirements of local authorities to provide advice to prevent homelessness; and a code of practice that specifies how local authorities should operate regarding homelessness. On this latter point the Committee recommended to government that any code of practice should not be 'overly prescriptive' and would only achieve its aims if appropriate monitoring processes are in place, where non-compliance would lead to consequences and action to improve. The bill as stands will have its second reading in the house of commons on 28 October.

Children in need of protection

Continuing the recent swathe of reports relating to the protection of children and vulnerable young people comes this report by the National Audit Office (NAO). The NAO finds that demand for help or protection is increasing citing a 'marked rise in serious cases'. Against this backdrop, the NAO is highly critical of the 'unsatisfactory and inconsistent' protection for children and criticises geographic differences.

Area reviews: guidance for local enterprise partnerships and local authorities

The Department for Education has published guidance for local enterprise partnerships (LEPs), combined authorities and local authorities in relation to the current programme of area reviews of post-16 education and training institutions. The guidance provides a summary of the area review programme and the role of LEPs and local authorities and importantly, the contribution they can make during and after the review has completed 'to ensure long-term improvements in skills for individuals and employers'.

No longer 'education for all'

Six months is a long time in politics as the last remnants of the 'education for all' white paper appear to have been dropped by the government. In a written statement education minister, Justine Greening, wrote 'our focus, however, is on building capacity in the system and encouraging schools to convert voluntarily', confirming the government's switch from the proposed academisation of all schools in a local authority area that are rated 'unviable or underperforming'. The statement also reaffirms the government's commitments to its other recently published education papers.

Financial sustainability of local authorities

The Department for Communities and Local Government (DCLG) appears 'complacent' about the risks associated with local authorities who are increasingly undertaking the role of property developers and commercial landlords, according to a new report by the Public Accounts Committee (PAC). The PAC calls on the DCLG to work with the sector to review the skills of staff involved in such areas and in addition, sets out a number of other recommendations, including:

- requesting that the DCLG and HM Treasury report back to the PAC on the risks associated with the build-up of investment cash held on deposit by local authorities; and
- that the DCLG ensure 'interactions between revenue spending, capital spending and borrowing and the resulting pressures on local authority capital programmes are considered fully in future spending reviews and in the design of the 100 per cent business rate retention scheme'.

The PAC has also [published a report](#) on the progress made regarding the sale of public land for new homes. The PAC reports that the government has made progress over the past year on the disposal of public land, but the programme being 'back-loaded' has increased the risk that government will not meet existing commitments.

Pay to stay scrapped


After much deliberation the government has axed the proposed 'pay to stay' policy, which would have meant higher earning social housing tenants having to pay higher rents. The government has now confirmed that local authorities and housing associations are able to choose whether or not to impose higher rents on higher earning tenants.

Increased funding announced in Autumn Statement

The Chancellor announced measures to increase homebuilding in the UK with a new 'National Productivity Investment Fund' (NPIF) designed in part to 'accelerate new housing supply'. The NPIF will deliver: a 'housing infrastructure fund' worth £2.3bn to local government to 'unlock' private house building; and a relaxing of restrictions on grant funding to allow providers to deliver a mixture of homes aimed at affordable rent and low cost ownership.

The [National Housing Federation welcomed](#) the steps made by the Chancellor calling it a 'genuine and important step' towards tackling the housing crisis. Much however was made in the wider media of the Chancellor's hesitant outlook of the whole UK economy with borrowing forecasts revised upwards amidst the uncertainty of Brexit negotiations and the global economy.

APPENDIX A: KEY FINDINGS FROM FINALISED INTERNAL AUDIT WORK (HIGH AND MEDIUM PRIORITY MANAGEMENT ACTIONS ONLY)

<p>Business Continuity (1.16/17) – NO ASSURANCE</p>		<p>0 - Low 2- Medium 5- High</p>
<p>Business Continuity Management Policy</p> <p>We identified that the Council did not have an overarching Business Continuity Management (BCM) Policy covering the framework for BCM in the organisation. While we noted elements of this had been covered in the Council’s Business Continuity Plan (BCP), this was last reviewed in July 2013 and did not reflect current arrangements. As a result, the policy may not provide accurate and up to date guidance to staff on the BCM arrangements to be followed within the Council.</p> <p>Without sufficient guidance on the Council’s BCM framework being made accessible to staff, there is an increased risk of staff within the Council not preventing incidents or responding appropriately to incidents should they occur, potentially resulting in significant adverse effects on delivery of services. We have agreed a high priority management action in relation to this.</p> <p>Business Impact Analysis (BIA) and Business Continuity Plans (BCP)</p> <p>We noted business continuity arrangements were last reviewed in July 2013, and that the BIAs undertaken at the time and the Council’s BCP no longer reflect the current arrangements, following significant structural changes within the Council. We also identified a lack of arrangements for testing the effectiveness of the BCP. Furthermore, there were also no separate Directorate or Service BCPs.</p> <p>Without undertaking regular BIAs, which encompasses risk assessments, the Council may not be able to identify the arrangements and resources necessary to be able to appropriately respond to incidents which could impact on business continuity and the delivery of services. As a result, the lack of up-to-date BCPs, which are regularly tested for effectiveness, increases the risk of the Council not being able to respond appropriately to incidents impacting business continuity. This could potentially result in significant disruptions to delivery of services. We have agreed two high and one medium priority management actions to address these issues.</p> <p>Roles and responsibilities</p> <p>As we have already highlighted above, there has been a lack of dedicated business continuity resource within the Council over the last couple of years to oversee and coordinate the arrangements. As a result, there has been a lack of attention given to this area, resulting in significant control gaps as identified within this audit.</p> <p>Without ensuring adequate resources are in place to support the business continuity agenda within the Council, a lack of sufficient attention being given to business continuity arrangements increases the risk of significant service disruption as a result of an inadequate response(s) to an incident, which could impact business continuity and services to the public. We have agreed one high priority management actions in relation to this issue.</p> <p>Training</p> <p>We confirmed that a formal programme of training for staff in relation to business continuity management had not been established. There is therefore a risk that staff will not attain the necessary knowledge and expertise to be able to appropriately respond to incidents which could have an impact on business continuity. A medium priority management action has been agreed in respect of this. The Council should consider the use of the Learning Pool software to enable the provision of this training.</p>		

Governance

We identified that a formal group with responsibility for continuously monitoring and evaluating business continuity arrangements within the Council has not been in place for the last two years. Without such a group, the Council is unable to ensure adequate monitoring and scrutiny of business continuity arrangements to assess its continuing suitability, adequacy and effectiveness. This increases the risk that adequate arrangements and resources may not be deployed to minimise disruption to services in the event of an incident impacting business continuity. We have agreed a **high** priority management action in respect of this.

Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
1	<p>The Council will develop an overarching Business Continuity Management (BCM) Policy covering the framework for BCM in the organisation. The policy will set out;</p> <ul style="list-style-type: none">• Scope, aims and objectives of BCM in the Council;• The Council's commitment to BCM;• The activities that will be required to deliver these; and• Roles and responsibilities of staff in relation to BCM.• Version control to state approval details and next planned review date. <p>Once finalised, the policy will be subject to ratification by CMT and communicated to staff.</p>	High	31 st August 2016	Neil Aves – Assistant Director, Housing and Environment

<p>2</p>	<p>The Council will establish and maintain a documented process for undertaking business impact analysis and risk assessments at Service, Directorate and Council-wide level that;</p> <ul style="list-style-type: none"> • Establishes the context of the assessment and defines the criteria for evaluating the potential impact of a disruptive incident; • Takes into account legal and other commitments; • Includes systematic analysis and prioritisation of risk treatments; • Defines the required output from the business impact analysis and risk assessment; and • Specifies the requirements for this information to be kept up-to-date. <p>The business impact analysis will include;</p> <ul style="list-style-type: none"> • Identifying activities that support the provision of services; • Assessing the impacts over time of not performing these activities; • Setting prioritised timeframes for resuming these activities at a specified minimum acceptable level (RTO - Recovery Time Objective), taking into consideration the time within which the impacts of not resuming them would become unacceptable (MTPD - Maximum Tolerable Period of Disruption); and • Identifying dependencies and supporting resources for these activities, including suppliers and outsource partners. <p>The risk assessment will include;</p> <ul style="list-style-type: none"> • Identifying risks of disruption to the Council's prioritised activities and the processes, systems and resources that support them; • Systematically analysing risks in line with the Council's risk management methodology; • Evaluating which risks require treatment/mitigation; and • Identifying treatments/mitigations in line with business continuity objectives and the Council's risk appetite. <p>The processes will be documented within the Council's overarching Business Continuity Management Policy.</p>	<p>High</p>	<p>30th September 2016</p>	<p>Neil Aves – Assistant Director, Housing and Environment</p>
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<p>3.1</p>	<p>Following finalisation of the Major Incident Plan, the document will be used to inform the development of the Council's Business Continuity Plan (BCP) as well as Directorate and Service BCPs. There will be a clear linkage between Directorate and Service BCPs and the Council's overall BCP. Each of these BCPs will define;</p> <ul style="list-style-type: none"> • Purpose, scope and objectives; • Defined roles and responsibilities during and following an incident potential affecting business continuity; • The criteria and procedures for activating a response to such incidents; • The detailed procedures for implementing the response, including details to manage the immediate consequences; • The location(s) from which the response is to be coordinated; • Contents and storage location of the battlebox (response pack) and details of where vital backup computer data and any critical paper records are stored; • Communication requirements and procedures, including details of media response and how and under what circumstances the organisation will communicate with employees, key parties and emergency contacts; • Emergency contact arrangements, including list of key customers, suppliers, third parties and their contact details; • Internal and external interdependencies and interactions between the Council and its stakeholders; • Resource requirements; • Information flows within the Council and processes for documenting actions taken as part of the response; and • Stand-down procedure once incident is resolved. <p>Once finalised, the BCPs will be subject to formal approval by CMT and reviewed regularly thereafter.</p> <p>Version control will be included within each BCP to state approval details; next planned review date and the requirement to review these in the event of a major structure change or where lessons learnt are identified after an exercise or real event.</p>	<p>High</p>	<p>30 September 2016</p>	<p>Neil Aves – Assistant Director, Housing and Environment</p>
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3.2	<p>A formal and documented process will be established, implemented and maintained for exercising and testing business continuity procedures in order to assess their effectiveness. This will be documented within the Council's overarching Business Continuity Management Policy.</p> <p>A testing schedule will be defined for the Council BCP as well as the Directorate and Service BCPs which details the intervals at which each element of these will be tested.</p> <p>Exercises/tests will;</p> <ul style="list-style-type: none"> • Be based on appropriate scenarios with clearly defined aims and objectives to minimise the risk of disruptions; and • Produce formalised post exercise reports that contain outcomes and lessons learnt, recommendations and actions to implement improvements. 	Medium	31 October 2016	Neil Aves – Assistant Director, Housing and Environment
4	The Council will review the current staffing resources in relation to business continuity to ensure sufficient resources are in place to appropriately oversee business continuity arrangements.	High	30 th June 2016	Neil Aves – Assistant Director, Housing and Environment
5	<p>A formal programme of business continuity training will be developed and delivered to staff covering, but not limited to;</p> <ul style="list-style-type: none"> • The Council's overarching Business Continuity Management (BCM) Policy; • The roles and contributions of staff to the effectiveness of BCM within the Council; and • The implications of non-conformance with the policy. 	Medium	31 October 2016	Neil Aves – Assistant Director, Housing and Environment
6	<p>A formal group will be established to oversee the Council's business continuity agenda. The group's remit will be defined within Terms of Reference which will include;</p> <ul style="list-style-type: none"> • Responsibilities; • Membership and quoracy; • Meeting frequency; and • Accountability and reporting. 	High	30 June 2016	Neil Aves – Assistant Director, Housing and Environment

Budgetary Control and Financial Reporting (10.16/17) – PARTIAL ASSURANCE		<p style="text-align: center;">4 - Low 4- Medium 1- High</p>
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We identified the following weaknesses resulting in four medium and one high priority management actions being agreed:

Finance reports were not being presented to all of the Directorate Management Team meetings on a monthly basis due to a number of key postholders not being in post. We were informed by the Executive PAs that finance reports were not always presented and in some cases only brief updates were provided. In the absence of regular monitoring of financial performance at Directorate SMT level, there is a risk that, where there is adverse performance, this will not be identified and remedial plans not put in place in a timely manner. **Medium**

Our sample testing for budget virements in 2016/17 identified for a sample of five virements that only one was supported by a partially completed signed form. Of the remaining four; three were not supported by a completed form and we were unable to obtain one due to staff absence. Where an appropriate authorised virement form is not retained, this may result in virements being carried out without the appropriate authorisation or the appropriate staff being informed of changes in budgets. We also identified that the quarter one Financial and Performance Report to Cabinet did not include the virements processed during the quarter. This has historically been included within the quarterly reports but was omitted from the quarter one report. The absence of such reporting may result in senior management and members not being aware of overall changes to budgets. **Medium**


We reviewed the Q1 Financial and Performance Reports presented to CMT, Cabinet, C&D and Overview and Scrutiny Committee and noted that the Savings RAG report had not been included. We identified through discussion with the Head of Financial Reporting that reporting against savings targets had not taken place this year to date. There has therefore been a lack of oversight at senior management level of performance against savings plans. In the absence of regular monitoring of performance against savings plans throughout the year, there is a risk that slippages will not be identified and corrective actions therefore not put in place in a timely manner, potential resulting in savings targets not being achieved, and thus placing additional financial pressures on the Council. **High**

We identified that while face to face training was available in relation to Agresso, only 46% of staff identified had undertaken this training. In addition, we confirmed through review with staff in HR that an E-Learning module had been developed in relation to budget management, although at the time of the audit, no staff had completed this training. There is a risk of failure to achieve the approved budget as a result of budget holders not having the required level of understanding in how to manage their budgets. This resulted in a **Medium** priority management action.

Our testing identified that the alignment of cost centres to budget holders is not up to date. A number of issues were identified, including not having budget holders identified for all cost centres, not having current email details for statements to be sent to or not having current members of staff. Without ensuring that Agresso holds the details of current budget holders and their current emails, there is a risk that budgets are not managed effectively, performance reports are not distributed to the right individuals and year end totals may not be achieved if budget performance for all cost centres is not reported to budget holders. This has resulted in a **Medium** priority action.

Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
1	<p>The Council will re-introduce the Savings RAG report within the Financial and Performance Reports to ensure there is regular oversight and monitoring of performance against savings plans.</p> <p>Narrative will be included against adversely performing savings plans, and corrective actions will be assigned to correct the underperformance as appropriate.</p>	High	31 st December 2016	Barry Stratfull

2	Finance reports will be presented to Directorate SMT meetings on a monthly basis for review and discussion.	Medium	30 th December 2016	George Grant
3	Following the identification of all budget holders, training uptake in relation to the Budget Management E-learning training will be monitored through Finance and reported through DMT and SMT meetings	Medium	31 st March 2017	Barry Stratfull
4	Finance will undertake a review and update all budget holders within Agresso, including Level 1 staff to ensure: <ul style="list-style-type: none"> • That the budget holder is a current member of staff • That the relevant email details are held for each budget holder That all active cost centres are checked to ensure they are assigned.	Medium	31 st December 2016	Barry Stratfull
5	The requirements for the processing of virements detailed within the Financial Procedure Rules will be reinforced to Budget Holders by the Accountants, who will ensure that all virements are supported by a fully authorised virement form. Furthermore, virements processed during each quarter will be reported as part of the quarterly Financial and Performance Reports to Cabinet.	Medium	31 st December 2016	Barry Stratfull

Information Governance (3.16/17) – NO ASSURANCE		<p style="text-align: center;">4 - Low 12- Medium 2- High</p>
<p>Our review has identified a significant number of weaknesses and areas for improvement to address the issues identified and embed robust IG arrangements and processes within the Council. Principally, these related to;</p> <ul style="list-style-type: none"> • A lack of an up-to-date framework of IG policies <p>We were informed by the IT Strategy and Governance Manager that the framework of IG policies, including the Information Governance Policy, the Data Protection and Privacy Policy and the Records Management Policy, were last reviewed in 2012 by a temporary contractor who had been employed for this purpose. At the time, IG arrangements and processes were not embedded within the Council, and the policies were developed with a view to establishing and embedding the arrangements and processes documented within them. We noted this through review of the Information Governance Policy which, for instance, made reference to the establishment of key policies, rather than these already being in place. These processes had not been fully established and the policies were therefore not fully reflective of the current IG environment within the Council.</p> <p>The lack of up-to-date policies which are reflective of the IG framework within Council and which contain sufficient guidance on IG arrangements and processes increases the risk that staff may adopt incorrect processes which are non-compliant with the Data Protection Act. This could result in data protection breaches and expose the Council to reputational risks as well as the risk of penalties from the Information Commissioner.</p> <p>We have agreed raised a total of seven management actions relating to framework of IG policies, including one high, five medium and one low priority</p>		

actions.

- **A lack of clear assignment of key IG roles**

We also noted a lack of clear assignment of key IG roles such as the Caldicott Guardian, while the various responsibilities of the IG Lead per the HSCIC guidance had not been formally assigned.

Without ensuring IG responsibilities per the HSCIC guidance are formally assigned, there is a risk that these responsibilities will not be undertaken and appropriate IG arrangements and processes may not being established and embedded within the Council.

A **medium** priority management action has been agreed in relation to the role of the IG Lead, while the actions highlighted above relating to the framework of IG policies emphasise the need to clearly define and document roles and responsibilities.

- **A lack of a formalised process for formalised process for managing IG incidents**

We were informed by the IT Strategy and Governance Manager that there was a lack of a formalised process for reporting, recording, investigating and managing IG incidents due to a lack of an up-to-date policy. In addition, we identified through our discussion, that there was no formal record maintained of reported incidents.

Without a formalised and documented process which has been communicated to all staff for reporting, recording, investigating and managing information security incidents, there is an increased risk that potential incidents may not be identified and reported by staff, and therefore not appropriately investigated. As a result, remedial actions may not be taken to address consequences as well as root causes, and lessons to be learnt may not be identified and cascaded to staff to prevent repeat incidents.

We have agreed a **medium** priority management action to address this.

- **A lack of identification and mapping of flows of data within the Council, both inbound and outbound**

We confirmed through discussion with the IT and Strategy Governance Manager that a data flow mapping exercise to identify, map and risk assess all flows of person identifiable and sensitive information had not been undertaken, and there was no documented plan for ensuring the completion of such an exercise.

Without identifying, mapping and risk assessing all relevant data flows, appropriate action may not be taken to address areas of high risk and to ensure the security of person identifiable and sensitive information. As a result, the Council may be exposed to an increased risk of fundamental data breaches that may result in significant fines being imposed by the Information Commissioners Office as well reputational damage.

A **high** priority management action has been agreed in relation to this.

Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
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1	<p>The Council will undertake a data flow mapping exercise to ensure all flows, both inbound and outbound, of person identifiable and sensitive information in all service areas have been identified mapped and recorded.</p> <p>The information flows will be risk assessed, with necessary actions identified to address risks highlighted.</p> <p>The outcome of the mapping exercise and the risks identified will be reviewed by the IT and Information Governance Board, prior to subsequently being reported to CMT.</p>	High	30 th September 2017	Simon Pallett - IT Strategy and Governance Manager/ Departmental Business Information Asset Owners
2	<p>The Information Governance Policy will be reviewed and updated to ensure it reflects the arrangements and processes within the Council, in line with the HSCIC guidance, including;</p> <ul style="list-style-type: none"> • Roles and responsibilities, covering senior IG roles (Caldicott Guardian, SIRO and IG Lead), other key staff roles in relation to IG as well the responsibilities of the wider workforce; • The specific resources within the Council to fulfil these roles. • The key policies underpinning the overarching Information Governance Policy; • Governance arrangements for overseeing the IG agenda within the Council; • Processes for delivering training and awareness programmes to staff; and • Arrangements for reporting, escalating and monitoring IG incidents and breaches. <p>Once updated, the policy will be presented to the IT and Information Governance Board for approval, and then subsequently circulated to staff and made accessible via the intranet.</p> <p>The policy will be reviewed annually thereafter, with version control included within document to record approval and next review details.</p>	High	31 st March 2017	Simon Pallett - IT Strategy and Governance Manager
3	<p>The Council will review the current staffing resources in relation to information governance to ensure sufficient resources are in place to appropriately oversee information governance arrangements and responsibilities per the HSCIC guidance are formally assigned.</p>	Medium	31 st January 2017	Roger Parkin – Strategic Director, Customer and Community Services
4	<p>The Council will develop and finalise the IG Improvement Plan to identify the actions necessary to embed robust IG arrangements and ensure compliance with the HSCIC IG toolkit requirements. Each action will be assigned a responsible owner and completion deadline.</p> <p>The plan will be reviewed and revised on an annual basis and will be subject to approval by the IT and Information Governance Board. It will drive the IG agenda within the Council and progress against the plan will be monitored at each meeting of the IT and Information Governance Board, with progress updates reported to CMT periodically.</p>	Medium	31 st January 2017	Simon Pallett - IT Strategy and Governance Manager

5	<p>The Council will ensure that, as part of the review and re-scoping of the contracts database, fields are included for evidencing the review of contracts for appropriate clauses relating to;</p> <ul style="list-style-type: none"> • Data protection; and • Requirements for reporting information governance incidents. 	Medium	31 st March 2017	Simon Pallett – IT Strategy and Governance Manager / Roger Parkin – Strategic Director, Customer and Community Services
6	<p>As part of the review of training needs, the Council will ensure the inclusion of IG training as part of induction. In addition, a review will be undertaken to ensure the additional training needs of staff within specialist IG roles are identified and addressed.</p> <p>The training needs document will be updated to include the requirement for IG induction to be provided as part of induction, as well as the training requirements for staff within specialist IG roles.</p>	Medium	31 st March 2017	Simon Pallett - IT Strategy and Governance Manager/ Surjit Nagra - HR
7	<p>The Information Security Awareness course will be reviewed and updated to ensure the content is reflective of current arrangements and also includes reference to the Caldicott Principles and the processes for ensuring compliance with the Freedom of Information Act.</p> <p>In addition, the Council will consider merging the Information Security Awareness and Data Protection Awareness courses to provide a single course covering data protection and information governance.</p>	Medium	31 st March 2017	Simon Pallett - IT Strategy and Governance Manager/ Surjit Nagra - HR
8	<p>The Data Protection and Privacy Policy will be reviewed and updated to ensure it details;</p> <ul style="list-style-type: none"> • The requirement for the Council to have in place a Caldicott function; • The specific resources within the Council to fulfil the roles within the function, including the Caldicott Guardian, Data Protection Officer as well as those staff at directorate level with responsibility for supporting the Caldicott Guardian; • The additional training requirements for staff within the function; • The mechanisms for ensuring the effectiveness of the function, including the development and monitoring of an annual data protection work programme which identifies the work necessary to ensure the Council meets its data protection and confidentiality obligations; and • The governance arrangements for monitoring the effectiveness of the function. <p>Once updated, the policy will be presented to CMT for approval, and then subsequently circulated to staff and made accessible via the intranet.</p> <p>The roles will be formally assigned to the relevant staff and details published via the staff intranet. The role of Caldicott Guardian will also be communicated on the Council website.</p> <p>The policy will be reviewed annually thereafter, with version control included within document to record approval and next review details.</p>	Medium	31 st March 2017	Simon Pallett - IT Strategy and Governance Manager

9	<p>An annual data protection work programme will be developed to identify the work necessary to ensure the Council meets its data protection and confidentiality obligations. Clearly defined timescales and responsible owners will be assigned for all actions identified.</p> <p>The work programme will be reviewed and set on an annual basis and will be subject to approval by CMT. Progress will be monitored at each meeting of the IT and IG Board, with progress updates reported to CMT periodically.</p>	Medium	31 st March 2017	Simon Pallett - IT Strategy and Governance Manager
10	<p>The Corporate IT Security Policy will be reviewed and updated to ensure it reflects the current arrangements and processes for information security within the Council.</p> <p>Once updated, the policy will be presented to the IT and Information Governance Board for approval, and then subsequently circulated to staff and made accessible via the intranet.</p> <p>The policy will be reviewed annually thereafter, with version control included within document to record approval and next review details.</p>	Medium	28 February 2017	Simon Pallett - IT Strategy and Governance Manager
11	<p>A formalised process will be implemented for reporting, recording, investigating and managing information security incidents, which will be reflected within the Information Security Incident Reporting Policy.</p> <p>Once updated, the policy will be presented to the IT and Information Governance Board for approval, and then subsequently circulated to staff, made accessible via the intranet and communicated to third party providers and partner organisations.</p> <p>The policy will be reviewed annually thereafter, with version control included within document to record approval and next review details.</p>	Medium	31 st March 2017	Simon Pallett - IT Strategy and Governance Manager
12	<p>The Council will ensure that an Information Sharing Protocol is agreed with statutory agencies and partner organisations to govern the sharing of person identifiable and sensitive information.</p> <p>Information Sharing Agreements (ISA) will be subject to review and approval by the IT and IG Board prior to being entered into to ensure they conform to the requirements of the established protocol, and these will be retained in a central repository.</p> <p>The agreed protocol will be communicated to all staff via the staff intranet as well as within the updated Data Protection and Privacy Policy, together with the requirement for ISAs to be approved by the IT and Information Governance Board. The agreed protocol will also be communicated on the Council website.</p>	Medium	31 st December 2016	Simon Pallett - IT Strategy and Governance Manager

13	<p>The Council will ensure that a robust framework is established and maintained for records management, including the use and monitoring of retention schedules.</p> <p>The Records Management Policy will subsequently be updated to reflect these processes and the responsibilities of all staff as well key staff roles in relation to records management.</p> <p>Once updated, the policy will be presented to the IT and IG Board for approval, and then subsequently circulated to staff and made accessible via the intranet.</p> <p>The policy will be reviewed annually thereafter, with version control included within document to record approval and next review details.</p>	Medium	31 st March 2017	Simon Pallett - IT Strategy and Governance Manager
14	<p>A Data Quality Policy will be developed which will set out the processes and mechanisms for ensuring the quality of data used for decision-making across the Council, including the validation of data.</p> <p>The policy will outline the responsibilities of all staff, as well as specific, lead roles, in ensuring the quality of data. Roles will be formally assigned to staff with responsibilities for leading on data quality within the Council.</p> <p>Once updated, the policy will be presented to the IT and Information Governance Board for approval, and then subsequently circulated to staff and made accessible via the intranet.</p> <p>The policy will be reviewed annually thereafter, with version control included within document to record approval and next review details.</p>	Medium	31 st March 2017	Simon Pallett - IT Strategy and Governance Manager

Voids (6.16/17) – NO ASSURANCE		3 - Low 3- Medium 3- High
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Design of the Control Framework

We have identified **three high** and **two medium** priority findings with the design of the control framework:

Policies and Procedures

- We identified that there was no over-arching policy in place. Policies help ensure that relevant staff have access to guidance so that duties can be performed consistently, which provides assurance to management that errors are not occurring. Risks associated with the lack of a policy are being realised, in that it is not clear to staff involved with the voids process which department is responsible for overseeing the voids maintenance carried out by Interserve. Furthermore, the recorded voids procedures have not been formally reviewed or approved so it is not possible to assure that the procedures contained within are up to date. As there is not an approved set of procedures, staff could be incorrectly performing the voids process, leading to an increased chance of loss and error. **(High)**

Pre-void inspections and re-charges to tenants

- A pre-void inspection should be performed in order to identify damage caused to the property by the tenant considered to be greater than normal wear-and-tear, so that the cost can be recharged to the tenant. Currently, pre-void inspections do not happen due to the Voids Team being unable to raise re-charges to tenants, which is due to the inability of the system used to charge tenants.. Re-charges to tenants would be a potential source of income available to the Council. As this is currently unavailable, the council may not be maximising all available income. **(High)**

Monitoring Performance

- There are six distinct steps between the tenant vacating a property and the property being at a point where it can be re-let. We have identified one step where there is a gap in management oversight: the time taken between the keys being received by either the reception desk or one of the Housing Officers, to when the keys are received by the Voids Team. For the remaining five steps, although the average time taken for each property is reported in the annual Local Authority Housing Statistic submission, the information is not used mid-year to monitor performance and identify areas to improve efficiency. The step which takes the most time is when Interserve are carrying out the voids works, but there is no process for identifying properties which have missed completion targets. The Council is not using the available information to make the voids process more efficient, leading to increased void times and lost rental income. **(Medium)**

Review of Estimations and Post-work Inspection of Voids Maintenance

- Interserve perform a technical specification of void properties to estimate the value of the works required. For estimations there is a Limit of Liability valued at £3,300: estimations valued under the Limit are atomically authorised and charged to the monthly lump-sum paid to Interserve as part of the Council-wide contract; and if estimations are over the Limit, the full value is charged on top of the monthly lump-sum. There is no formal process for technically qualified staff to review the specifications sent through from Interserve or for post-works inspection to verify that the work was adequate. This is due to the Council passing responsibility of all voids post-work inspection to Interserve in 2005 via a contract novation. There are circumstances where technically qualified staff from Property Services are involved with the process; and the charges breakdown submitted by Interserve can be challenged prior to authorising payment, but as these processes have not been formally set, the Council cannot take assurance that they will be applied consistently.

For jobs that are estimated to cost less than the Limit of Liability, there is a risk that works could be charged inappropriately close to the threshold as the provider is aware that invoices are automatically authorised. For jobs which are over the threshold, the Council cannot take assurance that charges are appropriate as there is no formal process of technical input approving the estimations. In both situations there is a risk that financial losses will go

undetected by the LA. It should be noted that this issue is being addressed for the new RMI contract. There is currently total reliance on Interserve that works have been completed adequately, which leads to health and safety risks to prospective tenants, and financial losses should further works be required. **(High)**

Housing Performance Report

- The Housing Performance Report is produced on a monthly basis and includes voids performance. The report is not formally reviewed by a designated group or committee, so where poor performance is identified in reports, management cannot take assurance that mitigating actions are put in place and responsible individuals held to account, leading to increased void times.

Furthermore, the reported figure for voids is the average re-let time. This figure however, covers both the voids and the allocations process. By not differentiating between these two figures in reporting, it is not possible to differentiate performance between the separate processes. **(Medium)**

Application of the Control Framework

We have identified one **medium priority** finding with the application of the control framework:


Corporate Management Team

- Voids performance is included in the Five Year Strategic Plan Balanced Scorecard, which is produced quarterly and reviewed by the Corporate Management Team (CMT). In the most recent scorecard available (Q3 of 2015/16, presented 13 January 2016) voids was given a red RAG-rating, however, there was no record of this rating being challenged in the January meeting minutes, or in subsequent meetings. Where issues raised in reports for senior groups are not being challenged, the Council cannot take assurance that mitigating actions have been put in place, leading to prolonged poor performance.

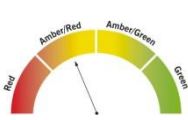
To note, we are aware that the Scorecard will not contain the voids figures moving forward, however, we are highlighting the apparent lack of scrutiny of issues raised in the report. **(Medium)**

Ref	Management Action	Priority	Implementation Date	Manager Responsible
1	<p>An over-arching voids policy will be developed. The following should be considered:</p> <ul style="list-style-type: none"> Executive lead; Responsible individuals; Internally set targets; and How it ties in to other service lines; such as allocation <p>The voids procedures are soon to be reviewed, amended and updated and will include the following:</p> <ul style="list-style-type: none"> Reviewed and formally signed off on periodic basis; Version control; Made available in digital format; and Be referenced to link in with the overarching policy. 	High	31 st January 2017	John Griffiths

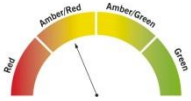
2	A recharge policy and procedure will be developed; and pre-void inspections will be carried out for all properties and re-charges to tenants made, where works are noted as being the tenant's responsibility.	High	31 st January 2017	John Griffiths
3	A formal process to be developed for review of technical specifications prior to works being carried out, for estimations over and under the Limit of Liability; and a separate process for post-works inspection to be carried out on voids. This could be on a sample basis to obtain assurance that charges are appropriate and works are adequate.	High	31 st January 2017	John Griffiths
4	A cost-benefit analysis will be performed on the following: Consider whether a target number of days for each step in the voids process can be set, and developing a monitoring tool which can assess the performance of each step, as well as identify individual properties which have missed the target. Aspects to consider for Interserve monitoring: <ul style="list-style-type: none"> • Agreeing new targets for void works with the provider, to align with the New Lettable Standard • Agreeing a target for estimations over £5,000 • Embedding targets into the report system so that individual properties over target can be highlighted 	Medium	31 st January 2017	John Griffiths
5	1) Voids performance to be included in the Housing Performance Report to Neighbourhoods and Community Scrutiny Panel so that performance can be monitored quarterly and where poor performance is identified, mitigating action plans are put in place. 2) Separate figures for the voids and allocations process will be reported to the Housing SMT.	Medium	31 st January 2017	John Griffiths
6	Management to ensure that issues raised in the existing reporting mechanism will be challenged, and mitigating actions put in place.	Medium	31 st January 2017	Mike England

Agresso – Transfer of Balances (2.16/17) – PARTIAL ASSURANCE				0 - Low 2- Medium 1- High
The key findings from this review are as follows: <ul style="list-style-type: none"> We confirmed overall balances transferred to Agresso corresponded to the overall balances per Oracle. We noted there had been delays in the finalisation of the mapping of the chart of accounts (CoA) prior to the data migration, and evidence to demonstrate formal sign off of the mapping had not been retained. Whilst a retrospective management action has not been raised, we identified through discussion with the PMO Lead that a post-project review had commenced and we have therefore highlighted the need to evaluate the project to identify lessons learnt as part of this. We have raised a Medium priority action in relation to this issue. We identified exceptions with regards to the transfer of individual balances in line with the mapping of the CoA, while we also identified that, as part of the migration, a balance of £25.6 million had been transferred to a Data Migration Suspense account relating to miscellaneous account codes used historically in Oracle, although at the time of the audit, this had been cleared down to £662k. There is a risk to the integrity of financial information held on the ledger where balances have not been transferred to the correct account distributions or where items are held in suspense. We have raised a High priority and a Medium priority action in relation to these issues. 				
Ref	Management Action	Priority	Implementation Date	Manager Responsible
1	The remaining balances within the Data Migration Suspense account will be reviewed and cleared prior to the 2015/16 year-end close-down of the ledger.	High	Immediate	Barry Stratfull – Head of Financial Reporting
2	As part of the post project review for the implementation of the Agresso finance system, lessons learnt will be identified which will then be incorporated into the implementation of the Agresso HR module.	Medium	31 st May 2017	Roger Parkin – Strategic Director, Customer and Community Services (Project Sponsor) Clare Priest – PMO Lead
3	The mapping exceptions identified as part of the audit will be investigated and resolved, to ensure balances are accurately transferred to the correct account distributions. This will then be subject to review and sign-off by the Assistant Director, Finance and Audit.	Medium	Immediate	Barry Stratfull – Head of Financial Reporting

2015/16 REPORTS

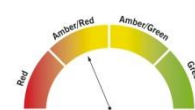
Treasury Management (20.15/16) – PARTIAL ASSURANCE				2 - Low 1- Medium 1- High
<p>The key findings from this review are as follows:</p> <p>Review of a sample of three bank reconciliations confirmed that these were performed and independently reviewed by the arvato Transactional Finance team each month and forwarded to the Council's Corporate Finance team for oversight of the completion of these. However, for two of the reconciliations (May and October 2015), we found that these had not been reconciled and explanations had not been provided for the differences of £30,657.95 and £733,422.38 respectively. The difference in May 2015 was cleared the following month, however, we found through review of the subsequent reconciliation that the difference in October 2015 had still not been cleared at the time of the audit and an explanation had again not been provided for the difference.</p> <p>We were advised by the arvato Accounting Technician that the difference in October 2015 was due to the transferring of bank accounts from the Co-operative to Lloyds and that the Transactional Finance Team was looking at entries to clear this difference prior to year-end. However, where differences are not cleared in a timely manner each month, this impacts on the integrity of financial information held on the ledger.</p> <p>We confirmed through discussion with the Accountancy Assistant that reconciliations are filed once they are received from arvato and these are not subject to review by Corporate Finance. However, where differences are highlighted on reconciliations completed by arvato and these are not subject to review by Corporate Finance, there is a risk that these may not be resolved in a timely manner, impacting on the integrity of financial information recorded on the ledger system. We have agreed a high priority management action in relation to this, detailed within the Action Plan that follows in Section 2.</p> <p>While we noted that a cash flow forecast of the level of Council cash flows available for investments and to repay loans was maintained on the Logotech system, we identified through discussion with the Treasury Accountant that there were no arrangements for the forecast to be presented to the Treasury Management Group or Corporate Management Team (CMT) at its meetings nor was there monitoring of forecasted versus actual cash flows. If cash flow forecasts covering all Council inflows and outflows are not prepared and monitored on a monthly basis against actual cash flows, the Council may not appropriately manage its funds to ensure sufficient cash is available to meet its liabilities. We have agreed a medium priority management action to address this which is detailed in the Action Plan that follows, reiterating the recommendation made within last year's Treasury Management report.</p>				
Ref	Management Action	Priority	Implementation Date	Manager Responsible
1	Upon receipt of reconciliations completed by arvato, where these highlight differences, these will be subject to review by the Corporate Financial Controller.	High	Immediate	Barry Stratfull – Head of Financial Reporting

2	<p>The Council will implement a comprehensive cash flow forecast which;</p> <ul style="list-style-type: none"> • Forecasts the daily inflows and outflows for each month of the financial year; and • Records the daily actual inflows and outflows as a comparison against the forecast. <p>The cash flow forecast will be monitored on a monthly basis by the Treasury Management Group to ensure actual cash flows are representative of the forecast, and the remit of the Group for cash flow management will be reflected within its terms of reference.</p>	Medium	31 st March 2017	Andrew Pate – Principal Accountant (Capital and Treasury)
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<p>Income and Debtors (20.15/16) – PARTIAL ASSURANCE</p>		<p>3 - Low 2- Medium 1- High</p>
<p>The key findings from this review are as follows:</p> <p>Whilst we confirmed that there were appropriate arrangements in place at the Parking Shop and that our sample had the appropriate reconciling documentation (cash sheet record vs cash count record vs paying in slip), each of our samples had discrepancies with the actual amount deposited in the bank account. We were informed through discussion with the Slough BC Accountant that this was a long standing issue which resulted in consistent discrepancies arising in amounts deposited relating to parking income. We noted that a rolling reconciliation of cash deposited against cash received in the bank account stated a cumulative discrepancy amount of £87,108 since April 2015 and this issue requires investigation with the bank as there is a risk that the Council is not receiving the money it is due. (High)</p> <p>We noted that Adult Social Care debts were not being escalated by arvato in line with the procedure outlined in the Income Collection and Debt Recovery policy. As at 31 December 2015 (date of aged debt report due to problems with running a later report as a result of the changeover to Agresso) we found that of a total aged debt of £2,610,290, £1,064,250 related to Adult Social Care debts which had not been escalated in line with the debt recovery procedure (CCJ, Court Summons, Charging Order etc.) by arvato at the time of the audit.</p> <p>We were advised by the Head of Transactional Finance that arvato had historically not been escalating Adult Social Care debts past the sending of reminder letters as it was perceived that this may lead to an adverse effect on the Council’s reputation if vulnerable people’s debts were escalated to court. We were, however, advised by the Financial Controller that this would only be the case if a hold on a debt was specifically requested by the Council. We were not provided with any hold notifications relating to the debts in our sample from the Council. There is a risk of debt not being collected appropriately in line with defined procedures or ultimately having to be written off. (Medium)</p> <p>We also were not provided with evidence to confirm that reconciliations of the Lloyds General Suspense Account had been undertaken in October and November 2015 and that the balance in the suspense account reconciliation for December 2015 was £501,806 of 'unallocated receipts - account not known' had been reviewed. There is a risk of income not being coded to the appropriate accounts if the Council’s suspense account is not regularly cleared and reconciled. (Medium)</p>		

Ref	Management Action	Priority	Implementation Date	Manager Responsible
1	The Slough Borough Council Accountant will liaise with Lloyds Bank as a matter of urgency to investigate the reasoning behind the consistent differences between the amount counted, verified and arranged for deposit by the Parking Shop and the amount received in the bank account.	High	Immediate	Kalwinder Chana - Slough BC Accountant
2	The Corporate Financial Controller will ensure that reconciliations completed by arvato are appropriately reviewed and scrutinised to ensure that reconciliations are being appropriately undertaken, reviewed and in a timely manner.	Medium	31 st March 2017	Barry Stratfull – Head of Financial Reporting
3	A review will be undertaken between Finance, arvato and Adult Social Care to identify which of the outstanding debtors should be chased in line with the Income Collection and Debt Recovery Policy. Any decision made will be reflected in an updated policy, to be shared between the above parties and council staff.	Medium	1 st April 2017	Vijay McGuire - Partnership Development and Client Manager

Asset Register (29.15/16) – PARTIAL ASSURANCE



3 - Low
6- Medium
0- High

The key findings from the review are as follows:


- We confirmed through discussion with the Principal Asset Manager and Principal Accountant for Capital & Treasury that the Council does not have in place a formalised Asset Management Procedure which documents the responsibilities of key staff and key processes, including verification of assets. This has resulted in a **Medium** priority action for management as a failure to maintain updated procedural guidance increases the risk of inconsistent actions being taken by all staff involved in the management of council assets. The issue in relation to procedures to verify assets was also raised as an action within the 2014/15 Internal Audit but not implemented.
- Sample testing performed on seven acquisitions within the 2015/16 financial year to ascertain whether acquired assets are accurately recorded on the asset register identified that completion memorandums are not consistently sent by the Legal Department across the Council, including to Asset Management and Finance; and that action is not consistently undertaken to ensure all new assets are recorded on the asset register. This has resulted in **two Medium** priority actions for management as a failure to both notify and perform amendments regarding acquisitions increase the risk of the asset register holding redundant information.
- Sample testing performed on ten disposed/transferred assets within the 2015/16 financial year identified that authorisation from lead departments instructing the Legal Department were not in line with delegations noted within the Council's Constitution. This has resulted in a **Medium** priority action for management as working practices may not be aligned to authorisations required as agreed by the Cabinet.
- Sample testing also identified that the CIPFA Asset Register is not updated on an on-going basis to explicitly record assets which have been

disposed/transferred in lieu of financial disposal by the Principal Accountant for Capital & Treasury. This has resulted in a **Medium** priority action for management as staff may take action based on redundant information if the asset register does not truly reflect the Council's ownership or financial interests in assets.

- We confirmed through discussions with the Principal Asset Manager and Principal Accountant for Capital & Treasury that Physical inspections of assets are not carried out on a periodic basis. This has resulted in a **Medium** priority action for management, as a failure to verify details on a periodic basis increased the risk of outdated information being held within asset management records.

Ref	Management Action	Priority	Implementation Date	Manager Responsible
1	<p>The Principal Asset Manager, Principal Accountant for Capital & Treasury and Group Property & Regeneration Solicitor should oversee the preparation of an Asset Management Procedure that clearly outlines the responsibilities of all involved departments and staff. The procedures will clearly outline:</p> <ul style="list-style-type: none"> • How to identify assets; • Responsibility of staff in reporting new assets and disposals to the finance team, the legal team and the asset management team; • Documentation to be held for assets owned by the Council; • Responsibility in recording all assets into the Land Terrier and the Asset Register; • Timeliness and responsibility of reconciliations between the asset values in the asset register and the general ledger; • Timeliness and responsibilities for all involved teams within the asset revaluation process and updating of results. • Formal written verification procedures covering how regular reconciliations are to be completed against the asset register and the Councils property management records. <p>The policy and procedure will be approved by CMT and communicated across all directorates.</p>	Medium	31 st March 2017	Neil Wilcox – Assistant Director, Finance and Audit
2	The Legal Department will ensure that completion memorandums are communicated and obtained on file for all asset acquisitions made.	Medium	31 st March 2017	Neil Wilcox – Assistant Director, Finance and Audit
3	The Principal Asset Manager will perform a monthly reconciliation to ensure that all completion memorandums received have been appropriately actioned on the CIPFA Asset Register; Land Terrier system; and SADIE spreadsheet.	Medium	31 st March 2017	Neil Wilcox – Assistant Director, Finance and Audit

4	Clarification will be sought on the authority required to instruct Legal of the disposals and acquisitions of property. Once clarification has been provided, amendments to the delegation powers documented in the Constitution should be made if required; or an instruction should be submitted across the Council to confirm the process in place.	Medium	31 st March 2017	Neil Wilcox – Assistant Director, Finance and Audit
5	The Principal Asset Manager will identify a means by which the CIPFA Asset Register can be amended to show an asset as disposed of in lieu of financial disposal by Finance.	Medium	31 st March 2017	Neil Wilcox – Assistant Director, Finance and Audit
6	The Principal Asset Manager will oversee the preparation and implementation of a physical asset inspection process which will allow the Council to take assurances on the integrity of asset details maintained in asset managed records.	Medium	31 st March 2017	Neil Wilcox – Assistant Director, Finance and Audit

IT Business Continuity and Disaster Recovery (34.15/16) – PARTIAL ASSURANCE				0 - Low 4- Medium 1- High
<p>We did identify a number of weaknesses in the design of controls that impact business continuity and disaster recovery arrangements, principally:</p> <ul style="list-style-type: none"> • The last business impact assessment was conducted in 2014 and recovery time objectives for SBC systems and data have not been formally agreed for all systems, potentially impacting the effectiveness of a recovery response and the currency of current and future planning arrangements. • The arvato Business Continuity plan details responsibilities of arvato staff, SBC and stakeholders if the plan had to be invoked. Rules for invoking the plan are also contained in the document. However, this has not yet been linked to the SBC corporate BCP plan, increasing the risk that arvato could operate different recovery practices that are not integrated with SBC incident response arrangements. • No IT DR testing strategy has been designed and no testing of DR arrangements has been undertaken for a number of years. Whilst we acknowledge that this issue is pending completion of the new Disaster Recovery solution implementation, the absence of an agreed testing strategy increases the risk of contingency planning arrangements not being effective in practice. • The Council has not documented a BCP policy that provides details of the framework in place across the Council for managing the BCP process increasing the risk that in the event of an incident the Council may not be able to respond effectively. 				
Ref	Management Action	Priority	Implementation Date	Manager Responsible
1	Management will ensure that arvato provide recovery time profiles for key systems as soon as the DR infrastructure has been implemented, which will include the provision of recovery servers	High	31 st March 2017	Simon Pallett

2	Management will ensure that arvato provide recovery time profiles for key systems as soon as the DR infrastructure has been implemented, which will include the provision of recovery servers.	Medium	31 st March 2017	Simon Pallett
3	The Council Business Continuity / IT Disaster Recovery plan will be linked to the arvato Business Continuity / IT Disaster Recovery plan as soon as possible	Medium	31 st March 2017	Simon Pallett / Joe Carter
4	The Council will ensure that a test strategy is formulated and a test plan put in place and ensure that it is tested regularly	Medium	31 st March 2017	Simon Pallett
5	The Council will ensure that a BCP policy is provided.	Medium	31 st March 2017	Joe Carter

2016/17 ASSURANCE OPINIONS

For 2016/17, 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 board can take:



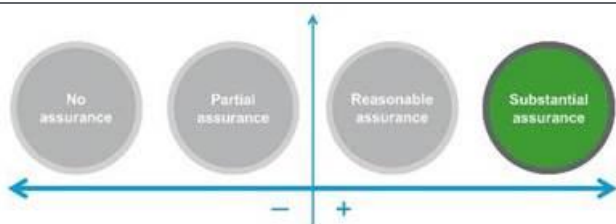
Taking account of the issues identified, the Board **cannot take assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).



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



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



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

FOR FURTHER INFORMATION CONTACT

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