



SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

**For the Audit and Corporate Governance
Committee meeting on 20 September 2018**

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





CONTENTS

1 Introduction.....	2
2 Summary of progress to date 2018/19.....	3
3 Other matters	7
Appendix A: Key Findings from finalised 2017/18 and 2018/19 Internal Audit Work (High and Medium priority management actions only where partial or no assurance reports have been issued).....	10
Appendix B: 2018/19 Assurance Opinions.....	13
For further information contact	14

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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

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

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

1 INTRODUCTION

The Internal Audit Plan for 2018/19 was approved by the Audit and Corporate Governance Committee on 8th March 2018. This report provides a summary update on progress against that plan and any remaining audits within the 2017/18 plan as at the 3rd September 2018.

2017/18 Internal Audit Plan

The following three assurance reports remain in draft:

- Council Tax (issued 6th December 2017) RSM are liaising with the Council and it is anticipated that this will be finalised shortly.
- Fixed Penalty Enforcement (Issued 19th January 2018) – RSM are liaising with the Council and it is anticipated that this will be finalised shortly.
- Priory School (issued 13th April 2018) This has been chased by the Council and are awaiting on responses from the school.

2018/19 Internal Audit Plan

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

- Temporary Accommodation (10.18/19) – **Partial Assurance**
- Children’s Centres (8.18/19) – **Reasonable Assurance**
- Governance – Overview and Scrutiny Committee Effectiveness (4.18/19) – **Reasonable Assurance**

The Temporary Accommodation audit resulted in partial assurance being provided which requires prompt action to be taken the Council. A summary of the review and Medium and High priority management actions from finalised 2018/19 reports, where a partial assurance opinion was given, along with implementation dates and owners has been included within Appendix A below.

In addition, we have issued the following reports in draft as part of the Internal Audit Plan for 18/19:






- Baylis Court Nursery School (8th June 2018)
- Claycots School (8th June 2018)
- Follow Up Q1 (21st June 2018)
- Follow Up Q2 (31st August 2018)
- Parish Council Governance (3rd August 2018)
- St Bernard’s Catholic Grammar School (10th July 2018)

2 SUMMARY OF PROGRESS TO DATE 2018/19

Reports shown in bold have been finalised.

Executive summaries and action plans from any negative assurance reports finalised since the previous meeting are appended to the bottom of this progress report.

2018/19 Internal Audit Plan

Assignment area	Timing Per Approved IA Plan	Fieldwork date/status	Draft report	Final report	Opinion	Actions		
						L	M	H
Contract Procedure Rules	Q1	Final Report	18th June 2018	25th June 2018		0	5	3
Temporary Accommodation Strategy	Q1	Final Report	23rd July 2018	9th August 2018		4	3	1
Schools Financial Value Standard	Q1	Final Report	14th June 2018	26th June 2018		1	3	0
Governance – Overview and Scrutiny Committee	Q1	Final Report	15th June 2018	23rd August 2018		0	3	0
Children's Centres	Q1	Final Report	2nd August 2018	23rd August 2018		5	2	0
School Reviews - Baylis Court Nursery	Q1	Draft Report	7 th June 2018					
School Reviews - Claycots	Q1	Draft Report	8 th June 2018					
Follow Up Q1	Q1	Draft Report	21 st June 2018					
School Reviews - St Bernard's	Q1	Draft Report	10 th July 2018					

Parish Council Governance	Q1	Draft Report	3 rd August 2018
Follow Up Q2	Q2	Draft Report	31 st August 2018
Property Services / Neighbourhood Services Building Maintenance	Q2	In QA, draft to be issued shortly	
Policies and Procedures	Q2	In QA, draft to be issued shortly	
Conflicts of Interest	Q2	In QA, draft to be issued shortly	
Slough Urban Renewal	Q1	In Progress	
Health & Safety	Q2	In Progress	
Adult Social Care - Management of Income	Q2	In Progress	
Treasury Management	Q2	In Progress	
Whistleblowing	Q2	In Progress	
Contracts Management - Buoygues	Q2	Commencing 17 th September 2018	
Council Tax	Q3	Commencing 10 th October 2018	
Financial Planning and Budgetary Control	Q3	Commencing 5 th November 2018	

Follow Up Q3	Q3	Commencing 22 nd October 2018
Housing Benefit	Q3	Commencing 29 th October 2018
Housing Revenue Account	Q3	Commencing 5 th November 2018
Business Continuity and Disaster Recovery	Q3	Commencing 12 th November 2018
Direct Services Organisation	Q3	Dates Agreed
OFSTED Preparedness	Q3	Dates Agreed
Buildings Compliance Management	Q3	Dates Agreed
Workforce Planning	Q3	Dates Agreed
General Ledger	Q3	Dates Agreed
Capital	Q3	Dates Agreed
Cash Collection and Management	Q3	Dates Agreed
Debtors Management	Q3	Dates Agreed
Business Rates	Q3	Dates Agreed
Governance - James Elliman Homes	Q3	Dates Agreed
Payroll	Q3	Dates Agreed

Risk Management	Q3	Dates Agreed
Assets	Q4	Dates Agreed
Rent Accounts	Q4	Dates Agreed
Creditors	Q4	Dates Agreed
Contract Management - Osbornes	Q4	Dates Agreed
Fire Safety	Q4	Dates Agreed
Governance	Q4	Dates Agreed
Follow Up Q4	Q4	Dates Agreed
Agresso Self Service	Q4	Dates Agreed
Licensing	Q4	Dates Agreed

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

3 OTHER MATTERS

3.1 Changes to the 2018/19 audit plan

Auditable area	Reason for change
	No current changes

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 need to be noted in the annual report and may result in a qualified or negative annual opinion.

Where we have issued 'no assurance' (red) and 'partial assurance' (amber / red) reports, these opinions will impact our 2018/19 Head of Internal Audit Opinion for the Council.

3.3 Added value specialist support

Area of work	How this has added value
Health and Safety Compliance Support	<p>We had been requested by the Council to review health and safety compliance in the built environment across the Council's portfolio of directly managed assets. The review was limited to cover gas, electric, asbestos, fire, water management, lifts and CDM. In addition, the review covered CDM related to Highways activities.</p> <p>The review has been issued in draft to the Council and identified the controls that are in place and any gaps in the Council's current health and safety management systems, processes and procedures. This included internal controls for monitoring the performance of partners, and where gaps were identified, recommendations were made and included within an action plan in the report.</p>

3.4 Information and briefings

The following items were highlighted as part of our information briefings since the last Audit and Corporate Governance Committee in July 2018:

[MPs believe adult social care funding needs to be increased](#) - A survey commissioned by the Local Government Association (LGA) showed that 84 per cent of MPs and 76 per cent of peers agree that funding for adult social care should increase. The LGA estimates that adult social care services face a £3.5bn funding gap by 2025, to maintain existing standards of care. Cllr Izzi Seccombe, Chairman of the LGA's Community Wellbeing Board, states 'the LGA's green paper is the start of a nationwide public debate about the future of care for all adults, and how best to support their wellbeing, and we encourage as many people and organisations – including MPs and peers - to have their say on how we pay for it and the responsibilities of citizens, families and communities.'

[Social housing green paper](#) - The Ministry of Housing, Communities and Local Government (MHCLG) has published the social housing green paper setting out proposals to 'rebalance the relationships between tenants and landlords.'

Green paper for adult social care and wellbeing - The Local Government Association (LGA) has launched a consultation to start a much-needed debate on 'how to pay for adult social care and rescue the services caring for older and disabled people from collapse.' The LGA estimates that adult social care services face a £3.5bn funding gap by 2025, to maintain existing standards of care. Increased spend on adult social care – which now accounts for nearly 40 per cent of total council budgets - is threatening the future of other vital council services, such as leisure centres and libraries, which help to keep people well and from needing care and support and hospital treatment.

The LGAs eight-week consultation therefore sets out options for ways in which the system could be improved and the measures that need to be considered given the scale of this funding crisis. Possible solutions set out in the consultation includes, increasing income tax for taxpayers of all ages and national insurance, a social care premium and allowing councils to increase council tax.

Funding for supported housing - The Ministry of Housing, Communities and Local Government (MHCLG) has published its response to two consultations launched in October 2017; one consultation related to sheltered and extra care housing, and the other, to short-term supported housing.

Resident satisfaction polling - June 2018 - The Local Government Association has published the results of its latest quarterly public poll on resident satisfaction with local councils. Key findings include:

- 79 per cent were satisfied with their local area as a place to live, however this has dropped below 80 per cent for the first time;
- 61 per cent were satisfied with how their local council runs things;
- 53 per cent state their council keeps residents informed about the services and benefits it provides;
- 56 per cent of respondents said they have either 'a great deal' or 'a fair amount' of trust in their council; and
- 45 per cent of respondents 'strongly agreed' or 'tended to agree' that their council provides value for money.

Stronger powers for councils to tackle empty homes - The Ministry of Housing, Communities and Local Government (MHCLG) has built upon legislation allowing councils to double the rate of tax on properties that have been empty for two years or more. Councils will now be able to triple the council tax on homes left empty for five to 10 years and quadruple it on those empty for more than a decade. There are currently just over 200,000 homes empty for six months or more in England, compared to 300,000 in 2010. This number has reduced dramatically since 2013 after councils were given powers to charge a 50 per cent premium on council tax bills. The government has also announced that it will publish revised guidance for councils on the use of premiums to ensure the proposed new powers are not used unfairly.

National Procurement Strategy 2018 - The Local Government Association (LGA) has established a toolkit to support the delivery of the National Procurement Strategy for local government in England. The toolkit aims to support councils, and groups of councils, to set objectives in relation to the maturity levels in each of the key areas of the strategy and to assess their own progress against those objectives.

Moving the conversation on - The LGA has published a series of papers commissioned by LGA boards, which start the new thinking around building the case for long term, sustained investment in local government as well as laying out the positive outcomes this would deliver for the country. The papers include [local government funding, housing, planning and homelessness](#), [improving schools](#), [Brexit](#), [the future of non-metropolitan England](#) and [a sustainable adult social care and support system for the long term](#).

£7.5m into council digital agenda - The Ministry of Housing, Communities and Local Government (MHCLG) has launched a £7.5m fund for a new 'digital pledge' to support councils transform their online services. Rishi Sunak, Local Government Minister, stated that 'I want councils and partners across the country to sign up to this declaration. By supporting each other and building on each other's work we can revolutionise services for our residents.' As part of the initiative, local authorities across the country will also be able to bid for a share of a new £7.5m innovation fund to help develop common solutions to their shared challenges.

The health and social care interface - The National Audit Office (NAO) has published a report on assessing the challenges preventing health and social care from effectively working together.

Key licensing changes to further protect tenants - The Ministry of Housing, Communities and Local Government (MHCLG) has published new guidance for landlords to further protect tenants from poor living conditions. The guidance will set out the minimum size requirements for bedrooms in houses in multiple occupations, to prevent overcrowding. Landlords must also adhere to council refuse schemes to reduce the issues regarding rubbish. The government has also announced a review to look at how selective licensing is used and find out how well it is working.

Long-term funding of adult social care - The Housing, Communities and Local Government Committee and Health and Social Care Committee have published a joint report on 'long-term funding of adult social care.' The report highlights that rising demand, together with costs, in the face of reductions in funding, has put the social care system under 'unsustainable strain.' In its current state, the social care system is not 'fit to respond to current needs,' nor 'predicted future needs as a result of demographic trends.' The Committees highlight that spending on social care needs to rise in order to 'meet the care needs of everyone', 'improve the quality of care delivered' and 'provide the additional funding to meet future demand.'

The Committees set out a number of recommendations including 'people who receive social care should be allowed to receive direct cash payments to enable them to pay carers, including family carers, to help those families who prefer to care for loved ones themselves at home' and 'an earmarked contribution, described as a 'Social Care Premium', should be introduced, to which individuals and employers should contribute.'


New powers for councils to deliver homes for local families - Councils will receive new powers to help them deliver the home their communities need. Under new rules, councils will be able to seek approval from the government to launch a 'New Town Development Corporation.' Held accountable by councils, the development corporations will be expected to involve communities in their projects, which includes allowing residents to have their say on how high-quality homes are delivered. This measure is part of the government's programme of planning reform and targeted funding to deliver 300,000 homes a year by the mid-2020s. Dominic Raab, Housing Minister, has introduced the regulations to Parliament, which are subject to further debate by MPs and will come into force later this year once approved.

A guide to effective partnership working between principal and local councils - The Local Government Association (LGA) and the National Association of Local Councils (NALC) has collectively launched a new guide setting out how principle and local councils can work more effectively in partnership. This guide sets out a series of core principles and explains how, by partnering with different levels of local government, councils can be 'more representative of place, more responsive to citizens, more efficient in continuing to deliver services, and hence more able to fulfil their common purpose.' The guide explains how to 'develop a long-term vision for an area', 'make the case to residents for more local representation', 'engage better with residents through partnering' and 'create new grass-roots partnerships in unparished areas.'

Independent Review of Building Regulations and Fire Safety - Dame Judith Hackitt has published her final report on the 'Independent Review of Building Regulations and Fire Safety.' The report sets out the 'principles for a new regulatory framework' which is intended to produce a 'simple and effective mechanism for driving building safety', 'provide stronger oversight of duty holders with incentives for the right behaviours, and effective sanctions for poor performance' and 'reassert the role of residents.'

Funding for unsafe cladding removal - The Ministry of Housing, Communities and Local Government (MHCLG) has announced funding of approximately £400m for social housing providers to remove and replace dangerous cladding.

APPENDIX A: KEY FINDINGS FROM FINALISED 2017/18 AND 2018/19 INTERNAL AUDIT WORK (HIGH AND MEDIUM PRIORITY MANAGEMENT ACTIONS ONLY WHERE PARTIAL OR NO ASSURANCE REPORTS HAVE BEEN ISSUED)

<p>Temporary Accommodation (10.18/19) – PARTIAL ASSURANCE</p>		<p>4 - Low 3 - Medium 1 - High</p>
<p>We have agreed three 'Medium' priority and one 'High' priority management actions in relation to the following key findings:</p> <p>Safety Assurances</p> <p>For a sample of five self-contained nightly accommodation units, we identified that the Council had not consistently provided themselves with assurance that the properties they are allocating are suitable in terms of safety. We were advised by the Arrears and Investigations Manager that the Team are also not currently assuring themselves that the Bed & Breakfast accommodation used is suitable in terms of safety requirements. If assurances are not received by the TA Team, they cannot be assured that the properties being provided are suitable in terms of safety requirements. If accommodation is not safe, there is a risk of both financial and reputational damage where homeless (or potentially homeless) individuals are placed into unsuitable accommodation. (High)</p> <p>Periodic TA Visits</p> <p>From a report of all individual's currently in TA, we selected a sample of five households and tested to confirm if visits are occurring on a periodic basis. From a sample of five households, we identified only two households had been visited (in both cases, only visited once) and for each, the household had not been visited within the first three months of occupancy.</p> <p>We noted for one of the visits, a TA Audit Form had not also not been retained via DIP. If these forms are not completed nor retained, any findings or actions developed from these visits may not be implemented in a timely manner. Where initial and periodic visits do not occur, the Team cannot provide themselves with assurance that the household is complying with their licensing agreement. Also, through the absence of regular visits, the quality of the Council's service to their homeless (or potentially homeless) constituents is reduced. (Medium)</p> <p>Issue of Notice to Quit</p> <p>For a sample of 10 households who had been served a notice to quit, we identified in five instances, a notice to quit had been served following a negative decision being reached by the housing demand team. For these five, we identified in four instances the tenant had vacated the property outside of the required timescale (as stipulated on the notice to quit). For the outstanding case, the tenant has not been moved out as the decision was reviewed. However, no updates had been provided between February and June 2018 on the CAPITA system. There is a risk that if the system is not updated to detail progress against NTQ's TA is being provided to individuals the council has no duty to accommodate. (Medium)</p>		

Breach of License Agreement

We performed a walkthrough of a case where a notice to quit had been served due to a breach of license (due to behaviour rather than rent arrears). In this case, we identified that a notice to quit had been served without prior consultation with the Housing Demand team. We identified that when the notice was served, there was no procedural guidance in place to ensure that TA Officers consult the Housing Demand Team to assess whether a notice could be issued. Without consultation and consideration of whether a duty to accommodate is still owed, there is a risk that the Council may face legal action where the Council could be found to be negligent in their duty to accommodate. **(Medium)**

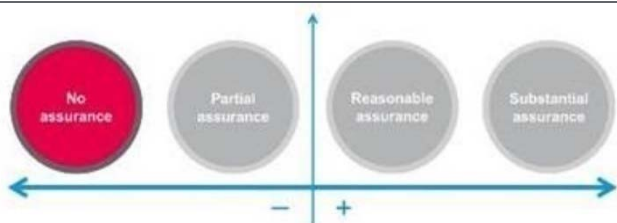
Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
1	<p>The TA Team will confirm all nightly self-contained properties and bed and breakfast properties have the following in place:</p> <ul style="list-style-type: none"> • a current gas safety record; • carbon monoxide and fire safety precautions; • safe electrics and electrical equipment; and • a valid energy performance certificate. <p>Evidence of each of these will be retained on the TA shared drive.</p> <p>The Team will document when assurances are received and when subsequent review of the property's safety certificates and equipment is due.</p> <p>This information will be actively monitored and where safety records become outdated and invalid, these will be chased with the relevant accommodation provider and escalated to Senior Management within the Council.</p> <p>The TA Team will undertake periodic visits to confirm that the properties have the appropriate safety equipment.</p> <p>The Team will also devise a preferred suppliers list which will be populated with establishments which the Council have confirmed to be compliant with the above requirements.</p>	High	31 st October 2018	Service Lead – Colin Moone
2	<p>The TA Team will obtain an up to date and accurate list of households within TA, the last date of visit and scheduled future visits and will formalise a plan to visit these households in a timely manner.</p>	Medium	31 st October 2018	Arrears and Investigations Manager -Debra Gilbert

3	<p>We will issue a reminder to all relevant staff who can action 'notice to quit' forms to request deletion of any incorrect forms from CAPITA.</p> <p>We will ensure that updates on the 'notice to quit' process are documented within CAPITA in a timely manner.</p>	Medium	31 st October 2018	Arrears and Investigations Manager -Debra Gilbert
4	<p>The TA Procedural Document will be updated to include the desired processes to be fulfilled prior to issuing a NTQ following a breach of license.</p>	Medium	31 st October 2018	Arrears and Investigations Manager -Debra Gilbert

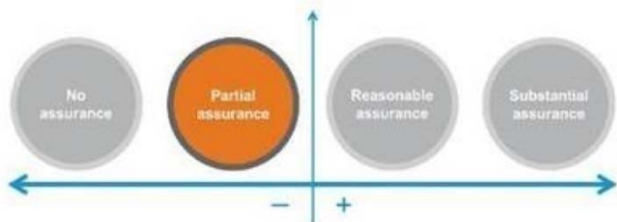
APPENDIX B: 2018/19 ASSURANCE OPINIONS

We are constantly developing and evolving the methods used to provide assurance to our clients. As part of this, we have refreshed our opinion levels in line with the graphics below.

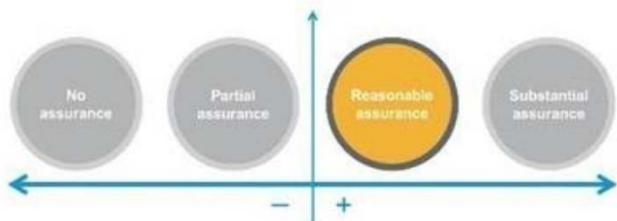
We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the Council can take:



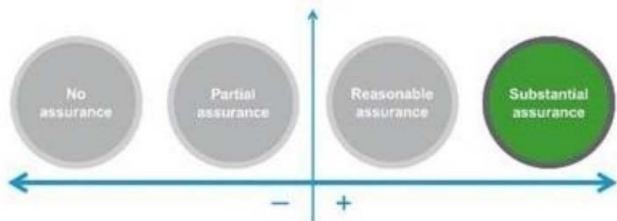
Taking account of the issues identified, the Council **cannot take assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).



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



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



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

FOR FURTHER INFORMATION CONTACT

Dan Harris, Head of Internal Audit

Daniel.Harris@rsmuk.com

07792 948767

Chris Rising, Senior Manager

Chris.Rising@rsmuk.com

07768 952380

Amir Kapasi, Assistant Manager

Amir.Kapasi@rsmuk.com

07528 970094