

Date of issue: Wednesday, 8 March 2017

MEETING:	AUDIT AND CORPORATE GOVERNANCE COMMITTEE (Councillors Sadiq (Chair), Bedi (Vice Chair), Amarpreet Dhaliwal, Rana, Sarfraz, Sharif and Swindlehurst) CO-OPTED INDEPENDENT MEMBERS: Ronald Roberts and Alan Sunderland PARISH COUNCIL MEMBERS: Parish Councillor Raymond Jackson and Parish Councillor Raja Muhammad Fayyaz INDEPENDENT PERSON Dr Louis Lee
DATE AND TIME:	THURSDAY, 16TH MARCH, 2017 AT 6.30 PM
VENUE:	VENUS SUITE 2, ST MARTINS PLACE, 51 BATH ROAD, SLOUGH, BERKSHIRE, SL1 3UF
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	SHABANA KAUSER 01753 787503

NOTICE OF MEETING

You are requested to attend the above Meeting at the time and date indicated to deal with the business set out in the following agenda.



ROGER PARKIN
Interim Chief Executive

AGENDA

PART I

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ITEM

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AGENDA
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Apologies for absence.

1. Declarations of Interest

All Members who believe they have a Disclosable Pecuniary or other Pecuniary or non pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Section 3 paragraphs 3.25 – 3.27 of the Councillors' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 3.28 of the Code.

The Chair will ask Members to confirm that they do not have a declarable interest. All Members making a declaration will be required to complete a Declaration of Interests at Meetings form detailing the nature of their interest.

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3.	Audit and Risk Management Update Quarter 3 2016/17	7 - 18	All
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12.	Date of Next Meeting - 11th July 2017		



Press and Public

You are welcome to attend this meeting which is open to the press and public, as an observer. You will however be asked to leave before the Committee considers any items in the Part II agenda. Please contact the Democratic Services Officer shown above for further details.

The Council allows the filming, recording and photographing at its meetings that are open to the public. By entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings. Anyone proposing to film, record or take photographs of a meeting is requested to advise the Democratic Services Officer before the start of the meeting. Filming or recording must be overt and persons filming should not move around the meeting room whilst filming nor should they obstruct proceedings or the public from viewing the meeting. The use of flash photography, additional lighting or any non hand held devices, including tripods, will not be allowed unless this has been discussed with the Democratic Services Officer.

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Audit and Corporate Governance Committee – Meeting held on Wednesday, 11th January, 2017.

Present:- Councillors Sadiq (Chair), Bedi (Vice-Chair), Amarpreet Dhaliwal, Rana, Sarfraz and Swindlehurst

Co-opted Independent Member:- Mr Roberts

Parish Council Member:- Councillor Jackson (Colnbrook with Poyle)

Independent Person:- Dr Lee

Apologies for Absence:- Mr Sunderland and Parish Councillor Fayyaz

PART 1

18. Declarations of Interest

None were received.

19. Membership Update

The Senior Democratic Services Officer stated that Councillor Hussain had tendered her resignation as a member of the Committee and it was noted that the Labour Group would nominate another member to fill the vacancy.

Graham Davies had resigned as a non-voting co-opted member of the Committee. Members noted his resignation and requested that a letter be sent to Mr Davies on behalf of the Committee to thank him for his significant contribution to the work of the Audit & Corporate Governance Committee and the former Standards Committee.

Resolved –

- (a) That the resignation of Councillor Hussain from the Committee be noted and that a nomination to the vacancy be sought from the Labour Group.
- (b) That the resignation of Graham Davies as a non-voting co-opted member of the Committee be noted and that a letter of thanks be sent to Mr Davies on behalf of the Committee.

20. Minutes of the Last Meeting held on 29 September 2016

Resolved – That the minutes of the meeting held on 29th September 2016 be approved as a correct record.

Audit and Corporate Governance Committee - 11.01.17

21. Internal Audit Update - Quarter 2 2016/17

The Assistant Director Finance & Audit, Neil Wilcox, introduced a report that updated members on the progress against the 2016/17 Internal Audit Plan for the second quarter of the year. Mr Wilcox was the newly appointed Assistant Director and Section 151 Officer and he set out the open and transparent approach he would seek to take with the Committee on internal audit matters. The report highlighted some areas of partial assurance and future internal audit reports would help members to track progress on key areas of activity and risk.

The Head of Internal Audit, Daniel Harris, summarised the key aspects of the Internal Audit Progress Report. Ten reports relating to the 2015/16 plan had been finalised since the previous meeting of the Committee with four audits resulting in partial assurance – Treasury Management; Income and Debtors; IT Business Continuity and Disaster Recovery; and Asset Register, and a further audit on Follow Up reported ‘little progress’. Eight reports in the 2016/17 plan had been finalised of which five resulted in negative opinions – Information Governance, Voids, Budgetary Control, Agresso, Transfer of Balances and Business Continuity. Mr Harris commented on the likely impact the negative opinions would have on the 2016/17 Head of Internal Audit Opinion and members were updated on the management action being taken to address the identified weaknesses.

The Committee discussed the timeliness in finalising reports and the tracking process for internal audit recommendations. The report stated that three audits planned for 2016/17 would be delayed, including Homelessness and Management of Housing Stock, and members asked for the reasons to be explained, particularly in view of the perceived weaknesses in the housing department and ‘red’ opinion of the Voids internal audit. Mr Harris reported that the scope and timetable of these audits had now been agreed since the report had been prepared.

Members also raised concern about the negative opinion on Business Continuity and it was responded that the opinion reflected the position at the time of the audit since which management action had been undertaken. The discussion highlighted some issues with the timeliness of reports between finalising the audit and reporting to the Committee, including the tracking of internal audit recommendations included at paragraph 5.1.4 of the Audit & Risk Management Update elsewhere on the agenda. It was agreed that the report format would be reviewed in future to provide members with a clearer overview of current and outstanding issues rather than historic information.

Concern was raised about the overall strength of the governance and management issues given the fact that five of eight most recently finalised reports were not fully assured and in view of the weaknesses in some of the Council’s policies and procedures highlighted by recent governance issues. Members made a number of suggestions about how to review the relevant policies and strengthen the governance arrangements. A cross-party task group was suggested comprising members of the Committee, Member Panel

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on the Constitution and the Employment & Appeals Committee and it was agreed to explore the feasibility and scope of this proposal noting that work was already underway to review the Constitution.

At the conclusion of the discussion, the Internal Audit Progress Report was noted.

Resolved –

- (a) That the report be noted.
- (b) That the possibility of establishing a Working Group to review the Council's Policies and Procedures, including Governance Arrangements, be explored further.

22. Audit and Risk Management Update Quarter 2 2016/17

The Assistant Director Finance & Audit introduced a report that updated members on the progress on the implementation of Internal Audit recommendations; the amended process for finalising internal audit reports; and counter-fraud and risk activity. The Committee was also asked to consider and, if agreed, to recommend the updated Risk Management Strategy as at Appendix 2 to the report to Cabinet.

Members noted that a more robust process for finalising internal audit reports had been approved by the Corporate Management Team. The changes would address the historic problem of unacceptable delays which meant recommendations remained unaddressed and individuals were not held accountable for their implementation. The revised process had resulted in eighteen reports being finalised in the previous two months and the Committee welcomed the new approach.

The Management Report was noted and it was agreed that the Risk Management Strategy be recommended to Cabinet.

Resolved – That details of the implementation of Internal Audit recommendations, the amended process for finalising internal audit reports, counter fraud activity and the Council's Risk Register, be noted.

Recommended to Cabinet – That the Risk Management Strategy as attached at Appendix 2 to the report be approved.

23. Code of Conduct - Schedule of Activity

The Monitoring Officer, Linda Walker, introduced report on the activity undertaken in relation to complaints received under the Code of Conduct.

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It was noted that 44 complaints had been received during the 10-month period between October 2015 and August 2016 and the status of these complaints was set out in the report. Members indicated that the report was not as detailed, comprehensive or up to date as they had expected, particularly as 11 complaints had been carried forward and were still therefore active. The Monitoring Officer explained the practical difficulties experienced in accessing further information since she had been appointed in September 2016. It was recognised that the processes and systems for recording and reporting on complaints activity needed to be substantially strengthened and the Committee requested that a further report be provided at the next meeting that detailed the complaints schedule of activity up to March 2017.

Members expressed a number of further concerns about perceived weaknesses in the Council's Constitution, policies and procedures and the failure to make more rapid progress in dealing with complaints and addressing identified governance issues since September 2016. The Monitoring Officer highlighted that this was in effect a delayed annual report of the previous Monitoring Officer and she assured members that she would provide more detailed reports in the future. The Committee was concerned about the capacity to undertake this work, particularly as the Monitoring Officer was not a full time employee of the Council and that no Deputy Monitoring Officers had been appointed. It was agreed that the Chair of the Committee would urgently meet with the Interim Chief Executive to discuss the steps being taken to appoint a Deputy Monitoring Officer from within the Council.

The conclusion of the discussion, the report was noted and a further report would be received by the Committee at the next meeting in March 2017.

Resolved –

- (a) That details of the report be noted.
- (b) That the Chair of Audit and Corporate Governance urgently meet with the Interim Chief Executive to ascertain what measures were being taken to recruit to the post of Deputy Monitoring Officer.
- (c) That a report be submitted to the next Committee meeting detailing information regarding complaints schedule of activity for the period January 2017 to March 2017 (to also include details relating to 11 current outstanding complaints)

24. Review of Whistleblowing Policy

The Monitoring Officer introduced a report that advised the Committee of a forthcoming review of the Council's Whistleblowing Policy to ensure that it was fit for purpose. It was noted that there had been a number of high profile anonymous whistleblowing complaints received in recent months and the Leader of the Council had asked the Monitoring Officer to review the policy.

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It was also noted that the Member Panel on the Constitution had asked the Monitoring Officer to review the Constitution more widely and the Whistleblowing Policy would be reviewed alongside this. A member asked for clarification regarding the procedure/process in the event that a complaint was made to an external agency, as per the Whistleblowing Policy, and it was agreed that the Monitoring Officer would provide further information to Committee Members.

At the conclusion of the discussion, it was noted that the Monitoring Officer would conduct a review of the Whistleblowing Policy.

Resolved – That the Monitoring Officer review the current Whistleblowing Policy in order to ensure that it is fit for purpose.

25. Members Attendance Record 2016/17

Resolved – That details of the Members' Attendance Record be noted.

26. Date of Next Meeting

The date of the next meeting was confirmed as 16th March 2017.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.19 pm)

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Corporate Governance Committee

DATE: 16th March 2017

CONTACT OFFICER: Neil Wilcox Section 151 Officer, Assistant Director Finance & Audit
(For all Enquiries) (01753) 875358

WARD(S): ALL

PART I
FOR COMMENT & CONSIDERATION

AUDIT AND RISK MANAGEMENT UPDATE – QUARTER 3 2016-2017**1. Purpose of Report**

The purpose of this report is to:

- Report to members on the progress of the implementation of Internal Audit recommendations
- Report to members the Council's Risk Register

2. Recommendation(s)/Proposed Action

- That the Audit & Corporate Governance Committee comment on and note the progress of Internal Audit recommendations at Appendix 1
- That the Audit & Corporate Governance Committee comment on and note the updated Corporate Risk Register at Appendix 2

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

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

3a. Slough Joint Wellbeing Strategy Priorities

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

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

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

4. **Other Implications**

(a) Financial

There are no direct financial implications of this report, however failure to implement actions raised could have an impact on the Council's ability to achieve its financial objectives.

(b) Risk Management

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

(c) Human Rights Act and Other Legal Implications

There are no human rights issues arising from this report

(d) Equalities Impact Assessment

There are no equality issues arising from this report

5. **Supporting Information**

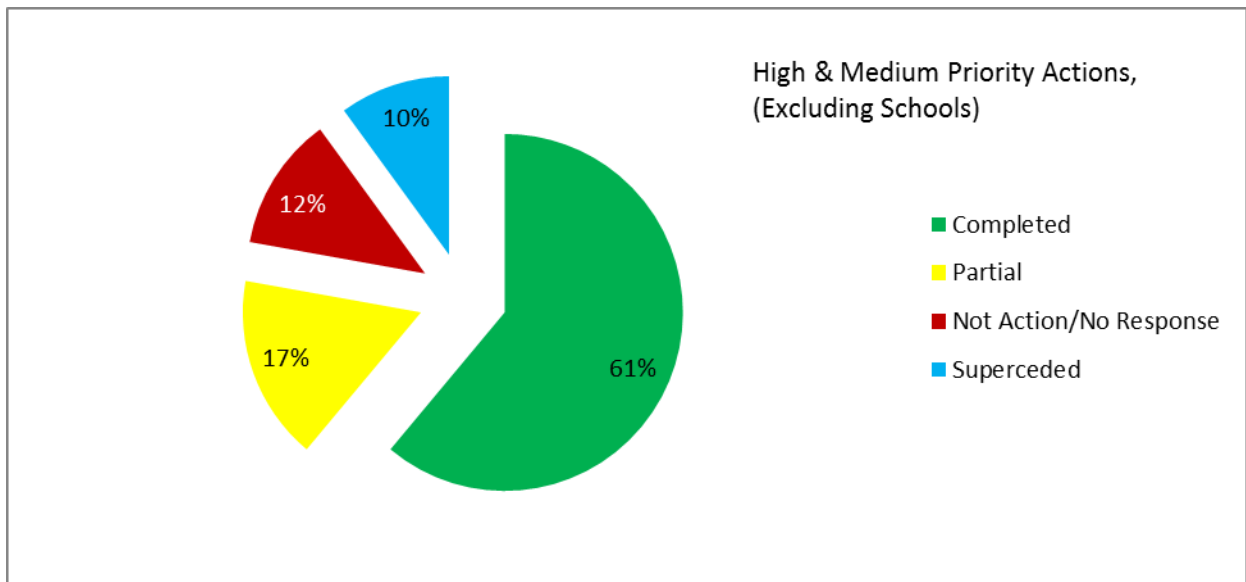
5.1 **Finalising Internal Audit Reports**

5.1.1 The table below shows those Internal Audits that remain in draft and are yet to be finalised as at 28th February 2017.

Audit Title	Draft Issued	Responses due	Client sponsor	Rating
Voluntary Sector Commissioning 7 16 17	01 November 2016	This audit is being reviewed	Alan Sinclair	Amber Red
Fixed Penalty Notice 9 16 17	3 rd October 2016	17 th October 2016	Mike England	RED
Governance	30 th January 2017	13 th February 2017	Roger Parkin	Amber Red
Housing Benefits	14 th February 2017	This audit is under review	Neil Wilcox	Amber Green

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

5.1.3 The number of implemented recommendations has increased to 61%, up on the 58% reported at the previous Audit and Corporate Governance committee.



5.1.4 Appendix 1 shows the detail of the individual audits where management actions remain outstanding.

5.2 **Corporate Risk Register**

5.2.1 Appendix 2 shows the current Corporate Risk Register

6. **Comments of Other Committees**

N/A.

7. **Conclusion**

That the Committee note the progress of the implementation of Internal Audit recommendations and details of the Council's Risk Register.

8. **Appendices Attached**

Appendix 1 – Outstanding Internal Audit recommendations
Appendix 2 – Corporate Risk Register








9. **Background Papers**

None.

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Appendix 1

Outstanding Audit Recommendations

Name of Audit	Quarter 3 2016/17				Progress in Quarter 3 2016/17				DOT	Audit Sponsor
	High Level rec's not Completed		Medium Level rec's not Completed		Total	High Level rec's Completed	Medium Level rec's Completed	Total		
	No Progress	Partial	No Progress	Partial						
Adult Safeguarding 11 15 16	0	0	0	1	1	0	0	0		Alan Sinclair
avarto phase II contract management 25 14 15	3	5	1	1	10	1	2	3		Roger Parkin
avarto performance management 45 14 15	1	0	0	1	2	2	0	2		Roger Parkin
Budgetary Control and Financial Reporting 25 15 16	0	0	1	0	1	1	2	3		Neil Wilcox
Business Continuity Planning Arrangements 1 16 17	1	3	1	1	6	1	0	1		Mike England
Creditors 19 15 16	0	0	0	1	1	1	0	1		Neil Wilcox
General Ledger 31 15 16	0	0	2	0	2	0	0	0		Neil Wilcox

Appendix 1

Name of Audit	Quarter 3 2016/17					Progress in Quarter 3 2016/17				
	High Level rec's not Completed		Medium Level rec's not Completed		Total	High Level rec's Completed	Medium Level rec's Completed	Total	DOT	Audit Sponsor
	No Progress	Partial	No Progress	Partial						
Matrix - Management of Agency Staff 7 15 16	1	1	2	0	4	0	5	5		Roger Parkin
Payroll 26 15 16	0	0	0	1	1	0	0	0		Neil Wilcox
Rent Accounts 28 15 16	0	0	0	1	1	0	0	0		Neil Wilcox
Risk Management	0	0	0	1	1	0	6	6		Neil Wilcox
Slough Community Leisure 7 14 15	0	0	1	0	1	1	0	1		Gurpreet Anand
Schools Thematic Review 24 15 16	0	0	1	0	1	0	0	0		Jo Moxon

Appendix 1

Internal Audit Management Actions falling due since last quarter


Name of Audit	High Level rec's not Completed		Medium Level rec's not Completed		Total
	No Progress	Partial	No Progress	Partial	
Budgetary Control and Financial Reporting 10 16 17	0	0	0	2	2
Capital Expenditure 20 15 16	0	0	1	1	2
Cash Handling 22 15 16	0	0	1	0	1
Counter Fraud Arrangements 43 15 16	0	0	1	1	2
Income & Debtors Management 38 15 16	0	0	1	0	1
Information Governance	0	0	1	0	1
Procurement 40 14 15	0	1	0	2	3

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Corporate Risk Register

CRR by Risk

Corporate Risks with Current Risk Rating

Action Required	Person Responsible	Current Rating 
- Description: Preparedness for OFSTED Inspections OFSTED could announce inspections into Quality and Delivery of school Services, and/or The Provision of Special Needs Education.		
- Potential Trigger Events: These inspections can be announced at anytime. There is a lack of service plans. There no appropriate KPI's		
- Potential Consequences: Adverse reports from OFSTED will cause reputational damage, possibly on a national level.		
Self Improvement Documents are being prepared for both areas	Rodney D'Costa	
- Description: Failure of Slough Children's Services Trust to deliver required improvements		
- Potential Trigger Events: The Council has only limited control over the SCST and must work with SCST to improve services		
- Potential Consequences: Further intervention from the Secretary of State Children and families do not receive the services they need Request for additional funding from the council		
- Description: The efficient delivery of business critical operations and projects is being put at risk by the dependency on a "single person" This has been identified by both the monthly Programme Management Office report and the Risk Management Group		
- Potential Trigger Events: Prolonged absence to a member of the Senior Leadership team Increasing demands on senior management to deliver more and complicated projects Timescales for delivery of tasks and projects reduced		
- Potential Consequences: Delivery of Business critical tasks is delayed, temporary resources are needed to be drafted in, projects exceeds budget. Business critical tasks are no done or left unfinished Increased level of errors may occur		
		High
- Description: Data Security Robust policies procedures to deal with the handling of data Increased responsibilities due to the General Data Protection Regulation.		
- Potential Trigger Events: Insufficient training of staff Loss/theft of paperwork. Data sent to work recipient Email to the wrong recipient Insecure web-page Insecure disposal of paperwork		
- Potential Consequences: Fines from the ICO Advising users that their personal data has been compromised Providing credit agency facility to affected third parties Rebuild of IT systems Reputational damage		
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. 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. The policy will be reviewed annually thereafter, with version control included within document to record approval and next review details.	Simon Pallett	High
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; • Data protection; and • Requirements for reporting information governance incidents.	Simon Pallett	High
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. The information flows will be risk assessed, with necessary actions identified to address risks highlighted. The	Simon Pallett	High

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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.		
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. 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.	Simon Pallett	High
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. 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. 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. The policy will be reviewed annually thereafter, with version control included within document to record approval and next review details.	Simon Pallett	High
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,	Roger Parkin	High
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.	Roger Parkin	High
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. 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.	Simon Pallett	High
The Data Protection and Privacy Policy will be reviewed and updated to ensure it details; • 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.	Simon Pallett	High
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. 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.	Simon Pallett	High
The Council will ensure that a robust framework is established and maintained for records management, including the use and monitoring of retention schedules. The Records Management Policy will subsequently be updated to reflect these	Simon Pallett	High

processes and the responsibilities of all staff as well key staff roles in relation to records management. 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. The policy will be reviewed annually thereafter, with version control included within document to record approval and next review details.

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. 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. The policy will be reviewed annually thereafter, with version control included within document to record approval and next review details.

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. 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. 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.

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. 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.

Simon Pallett

High

Simon Pallett

High

Simon Pallett

High

Description: **Increased Level of Homelessness Concerns over the increased levels and knock-on effects of Homelessness**

Potential Trigger Events: **Slough is dependent on the private rented sector. Due to economic growth private sector landlords are able to increase rents. These rent increases are now becoming too expensive for families on relatively modest incomes Benefits won't cover the cost of rent London Borough's securing deals with local landlords to place their homeless in Slough Within the council housing stock there is a disproportionate number of 1 bedroom flats**

- Potential Consequences: **Severe overcrowding Increased costs and demand in the Temporary Accommodation team Disruption to quality of life to homeless Reputational Damage**

Joining up with other departments to bid for DCLG funding

Paul Thomas

Medium-High

- Description: **Business Continuity The Council requires robust Business Continuity Plans in the event of an incident or series of incidents that affects the Council's ability to provide essential services**

- Potential Trigger Events: **Lack of tested Business Continuity Plans that deal with: Failure of key contractor Large scale absence of staff due to illness Loss of IT systems Loss or denial of access to key buildings Weather related e.g. snow**

- Potential Consequences: **Inability to deliver essential services Delays in payment to staff, suppliers etc. Inability to access vulnerable users records/needs Damage to reputation/national media coverage Senior staff dealing with both Emergency and Business Continuity General public unable to access services**

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.

Joe Carter

Medium-High

A formal group will be established to oversee the Council's business continuity agenda.

Joe Carter

Medium-High

The Council will establish and maintain a documented process for undertaking business impact analysis and risk assessments at Service, Directorate and Council-wide level

Joe Carter

Medium-High

A formal programme of business continuity training will be developed and delivered to staff

Joe Carter

Medium-High

A formal and documented process will be established, implemented and maintained for exercising and testing business continuity procedures in order to assess their effectiveness.	Joe Carter	Medium-High
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.	Joe Carter	Medium-High
The plans that are in place need to be brought under a corporate Business Continuity framework	Joe Carter	Medium-High
- Description: Adult Safeguarding Failure to protect adult social care users from physical, emotional, financial abuse		
- Potential Trigger Events: Poorly trained staff or lack of training for staff provided by agencies Lack of robust multi-agency policy and procedures that are in line with national guidance and no assurance that these guidelines are being followed Lack or resources to undertake the necessary work to protect vulnerable adults at risk Lack of engagement and involvement with other agencies such as the Police, NHS, and voluntary section organisations Lack of monitoring of personal budgets provided to service users		
- Potential Consequences: Physical harm to user Care Quality Commission investigation Police investigations Prosecutions of staff/contractors third parties More serious cases will involve national media coverage and scapegoating Fines and legal costs Lengthy Investigations taking up management time		
		Medium-High
- Description: Management of Major Contracts The Council requires robust contract management to ensure that the benefits and efficiencies of the contract are delivered.		
- Potential Trigger Events: Contract management arrangements are not properly developed. Insufficient resources are dedicated to contract management. Poor specification RMI and waste contracts are all out for tender		
- Potential Consequences: Contracts poorly perform Efficiencies and benefits not realised Financial overspends Increased incidence of fraud Increased management time dealing with poorly performing contracts Damage to reputation Increased number of Member complaints		
Appoint contract managers for all contracts	Mike England	Medium-High
Description: Failure to Deliver balanced Budget The council has a duty to set and deliver a balanced budget		
- Potential Trigger Events: Insufficient budget monitoring Increased demand from demand led services Project overspend Reduction in business rate income		
- Potential Consequences: Qualified external audit opinion Need cut/reduce service provision to meet shortfall Increased attention from central Government. Damage to reputation		
Develop and Implement Savings Plan	Neil Wilcox	Medium-Low
Carry on with Monitoring	Neil Wilcox	Medium-Low
On-going training for Managers	Neil Wilcox	Medium-Low

Location: Slough Borough Council

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Corporate Governance Committee

DATE: 16th March 2017

CONTACT OFFICER: Neil Wilcox Section 151 Officer, Assistant Director Finance & Audit
(For all Enquiries) (01753) 875358

WARD(S): ALL

PART I
FOR COMMENT & CONSIDERATION

INTERNAL AUDIT UPDATE – QUARTER 3 2016-20171. **Purpose of Report**

The purpose of this report is to report to Members on the progress against the 2016/17 Internal Audit Plan up to Quarter 3.

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

That the Audit & Corporate Governance Committee comment on and note the report.

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

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

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

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

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

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

4. **Other Implications**

(a) Financial

There are no direct financial implications of this report, however failure to implement actions raised could have an impact on the Council's ability to achieve its financial objectives.

(b) Risk Management

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

(c) Human Rights Act and Other Legal Implications

There are no human rights issues arising from this report

(d) Equalities Impact Assessment

There are no equality issues arising from this report

5. **Supporting Information**

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

- Risk Management – Partial Assurance
- Rent Accounts – Reasonable Assurance
- Business Rates – Substantial Assurance
- Council Tax – Substantial Assurance

5.2 The appendix to this report summarises the results of our work to date with the 2016/17 plan and highlights the key actions identified for the audits where partial or no assurance was provided.

6. **Comments of Other Committees**

N/A.

7. **Conclusion**

The Committee are asked to note details of progress against the Internal Audit Plan Q3 2016/17.

8. **Appendices Attached**

Internal Audit Progress Report

9. **Background Papers**

None.



SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

Presented at the Audit and Corporate
Governance Committee meeting on 16th March
2017

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.





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

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.

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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 2016/17 was approved by the Audit Committee on 10th March 2016. This report provides a summary update on progress against that plan as at the 6th March 2017.

2016/17 Internal Audit Plan

The Council have finalised four reports since the previous Audit and Corporate Governance Committee meeting. These are in the following areas:

- Business Rates
- Council Tax
- Rent Accounts
- Risk Management

We have also issued a further six reports which remain in draft and are awaiting management comments, these are in the following areas:

- Contract Management
- Fixed Penalty Notice Enforcements
- Capital Expenditure
- Governance - Local Government Transparency Code 2015
- Housing Benefits – A response has been received from the Council and we are working with the Council to finalise this.
- Voluntary Sector Commissioning - Delivery of Outcomes – A response has been received from the Council and we are working with the Council to finalise this.

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 four reports, Homelessness, Procurement, 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 any negative assurance reports finalised since the previous meeting 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	Final report	Opinion	Actions		
							L	M	H
Business Continuity	June 2016	Sept 2016	Final Report	21/06/16	30/6/16		0	2	5
Information Governance	June 2016	Sept 2016	Final Report	26/07/16	01/12/16		4	12	2
Voids	August 2016	Dec 2016	Final Report	22/09/16	02/12/16		3	3	3
Fixed Penalty Enforcement	August 2016	Dec 2016	Draft report	02/11/16			3	5	4
Agresso: Transfer of Balances	June 2016	Sept 2016	Final Report	8/7/16	21/11/16		0	2	1
Commissioning	Sept 2016	Dec 2016	Draft Report	01/11/16			1	4	1
Budgetary Control & Financial Reporting	October 2016	Dec 2016	Final Report	4/11/16	21/11/16		2	4	1
Risk Management	January 2017	March 2017	Final report	21/02/17	28/02/17		3	13	1
Governance – LG Transparency Code 2015	October 2016	Dec 2016	Draft report	30/01/17			18	9	0
Capital Expenditure	November 2016	March 2017	Draft report	18/01/17			5	2	0
Housing Benefits	February 2017	June 2017	Draft report	14/02/17			1	2	0

Rent Accounts	November 2016	March 2017	Final Report	18/01/17	02/03/17		3	3	0
Budget Setting	July 2016	Sept 2016	Final Report	19/08/16	21/11/16		2	1	0
Cippenham School	Sept 2016	Dec 2016	Final Report	01/11/16	30/11/16		1	1	0
Business Rates	Dec 2016	March 2017	Final Report	18/01/17	06/02/17		0	1	0
Council Tax	Nov 2016	March 2017	Final Report	11/01/17	16/12/16		0	1	0
Contract Management Change	June 2016	Sept 2016	Draft report	02/09/16		Advisory	10 Key actions		
SFVS	June 2016	Sept 2016	Final Report	22/09/16	21/11/16	Advisory	-		
Health & Safety	January 2017	March 2017	Quality Assurance						
General Ledger	January 2017	March 2017	Quality Assurance						
Payroll	February 2017	June 2017	Quality Assurance						
Treasury Management	January 2017	March 2017	Quality Assurance						
Indirect Tax	December 2016	March 2017	In Progress						
Adult Safeguarding	February 2017	March 2017	In Progress						
Cash Collection	February 2017	March 2017	In Progress						
Annual Governance Statement	March 2017	June 2017	In Progress						
Follow Up	March 2017	June 2017	In Progress						
Cyber Security	August 2016	Sept 2016	In Progress						
Creditors	January 2017	March 2017	In progress						
5 Year Plan Outcomes	March 2017	June 2017	In progress						

Homelessness	Q4 Dec 2016	June 2017 2017	Scope agreed
Allocations (Tenancy Management)	February 2017	June 2017	Scope agreed
Assets	February 2017	June 2017	Scope agreed
Debtors	February 2017	June 2017	Scope agreed
Management of Housing Stock	October 2016	June 2017	Audit delayed due to changes at AD level.
Public Health	Q4	June 2017	Scope agreed
Procurement	Q4	June 2017	Meeting to be held with Strategic Director, Customer and Community Services to finalise 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
Procurement	Scope agreement delayed due to staffing absence

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.

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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, a number of these opinions will impact our 2016/17 Head of Internal Audit Opinion for the Council. We advised the Committee at the January 2017 meeting that any further negative assurance reports on key systems of internal control could result in this opinion being qualified at the year end. Since this meeting we have issued a further two reports in relation to Governance (draft) and Risk Management that have both resulted in negative (partial assurance) opinions. It should also be noted that some of these weaknesses have been raised in previous years and have not been addressed. We have therefore advised the Section 151 Officer, Acting Chief Executive, CMT and Chair of this Committee that these additional negative opinions will in fact lead to a qualified opinion at the year end.

We have issued nine reports (six in final and three in draft) to date that will collectively impact our year end opinion, some of these reports and the issues contained within these reports will need to flow through to the Annual Governance Statement. We are still waiting for management comments before we can finalise six draft reports for 2016/17 (three of which contain negative opinions).

We have continued and will continue to keep the Section 151 Officer, CMT and Audit and Corporate Governance Committee updated over the coming months on the outcome of our remaining 2016/17 work. We have also discussed a number of areas where negative assurance opinions have been issued in 2016/17, where we can provide further support and advice to the Council to ensure that these weaknesses are addressed in a timely manner. These details are included within the 2017/18 draft internal audit plan, which is also included on the March 2017 agenda.

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 Management 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 in January 2017:

White paper

After considerable delay the government has published the housing white paper 'Fixing our broken housing market.' The paper features a range of measures and some re-announcements of previous policy intentions, including:

- extensive changes to the planning regime including increased uses of surplus public and brownfield sites;
- maintaining green belt protection;
- improving the timeliness of new build connections to utilities to prevent delay;
- holding local authorities to account via the use of a new housing delivery test;
- increased incentives for smaller and medium sized housebuilders;
- encouraging the use of family friendly tenancies;
- a 'crack down' on empty homes; and
- setting the post 2020 rent policy for social housing landlords in the near future.

For further information regarding the planning proposals in the white paper please see this [briefing](#) by the House of Commons Library.

Care act warning

The Local Government Association has stated that the Care Act 2014 will fail unless new money is put into the system. Councils have warned that ministers will need to be 'honest and upfront' about the levels of care that can be realistically provided if new money is not found.

Health and social care integration

The National Audit Office (NAO) has heavily criticised the Better Care Fund for not achieving value for money in terms of savings, outcomes for patients or hospital activity. Remarking on the complexities of the integration of health and social care, the NAO said that even in normal times, let alone the severe demand faced by both sectors, integration benefits were falling 'far short of plans, despite much effort.' Moving forward the NAO recommends that the various government departments, NHS England and NHS Improvement confirm whether existing targets remain achievable and to establish an evidence base for what works in integration.

Government to provide funding for homelessness reduction

The government has confirmed that it will provide new funding to help councils meet the requirements of the homelessness reduction bill currently making its way through parliament. £48m will be available for councils to meet the proposed new requirements which include local authorities helping individuals for 56 days before they are threatened with homelessness, with those already homeless being given 56 days of help to secure accommodation. Response from the [Local Government Association](#) was mixed as they conveyed the fears of councils who have doubts over the initial costings due to the unpredictability of homelessness.

Local government finance bill

The briefing paper by the Commons Library goes into detail on the proposed local government finance bill, which includes new measures to enable councils to retain full business rates and the introduction of a 'property owner levy.' The bill has begun its passage through parliament with the final settlement expected to be confirmed early next month. In response to the consultation on the settlement the [LGA](#) stated their 'huge disappointment' that despite repeated calls to central government for an injection of funds in elderly and disabled care services there is 'no new money.' The LGA were pleased that government has brought forward council tax raising powers, and also commented on the fact that nearly all councils have taken up the option for the four year settlement.

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Housing companies


Inside Housing has published research showing that an increasing number of councils are planning to, or have set up, private housing companies. The research identified 98 (of 252) councils that have already established or are planning private housebuilding companies, as they look to explore and secure alternative sources of finance and revenue in the midst of central government cuts.

'Grow up and start properly funding social care'

The Chairman of the LGA, Lord Porter, a Conservative peer has launched a strong attack on his own party for its inaction on social care funding. Lord Porter stated to the Huffington Post 'The Treasury are going to have to grow up and start properly funding adult social care'. The comments come despite the government [announcing funding](#) designed to improve the situation regarding social care.

We have also appended to the bottom of this progress report a briefing on Gender Pay Gap Reporting.

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

Risk Management (17.16/17) – PARTIAL ASSURANCE		<p style="text-align: center;">3 - Low 13- Medium 1- High</p>
<p>Overall we have raised one high, 12 medium and three low priority actions. A summary of our findings for areas relating to the high and medium actions is below. Refer to the action plan in section 2 for all actions agreed.</p> <ul style="list-style-type: none"> At the time of our audit, and following the go-live of Intelex in November 2016, the system had not been rolled out at a Directorate level. Directorate Risk Registers were not being reviewed as a standing agenda item at Directorate SMT meetings, and had not been reviewed regularly in the previous nine months of 2016/17 partly due to the implementation of the new Risk Management Software The RMS requires operational risks to be discussed and reviewed at such meetings. There is an increased risk of divisional level risks materialising due to a lack of visible risk management and key documents being reviewed and updated. The roll out of Intelex to record directorate/operational risks needs to be expedited and this should include agreement of directorate responsibilities to keep Intelex up to date. (High) We have noted a number of areas where the RMS can be further improved, such as by addition of an escalation process of Directorate and Project level risks to the CRR and requirement for identified risks to be linked to strategic objectives. Other improvements required include addition of guidance on identifying target risk ratings and documenting actions required to address any gaps in control to mitigate risks. (Medium) The PMO currently does not receive any assurance that individual project risks are identified, scored and managed by using the 6x4 scoring method as required by the RMS. This is due to project risks in the individual project highlight reports submitted to PMO being RAG rated only. Therefore there is a risk that project risks are ineffectively managed and may crystallise due to inconsistent application of their scoring and potential lack of understanding of the scoring method. (Medium) At the time of our review a training plan covering delivery timescales, staff cohort, material and whether any hands on training on Intelex will be provided, had not been put forward to the RMG. We have agreed that the RMG will develop and agree a timeline and training plan for such training to be delivered. Following this, updates on training will be reported to the Group. (Medium) The terms of reference of the RMG need to be updated to clearly state the Group's responsibility to obtain updates on progress against agreed management actions, rather than progress against internal audits being undertaken. Due to this there is a risk that the Group does not effectively assist the Council in managing its risks. (Medium) The RMG has not reviewed its effectiveness and whether it has achieved its work programme for the year. Such a review should be undertaken annually. There is a risk that the Group may lose track of its responsibilities without a self-assessment against its terms of reference. (Medium) At the time of our audit the reporting template to generate the CRR from Intelex was in the process of being developed. The templates being set up will include those to be used at divisional level and for project risks. Due to the templates not being set up, there is a risk that risk management is not embedded in day to day activities of Council staff. (Medium) 		

- Based on our review of meeting notes and minutes for CMT, Risk Management and Audit Group and ACGC meetings, we consider that the delays in implementing Intelex and in finalising the CRR template has affected the frequency of scrutiny of the Register at a suitable level, especially in the latter half of 2016/17. We have been assured that the next CRR to the ACGC will be generated from Intelex. **(Medium)**
- The Intelex risk rating section requires the risk to be ranked, i.e. High, Medium-High or Medium-Low, and not the risk score (initial, current and target) to be recorded as prescribed in the RMS. There is a risk that the new system does not allow risks to be scored using a uniform scoring method as required by the RMS. **(Medium)**
- From review of the interim CRR presented to the ACGC on 11 January 2017 we noted a number of aspects requiring improvement which need to be taken into account when confirming the Intelex CRR template. Examples include no mention of risk reference, action owners, current controls, assurances and future actions not documented for three risks, movement in risk score not being stated, and current and target risk score for each risk not included. There is a risk that the current information provided on the CRR does not provide the user of the document with an informed position on the current status of corporate risks. **(Medium)**
- As part of our review of the CRR provided to the ACGC, we noted that the risks were documented as issues rather than risks for the majority of risks, which could limit the Councils ability to effectively manage and scrutinise risk through this document, and to ensure that Risk Management is embedded within the work of the Council, risks need to be described in line with the RMS. **(Medium)**
- We compared the CRR presented to the ACGC 29 September 2016 (prepared through the previous JCAD risk system), and the Interim Register within the 11 January 2017 meeting papers and noted three risks from the 29 September 2016 register which did not appear on the Interim Register. We have confirmed the status of all three risks and agreed that going forward the narrative accompanied with the CRR to the ACGC will include movement in any risk and any reasons of removing them from the register. **(Medium)**
- During 2016/17 Cabinet had not reviewed the CRR and the current procedures in place to monitor the management of significant risks. As required by the Strategy, this review should be undertaken at least annually to ensure oversight of significant risks. We have agreed that the ACGC will recommend that the Council Cabinet notes the CRR content annually. **(Medium)**
- The RMS had not been signed off by the Cabinet at the time of our audit and the risk appetite has not been yet determined. Once determined, and as per our previous years audit findings, the targets for the Corporate Balanced Scorecard should be set in line with the Council's risk appetite. **(Medium)**

Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
1	The Council will agree the roll out of Intelex to record directorate level risks with each directorate. This will include agreement of responsibilities at directorate level to update risks on a regular basis.	High	30 June 2017	Phil Brown, Risk and Insurance Officer

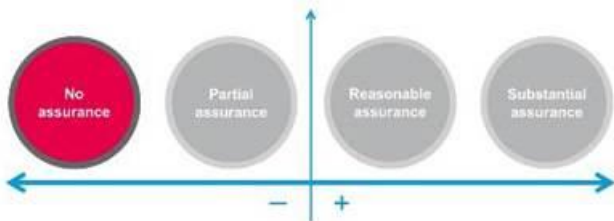
2	<p>The Council will ensure future Risk Management Strategy updates will include the following:</p> <ul style="list-style-type: none"> • Next review date and requirement for it to be reviewed annually; • 'How to populate the risk register' guidance to be updated to ensure it is specific to the Intelex risk system • Inclusion of the requirement for risks to be linked to strategic objectives, • Escalation of Directorate and Project risks to the Corporate Risk Register; and • Guidance on identifying target risk ratings and documenting actions required to address any gaps in control to mitigate the risks. 	Medium	30 April 2017	Phil Brown, Risk and Insurance Officer
3	<p>On Cabinet approval of the Risk Management Strategy, the Cabinet will determine the Council's risk appetite.</p> <p>Following this, targets for the Corporate Balanced Scorecard will be set in line with the Council's risk appetite as defined within the updated Risk Management Strategy.</p>	Medium	30 June 2017	Phil Brown, Risk and Insurance Officer
4	<p>The Council will require project managers to document all project risks on the Intelex system.</p> <p>A report extract from Intelex showing projects risks, their scores and their movement from month to month will be made part of the highlight report submission to the PMO.</p>	Medium	30 June 2017	Claire Priest, Programme Management Lead.
5	<p>The Council's Risk Management Group will develop and agree a timeline and training plan for risk management training to be delivered.</p> <p>Following this, updates on training will be reported to the Risk Management Group.</p>	Medium	30 April 2017	Phil Brown, Risk and Insurance Officer
6	<p>The Council will revise terms of reference of the Risk Management Group to clarify its responsibility to obtain updates on progress made against agreed Internal Audit management actions.</p>	Medium	30 April 2017	Phil Brown, Risk and Insurance Officer.
7	<p>The Council will ensure that the Risk Management Group reviews its effectiveness annually and whether it has achieved its work programme for the year.</p>	Medium	30 September 2017	Phil Brown, Risk and Insurance Officer.
8	<p>The Council will investigate if the risk input template on Intelex can be updated to allow the risk score (initial, current and target) to be recorded, and will ensure that this is consistent with the RMS.</p>	Medium	30 June 2017	Phil Brown, Risk and Insurance Officer

9	<p>The Council will ensure that report templates are set up on Intelex for the Corporate Risk Register, Divisional and Project risk registers.</p> <p>The templates will be shared with relevant forums such as the Risk Management Group, CMT, Divisional SMT meetings to obtain feedback and agreement</p>	Medium	31 July 2017	Phil Brown, Risk and Insurance Officer
10	<p>The Council will ensure that the Intelex Corporate Risk Register templated report includes the following for each risk:</p> <ul style="list-style-type: none"> • Initial, current and target risk scores; • Movement in risk score; • Risk reference; • Action owner, current controls, assurances and future actions for all risks. 	Medium	30 June 2017	Phil Brown, Risk and Insurance Officer
11	<p>The Council will ensure the narrative accompanied with the Corporate Risk Register to the Audit & Corporate Governance Committee includes movement in risks and any reasons of removing a risk from the register.</p>	Medium	31 March 2017	Phil Brown, Risk and Insurance Officer
12	<p>We will review all risks on the Corporate Risk Register and ensure that these are worded appropriately.</p>	Medium	30 June 2017	Phil Brown, Risk and Insurance Officer
13	<p>The Council will ensure that operational risks will be discussed and reviewed at Directorate SMT meetings.</p>	Medium	30 June 2017	Phil Brown, Risk and Insurance Officer
14	<p>The Audit & Corporate Governance Committee will recommend that the Council Cabinet notes the Corporate Risk Register content annually.</p>	Medium	30 September 2017	Phil Brown, Risk and Insurance Officer.

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.

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GENDER PAY GAP REPORTING

New regulations planned to be effective by 6 April 2017 will require employers with 250 or more relevant employees in an individual entity on a snapshot date each year to publish within 12 months details of their employees' gender pay and bonus differentials.

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 will apply to private and voluntary sector organisations. The Equality Act (Specific Duties and Public Authorities) Regulations 2017 are planned to be effective from 31 March 2017 and will apply to English public authority employers. The public sector reporting model is very similar to the private sector one.

An explanatory narrative, although not required, is strongly encouraged as is a statement of the actions planned to narrow the gaps.

The annual cycle of gender pay gap reporting



What is the gender pay gap in the UK workforce?

Men's average pay is greater than that for women. The Office for National Statistics says that over the last 20 years the median gender pay gap has narrowed from 27.5 per cent to 9.4 per cent for full-time employees.

What are employers affected required to do?

To publish annually for employees in scope a report on:

- overall gender pay gap figures calculated using both the mean and median average hourly pay between genders;
- the numbers of male and female employees in each of four pay bands (quartiles), based on the employer's overall pay range; and
- for a 12 month period, both the difference between male and female's mean and median bonus pay and the proportion of relevant male and female employees who received a bonus.

What are the timescales?

A snapshot of employees' pay for private and voluntary sector organisations must be taken on 5 April 2017 and on 5 April in each subsequent year and for public sector bodies on 31 March 2017 and on 31 March in each following year.

The first gender pay private and voluntary sector reports must be published both on the employer's own website and uploaded to a government website no later than 4 April 2018, to include hourly pay rates at 5 April 2017 and bonus payments between 6 April 2016 and 5 April 2017. The data must remain on the employer's website for three years.

Dry runs of data should be prepared now to ensure that any gaps are identified prior to the snapshot date/reporting period closing.

How can RSM help?

RSM has experts in payroll, HR consultancy and legal employment advice to support you in meeting both the requirements and the business opportunities of gender pay gap reporting.

Our services include:

We can analyse your data to determine relevance and to identify and assist in resolving any areas of uncertainty. This can include:

- status and relevance of employees including those working overseas;
- consideration of whether and what data is readily available; and
- analysis of the reportable elements of remuneration packages.

Calculations and narrative

RSM will work with you to collate your data on the required snapshot date to:

- prepare and process all reportable calculations;
- provide the calculations to you in a template statement which can be approved and published;
- guide on the voluntary narrative to support your results and to demonstrate accuracy of data; and
- make initial recommendations on publication dates and ensure that you receive an annual reminder.

Consultancy

RSM can review and analyse your results to create supporting action plans which may include:

- a review of current pay practices and audit of bonus schemes across your organisation;
- identification of skills shortages – recruitment process review;
- facilitation of analysis discussion identifying areas of risk and exposure; and
- formulation of communications plan and benchmarking data (industry/geographic/function) to provide context.

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Corporate Governance Committee

DATE: 16th March 2017

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WARD(S): ALL

PART I
FOR COMMENT & CONSIDERATION

INTERNAL AUDIT STRATEGY – 2017/181. **Purpose of Report**

The purpose of this report is to approve the Internal Audit Strategy for the year ahead.

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

That the Audit & Corporate Governance Committee comment on and note the report.

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

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

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

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

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

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

4. **Other Implications**

(a) Financial

There are no direct financial implications of this report; however failure to implement actions raised could have an impact on the Council's ability to achieve its financial objectives.

(b) Risk Management

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

(c) Human Rights Act and Other Legal Implications

There are no human rights issues arising from this report.

(d) Equalities Impact Assessment

There are no equality issues arising from this report.

5. **Supporting Information**

The proposed 2017/18 internal audit strategy is focussed on the risk register and 5YP and is included at appendix 1 for members to comment upon, propose amendments and approve.

6. **Comments of Other Committees**

N/A.

7. **Conclusion**

That the Audit and Corporate Governance Committee approves the Internal Audit Strategy for 2017/18.

8. **Appendices Attached**

Appendix A - Internal Audit Plan 2017/18

9. **Background Papers**

None.



SLOUGH BOROUGH COUNCIL

Internal Audit Strategy 2017-2020

Presented at the Audit and Corporate
Governance committee meeting of:

16 March 2017



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.



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1 INTRODUCTION

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Slough Borough Council in the year ahead, including changes within the sector.

The challenges facing the Council include:

- A young, growing and dynamic population
- An unhealthy population, inequality in healthy lives
- Importance of continuing growth of the healthy economy of the town
- Crossrail and Heathrow attracting new development
- A critical need for housing and improved places to live
- Community safety and safeguarding our most vulnerable residents
- Improving the identity and vibrancy of the centre of the town.

The Council's ambition is to be :

- A place where people choose to live and work and where children can grow up to achieve their full potential
- One of the most attractive places to do business in the country, with excellent communications, business accommodation and a skilled, and available workforce.

The Council's outcomes which are relevant to the 2017/18 internal audit plan:

- Changing, retaining and growing
- Enabling and preventing
- Using Resources wisely

2 DEVELOPING THE INTERNAL AUDIT STRATEGY

We use your objectives as the starting point in the development of your internal audit plan.

2.1 Risk management processes

We have evaluated your risk management processes and consider that we cannot place reliance on your risk registers to inform the internal audit strategy. We have therefore used various sources of information (see Figure A below) and discussed priorities for internal audit coverage at the following forums / with the following officers:

- Assistant Director, Finance and Audit (Section 151 Officer)
- Senior Management Teams, including all Directors and Assistant Directors
- CMT
- Heads of Service
- Audit and Corporate Governance Committee

Based on our understanding of the organisation, the information provided to us by the stakeholders above, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (**see appendix A and B for full details**).



Figure A: Sources considered when developing the internal audit strategy

2.2 Emerging issues

Governance – Good Governance Framework – CIPFA, in association with Solace, set the standard for Public Sector Governance in 2007 with the publication of its Good Governance Framework. This has been refreshed and updated in the 2016 edition. The key principles in the new code are summarised below.

- Ethics and integrity
- Openness and stakeholder engagement
- Defining Outcomes
- Determining Interventions
- Developing Leadership
- Managing Risks and Monitoring performance
- Demonstrating effective accountability

Our Governance coverage in 2016/17 was focussed in other areas, and we will therefore discuss the above issues with management when agreeing the Governance coverage for 2017/18.

Data Protection - Potential significant change in the requirements of Data Protection as result of the 2016 Major Overhaul of EU Data Protection Laws. This will impact on both staff and tenants. The consequences for Councils include the potential fines for a data breach being significantly higher – moving from the current penalty ceiling of £500,000 up to a potential fine of 20 million pounds or 5% of turnover. Secondly, there is a greater requirement for more stringent control processes to manage, store, transmit and secure confidential information. Whilst the act does not come into play until 2018 work needs to commence now to ensure that sufficient controls and processes in place to meet their future data protection obligations. A review of Data Protection Preparedness has been included within the 17/18 Internal Audit Plan.

Gender pay gap reporting in the public, private and voluntary sectors

New regulations planned to be effective by 6 April 2017 will require employers with 250 or more relevant employees in an individual entity on a snapshot date each year to publish within 12 months details of their employees' gender pay and bonus differentials. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 will apply to private and voluntary sector organisations. The Equality Act (Specific Duties and Public Authorities) Regulations 2017 are planned to be effective from 31 March 2017 and will apply to English public authority employers.

What are employers affected required to do?

To publish annually for employees in scope a report on:

- overall gender pay gap figures calculated using both the mean and median average hourly pay between genders;
- the numbers of male and female employees in each of four pay bands (quartiles), based on the employer's overall pay range; and
- for a 12 month period, both the difference between male and female's mean and median bonus pay and the proportion of relevant male and female employees who received a bonus.

An explanatory narrative, although not required, is strongly encouraged as is a statement of the actions planned to narrow the gaps.

We have included a review in this area in 2017/18 and will discuss the specific coverage with relevant officers.

2.3 How the plan links to your strategic objectives

Each of the reviews that we propose to undertake is detailed in the internal audit plan and strategy within appendices A and B. In the table below we bring to your attention particular key audit areas and discuss the rationale for their inclusion or exclusion within the strategy.

Area	Reason for inclusion or exclusion in the audit plan/strategy	Link to strategic objective
Information Governance	Our 2016/17 audit of Information Governance provided a 'no assurance' opinion over the effectiveness of the Council's processes to ensure information is governed effectively and therefore this has been included as an audit again within the 2017/18 plan to provide assurance to the Council that actions made as part of our previous audit have been addressed and that arrangements for information governance are operating effectively.	Using Resources Wisely
Business Continuity – Advisory Support	Our 2016/17 audit of business continuity provided a no assurance opinion and therefore the Council could not be assured that business continuity arrangements were in place, designed or were operating effectively. We will therefore provide some support to the Council in this area in 2017/18 in the development of their business continuity arrangements to help ensure that these are addressing the concerns identified by our audit in 2016/17.	Using Resources Wisely
Risk Management	In 2016/17 (and in previous years), we were only able to provide a partial assurance opinion over the effectiveness of risk management arrangements within the Council. Therefore, rather than undertake an assurance focussed review in 2017/18 we are proposing to provide support to the Council to assist them in the development of their risk management processes and ensure knowledge transfer in this area from our risk experts to Council officers. The exact approach will be agreed following discussions with Council officers but could involve the running workshops with various groups of staff, provision of specific support to council officers when considering risks and assistance in the documentation of risk and challenge to ensure risk are captured effectively.	Using Resources Wisely
Voids Management	Our 2016/17 audit of voids provided a no assurance opinion and therefore this audit will seek to provide assurance that effective policies and procedures in relation to void management have been promptly implemented and that these are operating effectively.	Using Resources Wisely
Fixed Penalty Notices	Our 2016/17 audit of fixed penalty notices provided a no assurance opinion that these are being collected and managed in an effective manner and therefore our 2017/18 audit will seek to provide assurance that areas of weakness previously identified have been promptly addressed by the Council.	Using Resources Wisely

Area	Reason for inclusion or exclusion in the audit plan/strategy	Link to strategic objective
Data Protection Preparedness	Due to the impending changes in 2018 to the Data Protection Act, we are proposing to undertake a review to review the plans the Council has in place to address these changes. This will consider if appropriate controls are in place and working effectively to manage and protect access to the Council's Data.	Using Resources Wisely
AMEY contract management	With the Amey Contract due to be brought in-house in December 2017, we are proposing to undertake another review in this area (following previous weaknesses identified) to ensure that appropriate contract management arrangements are in place to manage the contract until the waste and environment services are brought in-house in 2018.	Using Resources Wisely
Legal Services	To provide advice to the Council in relation to options for the future structure of Legal Services and delivery options available. This will be undertaken on an advisory basis and will seek to assist the Council in reviewing the current service delivery model, if value for money is being achieved where external legal support is required and reviewing the options available for future service delivery.	Using Resources Wisely
Implementation of the Adult Social Care Restructure	<p>The restructure of the Adult Social Care team will result in new ways of working will be in place from April 2017 with a revised staff handbook and guidance, budget cost centres and staffing structures. We have therefore been requested to undertake an audit of this area to provide assurance that the all teams and staff are working in adherence of the new processes. This will include review of:</p> <ul style="list-style-type: none"> • Staffing levels • Governance arrangements • Budget management • Performance monitoring <p>Following a meeting of CMT held on 1st March 2017, this audit was removed from the 17/18 plan, but included within the plan for 18/19.</p>	Using Resources Wisely Enabling and Preventing
Delayed Transfers of Care (DToC)	Delayed transfers of care (DToC) has a significant impact on both the health and social care system and the inability of hospitals to discharge patients in a timely manner can have a significant impact of the costs of delivery of healthcare. With increasing numbers of people delayed within acute care for longer periods, the aim of the audit will be to provide assurance that the Council is doing everything possible to support and manage delays in the process and how effectively the Council are working with health and other partners to enable targets to be delivered.	Using Resources Wisely
Contract Management	As a large proportion of Slough's major contracts are outsourced, there is a need to ensure that robust arrangements are in place for the management of these contracts. A theme of our Internal Audit coverage has included reviews of contract management arrangements and this review will look at the Facilities Contract.	Using Resources Wisely

Area	Reason for inclusion or exclusion in the audit plan/strategy	Link to strategic objective
Delivery of the 5 year plan	We have excluded a specific audit on this area as there are audits in the plan in relation to this area which will cover compliance with Five Year Plan, and in particular the arrangements to ensure that performance in the delivery of objectives is being monitored effectively.	All
Slough Children's Trust	As the Children's Trust had been established as a separate organisation to the Council we have not been asked and are not proposing to undertake any audits of this organisation in this area as these should be covered within the remit of the internal auditors for the Trust. The Council however may wish to seek assurance from the Children's Trust over the assurances they receive over their work.	Enabling and Preventing
New Housing Companies	The Council are establishing new housing companies to help offset reductions in government funding. We have agreed with the Section 151 Officer not to include any coverage in 2017/18 in these areas due to the legal advice and support the council has received in setting up these new organisations. We have however included some coverage in 2018/19 and the scope of this work will be discussed nearer that time.	Using Resources Wisely

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes time for tracking the implementation of actions and an audit management allocation. Full details of these can be found in appendices A and B.

2.4 Working with other assurance providers

The Audit and Corporate Governance committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation. We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised and a suitable breadth of assurance obtained.

3 YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Dan Harris, Head of Internal Audit supported by Chris Rising and Amir Kapasi as your Senior Management Team.

3.1 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

3.2 Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

We are proposing to deliver some advice and support to the Council in a number of areas following discussion with the Interim Chief Executive and the Section 151 Officer. Where this work is agreed we will ensure that where relevant appropriate safeguards are put in place. For example, a separate team will be used to deliver advisory work and assistance to the Council, which will be supervised and overseen by Directors and Partner that are not in the Core Internal Audit Team. If relevant this work may be delivered by a separate letter of engagement (LOE).

4 AUDIT COMMITTEE REQUIREMENTS

In approving the internal audit strategy, the Audit and Corporate Governance committee is asked to consider the following:

- Is the Audit and Corporate Governance committee satisfied that sufficient assurances are being received within our annual plan (as set out at appendix A) to monitor the organisation's risk profile effectively?
- Does the strategy for internal audit (as set out at appendix B) cover the organisation's key risks as they are recognised by the Audit and Corporate Governance committee?
- Are the areas selected for coverage this coming year appropriate?
- Is the Audit and Corporate Governance committee content that the standards within the charter in appendix C are appropriate to monitor the performance of internal audit?

It may be necessary to update our plan in year, should your risk profile change and different risks emerge that could benefit from internal audit input. We will ensure that management and the Audit and Corporate Governance committee approve such any amendments to this plan.

APPENDIX A: INTERNAL AUDIT PLAN 2017/18

Audit	Objective of the review	Timing	Audit Committee
Coverage to address key risks and negative opinions in 2016/17			
Risk Management	Advisory Support - Direct support to assist in the development of risk management arrangements at the Council by RSM GRC advisory team. Key components of this support will include a refresh of the existing risk management approach to ensure fit for future, coupled with coaching of council staff and employees to strengthen application of risk management to achieve better outcomes. We will also run risk workshops with the council, ensuring knowledge transfer into the Council on key risk management principles. Advisory	January 2018	March 2018
Data Flow Mapping	Our 'No assurance' opinion on information governance in 2016/17 identified that the Council do not have in place effective arrangements to ensure that all data flows into and out of the Council have been mapped. We are therefore proposing to support the Council in the production of data flow maps for all significant data flows into and out of the Council. Advisory	Q1	N/A
Information Governance – Follow Up	Following a 'No Assurance' opinion provided within 2016/17, this follow up review will specifically focus on the progress made against the agreed management actions. This is important considering the pending visit from the Information Commissioner's Office. Follow Up	August 2017	December 2017
Budgetary Control	This received a partial assurance opinion in 2016/17 and we will undertake another review in 2017/18 to ensure all of these weaknesses have been addressed. To provide assurance that effective budgetary controls are in place and being followed. Assurance	September 2017	December 2017
Fixed Penalty Notices	To review the processes for the collection and management of fixed penalty notices, and the management of arrangements with the Council's contractors currently providing this service. The review has been agreed a result of a 'no assurance' opinion issued in 2016/17 to provide assurance that the Council has addressed the areas of weakness identified as part of the previous review. Assurance	September 2017	December 2017

Audit	Objective of the review	Timing	Audit Committee
Amey Contract Management	With the Amey Contract due to be brought in-house in December 2017, we are proposing to undertake a review to ensure that appropriate contract management arrangements are in place to manage the contract until the waste and environment services are brought in-house in 2018, and that robust contract arrangements are in place for the future management of this contract. Assurance	June 2017	September 2107
Business Continuity Advisory Support	Following a 'No Assurance' opinion provided within 2016/17, we will provide support to the Council to ensure the issues raised within this audit have been satisfactorily progressed and in a timely manner. This could include the creation of an overarching BC Policy, an update to existing BCP's, testing of BCPs, reporting and governance in relation to the test results or a review of the Business Impact Analysis methodology. Advisory	Quarter 1	September 2017
Voids Management	Following a 'no assurance' opinion provided in 2016/17, this review will seek to ensure that actions made in relation to this area including policies and procedures in relation to Voids have been implemented and processes are being followed to ensure that void properties are promptly filled, minimising any financial impact to the Council. Assurance	July 2017	September 2017
Risk Based Assurance			
Governance	To provide assurance over the effectiveness of governance arrangements within the Council. The areas of coverage are to be determined nearer the audit commencement date following discussion with Council staff. Assurance	January 2018	March 2018
Data Protection Preparedness	In 2018, the Data Protection regulations will be amended to strengthen data protection requirements and also to increase the amount of fines which could be applicable in the event of a breach of the act. Advisory	November 2017	December 2017
Educational Welfare Services	Following the insourcing of the contract with Mott Macdonald, there is a need to ensure that robust procedures exist for monitoring attendance of pupils and managing this appropriately. Assurance	July 2017	September 2017

Audit	Objective of the review	Timing	Audit Committee
Gas Servicing	<p>This review will seek to ensure that legislation relating to gas servicing is being complied with and gas appliances in all homes managed by the Council are subject to an annual inspection. This will include:</p> <ul style="list-style-type: none"> ▪ Compliance with legislation / standards ▪ Gas Safety checks are planned and inspections / receipt of certificates are monitored. ▪ Gas Safety certificates are issued upon completion of gas checks and any remedial works are undertaken promptly. ▪ Where access is refused contingency plans to gain access for gas safety inspections are in place and are used. ▪ Performance monitoring. ▪ Complaints. ▪ Monitoring of contract costs. <p>Assurance</p>	April 2017	June 2017
Special Educational Needs Funding	<p>Following the publication of the Ofsted Framework for SEN funding, we will undertake a review over a sample of schools to provide assurance that sufficient information is held to demonstrate how this funding has been used in advance of any further inspections by Ofsted. Assurance</p>	May 2017	September 2017
Five Year Plan – Performance reporting	<p>Our audit will look to provide assurance that the performance reporting currently undertaken through the Balanced Scorecard is aligned to the refreshed Five Year Plan 2016-20, and where discrepancies are identified between the two documents, how the Council can improve reporting. Assurance</p>	October 2017	December 2017
Equal Pay review	<p>New regulations which are planned to be effective from 6 April 2017 will require employers with 250 or more employees to publish within 12 months, details their employees' gender pay and bonus differentials.</p> <p>This could consist of either an audit that will provide assurance over the processes in place to ensure the Council has taken appropriate action, alternatively we could use our specialists to assist the Council in implementing this requirement. Assurance</p>	August 2017	December 2017
New Facilities Contract	<p>With the insourcing of an element of the Council's Facilities contract, currently delivered by Interserve, there is a need to obtain assurance that the facilities contract has been managed appropriately, to ensure that appropriate controls are operating to manage the contract going forward. Assurance</p>	July 2017	September 2017

Audit	Objective of the review	Timing	Audit Committee
Housing Regulations	This review will seek to provide assurance that the council's statutory function is being undertaken adequately and consistently and that scarce resources are deployed efficiently to meet the most pressing need. Assurance	August 2017	December 2017
Adult Social Care (ASC) Supervision	To provide assurance that procedures for adult social care supervision are being complied with. Assurance	November 2017	March 2018
Delayed Transfers of Care (DToC)	Delayed transfers of care (DToC) has a significant impact on both the health and social care system. With increasing numbers of people delayed within acute care for longer periods, the aim of the audit will be to provide assurance that the Council is doing everything possible to support and manage delays in the process. Assurance	September 2017	December 2017
Core Assurance			
Business Rates		October 2017	December 2017
Council Tax		October 2017	December 2017
Housing Benefits		October 2017	December 2017
Treasury Management	Coverage to provide assurance to the S151 Officer that robust systems of financial control are in place and being complied with.	October 2017	December 2017
General Ledger		November 2017	March 2018
Cash Collection + Management	Coverage will also meet External Audit / Regulatory requirements and any management concerns.	November 2017	March 2018
Debtors		November 2017	March 2018
Payroll		November 2017	March 2018
Capital Expenditure		December 2017	March 2018
Rent Accounts		December 2017	March 2018
Assets		December 2017	March 2018
Creditors		December 2017	March 2018
Annual Governance Statement	To assist the Council in the Production of the Annual Governance Statement for 2017/18. Advisory	March 2018	June 2018

Audit	Objective of the review	Timing	Audit Committee
Schools Financial Value Standard (SFVS)	To provide assurance to the Council on the appropriate completion of each school's SFVS. The audit will provide assurance that the Council has received a thorough assessment of each school to meet the requirements of the Education Funding Agency. This will include a review as to whether supportive information including Internal Audit opinions are consistent with the statements within each of the school's completed standards. Advisory	April 2017	June 2017
Schools	To provide assurance over the effectiveness of governance and financial management arrangements within schools. Assurance	April 2017 – March 2018	March 2018
Other Internal Audit Activity and coverage requested			
External Legal Costs and Options	To review the arrangements in place where the Council engages legal firms to provide ongoing legal advice and assistance. This will consider if the Council is achieving value for money, the other delivery models available to the Council by considering the delivery models in place within other local authorities. Advisory	April 2017	June 2017
Neighbourhood Enforcement	To be scoped with the Interim Strategic Director, RHR, however the audit will likely focus on the arrangements in place to ensure effectiveness of neighbourhood enforcement arrangements within the Council. Assurance	TBC	TBC
Use of the Pupil Premium	The review will look to provide assurance that income provided to schools in relation Pupil Premiums is being managed appropriately and evidence is held to demonstrate how this is being used. As part of the review we will also consider how the schools are reporting in this area. Assurance	May 2017	September 2017
Staff Establishment Changes	To review the processes over the changes to the staff establishment. To provide assurance that the Councils policies and procedures are appropriate, kept up to date and are being complied with. Assurance	December 2017	March 2018
Follow up (Quarterly)	To meet internal auditing standards, and to provide assurance on action taken to address actions previously agreed by management. We have agreed a new approach to this work in 2017/18 and we will therefore be undertaking regular quarterly assurance reviews over the accuracy of responses provided to the S151 Officer and his team and the reporting to the Audit and Corporate Governance Committee.	March 2018	June 2018

Audit	Objective of the review	Timing	Audit Committee
Management	This will include: Annual planning, Preparation for, and attendance at, Audit Committee, Regular liaison and progress updates, Liaison with external audit and other assurance providers Preparation of the annual opinion	April 2017 – March 2018	N/A
Management Meeting Attendance	Management Meetings (Risk Management Group, SMT, CMT, Berkshire Audit Group, Unitary and County County Head of Internal Audit Network, Schools Forum, Arvato and other meetings where attendance is requested).	April 2017- March 2018	N/A

APPENDIX B: INTERNAL AUDIT STRATEGY 2017 – 2020

Proposed area for coverage	Internal audit coverage	2017/18	2018/19	2019/20
Coverage to address key risks and negative opinions in 2016/17				
Risk Management	To review the effectiveness of the Councils Risk Management arrangements.	✓	✓	✓
Data Flow Mapping	To assist the Council in ensuring that data flows into and out of the Council are fully documented.	✓		
Information Governance – Follow Up	To provide assurance that weaknesses identified as part of our 2016/17 Information Governance audit have been addressed.	✓		✓
Budgetary Control	To review the effectiveness of budgetary controls procedures.	✓		✓
Fixed Penalty Notices	To review the processes for the collection and management of fixed penalty notices.	✓		
Amey Contract Management	To provide assurance over the management of the Amey contract.	✓		
Business Continuity Advisory Support	To provide advice and support to the Council to assist in the development of Business Continuity arrangements.	✓		
Voids Management	To provide assurance that effective controls are in place to enable the management of voids	✓		✓
Risk based assurance				
Governance	To provide assurance over the effectiveness of the Council's governance arrangements.	✓	✓	✓
Gold Projects	To ensure that effective systems are in place to ensure that delivery of the gold projects is effectively managed.		✓	✓
Data Protection Preparedness and compliance	To provide assurance that the Council has in place effective arrangements to meet the requirements of the new Data Protection Act and ensure ongoing compliance.	✓	✓	
Section 11 audits	To provide assurance that the Council are compliant with S11 audit requirements.		✓	✓
Educational Welfare Service	To provide assurance that robust procedures are in place for monitoring attendance of pupils and managing the service.	✓		
Gas Servicing	To provide assurance that effective controls are in place to ensure gas servicing regulations are being complied with.	✓		✓

Proposed area for coverage	Internal audit coverage	2017/18	2018/19	2019/20
Special Educational Needs Funding	To provide assurance that the use of this fund is being managed effectively	✓		
Five Year Plan – Performance Reporting	To provide assurance over the effectiveness of processes in place to ensure performance against the five year plan is being effectively monitored.	✓		✓
Equal Pay Review	To provide assurance that processes are in place to ensure the Council is complying with equal pay requirements	✓		
Whistleblowing and Greivances	To review the effectiveness of processes for the management of whistleblowing and greivances raised within and to the Council.		✓	
Appointment and Management of Consultants	To provide assurance that there are effective arrangements in place for the appointment and management of consultants .		✓	
Appraisals	To review the robustness of processes for conducting appraisals.		✓	
Partnerships	To review the effectiveness of key partnership arrangements.		✓	
New Facilities Contract	To review the effectiveness of controls in place over the management of the new facilities contract.	✓		
Housing Regulation	To provide assurance that the Council has effective processes in place to ensure compliance with housing regulations.	✓		✓
Implementation of the Adult Social Care Restructure	To provide assurance over the effectiveness of the implementation of the Adult Social Care Restructure.		✓	
Adult Social Care (ASC) Supervision	To provide assurance that procedures for adult social care supervision are being complied with.	✓		
Delayed Transfers of Care (DToC)	To review the effectiveness of arrangements within the Council for the management of delayed transfers of care.	✓		
Conflicts of Interest / Declarations Of Interest	To provide assurance that robust processes are in place to ensure that declarations of interest are obtained for all Councillors, Members and senior members of staff within the Council.		✓	
Policies and Procedures	To review the effectiveness of processes in place to ensure compliance with key policies and procedures		✓	
Sickness Absence and Reporting	To review the effectiveness of processes in place to ensure the management of sickness.		✓	

Proposed area for coverage	Internal audit coverage	2017/18	2018/19	2019/20
Overview and Scrutiny – Committee Effectiveness	To review the effectiveness of the operation of the Overview and Scrutiny Committee.		✓	
Appraisals	To provide assurance over the effectiveness of controls in place to ensure appraisals are undertaken annually.		✓	
Core Assurance				
Business Rates	Coverage to provide assurance to the S151 Officer that robust systems of financial control are in place and being complied with.	✓	✓	✓
Council Tax		✓	✓	✓
Housing Benefits		✓	✓	✓
Treasury Management	Coverage will also meet External Audit / Regulatory requirements and any management concerns.	✓	✓	✓
General Ledger		✓	✓	✓
Cash Collection and Management		✓	✓	✓
Debtors		✓	✓	✓
Payroll		✓	✓	✓
Capital Expenditure		✓	✓	✓
Rent Accounts		✓	✓	✓
Assets		✓	✓	✓
Creditors		✓	✓	✓
Annual Governance Statement	To assist the Council in the preparation of the Annual Governance Statement.	✓	✓	✓
Budget Setting	To review the effectiveness of arrangements for budget setting		✓	✓
Schools Financial Value Standard	Providing assurance to the Council on the appropriate completion of each school's SFVS.	✓	✓	✓
Schools	To review the effectiveness of financial controls in place for those schools still under the control of the Council.	✓	✓	✓
Data Assurance				
Cyber Security and Cyber Risk	To provide assurance over the effectiveness of the Council's arrangements for the management of Cyber Risk.			✓
Digitalisation	To provide assurance that the Council has in place to deliver its digitisation agenda.		✓	
Other Internal Audit Activity and coverage requested				
External Legal Costs and options	To provide advice to the Council in relation to options for the future structure of Legal Services.	✓		

Proposed area for coverage	Internal audit coverage	2017/18	2018/19	2019/20
Licensing	To provide assurance that controls are being followed to manage the changes from the issue of three year licences to five year licences		✓	
Neighbourhood Enforcement	To provide assurance over the effectiveness of arrangement for neighbourhood enforcement.	✓		
Training and Development	To ensure staff are adequately skilled and enhancing their skill set to make the best strategic decisions and to achieve the organisation's objectives.		✓	
Use of the Pupil Premium	To provide assurance that income provided in relation to the Pupil Premium is being managed effectively.	✓		
Free Courses	In line with Skills Funding Agency requirements, the Council has a statutory responsibility for providing free courses to the residents of Slough. Our review will provide assurance that the courses provided are in line with SFA guidance.		✓	
Staff Establishment Changes	To provide assurance that there are effective controls in place for the management of staff establishment changes.		✓	
Social Impact	To include coverage on how effectively the Council is at measuring social benefits. Determine what outcomes are most valued by your stakeholders and residents.		✓	
Housing Revenue Account	To provide assurance over the management of the housing revenue account.		✓	
Follow up (Quarterly)	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	✓	✓	✓
Management	This will include: Annual planning, Preparation for, and attendance at, Audit Committee, Regular liaison and progress updates, Liaison with external audit and other assurance providers Preparation of the annual opinion	✓	✓	✓
Management Meeting Attendance	Management Meetings (Risk Management Group, SMT, CMT, Berkshire Audit Group, Unitary and County County Head of Internal Audit Network, Schools Forum, Arvato and other meetings where attendance is requested).	✓	✓	✓

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Slough Borough Council. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the audit committee.

The internal audit service is provided by RSM Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. An overview of our client care standards are included at Appendix D of the internal audit strategy plan for 2017 – 2020.

The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core Principles for the Professional Practice of Internal Auditing
- Definition of internal auditing
- Code of Ethics; and
- The Standards

Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Partner Daniel Harris (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the chief executive, with further reporting lines to the Section 151 Officer.

The head of internal audit has unrestricted access to the chair of audit committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to Slough Borough Council. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Audit and Corporate Governance committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the audit committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Audit and Corporate Governance committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the audit committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the audit committee to demonstrate the performance of the internal audit service.

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Audit and Corporate Governance committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the audit committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Audit and Corporate Governance committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Fraud

The audit committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the audit committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the Audit and Corporate Governance committee is also approving the internal audit charter.

APPENDIX D: OUR CLIENT CARE STANDARDS

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee four weeks before the agreed start date
- The lead auditor to contact the client to confirm logistical arrangements two weeks before the agreed start date.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Two weeks after a debrief meeting a draft report will be issued by RSM to the agreed distribution list.
- Management responses to the draft report should be submitted to RSM.
- Within three days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

FOR FURTHER INFORMATION CONTACT

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SLOUGH BOROUGH COUNCIL

ANNUAL AUDIT LETTER

Audit for the year ended 31 March 2016



EXECUTIVE SUMMARY

Purpose of the letter

This Annual Audit Letter summarises the key issues arising from the work that we have carried out in respect of the financial year ended 31 March 2016. It is addressed to the Council but is also intended to communicate the key findings we have identified to key external stakeholders and members of the public. It will be published on the website of Public Sector Audit Appointments Limited.

Responsibilities of auditors and the Council

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.

Our responsibility is to plan and carry out an audit that meets the requirements of the National Audit Office's Code of Audit Practice (the Code), and to review and report on:

- the Council's financial statements
- whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are also required to report where we have exercised our statutory powers under the Local Audit and Accountability Act 2014 in any matter and our grant claims and returns certification work.

We recognise the value of your co-operation and support and would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the audit.

BDO LLP
January 2017

EXECUTIVE SUMMARY

Audit conclusions

FINANCIAL STATEMENTS

We issued an unqualified true and fair opinion on the financial statements on 9 December 2016.

We were not able to complete our audit by the national deadline of 30 September 2016 due to significant delays in obtaining appropriate working papers and supporting documentation for our audit samples this year, and a significant number of issues arising from the audit.

Delays in obtaining audit documentation arose primarily in areas outside of the direct control of the finance team and were exacerbated by a change in the general ledger system during the year.

We reported our preliminary audit findings to the Audit and Corporate Governance Committee on 29 September 2016, based on audit work completed at that stage. We issued an updated report to members of the Audit and Corporate Governance Committee on 23 November 2016.

We reported 15 uncorrected misstatements which management and the Audit and Corporate Governance Committee Chair concluded were immaterial.

USE OF RESOURCES

We issued a qualified 'except for' conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources on 9 December 2016.

Our value for money conclusion was qualified on the basis of significant weaknesses in children's social care services identified by Ofsted during 2015/16, and insufficient monitoring of contractual performance of the service after it transferred to Slough Children's Services Trust on 1 October 2015.

WHOLE OF GOVERNMENT ACCOUNTS

We issued an unqualified assurance report on the Council's final Whole of Government Accounts data collection tool (DCT) to the National Audit Office on 22 December 2016.

Our audit of the DCT identified a significant level of differences between the Council's draft DCT and audited financial statements and issues with the accuracy and completeness of the reported intra Government counter party balances. These were all corrected in the final DCT.

EXERCISE OF STATUTORY POWERS

We have not exercised our statutory powers and have no matters to report.

AUDIT CLOSURE CERTIFICATE

We issued the audit certificate to close the audit for the year ended 31 March 2016 on 22 December 2016, following completion of our audit of the Whole of Government Accounts DCT.

GRANT CLAIMS AND RETURNS CERTIFICATION

Our review of your housing benefits subsidy grant claim is in progress and the results will be reported upon completion of this work.

We issued an unqualified conclusion on the pooling of capital receipts return on 30 November 2016.

We issued an unqualified conclusion on the Teachers' Pension EOYCa form on 12 December 2016.

FINANCIAL STATEMENTS

OPINION

We issued an unqualified true and fair opinion on the financial statements on 9 December 2016.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error.

This includes an assessment of whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates, and the overall presentation of the financial statements.

Our assessment of risks of material misstatement

Our audit was scoped by obtaining an understanding of the Council and its environment, including the system of internal control, and assessing the risks of material misstatement in the financial statements.

We set out below the risks that had the greatest effect on our audit strategy, the allocation of resources in the audit, and directing of the efforts of the audit team.

REVENUE RECOGNITION	RESPONSE	FINDINGS
<p>Auditing standards presume that there are risks of fraud in revenue recognition. These risks may arise from the use of inappropriate accounting policies, failure to apply the Council's stated accounting policies or from an inappropriate use of estimates in calculating revenue.</p> <p>In particular, we considered there to be a significant risk in relation to the completeness and existence of fees and charges recorded in the Comprehensive Income and Expenditure Statement (CIES).</p>	<p>Our review of revenue recognition focused on testing completeness and existence of fees and charges across all service areas within the CIES.</p>	<p>No issues that impact on the net cost of services were identified by our testing of revenue from fees and charges.</p>

FINANCIAL STATEMENTS

Continued

FINANCIAL STATEMENTS PREPARATION	RESPONSE	FINDINGS
<p>Our prior year audit identified weaknesses in the Council’s arrangements for preparing the financial statements and working papers, and a significant number of misstatements were identified, particularly in the following areas:</p> <ul style="list-style-type: none"> • Disclosure of dedicated schools grant • Accounting for internal recharges in income and expenditure • Mapping of cost centres to services in the CIES • Financial instruments notes • Senior officer remuneration bandings and exit packages note • Note on amounts reported for resource allocation decisions • Note on pooled budget disclosures • Detailed analysis of the cash and cash equivalents balance and supporting cash reconciliations. <p>We also identified a risk over the Slough Children’s Services Trust using the Council’s general ledger system for part of the year.</p>	<p>A number of meetings were held with finance officers in the lead up to the accounts closedown to discuss progress with the accounts closedown project, risk areas and emerging and contentious accounting issues.</p> <p>We rolled forward our detailed list of audit working paper requirements and briefed finance staff on our expectations for good quality working papers.</p> <p>We carried out a detailed review of the draft financial statements in July and provided detailed feedback to the Council.</p> <p>We carried out a high level analytical review of the financial statements against comparatives for 2014/15 and sought explanations from the Council for material variances.</p> <p>We carried out a full review of the areas where significant misstatements were identified in the prior year.</p>	<p>As we reported in the prior year, there remains significant scope for improvement in the quality of the financial statements and the quality and timely availability of the underlying working papers.</p> <p>Our audit of this significant risk highlighted the following misstatements, which were corrected in the final financial statements:</p> <ul style="list-style-type: none"> • Material misstatement of disclosures in the dedicated schools grant note as the total grant after academy recoupment was overstated by £139.1 million • Overstatement of income and expenditure in the CIES by £2.8 million due to fees from internal recharges not being netted off expenditure • Incorrect mapping of services in the CIES, resulting in identified misclassifications totalling £5.6 million, and further unadjusted potential misclassifications of £1.3 million • Material errors and omissions in the financial instruments note disclosures • Omissions in the senior officer remuneration and exit packages note • Inconsistencies between the note on amounts reported for resource allocation decisions and other parts of the financial statements, including material misstatement of disclosed amounts for depreciation, amortisation and impairment/(reversals) • Material omissions in pooled budget disclosures • Overstatements of cash balances totalling £8.4 million, with associated misstatements in debtors and creditors, and further unadjusted understatements totalling £2.3 million • Misclassification of £4.2 million in the debtors note in respect of transactions with Slough Children’s Services Trust.

FINANCIAL STATEMENTS

Continued

CHANGE IN THE GENERAL LEDGER SYSTEM	RESPONSE	FINDINGS
<p>The Council changed its general ledger system from Oracle to Agresso on 1 February 2016.</p> <p>Our planning identified a risk that the general ledger transactions from 1 April 2015 to the date of the transition may not have been accurately and completely transferred between the systems.</p> <p>Internal Audit performed a review of the transfer of balances and issued a partial assurance opinion.</p>	<p>We reviewed management's reconciliation of the transfer of transactions and Internal Audit's working papers, in particular 2,183 exceptions reported in regards to the transfer of individual account balances and £11.1 million of data migration suspense account balances.</p>	<p>We were satisfied that the general ledger transactions were not materially misstated as a result of the data migration exceptions.</p> <p>We were also satisfied that the accounts were not misstated as a result of the uncleared data migration suspense account balances. We did not identify any issues with regards to the validity of these balances.</p> <p>Within our testing of income and expenditure, and debtors and creditors, we identified a number of issues with the mapping of the new chart of accounts, which were corrected in the final financial statements.</p>
SCHOOLS TRANSACTIONS AND RECONCILIATIONS	RESPONSE	FINDINGS
<p>In previous years we reported that the Council's arrangements for consolidating schools' income, expenditure, working capital balances and reserves required significant improvement.</p> <p>We identified a risk of material misstatement in the 2015/16 financial statements if the weaknesses in working papers and journals prepared to support the consolidation of schools transactions had not been addressed.</p>	<p>We encountered significant difficulties in auditing schools balances as there is insufficient reconciliation between the balances in the general ledger and the returns received from schools.</p> <p>We tried to reconcile the amounts and identified potential misstatement in the accounts.</p>	<p>Our audit found that £2.1 million of schools reserves were incorrectly classified within the earmarked reserves note. This was corrected in the final financial statements.</p> <p>Our comparison of schools balances in the accounts to information on schools returns identified a net difference of £2.8 million. The Council is unable to provide a comprehensive explanation for this difference, therefore the difference has not been adjusted for.</p> <p>The schools reserves position has been sufficiently reconciled in the audit and therefore it appears that the income and expenditure differences may be due to misclassifications and transactions being coded to non-school accounts rather than incomplete posting.</p>

FINANCIAL STATEMENTS

Continued

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LENDER'S OPTION BORROWER'S OPTION LOANS	RESPONSE	FINDINGS
<p>A number of councils which hold Lender's Option Borrower's Option (LOBO) loans have received objections as to the lawfulness of the decision to take this form of borrowing.</p> <p>While no objection has been received in relation to LOBO loans held by Slough Borough Council, the National Audit Office has issued guidance to auditors of local authorities that, where a local authority has material LOBOs, the auditor should complete sufficient work around the lawfulness of the decision to enter into the LOBO agreements.</p> <p>The Council has £13 million of LOBO borrowing, which was taken out in 2002/03 and 2005/06.</p>	<p>We have reviewed available documentation to establish the conditions under which the LOBO borrowing was taken.</p>	<p>This is a national issue that came to light from the significant number of objections received by auditors this year.</p> <p>From the information that we have reviewed, we are satisfied that the LOBOs have been correctly treated as variable loans in assessing the Council's performance against its prudential borrowing indicators in the last four years, and the indicators were not been breached in these years. There is insufficient information available to determine whether this was also the case in the years when the LOBOs were taken out.</p> <p>However, if it were determined that the LOBOs were unlawful at the time that they were taken out, it is considered unlikely that any restitution would result in a material additional liability for the Council (in excess of the £13 million principal liability already in the accounts).</p> <p>The Council included a comment on its LOBOs in its contingent liabilities note within the final financial statements.</p>

FINANCIAL STATEMENTS

Continued

NON-CURRENT ASSET VALUATIONS	RESPONSE	FINDINGS
<p>Local authorities are required to ensure that the carrying value of their non-current assets is not materially different to their current value (for property, plant and equipment excluding surplus assets) or fair value (for investment properties and surplus assets) at the Balance Sheet date.</p> <p>Management uses external valuation data to assess whether there has been a material change in the value of classes of assets and periodically (minimum of every five years) employs an external valuer to undertake a full valuation.</p> <p>The Code of Practice on Local Authority Accounting 2015/16 (the Code) introduced a change in the basis of valuation of surplus assets and investment properties under International Financial Reporting Standard (IFRS) 13, from existing use value (in the case of surplus assets) or market value (in the case of investment properties) to a 'highest and best use' valuation.</p> <p>The Council engaged an external valuer to value its council dwellings, specialised assets, surplus assets and investment properties as at 1 January 2016 and carry out a year end desk top valuation for the movement in property prices to 31 March 2016.</p> <p>We considered there to be a risk over the valuation of non-current assets.</p>	<p>We assessed the valuer's competence, independence and objectivity and determined we could rely on the management expert.</p> <p>We reviewed the valuations provided and the valuation methodology applied, and confirmed that the basis of valuation for assets valued in year was appropriate based on Code requirements.</p> <p>We compared the outputs of the valuation exercise to available market information.</p>	<p>Our sample testing found that the Council had made a number of input errors in accounting for the formal valuations. As a result, the following errors were identified:</p> <ul style="list-style-type: none"> • Understatement of council dwellings by £3.5 million, which was not corrected in the final financial statements • Overstatement of investment properties by £2.6 million, which was adjusted for in the final financial statements. <p>We were satisfied that indexation applied for the last quarter of the year, from the date of the formal valuations until year end, was not unreasonable.</p>

FINANCIAL STATEMENTS

Continued

PENSION LIABILITY ASSUMPTIONS	RESPONSE	FINDINGS
<p>The net pension liability comprises the Council’s share of the market value of assets held in the Royal County of Berkshire Pension Fund and the estimated future liability to pay pensions.</p> <p>An actuarial estimate of the pension fund liability is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the most up to date membership data held by the pension fund and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation.</p>	<p>We reviewed the assumptions used by the actuary for reasonableness by reference to a consulting actuary’s report commissioned by the National Audit Office.</p> <p>The key changes to the financial assumptions were:</p> <ul style="list-style-type: none"> • a reduction in future salary increase from 4.3% to 4.2% • a reduction in future pension increases from 2.5% to 2.4% • an increase in the discount rate from 3.4% to 3.7% (to place a current value on the future liabilities through the use of market yield of corporate bonds). 	<p>The increase in the discount rate resulted in a significant decrease in the present value of the scheme liabilities at 31 March 2016.</p> <p>We were satisfied that the assumptions used were not unreasonable or outside of the expected ranges provided by the independent consulting actuary.</p>

FINANCIAL STATEMENTS

Continued

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements.

We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonably knowledgeable users that are taken on the basis of the financial statements.

Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The materiality for the financial statements as a whole was set at £7.7 million. This was determined with reference to a benchmark of gross expenditure (of which it represents two per cent) which we consider to be one of the principal considerations for the Council in assessing the financial performance.

We agreed with the Audit and Corporate Governance Committee that we would report all individual audit differences in excess of £154,000.

Unadjusted audit differences

Our audit found 15 audit differences not corrected in the final financial statements, of which the following eight misstatements impacted on the reported surplus:

- Estimated impact of incorrect consolidation of schools balances and transactions (£0.9 million understatement of surplus)
- Overstatement of adult social care income relating to continuing healthcare claims (£0.5 million overstatement of surplus)
- Estimated error in the carrying value of council dwellings due to errors in revaluation movements (£0.3 million understatement of surplus)
- Understatement of the non domestic rate appeals provision (£1.1 million overstatement of surplus)
- Overstatement of council tax income in the CIES (£0.9 million overstatement of surplus)
- Understatement of non domestic rates income in the CIES (£0.5 million understatement of surplus)
- Understatement of surplus assets due to incorrect adjustment for disposals (£0.9 million understatement of surplus)
- Balances incorrectly included in miscellaneous cash account codes (£0.3 million understatement of surplus).

Correcting for these remaining misstatements would result in the Council reporting a £0.4 million higher surplus for the year.

We considered that these misstatements did not have a material impact on our opinion on the financial statements.

FINANCIAL STATEMENTS

Continued

Corrected audit differences

Our audit identified one material misstatement of £9.135 million in the primary financial statements in respect of an overstatement of property, plant and equipment, as replaced components were not derecognised when capital expenditure was incurred on council dwellings. This was corrected in the final financial statements.

In addition we identified a number of presentational misstatements in the following notes which we considered to be either quantitatively or qualitatively material:

- Dedicated schools grant note
- Financial instruments note
- Senior officers' remuneration and exit packages note
- Pooled budgets note
- Amounts reported for resource allocation decisions.

These amendments, together with the other non-material amendments that management processed as a result of the audit, decreased the surplus on the provision of services by £17.590 million from £26.413 million reported in the draft financial statements to £8.823 million in the final financial statements.

Other matters we report on

Annual governance statement

We recommended a number of amendments to the Annual Governance Statement, including disclosure of key issues identified by Internal Audit during the year. We are satisfied that the Annual Governance Statement is not misleading or inconsistent with other information we were aware of from our audit.

Narrative reporting

Local authorities are required to include a narrative report in the Statement of Accounts to offer interested parties an effective guide to the most significant matters reported in the accounts. The narrative report should be fair, balanced and understandable for the users of the financial statements.

We recommended a number of amendments to the narrative report, and we were satisfied that the information in the final narrative report for the financial year for which the financial statements were prepared was consistent with the financial statements.

FINANCIAL STATEMENTS

Continued

Internal controls

Our audit identified a number of significant deficiencies in internal controls and processes. This included:

- **Audit working papers:** The majority of the electronic working papers were provided two weeks after the start of the onsite audit visit. Further working papers were provided during the course of the audit. There is significant scope for improvement in the quality and timely availability of working papers
- **Accounts production:** A number of the issues identified in the 2015/16 audit are reoccurring issues from prior year audits, indicating scope for more detailed management review the draft financial statements and supporting workings
- **Debtor notifications:** A number of debtor notification forms were not retained by the Council's transactional services provider, meaning a breach of the Council's internal policies for retention of data.
- **Mapping of debtors and creditors:** Management was unable to provide us with a working paper that clearly mapped debtor and creditor balances to the disclosures in the financial statements and we identified a number of misclassifications
- **Bank reconciliations:** The Council was initially unable to provide us with a breakdown of the reconciling items within the bank reconciliations and there were a large number of reconciling items that had not been correctly allocated by the year-end
- **Schools transactions:** The Council's arrangements for consolidating information from schools into the CIES and the balance sheet requires significant improvement, as there is insufficient reconciliation between schools transactions posted to the general ledger and the returns received from schools
- **Property management:** Our audit identified a number of properties which had been either disposed of or incorrectly classified in the fixed asset register.

A number of other areas for improvement were identified which we discussed with management.

Whole of Government Accounts

Auditors are required to review Whole of Government Account (WGA) information prepared by component bodies that are over the prescribed threshold of £350 million in any of: assets (excluding certain non current assets); liabilities (excluding pension liabilities); income or expenditure.

We have completed our review in accordance with the Group Audit Instructions issued by the National Audit Office. This required that we compare the information in the Council's Data Collection Tool (DCT) with the audited financial statements, undertake testing of completeness and accuracy of WGA counter party transactions and balances, and provide an assurance statement to the National Audit Office.

Our audit of the DCT identified a significant level of differences between the Council's draft DCT and audited financial statements and issues with the accuracy and completeness of the reported intra Government counter party transactions and balances.

A number of misstatements arose as a result of account codes in the new Agresso system being incorrectly mapped to the codes required for producing the DCT return. We have advised management to correct this within the system to prevent the errors from reoccurring in future years.

All misstatements that were individually and cumulatively above £1 million were corrected in the final DCT.

We issued an unqualified assurance report on the Council's final DCT to the National Audit Office on 22 December 2016.

USE OF RESOURCES

CONCLUSION

We issued a qualified conclusion on the arrangements for securing economy, efficiency and effectiveness in its use of resources on 9 December 2016.

Scope of the audit of use of resources

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources based on the following reporting criterion:

- In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

As part of reaching our overall conclusion we consider the following sub criteria in our work: informed decision making, sustainable resource deployment, and working with partners and other third parties.

Our assessment of significant risks

Our audit was scoped by our knowledge brought forward from previous audits, relevant findings from work undertaken in support of the opinion on financial statements, reports from the Council including internal audit, information disclosed or available to support the governance statement and annual report, and information available from the risk registers and supporting arrangements.

We set out below the risks that had the greatest effect on our audit strategy, the allocation of resources in the audit, and directing of the efforts of the audit team.

SUSTAINABLE FINANCES: 2015/16 PERFORMANCE

Our planning identified a risk regarding the challenging level of savings in the Council’s financial plans. We considered the Council’s budget setting and budget monitoring arrangements, and the effectiveness of those arrangements by assessing financial performance and monitoring the delivery of budgeted savings in 2015/16.

General Fund

Internal audit’s conclusion on the 2015/16 budget setting and savings plan development process was rated ‘Green’ (meaning that the Council can take substantial assurance that controls are suitably designed, consistently applied and operating effectively).

Internal audit’s conclusion on budgetary control and financial reporting in 2015/16 was rated ‘Amber/Green’ (meaning that the Council can take reasonable assurance that the controls in place are suitably designed and consistently applied). Internal audit identified a few medium and low priority issues that needed to be addressed in order to ensure that the control framework is effective.

There were overspends in the children’s and families service and in the adult social care service. However, the Council managed these pressures during the year by one-off gains and driving out savings from other areas.

Overall the Council achieved its budget plans for 2015/16 and reported an underspend of £0.039 million against its revised budget for the year. The Council achieved 71% of its £9.8 million savings target for the year.

The general fund balance as at 31 March 2016 was £8.1 million, which is in line with the prior year. Earmarked have decreased by £2.7 million, to £16.1 million, to resource planned projects in accordance with the Council’s priorities. These reserves includes £7.9 million of schools balances.

FINDINGS

We were satisfied that the Council had adequate arrangements in place for budget setting and budget monitoring.

The Council has a track record of delivering underspends in the General Fund and taking action to minimise the impact of overspends.

The general fund balance and earmarked reserves act as a potential buffer against future risks, although the amount of headroom provided in fairly limited.

USE OF RESOURCES

Continued

SUSTAINABLE FINANCES: 2015/16 PERFORMANCE CONTINUED	FINDINGS
<p>Housing Revenue Account (HRA)</p> <p>The movement in the Housing Revenue Account (HRA) in 2015/16 was an increase of £4.6 million, resulting in an HRA balance of £29.1 million at 31 March 2016. This was higher than budget due to lower costs on borrowing, housing repairs and bad debt allowances, along with additional income from dwelling rents and chargeable works. The balance on the major repairs reserve was £12.1 million at 31 March 2016, an increase of £0.8 million from the prior year.</p>	<p>There are reasonable levels of HRA reserves to support the sustainability of the 30 year HRA Business Plan.</p>
<p>Collection Fund</p> <p>The council tax balance in the Collection Fund was in surplus by £0.4 million at 31 March 2016. The Council reported a collection rate of 96.52% for the year, which was higher than prior year performance of 96%.</p> <p>A surplus of £0.6 million was achieved on the non domestic rates Collection Fund for the year. However, the overall non domestic rates balance at 31 March 2016 is still in deficit by £0.7 million due to charges for appeals against business rate valuations. The collection rate for the year was 97.12%, which was above prior year performance of 96.8%.</p>	<p>The overall Collection Fund is in deficit by £0.3 million at 31 March 2016, which is an improvement on the prior year deficit balance of £2.1 million. Collection rates on both council tax and non domestic rates have improved compared to the prior year.</p> <p>We are satisfied that the Collection Fund is being adequately monitored and managed.</p>
<p>Capital</p> <p>The Council spent £45 million against its £77 million capital programme in 2015/16 (capital investment and revenue costs associated with capital assets). The majority of the unspent balance has been re-profiled into future years. The expenditure was funded from a combination of capital receipts, grants and contributions and internal balances. Expenditure in the year included the purchase of new assets for investment purposes, which management expects will generate future revenue streams to offset future borrowing costs.</p>	<p>We are satisfied that the Council's capital programme and supporting business cases have taken a long term view about the viability of the investment, with a strategy aimed at using capital to generate additional revenue streams and thereby contribute to required savings targets.</p>

USE OF RESOURCES

Continued

SUSTAINABLE FINANCES: MEDIUM TERM	FINDINGS
<p>The Medium Term Financial Strategy (MTFS) update approved by Cabinet in February 2016, covering the four year period from 2016/17 to 2019/20, identified a savings requirement of almost £37 million over the period, with unidentified savings of £4.6 million in 2017/18, £0.4 million in 2018/19 and £0.2 million in 2019/20. The refresh of the MTFS presented to Cabinet in July 2016 updated the financial planning assumptions for the four years ahead, from 2017/18 to 2020/21. This indicated a savings requirement of £38 million over the period.</p> <p>Our planning identified a risk that the savings required over the medium term will be a challenge and is likely to require difficult decisions around service provision and alternative delivery models. We reviewed the MTFS assumptions and assessed the reasonableness of plans to reduce services costs and increase income to close the budget gap.</p> <p>The MTFS records the headline assumptions made in the budget about the future funding of the Council, directorate pressures, the revenue impact of capital investment and savings targets. It shows how the Council plans to balance its finances over the medium term by delivering savings alongside projected growth in income from council tax and business rates. It highlights the key challenges that the Council faces in delivering services with reduced income from central Government grant.</p> <p>The Council set a balanced budget for 2016/17 in February 2016. The savings target for the year is £10.1 million and specific schemes have been identified for the full savings requirement, although there is risk associated with an number of these schemes.</p> <p>To help identify savings for the MTFS, the Council commenced an outcomes based budgeting exercise in 2015/16, whereby the Council’s existing budget was mapped to its Five Year Strategic Plan outcomes and lead officers were required to provide options about the outcomes that could be delivered at 65% of the current cost. A range of measures were considered, including utilising capital resources for invest to save schemes, securing long term transformation of services, utilising external funding sources, disinvestment with a clear impact assessment on outcomes, securing additional efficiencies and maximising income generation opportunities.</p> <p>It is important that all the consequences of identified options are fully considered, including the revenue implications of capital invest to save schemes and the capacity of each service department to deliver its schemes.</p>	<p>We are satisfied that the MTFS reflects known savings and cost pressures and that the Council understands the risks involved across its financial planning assumptions. The key assumptions are not unreasonable, although the 3.75% assumed rise in council tax in 2017/18 is high and will need to be formally approved by Council in setting the 2017/18 budget.</p> <p>The Council has reasonable arrangements for identifying required savings. However, given the scale of the remaining savings challenge, this will continue to require strong leadership and action by the Council.</p>

USE OF RESOURCES

Continued

CHILDREN'S SOCIAL CARE SERVICES	FINDINGS
<p>Our value for money conclusions in the last two years were qualified because of significant weaknesses in children's social care services identified by Ofsted in their inspections in 2011 and 2013, as the Council was unable to provide sufficient evidence of improvement in relation to Ofsted's recommendations.</p> <p>At the direction of the Secretary of State, responsibility for the majority of children's services transferred to Slough Children's Services Trust ('the Trust'), a company limited by guarantee, on 1 October 2015.</p> <p>Our planning identified a risk that the Council may not be able to demonstrate value for money from its arrangements for improving services and outcomes in children's social care services during 2015/16, when it retained direct control over these services in the first half of the year and in managing the contract with the independent organisation in the second half of the year.</p> <p>We gained an understanding of action taken by the Council and the Slough Children's Services Trust during 2015/16 to address Ofsted's recommendations and sought evidence of improved processes.</p> <p>The position from April to September 2015</p> <p>In early 2015/16 the Council commissioned two assurance activities in respect of its children's services: an audit covering the effectiveness and impact of the current Quality Assurance Framework, and an audit covering threshold decision making, children subject to child protection plans, domestic violence contacts and case supervision.</p> <p>The audits informed the development of a new Single Improvement Plan, which was reviewed by the Education and Children's Services Scrutiny Panel in July 2015. This drew together the key areas requiring focus in the short term from a number of separate and detailed improvement plans that were previously in place. The four key priority areas identified were recruitment and retention, quality assurance, quality of practice, and leadership and partnership. The plan was monitored by the Slough Improvement Steering Group, which was chaired by the Interim Director of Children's Services and included the Children's Commissioner for Slough and a representative from the Department for Education.</p> <p>A contract between the Council and the Trust for the delivery of children's social care services was agreed shortly before services transferred to the Trust on 1 October 2015. There were delays in finalising the contract as there were protracted discussions between the Council, the Trust and the Department for Education about the new structure and governance arrangements, including key performance indicators.</p>	<p>The Council improved some of its governance arrangements in respect of children's services in the first half of 2015/16. However, the lengthy discussions between the Council and the Trust served as a distraction and undermined the effectiveness of those arrangements.</p>

USE OF RESOURCES

Continued

CHILDREN'S SOCIAL CARE SERVICES	FINDINGS
<p>The position from October 2015 to March 2016</p> <p>In December 2015 Ofsted completed a further review of services for children in need of help and protection, children looked after and care leavers in Slough, and judged the services it reviewed as inadequate overall.</p> <p>In its report published in February 2016, Ofsted stated “Leaders in Slough Borough Council have not achieved enough improvement since the Ofsted inspections in 2011 and 2013. Important areas of children’s social care services are still inadequate and a considerable amount of work is required before services for children can be considered good.”</p> <p>The Ofsted report highlighted numerous weaknesses in the service. However it recognised that there had been some improvements since its previous inspections. Members agreed a significant financial injection to the service, which helped reduce social worker’s caseloads, and newly qualified social workers are better supported. Helped by a baseline audit, the Trust is rightly prioritising workforce, performance management and management oversight of practice and some important areas of poor practice are being tackled.</p> <p>However, the report concluded that changes made by both the Council and the Trust had not been fast or far ranging enough to improve the experiences of children sufficiently.</p> <p>Improving services for children and young people is a key priority outcome within the Council’s Five Year Plan and a number of the Council’s key performance indicators within its balanced scorecard relate to children social care. However, the Council has not been able to assign a RAG (red, amber, green) status to these outcomes and indicators in its performance reporting. Whilst the performance indicators were agreed with the Trust as part of the contract discussions, the targets for the performance indicators were not agreed until after year end. The Council did not receive sufficient performance information to provide any assurance about the quality of services provided by the Trust to enable it to monitor performance under the contract during 2015/16.</p> <p>The Ofsted report recognised that much needs to be done to cement relationships between the Council and the Trust to secure an unwavering focus on improvement and that whilst the governance arrangements are now clear, there are important areas such as commissioning where partners have yet to resolve the detail.</p> <p>A detailed action plan to address Ofsted’s recommendations was developed by the Trust and submitted to Ofsted.</p>	<p>Despite some improvement in children’s social care services since Ofsted’s 2011 and 2013 inspections, Ofsted identified ongoing significant weaknesses in these services in 2015/16.</p> <p>In addition, there was insufficient assurance of any significant improvement in the service since Ofsted’s 2015 inspection.</p>

USE OF RESOURCES

Continued

CHILDREN'S SOCIAL CARE SERVICES

The position since April 2016

In 2016/17 there is some evidence of improved collaborative working between the Council and the Trust:

- A new Pledge for children in Slough was developed and agreed by Cabinet and full Council in April 2016; this sets out commitment by the Council and the Trust to focus on the areas that looked after children in the borough consider to be important
- A revised Corporate Parenting Strategy 2016-18 was developed and agreed by Cabinet in June 2016
- A joint action plan to deliver the Strategy and Pledge has been developed and was considered by the joint Corporate Parenting Panel in June 2016
- The majority of the performance indicator targets were agreed by the end of June 2016 targets and a scorecard with quantitative and qualitative measures for monitoring progress is now in place
- Revised terms of reference for the Corporate Parenting Panel have been agreed

However, the Council is still not receiving sufficient performance information from the Trust to enable it to monitor performance under the contract.

The Council acknowledges that a strong working relationship with the Trust and other partners is key to improving services and outcomes for children in Slough.

In September 2016 the Department for Education issued ministerial agreement to revoke a Second Direction that required the majority of 'schedule two services' (mainly education related services and early years and children's centres provision) to also transfer to Slough Children's Services Trust. Management believes that the new Direction reflects increased Ministerial confidence in the improved working relationship between the Council and the Trust.

FINDINGS

There is evidence of improved collaborative working between the Council and the Trust since year end.

Assurance arrangements still need further development to enable the Council to monitor performance against its contract with Slough Children's Services Trust.

OVERALL VFM CONCLUSION

Due to the significant weaknesses in children's social care services identified by Ofsted during 2015/16, and insufficient monitoring of contractual performance of the service after it transferred to Slough Children's Services Trust on 1 October 2015, our value for money conclusion was qualified for the year ended 31 March 2016.

Except for weaknesses in the arrangements for children's social care services during the year, we were satisfied that the Council had adequate arrangements in place to secure economy, efficiency and effectiveness from its use of resources for the year ended 31 March 2016.

EXERCISE OF STATUTORY POWERS

REPORT BY EXCEPTION

We have not exercised our statutory powers and have no matters to report.

Use of statutory powers

We have not exercised our statutory powers and have no matters to report.

Audit certificate

We issued the audit certificate to close the audit for the year ended 31 March 2016 on 22 December 2016, following completion of our audit of the Whole of Government Accounts data collection tool.

GRANT CLAIMS AND CERTIFICATION

CERTIFICATION WORK

Our review of grant claims and returns for 2015/16 is in progress and the results will be reported upon completion of this work.

Housing benefit subsidy claim

Public Sector Audit Appointments Ltd has a statutory duty to make arrangements for certification by the appointed auditor of the annual housing benefit subsidy claim.

Our audit of the 2014/15 housing benefits subsidy claim found a number of errors, although these had no significant impact on the amount of subsidy claimed.

Our work on the 2015/16 housing benefits subsidy claim is currently in progress. We were not able to complete our work by the national deadline of 30 November 2016 due to significantly delays in obtaining the testing results from the consultant contracted by the Council to undertake this work.

Other claims and returns

A number of grant claims and returns that were previously included within the scope of the audit have since been removed, but Departments may still seek external assurance over the accuracy of the claim or return.

These assurance reviews are undertaken outside of our appointment by Public Sector Audit Appointments Ltd, and are covered by tripartite agreements between the Council, sponsoring Department and the auditor.

The Council has requested that we undertake a 'reasonable assurance' review, based on the instructions and guidance provided by the Departments, for the following returns for 2015/16:

- Pooled housing capital receipts (deadline 30 November 2016)
- Teachers' pensions return (deadline 30 November 2016)

We issued an unqualified conclusion on the pooling of capital receipts return on 30 November 2016. The return was amended for a misstatement identified by management before our work began. We did not identify any further errors.

We issued an unqualified conclusion on the Teachers' Pension EOYCa form on 12 December 2016. Our work did not identify any misstatements and the form was not amended.

APPENDIX

Reports issued

We have issued the following reports since our previous annual audit letter.

REPORT	DATE
Grant claims and certification work 2014/15	February 2016
Audit plan	February 2016
Final audit report	November 2016
Annual Audit Letter	January 2017

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Fees

We reported our original fee proposals in our audit plan. We are not yet in a position to finalise our fees for the 2015/16 audit of the Council.

AUDIT AREA	PLANNED FEES (£)	ADDITIONAL FEE (£)	FINAL FEES (£)
Code audit	127,523	25,235*	152,758
Certification of housing benefits subsidy	9,950	TBC*	TBC*
Fee for audit services	137,473	TBC*	TBC*
Audit related services:			
• Pooled housing capital receipts	1,800	-	1,800
• Teachers' pension return	3,535	-	3,535
Fee for audit related services	5,335		5,335
Non audit related services:			
- None	-	-	-
Total fees	142,808	TBC*	TBC*

*We incurred significant overruns against our budgeted costs due to the issues and delays encountered in the audit. We have agreed with management an additional fee of £25,235 for the audit of the financial statements, which is subject to approval by PSAA. Our audit of the housing benefits subsidy claim is in progress and we are discussing additional fees with management.

The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising.. No responsibility to any third party is accepted.

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Corporate Governance Committee

DATE: 16th March 2017

CONTACT OFFICER: Neil Wilcox Section 151 Officer, Assistant Director Finance & Audit
(For all Enquiries) (01753) 875358

WARD(S): ALL

**PART I
FOR DECISION****COUNTER FRAUD STRATEGY****1. Purpose of Report**

The purpose of this report is to consider the Counter Fraud Strategy, which includes the Sanction Policy and Anti-Fraud Response.

2. Recommendation(s)/Proposed Action

The Committee is requested to recommend that Cabinet approve the attached Counter Fraud and Corruption Strategy as attached at Appendix 1.

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

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

3a. Slough Joint Wellbeing Strategy Priorities

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

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

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

4. **Other Implications**

(a) Financial

There are no direct financial implications of this report

(b) Risk Management

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

(c) Human Rights Act and Other Legal Implications

There are no human rights issues arising from this report

(d) Equalities Impact Assessment

There are no equality issues arising from this report

5. **Supporting Information**

- 5.1 The amended Counter Fraud and Corruption Strategy, (and appendices) are included at Appendix 1 for consideration and comment.

6. **Comments of Other Committees**

None

7. **Conclusion**

The Committee is requested to recommend that Cabinet approve the attached Counter Fraud and Corruption Strategy at Appendix .1

8. **Appendices Attached**

Appendix 1 - Counter Fraud and Corruption Strategy

9. **Background Papers**

None.

SLOUGH BOROUGH COUNCIL

COUNTER FRAUD AND CORRUPTION STRATEGY

Links and Dependencies

Council Constitution
 Local Code of Conduct for Employees
 Members Code of Conduct
 Disciplinary Policy and Procedures
 Sanctions Policy
 Anti-money Laundering Policy
 Anti-bribery Policy
 The Email and Internet Usage Policy
 Slough Safer Partnership
 Local Government Transparency Code 2014
 UK Anti Corruption Strategy 2014
 Fighting Fraud Locally Strategy 2016
 Protecting the English Public Purse 2016
 Regulatory Enforcement Policy 2015

Related Forms

Money Laundering ; Legal and Regulatory Framework	Appendix 1
Money Laundering Report Form	Appendix 2
Fraud Referral Form	Appendix 3
Financial Investigation Report Form	Appendix 4

Section	Page
1. Counter Fraud and Corruption Strategy	1-6
2. Anti-Fraud Response Plan	7-20
3. Anti-money Laundering Policy	21-28
4. Anti-bribery Policy	29-32
5. Sanction Policy	33-37

The Council has had a number of anti-fraud policies and procedures in place for many years. To ensure that policies and procedures remain effective and up to date, it is good practice to review them on a regular basis, and revise them where necessary to ensure they continue to be fit for purpose

1. Anti-fraud Policy Statement

- 1.1 Slough Borough Council operates a 'zero tolerance' approach towards fraud and corruption and we will use the full range of sanctions available against any individual or organisation found to be committing fraud. Every pound taken by theft or fraud reduces our ability to provide services to the people who need them the most.
- 1.2 We want to protect against, detect and respond to fraud and corruption in order to protect the interests of our clients, partners, employees and other stakeholders while retaining a high ethical standing within the community.
- 1.3 This policy applies to all parts of the Council and to all our employees, volunteers, contractors and consultants in relation to their work with/for us. We rely on the support of employees, businesses and the community to deliver the services we provide to people in need. Loss of confidence in the Council as a result of fraud or corruption could have an adverse impact on our funding and investment in the area, leading to a more severe impact on the services we deliver than the initial theft.
- 1.4 We expect all our Councillors, employees, consultants, contractors, partner organisations and service users, to act with integrity and without intent to commit fraud or corruption and to comply with the legal requirements and policies of the Council including the obligation to report all reasonable suspicions of fraud. In return, we will:
 - take appropriate measures to prevent, investigate and deter fraud;
 - introduce and maintain procedures to detect fraud;
 - encourage employees to report any suspicions of fraud;
 - provide resources to train our staff about fraud risk and investigate fraud;
 - take appropriate disciplinary, civil or criminal proceedings; and
 - report suspected fraud to the police and all relevant organisations.
- 1.5 It is in everyone's interests to prevent fraud and corruption from happening. Report any suspected incident immediately to your manager (unless you suspect your manager may be involved) and the Risk & Assurance Manager. This strategy and response plan sets out what we mean by fraud; how we tackle fraud; what you should do if you suspect fraud; and how we will respond.

	<p>If you have any concerns about fraud, we want to know: <u>Call free and in confidence : 01 753 787876</u></p>
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	<p>Email: _investigations@slough.gov.uk www.slough.gov.uk/benefitsand money/form to report fraud.aspx</p> <p>Write to: Slough Borough Council Corporate Fraud Team St Martins Place 51 Bath Road Slough SL1 3UF marking it private and confidential</p>
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Anti-fraud Strategy

2. Definition of Fraud – what we want to know about

- 2.1 The **Fraud Act 2006** introduced the first legal definitions of fraud, which are used for the criminal prosecution of fraud offences. The Fraud Act of 2006 defines fraud as the intention to make gain or cause loss by false representation, failing to disclose information, or abuse of position. Fraud is not restricted to monetary or material benefit. In addition fraud can be distortion of statement or records to mislead or misrepresent and for the purposes of this strategy covers theft and failure to disclose an interest in order to gain financial or pecuniary gain.
- 2.2 **Corruption** is defined as: ‘The offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person.’
- 2.3 The following are some examples of fraud or corruption, which you may come across:
- providing false identity or right to remain/work documents, references, or any other information when applying for a job;
 - making false claims for expenses, overtime, flexitime, or any other allowance;
 - not declaring a conflict of interest e.g. owning properties which are leased to us, or receiving benefits from us; you or your family owning companies which we do business with; or working for organisations which receive grant funding from us;
 - allocating housing, or any other benefits, to people who are not entitled to them;
 - misusing Blue Badges, residential, business or any other parking permits;
 - fraudulently claiming any benefits we the DWP or HMRC provide, including housing benefits, working/child tax credits, disability benefits, and council tax benefits;
 - fraudulently making, or exaggerating, an insurance claim against the Council;

- using our vehicles, IT equipment (outside the scope of the Council’s Email and Internet Policy), offices/buildings, stocks, materials, or any other resources for personal use, or to run a private business;
- stealing money, materials or other resources from us, our partners, or our clients;
- raising orders, or submitting invoices for payment when the work hasn’t been done;
- working for another organisation, running a business, or being self-employed during contracted hours, including working whilst off sick;
- accepting gifts or hospitality from contractors, or organisations who are bidding for work, or who we have contracts with, or who receive grants from us.

2.4 The above list cannot cover every example of fraud or corruption. If you have any questions, please contact the Risk & Assurance Manager for further advice.

3. Responsibilities

- 3.1 We expect all individuals, groups and organisations that receive services from, or provide services on behalf of the Council to be honest in their dealings with us and our clients and customers.
- 3.2 We expect our Councillors and employees, including any temporary, agency and consultancy resources, to lead by example in preventing, deterring and advising of suspected fraud and corruption and these responsibilities are summarised below.

Individual/Group	Role/Responsibility
Committees	<ul style="list-style-type: none"> • Approving and monitoring corporate counter-fraud policies. • Reviewing reports relating to fraud risks and investigations from internal and external auditors.
Directors/ Assistant Directors/ Programme Managers/ Heads of Service	<ul style="list-style-type: none"> • Introducing and maintaining effective controls to prevent fraud or corruption from happening in their service area, or service plan. • Notifying all suspected fraud or corruption incidents within their service area/ programme to the Monitoring Officer. • Approving follow up action to be taken in response to actual incidents of fraud or corruption. • Ensuring that their employees receive appropriate fraud awareness training relevant to the roles they carry out.
Risk & Assurance	<ul style="list-style-type: none"> • Consulting with Directors/Assistant Directors about the best course of action when suspected fraud or corruption incidents are raised.

Individual/Group	Role/Responsibility
	<ul style="list-style-type: none"> • Allocating an investigator, consulting with appropriate senior managers and HR personnel at agreed stages during any investigation into fraud or corruption, and completing the investigation within agreed timescales. • Notifying the police, and other organisations, as appropriate • Facilitating fraud and corruption awareness training. • Providing regular reports to the Audit Committee on fraud, pro-active and responsive investigations. • Providing advice and guidance on internal controls to prevent fraud or corruption. • Undertaking pro-active projects to identify possible fraud or corruption.
Employees	<ul style="list-style-type: none"> • Their own conduct including compliance with the Council's Codes of Conduct, declaration of interest, declaration of outside work and whistleblowing • Informing their manager or Assistant Director and Risk Assurance manager of any suspected fraud or corruption. • Acting with propriety in the use of Council resources • Informing their manager, or Assistant Director and Risk and Assurance Manager of any suspected fraud or corruption incidents
Members	<ul style="list-style-type: none"> • Complying with the Council's Codes of Conduct and Constitution. • Raising concerns with The Monitoring Officer.

4. Our approach to preventing, detecting and investigating fraud and corruption

4.1 We have aligned our fraud prevention and detection approach to the governments recommended 'acknowledge, prevent, pursue' strategy in their [Fighting Fraud Locally](#) publication and the Chartered Institute of Public Finance and Accountancy's 'Managing the Risk of Fraud and Corruption' Code of Practice.

5. Preventing fraud and corruptions

5.1 We want to try and prevent fraud and corruption from happening in the first place. In order to do this our strategy includes:

- undertaking a regular assessment of the fraud risks faced by the Council and ensuring our managers and counter-fraud teams carry out checks on high risk areas;

- completing pre-employment screening of our employees, volunteers, contractors and consultants including confirming their right to remain and work in the UK as appropriate;
- requiring employees to declare potential conflicts of interest and any gifts offered and accepted;
- scanning and verifying identity documents of all applicants for housing and other benefits;
- making sure quotes and tenders from contractors are opened by different employees to those who asked for the quotes; and
- controlling our IT systems e.g. to ensure that individual employees aren't responsible for setting up and authorising payments.

6. Detecting and investigating fraud and corruption

6.1 As well as having systems in place to prevent fraud, we have procedures that detect and investigate fraud effectively, which include:

- fraud reporting mechanisms such as the confidential Freephone telephone number, website address and email facility;
- whistleblowing, Anti-Money Laundering and Anti-bribery policies in place, together with our complaints process, and regular reviews of personnel and financial information e.g. on Right to Buy applications;
- an annual counter-fraud plan which includes projects to look at high risk and high spend areas;
- undertaking regular data matching and analysis of information held on our systems to identify e.g. fraud in housing tenancies, payroll and pensions, Blue Badges, benefits, planning applications and payments to suppliers;
- sharing information on identified frauds and risks with other local authorities and agencies, including the police and the Home Office visa and immigration services;

- joint working with the Department for Work and Pensions (DWP), in accordance with National and Local Service level agreements, regarding benefit fraud and associated fraud arising from the same set of circumstances.
 - receiving regular data analysis and fraud information alerts from the National Anti-Fraud Network;
 - having a dedicated and suitably trained counter-fraud and financial investigation team in place, with links to the police and other enforcement agencies, to investigate allegations of fraud and undertake prosecutions.
- 6.2 This policy and strategy should be read in conjunction with our **Fraud Response Plan** which sets out how we will tackle the risk of fraud and investigate allegations of fraud and the Council's **Whistleblowing Policy** (Part 5.6 of the SBC Constitution), which is intended to encourage and enable employees to raise serious concerns.
- 6.3 We will use all sanctions available to us to deal with anyone committing fraud or corruption including, as appropriate, internal employment disciplinary proceedings, referring cases to the police, offering a simple caution, prosecuting offenders and seeking recovery of monies and/or other assets obtained by fraud or corruption. Our **Sanctions Policy** is attached, which describes the process in more detail.
- 6.4 We also need to have arrangements in place where any instances of suspected money laundering or bribery are reported. Our **Anti-money Laundering Policy** explains what money laundering is, and what we do to manage the risks associated with crime and money laundering. Our **Anti-bribery Policy** explains the legal position for the Council and employees; and how to report any concerns.
- 6.5 This strategy is aligned with the Council's Code of conduct and HR policies, which require employees to declare any potential conflicts and any gifts or hospitality offered. The strategy is also consistent with the Council's IT Security Policies.
- 7. Monitoring**
- 7.1 This policy and the appendices will be monitored and reviewed on an annual basis. We will consult with all the relevant services areas to ensure that all relevant legal, financial and personnel issues are included in the review processes.
- 7.2 The Council's s151 Officer has overall responsibility for the Corporate Fraud Team and this policy will be presented for approval when any review takes place.

Anti-Money Laundering Policy.

1. What is money laundering?

- 1.1 Money laundering is the term used for several offences involving the proceeds of crime, or terrorism. This includes possessing, or in any way dealing with, or concealing, or converting the proceeds of any crime, as well as funds likely to be used for terrorism and the proceeds of terrorism. Money laundering is used to describe the activities of criminals who convert the proceeds of crime into legitimate activities, with the intention of hiding the true sources of their income.
- 1.2 In relation to the Council, money laundering would be the attempt to conduct legitimate business with the Council e.g. buying/leasing property, or paying for goods and services using assets or money derived from the proceeds of crime or terrorism.

This policy applies to all employees and members of the Council and aims to maintain the high standards of conduct, which currently exist within the Council by preventing criminal activity through money laundering. The Policy sets out the procedures that must be followed (for example the reporting of suspicions of money laundering activity) to enable the Council, its members and employees to fulfil the Council's intention to voluntarily comply with the legal requirements of the Regulations.

2. Laws covering money laundering

- 2.1 Legislation has shifted the burden for identifying acts of money laundering from police and government agencies to organisations and their employees. The principal legislation and regulation relating to money laundering are: the Proceeds of Crime Act 2002 (POCA), the Terrorism Act 2000 (TA), and the Money Laundering Regulations 2007.
- 2.2 There are two main offences that may be committed:
 - Money laundering offences
 - Failure to report money-laundering offences.

2.3 The main types of money laundering offences are:

- acquiring, using or possessing criminal property;
- handling the proceeds of crimes, such as theft, fraud and tax evasion;
- investing the proceeds of crim in other financial productions;
- being knowingly involved, in any way, with criminal or terrorist property;
- entering into arrangements to facilitate laundering criminal or terrorist property;
- transferring criminal property;
- failing to report a suspicion that money laundering offences are taking place;
- tipping off someone who is, or is suspected of being, involved in money laundering, in such a way as to reduce the likelihood of being investigated, or prejudicing an investigation.

2.4 Depending on the severity of the suspected offence, the Magistrates' Court can issue fines of up to £5,000, or sentences of up to 6 months in prison (or both), and, in the Crown Court, fines are unlimited, and sentences of up to 14 years may be handed down.

3. The obligations of the council

The risk of the Council contravening the legislation is, however relatively low and some aspects of the legal and regulatory requirements do not apply to Public authorities.

The Terrorism Act 2000 (TA) and the Proceeds of Crime Act 2002 (POCA) place obligations on all of us. The statutory provisions relating to money laundering, in so far as they affect the Council, are summarised in **Appendix 1** to this policy, together with references to further information

3.1 The main requirements of the legislation are as follows:

- to appoint a Money Laundering Reporting Officer (MLRO);
- maintain client identification procedures in certain circumstances;

- adapt a risk based approach to prevent money laundering;
- implement a procedure to enable suspicions to be reported (Appendix 2)
- maintain robust record keeping procedures.
- Report any suspicious of money laundering to the National Crime Agency (NCA) this is a personal obligation for the MLRO

3.2 The Council's MLRO is the Monitoring Office. In the absence of the designated MLRO, the Corporate Fraud Manager should be contacted.

3.3 The Council has developed formal client identification procedures, which must be followed when Council land or property is being sold. These require individuals (and companies) to provide proof of identity, current address and provenance for the derivation of funds used in any proposed transaction. If satisfactory evidence is not obtained, the transaction must not be progressed and guidance should be sought from the MLRO. All records maintained in respect of suspected money laundering activity must comply with the Data Protection Act

4. Examples of potential money laundering situations

4.1 It is not possible to provide a definitive list of possible situations involving money laundering; or how to decide whether to report suspicions to the MLRO. However, the following are risk factors, which may, either individually or cumulatively, suggest possible money laundering activity:

- payment of a substantial sum of money in cash (over £1000) either in a single transaction or a number of smaller transactions that total more than £10,000;
- payment of cash sums where cash is not the usual means of payment;
- a new customer, or use of a new/shell company, with no financial history;
- a customer who refuses to provide requested information without a reasonable explanation;
- concerns about the honesty, integrity, location, or identity of a customer;

- unnecessarily complex transactions e.g. routing or receipt of funds from third parties, or through third party accounts;
- involvement of an unconnected third party without any reasonable explanation;
- overpayments by a customer, or payments of deposits subsequently requested back;
- absence of an obvious legitimate source of funds;
- purchase of assets beyond known sources of legitimate funds;
- movement of funds overseas, particularly involving a higher risk country, or tax haven;
- the cancellation, or reversal, of a previous transaction;
- requests for the release of customer account details, other than in the normal course of business;
- transactions at substantially above or below current market values;
- poor business or financial records;
- a similar previous transaction (completed or requested) from the same customer;
- an inability to trace the customer, or organisation
- individuals or companies that are insolvent but have funds.

5. Reporting procedure

5.1 If you have any questions or doubts about an individual, company, or transaction that you have been dealing with, then it is important to get advice from the MLRO, or Corporate Fraud Manager as soon as possible – **do not delay reporting your concerns, as this may make you subject to criminal prosecution.**

5.2 Your report to the MLRO should include as much details as possible including: **see Appendix 2 for report**

- full details of the people involved e.g. name, address, company name, directorships, contact details, etc.;
- full details of their (and your) involvement;

- the type(s) of money laundering activity suspected;
- the date(s) of the suspected money laundering activity, including whether the transactions have happened, are ongoing, or are imminent;
- where they took place;
- how they were undertaken (cash payment, bank transfer etc.);
- the (likely) amount of money or assets involved;
- why, exactly, you are suspicious.

5.3 Your report should also provide the MLRO with copies of any related supporting documentation. If you are acting in a legal capacity and consider that legal professional privilege may apply, you should set this out in the report to the MLRO and state why. The MLRO will determine whether the information should be exempt from any reports to the National Crime Agency (NCA).

5.4 Once you have reported your concerns to the MLRO, you must not undertake any further enquiries into the matter. The MLRO will refer the matter on to the NCA, if required, in order for them to undertake further investigation. No further action must be taken in relation to the transaction(s) until either the MLRO, or NCA, has given their consent in writing.

5.5 You should not voice any suspicions to the person(s) who you suspect of money laundering; or make any reference on IT systems, or client/hard copy files that you have reported your concerns to the MLRO. If an individual requests access to information, any notes will need to be disclosed, which may “tip them off” and may make you liable for prosecution.

5.6 A record will be maintained, including details of the customer due diligence, which will be kept for five years after the end of the business relationship; together with a record of the transactions also kept for five years. Guidance on performing the required due diligence checks can be obtained from the Head of Audit.

6. Review of disclosures by the MLRO

- 6.1 When the MLRO received a report of suspected money laundering they will receive the information and any relevant information including:
- reviewing any other transactions patterns and volumes;
 - the length of any business relationship involved;
 - the number of any one-off transactions and any linked one-off transactions;
 - any identification evidence held.
- 6.2 The MLRO will complete their review, which may include speaking to the person who made the referral, in order to determine whether there is sufficient evidence of actual/suspected money laundering and whether there are reasonable grounds to know (or suspect) that this is the case. The MLRO will then determine whether the NCA needs to be involved and their consent obtained for a transaction to proceed. In these circumstances, the transaction must not proceed until the NCA consent has been formally received (or if no consent has been received from the NCA after 7 working days).
- 6.3 If the MLRO concludes that there are no reasonable grounds to suspect money laundering, they will record their decision on the report and give their consent to proceed with the transaction.
- 6.4 In cases where legal professional privilege may apply, the MLRO will liaise with the Council's s151 Officer to decide whether there is a reasonable reason for not reporting the matter to the NCA

7. Additional requirements for finance and legal employees

- 7.1 In addition to the reporting procedure in Section 5 above, employees providing certain finance and legal services must also comply with 'due diligence' requirements:

Simplified due diligence: Required when there is low risk of money laundering e.g. new business with a company; when checks on company and director registration details would represent sufficient due diligence

Enhanced due diligence: Required when there is a higher risk of money laundering e.g. an asset purchase beyond the purchasers known legitimate means or remote transactions where the customer is not present to be identified

If satisfactory evidence cannot be provided, then the transaction cannot proceed.

7.2 Customer identification processes must be undertaken when the council:

- forms a business partnership with a customer;
- Undertakes a one-off transaction relating to property or debt of more than £10,000;
- knows, or suspects, that a transaction or a linked series of transactions involved money laundering

7.3 Customer identification must be completed before any business is undertaken with the individual in relation to accountancy, procurement, audit and legal services with a financial or real estate transaction. In order to complete customer identification the following processes should be undertaken:

- identify the person who wants to form the business relationship or complete the transaction;
- verify their identity using independent sources of information;
- identify who benefits from the transaction;
- monitor transactions to make sure that they are consistent with what is understood about the individual or country;
- understand the source of their funds;
- ensure there is a logical reason why they would want to do business with the Council.

8. Training

8.1 The MLRO and Head of Legal Services will ensure that training on the law relating to money laundering and the Council's procedures is provided to all relevant employees on a regular and ongoing basis.

8.2 The legislative requirements concerning anti-money laundering procedures are lengthy and complex. The policy and these procedural guidance notes have been written to enable the Council to meet the legal requirements in a way that is proportionate to the Council's risk of contravening the legislation.

9. Monitoring

9.1 The Council's Monitoring Officer is responsible for the maintenance and operation of this policy. The Council's Monitoring Officer will liaise with the s151 Officer and The Head of Human Resources when the policy is subject to review in order to ensure all relevant employment requirements are taken into account.

Anti-Bribery Policy

1. Policy Statement

Bribery is a criminal offence and is covered by the Bribery Act 2010 and Section 117 of the Local Government Act 1972. Slough Borough Council has a zero-tolerance towards bribery, and we are committed to its prevention, deterrence, detection and investigation.

Slough Borough Council does not, and will not pay bribes, or offer improper inducements to anyone for any purpose; nor do we or will we accept bribes or any improper inducements. In regards to facilitating contracts on behalf of the authority, Section 117 (2) of the Local Government Act 1972 states *'An officer of a local authority shall not, under colour of his office or employ, accept any fee or reward whatsoever other than his proper remuneration'*.

1.1 The Council, and all those organisations and individuals acting on its behalf (including employees, members, temporary and agency staff, consultants and contractors), must not:

- **offer** or **give** any financial or other advantage which is intended to improperly influence a third party in connection with the Council's activities; or
- **accept** any financial or other advantage from a third party which is intended to improperly influence the Council or any of its representatives in connection with the Council's activities.

The Council prohibits both direct and indirect bribery that is, using a third party to offer or accept financial or other advantages on the Council's behalf.

2. What is bribery?

2.1 Bribery is the offering, promising, giving (or acceptance) of a financial or other advantage which is intended to induce a third party (or the Council) to take an improper decision or action. These advantages can be anything of value and can take many different forms including cash, holidays, event tickets, meals, sponsorships, charitable and political donations, and community investments, offers of employment or internships, and use of assets. Decisions could relate to recruitment, the award of contracts, planning consents and other awards that involve the exercise of discretion.

Unacceptable transactions or actions are any that could lead to an offence

under the Bribery Act 2010 and/or a breach of Council policies and procedures. It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions. Facilitation payments are not tolerated and are illegal;
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy;
- engage in activity in breach of this policy.

2.2 Bribery is a criminal offence under the Bribery Act 2010 (the Act). There are four substantive bribery offences under the Act:

- bribing another, also known as "active bribery" (section 1);
- accepting a bribe, also known as "passive bribery" (section 2);
- bribing a foreign public official (section 6); and
- failure of a commercial organisation to prevent section 1 or section 6 bribery, also known as the "corporate offence" (section 7).

Individuals found guilty of an offence may be imprisoned for a maximum term of ten years and face an unlimited fine. Commercial organisations that are found to have committed a section 7 offence are subject to unlimited fines.

2.3 For the purposes of the Bribery Act 2010, the council may be classed as a “commercial organisation”. Failure by a “commercial organisation” to prevent bribery is a corporate offence. A statutory defence is available to the commercial organisation, if it has in place “adequate procedures” designed to prevent bribery by “associated persons” (i.e persons that perform services for or on behalf of the organisation).

3. Scope of the policy

3.1 This policy provides a coherent and consistent framework to enable all our employees and those acting on our behalf to understand and implement arrangements to enable compliance with the Act. In conjunction with related policies and key documents, it also enables employees to identify and effectively report a potential breach.

3.2 This policy applies to all of our activities, employees and those acting on our behalf, including all permanent, temporary and agency staff, contractors, agents, members (including independent members), volunteers and consultants. For our partners, joint ventures and suppliers, we encourage the adoption of standards consistent with the principles set out in this policy.

4. Our Commitment to Anti-Bribery

4.1 In support of our commitment to anti-bribery compliance, we will:

- adopt a clear anti-bribery policy which is supported at the highest levels of our organisation;
- maintain appropriate procedures to help prevent bribery;
- undertake bribery risk assessments and perform due diligence, where appropriate;
- make all employees and those acting on our behalf aware of their responsibilities to comply with this policy and the Act at all times through communication and training;
- maintain appropriate gifts and hospitality procedures;
- encourage employees to report any bone fide suspicions of bribery;
- investigate instances of alleged bribery and co-operate with the police and other authorities in their investigations;
- take a robust line against anyone found to have breached this policy or to have committed or facilitated bribery; and
- periodically review this policy and its associated procedures.

4.2 As part of our commitment to comply with the Act, the Council considers it unacceptable for any Council employee or representative to:

- give, promise to give, or offer to any third party anything of value to obtain an improper advantage, or to reward an advantage already given;
- give, promise to give, or offer to a government or public official, agent or representative anything of value to 'facilitate' or expedite a routine procedure;
- accept anything of value from a third party that you know, or suspect, is offered with the expectation that it will result in an improper advantage for them;
- retaliate against or threaten a person who has refused adhere to this policy (including making or accepting a bribe) or who has raised concerns under this policy; and
- engage in activity in breach of this policy or the Act.

5. **Contracts and failure to prevent bribery**

5.1 Under the Public Contracts Regulations, an organisation is automatically barred from competing for public contracts where it is convicted of a bribery offence. Commercial organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. The Council has the discretion to exclude organisations convicted of this offence and you should get advice from our Procurement team on this issue.

6. **Raising a concern**

6.1 We want everyone who has any concerns, bribery or corruption is being committed, to have the confidence to be able to report these confidentially and effectively. Our Whistleblowing policy (**Part 8.1**) sets out how to do this, including making an anonymous referral

7. **Monitoring**

7.1 The Council's Monitoring Officer, is responsible for the maintenance and operation of this policy. The Monitoring Officer will liaise with the Head of Human Resources when the policy is subject to review in order to ensure all relevant employment requirements are taken into account.

Sanctions Policy

1. Policy Statement

- 1.1 We will use the full range of sanctions available to us, including, simple caution, criminal prosecution, civil recovery, internal disciplinary procedures and referral to regulatory bodies in order to deter fraud, bribery and corruption.
- 1.2 Slough Borough Council Legal Services (or our designated legal service provider, in accordance with the scheme of delegation) and or the Crown Prosecution Service will be used to undertake prosecutions; and we will refer all relevant cases to the appropriate professional bodies and other law enforcement agencies. We will assist external organisations if they decide to bring their own prosecution cases.
- 1.3 Our fraud and corruption strategy states that we will seek the full range of sanctions against anyone found to have committed fraud against the Council: and they will apply to any fraud committed either, against the Council or, against money or services for which the Council has responsibility.

2. Deciding what sanction to apply

- 2.1 We have a range of sanctions that we can use, including internal disciplinary procedures, simple cautions and criminal and civil prosecutions; and we have this policy to make sure that we apply all available sanctions:
 - consistently;
 - efficiently;
 - robustly; and
 - in a transparent manner.
- 2.2 In some cases, we may apply more than one sanction e.g. if a member of staff has stolen money from us, we may take internal disciplinary proceedings, refer the matter to the police, and undertake civil recovery procedures.
- 2.3 We may decide to pursue a criminal prosecution in some cases; these will be reserved for the most serious. SBC has the power to undertake prosecutions using our Legal Services (or our designated legal services provider). Alternatively, where the Council has jointly investigated any offence with an external investigative body, such as the Police or The Department for Work and Pensions (DWP), the most appropriate prosecuting agency will be selected. This is likely to be Crown Prosecution Service (CPS); moreover, the CPS has the authority to assume any prosecution instituted in England and Wales.

2.4 All cases, which are considered for prosecution, will apply the CPS "Full code Test". The test has two elements, firstly the 'Evidential Test'; and secondly the 'Public Interest Test'. The Full Code Test is set out in the Code for Crown Prosecutors 2013 and further information is available at:

https://www.cps.gov.uk/publications/code_for_crown_prosecutors/codetest.html

- **Evidential Test** - The investigator will consider the following questions in assessing whether there is sufficient evidence to prosecute the case: Can the evidence be used in court? Is the evidence reliable? Is the evidence credible?
- **Public Interest Test** - If the Evidential Test has been met, the investigator will then consider whether or not a prosecution would be in the public interest. Each case will be assessed on its own merits and a review will include: How serious the offence is; the level of culpability of the suspect; the circumstances of and the harm caused to the victim; if the suspect was under the age of 18 at the time of the offence; the impact on the community; whether prosecution is a proportionate response; and whether sources of information require protecting.

2.5 Prosecution may not always be appropriate, alternative out-of-court disposals include:

- simple cautions; or
- penalties relating to benefits or council tax provided by enabling legislation.

Where an out-of-court disposal is considered, SBC undertake to apply:

- the appropriate evidential standard and admission of guilt, where required;
- that the public interest would be properly served by such a disposal; and
- apply the disposal no greater than 6 months after the completion of the investigation, unless exceptional circumstances apply.

2.6 The range of sanctions applied by the Corporate Fraud and Investigations Team will be determined by the following scheme of delegation:

- Slough Borough Council Legal Services (or our designated legal service provider in accordance with the scheme of delegation) commence all criminal prosecutions.
- The Chief Finance Officer/Section 151 authorises a prosecution file to be considered by Slough Borough Council Legal Services for prosecution.
- The Risk and Assurance Manager authorises a prosecution file to be considered by the Chief Finance Officer/Section 151 officer for prosecution.

- The Risk and Assurance Manager authorises alternative 'out of court' disposals.

3. Types of fraud and the possible sanctions

3.1 Employees, Councillors, Teachers, School Staff

If we find that any of our employees or councillors have attempted or committed fraud or have been involved in corruption, we will undertake disciplinary proceedings in accordance with our disciplinary policy and procedure. If we identify that the Council has suffered any financial loss, we will seek to recover losses through civil proceedings and/or criminal prosecutions and the associated application of asset recovery proceedings under any relevant legislation including The Proceeds of Crime Act 2002. Where employees are members of professional bodies, or have to comply with national codes of conduct (teachers, social care staff etc.) we will refer any cases of fraud and corruption to these bodies

3.2 Benefit Fraud

The DWP is responsible for investigating housing benefits fraud, but the Council is still responsible for registering, assessing and paying for some DWP benefits and social fund payments. SBC is wholly responsible for council tax registration, discounts and exemptions. Available sanctions include:

- criminal prosecution for any council tax related fraud or attempt; administrative penalties - S11 Council Tax Reductions Scheme Regulations 2013;
- civil penalties for council tax registration, discounts and exemptions - Regulation 14(2) and Schedules 2-3 of the Local Government Finance Act 1992;
- civil penalties for housing benefit overpayments, categorized as claimant error - The Social Security (Civil Penalties) Regs 2012 SI 2012/ 1990;
- A de minimis overpayment of £50 is required before any of the above sanctions are considered.

3.3 Housing and Right to Buy Fraud

In all cases where anyone has fraudulently applied for Right to Buy, housing support, or a tenancy from the Council, we will always seek recovery of the property and any financial losses. Where we identify a criminal attempt or offence has been committed, we will use any relevant legislation, including the Social Housing Fraud Act 2013, to prosecute and recover any criminal proceeds. As an alternative to prosecution, SBC may offer any suspected defendant a simple caution.

3.4 Other fraud

There are a number of other areas, including but not restricted to: insurance claims, direct care payments, grants to organisations, exemptions and reliefs from non-domestic rate payments, and applications for financial and other assistance where theft and fraud may occur. We will always seek to recover any money lost and consider a caution, criminal or civil prosecution. Where an external organisation is involved, we will make a referral to any relevant governing body such as the Law Society, Charities Commission, or the Registrar of Companies.

4. Proceeds of Crime Act 2002

4.1 The Proceeds of Crime Act 2002 (POCA) was put in place to demonstrate that crime does not pay. We will use POCA (and its predecessor legislation, such as the Criminal Justice Act 1988 (as amended)) wherever we can, to obtain confiscation orders, including compensation, as well as recovery of the full overpayment of benefits. We will use our own Accredited Financial Investigators (AFI) or those employed by an external partner, such as the police or DWP.

4.2 All monies recovered using POCA or predecessor legislation (excluding compensation), will be distributed by the Home Office to SBC under the "Asset Recovery Incentivisation Scheme" (ARIS). The ARIS scheme apportions funds in the following way:

- 50% to HM Treasury;
- 18.75% to the investigating body;
- 18.75% to the prosecuting authority; and
- 12.5% to Her Majesty's Court Service.

4.3 All monies recovered through ARIS will be used, in accordance with Home Office guidance, namely:

- funding the cost of asset recovery;
- crime reduction initiatives;
- community projects;
- miscellaneous activities supporting the above.

4.4 The Chief Finance/151 Officer will determine the allocation of funds.

5. Monitoring

5.1 The Council's Section 151 Officer is responsible for the maintenance and operation of the SBC Corporate Fraud Team and this policy. The S151 Officer will liaise with The Monitoring Officer and the Risk and Assurance Manager when the policy is subject to review in order to ensure all relevant employment requirements are taken into account.

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Anti-Fraud and Corruption Response Plan

INTRODUCTION

1.1 This Anti-Fraud and Corruption Response Plan compliments the Council's response to suspected or apparent irregularities affecting resources belonging to or administered by the Council or offences perpetrated by contractors and suppliers against the Council.

1.2 It is important that all staff know what to do in the event of encountering fraud so they can act appropriately and without delay. The Anti-Fraud and Corruption Response Plan provides guidance to ensure effective and timely action is taken. It also shows that the organisation acts in an effective and lawful manner and that it does not tolerate fraud.

Other documents that should be referred to when reading the Plan:

Anti- Fraud and Corruption Policy
Anti-Bribery Policy
Anti-Money Laundering Policy
Whistleblowing Policy
Prosecutions and Sanction Policy
Local Code of Conduct for Employees
Disciplinary Procedure
Financial Procedure Rules
Constitution

1.3 This document provides guidance to all employees of the Council in the event of them becoming aware of :-

- Offences being committed against the Council by a Council member or another Council employee;
- Offences being committed against the Council by a member of the public;
- Offences being committed against the Council by a contractor or supplier to the Council;
- A Council Member or an Officer carrying out a corrupt Act.

It is in 4 parts;

Part A - General: this explains the reasons for having the document and what the document should be used for;

Part B – Employee responsibilities; this explains how employees should react if they suspect fraud or corruption;

Part C – Contractor and third party responsibilities; this explains how contractors and third party suppliers should react if they suspect fraud or corruption;

Part D - Management responsibilities; this explains what managers need to do if they receive an allegation of fraud or corruption. It also outlines the position of managers in the overall control framework of the Council.

This document is available to all employees of the Council by being accessible through the Council's Intranet and Internet pages.

PART A – GENERAL

2 Objectives

2.1 The objectives of a fraud and corruption response plan are to ensure that timely and effective action can be taken to:

- Prevent loss of funds or other assets where fraud has occurred and to maximise recovery of any loss;
- Minimise the occurrence of fraud by taking rapid action at the first signs of a problem;
- Deter people from committing fraud against the Council;
- Identify offenders and maximise the success of any disciplinary and/or legal action taken;
- Be open with members and the public about fraud;
- Demonstrate that the Council acts to protect the public purse when fraud is identified, which in turn will help minimise any adverse publicity for the Council;
- identify any lessons which can be acted upon in managing fraud in the future;
- Reduce adverse impact on the business of the Council.

3.1 Fraud

Fraud is commonly defined as:

‘an intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss.’

Below are some potential indicators of fraudulent activity. Be aware that not all circumstances where these signs are exhibited will necessarily constitute fraud and nor is this an exhaustive list:

- Employees, consultants or agency workers who never take leave;

- Employees, consultants, agency workers or contractors who work outside normal working hours for no obvious reason;
- Employees, councillors, consultants, agency workers or contractors with serious personal financial problems;
- Employees, councillors, consultants, agency workers or contractors whose lifestyle is disproportionate to their income;
- Unusual concerns or nervousness about visits by senior managers and/or internal auditors;
- Employees, councillors, consultants, agency workers or contractors who often break rules or fail to comply with procedures;
- Complaints about members of staff, councillors, consultants, agency workers or contractors from customers or other employees;
- Lack of effective internal control;
- Undocumented activities;
- Unexplained falls in income levels or increases in expenses;
- Deliveries of goods to premises other than official Council buildings;
- General disregard by management and employees, consultants or agency workers towards security;

In addition, the Fraud Act 2006 introduced three offences of fraud, namely:

- Fraud by false representation (s.2);
- Fraud by failing to disclose information (s.3);
- Fraud by abuse of position (s.4);

These offences sit alongside other existing legislation that can be used to prosecute 'fraud' offences.

3.2 Corruption

Corruption is commonly defined as:

'Corruption is the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.'

In addition, the Bribery Act 2010 created four new bribery offences, namely:

- Bribery of another person (section 1);
- Accepting a bribe (section 2);
- Bribing a foreign official (section 6);
- Failing to prevent bribery (section 7);

3.3 Irregularity.

Irregularity is quite a vague term, and indeed, there are many other terms that may be used in its place or in addition to it, for example, malpractice, wrongdoing, misconduct, misdemeanour, etc. all of which are used to describe behaviour or actions that fall short of expectations.

Behaviour or actions that fall short of expectations is also quite a broad description but generally covers an act, which is unlawful; or is against the Council's Standing Orders or policies; or is not in accordance with established standards of practice; or amounts to improper conduct by an employee, councillor, consultant, agency worker or contractor. It may provide evidence of fraud or corruption, or be a breach of a statutory or corporate code in itself.

Potential examples would be:

- Breaches of statutory or professional codes of practice;
- Breaches of, or failure to implement or comply with any policy determined by the Council or any of its Committees;
- Actions which are likely to cause physical danger to persons, or give rise to a significant damage to property;
- Failure to take reasonable steps to report and rectify any situation which is likely to give rise to a significant avoidable cost, or loss of income to the Council, or would otherwise seriously prejudice the Council;
- Abuse of power, or the use of the Council's powers and authority for any unauthorised or ulterior purpose;
- Unlawful discrimination in the Council's employment or services.

4 Review

4.1 This plan will be reviewed at least annually and whenever experience dictates a need for a revision.

Part B – EMPLOYEES AND ELECTED MEMBERS.

5. Employee and Elected Member Responsibilities

5.1 It is the responsibility of all staff and members of the Council to report suspected fraud or corruption whenever they come across it within their work or in connection with their duties. This could be by an employee, their manager, a contractor or agency worker, councillor or an external organisation. It is not acceptable to turn a blind eye to suspected wrongdoing and disciplinary action may be instituted if a member of staff or member has been complicit in ignoring a fraud or instance of bribery. As a result, the Council wants to make reporting fraud and corruption as easy as possible and to reassure staff and members that their identity will be protected as far as possible.

5.2 In addition to reporting fraud, staff and members have a duty to report instances where they believe that the Council's assets are at risk, failure to do so exposes the Council to risk through the misuse of such assets. For example this may be because there is physical security risk and an asset could be stolen or it may be a breach in IT system and it is information that is vulnerable.

5.3 Staff and members must always report instances of breaches in IT security to their Manager (or the Chief Executive for Members). The IT security available on the Intranet sets out specific requirements on how staff and members should maintain a secure IT environment.

5.4 For information on reporting suspected fraud, corruption or irregularity please see Part D.

PART C – CONTRACTOR AND OTHER THIRD PARTY SUPPLIER RESPONSIBILITIES

6. Contractor and other Third Party Supplier Responsibilities.

6.1 It is a contractual obligation for all contractors and third party suppliers of the Council to report fraud or corruption whenever they come across it within their work, or in connection with their duties. It is not acceptable to turn a blind eye and action may be taken if a contractor or third party supplier has been complicit in ignoring a fraud or instance of bribery. As a result, the Council wants to make reporting fraud and corruption as easy as possible and to reassure contractors and third party suppliers that their identity will be protected as far as possible.

6.2 In addition to reporting fraud, contractors and third party suppliers have a duty to report instances where they believe that the Council's assets are at risk, failure to do so exposes the Council to risk through the misuse of such assets. For example this may be because there is physical security risk and an asset could be stolen or it may be a breach in IT system and it is information that is vulnerable.

6.3 Where a Contractor or third party supplier has access to Council systems they must ensure usernames and passwords provided are kept secure. Any breach in IT security must be reported The Council's IT Policies and User Guides set out specific requirements about how system users should maintain a secure IT environment. Where a Contractor or third party has no access to the Intranet the Policies should be provided.

6.4 For information on reporting suspected fraud, corruption or irregularity please see Part D.

PART D REPORTING SUSPECTED FRAUD, CORRUPTION OR IRREGULARITIES

7 To whom should you report suspected fraud, corruption or irregularities.

7.1 The route you should take will depend on whether you are reporting a suspected fraud or corrupt act by a member of the public, by another Council employee or by an elected Member. When you report a fraud or a corrupt act ,you should not discuss it with any other work colleagues, either before or after reporting it to the appropriate person.

7.2 Fraud or corrupt act by a member of the public

If you suspect the fraud or corrupt act is being committed in your service area then under normal circumstances you should report the matter to your line manager. If it is not in your service area or you feel you cannot report the matter to your line manager then report the matter to the Corporate Fraud Manager emailing it to:

[_investigations@slough.gov.uk](mailto:investigations@slough.gov.uk)

7.3 Fraud or corrupt act by a Benefit Claimant

If a member of the public claiming Housing Benefit , Council Tax Benefit and/or Universal Credit is committing benefit fraud you should report the suspected fraud or corrupt act directly to the *Department for Work and Pensions(DWP) on 0800 854 440.*

7.4 Fraud or corrupt act by a person in receipt of Council Tax Support.

If a person is claiming Council Tax Support fraudulently you should report the suspected fraud to The Corporate Fraud Team emailing it to: [_investigations@slough.gov.uk](mailto:investigations@slough.gov.uk)

7.5 Fraud or corrupt act by a Social Housing Tenant

If you suspect the fraud or corrupt act is being committed by a social housing tenant such as the unlawful sub-letting of a Council or Housing Association property you should report the fraud or corrupt act to the Corporate Fraud Team of the Council or by emailing: [_investigations@slough.gov.uk](mailto:investigations@slough.gov.uk)

7.6 Fraud or corrupt act by another Council Employee

If you suspect a work colleague is committing fraud or a corrupt act, then you should report it to your line manager. You may not wish to report directly to your line manager. You may report your concerns to the Corporate Fraud Manager or refer to the Whistleblowing policy.

7.7 Fraud or corrupt act by an Elected Member

Suspected fraud or a corrupt act by an elected member should be reported to the Council's Monitoring Officer (8.6 Whistleblowing Policy). If you are unable to do this then you may report a fraud or corrupt act by an elected member to any of the following officers in the Council:

The Chief Executive

Finance and Audit 151 Officer

8.0 What happens when you report a fraud or corrupt act?

8.1 When a fraud or corrupt act is reported to an appropriate officer they will decide if the allegation requires a full investigation this is usually based on the information provided at the time of referral. If it is decided that a further investigation is required the allegation will be passed to the Corporate Fraud Team Internal Auditor or another law enforcement agency outside of the Council if the nature of the allegation warrants this. Any allegation of fraud or corruption by an elected member must be reported to The Monitoring Officer and will be dealt with under the Council's Code of Conduct for elected members or serious cases will be reported directly to the Police. In the course of an investigation your identity will remain confidential.

8.2 Investigations often have to be carried out without alerting the person being investigated. Depending on the type of the allegation the case may have to be investigated for disciplinary proceedings, civil court proceedings or criminal court proceedings. Strict rules apply to investigations carried out for any type of court/tribunal proceedings and compliance with these is essential. Sometimes the process can appear slow.

9.0 Whistle-blowing policy

9.1 The Council has developed a Whistle-blowing policy in accordance with the provisions of the Public Interest Disclosure Act 1998. All Council employees and members can access the Whistle-blowing policy on the Councils Intranet. Staff and members may find it difficult to raise their concerns and would sometimes welcome the opportunity to discuss them with someone in confidence in the first instance. The independent charity –Public Concern at Work (2.1 Whistleblowing Policy) are available to give independent advice at any stage (www.pcaw.co.uk).

9.2 Subject to the constraints of the Council's duty of confidentiality to employees and elected Members, staff will be given as much information as possible about the outcome of any investigation.

9.3 The Responsible Officer for the maintenance and operation of the Whistle-blowing policy is The Monitoring Officer Slough Borough Council St Martins Place 51 Bath Road Slough SL1 3UF. (linda.walker@slough.gov.uk).

PART E- MANAGEMENT RESPONSIBILITIES

10 Defined by the Council's Financial Regulations.

10.1 The Council's Financial Procedures Rules form part of the Council's Constitution and set out a range of responsibilities that apply to management. Some of these relate to the prevention of fraud and corruption, while others relate to internal control and safeguarding of assets, which include the loss or misuse of assets as a result of fraudulent or corrupt activity.

10.2 All Council Members and employees are personally responsible for ensuring integrity in the conduct of the Council's business and in particular by ensuring that they are aware and abide by:

- The Councils Anti-Fraud and Corruption policies.
- The Whistleblowing Policy
- The Anti-Money Laundering Policy
- The Council's Codes of Conduct for Employees and Members.
- The Anti-Bribery Policy

10.3 Directors are responsible for ensuring that managers have adequate systems of internal control to prevent or detect fraudulent activity.

11 Evaluation and Investigation of allegations.

11.1 As soon as an allegation is received Managers should assess the information and make initial enquiries to ascertain the facts. Managers should determine the factors that give rise to the suspicion and examine factors to assess if a genuine mistake has been made or whether any irregularity has occurred. These enquiries should be carried out as quickly as possible.

Consideration should also be given to a review with HR in line with the Council's Disciplinary Policy (3.1).

11.2 Following a preliminary enquiry a more detailed investigation may be needed, if results indicate this, Managers should contact the Corporate Fraud Manager immediately for advice and guidance.

Managers must inform the Corporate Fraud Team of the following:

- All the evidence that they have gathered including notes of conversations conducted with employees.
- Actions they have taken with regard to the employee (suspension or re-deployment) or any other measures to prevent further loss.
- Managers should be aware that they have a primary role in securing evidence and minimising any further losses.

11.3 Specialist services may be commissioned to assist with an investigation for example IT specialists to preserve and secure information held on computer systems; Legal Services; surveyors to assess building works etc. In all cases the Corporate Fraud Team will liaise with the Manager.

11.4 The Corporate Fraud Team will carry out any further investigation with the Line Manager or other appointed person.

Remember: Make a note of anything which made you think a fraud was happening; keep things confidential initially; do not confront the suspect(s); only take away any evidence if there is any risk that it will be destroyed or thrown away. Leave the investigation to the Corporate Fraud Team.

11.5 All cases referred to the Corporate Fraud Team are evaluated and risk assessed prior to investigation.

11.6 It is not uncommon for allegations of irregularities, fraud or corruption to be received from an anonymous source. These allegations may be malicious but initial enquiries should be carried out on the assumption that there is a substance to the allegation.

11.7 When anonymous allegations are received managers are advised to seek the advice and guidance of the Corporate Fraud Manager at an early stage.

12 Regulation of Investigatory Powers Act 2000

12.1 The investigation of suspected fraud and corruption can involve surveillance of the suspect or suspects. This will often be a breach of a suspects rights under the Human Rights Act (HRA) 1998.

12.2 To protect the Council from such breaches, certain types of surveillance can be authorised under the Regulation of Investigatory Powers Act 2000(RIPA).

12.3 There are also powers to obtain communications data.

12.4 There is clear and detailed authorisation process under RIPA that must be followed to undertake any form of surveillance. If you need advice please speak to The Corporate Fraud Team.

13.Proceeds of Crime Act 2002

13.1 The Proceeds of Crime Act 2002 (POCA) was put in place to demonstrate that crime does not pay. We will use POCA (and its predecessor legislation, such as the Criminal Justice Act 1988 (as amended)) wherever we can, to obtain confiscation orders, including compensation, as well as recovery of the full overpayment of benefits. We will use our own Accredited Financial Investigator (AFI) or those employed by an external partner, such as the Police or DWP.

13.2 All monies recovered using POCA or predecessor legislation (excluding compensation), will be distributed by the Home Office to SBC under the "Asset Recovery Incentivisation Scheme" (ARIS).

The ARIS scheme apportions funds in the following way:

- 50% to HM Treasury;
- 18.75% to the investigating body;
- 18.75% to the prosecuting authority; and
- 12.5% to Her Majesty's Court Service.

13.3. All monies recovered through ARIS will be used, in accordance with Home Office guidance, namely:

- funding the cost of asset recovery;
- crime reduction initiatives;
- community projects;
- miscellaneous activities supporting the above.

13.4 Chief Finance/151 Officer will determine the allocation of funds.

14.0 Determining the type of investigation

14.1 Allegation against an Employee

If an allegation is substantiated after the preliminary enquiry and further investigation is needed, consideration should be given to two objectives that will determine the progress of the case. The investigation should be conducted in line with the Council's Disciplinary Policy and the Code of Conduct for Employees, or if there is evidence that an employee has committed fraud against the Council or has committed a corrupt act, the employee should be the subject of a criminal investigation, undertaken by the Corporate Fraud Team.

Where it is clear that the issues being investigated fall into both categories the management investigation and the Corporate Fraud Team investigation should be carried out at the same time. However, it is unlikely that they will be concluded at the same time as fraud investigations can take some time, particularly if the outcome results in a prosecution through the courts. As it is possible that an employee may have been suspended on full pay, it is important for the investigation teams to work in harmony to ensure that the management investigation is undertaken promptly, arrives at a timely outcome, and reduces the cost of the suspension to the Council.

Where the police are involved, and this decision must be taken in accordance with the Anti-Fraud Prosecution and Sanctions Guidelines it will be the responsibility of the Corporate Anti-Fraud Team Manager to provide the liaison and ensure that they are appraised of the investigation at the earliest opportunity so that the above objectives are not jeopardised.

14.2 Allegation against a member of the public

If an allegation is substantiated after the preliminary enquiry and further investigation is needed, the type of investigation will very much depend on the nature of the allegation, and whether the allegation relates to criminal or civil offence(s).

The decision to prosecute will be taken by Chief Finance /151 Officer and will be subject to the provisions of the Council's Guidance for Prosecution and other Sanctions as well as the Crown Prosecution Services' 'The Code for Crown Prosecutors'.

In most cases the Council may bring the prosecution for a criminal offence, if the relevant legislation provides for this, without reference to the police. The Council's Guidance for Prosecution and other Sanctions is available on the Council's Intranet and Internet pages.

14.3 Allegation against an Elected Member

In these cases, the Chief Executive and the Monitoring Officer must be informed in order for them to determine the nature and type of investigation, and who will carry it out.

An allegation against a member may also need to be considered as an allegation that they have breached the Members' Code of Conduct or constitute one of the offences relating to the Code of Conduct and the declaration of pecuniary interests in the Localism Act 2011.

It should be noted that electoral offences (including corruption) must be reported to the Police and are not investigated by the Council or the Chief Executive in their role as Returning Officer.

In addition to the criminal route, wherever applicable, investigations will also follow a civil route. This will be with a view to recovering and/or withdrawing any service and/or monies from the person who has committed an offence.

It is the responsibility of the Manager, with the advice of the Corporate Fraud Team Manager, to ensure that this recovery takes place.

15.0 Preservation of Evidence

15.1 When the initial enquiry has revealed that further investigation needs to take place, it may be necessary to preserve the available evidence. Evidence may take various forms. The most common forms of evidence and a brief note of how they should be preserved is given below:

- **Original documents.**

This is the best form of evidence and original documents should be obtained and retained if possible. The documents should be handled as little as possible and should be put in a protective folder. Under no circumstances should they be marked in any way. One person should be responsible for keeping these documents and should keep a record of how and where they were obtained.

- **Computer held data.**

When evidence is held on a computer, the computer should be secured and the Corporate Fraud Team Manager should be consulted about the most appropriate way of retrieving the data in accordance with the rules of Court evidence. Under no circumstances should the computer be switched on or files viewed by anyone.

- **Cash.**

It may be necessary to count cash. If possible this should be counted by the person responsible for it in the presence of his/her manager. The person should then sign a statement confirming the amount of cash held and the manager should sign it as a correct record. If the person responsible for the cash is not available, two people should count the cash and sign a statement confirming amount held. The cash should be kept secure at all times, preferably in a locked safe.

- **Stock or shares.**

As far as possible, these should be recorded in the presence of the person responsible for them who should sign a statement confirming the amount held. If the person responsible for assets is not available, two people should record the amount held and sign a statement confirming it. For large stock holdings, however, this will be impractical.

- **Video evidence.**

There may be video evidence available, which may indicate a problem, for instance CCTV footage or static security cameras. If you suspect that a video may have information of value, secure the recording so that it can be treated in accordance with the rules of evidence. Under no circumstances should it be viewed by anyone. Advice can be sought from the Corporate Fraud Team about how to proceed.

16.0 Suspension of an Employee

Suspension or temporary removal of an employee from the workplace may be necessary in serious cases pending completion of an investigation and any disciplinary hearing. This will be undertaken in line with The Councils Disciplinary Policy and Procedures (4.1- 4.5)

The Council has an Employee Assistance Programme which can be called at any time for legal advice and counselling as well as the option to approach Human Resources.

17 Management responsibilities regarding the investigating officers

17.1 The need to investigate thoroughly and as quickly as possible may put undue stress on the investigating officer. Managers should be supportive throughout an investigation; make sure that the investigating officer is given the necessary co-operation, allowed sufficient time to undertake the investigation.

18 Press and Publicity

18.1 The Communications Team will deal with the press and publicity in all matters regarding fraud and corruption. If any officer speaks to the press without the express authority of the Communications Manager it may be regarded as a breach of the Employee Code of Conduct. The Council will actively encourage the publicising of all successful investigations and prosecutions so as to deter those considering committing an offence against the Council. The Corporate Fraud Team Manager will work with the Communications Section to produce press releases and anti-fraud material using as many opportunities and resources as possible.

19.0 The control framework to minimise and prevent fraud and corruption

19.1 It is the responsibility of management at all levels to ensure that effective internal control systems are in place and operating to minimise the potential for fraud and corruption.

The Council has approved Financial Procedure Rules and Contract Procedure Rules, which between them set out the control frameworks that must exist to minimise and prevent fraud and corruption. These regulations apply to all employees and must be complied with in relation to all financial, procurement and contractual transactions.

When fraud or corruption has been identified, management, in consultation with the Corporate Fraud Team Manager and the Head of Internal Audit

should review the control procedures to ensure that the opportunity to repeat the fraud or corrupt act is minimised.

20.0 Asset Recovery

20.1 Whenever fraud has been proven, the Council will make every effort to recover any loss. The method used will vary depending on the type of loss and the regulations and powers available. All means of recovery, including attachments to earnings, civil court proceedings, proceeds of crime legislation and criminal court compensation will be used as appropriate to the offence.

21.0 Training

20.1 Being aware of fraud issues that can affect the Council and how to identify and prevent them are key elements to building an anti-fraud culture within the Council.

20.2 The level and extent of any additional fraud awareness training required by service units will depend on the work those individual employees, consultants, agency workers and contractors carry out. Ensuring that the Council's Investigators are appropriately trained is the responsibility of the Corporate Fraud Team Manager. All investigating officers will be trained to a recognised professional standard.

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SLOUGH BOROUGH COUNCIL**REPORT TO:** Audit and Corporate Governance Committee**DATE:** 16th March 2017**CONTACT OFFICER:** Linda Walker, Interim Monitoring Officer
01753 875017**WARD(S):** All**PART I**
FOR DECISION**REVIEW OF WHISTLEBLOWING POLICY****1. Purpose of Report**

This report updates Members of the Audit and Governance Committee about the review of the Council's Whistleblowing Policy (now called the Confidential Reporting Code).

2. Recommendation

The Committee is requested to recommend to full Council that the Confidential Reporting Code, as attached at Appendix 1, be approved.

3. Slough Joint Wellbeing Strategy Priorities

The delivery of the Joint Wellbeing Strategy priorities is dependent on good governance arrangements being in place in order that the Council has a transparent and accountable process to enable employees and others to raise concerns within the Council without fear of threat, harassment or victimisation.

4. Other Implications**(a) Financial**

There are no financial implications of this report.

(b) Human Rights Act and Other Legal Implications

The legal basis for whistleblowing allegation are set out in the Employment Rights Act 1996 as amended by the Public Interest Disclosure Act 1998.

(c) Equalities Impact Assessment

It is important to ensure that the procedures used for confidential reporting do not impact disproportionately on any groups. The new procedures were written with this in mind.

5. Supporting Information

The Council is committed to the highest possible standards of openness, honesty and accountability. With this in mind, the Council has put in place a framework for employees and others who have serious concerns about any aspect of the Council's work, to come forward and voice these concerns.

There has been concern that employees and others do not have faith in the current Whistleblowing Policy as there has been an increasing number of anonymous complaints. The Council wishes to restore confidence in the process and has therefore made arrangements for the Policy to be reviewed and relaunched. The main features of the new Whistleblowing Policy include:-

- (a) Statement of Commitment from Leader of the Council;
- (b) Re-named as the Confidential Reporting Code;
- (c) Clarity on the process to be followed;
- (d) Greater detail on protections afforded in order to encourage open disclosure;
- (e) Reference to support for those who are affected by the raising of concerns.

The suggested new Confidential Reporting Code is attached at Appendix 1.

6. Conclusion

The Committee is asked to recommend the new Policy to full Council.

7. Appendices

Appendix 1 - Confidential Reporting Code.

8. Background Papers

None.

**PART 5.5 CONFIDENTIAL REPORTING CODE
MARCH 2017**

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1. INTRODUCTION

The council is committed to the highest possible standards of openness, honesty and accountability. It is not prepared to tolerate malpractice and/or wrongdoing. In line with that commitment we expect employees, and others that we deal with, who have any serious concerns about any aspect of the council's work to come forward and voice those concerns. Wherever possible, employees are encouraged to use relevant council procedures to report issues in an open and transparent way, because that is the type of organisational culture we are trying to foster. It is recognised, however, that some cases will have to proceed on a confidential basis, but this should be the exception.

This document makes it clear that employees and others can voice concerns without fear of victimisation, subsequent discrimination or disadvantage. The Confidential Reporting Code is intended to encourage and enable employees to raise serious concerns within the council rather than overlooking a problem or 'blowing the whistle' outside.

I hope that the improvements made to this process inspire confidence and enable employees and others to feel able to raise concerns so that the Authority can address them appropriately and improve standards within the organisation.

**Sohail Munawar
Leader, Slough Borough Council**

1.1 What is the Code about?

1.1.1 Employees can sometimes be the first to realise that there may be something seriously wrong with procedures and/or processes within Slough Borough Council (the council). However, they may not always express their concerns because they feel that speaking up would be disloyal to their colleagues or to the council. They may also fear the threat of harassment or victimisation and in these circumstances, they may feel it easier to just ignore their concern rather than report what may just be a suspicion of malpractice.

1.1.2 'Whistleblowing' is the term used when an employee passes on information concerning wrongdoing. This is generally referred to as 'making a disclosure' or 'blowing the whistle'. Whistleblowing law is located in the Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998).

1.2 Who does the policy apply to?

1.2.1 This code applies to all employees except for school-based employees. Schools need to give consideration to their own code adopted by the governing body, but are strongly recommended to adopt this policy.

1.2.2 The code also applies to former employees, agency staff working for the council, home workers, contractors and their staff, suppliers, volunteers, elected members and members of the public.

- 1.2.3 The code is recommended as good practice to all other groups associated with the council who have the discretion to adopt our policies. Apart from schools, this will include such groups as voluntary sector organisations.
- 1.2.4 The term “employee” within this document is used to describe any of the above.
- 1.2.5 These procedures are in addition to the council’s complaints procedures and other statutory reporting procedures applying to some services. If asked, employees should make service users aware of the existence of these procedures.

2. AIMS AND SCOPE OF THE CODE

2.1 Aim of the code

This code aims to:

- 2.1.1 encourage you to feel confident in raising serious concerns and to question and act upon concerns about practice;
- 2.1.2 provide avenues for you to raise those concerns and receive feedback on any action taken;
- 2.1.3 ensure that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied;
- 2.1.4 reassure you that you will be protected from possible reprisals or victimisation if you have a reasonable belief that you have made any disclosure in the public interest;
- 2.1.5 ensure consistency and fairness in dealing with whistleblowing across the Council.

2.2 Scope of the code

- 2.2.1 An employee who makes a disclosure under this code must reasonably believe:
 - (a) That they are acting in the public interest;
 - (b) That the disclosure tends to show past, present or likely future wrongdoing falling into one or more of the following categories:
 - (i) criminal offences;
 - (ii) failure to comply with an obligation set out in law;
 - (iii) miscarriages of justice;
 - (iv) endangering of someone’s health and safety;
 - (v) damage to the environment;
 - (vi) deliberate concealment of any of the above.
 - (c) Examples of the above could include:
 - (i) conduct which is an offence or a breach of law;
 - (ii) health and safety risks, including risks to the public as well as other employees;

- (iii) the unauthorised use of public funds;
- (iv) negligence;
- (v) unauthorised disclosure of confidential information;
- (vi) possible fraud and corruption;
- (vii) sexual or physical abuse of children and/or vulnerable young people/adults;
- (viii) deliberate concealment of the above matters.

2.2.2 The above list is neither exclusive nor exhaustive.

2.2.3 Thus, any serious concerns that you have, which are in the public interest, about any aspects of service provision or the conduct of officers or members of the council or others acting on behalf of the council can be reported under the Confidential Reporting Code.

2.3 **Which procedure should I use?**

2.3.1 There are existing employee policies and procedures designed to resolve many concerns you may have. The procedures to be followed in raising issues under these policies can be found on SBNet by clicking on Human Resources. They include

- (a) Incident Reporting and Investigation Guidelines
- (b) Grievance Policy & Procedure
- (c) Equal Opportunities Policy
- (d) Disciplinary Policy & Procedure
- (e) Capability Procedure
- (f) Drug & Alcohol Policy
- (g) Probationary Policy & Procedure

2.3.2 If one of these procedures is relevant that process should be used unless you have genuine concerns, at either the outset or the end of the procedure, about following the relevant process in which case this Policy & Procedure should be used. The procedure is not an appeal mechanism for other procedures, unless, exceptionally, you think when you have been through another procedure, that process was compromised. If you are unsure which procedure you should use, then please seek advice from your trade union representative or an HR Adviser or your line manager.

2.3.3 The Confidential Reporting Code is for all other cases involving conduct which appears likely to harm the reputation of the Council.

2.3.4 Schedule 1 shows some examples of situations in which employees might blow the whistle and the procedure to use.

3. SAFEGUARDS

3.1 The Council's Assurances to you

- 3.2 The council is committed to good practice and high standards and wants to be supportive of employees.
- 3.3 The council recognises that the decision to report a concern can be a difficult one to make. If you believe what you are saying is true and the statement being made is in the public interest, you should have nothing to fear because you will be doing your duty to your employer and those for whom you are providing a service.
- 3.4 It is understandable that whistleblowers are sometimes worried about possible repercussions. The council aims to encourage openness and will support employees who raise genuine concerns under this code, even if they turn out to be mistaken. However, please see Paragraph 6 regarding untrue allegations.
- 3.5 The council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern in the public interest. This action will depend on the type of concern and specific service arrangements.
- 3.6 Employees must therefore not suffer any detrimental treatment as a result of raising a disclosure. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a disclosure.
- 3.7 Employees must not threaten or retaliate against whistleblowers in any way. If you are involved in such conduct you may be subject to disciplinary action.
- 3.8 On occasions, you may be asked whether you would be prepared to obtain further information. This would be entirely at your discretion and a full risk assessment would be completed, prior to such a course of action being agreed.
- 3.9 Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary or redundancy procedures that already affect you.

4. CONFIDENTIALITY

- 4.1 All concerns will be treated in confidence and every effort will be made not to reveal your identity if you so wish. However, it is possible that we will be unable to resolve the concern raised without revealing identity (eg because your evidence is needed in Court) but if this occurs we will discuss this with you as to how we can proceed). Any breach of confidentiality will be regarded as a serious matter and will be dealt with accordingly.
- 4.2 All information will be handled sensitively and used only for its proper purpose.
- 4.3 Under the Data Protection Act 1998 individuals have the right to see their own personal data held subject to the rights of confidentiality of any third parties involved in that information.

5. ANONYMOUS ALLEGATIONS

- 5.1 This policy encourages you to put your name to your allegation whenever possible.
- 5.2 If you don't tell us who you are, it will be much more difficult for us to look into the matter, protect your position and give you feedback.
- 5.3 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council. In exercising this discretion the factors to be taken into account will include:-

- 5.3.1 The seriousness of the issues raised
- 5.3.2 The credibility of the concern
- 5.3.3 The likelihood of confirming the allegation from attributable sources.

6. UNTRUE ALLEGATIONS

If you make an allegation in the public interest but it is not confirmed by the investigation, no action will be taken against you. However, the Council will view very seriously any false or malicious allegations or allegations made for personal gain and disciplinary action may be taken against you under the Council's Disciplinary Policy.

Similarly if an agency worker, external secondee, volunteer etc makes malicious or vexatious allegations or allegations made for personal gain, then the Council will consider dispensing with their services.

7. HOW TO RAISE A CONCERN - INTERNALLY

- 7.1 Any concerns that you have may be raised orally or in writing and those who wish to make a written statement should set out the background and history of the concern (giving relevant dates) and the reasons why you are particularly concerned about the situation. (See Form attached at Appendix 2). The earlier you express your concern the easier it will be to take action. **REMEMBER – IF IN DOUBT RAISE IT.** You must make it clear that you are using this procedure.
- 7.2 The Council will not expect you to prove that your concern is true but you will need to demonstrate to the person contacted that there are reasonable grounds for you to raise the issue.
- 7.3 It is perfectly acceptable for you to discuss your concern with a colleague and you may find it more comforting to raise the matter if there are two (or more) of you who have had the same experience or concerns.
- 7.4 If you have a concern about any malpractice/wrongdoing, we hope you will feel able to raise it first with your Line Manager or their superior. If you feel unable to raise the matter with your Line Manager or their superior, then please raise the matter with your Chief Officer.
- 7.5 If the above channels have been followed and you still have concerns or if you feel that the matter is so serious that you cannot discuss it with your Line Manager, their superior or your Director or you consider that it is not appropriate (e.g. you are a contractor, supplier, Councillor or member of the public), then you can contact the Council's Monitoring Officer (01753) 875017.
- 7.6 Where your complaint relates to the Monitoring Officer and/or the Section 151 Officer you should contact the Chief Executive on (01753) 875000. If you are unhappy about raising your concern internally then you are at liberty to whistleblow externally under Paragraph 10 below.
- 7.7 Where your complaint relates to the Chief Executive you should contact the Monitoring Officer on 01753 875 017.
- 7.8 Where Council members have concerns, they may wish to first discuss matter with their Group Leaders.

8. HOW THE COUNCIL WILL HANDLE THE MATTER (See flowchart at Schedule 3)

- 8.1 Within 5 working days, the person with whom the concern was raised will acknowledge its receipt in writing, irrespective of how the concern was raised.
- 8.2 Where the concern has been raised with a manager, (s)he together with an HR Adviser (or other relevant representative eg from Audit or Child Protection Unit) will decide whether the matter needs to be referred to a more senior officer e.g. Director, Section 151 Officer, Monitoring Officer or Chief Executive.
- 8.3 Investigation does not imply either acceptance or rejection of an individual's concerns
- 8.4 The initial enquiry will be undertaken, wherever possible within 10 working days, by the most appropriate Officer(s). This will not involve a detailed investigation, however, sufficient information will need to be gathered in order that a decision can be made as to whether further investigation will take place.
- 8.5 Where appropriate, the matters raised may:
- 8.5.1 be investigated by management, internal audit, or through the disciplinary process
 - 8.5.2 be referred to the police
 - 8.5.3 be referred to the external auditor or other external investigation
 - 8.5.4 form the subject of an independent inquiry
 - 8.5.5 be investigated under another procedure e.g. child/adult protection
 - 8.5.6 be investigated under other forms of prosecution and inspection e.g. to protect public health and safety
- 8.6 In order to protect individuals and those accused of misdeeds or possible malpractice or wrongdoing, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principle which the Council will have in mind is the public interest. Concerns or allegations which fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.
- 8.7 Within fifteen working days of a concern being raised, the person with whom the concern has been raised will write to the individual who raised the matter:
- 8.7.1 indicating how they propose to deal with the matter
 - 8.7.2 giving an estimate of how long it will take to provide a final response
 - 8.7.3 informing them whether any initial enquiries have been made
 - 8.7.4 supplying them with information on staff support mechanisms, and
 - 8.7.5 informing them whether further investigations will take place and who will conduct that investigation, or
 - 8.7.6 explaining the reasons why no investigation is to be carried out.
- 8.8 It may be necessary, as part of the investigation, to obtain additional information from the individual who raised the concern.

- 8.9 The investigation may need to be carried out under the terms of strict confidentiality i.e. by not informing the subject of the concern until (or if) it becomes necessary to do so. This may be appropriate in cases of suspected fraud.
- 8.10 The Council accepts that individuals who raise a concern need to know that the matter has been properly addressed. Thus, subject to legal constraints, the employee will be given feedback on any action taken. However, it will not include information relating to specific individuals, which will remain confidential.

9. HOW THE MATTER CAN BE TAKEN FURTHER

- 9.1 This policy and procedure is intended to provide employees with an avenue within the Council to raise concerns. The Council hopes employees will be satisfied with any action taken. If not, and they feel it is right to take the matter outside the Council, the matter can be raised with the relevant organisation(s) as listed in Schedule 4.
- 9.2 There may be circumstances where an employee considers that (s)he needs to raise the matter externally. This may be because, for example, there is a need to involve the appropriate external regulatory body, or the employee considers that the matter has not been properly addressed, or that an employee reasonably believes that the matter will be covered up.
- 9.3 If an employee is unsure whether or how to raise a concern or wants confidential advice, contact can be made with the independent charity Public Concern at Work on 020 7404 6609 or at helpline@pcaw.co.uk. Their lawyers can provide free confidential advice on how to raise a concern about serious malpractice or wrongdoing at work.
- 9.4 Further information can also be obtained from the website of the employment service, ACAS (the Advisory, Conciliation and Arbitration Service) at www.acas.org.uk.
- 9.5 In circumstances where an employee decides to raise the matter externally, (s)he will only be protected under this procedure, and under employment law, where the disclosure is made in accordance with the PIDA. This means that the disclosure must fall under one of the categories listed in paragraph 4 above and must be made in one of the following ways:
- 9.5.1 in the course of obtaining legal advice
 - 9.5.2 to a prescribed regulatory body (listed in Schedule 4) provided the employee reasonably believes the prescribed body is responsible for the matter of concern and that the allegations are substantially true;
 - 9.5.3 to other third parties where the employee makes the disclosure:
 - (a) with reasonable belief that the information and allegations are substantially true, and
 - (b) does not make the disclosure for personal gain, and
 - (c) has already raised the matter with the Council or prescribed regulator, unless the employee reasonably believes that (s)he will suffer a detriment, or there is not prescribed regulator and (s)he reasonable believes that evidence will be concealed or destroyed if (s)he makes the initial disclosure to the Council, and
 - (d) in all of the circumstances it is reasonable to make the disclosure.
 - 9.5.4 The disclosure is of an exceptionally serious nature and the whistleblower makes the disclosure:

- (a) with reasonable belief that the information and allegations are substantially true, and
- (b) does not make the disclosure for personal gain, and
- (c) in all of the circumstances it is reasonable to make the disclosure.

9.5.5 Council employees who wish to take the matter outside the Council should check with their Trade Union/Professional Association Representative, Human Resources or statutory body that they are not in breach of the Council's Code of Conduct.

9.5.6 Council employees should not, in any circumstances, approach the media/press.

Important:

All employees must not, under any circumstances attempt to obtain any further information covertly either directly or indirectly without first having complied with the Council's procedures in relation to staff surveillance which can be found in the Regulation of Investigatory Powers (RIPA) Policy – a copy of this is available on the intranet. Failure to do so may infringe Human Rights and render the Council liable to legal action.

10. SUPPORT FOR EMPLOYEES RAISING A CONCERN AND OTHERS AFFECTED BY THE RAISING OF A CONCERN

- 10.1 The Council is committed to good practice and high standards and wants to be supportive of individuals who raise concerns.
- 10.2 The Council will also support individuals affected by the raising of a concern as appropriate.
- 10.3 Council employees experiencing stress as a result of their involvement in this process can seek counselling and support through the Council's Employee Assistance Programme.
- 10.4 Council employees can also approach their Trade Union or a statutory body such as the General Medical Council (GMC) or Nursing and Midwifery Council (NMC) for advice/support throughout the procedure.
- 10.5 Council employees may also approach their Employee Support Group for support throughout the procedure.
- 10.6 The employee may find it helpful to involve his or her manager, particularly if they can identify specific support that would be helpful and which the manager feels are reasonable.
- 10.7 The Council will take steps to minimise any difficulties which individuals may experience as a result of raising a concern, eg if they are required to give evidence in criminal or disciplinary proceedings the Council will arrange for them to receive advice about the procedure and, if necessary, be fully prepared for a Court appearance.
- 10.8 Where the raising of a concern affects a group of staff, the relevant manager will, having made an assessment, take appropriate action to support the workgroup.

11. RESPONSIBILITIES

11.1 Staff and others working at the Council

- 11.1.1 To be aware of this policy and procedure.

11.1.2 In making any disclosure to tell us if you have a direct personal interest in the matter.

11.2 Managers

11.2.1 To make their staff aware of this policy and procedures.

11.2.2 To encourage a positive open working culture for staff and others working at the Council to express easily their concerns.

11.2.3 To take concerns seriously

11.2.4 To guide staff to the most appropriate route.

12. REVIEW OF THIS POLICY

This policy will be reviewed annually by the Council. The Responsible Officer for the maintenance and operation of the policy is:

The Monitoring Officer
Slough Borough Council
St Martin's Place
51 Bath Road
SLOUGH
SL1 3UF

Tel. (01753) 875017

SCHEDULE 1– SITUATIONS IN WHICH EMPLOYEES MIGHT BLOW THE WHISTLE

1. EXAMPLE ONE

You are working in an area which regularly engages outside contractors. You have noticed how the one which has been named Council's preferred supplier doesn't deliver on time or to budget. Your Chief Officer who is very friendly with one of the staff in the contracting firm, doesn't appear to share your concerns, but is quick to make excuses for them. Senior management seem to have accepted these explanations and don't seem to be concerned. You suspect your Director may be receiving inducements. What should you do?

Report the suspicion to the Monitoring Officer.

2. EXAMPLE TWO

You are in the gym within a Council leisure facility and you notice that everyone using a piece of equipment is now complaining of back trouble. You see that one part of it is loose, but, despite reporting it to the manager of the leisure facility, nothing had happened. What should you do?

Report the matter immediately to the Head of Health & Safety under the Health & Safety policy. Allow a reasonable time for the problem to be resolved and ask about progress. If you have genuine concerns that nothing is being done, contact the Monitoring Officer.

3. EXAMPLE THREE

You work for a contractor in the staff restaurant, and over the past few weeks you notice a member of staff who doesn't seem to be paying for their food. You put this down to your error or their genuine mistake. However recently you notice the same person doing this on a daily basis. You are not sure what to do and you are worried because you did not report it the first time. What should you do?

Report the incident immediately to your Line Manager or their superior. If the concern involves your Line Manager or their Superior or your Director, or for any reason you would prefer them not to be told, you may raise the matter directly with the Monitoring Officer.

4. EXAMPLE FOUR

You start work at the Council in an administrative role. It isn't long before you become aware that false claims for expenses are being made by certain people in your department. What should you do?

Report the incident immediately to your Line Manager. If the concern involves your immediate Line Manager or their Superior or Director, or for any reason you would prefer them not to be told, you may raise the matter directly with the Monitoring Officer.

Whistleblowing reporting form

Please fill out this form with as much detail as you can regarding the person that you are reporting.

Your details

Please bear in mind anonymous information often cannot be used against an individual and that if you do not provide your contact details we maybe be unable to verify some of the facts given.

Your name (optional)

Your work dept (optional)

Your contact no. (optional)

Incident

Describe the incident you are reporting

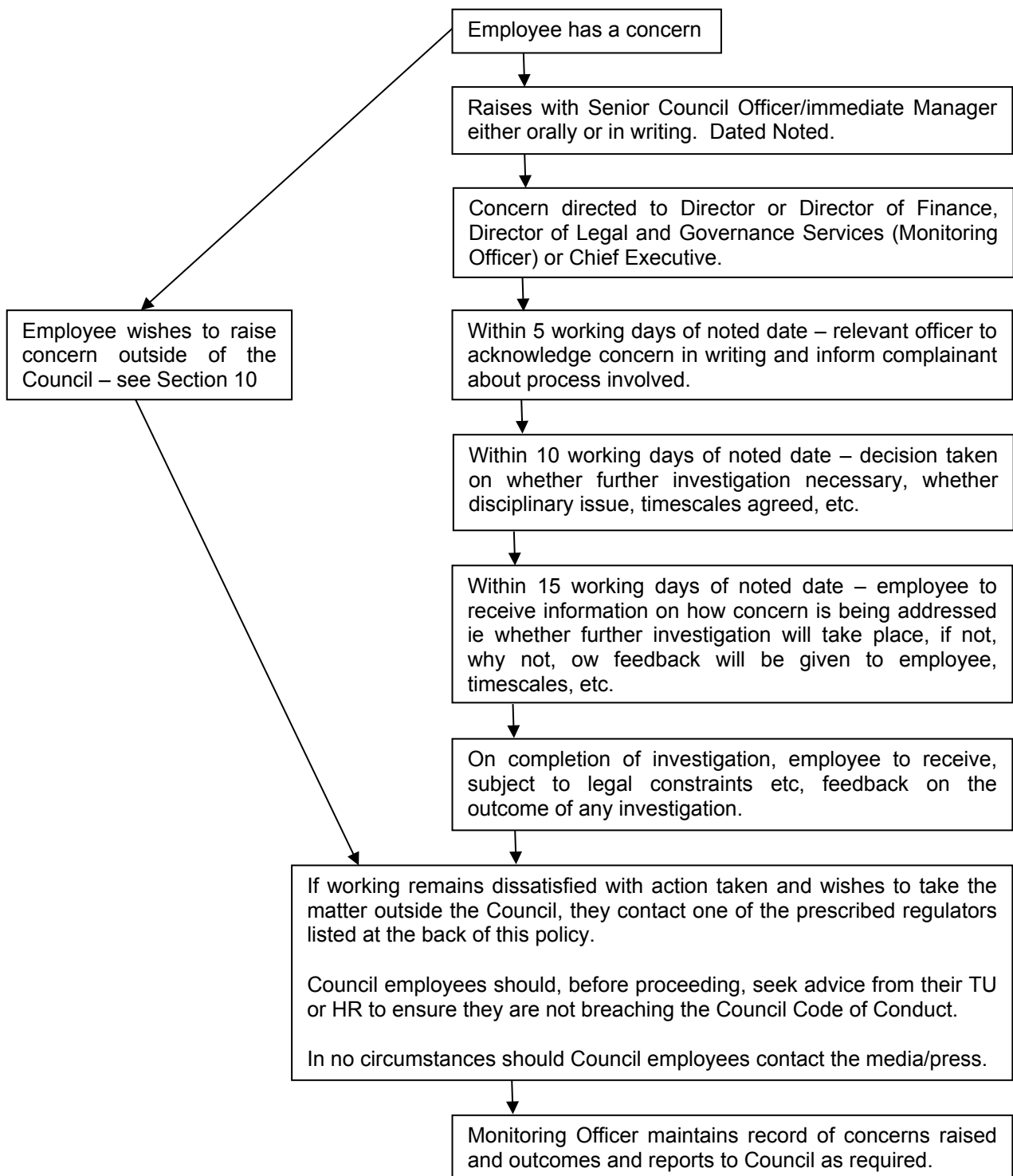
Provide details of the persons involved in the incident (if known)

If you have any further information we may find useful, please provide it here

All information that we receive is treated with the highest confidentiality.

eForms by AchieveForms

SCHEDULE 3 – Flowchart showing how whistleblowing matters will be handled



SCHEDULE 4 – LIST OF EXTERNAL BODIES

<u>NAME & ADDRESS</u>	<u>AREA OF CONCERN</u>
<p>Public Concern at Work Suite 306, 16 Baldwins Gardens LONDON, EC1N 7RJ (Tel. No. 020 7404 6609)</p>	<p>All matters of malpractice and/or wrongdoing.</p>
<p>Local Government Ombudsman The Commission for Local Administration in England 10th Floor Millbank Tower Millbank London SW1P 4QP (Tel. No. 020 7217 4620)</p>	<p>Maladministration – causing injustice to a member of the public.</p>
<p>Thames Valley Police Windsor Road SLOUGH, Berkshire (Tel. No. 08458 505 505) or CRIMESTOPPERS Tel. (0800) – 555111</p>	<p>Breach of the Criminal Law</p>
<p>Headquarters: Fraud Squad Thames Valley Police c/o Loddon Valley Police Station Rushey Way Lower Earley, READING Berkshire, RG6 4PS (Tel. No. 01189 – 181818)</p>	<p>Fraud and Public Sector Corruption</p>
<p>The Heath & Safety Executive Priestley House Priestley Road BASINGSTOKE, Hants (Tel. No. 0845 300 9923)</p>	<p>Health & Safety dangers</p>
<p>National Customer Contact Centre P O Box 544 Rotherham S60 1BY</p>	<p>Environmental dangers.</p>
<p>Inspection Unit Unit 6, Commerce Park Brunel Road THEALE. (Tel. No. 0118 – 930 – 6000)</p>	<p>Poor care practice/abuse in registered establishments, including care homes.</p>

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SLOUGH BOROUGH COUNCIL**REPORT TO:** Audit and Governance Committee **DATE:** 16th March 2017**CONTACT OFFICER:** Linda Walker, Interim Monitoring Officer
01753 875 017**WARD(S):** All**PART I**
FOR INFORMATION**SCHEDULE OF ACTIVITY – CODE OF CONDUCT****1. Purpose of Report**

This report updates members of the Audit and Governance Committee on the activity undertaken by the Council's Monitoring Officer in relation to complaints received under the Councillors' Code of Conduct.

2. Recommendation(s)/Proposed Action

The Committee is requested to note the report.

3. Slough Joint Wellbeing Strategy Priorities

The delivery of the Joint Wellbeing Strategy priorities is dependent on good governance arrangements being in place in order that the Council has a transparent and accountable process for effective decision-making. This is underpinned by the Code of Conduct, which forms the bedrock of the conduct regime for Members in ensuring ethical behaviour and governance of the highest order is maintained.

4. Other Implications**(a) Financial**

There are no financial implications of this report.

(b) Human Rights Act and Other Legal Implications

The Council is under a statutory duty to adopt a code of conduct maintain a register of members' interests.

(c) Equalities Impact Assessment

It is important to ensure measures taken under the standards regime do not impact disproportionately on any group. The Monitoring Officer retains a detailed list of subject Members and carries out a periodic audit check to ensure that application of the regime is equitable across specific groups of members having regard to race, gender or political group.

5. Supporting Information

5.1 In its approved complaints process, the Council has agreed arrangements to delegate to the Monitoring Officer the initial decision on whether a complaint requires investigation, subject to consultation with the Independent Person. In appropriate cases the Monitoring Officer may seek to resolve the complaint informally without the need for a formal investigation. When a complaint is referred for investigation, the Investigating Officer's report will be reviewed by the Monitoring Officer, who will either send it for determination to a Standards Determination Sub-Committee set up for the purpose, or decide that no further action is required.

5.2 The following table contains a summary of the complaints received from September 2016 to date:

Ref	Subject Member – Borough / Parish	Complainant	Area of Code	Outcome
2016/A	Borough Councillor	Former Parish Councillor (Wexham Parish Council)	2.3 – bringing office into disrepute 2.8 – be accountable for use of expenses, services etc from the public purse	Referred for investigation
2016/B	Borough Councillor	Member of the Public	2.3 – bringing office into disrepute 2.4 - failure of duty to promote high standards	Referred for investigation
2016/C	Borough Councillor(s)	Borough Councillor	2.2 – Duty to uphold the law	Referred for investigation
2017/A	Borough Councillor	Parish Councillor Colnbrook with Poyle Parish Council	2.3 – bringing office into disrepute 2.4 – failure of duty to promote high standards	Referred for investigation
2017/B	Parish Councillor	Chair of Colnbrook with Poyle Parish Council	2.3 – bringing office into disrepute 2.4 - failure of duty to promote high standards	Referred for investigation

6. Conclusion

The Committee will note that there have been five complaints within a six-month period. This is a reasonably high number of complaints. There is an impact on officer time/resources in dealing with complaints, in particular where they are referred for investigation and all five were during this period.

7. Background Papers

None.

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Corporate Governance Committee
DATE: 16th March 2017
CONTACT OFFICER: Linda Walker Interim Monitoring Officer
(For all Enquiries) (01753) 875017
WARD(S): ALL

PART I
FOR INFORMATION

LOCAL GOVERNMENT OMBUDSMAN COMPLAINT INVESTIGATION OUTCOME

1. Purpose of Report

This report informs Members of a finding of maladministration with injustice against Housing Services.

2. Recommendation(s)/Proposed Action

The Audit & Corporate Governance Committee is asked to note the findings and subsequent learning.

3. Slough Joint Wellbeing Strategy and Five Year Plan

This administrative report in nature cuts across all strategic priorities.

The specific learning from this report has been taken on-board and will contribute to future work on the councils housing priorities.

The learning from this complaint will help the following Five Year Plan Outcomes;

- Slough will be an attractive place where people choose to live, work and visit.
- Our residents will have access to good quality homes.

4. Other Implications

(a) Financial

The only financial aspect is the payment of £1000 to the complainant.

(b) Risk Management

Risks of further occurrences can be mitigated by following the learning points set out below. However there remains a risk of litigation from the complaint.

5. **Supporting Information**

- 5.1 Mrs X complained that there was a fault in the way the Council dealt with her homelessness and housing register applications since July 2014.
- 5.2 The Ombudsman's final decision dated 11 January 2017 concluded that the Council took too long to provide temporary accommodation to Mrs X when she was homeless. The Council did not clearly explain how it considered Mrs X's representations when deciding not to exercise discretion to admit her to its Housing Register because of exceptional circumstances. It has agreed to have the decision reviewed by its Housing Needs Panel. When reviewing the matter, the Panel will explain how it considered Mrs X's representations.
- 5.3 The Ombudsman found that there had been maladministration with injustice. This is the highest finding that can be made. The definition of maladministration is wide and can include; delays, incorrect action or failure to take any action. The Audit & Corporate Governance Committee is asked to note a payment of £1000 is deemed as unusually high.
- 5.4 Since 2016 there have been 5 other complaints from the Local Government Ombudsman with a finding of maladministration with injustice. Total payment of these from Slough Borough Council was £790.
- 5.5 Lessons learnt from the case:
- Management control of the Social Lettings Team was poor at the time and the learning is the basics of the need for robust management controls of staff and functions particularly when that team is discharging legal duties of the council in regard to vulnerable people and overseeing tenancy arrangements for discharge of homeless duty.
 - Systems were weak – the learning is we definitely need a system where all contacts with a customer is in one place as this case criss-crossed 3 front line teams who all followed their own processes and early mistakes were not picked up or even visible to other teams. This is because the condition of our files in terms of the DIP2 system which is still being resolved.
 - Communication and giving the right information – the additional fault aside from the delay was in not fully communicating the reasons for the latter decision and giving the wrong information for challenging the decision. This has resulted in us having to carry out the process again on instruction from the LGO.
 - In terms of accountability the senior managers (AD and Housing Supply Manager) concerned with this case have since left the Council and the SLT is being held accountable for his specific failings in this case with regard to social letting functions.

5.6 **Comments of Other Committees**

None.

7. **Conclusion**

The Audit & Corporate Governance Committee is asked to note that a complaint and findings of this nature would not be expected again based on the learning supplied as set out.

8. **Appendices Attached**

- (a) History of the case
- (b) Local Government Ombudsman response.

9. **Background Papers**

None

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Local Government Ombudsman complaint

Overview

The events leading up to this case start in July 2014 when housing applications were originally received from the family. The key date is 16 October 2015 when the Council accepted a full homelessness duty to secure temporary accommodation for the family.

The main finding against the Council - Taking too long to provide temporary accommodation to a homeless person.

Due to failures within the Social Letting Team (SLT), this was not secured until 12.2.16. This delay of 4 months should have been avoided as it is a legal duty of the Council to have provided temporary accommodation suitable to their needs once we accepted the duty. The Ombudsman found fault and injustice on this point stating the injustice was "the family continuing to live in overcrowded accommodation for those four months".

The case was further complicated by a subsequent suitability dispute around whether it should have been a 3 bed or 4 bed property and the adaptations required. Further fault arose in the Housing Association issuing a 6 month rather than a twelve month tenancy. The SLT's responsibility was to make sure that a 12 month tenancy was issued as a legal minimum. The suitability of the original temporary accommodation may still be open to challenge in court if the family want to go there. The tenancy issue has since been rectified by rescinding discharge of duty and starting again with the family. This part has been resolved.

The second finding against the Council is that it did not clearly explain how it had considered the complainants representations when deciding not to exercise discretion to admit to its housing register because of exceptional circumstances.

Essentially the complainant did/does not qualify to go on the housing register due to having large amounts of housing related debt - proven rent arrears from several landlords. The decision not to admit her to the register is therefore in keeping with the rules of our allocations scheme and is not wrong or questioned by the Ombudsman.

The complainant's representative - Shelter - did however ask the Council to use its discretion because of the stated health circumstances of the family and their intention to consider applying for a Bankruptcy or Debt Relief Order. Discretion onto the scheme of allocations was through the AD of Housing & Neighbourhoods usually via a recommendation by the Housing Needs Panel. Unfortunately the complaint was not correctly responded too at the time as redress was indicated through the Complaints Review Panel which has no role in allocations decisions - this is the role of the Housing Needs Panel as Shelter argued.

The Ombudsman has agreed with Shelter that although the decision is not wrong in itself we need to reconsider at the Housing Needs Panel and fully explain the reasons for our decision in detail, accepting that the complainant has not fully provided the grounds on which the discretion is to be considered to date.

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Complaint reference:
16 001 620

Complaint against:
Slough Borough Council

The Ombudsman's final decision

Summary: The Council took too long to provide temporary accommodation to Mrs X when she was homeless. The Council did not clearly explain how it considered Mrs X's representations when deciding not to exercise discretion to admit her to its Housing Register because of exceptional circumstances. It has agreed to have the decision reviewed by its Housing Needs Panel. When reviewing the matter, the Panel will explain how it considered Mrs X's representations.

The complaint

1. Mrs X complains there was fault in the way the Council dealt with her homelessness and housing register applications since July 2014.

The Ombudsman's role and powers

2. The Ombudsman investigates complaints about 'maladministration' and 'service failure'. In this statement, I have used the word fault to refer to these. If there has been fault, the Ombudsman considers whether it has caused an injustice and if it has, she may suggest a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1)*)
3. The Ombudsman cannot question whether a council's decision is right or wrong simply because the complainant disagrees with it. She must consider whether there was fault in the way the decision was reached. (*Local Government Act 1974, section 34(3)*)
4. The law says the Ombudsman cannot normally investigate a complaint when someone could take the matter to court. However, she may decide to investigate if she considers it would be unreasonable to expect the person to go to court. (*Local Government Act 1974, section 26(6)(c)*)

How I considered this complaint

5. I have:
 - considered the complaint and the copy correspondence provided by the complainant and their representative;
 - made enquiries of the Council and considered the comments and documents the Council provided;
 - discussed the issues with the complainant's representative; and,
 - written to Mrs X's representative and the Council with my draft decision and considered their comments.

What I found

6. Mrs X applied to the Council as homeless. She was being evicted from her mother's council flat, Property A. She had no right to occupy the flat after her mother's death. The household was Mrs X, Mr X, and their son and daughter. The Council gave her a housing register application form.
7. At the time Mr X still had a private tenancy at Property B. He handed back the keys for this property sometime in August 2014.
8. On 16 October 2014 the Council accepted a full duty to secure accommodation for Mrs X as a homeless person, under the Housing Act 1996. Mrs X was continuing to occupy Property A. The Council had issued her a notice seeking possession of the flat. In its homelessness decision letter, the Council told Mrs X it would provide her with suitable temporary accommodation when she had to leave Property A.
9. The Council told Mrs X she would need to agree a plan to repay an overpayment of Housing Benefit, and in the mean time she should pay the "Use and Occupation" charges for Property A. It reminded her to complete and return the housing register form it had given her. Mrs X says she did not receive all the correspondence the Council sent.
10. Mrs X says she returned a housing register application to one of the Council's satellite offices on 18 November. She says she included a second son (Y) on this application. She says her adult daughter contacted the Council about this application on 21 November. The Council has no record of this form. But Mrs X says she has sent the Council a copy of the receipt for this form.
11. On 18 November the Council told Mrs X she was in arrears of £2451.15 for "Use and Occupation" charges at Property A.
12. In early December 2014 a Temporary Accommodation Officer discussed temporary accommodation with the adult daughter. The officer recorded that Mrs X preferred to stay where she was, rather than move to somewhere temporary. Mrs X says the officer suggested they move to a one bedroom property, which would not be suitable. She says she was asking for suitable temporary accommodation.
13. On 9 December the adult daughter called the Council again. She says she was told the housing register application was being processed. The Council says it had not received the form. It sent Mrs X a new housing register form with a return envelope. The Council called Mrs X's sister on 29 December. The family say this was the first time they knew the Council had not received the form. Mrs X was in hospital at the time until January 2015.
14. In January 2015 Mr X asked the Council about temporary accommodation. Mrs X told the Council her son Y had rejoined the household. Mrs X was advised to visit the Council with Y and evidence of his identity and health condition. The Council asked her to complete a new housing register application including Y in the household.
15. On 12 February 2015 the Council received Mrs X's housing register application.
16. In February 2015 the family moved into a 3 Bedroom Housing Association House (Property C). But with Y in the household they now needed 4 bedrooms.
17. The Council rejected their housing register application on 13 April 2015. It said they had accommodation large enough for their household. The Council says

-
- although Y had been included on the application form, Mrs X had not provided evidence of Y's identity and residence that it had asked her for.
18. On 7 May the Council wrote to Mrs X ending its homelessness duty as she had been rehoused.
 19. On 8 June the Council changed its decision about Mrs X's housing register application. The new decision letter said it had rejected her application because she, or a member of her household, had housing related debt at their current or previous accommodation. It said she could ask for a review within 21 days. It said;
 - Mrs X had a court judgement against her for rent arrears of £6,800 for former tenancy (property D), and no evidence it had been cleared;
 - owed £4872.30 for "use and occupation" charges for Property A;
 - had a Housing Benefit overpayment of £3704.92 for a previous property (Property E); and,
 - Mr X owed £1739.00 rent arrears on Property B.
 20. The Council also referred to Mrs X's application form signed on 11 February 2015. It said she had declared that neither she, nor any member of her household, has or had any housing related debt in the last 10 years.
 21. On 9 July 2015 the Council told Mrs X that she was out of time to ask for a review of its decision, made on 8 June, that she was not eligible to join the housing register.
 22. In August 2015 Mrs X's representative asked the Council to withdraw its decision made on 7 May 2015, ending its homelessness duty. The reason was the property they had been offered, and accepted, was only for a six month tenancy. The Council withdrew the decision. It said it had not been aware the Housing Association had started giving six month tenancies.
 23. Between 7 and 21 September the Council tried to contact Mrs X and arrange a viewing of a property (F). When the family viewed it, they said it was unsuitable. It needed adaptations disability. The Council said the adaptations could be made. Adaptations would need to be made before the family could move in.
 24. Mrs X complained through her representative, about how her applications had been dealt with. She asked the Council to admit her to the register, on Band A, because of "extenuating circumstances". The representative said Mr and Mrs X now had debt relief advice and were considering applying for a Bankruptcy or Debt Relief Order. She did not say explicitly what extenuating circumstances she wanted the Council to consider in connection with this request. But earlier in the letter she had mentioned Y suffered from epilepsy, needed 24 hour care and was awaiting brain surgery. Mrs X's representative says the Council was aware of the family's medical circumstances and should have taken these into account.
 25. In its response the Council said *"I can find no reason in your request why the Council should consider Mr & Mrs [X] as an extenuating case. Furthermore there is no evidence to suggest that any attempt has been made to address the serious nature of the past arrears of rent that have accrued on rental properties."* It said if Mrs X was dissatisfied with the response, she could *"refer the matter to a Complaints Review Panel. The panel is made up of Tenant representatives and Council members who will re-consider your complaint"*.

-
26. Mrs X's representative says the Council did not say how it had reached this decision. She believes it should have been referred to the Council's Housing Needs Panel before the decision was made.
 27. On 10 November the Council left messages on both the family's mobile phone numbers about a property (G) it wanted to offer Mrs X. Mrs X did not respond.
 28. On 30 November and 2 December the Council left messages on Mrs X's phone about a 4 bedroom property. Mrs X did not respond.
 29. The Council told Mrs X's representative it was prepared to reconsider its decision Mrs X was not eligible for its housing register. Mrs X was applying for a debt relief order. And the Council agreed to consider a report about Y's medical conditions when he was discharged from hospital after brain surgery. It would hold on responding to the complaint at stage 3 of its complaint procedure until these things had been done.
 30. On 5 January 2016 the representative sent an Occupational Therapist (OT) report about Y to the Council. On 21 January the representative met the Council and agreed the complaint response should be put on hold until the Council found suitable accommodation.
 31. The Council found a property on 22 February, but it needed repairs. The family viewed and accepted Property (H) on 29 February 2016. They signed a tenancy agreement to start from 7 March 2016. On 10 March the Council sent a letter discharging its homelessness duty.
 32. The representative wrote asking for the stage 3 complaint response. The Council responded on 26 April saying that as the family's circumstances had changed it wanted the representative to clarify what parts of the complaint were outstanding before it could respond. The representative brought the complaint to the Ombudsman.

The Law and Council policy

Homelessness and temporary accommodation

33. If a council is satisfied someone is eligible, homeless, in priority need and unintentionally homeless it will owe them the main homelessness duty. It must secure suitable accommodation for them. Generally the Council carries out the duty by arranging temporary accommodation until it makes a suitable offer of social housing or private rented accommodation. (*Housing Act 1996, section 193*)
34. The law says councils must ensure all accommodation provided to homeless applicants is suitable for the needs of the applicant and members of his or her household. (*Housing Act 1996, section 208*)
35. Homeless applicants may request a review within 21 days of being notified of the decision on their homelessness application. There is also a right to request a review of the suitability of temporary accommodation provided once the Council has accepted the main homelessness duty. If the applicant wishes to challenge the review decision, or if a council takes more than eight weeks to complete the review, they may appeal on a point of law to the County Court (*Housing Act 1996, sections 202 and 204*)

Housing Allocations

36. Every local housing authority must publish an allocations scheme that sets out how it prioritises applicants, and its procedures for allocating housing. All allocations must be made in strict accordance with the published scheme. The

Ombudsman may not find fault with a council's assessment of a housing application if it has carried this out in line with its published allocations scheme. (*Housing Act 1996, section 166A(1) & (14)*)

37. Councils must notify applicants in writing its decision that the applicant is not a qualifying person and give reasons. The Council must also notify the applicant of the right to request a review of these decisions. (*Housing Act 1996, section 166A(9)*)
38. The Localism Act 2011 introduced new freedoms to allow councils to better manage their waiting list and to tailor their allocation priorities to meet local needs.

The Council's allocations scheme

39. The Council's housing allocations scheme says:
40. "Eligible applicants on the register will be those who (either by themselves or by the inclusion of a household member on their application form) fall within the persons accorded a statutory reasonable preference category. For these purposes, the council will apply the national categories of reasonable preference set out in the legislation. Those categories include people who are owed a duty by any local housing authority under Housing Act 1996 section 193(2) (the duty to secure accommodation where homelessness duty has been accepted)."
41. "Even if an applicant is eligible and would have satisfied the reasonable preference criteria, they will not be admitted to the housing register (and therefore will not qualify for an allocation) if they or members of their household, have any housing related debt, including rent arrears or mortgage arrears, in respect of their current property or previous accommodation. (This may be waived if agreement has been reached to clear the debt through a payment plan and this has been adhered to for a reasonable period.) The council will consider a period of up to 10 years prior to applying to the register and consideration will be given to applicants with mitigating circumstances."
42. An applicant may request a review of the decision within 21 days of the original decision that they are not a person qualifying to join the housing register
43. "In special cases where there are exceptional circumstances, the assistant director of housing and neighbourhoods, has discretionary power to award additional priority and approve offers of housing, taking into consideration all factors relevant to housing and social needs."

Analysis

Delay in providing temporary accommodation

44. Once the Council had accepted a duty to Mrs X and family under the Housing Act, it should have provided temporary accommodation to them (see paragraph 33). The Council accepted this duty on 16 October 2015. But it did not provide accommodation until 24 February 2015. This delay of four months, should have been avoided. This was fault. The injustice was the family continuing to live in overcrowded accommodation for those four months.

Delay in including Y in the household

45. There is a dispute about when the family told the Council Y had joined the household. Mrs X says she first put in a new application including Y to a satellite office on 18 November 2014. The Council says the first form it received including Y was on 12 February 2015. The family have provided details about this and their follow-up. They say they had a receipt which they have sent the Council. I have not seen evidence that provides certainty about this. But on the information I have

seen I find on balance of probability, that the family informed the Council Y had joined the family in November 2014.

46. But as the Council has decided Mrs X is not eligible to join the housing register (see section below), the failure to include Y earlier has not affected the outcome of the application. There was some avoidable time and trouble caused to Mrs X's family who were following this up for her. But not so much I would ask the Council to do more now.

Suitability of Property C

47. I will not look at whether accommodation provided as temporary accommodation or as a full ending of the Council's homelessness duty, is suitable or not. This is because there is a right of review followed by appeal to the court which I consider it would be reasonable to expect the applicant to use (see paragraphs 4 and 35).
48. The Council ended its duty to Mrs X on 7 May 2015 because it had housed her at Property C. Mrs X did not ask for a review of that decision. In August 2015 her representative asked the Council to withdraw the decision to withdraw its decision because the Housing Association had only given Mrs X a six month tenancy. The Council agreed to withdraw the decision. Mrs X was housed at Property C during that time. The 6 month tenancy might make the property unsuitable for the Council to fully end its duty. But it would not mean it could not be suitable as temporary accommodation. So notwithstanding Mrs X's right to appeal, there was not any significant injustice to her through the Council's decision, which it later withdrew.
49. Mrs X also says the property is unsuitable because it is a three bedroom house, but at the time it was offered her, Y had joined the household, so under the Council's allocation scheme she needs 4 bedrooms. Again, this is something Mrs X could challenge by review and through the Courts. Temporary accommodation must meet the room standards under the Housing Act 1985. But under those standards a living room can be counted as a bedroom. So the accommodation offered to Mrs X was not automatically unsuitable through overcrowding. Whether it was unsuitable as temporary accommodation in all the circumstances of her family, is a matter I consider it would be reasonable for her to have asked to be reviewed, and appealed to the court if necessary. So I have not looked at that.

Decision Mrs X is not eligible to join the Council's allocations scheme

50. Mrs X and members of her household have housing related debt. The Council has decided she is not eligible to join its scheme (see paragraph 40). The Council has reviewed that decision. The Council has provided evidence of the debt and explained how it reached its decision. Mrs X disagrees. But I see no fault in the way the Council reached its decision and the decision is in line with its scheme. So it is not for me to say whether the decision is right or wrong.

Consideration of exceptional circumstances

51. Mrs X's representative has asked the Council to use its discretion (see paragraph 42) to admit Mrs X to the register, because of exceptional circumstances. The Council has not agreed to do this. Mrs X complains the decision was not reached properly because:
- the decision should have been referred to the Council's Housing Needs Panel; and,

-
- it has not explained why it did not agree to admit Mrs X on exceptional circumstances.
52. The Council's policy says discretion can be exercised by the Assistant Director of Housing and Neighbourhoods. So I do not find it fault not to refer this decision to the Housing Needs Panel at first. The Council has not given much information about how it reached the decision. But the representative's letter did not clearly say what extenuating circumstances she wanted the Council to consider. The Council said if Mrs X remained dissatisfied it could refer the matter to its Complaints Review Panel. This has not happened. The Council has explained to me, it is only its Housing Needs Panel that can agree changes to allocation decisions. It has agreed to do this. I think it would be reasonable to refer the matter to be reviewed by the Housing Needs Panel. When it makes its decision, I would expect the Council's Panel to explain how it reached its decision.
53. I could not decide Mrs X should be admitted to the register on exceptional and discretionary grounds. That is a decision only the Council can make. The most I could recommend would be for the Council to reconsider the matter, and explain the reasons for its decision. Reference to the Housing Needs Panel would achieve the same thing, and seems a reasonable way forward.

Failure to consider Y's medical need for housing priority.

54. As Mrs X is not eligible to be on the register the Council does not need to assess what priority she would have if she was eligible, including for Y's needs.
55. I would expect the Council to take that information into account when considering whether it should exercise discretion on grounds of exceptional need. I would expect the Housing Needs Panel to explain how it has done this when it reviews the decision.

Agreed action

56. The Council has agreed to:
- pay Mrs X £1000 to recognise the injustice caused to her through its delay in offering her temporary accommodation (see paragraph 44); and,
 - put Mrs X's continuing disagreement with its decision, not to admit her to the housing register for exceptional reasons, to its Housing Needs Panel within the next month. The Panel will explain how it has considered Mrs X's representations when making its decision (see paragraphs 52 and 53).

Final decision

57. There was fault by the Council that caused injustice to Mrs X and her family. I uphold her complaint. I am be satisfied with the actions the Council has agreed and have completed my investigation.

Investigator's decision on behalf of the Ombudsman

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MEMBERS' ATTENDANCE RECORD 2016/17
AUDIT AND CORPORATE GOVERNANCE COMMITTEE

COUNCILLOR	12/07/16	29/09/16	15/12/16 MEETING CANCELLED	11/01/17	16/03/17
Bedi	P	P		P	
Amarpreet Dhaliwal	P	Ap		P	
Hussain	P	P			
Rana	Ap	P		P	
Sadiq	P	P		P	
Sarfraz	P	P		P	
Sharif					
Swindlehurst	P	P		P	
CO-OPTED INDEPENDENT MEMBER					
Graham Davies	P	Ap			
Ronald Roberts	P	P		P	
Alan Sunderland	P	P		Ap	

P = Present for whole meeting
 Ap = Apologies given

P* = Present for part of meeting
 Ab = Absent, no apologies given

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