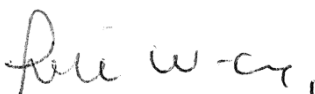


Date of issue: Monday, 21 February 2022

MEETING:	AUDIT AND CORPORATE GOVERNANCE COMMITTEE (Councillors Sabah (Chair), Wright (Vice Chair), Ali, Brooker, J Davis, Grewal and Hussain) CO-OPTED INDEPENDENT MEMBER: Iqbal Zafar
DATE AND TIME:	TUESDAY, 1ST MARCH, 2022 AT 6.30 PM
VENUE:	COUNCIL CHAMBER - OBSERVATORY HOUSE, 25 WINDSOR ROAD, SL1 2EL
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	SHABANA KAUSER 07821 811 259

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.



JOSIE WRAGG
Chief Executive

AGENDA

PART I

<u>AGENDA</u> <u>ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
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Apologies for absence.

1. Declarations of Interest

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All Members who believe they have a Disclosable Pecuniary or other Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Section 9 and Appendix B of the Councillors' Code of Conduct, leave the meeting while the matter is discussed.



<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
2.	Minutes of the Meetings held on 9th December 2021 and 18th January 2022	1 - 12	-
3.	Action Progress Report	13 - 24	All
4.	Risk Management Update Quarter 4 2021/22	25 - 70	All
5.	Internal Audit Update Quarter 4 2021/22	71 - 114	All
6.	Structure of Internal Audit Options Appraisal	115 - 118	All
7.	Update on Council Subsidiary Companies	119 - 144	All
8.	Internal Audit Progress Report	145 - 170	All
9.	Internal Audit Plan 2022/23	171 - 200	All
10.	Members Attendance Record 2022/23	201 - 202	All

Press and Public

Attendance and accessibility: 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 any items in the Part II agenda are considered. For those hard of hearing an Induction Loop System is available in the Council Chamber.

Webcasting and recording: The public part of the meeting will be filmed by the Council for live and/or subsequent broadcast on the Council's website. The footage will remain on our website for 12 months. A copy of the recording will also be retained in accordance with the Council's data retention policy. 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.

In addition, the law allows members of the public to take photographs, film, audio-record or tweet the proceedings at public meetings. Anyone proposing to do so 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.

Emergency procedures: The fire alarm is a continuous siren. If the alarm sounds Immediately vacate the premises by the nearest available exit at either the front or rear of the Chamber and proceed to the assembly point: The pavement of the service road outside of Westminster House, 31 Windsor Road.

Covid-19: To accommodate social distancing there is significantly restricted capacity of the Council Chamber and places for the public are very limited. We would encourage those wishing to observe the meeting to view the live stream. Any members of the public who do wish to attend in person should be encouraged to contact the Democratic Services Officer.

Audit and Corporate Governance Committee – Meeting held on Thursday, 9th December, 2021.

Present:- Councillors Sabah (Chair), Wright (Vice-Chair), Ali, Brooker, J Davis, and Grewal.

Co-Opted Independent Member - Iqbal Zafar

Also present under Rule 30:- Councillor Strutton

Apologies for Absence:- Councillor Hussain, Parish Councillor Escott and Dr Lee (Independent Person)

PART 1

29. Declarations of Interest

Councillor Brooker declared that he was Finance Committee Chair at a local school, DBS verifier for a local church and a Governor at Ryvers Primary School.

Councillor Davis declared that she was a co-opted Governor at Cippenham Nursery School.

Both Councillors remained and participated in the meeting.

30. Minutes of the Last Meeting held on 30th September 2021

Resolved - That the minutes of the meeting held on 9th December 2021 be approved as a correct record subject to the inclusion of the following comments:

Section 106 funds - A Member stated that he had sought clarification relating to the Section 106 (S106) funds owed to the Council. The Internal Audit report had stated £5.6m outstanding which did not correlate with information provide by officers that a total of £1.35m was due to the Council. The Head of Internal Audit explained that a final revised report had been issued with a total of £7m of S106 funds. It was explained however that this amount was not outstanding as £7m referred to the potential income for the Council, should specific trigger points be reached. Trigger points had been reached for £1.35m of which £80k had been collected. A further update would be provided at the next meeting regarding the total amount collected to date. It was noted that future reports would include explicit explanations relating to the figures in a format which was easily understandable by Members.

Parked Invoices - A Member had requested details relating to parked invoices. The Director of Finance stated that work was ongoing and that some of the parked invoices being looked at were from 2017. It was anticipated that this work be completed in line with the closure of the accounts by 31 March 2022.

31. Action Progress Report

Details of the Action Progress report were considered and the Committee raised the following comments:

- Update on outstanding S106 funds due and amounts collected to date.
- Fly tipping - the number of prosecutions, fines and advisory letters that have been issued now that the service was fully staffed.
- DISH – memorandum and articles of association – details/web link to be circulated to Committee.
- Report detailing Slough Urban Renewal arrangements regarding partnership related to Moxy hotel development and value of units sold to be provided for the next scheduled meeting.
- List of outstanding member DBS checks to be sent to respective political leaders.
- Q2 internal audit report - negative opinions relating to Stephen Gibson's area – update to be provided at the next scheduled meeting.

The Chair queried why the LGA Governance Review Working Group had not been established. It was explained that the need for a working group on this topic had been superseded by the publication of the Grant Thornton report, CIPFA report and DLUHC Governance Review. Work to address action points identified was now reported to all members at full Council meetings.

Resolved – That details of the Action Progress Report be noted.

32. Revised Terms of Reference

Prior to consideration of the report, the Lead Commissioner addressed the Committee, advising that a number of changes be incorporated to the revised terms of reference. The current financial situation meant that a determined effort was required to set the Council on the path to recovery and strengthen governance processes. It was recommended that the Chartered Institute of Public Finance and Accountancy (CIPFA) model code be adopted and a requirement for mandatory training for members before they undertook their role on the committee. Self-assessment of effectiveness of the work of the committee was crucial to both support the planning of the audit committee work programme and training plans.

In the ensuing discussion, a number of points were raised relating to attendance at meetings and training requirements. The Chair highlighted the need for consistency in membership, to ensure a greater level of understanding of the work of the committee and issues identified; and suggested that consideration be given to appointing members for a two year period.

Members were advised to submit any further comments to the Monitoring Officer by the end of the week, following which an extraordinary meeting, to consider the updated report on the terms of reference, would be convened.

Resolved – That an extraordinary meeting be arranged to consider a report on the revised terms of reference, incorporating comments proposed by the Lead Commissioner.

33. Appointment of External Auditors for 2023/24 to 2027/28

The Director of Finance set out details of the report which explored the options available to the Council in appointing external auditors for the five year period from 2023/34. Options available were individual procurement, joint procurement or opting into the National Scheme. It was noted that legislation required a full Council decision but the Committee's views were being sought as to the preferred option.

A Member asked about the joint procurement option and was informed that this consisted of joining other local authorities to establish a joint Auditor Panel. At this stage it was unclear whether neighbouring local authorities were likely or not to opt into the collective arrangements.

The general consensus of the Committee was to recommend that the Council accepted the Public Sector Auditor Appointments invitation to opt into the sector led option for the appointment of external auditors.

Speaking under Rule 30, Councillor Strutton asked whether a request could be made that, Grant Thornton, the Council's current external auditors, be appointed to ensure consistency given the unique financial situation at Slough. The Director of Finance explained that the current external auditors would be in place until the 2022/23 accounts had been closed. The Finance Commissioner also stated that it was good practise for a change in auditors to take place.

Recommended to Council - That the Council accepts the Public Sector Audit Appointments' (PSAA) invitation to opt into the sector-led option for the appointment of external auditors for the five-year period from 2023/24.

34. Local Government and Social Care Ombudsman - Complaints, Findings and Outcomes

The Committee was provided with a summary of Local Government and Social Care Ombudsman complaints received since the matter had last been reported in December 2020. One compliant had been made and upheld by the Ombudsman and related to the Planning and Development department. Referring to lessons learnt, a Member asked whether the standards and behaviours information had been updated, as contained within the induction training for staff in the planning department, by the 11th October as indicated in the report. The Monitoring Officer undertook to confirm whether this had been actioned and report back to the next meeting.

Resolved - That details of the report be noted.

35. Member Training Programme

The Committee was reminded that the CIPFA review published in October 2021 recommended that specific further training be provided to members of the Audit Committee. During the course of discussion, Members made the following comments:

- Training programme to include bespoke training for Chair/Vice-Chair of Committee
- Mandatory training for all Councillors regarding the accounts to be considered.
- Consideration be given to Members being appointed for a term of two years to the Committee to provide stability and greater understanding of issues.
- Cyber security training to be included in the training programme.

Speaking under Rule 30, Councillor Strutton welcomed the comments made by the Committee and emphasised the importance of Chairs understanding their obligations in fulfilling their roles.

Following discussion on the terms of reference agenda item and that an extraordinary meeting to be arranged in January 2022, the Monitoring Officer stated that an updated Member training programme, incorporating comments made, would also be scheduled for this meeting.

Resolved – That the Member training programme be updated and a revised report to be submitted to the extraordinary meeting.

36. Internal Audit Update Report Quarter 3 2021/22

An overview on the progress of the implementation of internal audit management actions was provided, noting that eight internal audit reports had been finalised this financial year and a further seven had been received in draft. Officers were working with internal audit to ensure reports were finalised within two weeks of issuing the draft report.

A Member commented on the status of the high rated outstanding action on Children Missing Education and noted that this was overdue. The Director of Finance undertook to report further details on this action to the next meeting.

Following a query on the completion date for outstanding actions on debtors management, it was confirmed that this was 31 March 2022 and not 2021 as stated in the report. In response to comments that debt management and recovery should be a priority for the Council, Members were informed that a Debt Recovery Policy was agreed in December 2021 and assured that a more proactive approach would be adopted in future.

Concern was expressed regarding the high outstanding action relating to the investigation into the unreconciled difference identified via the Council Tax Direct Debit reconciliations. The Director of Finance stated that the entire process was being reviewed with a completion date of 31 March 2022.

A number of queries were raised relating to the Council's Subsidiary Companies review and the associated outstanding high actions. It was agreed that a detailed report on the Council's commercial/subsidiary companies - which would include the status of DISH, information on SLA for support staff and JEH gross rental income - would be scheduled for consideration at the next ordinary meeting of the Committee.

In response to when the Business Continuity and Disaster Recovery Plan was likely to be finalised and its effectiveness evaluated the Committee was informed that it was anticipated this would be completed by the end of the financial year.

Resolved – That details of the report and ongoing improvements to the outstanding actions be noted.

37. Risk Management Update Quarter 3 2021/22

The Director of Finance reported details of the risk management update for Quarter 3 2021/22, highlighting that council companies and staffing risks within the Council and Slough Children First (SCF) had been added to the Corporate Risk Register. In addition, risks relating to financial sustainability and recovery and renewal plan had been substantially updated to reflect the current situation at the Council.

A Member commented on the staffing risks within SCF and it was explained that it was challenging to recruit and retain staff within this area and that SCF were implementing a number of measures to improve recruitment and thus reduce the reliance on agency staff.

Responding to the overall effectiveness of Our Futures Transformation Programme, the Committee were informed that although there were a number of challenges with the programme, that had resulted in a number of consequences; it was crucial the Council put in place appropriate processes to secure stability in the workforce and ensuring that it was fit for purpose. Whilst acknowledging Members wanted information referring to the overall cost of the programme and consultant fees, it was highlighted that the immediate focus should be on the recovery and renewal plan and action taken to improve the Council's financial sustainability.

Councillor Strutton addressed the Committee under Rule 30 and asked for details in regard to temporary accommodation - specifically how many residents had been evicted since and whether the Council held a register of landlords providing accommodation for residents and asylum seekers. The Chair advised that the matter should be referred to the Customer and Community Scrutiny Panel to examine further.

Resolved – That details of the report, including revisions to the risk register, be noted.

38. Internal Audit Progress Report Quarter 3 2021/22

The Head of Internal Audit summarised the Internal Audit Progress Report for the third quarter of 2020/21.

It was noted that a further three final reports had been issued since last meeting. The Business Continuity and Emergency Planning audit had a minimal assurance opinion and the key recommendations were summarised. Concern was expressed by Members about the lack of progress that had been made in this area over a period of time. A further 6 audits were in progress and it was noted that 1 from the 2020/21 was still to be finalised and the auditors were discussing this with management.

The Head of Internal Audit informed the Committee that four final reports with negative opinions had been issued so far in 2021/22. Taking into account the outcomes of audits to date and the potential for additional weaknesses in upcoming audits the Committee noted that it was likely the Head of Internal Audit would issue another qualified year end opinion in 2021/22. The Internal Auditors indicated that they were supportive the work being undertaken to increase the robustness of management actions in responding to internal audit recommendations.

Members asked a number of questions including why management had not responded fully to the two follow up audits of previous management actions from quarter 1 and quarter 2 in 2021/22. It was responded that as follow up reports required input from multiple officers they usually took longer to finalise. The internal auditors anticipated being able to bring the quarter 1 and 2 follow up on management actions as final to the next meeting.

At the conclusion of the discussion the report was noted.

Resolved – That the Internal Audit Progress Report be noted.

39. Members Attendance Record 2021/22

Resolved – That details of the Members Attendance Record 2021/22 be noted.

40. Date of Next Meeting - 1 March 2022

The date of the next scheduled meeting was confirmed as 1 March 2022.

An extraordinary meeting to be arranged for early/mid-January 2022 to consider the revised terms of reference and member training programme reports.

41. Exclusion of the Press and Public

Following comments by the Lead Commissioner, the Committee agreed that consideration of agenda item 14 would take place in Part I of the meeting.

42. Structure of Internal Audit Options Appraisal

The Committee were reminded that the DLUCH Governance Review had recommended that the Council conduct an independent review of the internal audit contract and establish an 'in house' function, as was the practice in many local authorities. The Director of Finance provided an overview of the options available. The Chair asked how recruitment difficulties would be addressed and was informed that work was currently on going developing a trainee programme and appropriate recruitment packages. The importance of investing in the finance team was emphasised for the long term financial sustainability of the Council.

Indicative responses from Committee Members suggested a preference for Option E or C as outlined in the report. It was agreed that an updated report would be considered at the next meeting and that this would include a timeline for implementation for the provision of internal audit services.

Resolved – That the report be updated and considered at the meeting scheduled for 1 March 2022.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.50 pm)

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Extraordinary Audit and Corporate Governance Committee – Meeting held on Tuesday, 18th January, 2022.

Present:- Councillors Sabah (Chair), Ali, Brooker and Grewal.

Parish Council Representative - Iftakhar Ahmed (Wexham Court)

Also present under Rule 30:- Councillors Gahir, Kelly and Smith

Apologies for Absence:- Councillors Wright, J Davis and Hussain.
Iqbal Zafar (Co-Opted Independent Member)
Dr Louis Lee (Independent Person)

PART 1

43. Declarations of Interest

Councillor Brooker declared that he was a member of Britwell Parish Council. He remained and participated in the meeting.

44. Revised Terms of Reference for the Audit and Corporate Governance Committee and for the proposed new Standards Committee

The Committee were reminded that the Governance Review published in October 2021 recommended, as a matter of priority, a review of the Terms of Reference (ToR) of the Audit and Corporate Governance Committee as outlined in the LGA governance review in 2020. Following consideration of the revised terms of reference at its meeting in December 2021, the Lead Commissioner recommended to Members that they should adopt the CIPFA model terms of reference and establish a Standards Committee for the purpose of upholding ethical standards and to undertake the work of the existing Determination Sub-Committee.

In presenting the amended ToR, Members were informed that these were an exact duplicate of the CIPFA model terms of reference; which included a requirement for the Committee to produce an annual report to Full Council, incorporating a statement of its effectiveness; the right to report to Cabinet if it is considered that an issue is of such concern that Executive action is required; and the right for the Head of Internal Audit and the External Auditor to meet with the Committee in private without officers if required. Members asked a number of questions relating to how the standards committee would operate. The Monitoring Officer explained complaints would be assessed and determined as they currently were and referred to the determination sub-committee if required. All matters would be considered in the public domain unless there were specific reasons for excluding the press and public.

A Member asked that paragraph 36 of the revised ToR be amended to make clear that the Committee's regular reports to Council would be provided no

Audit and Corporate Governance Committee - 18.01.22

less than once per annum and it was noted that the ToR would be amended to reflect this prior to submitting to Council.

Parish Councillor Ahmed, on behalf of Wexham Court Parish Council, welcomed the revised ToR and the establishment of a stand-alone Standards Committee.

Members also resolved to recommend to Council that the membership of the new Standards Committee should be drawn from the Members of the Audit and Corporate Governance Committee. The rationale for seeking same membership to both committees was because it was felt that this particular group of Members had been trained in both activities; thus providing expertise and knowledge as well as consistency to the new Standards Committee. The Monitoring Officer explained that best practice would be to have separate membership on the Committees which would strengthen governance arrangements. It was noted that Council could take into account the views of the Audit Committee at the time appointments were made but that this should not be enshrined in the Constitution.

Addressing the Committee under Rule 30, Councillor Kelly stated that the Conservative Group welcomed the strengthening of the ToR. Clarity was sought however regarding what details were required for the annual statistical report on members declarations of interests and specific information in relation to sanctions available to the Standards Committee when determining complaints. The Monitoring Officer explained that the statistical report would record the interests of members and senior officers.

The Committee agreed to refer the report to Council for adoption. The Chair of Wexham Parish Council requested that the Parish Council's dissent be recorded in relation to recommendation (b).

Resolved –

- a) That Council approves the establishment of a Standards Committee and adopts the Revised ToR and the Proposed ToR at its next Ordinary meeting.
- b) That Council give consideration to membership of the new Standards Committee to be drawn from the Members of the Audit and Corporate Governance Committee.

45. Member Training Programme for the Audit and Corporate Governance Committee

The Monitoring Officer set out details of the proposed member training programme, which included modules on Charing Skills and Cyber Security; as requested by the Committee at its meeting in December 2021.

Whilst welcoming the revised training programme, Members asked whether the training would be mandatory and the timeline for delivery of sessions. It was confirmed members would be required to complete the necessary

Audit and Corporate Governance Committee - 18.01.22

training modules prior to sitting on the Audit Committee and roll out of the programme would commence as soon as possible. It was noted that sessions would be delivered in person and most likely be half day sessions.

Resolved -

- (a) That the training programme, as set out in section 6 of the report, be approved; and
- (b) That the programme should be delivered to the timetable agreed by the Chair.

46. Date of Next Meeting - 1 March 2022

The date of the next meeting was confirmed as 1 March 2022.

Chair

(Note: The Meeting opened at 5.30 pm and closed at 6.11 pm)

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SLOUGH BOROUGH COUNCIL
AUDIT & CORPORATE GOVERNANCE COMMITTEE
ACTION PROGRESS REPORT

Actions Arising from Meetings

9th December 2021

Minute:	Agenda item and Action:	For:	Status / Comment
	<p>Action Progress Report</p> <p>Update on outstanding S106 funds due and amounts collected to date.</p>	Director of Finance	<p>Update on amount collected to date from £1.35m reported to Committee at last meeting £987k received to date, £313k outstanding; balance of £49k awaiting legal conclusions or no longer collectible</p> <p>Overall Position as of 31st December 2021 £1.28m of schemes have reached their trigger points & have been invoiced from a total potential value of £19.077m</p>
	<p>Fly tipping -number of prosecutions, fines and advisory letters that have been issued now service fully staffed</p>	Executive Director, Customer & Community	<p>Completed. Written response sent to members of the committee with papers</p>
	<p>DISH – memorandum and articles of association – details/web link to be circulated to Committee</p>	Director of Finance	<p>Completed. Email sent to committee members on 10.12.21</p>
	<p>Report detailing SUR arrangements regarding partnership related to Moxy hotel development and value of units sold to be provided for the next scheduled meeting.</p>	Director of Finance	<p>SUR Moxy and Apartments Apartments. The apartment scheme next to the Moxy Hotel is also known as the Old Library Site (Resi) Scheme and/or the Novus Apartments. This is a SUR Site Scheme (JV between the Council and SUR) which means that the land was opted to</p>

		<p>SUR and is owned by the Partnership. In line with the Partnership Agreement, the Partnership funds the costs of the development with any profits distributed 50:50 between both partners at the end of the scheme when all units are sold. The scheme comprises 64 apartments and commercial space beneath the apartments. The apartments have been valued at £17m (RICS independent valuation in summer 2021).</p> <p>The scheme was approved in early 2019 and completed in mid 2021. The first sales started in Summer 2021 and as at the end of January 2022, there have been 14 apartment sales and 4 are reserved (total sales value of £4.4m). 20 homes have been successful in securing First Homes status under a new pilot scheme announced by Homes England which means that first-time buyers will be offered discounts against the market value (the gap is fully funded by Homes England). This is expected to launch in February/March 2022, following the signing of the GFA and is anticipated that the scheme will result in additional sales to (a) first time buyers for the 20 units approved as part of the pilot and (b) other buyers as a result of increased market interest and marketing.</p> <p>A monthly marketing and sales report is provided by SUR to the Council. In addition, the SUR Board receives a quarterly progress update on Novus apartments – this includes a summary of marketing activity, markets explored (national and international), enquiries, offers, completions. It should be noted that the SUR Board includes representatives from the Council. The last update was received in December 2021. The SUR Board (including Council representatives) agreed to consider progress at its next meeting in March when it should be possible to assess the early impact of the Homes England First Funding pilot scheme.</p>
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	<p>List of outstanding member DBS checks to be sent to respective political leaders.</p> <p>Q2 internal audit report - negative opinions relating to Stephen Gibson's area – update to be provided at the next scheduled meeting.</p>	<p>Associate Director, Customer</p> <p>Executive Director, Customer & Community</p>	<p>Hotel. The hotel development is a different arrangement to the Novus Apartments – this is not a SUR Partnership scheme whereby the partners own the site, fund the scheme and share in any profits. The hotel was (and remains) a Council-led scheme which was built on Council-owned land and was fully funded by the Council. The design and build element of the hotel was delivered via SUR, with Morgan Sindall as the main build contractor, on a fixed fee basis. The ownership of this scheme remains with the Council.</p> <p>The Council has just completed a three month procurement exercise to appoint a strategic partner to advise it on its asset review and disposals programme. All investment properties are included as part of that review, including the hotel.</p> <p>Completed. Surjit Nagra contacted respective group leaders and Cllr Bedi on 14 December 21 As at 7th February, out of 42 councillors, 26 were complete, 1 in progress. A further reminder was sent to members week commencing 7th February</p> <p>Completed. Written response sent to members of the committee with papers</p>
	<p>Revised Terms of Reference</p> <p>Extraordinary meeting arranged to consider revised terms of reference incorporating Member and Commissioner comments.</p>	<p>Democratic Services</p>	<p>Completed. Meeting arranged 18.01.22. Revised Terms of Reference approved by Council on 27.01.22. Articles 9 and 9A of the constitution updated.</p>
	<p>Member Training Programme</p> <p>Revised report to be submitted to the extraordinary meeting and to include:</p>	<p>Democratic Services</p>	<p>Completed. Meeting arranged 18.01.22</p>

	<p>Training programme to include bespoke training for Chair/Vice-Chair of Committees</p> <p>Mandatory training for all Councillors regarding the accounts to be considered.</p> <p>Consideration be given to Members being appointed for a term of two years to the Committee to provide stability and greater understanding of issues.</p> <p>Cyber security training to be included in the training programme.</p>		
	<p>Local Government and Social Care Ombudsman - Complaints, Findings and Outcomes</p> <p>Committee to be updated on whether training on standards and behaviours completed by 27th September and induction by 11 October following the complaint had been delivered.</p>	<p>Monitoring Officer.</p>	<p>Completed. Training delivered 22.10.21.</p>
	<p>Internal Audit Update Quarter 3 2021/22</p> <p>Appendix A</p> <p>Children Missing Education - details of when comprehensive list of children not receiving suitable education, being monitored by the appropriate forum, to be reported to the next meeting.</p>	<p>Executive Director (Children)</p>	<p>Completed. Confirmation received on 14.12.21 that measures are in place:</p> <ul style="list-style-type: none"> • A comprehensive list of children not receiving a suitable education is produced and shared at the CME/EHE Forum • Active monitoring of such cases takes place within the CME/EHE forum

	<p>Debtors Management (page 185) - appendix amended to ensure end date of 31.03.22 not 21.</p> <p>Report on Commercial/Subsidiary Companies - including status of DISH to be scheduled for next ordinary meeting.</p> <p>Safety advisory group – no information for residents on website.</p> <p>JEH gross rental income / SLA for support staff – details to be included in report to March meeting</p>	<p>Director of Finance</p> <p>Director of Finance</p> <p>Director of Finance</p> <p>Director of Finance</p>	<p>Completed. Action complete and date updated to 31 March 2022</p> <p>Completed. Refer to agenda item 7</p> <p>Completed. Information is available on the council website via the following link: Advice to event organisers – Slough Borough Council</p> <p>JEH gross rental income Monthly monitoring reports and monthly management accounts are now prepared and reported to the Board. At the January Board meeting, results for the month of December were presented, including year to date and budget income vs actual. The Board has requested a range of information on a per-property basis – previously reported at a ward level – including rental gross income, actual income, arrears, tenancy type etc. This will be reviewed again at the February/March Board meetings and will be kept under regular review to ensure that the Board is providing with timely, relevant and high quality data to oversee the business.</p> <p>The budget for 2022/23 has been prepared and was presented for approval at the 20th January Board meeting. Directors have asked for more detail on all costs and this will be brought back to a further meeting on 17th February. This will also include a consideration of scenarios to inform financial viability assessments.</p>
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			<p>SLA for support staff</p> <p>An SLA has been in place since JEH was established which covers the key services provided by the Council – JEH does not employ any staff and all services are provided by Council teams. The existing SLA also provide details on the basis for charges, which are considered to be reasonable. However the SLA could be further strengthened to improve service delivery and performance and improved decision making. e.g. minimum services standards, KPIs, performance reporting standards, financial analysis and commentary and issues log reporting.</p> <p>A revised SLA was presented to the JEH Board in January however this was not approved by the Board and requires further changes to be incorporated. It also needs to align with the outcomes of the housing service team review and the outcome of the Options Review. The Board has requested that as a minimum, the SLA should be updated to provide more clarity on a number of critical before the end of FY 21/22. However it is recognised that the SLA may require updating again in early FY 22/23 based upon the Options Review and housing services review.</p> <p>The Council’s basis and accuracy of coding costs to JEH-related activities should be considered further to examine if actual costs are in line with costs charged to JEH. Subject to the outcome of the Options Review, this will be a separate piece of work in FY 22/23.</p> <p>As noted above, the budget for 2022/23 has been prepared and was presented for approval at the 20th January Board meeting. Directors have asked for further clarity, specifically around SLA costs and the budget will be represented at the February Board meeting for approval. This includes consideration of the costs of providing services to JEH.</p>
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	<p>Risk Management Update Quarter 3 2021/22</p> <p>Temporary accommodation –details of how many residents have been evicted since ban was lifted and does the council have register of landlords for residents and asylum seekers</p> <p>Refer to Customer and Community Scrutiny Panel to examine in depth.</p>	<p>Executive Director, Customer & Community</p> <p>Democratic Services</p>	<p>Completed. Written response sent to members of the committee with papers</p> <p>Completed. Referred to Panel.</p>
	<p>Internal Audit Progress Report Q3 2021/22</p> <p>IA plan 21/22 - Follow Up on Management Actions Q1 and Q2 - explanation as to why not been completed & finalise quarterly follow ups.</p>	<p>Director of Finance</p>	<p>In progress. See agenda item 8</p>
	<p>Structure of Internal Audit Options Appraisal</p> <p>Report updated to include implementation timeline and to be scheduled for the next ordinary meeting.</p>	<p>Director of Finance</p>	<p>Completed. See agenda item 6</p>

30th September 2021

Minute:	Agenda item and Action:	For:	Status / Comment
	<p>Action Progress Report</p> <p>Committee to be provided with an update on the implementation of Flood Action Plan to December meeting.</p>	<p>Director of Finance</p>	<p>Order raised with the Environment Agency on 9th November to undertake the assessment. Awaiting timeline from them for completion - the Environment Agency have some resource constraints and we expect this to be complete within the next 6 months</p>
	<p>Internal Audit Progress Report</p> <p>IT Business Continuity Audit – Update on whether the Disaster Recovery Plan was in place.</p>	<p>Director of Finance / Group Manager IT</p>	<p>The Council is aiming to implement its formal approach for the testing of business continuity and disaster recovery in line with the original target date of 31 /3/2022. In the interim and in order to manage the risks, priority has been given to ensuring data backups are tested.</p> <p>Update 15/2/22 - Sizing tool to determine sizing requirements was installed w/e 28/1/22, data collection and monitoring completed on 14/2/22. This data gathering will be used to support the procurement. It is proposed that procurement and testing will be February and March.</p>

Note: Actions to be removed from the log after being reported as ‘completed’ to the Committee.

**Response to Audit and Corporate Governance Committee to queries for
Executive Director of Place & Community**

Fly tipping -number of prosecutions, fines and advisory letters that have been issued now service fully staffed

The Resilience and Enforcement team have a number of statutory responsibilities, for which fly tipping is just one. Since April 2020 the team have received **6967** reports, of which **1458** were fly tipping related.

Reports to SBC – April 2020 – 6th December 2021	
Fly tipping/Side waste	1458
ASB	1690
Statutory noise	1102
All other statutory	307
Vehicle/Abandoned/Nuisance	1195
Animal complaints	288
Freedom of Enquiries	72
Licensing/Planning responses	138
Public burials	18
Pest/Insect	225
Misc	474
Total	6967

From the 1st April 2020 to 6th December 2021 the team has received **1,458** complaints of fly tipping.

These reports consist from your single mattress, white goods left on pavements, side waste in bin areas, unwitnessed fly tips and then there will be fly tips where evidence has been found, witnessed and CCTV footage. You will see that the number of complaints is considerably higher than the outcomes noted below. This is due to the nature of fly tipping in that it is very difficult to gather evidence for investigation and prosecution.

Number of fly tipping cases since 1st April 2020

Total number of cases recorded on Council systems **1,458**

- **24** fixed penalty notices issued of which,
 - 3 payments of £200
 - 8 payments of £120
 - 7 withdrawn

- 3 unpaid
- 2 to still chase
- 1 still has time to pay

Taking these cases to prosecution relies on passing the evidential test of proportionality and public interest.

- 1 case to legal, but the advice was not to pursue as it would not be in the public interest.
- 1 case with legal and it is listed for a court hearing.
- 3 successful prosecutions for fly tipping.

Current investigations

- The team are investigating 27 individual cases of fly tipping – due to these being ongoing investigation we are unable to provide details.

Q2 internal audit report - negative opinions relating to Stephen Gibson’s area – update to be provided at the next scheduled meeting

Asset register (19.20/21)

Outstanding management actions reported in the Q2 report have been closed or are being addressed:

<p>The Principle Asset Manager will undertake a review of the current Asset Management Procedure to determine the responsibilities of all involved departments and staff. The procedure will be updated to outline:</p> <ul style="list-style-type: none"> • How to identify assets; • Responsibility of staff in reporting new assets and disposals to the Finance team, the Legal team and the Asset Management team; • Documentation to be held for assets owned by the Council; • Timeliness and responsibility of reconciliations between the asset values in the Asset Register and the general ledger; • Timeliness and responsibilities for all involved teams within the asset revaluation process and updating of results; and • The process for disposals and acquisitions of assets. • Upon review the document will be made available to members of the Asset Management, Finance and Legal Teams 	<p>Medium</p>	<p>Complete</p>	<p>Development Procedures with regards updating property records has been updated</p>
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<p>The Principle Asset Manager will ensure periodic reconciliations are performed around:</p> <ul style="list-style-type: none"> • The reconciliation between the Land Registry and the Asset Register; and • Legal notices and the Asset Register. 	High	Complete	Exercise has shown around 40 properties unregistered with Land Registry. Programme of registering land will now be undertaken.
<p>The Group Accountant Corporate will fully document the verification / valuation process performed on Council assets. This will include documentation around the frequency with which various asset classes are verified / revalued, roles and responsibilities of key individuals as well as any other asset verification processes.</p>	Medium	Overdue	This will be progressed as part of the work related to the Council's Statement of Accounts

Section 106 Funds 38.20/21

The query regarding section 106 funds was answered at the committee meeting on 30.09.2021

Clarification relating to S106 funds – (S151 Officer stated figure of £1.35m but report states £6.75m outstanding)

Data has been extensively reviewed and it is not £6.75m and 50 invoices but £1.35m and 15

invoices. This is where the trigger point for payment had been reached. £80k has been received to date and the remainder has been invoiced.

The section 106 monitoring group has been formed and terms of reference agreed for the remit of the group

Temporary accommodation –details of how many residents have been evicted since ban was lifted and does the council have register of landlords for residents and asylum seekers

1. Details of how many residents have been evicted since ban was lifted:

Two households in total this financial year evicted 24.11.21 and 27.9.21.

2. Does the council have register of landlords for residents and asylum seekers:

The Housing Regulation Team will have a register of licensed Private Sector Landlords and a record of other Private Sector Landlords known to them. However there is no register as such of every Private Sector Landlord in operation in Slough.

In addition if a Private Sector Landlord is not operating a licensable property then there is no legal duty placed upon them to make themselves known to the council.

Individuals and families housed who are seeking asylum are registered with and by the Home Office and are placed by them. Sourcing and management of these properties then is undertaken by their own appointed private contractor.

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Corporate Governance Committee

DATE: 1st March 2022

CONTACT OFFICER: Steven Mair, Director of Finance/Section 151 Officer
(For all Enquiries) (01753) 875368

WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

RISK MANAGEMENT UPDATE – QUARTER 4 2021/22

1 Purpose of Report

- 1.1 The purpose of this report is to report to the Audit and Corporate Governance committee on the corporate risk register with the opportunity to comment and amend it, as shown in Appendix 1
- 1.2 This is the third revision of the risk register which is being reviewed on a monthly basis. This is to ensure that the Council continues its development of a proper strategic risk register.

2 Recommendations

- 2.1 This report recommends that the Audit and Corporate Governance Committee notes the revisions to the risk register and comments on the report.

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

3a. Slough Joint Wellbeing Strategy Priorities –

The actions contained within the attached reports are designed to improve the governance of the organisation and will contribute to all of the emerging Community Strategy Priorities

3b. Five Year Plan Outcomes

The actions contained within this report will assist in achieving all of the five year plan outcomes

4. Other Implications

(a) Financial

There are no direct financial implications of the updates on the actions but resolution of the queries/issues will improve the Council's processes which

underpins sound financial management, by way of example the Council's accounts and budget

(b) Risk Management

Risk	RAG Before Mitigation	Mitigation	RAG After Mitigation
<p>Failure to operate an adequate strategic risk register exposes the Council to risk across a wide variety of services because:</p> <p>Risks are not identified</p> <p>Actions are not planned and progress reported</p> <p>Members are not made aware of the serious risks facing the Council</p>	Red	<p>Pro active officer risk and audit board</p> <p>Pro active management of the risk register</p> <p>Risk register that encompasses strategic risks with actions, milestones</p> <p>Reporting that shows trends, update on actions, impact of actions</p>	<p>Amber – to reflect the continuing work to develop management of strategic risk (currently, work over the coming months will improve this to Green)</p>

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act or other legal implications in this report

(d) Equalities Impact Assessment

There is no identified need for an EIA

5. **Supporting Information**

5.1 **Further Improvements to the Corporate Risk Register**

- 5.1.1 Risk management is a critical part of good governance and it is needed to effectively deliver the Council's priorities.
- 5.1.2 As part of the risk and audit board's continuing work to routinely review all strategic level risks, further improvements have been made to the corporate risk register.
- 5.1.3 Actions to further strengthen risk management processes and procedures are underway including:
- A review of the risk management strategy, which will be presented to the July committee for comment and amendment
 - Review of mitigating actions
 - Roll out of risk management training
 - Development of departmental risk registers
- 5.1.4 The Corporate risk register will be reported on a quarterly basis to Corporate Leadership Team in advance of the Audit and Corporate Governance committee.

5.2 **Revised Risk Register**

- 5.2.1 Risks that are already on the register have been reviewed to ensure they reflect the current risks the Council is facing, a review into staff related risks has been undertaken to consider mitigating actions being taken council- wide.

5.3 **Changes to note**

- 5.3.1 The following risks has been reviewed by the Risk and Audit board and has been merged onto one risk:
- Risk 10: Workforce recruitment and retention
 - Risk 15: Staffing Risks within Slough Borough Council and Slough Children First
- 5.3.2 The risk is now entitled: Service delivery risk due to workforce recruitment and retention issues.
- 5.3.3 The risk has been reviewed to ensure that mitigating actions span across Slough Borough Council and Slough Children First and they reflect the current actions being take through functional capability assessments and the councils recovery plans.
- 5.3.4 This is risk is being reviewed on a regular basis in response to the council's recovery plans

5.3.5 In addition, the following risks have been substantially reviewed:

- Risk 1: Delivery of the Adult Social Care (ASC) Transformation Programme – addition of risks regarding savings
- Risk 2: Covid Pandemic – actions associated with return to the workplace
- Risk 5: Financial sustainability, accounting, processes, commercial and other matters. This risk has been split out into three risks: Risk 5a: Financial sustainability, Risk 5b: Accounting and Risk 5c: Financial processes
- Risk 6: The Council does not take adequate mitigation to reduce the risk of injury or death from incidents within the Council – the addition of self audits as a mitigating action
- Risk 7: Elections and Electoral Registration - captures the returning officer's personal liability
- Risk 8: Recovery and Renewal Plan – captures current actions in relation to the review of council functions
- Risk 9: Business Continuity and Emergency Planning – progress on business impact assessment work has been added as a control and training has been added as an action required to mitigate risks
- Risk 11: Special Educational Needs and Disability (SEND) Local Area Inspection – update on the Written Statement of Action (WSOA)
- Risk 12: Cyber Security- Several actions in the previous version of the risk have been implemented and now controls in place e.g. security patching and communication to staff.
- Risk 13: Information Governance and General Data Protection Regulations (GDPR) – The update to the Information Governance policy has been added as a control
- Risk 14: Council companies - Current controls and actions required have been expanded to reflect the work currently being undertaken on the companies

6 Comments of Other Committees

6.1 There are no comments from other Committees

7. **Conclusion**

7.1 Members note the report

8. **Appendices Attached**

Appendix A – Corporate Risk Register

9. **Background Papers**

None

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Risk 1: Delivery of the Adult Social Care (ASC) Transformation Programme

Risk Owner: Executive Director of People (Adults)

<p>Description:</p> <p>If the adult social care transformation programme does not deliver changes in a timely and effective way there will be a negative impact on quality of service with residents directly affected, savings will not be achieved and a balanced budget will not be delivered.</p> <p>Consequence:</p> <p>Increasing number of people waiting for assessment, service or review. Increasing number of safeguarding cases. Provider failures and reduced quality. Demand increasing. Use of agency increasing.</p> <p>Budget not balanced, savings not delivered, cost and price increasing.</p> <p>Health funding to support the changes may be withdrawn</p>	<p>Current Controls:</p> <ul style="list-style-type: none">➤ Adult social care business case and implementation plans➤ Adult social care transformation board – reporting into recovery and renewal board➤ Tracking of actions and savings➤ Support and challenge from People Too consultant partners➤ Better Care Fund (BCF) additional contribution to ASC confirmed. Additional income of £0.75m for 21/22 and £0.46m for 22/23 <p>Actions Required:</p> <ul style="list-style-type: none">➤ Manage increased income from client contributions – by end of March 22 by Marc Gadsby Based on the Financial Assessment and Charging Workstream, live from July:<ul style="list-style-type: none">New Client invoices raised to the value of £275,000Backdated invoices raised the value of £775,000Debt collected to the value of £382,000Our target linked to this workstream is £300k for this year.➤ Deliver the workstream actions in the adult social care transformation programme by end of March 23 by Marc Gadsby and Jane Senior - Good progress being made – monthly reporting of progress to ASC transformation programme board, monthly project report to Exec Board
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	and weekly financial tracking progress to lead members and directors.
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	Inherent Risk	Residual Risk	Target Risk
Likelihood	6	5	4
Impact	3	3	2
Score	18	15	8

Date last updated: 9th February 2022

Risk 2: Covid Pandemic

Risk Owner: Executive Board

<p>Description:</p> <p>Further waves of covid infections overwhelm our ability and /or our partners ability to provide services to required standards and staff continue to work under this pressure.</p> <p>Consequence:</p> <p>Increased demand on health and care systems. resulting in system pressures that impact ability to transform services or provide value for money and service quality.</p> <p>Increase in death rate and long term conditions arise which increasing demand on council services</p> <p>Significant impact on workforce availability due to illness</p> <p>Schools and local businesses impacted – closures</p> <p>Stretched council resources to manage the work</p> <p>Staff wellbeing and health deteriorates</p> <p>Additional unforeseen costs arise due to continuing impact of pandemic.</p>	<p>Current Controls:</p> <ul style="list-style-type: none"> ➤ Slough Local Outbreak Management Plan ➤ Weekly covid silver ➤ 3 x weekly outbreak meeting ➤ 1 x weekly partner outbreak meeting ➤ Local contact tracing in place ➤ Use of covid grants ➤ Continue efforts to increase vaccination rates ➤ Revision of local covid plan ➤ Revised contact tracing plan ➤ Staff wellbeing <p>Actions Required:</p> <ul style="list-style-type: none"> ➤ Agreement on priority use of covid grants -Silver command ➤ Priority areas for spend confirmed in revised Local Outbreak Management Plan – regular monitoring of covid grants and expenditure ongoing. ➤ Return to workplace hybrid working policy
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	Inherent Risk	Residual Risk	Target Risk
Likelihood	5	4	3
Impact	4	4	3

Score	20	16	9
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Date last updated: 9th February 2022

Risk 3: Temporary Accommodation

Risk Owner: Executive Director of Place and Community

<p>Description:</p> <p>If we fail to manage the increasing demand for temporary accommodation it will cost us financially and damage our reputation.</p> <p>There are financial and reputational risks arising from the increasing demand for temporary accommodation. We have increasing numbers of UK nationals presenting as homeless now that evictions are being allowed. We have pressure to receive asylum seekers – currently 300 asylum seekers are in the borough awaiting immigration status and further to this the UK has specific commitments to Hong Kong and to Afghanistan and has “bridge head” infrastructure in place in Slough as a result of our existing cohort of asylum seekers</p> <p>Consequence:</p> <p>Budget pressure</p>	<p>Current Controls:</p> <ul style="list-style-type: none"> ➤ Housing Needs officers are being supported in taking an appropriate approach when assessing eligibility for temporary accommodation (number of units) ➤ Temporary Accommodation officers are being supported in negotiating better rates (cost/unit) with landlords and other housing providers <p>Actions Required:</p> <ul style="list-style-type: none"> ➤ Ensure our approach seeks out and replicates best practice. ➤ Additional landlords to be found to increase supply and force down cost/unit
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	Inherent Risk	Residual Risk	Target Risk
Likelihood	6	4	3
Impact	3	3	2
Score	18	12	6

Date last updated: 12th November 2021

Risk 4: Disposal of Assets

Risk Owner: Executive Director Place and Community and Director of Finance

<p>Description:</p> <p>If we don't dispose of sufficient assets to realise capital receipts we will be unable to:</p> <ul style="list-style-type: none">➤ finance the anticipated capitalisation direction and➤ to allow the Council's external borrowings and debt charges to be reduced <p>Consequence:</p> <p>Without a programme of asset disposals to finance reduction of external debt, the Council's external borrowing per head of population will remain one of the highest in the UK and debt charges will increase to a significant proportion of the net revenue budget.</p> <p>Without significant asset disposals the Councils long term financial position is not sustainable and will compromise the Council's ability to:</p> <ul style="list-style-type: none">➤ set a balanced budget and➤ provide existing levels of services in the future.	<p>Current Controls:</p> <p>Appointment of external support to advise and manage the programme of asset disposals as approved by the Cabinet report on 20 September 2021.</p> <p>Cabinet report 20 September 2021 sought permission to (1) progress with an orderly asset disposal programme (2) use receipts generated from these disposals to minimise new external borrowing and where possible repay existing short-term loans (3) obtain external support in terms of capacity and expertise to manage the programme of asset disposals.</p> <p>Final stages of procurement process is underway including the two week cooling off period and signing of the contract, with work due to start in March.</p> <p>Alongside this work there has been progress in locating the deeds for all assets to ensure they are up to date and will be required for any assets to be disposed of.</p> <p>The supplier is confident that the asset disposal programme of work can achieve the anticipated capital receipts in line with the report that went to Cabinet in September.</p> <p>Actions Required:</p> <p>(1) Formal appointment of successful bidder</p>
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	(2) A strategic overview of the council's asset portfolio to identify assets suitable for disposal, whilst maintaining the council's ability to deliver services. Recommend packaging of assets into disposal lots so the council can obtain best consideration
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	Inherent Risk	Residual Risk	Target Risk
Likelihood	6	3	3
Impact	4	4	4
Score	24	12	12

Date last updated: 16th February 2022

Risk 5a: Financial sustainability**Risk Owner:** Director of Finance

<p>Description:</p> <p>In March 2021 the Council requested Exceptional Financial Support from the Department for Levelling Up, Housing & Communities (DLUHC) in respect of the financial year 2021/22 to help it balance its budget. DLUHC agreed in-principle to provide support and commissioned CIPFA to undertake an independent and detailed financial assurance review of Slough Borough Council (the Council). Since the original capitalisation request for 2021/22 of up to £15.2m, the Council has identified further very substantial liabilities for previous years, which the Council is unable to meet from its reserves. These past liabilities also impact substantially on the financial position for the Council in the current financial year and beyond</p> <p>The S151 officer issued a statutory S114 notice in July 2021, outlining then estimated total potential liabilities across the Council of some £174m up to 2024/25, which had not been accounted for hitherto. As recognised by CIPFA in its report in October 2021, there was a high likelihood that this figure could grow, and this has proven to be the case. The latest forecast is that the Council will need an unprecedented level of support of a capitalisation direction of a base case of circa £223m to 31 March 2022, with a further £84m for 2022/23 in order to sustain it for this period and allow it to set a balanced budget for 2022/23. Initial forward planning indicates that a further £172m will be needed for the period to 2028/29. These figures assume that the Council can</p>	<p>Current Controls:</p> <p>The Council will be receiving a series of budget reports at its meeting on the 10th March. These will include:</p> <ul style="list-style-type: none">Revenue budgetCapital programmeTreasury managementS25DSGCouncil Tax Support <p>These reports are in the final stages of preparation and will include a wide range of proposals that will set a new start for the Council moving forward which will be considered by Cabinet on the 9th March and Council on the 10th March</p> <p>Actions Required:</p> <p>The Council needs to balance its immediate budgets for:</p> <ul style="list-style-type: none">2021/222022/23 – when agreed by Council <p>And prepare its budget for 2023/24 by May 2022</p> <p>The immediate actions include:</p>
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deliver circa £20m per annum of recurrent incremental savings. This will be addressed by Cabinet on the 9th March

The Council's financial position has been the subject of regular briefings to members and DLUHC throughout 2021/22. The seriousness of the financial situation and how the Council found itself in this position remain of significant concern. This has been acknowledged and a financial recovery plan agreed. Whilst the current request of Government is unprecedented it has to be noted that the accounts and audits of the 2018/19 (including eight prior period adjustments), 2019/20, 2020/21 and 2021/22 accounts are yet to be completed, further prior period issues have since been unearthed and it is very likely that more may be uncovered during the continuing closure of the accounts process

Consequence:

In the medium to longer-term the Council cannot become a financially self-sustaining council without considerable Government support. The availability of significant future support is a key assumption underpinning the 2022/23 budget and will be for several future years

- Continue to manage 21/22 budget
- Ensure 22/23 budget savings can be delivered
- Work up options for 23/24 savings

Training:

Programme of officer training has commenced
Development of member training programme and support on financial matters

	Inherent Risk	Residual Risk	Target Risk
Likelihood	4	4	1
Impact	6	5	4
Score	24	20	4

Date last updated: 14th February 2022

Risk 5b: Accounting

Risk Owner: Director of Finance

Description:	Current Controls:
<p>The accounts and audits of the 2018/19 (including eight prior period adjustments), 2019/20, 2020/21 and 2021/22 accounts are yet to be completed, further prior period issues have since been unearthed and it is very likely that more may be uncovered during the continuing closure of the accounts process</p> <p>As has been reported to Council recent work on the 2018/19 accounts has identified that all the core statements, group accounting statements and 60% of the notes will need to be restated and work is ongoing on undertaking this. This will then form a solid base to take forward work on the 2019/20 and 2020/21 accounts</p> <p>In more detail the three issues with the 2018/19 accounts identified at the Audit and Governance Committee in May 2021 ie that:</p> <ul style="list-style-type: none">• the appeals provision was understated because a business rates appeal had not been provided for;• long-term debtors were overstated because a loan to Slough Children's Trust had not been impaired for non-payment; and• agreeing a way forward regarding the understatement of minimum revenue provision (MRP) for the period 2016/17 to date.	<p>The Council is operating a structured and well tested method for preparing its accounts using a whole team approach involving as many of the existing finance team as possible in order to upskill permanent members of staff and to spread the workload. This reflects that a number of key finance staff are likely to be heavily involved in other tasks such as the expenditure control panels</p> <p>The standard approach is that individual officers have been assigned a disclosure note to prepare (the preparer) and that each disclosure note will be subject to first line QA review by a reviewer. Given that some staff assigned a review role may be unfamiliar with undertaking QA review, then all work be subject to second line QA review. This will ensure that both the quality is maintained and the first line reviewer and the preparer understand the standard that the Council is aiming for</p> <p>For the 2019/20 and 2020/21 accounts standard closing folders for both years have been set up with folders for each core statement and disclosure note</p> <p>All working papers are being filed on these folders so that there is a clear trail back from the accounts to centrally filed working papers rather than information filed on personal folders which seems to have been the experience in the past</p>

have been followed up and completed and will result in:

- the appeals provision being increased by £4.5m in 2018/19;
- the loan to Slough Children's Trust being impaired by £2.4m;
- a prior period adjustment of £27m in respect of understated MRP has been calculated for the period to 31/3/2018 and a further understatement of £6m in 2018/19. i.e. MRP was understated by £33m to 31/3/2019. The cumulative understatement of MRP to 31/3/22 is £69m.

In addition to these previously identified issues, work on the accounts has recently identified the following further matters:

- £13m of s.106 contributions recognised as capital grants unapplied in 2016/17 will need to be restated as a long-term creditor, because the conditions associated with the agreements had not been met, therefore the contributions had been incorrectly recognised as income;
- a lease for a plot of land to be used for an Extra Care Home development had been incorrectly accounted for as follows:
 - a) lease rental payments of £2m had incorrectly been capitalised even though ownership of the land did not transfer to the Council. Consequently the payments should have been charged to revenue and a prepayment recognised in 2019/20;

For each core statement and disclosure note standard template workbooks are being used to collate information and produce the relevant disclosure. The purpose of using the standard template workbooks is to ensure there is a clear audit trail between the information reported in the accounts back to source documentation, and to provide clear evidence of quality assurance in the accounts preparation process

Each accounts workbook is structured with the following: a) summary sheet to collate and summarise the work done and containing hyperlinks to supporting information b) QA checklist – a standard checklist to evidence the QA, each checklist is tailored to the individual disclosure note c) review sheet for the reviewer to document their review and the preparer to use to respond to queries raised through the review process d) disclosure checklist – an extract from the CIPFA Accounts Disclosure checklist to ensure that the disclosure meets Code requirements e) analytical review to compare the current year with the previous one and seek explanations for variances over £1m; f) Grant Thornton (GT) expected paper checklist – an extract from GT's expected working paper list relevant to the disclosure or core statement linked to the information requested; g) disclosure note; h) supporting working papers – which may be in the same workbook or hyperlinked files

For 2018/19, the standard working paper filing system will be used and populated with the existing working papers. Discussions with external audit highlighted that although GT had provided an expected working paper checklist for the 2018/19 audit, the Council's finance team did not complete this. Consequently, most of the working papers used to support the final accounts for 2018/19 had to be requested

<p>b) as a result of the cancellation of the capital project in 2021, £0.6m of development costs currently charged to assets under construction will have to be written off to revenue and have been added to the capitalisation direction;</p> <p>c) also as a result of the cancellation of the project, a £4.5m provision has to be recognised for an onerous contract in respect of the remaining 40 year term of the contract.</p> <ul style="list-style-type: none"> • a number of cases where accruals have not been raised including: <ul style="list-style-type: none"> a) £2.2m of capital expenditure relating to 2019/20 but paid in 2020/21; and b) £1m of DSG-related expenditure paid in 2021/22 but relating to 2020/21. • 132 assets misclassified as investment properties but which are operational assets. Correcting the misclassification will alter the asset values which is currently being worked through. • officers have reconciled the asset register to the housing management system for council dwellings for the years 2018/19 to 2020/21. This has identified minor discrepancies between the two systems and work is ongoing to identify the causes and rectify these. This does not have a material impact on the accounts. • an exercise has been undertaken to review all provisions and contingent liability disclosures for completeness. 	<p>individually by GT and were supplied to them via GT's audit software – Inflo</p> <p>A review of the 2018/19 working papers on the Council's X: drive does not readily show a suite of working papers pulled together for GT. A copy of the working papers provided to GT has been requested from them so that the Council has a record and can see what was provided, and from what source</p> <p>For all three years main accounts, the Council will be moving away from the Big Red Button approach which the Council had been using in previous years. Instead, the Council will use a model with in-built validation checks which has been used before. The format will be A4 landscape and thus easier to view on-screen which is the way most users of the accounts view the annual statement of accounts</p> <p>Clearly this will mean restating the draft 2018/19 Statement of Accounts into the new format, but the 2018/19 accounts will be subject to triage to provide assurance for the s.151 officer. Restating the accounts will form part of that triage and enable us to draw out underlying issues</p>
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This has identified a number of provisions which had not been identified:

- a) £2.6m provision for refunds to tenants arising for the Thames Water v Southwark case;
- b) Bad debt provisions had not been reviewed for some time and were materially understated. Work is ongoing, but the initial indication is that bad debt provisions in respect of General Fund items have been understated by £11m.
- four loan repayment instalments for a loan to a school had not been collected totalling £28,000 in the two years since the loan was advanced. Processes are being established to ensure collection is made automatically and that this does not recur.
 - a review of the arrangements with SUR LLP indicates that loan notes in respect of land optioned to SUR for the Old Library Residential site will have to be impaired by £0.4m, because the scheme is unlikely to make a profit. Currently the senior debt loan of £9.7m is not thought to be at risk of impairment.

As part of embedding improvements in the Council's accounting processes:

- a detailed programme of technical training for Finance staff was completed in November to bring staff up to date with technical developments and the new working paper templates for final accounts.
- regular two weekly meetings are being held with Grant Thornton to discuss technical accounting issues as they arise

Actions Required:

The immediate actions are to prepare and have audited accounts from 2018/19 to 2020/21 and then 2021/22

To feed the outcome of these accounts into the Council's forward financial planning

To design a structure for the permanent Slough finance team

and agree a way forward as part of the closedown process. This should reduce delays once the audit of the accounts commences.

Consequence:

The Council has no properly prepared or audited financial base line since 1 April 2018 and thus has challenges preparing its budgets and financial planning going forward

It has also not fulfilled its requirements to properly account for its stewardship of public monies

It will face increased external audit fees and is having to have its staff spend a great deal of time “looking backwards” rather than planning forwards

	Inherent Risk	Residual Risk	Target Risk
Likelihood	4	2	1
Impact	6	5	4
Score	24	10	4

Date last updated: 14th February 2022

Risk 5c: Financial processes**Risk Owner:** Director of Finance

<p>Description:</p> <p>Many of the Councils financial processes are not fit for purpose. These include by way of example:</p> <ul style="list-style-type: none"> ➤ financial systems – the Agresso system is not fully used or documented ➤ financial capacity and skills – the number and skills of permanent staff in the team have in some cases considerable room for improvement ➤ financial processes – basic processes such as reconciliations are not documented or upto date ➤ insurance and other provisions were inadequate <p>Consequence: Breach of statutory duties Section 114 notice No recent accounts Challenges setting budgets</p>	<p>Current Controls:</p> <p>Specialist resources have been brought in to understand the nature and scale of the problems and to address them</p> <p>Finance action plan reported to full Council for each meeting (with the exception of March when the budget papers will be tabled)</p> <p>Finance and Commercial service business plan has been developed to ensure future sustainability of the service.</p> <p>Actions Required:</p> <p>The finance action plan which is reported to Council as noted above sets out in detail the current position at each meeting on these issues and the actions being taken</p>
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	Inherent Risk	Residual Risk	Target Risk
Likelihood	4	3	1
Impact	6	5	4
Score	24	15	4

Date last updated: 14th February 2022

Risk 6: The Council does not take adequate mitigation to reduce the risk of injury or death from incidents within the Council

Risk Owner: Director of Finance

<p>Description:</p> <p>If the Council does not meet its wide range of Health & Safety requirements then there could be a risk to the safety of staff and citizens</p> <p>Key potential causes are:</p> <ul style="list-style-type: none">➤ Lack of understanding of roles and responsibilities➤ Insufficient staff numbers to carry out work plans in a safe way.➤ Budget pressures resulting in inability to provide correct equipment➤ Lack of appropriate training.➤ Lack of oversight and control by local management.➤ Lack of information on the potential or known risks i.e. through lack of reporting➤ Lack of learning from previous lessons➤ Inadequate contract management arrangements. H&S legislation states you are still liable even if contractors undertake work.➤ Lack of effective processes and systems consistently being applied.➤ Health and Safety Policies are not kept up to date.➤ Lack of accountability and governance arrangements <p>The risk of injury or death is from high-risk activities:</p> <ul style="list-style-type: none">➤ lone working and violence➤ use of machinery	<p>Current Controls:</p> <ul style="list-style-type: none">➤ Health & Safety (H&S) professionals and advisers in post➤ A health and safety management system (policy and codes of practice) in place. These are regularly reviewed and updated and clearly communicated and placed on SBC insite➤ Corporate health & safety strategy (2018-2021) in place with directorate plans dovetailing➤ Accident reporting system and procedure in place and communicated. Investigations occur and are reported.➤ Health & safety training programs in place, available face to face and on line. Mandatory training identified and in place.➤ Lone worker In-check and personal safety devices in place➤ Monitoring of health & safety indicators at Health & Safety Committees (bimonthly) and Health & Safety Board (quarterly).➤ Trade Union consultation with health and safety trained representatives present➤ Compliance monitoring 'Building Compliance Group' (monthly)➤ Audit program <p>Actions Required:</p>
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<ul style="list-style-type: none"> ➤ inadequately managed buildings ➤ inadequate contract management <p>Consequence:</p> <p>Death/injury to individuals and/or non-compliance with relevant legislation resulting in prosecution and civil claims.</p>	<ul style="list-style-type: none"> ➤ Online accident reporting for accurate monitoring and tracking. Business case will be submitted in April 2022. ➤ Monitoring of actions from risk assessments, accidents and audits to ensure lessons are learnt and actions are implemented through an online system. Business case will be submitted In April 2022. ➤ Health & safety team auditing high risk areas of the council: asset management, environmental services, strategy and infrastructure and lone workers. Lower risk areas to self audit post Transformation Executive Board approved new audit format in November 21 following report from Health & Safety Board. Self-audits to be completed after Corporate Consultative Forum meeting on March 7th 2022 ➤ Gap analysis of training needs, provision and uptake. Work commenced with Workforce Development in identifying risk assessment and accident investigation training. All managers and staff encouraged to complete mandatory H&S on line training via communications issued to all staff and managers. All managers have been provided with instructions on how to determine the compliance status of staff. ➤ New corporate strategy to be developed for 2022 onwards and directorate plans to be developed H & S Board has requested a new strategy and this will be presented to Corporate Leadership Team (CLT) in March 2022
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	Inherent Risk	Residual Risk	Target Risk
Likelihood	5	3	3
Impact	4	4	2

Score	20	12	6
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Date last updated: 14th February 2022

Risk 7: Elections and Electoral Registration

Risk Owner: Monitoring Officer

<p>Description:</p> <p>Failure to deliver elections and maintain the electoral register leads to a challenge of an electoral outcome:</p> <ul style="list-style-type: none"> ➤ Insufficient resources provided to Electoral Registration officer (ERO) to deliver a comprehensive canvass & the Returning Officer to deliver the elections. ➤ Failure of IT systems to maintain the electoral management system ➤ Failure to follow legislative and regulatory requirements. <p>Consequence:</p> <ul style="list-style-type: none"> ➤ Disenfranchisement of local residents. ➤ Potential to challenge any election which relies on an incomplete or inaccurate register. ➤ Failure of local authority in its duty to provide sufficient resources & funding to the Returning officer/Electoral Registration officer. ➤ Loss of polling places & count venue ➤ Reputational damage. ➤ All matters pertaining to elections are the personal responsibility of the RO and any failings would give rise to personal liability 	<p>Current Controls:</p> <ul style="list-style-type: none"> ➤ Project plan including detailed risk register ➤ Documented internal procedures ➤ Monitoring by Electoral Commission through appropriate performance standards & surveying ➤ Adequate insurance (Returning officer - personal liability) ➤ IT reserve high level on-call ➤ Adequate insurance cover is in place for the RO, with a nil excess <p>Actions Required:</p> <ul style="list-style-type: none"> ➤ Adequate staffing to ensure canvass is completed in the Autumn. (Electoral staff & canvassers). ➤ Follow the guidance and steps provided by the Electoral Commission to maintain the register. ➤ Provide reporting & statistics on the management of the register for accuracy and completeness. ➤ Ensure plans are in place early to manage the delivery of any election and adequate resourcing. ➤ Core staff put in place to deliver the elections. ➤ Staffing the election - resources need to be put in place early to ensure staffing for all aspects of the election. ➤ Polling places booked early.
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	Inherent Risk	Residual Risk	Target Risk
Likelihood	4	3	2

Impact	4	4	3
Score	16	12	6

Date last updated: 14th February 2022

Risk 8: Recovery and Renewal Plan

Risk Owner: Executive Board

<p>Description:</p> <p>The Council has a wide range of recovery and renewal actions to undertake arising from the various reports it has recently received</p> <p>A major focus at the moment across the Council is the completion of functional assessments by all services identifying gaps in capacity and capability to inform the construction of then costed plan action plans</p> <p>The requirements is to in the first three months prepare and agree an Improvement Plan to the satisfaction of the Commissioners (which may include or draw upon improvement or action plans prepared before the date of these Directions), with resource allocated accordingly and, as a minimum, the following components:</p> <p>An outline action plan to achieve deliver financial sustainability and to close the long-term budget gap identified by the Authority across the period of its medium term financial strategy (MTFS)</p> <p>An action plan to achieve improvements in relation to the proper functioning of democratic services, to include rapid training for council officers, a revised term of reference for the Audit and Corporate Governance Committee, and the agreement of an Annual Governance Statement for 2020-21</p>	<p>Current Controls:</p> <p>The Corporate Leadership Team is preparing the response to these requirements using a template designed to assist with this</p> <p>The returns are then being shared between colleagues and held corporately in order to allow a comprehensive corporate plan to be drawn up</p> <p>Actions Required:</p> <ul style="list-style-type: none">Complete review of all functionsCosted improvement plans to followPrioritisation of ongoing services and service levelsSale of assetsDownsizing of the CouncilInvestment in services that allow the Council to function safelyReprioritised digital and ICT improvement programmeData and Insight to support service delivery and decision making
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An action plan to achieve improvements in relation to the proper functioning of the scrutiny function, to include a review of the Council strategic risk register to make it fit for purpose

An action plan to achieve improvements in relation to the proper functioning of internal audit, which addresses outstanding management actions and includes the commissioning of an independent review of the internal audit contract and a fully costed plan for establishing an internal audit function that reflects best practice

An action plan to achieve improvements in relation to the proper functioning of the procurement and contract management function, which includes an independent review

An action plan to achieve improvements in relation to the proper functioning of the Authority's IT

A suitable officer structure and scheme of delegation for the Authority which provides sufficient resources to deliver the Authority's functions in an effective way, including the Improvement Plan and its monitoring and reporting, prioritising permanent recruitment and/or longer- term contract status of interim positions

Other matters are related to the overall recovery and renewal plan and reported elsewhere – such as asset sales, budget and accounts preparation etc

<p>Consequence:</p> <p>Preparing these plans will set the Council on its way to recovery from its current position</p>	
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	Inherent Risk	Residual Risk	Target Risk
Likelihood	6	5	3
Impact	4	3	2
Score	24	15	6

Date last updated: 14th February 2022

Risk 9: Business Continuity and Emergency Planning

Risk Owner: Director of Finance

<p>Description:</p> <ul style="list-style-type: none">➤ The Council has a framework that can be utilised by the emergency planning team to respond to both a major incident and business continuity interruption. The risk identified here is if there was no Emergency Planning team in place to respond then the Council will lose its resilience to respond to the emergency. However, it should also have to support this a Business continuity plan and a Major Incident Plan for people to utilise to follow in an emergency should the EP team not be available. <p>Consequence:</p> <ul style="list-style-type: none">➤ Failure to have an Emergency Planning Team will place the Council at risk of being unable to continue its business should a serious event cause disruption or an emergency occurs.	<p>Current Controls:</p> <ul style="list-style-type: none">➤ Emergency planning and business continuity lead in place on an acting up arrangement➤ There are managers who are aware of the emergency planning and business continuity process. See details below regarding a refresh.➤ Assistance support is provided to officers that are leading Business Continuity in their service areas in how to complete the necessary documentation ie Business Impact Assessments.➤ Have sufficient officers (Local Authority Liaison Officer (LALO) and Rest Centre Managers (RCM)) who can be utilised in an emergency for now.➤ The role of Major Incident Managers has been moved to the Emergency Planning Team and the Associate Directors will now be Council Operations Silver and Emergency Operation Centre (EOC) Managers when required. <p>Actions Required:</p> <ul style="list-style-type: none">➤ To implement a plan to review business continuity management in response to the organisation restructure and the availability of the IT disaster Recovery will assist and support this process. -➤ Training will commence following the completion of all plans (Major Incident Plan and Business Continuity
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	<p>Plan). Training is ready to launch and will be online and face to face for managers.</p> <ul style="list-style-type: none"> ➤ We require the slight increase to LALOs, RCMs and a crucial need for Response Support Staff for the Emergency Rest Centres and the EOC. ➤ Appoint to the backfill for the Emergency Planning Officer
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	Inherent Risk	Residual Risk	Target Risk
Likelihood	6	5	3
Impact	4	4	2
Score	24	20	6

Date last updated: 14th February 2022

Risk 10: Service delivery risk due to workforce recruitment and retention issues

Risk Owner: Director of Finance

<p>Description:</p> <p>The Council is unable to deliver services for our residents because of the inability to recruit and retain staff, including the right calibre of staff in specialist roles. This is also applicable to Slough Children First.</p> <p>Consequence:</p> <ul style="list-style-type: none">➤ A higher reliance on agency staff has a direct impact on budgetary pressures➤ Significant numbers of interims in leadership roles leads to staff uncertainty about future sustainability and continuity of management➤ Higher costs due to cost of recruitment to replace staff who have left➤ Loss of corporate memory leads to inefficiencies and additional costs➤ Staff turnover includes hard to fill posts which has an impact on workloads in teams and increases staff absences, wellbeing and resilience➤ Employee disengagement leading to reduced productivity➤ Failure to maintain required levels of service delivery affecting our residents, especially statutory obligations➤ Reduced staffing levels will impact the quality of service being provided	<p>Current Controls:</p> <ul style="list-style-type: none">➤ Engagement with the workforce through regular communications and briefings to provide reassurance to staff of the development and then progress of the recovery process, including trade union colleagues.➤ Process in place to fill vacancies in transitional structure where risk areas have been identified➤ Slough Children First continue to invest to recruit a permanent workforce including overseas recruitment and apprenticeships <p>Actions Required:</p> <ul style="list-style-type: none">➤ Functional capability assessments to identify Workforce profile gap analysis to understand where gaps exist, and consider the affordability of the future operating model➤ Development of a recruitment and retention strategy, to align with the future operating model➤ Tracking of staff turnover rates to Corporate Leadership Team and to workforce committee and Board within Slough Children First - monthly➤ Development of communications plan for staff briefings➤ Appraisals and performance management of staff➤ Review of current pay and reward structure of the council➤ Tracking of specific issues through analysis of exit interviews➤ Slough Children First are implementing a recruitment and retention measures as per the business plan
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	Inherent Risk	Residual Risk	Target Risk
Likelihood	4	4	2
Impact	4	4	3
Score	16	16	6

Date last updated 15th February 2022

Risk 11: Special Educational Needs and Disability (SEND) Local Area Inspection**Risk Owner:** Executive Director People (Children)

<p>Description:</p> <ul style="list-style-type: none"> ➤ The SEND Local Area Inspection took place in September 2021. The report highlighted significant areas of weakness. ➤ The local area includes the local authority SEND services, Children’s Social Care and Health partners. ➤ The area is required to produce a Written Statement of Action (WSOA), which needs to highlight how we will address the areas of concern. This will need to be submitted to the Department for Education and approved by Ofsted and CQC. ➤ There is an approximate timeline of 18 months for improvements to be demonstrated in which Ofsted are likely to be back for inspection again. ➤ Staff turnover and absence is impacting significantly on delivery of SEND services <p>Consequence:</p> <ul style="list-style-type: none"> ➤ Reputational risk ➤ Failure to carry out statutory duties ➤ Vulnerable children not getting the full support they are entitled. 	<p>Current Controls:</p> <ul style="list-style-type: none"> ➤ Self-Evaluation Form needs updating in light of inspection findings ➤ Rapid Action Plan created by the LA will be replaced by the WSOA developed with all relevant partners ➤ Strategic oversight strengthened - Strategic board now meets every 6 weeks <p>Actions Required:</p> <ul style="list-style-type: none"> ➤ Review of current SEND staffing resources and plans to improve functioning of the team ➤ Implement, with all relevant partners, the WSOA when completed ➤ Implement Dedicated Schools Grant (DSG) recovery plan in partnership with the Department for Education (DfE) ➤ WSOA is in draft and will be submitted to Ofsted/CQC on 18th February 2022 ➤ Cabinet report on WSOA is being present on 21st February 2022 ➤ Interim staff required to cover absence and vacancies
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	Inherent Risk	Residual Risk	Target Risk
Likelihood	6	5	2

Impact	4	3	2
Score	24	15	4

Date last updated: 14th February 2022

Risk 12: Cyber Security

Risk Owner: Director of Finance

<p>Description:</p> <p>Failure to adequately protect our information and technology assets against an attack specifically and deliberately (targeted), collectively as part of a wider attack or inadvertently by an internal actor breaching policy and procedures.</p> <p>Consequence:</p> <p><i>Worst case:</i> Temporary or permanent loss of access to some or all of SBC data and / or IT systems.</p> <p><i>Likely case:</i> (some of) loss of reputation in handling personal data, removal of access to PSN and DWP direct data connections, removal or penalties for bank payment handling and processing. Short term loss of access to data or systems.</p> <p><i>Best case:</i> Isolated incident with minimal or no data loss and no loss of access to IT systems.</p>	<p>Current Controls:</p> <ul style="list-style-type: none">• Procured membership of SEGWARP and other government alert agencies This provides regional alerting on vulnerabilities that SBC needs to be aware of / intelligence sharing / threats / policy development SBC have also registered with the Cyber Resilience Service for the south east to enable a regional approach to cyber alerting.• Ensure security patching is up to date and continues regularly. An interim resource has been engaged to check and apply security patching.• Periodic and regular 3rd party penetration testing. SBC procure the services of multiple security vendors to perform at least annual security testing and health check scans to ensure any exposed system is identified and rectified. The test for 2021 is approaching and is currently being commissioned and the scope for the test is being set.• Cyber Security support from market leading 3rd party. Softcat are contracted to provide additional cyber security support. This covers the following<ul style="list-style-type: none">○ Quarterly Security Controls Assessment○ Breach Assessment annually
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- Security Improvement Programme Leadership

Organisation and Execution of cyber essentials audit action plan. Actions to complete before the end of 2021

- Communications to staff has been increased through councils Newsround and subject specific emails in particular awareness on cyber security issues, including phishing emails, scam calls & data protection responsibilities.
- Documented and detailed security procedures have now been put in place for patching, testing and incident handling & testing of these is in progress
- DLUCH Funding obtained following application and workshops - £200k

Actions Required:

- Fund a continuous improvement programme for IT security hardware and software
- Remedial / Modernisation programme targeted security improvements under emergency funding and agreed with further proposal being prepared for March Cabinet
- Compliance - fortnightly monitoring audit actions

	Inherent Risk	Residual Risk	Target Risk
Likelihood	5	4	3
Impact	3	3	3
Score	15	12	9

Date last updated: 14th February 2022

Risk 13: Information Governance and General Data Protection Regulations (GDPR)

Risk Owner: Director of Finance

<p>Description:</p> <p>Failure to resource our ability to respond to GDPR legislation can incur significant fines and reputational damage.</p> <p>GDPR came into force in May 2018. There needs to be a corporate and local response to the implementation of GDPR</p> <p>The team that manages information governance lacks sufficient resource.</p> <p>GDPR has meant that workers who understand GDPR and how to mitigate the effects are becoming more valuable to all sectors, making it harder to fill posts with responsibility for GDPR</p> <p>Consequence:</p> <p>If there is not an adequate response to GDPR there is a chance that there may fines, criticism from the information Commissioner</p> <p>Damage to corporate reputation</p> <p>Civil claims for damages</p>	<p>Current Controls:</p> <p>There is an interim Data Protection Officer (DPO) assigned. The Act DPA2018 / GDPR only states that as a public authority SBC would need a named and nominated person to act as DPO. SBC has that person (IT business development manager)</p> <p>The interim group manager for IT is also experienced in GDPR and has fulfilled the role of Data Protection Officer previously in other organisations.</p> <p>GDPR training for new starters to minimise breaches of GDPR</p> <p>External review of compliance by Internal Audit</p> <p>Initial data mapping completed by SBC supported by RSM</p> <p>The council has updated its information governance policy in November 21 and this has been signed off by the IG board, the updated policy supports the process by which an organisation obtains and provides assurance that it is complying with its legal, policy and moral responsibilities in relation to the processing of information. Alongside this an IG Improvement plan has been developed and will be monitored through the Information governance board moving forward.</p> <p>Actions Required:</p>
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	<p>Draw together all aspects and issues of GDPR into one place, and establish a programme to confirm compliance or implement required controls where necessary.</p> <p>Ensure appropriate funding is provided to enable a permanent DPO to be recruited though it should be noted the DPO is a function and not a role. The DPO would typically also have another function within SBC. This role will be addressed in the IT restructure providing the funding for the post is made available. The function of DPO is still held on an interim basis by the IT business development manager.</p> <p>Internal Audit for GDPR undertaken in November 2021.</p>		
	Inherent Risk	Residual Risk	Target Risk
Likelihood	4	3	1
Impact	3	3	3
Score	12	9	3

Date last updated: 14th February 2022

Risk 14: Council Companies

Risk Owner: Director of Finance

<p>Description:</p> <p>If we fail to review the relevance and rationale for each of the Council's Companies, we open the Council up to potential financial losses, reputational damage and legal challenge.</p> <p>The Council has a number of subsidiaries and joint ventures to deliver a range of services or address specific issues. Given the Council's current financial and operational circumstances, and issues that have been identified to date, the rationale for continuing to have these companies needs to be reviewed.</p> <p>In addition, a wide range of governance, management, operational and financial issues have been identified over a number of years and not been addressed. These need to be (a) reassessed to reflect the latest available information relevant to the companies and (b) revised actions implemented. There is a risk of poor service delivery, ineffective decision making, poor oversight, poor value for money and additional reputational and financial risk for the Council (e.g. additional costs, non-repayment of loans, grant clawback)</p> <p>Consequence:</p> <ul style="list-style-type: none">➤ Additional financial pressure on existing Council budgets that are not within plan➤ Poor service delivery, especially in relation to housing, due to poor contract management and controls	<p>Current Controls:</p> <ul style="list-style-type: none">➤ Establishment of corporate oversight board for Slough Urban Renewal which may be expanded to include other companies➤ Appointment of new directors and senior responsible owners with clarity on roles and reporting➤ Regular Board meetings established at all active companies➤ Improved performance reporting to company Boards➤ Establishment of monthly financial reporting from key companies into the Council➤ Internal audit tracker for key issues to monitor progress through to issues getting closed down <p>Actions Required:</p> <p>A wide range of workstreams are underway with the immediate actions focused on:</p> <ul style="list-style-type: none">➤ Closing down all dormant companies➤ Ground Rent Estates 5 – execution of loan and new financial arrangements, including completion of conditions precedent for the Homes England Grant Funding Agreement; revised financial modelling and financial exposure review; resolution on main works programme; continue to support litigation proceedings; development of exit strategy; establish shareholder oversight group
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<ul style="list-style-type: none"> ➤ Potential grant clawback across a range of companies which will have implications for the Council. e.g. James Elliman Homes, Ground Rents Estates 5 ➤ Reputational damage to the Council as a result of the failure of a number of high profile initiatives with a national interest. e.g. Nova House ➤ Key strategic sites are not developed – failure to achieve the Council’s strategic objectives and key outcomes. e.g. Slough Urban Renewal 	<ul style="list-style-type: none"> ➤ James Elliman Homes – complete options review (led by Local Partnerships); Council-led review of service level agreement arrangements including operations, management and finances and implementation of improvements, debt repayment plan; resolve grant allocation and council accounting matters re top-up payments; appoint new directors and establish shareholder oversight group; undertake review of rental levels across the portfolio. ➤ Slough Urban Renewal – Restructure the Council’s commercial relationship including de-risking and minimising cash outlay. Complete North West Quadrant due diligence/negotiations with Homes England and complete transaction/disposal; Slough Urban Renewal sites – agree revised relationship/investment principles, agree revised heads of terms, approve updated business cases for Montem/Wexham, execute transactional requirements/disposal; reinstate key governance required under the terms of the partnership agreement and obtain approvals for revised business cases/plans ➤ DISH – establish regular performance reporting to the Board, commence high level options review to explore the potential of transferred DISH properties into the HRA, commercial review of DISH lease, preparation of a service level agreement to reflect the services the Council is providing.
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	Inherent Risk	Residual Risk	Target Risk
Likelihood	5	4	3
Impact	4	3	2

Score	20	12	6
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Date last updated: 13th February 2022

6X4 Matrix guidance

Likelihood	Negligible Impact	Marginal Impact	Critical Impact	Catastrophic Impact
Very High	6	12	18	24
High	5	10	15	20
Significant	4	8	12	16
Low	3	6	9	12
Very Low	2	4	6	8
Almost impossible	1	2	3	4

Assessing the SEVERITY/ IMPACT of a risk

Severity is assessed on a scale of Negligible to Catastrophic indicating increasing seriousness. The impact is assessed looking at credible scenarios (taking prevailing circumstances into consideration) and looking forward to the risks that arise from these scenarios.

The **examples** against each category are for your guidance and should be thought of as the consequences that would be likely to occur if things were left to go out of control.

The **examples** detailed below will help ensure a consistent approach.

	Negligible	Marginal	Critical	Catastrophic
	1	2	3	4
Economic /Financial	Financial impact up to £50,000 requiring virement or additional funds	Financial impact between £50,000 and £500,00 requiring virement or additional funds	Financial impact between £500,000 and £1,000,000 requiring virement or additional funds	Financial impact in excess of £1m requiring virement or additional funds
Political	Could have a major impact one departmental objective but no impact on a Council strategic objective	Could have a major impact on a Departments objective with some impact on a Council strategic objective	Council severely impact the delivery of a Council strategic objective	Council would not be able to meet multiple strategic objectives.
Health & Safety	Reduced safety regime which if left unresolved may result in minor injury	Minor injuries	1 death or multiple serious injuries	Multiple deaths
Environment	Minimal short-term/temporary environmental damage	Borough-wide environmental damage	Major long term environmental damage	Very severe long term environmental damage.
Legal/Regulatory	Minor breach resulting in small fines and minor disruption for an short period	Regulatory breach resulting in small fines and short term disruption for an short period	Minimal CMT but major departmental management effort required	Very severe regulatory impact that threatens the strategic objectives of the Council

	Negligible	Marginal	Critical	Catastrophic
	1	2	3	4
Management inc Contractual	Minimal contract management required	Minimal departmental but major contract management required	Minimal CMT but major departmental management effort required	Major CMT management effort would be required

Assessing the LIKELIHOOD of a risk occurring

The LIKELIHOOD of the risk occurring is estimated on the basis of historic evidence or experience that such situations have materialised or are likely to.

The table gives example details of how the likelihood is assessed.

The likelihood needs to be assessed in terms of has it happened before and is it expected to happen in the near future

Almost Impossible	Very Low	Low	Significant	High	Very High
1	2	3	4	5	6
Less than 10%	10 – 30%	30 -50%	50-70%	70 – 90%	More than 90%
Event may occur only in exceptional circumstances	Event will occur in exception circumstances	Event should occur at sometime	Event will occur at sometime	Event may occur only in most circumstances	Event will occur only in most circumstances

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Corporate Governance Committee

DATE: 1st March 2022

CONTACT OFFICER: Steven Mair, Director of Finance/Section 151 Officer
(For all Enquiries) (01753) 875368

WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

INTERNAL AUDIT UPDATE – QUARTER 4 2021/22

1 Purpose of Report

The purpose of this report is to Report to the Audit and Corporate Governance committee on:

- the progress of the implementation of internal audit management actions

2 Recommendations

This report recommends that the Audit and Corporate Governance Committee notes the ongoing improvements to the outstanding actions and comments on the report.

3a The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan Slough Joint Wellbeing Strategy Priorities –

The actions contained within the attached reports are designed to improve the governance of the organisation and will contribute to all of the emerging Strategic Priorities

3b Five Year Plan Outcomes

The actions contained within this report will assist in achieving all of the five year plan outcomes

4. Other Implications

(a) Financial

There are no direct financial implications of the updates on the actions but resolution of the queries/issues will improve the Council's processes which underpins sound financial management, by way of example the Council's accounts and budget.

(b) Risk Management

Risk	RAG Before Mitigation	Mitigation	RAG After Mitigation
<p>Failure to follow up on internal audit recommendation indicates poor governance and potentially exposes the Council to a wide variety of risks.</p>	<p>Red</p>	<p>Pro active officer risk and audit board meets monthly.</p> <p>Pro active management of internal audit</p> <p>Pro active management of responses to audit recommendations</p> <p>Additional short term support being engaged to strengthen the process even further.</p>	<p>Red/Amber (currently, work over the coming months will improve this to Green)</p>

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act or other legal implications in this report

(d) Equalities Impact Assessment

There is no identified need for an EIA

5. Supporting Information

5.1 Improvements to the monitoring and completion of internal audit actions.

The Council's response to agreed internal audit actions should lead to the strengthening of internal controls and the control environment. In turn this should contribute to the achievement of the organisation's objectives and assist the Council in managing its risks. Officers have strengthened the arrangements for monitoring and verifying completion of audit actions and since the last committee meeting have focused attention on:

5.1.1 Finalising 2021/22 Audits

There are 34 internal audit projects planned for 2021/22.

- To date 14 internal audit reports have been finalised this financial year.
- Council officers are working with internal audit to ensure that reports are finalised within two weeks of issuing the draft report.
- 123 new recommendations have been made in 2021/22 reports. 41 have been completed, 59 actions are not yet due and 23 are overdue. 58 actions are not due until March 2022 or later in the year.
- Officers continue to have regular dialogue with Internal Audit regarding the content and scope of these audits. Any changes to the plan will be shared with the Committee.

5.1.2 Completion of Internal Audit actions

- All internal audit actions have been reviewed, including actions that a deemed not relevant due to changes in circumstances. Actions from previous year's audits are also reviewed to ensure they are more relevant to the service area.
- Progress is being made closing actions on the tracker. Evidence of actions completed is obtained and quality assured by group manager commercial, and, retained for use in follow up audits.
- The tracker has been improved to ensure that further analysis of actions by directorate and service area can be done, and these have been sent to executive directors.
- Meetings have been held with action owners to obtain updates on the status of outstanding actions, including a detailed review of actions in the place and community directorate and actions associated with business continuity and emergency planning.

5.1.3 The status of audits for the **previous financial years** is as follows:

Totals	Total	High	Medium	Low
Not Due	17	1	13	3
Overdue	63	2	31	30
Complete*	195	25	82	88
Total	275	28	126	121

*includes actions that are no longer relevant or closed as duplicates

- Progress has been made in closing down management actions from previous financial years. There are now 195 actions or 70 per cent completed from a total of 275 actions.
- There has been an improvement in this position since the last report to the committee, completed actions have increased from 150 to 195 actions.

5.1.4 The status of audits for the **current financial year 2021/22** is as follows:

Totals	Total	High	Medium	Low
Not Due	59	17	22	20
Overdue	22	1	12	9
Complete*	42	3	17	22
Total	123	21	51	51

*includes actions that are no longer relevant or closed as duplicates

- There are now 42 actions or 34 per cent completed from a total of 123 actions, note 47 per cent of actions are not yet due for completion.
- The number of management actions has increased in the current financial year as audits are finalised.

5.1.5 The **overall position** as at 15th February 2022 is as follows:

Totals	Total	High	Medium	Low
Not Due	76	18	35	23
Overdue	85	3	43	39
Complete*	237	28	99	110
Total	398	49	177	172

*includes actions that are no longer relevant or closed as duplicates

- There are now 237 actions or 59 per cent (including 23 actions deemed to be no longer relevant or duplicated) completed from a total of 398 recommendations due for completion.
- The number of completed actions has increased since the December meeting from 179 to 237.
- 57 per cent of high risk actions due have been completed and 55 per cent of medium risk actions due have been completed. In addition, 63 per cent of low risk actions due have also been completed.

5.2 **Governance and monitoring of management actions**

- Outstanding internal audit actions are being actively monitored on a regular basis including reporting into corporate leadership team.
- Attached at Appendix A is a list of all outstanding management actions broken down by directorate and service area.

6. **Comments of Other Committees**

There are no comments from other Committees

7. **Conclusion**

Members note the report.

8. **Appendices Attached**

Appendix 1 – Details of all high and medium outstanding agreed management actions by directorate

9. **Background Papers**

None

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Corporate Operations High and Medium rated actions outstanding

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
21/22	High	13.21/22 Council Tax	The Council will restrict the ability of staff to place markers on accounts. This may include limiting such action only to relevant managers or requiring all markers to be approved by a relevant manager before being placed. As part of this, guidance and instructions will be prepared and shared with all staff with access to place markers on council tax accounts. This may form part of an existing or new procedure note and will include why, how and when markers should be used.	Chris Boylett	21/12/2021	Overdue	Processes currently being reviewed and instructions on codes being used will be issued but cannot be closed down or restrict codes until review below completed. Target date likely to be Sep 22.
21/22	Medium	13.21/22 Council Tax	The Council Tax team will complete a review of all accounts with circumstance codes (markers) on a quarterly basis, which will be checked for accuracy by a relevant manager. This will include confirming markers are appropriate (and providing the reasons why) and rectifying those that are not appropriate (and commencing recovery action where required).	Chris Boylett	21/12/2021	Overdue	Currently underway but limited resource available at present due to other priorities. Priority cases being dealt with first. Target date likely to be Sep 22
21/22	High	13.21/22 Council Tax	The Revenues Manager will undertake a review of current Council Tax arrears cases in order to identify cases where debts are	Chris Boylett	31/03/2022	Not due	This work is underway but is not likely to be completed by 31.3.22. A business case has been submitted for additional

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			not considered economically viable to be chased. These cases will be recommended for write off.				resource to complete this work. Statute barred debts are currently being identified and work to write these off will commence as soon as resource available. Additional actions will be needed to reconcile debts against enforcement agent actions before further work can be undertaken.
21/22	Medium	15.21/22 Housing Benefits	The Housing Benefit Team will complete an exercise to determine the reporting arrangements for housing benefit related performance information, covering the following: • The agreement of key performance indicators (KPIs) that will be reported on, such as timeliness of decisions and quality checks; • The forum at which these KPIs will be reported; • The frequency that this forum will meet to discuss the reports; • The service-level representation at these meetings; and • How matters will be escalated within the Council's governance structure.	Chris Boylett	31/03/2022	Not due	
21/22	Medium	15.21/22 Housing Benefits	Reconciliations will be reviewed in a timely manner following their completion. If the individual responsible for carrying out the reconciliations is unavailable, the	Chris Boylett	31/03/2022	Not due	

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			task will be delegated to another individual for completion.				
21/22	Medium	4.21/22 - Rent Arrears Recovery – partial	Following the exercise to review the reports prepared detailing housing services performance, a decision will be made as to how and where these reports will be presented and scrutinised. This will include consideration for the monthly housing performance and rents reports.	Chris Boylett	31/03/2022	Not due	With the implementation of the new NES system testing has just started. Expected action complete date is 30.6.22 following system implementation.
21/22	Medium	14.21/22 Whistleblowing	As part of the next Whistleblowing update provided to the Audit and Corporate Governance Committee, a comprehensive update will be provided against all actions agreed as part of the 2021/22 Whistleblowing Internal Audit Report.	Angela Wakefield	09/12/2021	Overdue	The draft Whistleblowing Audit was referred to in the report taken to the 09/12/21 meeting of the Audit & Corporate Governance Committee and the final version will now go to the March 2022 meeting of the Committee and this will confirm that the outstanding 2021/22 actions have been implemented or superseded – see Appendix C in the final report
21/22	High	14.21/22 Whistleblowing	The Council will devise a Whistleblowing Culture Improvement Plan to ensure actions are taken to improve confidence around the Council's whistleblowing function. Progress against the plan will be monitored thereon by an appropriate forum	Angela Wakefield	31/03/2022	Not due	

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			(for example, the Executive Board), periodically.				
21/22	Medium	5.21/22- IT Business Continuity - Advisory* Critical	The Council will update the Business Impact Analysis template to cover areas such as: <ul style="list-style-type: none"> •Recovery Point Objective (RPO); •Maximum Tolerable Periods of Disruption (MTPD); •quantitative/qualitative impacts; and •process prioritisation in the event of an incident. Following this, it will be ensured that BIA's are fully completed prior to sign off.	Alexander Cowen	31/12/2021	Overdue	This links to work IT is doing on Business Impact Assessments (BIAs). BIAs are being updated by service areas and completion of this work will be done by March 2022.
21/22	Medium	5.21/22- IT Business Continuity - Advisory* Critical	The Council will document a formal "lessons learnt" process for IT business continuity and disaster recovery. This will include the use of a template report and action plan.	Alexander Cowen	31/12/2021	Overdue	This links to work IT is doing on Business Impact Assessments (BIAs). BIAs are being updated by service areas and completion of this work will be done by March 2022.
21/22	Medium	5.21/22- IT Business Continuity - Advisory* Critical	The Digital & Strategic IT Business Continuity Plan will be updated to cover areas such as: <ul style="list-style-type: none"> •backup staff for staff in key roles; •task lists according to scenario with timeframes, responsible staff and backup staff; •arrangements in place for diverting telephone calls as required; •contact details of department specific contractors and suppliers; •critical periods/dates; 	Alexander Cowen	31/3/2022	Not due	The plan will be reviewed once the BIAs are complete.

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			<ul style="list-style-type: none"> •minimum equipment and supplies required to carry on functioning; •logging of decision making (time, what the decision was, who made this etc.); <p>As part of this update, the Council will also review the Recovery Plan for Digital and Strategic IT to ensure consistency and prevent overlap.</p>				
21/22	Medium	5.21/22- IT Business Continuity - Advisory* Critical	The Council will outline the key responsibilities of each area of The Incident Hub as part of the IT Business Continuity Plan. In addition, roles and responsibilities will be formally defined in relation to Disaster Recovery and training will be introduced for relevant staff accordingly.	Alexander Cowen	31/3/2022	Not due	The plan will be reviewed once the BIAs are complete.
21/22	High	5.21/22- IT Business Continuity - Advisory* Critical	<p>The Council will document a Disaster Recovery (DR) Policy, independent of the DR Plan, covering areas such as:</p> <ul style="list-style-type: none"> •aims/objectives/principles; •relevant legal and regulatory requirements (if relevant); •roles and responsibilities and ownership of the policy, including who can declare and escalate/de-escalate a disaster; •what constitutes a disaster; •governance arrangements (including a dedicated forum for overseeing disaster recovery) 	Alexander Cowen	31/3/2022	Not due	The plan will be reviewed once the BIAs are complete.

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			<p>arrangements);</p> <ul style="list-style-type: none"> •testing requirements i.e. how often the plan is to be tested (should be at least annually), and what will actually be tested as a minimum (or a schedule of tests). This should include testing of backups; •training requirements; •the use of an applications list, including prioritising applications in terms of order of recovery following a disaster; •process for carrying out and approving Business Impact Analyses (BIA)s which include RTO's (Recovery Time Objectives) and RPO's (Recovery Point Objectives) for each application. This should inform backup arrangements; •multiple contact details of relevant staff; and •where the plan and emergency contact information is to be made available (on-site, off-site, online, offline etc.); and •review frequency and version control (the policy should be reviewed at least annually, and each time there is a major change or incident at the organisation). 				
21/22	Medium	5.21/22- IT Business	The Council will ensure that a central register of all applications is retained with priority of recovery for	Alexander Cowen	31/3/2022	Not due	The plan will be reviewed once the BIAs are complete.

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
		Continuity - Advisory* Critical	applications, either individually or by group.				
21/22	Medium	5.21/22- IT Business Continuity - Advisory* Critical	The Council will implement a formal approach/schedule for the testing of IT business continuity and disaster recovery, including the testing of data backups. This will be undertaken on at least an annual basis.	Alexander Cowen	31/3/2022	Not due	Awaiting a solution for testing.
21/22	Medium	8.21/22 Business Continuity and Disaster Recovery - Minimal	Testing schedules will be agreed upon for emergency incidents and included as part of the Major Incident Plan. Once the plan has been finalised and agreed, testing of expected processes will commence in-line with the schedule. Outcomes of tests will be noted, and appropriate updates made to the plan	Anthony Mario Montana	31/12/2021	Overdue	Due to a change of personnel the Major Incident Plan is being finalised to progress to the approval governance process through Corporate Leadership Team (CLT). Once this is approved the testing schedule will be developed and added to the work stream of the EP team to action. A new debrief document has been created. With clear areas for highlighting: <ul style="list-style-type: none"> • what did go well • what did not go well, • with an area for a list of recommendations The format of the document has changed to a more formal format. The format is in keep with Slough's document governance Working in conjunction with the Incident Situation Report

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
21/22	Medium	8.21/22 Business Continuity and Disaster Recovery - Minimal	<p>The Council will develop, agree and implement a testing schedule in order to assess the effectiveness and robustness of the preparations outlined in the plan for ensuring business continuity.</p> <p>The following will be considered as part of the development of testing schedules:</p> <ul style="list-style-type: none"> •Paper walk-through testing, which involves working through the plans and identifying areas that have been overlooked or processes that may not work; •Component testing, which involves testing different sections or stages of the plan for practicableness, such as restore procedures, backup procedures and contacting stakeholder; •Full testing, which involves running through the plan in its entirety so as to assess its effectiveness in recovering lost information and continuing business as usual; •The intervals at which the above types of testing will be conducted; and •The reporting of outcomes and lessons learned. 	Anthony Mario Montana	31/12/2021	Overdue	<p>Regular testing of the Business Continuity Plans will commence as soon as each Service Business Continuity Plans have been completed and the overarching Business Continuity Plans completed.</p> <p>Once all plans are completed is at this point a testing schedule will be created.</p> <p>Currently this is dependent on the exercise that is being carried out where managers need to sign off the BIA's with the IT elements included.</p> <p>Following receipt of BCP's from services, the information will be used to prepare the overarching BCP for the Council. Target date - June 2022</p>
21/22	Medium	8.21/22 Business Continuity and	The draft major incident plan will be completed, with all updates made	Surjit Nagra	31/12/2021	Overdue	• All aspects that need rectification will have

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
		Disaster Recovery - Minimal	<p>including the finalisation of the 'Contact Lists', the 'Cascade call out' and the addition of contact numbers for individuals/ teams involved in the major incident response process.</p> <p>The plan will also include consideration over the debrief process when the plan is enacted. The plan will then be subject to appropriate formal review, followed by the Executive Management Team. Review will occur at least every two years.</p> <p>This plan will be shared with relevant staff members via the Resilience Direct Portal, digitally and in hard copy.</p>				<p>amendments made following the completion of the Major Incident Plan and the Business Continuity Plans This includes the individual Business Continuity Plans.</p> <ul style="list-style-type: none"> • Currently the review of the BIA's for the individual Services have begun <p>Note: The Major Incident Plan and the Business Continuity Plans are two separate plans that work both independently or jointly. The first draft was written presented and approved by the Corporate Management Team. Recommendations and amendment directions were given.</p> <p>Currently work has started on the Second draft to include the recommended amendments and to reflect the changes following the Council restructure.</p>
21/22	High	8.21/22 Business Continuity and Disaster Recovery - Minimal	The Council's Business Continuity Plan will be updated to reflect the Council's restructure, the Council's relationship with Slough Children First, with all sections of the plan completed.	Anthony Mario Montana	28/2/2022	Not due	Currently the BIA's individual Services including that of Children's First are being collated, after which the BIAs will all be reviewed.

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			Following update, the plan will be submitted for formal approval, before being made available to relevant members of staff.				Once the view is completed they would be returned to the Service BC Lead. This will inform the Leads on building their Service's BC Plan
21/22	Medium	8.21/22 Business Continuity and Disaster Recovery - Minimal	The Emergency Planning and Business Continuity Lead will complete an exercise to update BIAs in conjunction with area leads to ensure these are reflective of the Council's corporate structure.	Anthony Mario Montana	31/3/2022	Not due	Work has continued to collate this information with IT colleagues. Services are in the processes of updating their BIA's Following which a review and prioritisation will be undertaken which will ultimately form the basis of the council wide ECP.
21/22	Medium	8.21/22 Business Continuity and Disaster Recovery - Minimal	Once the roles and responsibilities for emergency planning and business continuity matters have been formally agreed and assigned, the Council will review the current skills and knowledge of its workforce in light of these expectations. Where training needs are identified, the Council will ensure that training is administered to relevant individuals to ensure that staff have the necessary understanding and capability to	Anthony Mario Montana	31/3/2022	Not due	This has been assessed in terms of the levels. Bronze levels requirement are in place Silver Level is BCEP MANAGER / AD's and LALO' on the ground. Gold Level – training is being arranged for the EB that have not undertaken this training – date being finalised.

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			appropriately undertake their duties.				
21/22	High	13.21/22 Council Tax	The Council will resume the preparation of council tax reconciliations. This will include investigating and resolving the £2,516,195 variance identified in 2019/20 and retrospectively completing reconciliations for 2020/21 and 2021/22.	Ade Adewumi	31/03/2022	Not due	
21/22	High	17.21/22 Rent Accounts	The Council will assign responsibility within Finance for uploading the rental, council tax, business rates and benefits postings to Agresso. This will then be uploaded to the reconciliations documents on a daily basis for June to September 2021 and then each month thereafter, allowing the reconciliations to be completed.	Ade Adewumi	31/03/2022	Not due	
21/22	High	17.21/22 Rent Accounts	The Council will complete the stock reconciliations for 2018/19 2019/20 and 2020/21. Once complete, the reconciliation will be passed to the Housing Finance team for completion on a quarterly basis. Evidence will be retained to confirm that the variances identified by any reconciliations have been resolved	Benedict Falegan	31/03/2022	Not due	
21/22	Medium	16.21/22 General Ledger	The Council will prepare a schedule of Agresso finance system functions/processes to be documented. Help cards will then be prepared and uploaded to the	Ade Adewumi	30/06/2022	Not due	

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			'Knowledge Base' section of the Freshdesk page.				
21/22	Medium	16.21/22 General Ledger	Following the completion of all reviews (of financial information, records and statements), the Council will retrospectively roll-over the periods to 2021/22. Where there have been significant changes to balances or reported information, relevant staff and Council Members will be made aware of this.	Liton Rahman	30/06/2022	Not due	The review is in progress and we are expecting the roll-over to be completed by the target date of 30/06/2022.
21/22	High	16.21/22 General Ledger	The Finance Team will assign an appropriate individual to complete the monthly reconciliations of control accounts, as well as a second individual to check these. The preparation of the reconciliations will resume, including retrospectively completing all for 2021/22.	Ade Adewumi	30/04/2022	Not due	
21/22	High	16.21/22 General Ledger	The Finance Team will assign an appropriate individual to review and manage all suspense accounts, including identifying those entries that can be cleared and action this. The clearing of suspense accounts will resume.	Ade Adewumi	30/04/2022	Not due	
21/22	High	16.21/22 General Ledger	An exercise will be completed to identify all tasks to be completed as part of the month end process. A full month end timetable will be prepared and tasks will be assigned to appropriate staff	Ade Adewumi	30/04/2022	Not due	

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			members. The completion of tasks will be confirmed each month to a relevant manager responsible for overseeing the closedown process.				
21/22	High	16.21/22 General Ledger	The Council will review and clear the 73,629 unposted journals currently in batch input maintenance. This approach will account for transaction dates and values.	Ade Adewumi	30/04/2022	Not due	
21/22	Medium	16.21/22 General Ledger	The Council will review the possibility of adding a notification functionality to Agresso, alerting staff of errors, directing them to the check maintenance of ordered reports and advising them that revisions are required to ensure journals are posted.	Ade Adewumi	30/04/2022	Not due	
21/22	High	16.21/22 General Ledger	A periodic checking mechanism will be introduced for unposted journals in batch input maintenance. This will include identifying those that need to be corrected (and communicating this to relevant staff) and those that can be deleted.	Ade Adewumi	30/04/2022	Not due	
21/22	High	16.21/22 General Ledger	The Council will complete an exercise to identify those roles/positions requiring access to Agresso finance functions and the access/functions required. Based on this the Council will implement a training programme covering finance functions on Agresso.	Ade Adewumi	30/04/2022	Not due	

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			Training will be a requirement before system access is granted and will focus on the processes required as part of job roles.				
21/22	Medium	16.21/22 General Ledger	The Council will complete a six monthly review of general ledger user access to confirm: <ul style="list-style-type: none"> • Starters for the period have been suitably added; • Leavers for the period have been suitably removed; and • Access and access levels are appropriate for staff 	Ade Adewumi	30/06/2022	Not due	
21/22	Medium	Debtors Management 18.21/22	The Council will review all current accounts receivable guidance available to staff, including the manual and Freshdesk help cards. Out of date guidance will be updated, whilst further documents will be prepared where there are gaps in available information.	Ade Adewumi	30/06/2022	Not due	
21/22	Medium	Debtors Management 18.21/22	The Council will consider how best to revise the process for raising invoices to minimise errors. This may include: <ul style="list-style-type: none"> • Designating invoice preparation to a specific team; • Designating invoice review and approval to a specific team; or • Setting up a workflow process requiring cost centre managers to review and approve invoices. 	Jasvinder Dalvair	31/12/2022	Not due	
21/22	Medium	Debtors Management 18.21/22	An exercise will be completed to identify and update all current cost codes without a suitable chain of	Ade Adewumi	30/06/2022	Not due	

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			level one, two and three approvers. Consideration will also be made for implementing escalating approvals. This may include also adding level three approvers as approvers for lower levels (such as level three approvers also being level two and one approvers) or having the system escalate approvals (such as escalate to level three where there is no level two approver)				
21/22	Medium	Debtors Management 18.21/22	The Agresso system will be set up to require supporting evidence to be attached to all credit notes prior to credit notes being processed.	Ade Adewumi	30/06/2022	Not due	
21/22	High	Debtors Management 18.21/22	The Interim Group Manager Revenues Benefits and Charges will prepare a debt recovery policy which will be subject to formal review and approval. Once approved, the policy will be shared with and made available to all relevant staff, including the AR Team	Peter Robinson	31/05/2022	Not due	
21/22	Medium	Debtors Management 18.21/22	Managers will be asked to review and provide comments on current parked invoices relating to their cost centres. The Financial Technical Advisor will review responses and take suitable action (maintain a record of appropriately parked	Ade Adewumi	30/06/2022	Not due	

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			amounts or unpark amounts to enable recovery action)				
21/22	High	Debtors Management 18.21/22	The ability to park invoices will be restricted to the AR Team and the Finance Manager. Following this new control, the Finance Manager will review parked invoices on a quarterly basis and report outcomes to an appropriate finance manager.	Ade Adewumi	30/04/2022	Not due	
21/22	High	Debtors Management 18.21/22	An appropriate member of the Finance Team will be assigned to complete monthly accounts receivable reconciliations, as well as a second staff member to check and sign these off. The preparation of the accounts receivable reconciliations will resume, including retrospectively completing all for 2021/22.	Ade Adewumi	31/03/2022	Not due	
21/22	High	Debtors Management 18.21/22	The Council will implement a training programme covering accounts receivable functions on Agresso. Training will be a requirement before system access is granted.	Ade Adewumi	30/06/2022	Not due	
21/22	Medium	IA Follow Up Q1	The Council will ensure that a draft Digital and IT team structure is approved by the IG Board and the recruitment process is undertaken to ensure that sufficient resources are in place to appropriately oversee information governance arrangements and responsibilities	Vijay McGuire	30/06/2022	Not due	The ICT Restructure design has been developed The consultation document has been drafted Job descriptions are now being prepared - 70% completion. Once these have all been signed off we will

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			per NHS Digital guidance are formally assigned.				progress the proposed restructure through the correct governance boards to seek sign off before launch.
21/22	Medium	IA Follow Up Q1	The Council will assess the current training arrangements in place for budget holders and develop a programme of training to ensure that all budget holders are sufficiently skilled/ trained to perform their function	Archa Campbell / Peter Worth	30/09/2022	Not due	The training needs/gaps will be assessed by the end of March 2022 and have all budget holders/managers trained by end September 2022, with a programme in place to capture new starters as on-going refresh training courses.
20/21	Medium	General Ledger (21.20/21)	The Agresso Project Team will agree the timescales regarding the General Accounting Handbook's review and will monitor the progress of this. The Handbook will be updated to remove outdated references to arvato, outdated positions (following the restructure) and will include the process and rules relating to the setup, amendment and removal of budget codes After completion, the handbook will become available to staff via the Council's e-learning site and its location will be communicated to all staff.	A Adewumi	31/10/2021	Overdue	The development work on Agresso is scheduled to be completed in March 2022 for the HR. Payroll & Systems Upgrade Work. On completion a board will be constituted to review Finance & Procurement upgrade requirements as well as systems documentation, training plans, authorisation hierarchies and internal team workflows.
20/21	Medium	James Elliman Homes (11.20/21)	The chair of the JEH Board will ensure that the SLA is formally signed by authorised	C Booth	31/12/2021	Overdue	The SLA has been produced and is operational – it has not been signed by a Director.

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			representatives from the company and the Council.				The SLA will be reviewed and updated as part of the forthcoming Options Review.
20/21	Medium	Rent Accounts (30.20/21)	The Group Accountant will ensure that an investigation is completed to identify the reason for the stock reconciliation variance. The relevant system(s) will be updated to reflect the outcome of the investigation.	Benedict Falegan	31/03/2022	Not due	Stock variance to be reported on Monthly Housing Report and any variance pursued by the Group Manager Accommodation.
20/21	Medium	Rent Arrears Recovery (14.20/21)	Periodic updates will be made to both CMT and the Neighbourhoods and Community Services Scrutiny Panel with these outlining levels of current and former arrears, supporting narrative as well as relevant KPIs.	Trevor Costello	31/10/2021	Overdue	Reporting to the Customer and Community Scrutiny panel with further clarification on the information being reported - meeting took place in January 2022
20/21	Medium	Rent Arrears Recovery (14.20/21)	The Council will develop an approach to monitoring and managing former tenant arrears case which are below £3,000 in value.	David Asquith	30/11/2021	Overdue	The team have been systematically going through all pre 2017 tenancy end cases, and those over six months old where death was the reason and assess the chances of getting repayment and put for `write off` those with little chance of success. This was partially successful in reducing cases and debt. The Service lead monitors all arrears over £2500`s while the FTA officer (30 hours) concentrates on the lower debt. The process of write offs is also under

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
							review - see Benefits and Council Tax agreed and implemented There are a number of issues around temporary housing, given the large turnover of occupants many of whom do not go on to permanent housing , arrears for a much smaller group of properties are disproportionately high.
20/21	Medium	31.20/21 - Discretionary Business Grants	Owners of active grant funds will be reminded of their responsibilities in relation to compliance with the corporate standard. In particular, to respond to communications within ten working days.	Mike Thomas	31/03/2022	Overdue	A general review of all grant activities is being undertaken which will emphasise the need to comply with corporate standards including the response times.
20/21	Medium	Creditors - 23.20/21	An exercise will be completed to review and remove all potential duplicate supplier accounts as identified via our data analytics testing.	A Adewumi	31/10/2021	Overdue	The development work on Agresso is scheduled to be completed in March 2022 for the HR. Payroll & Systems Upgrade Work. On completion a board will be constituted to review Finance & Procurement upgrade requirements as well as systems documentation, training plans, authorisation hierarchies and internal team workflows.
20/21	Medium	Creditors - 23.20/21	The Council will ensure that the handbook is updated to reflect current processes by the Agresso Team and to provide step-by-step	A Adewumi	31/10/2021	Overdue	The development work on Agresso is scheduled to be completed in March 2022 for the HR. Payroll & Systems

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			instruction for raising requisitions and receipting goods. This will be then be uploaded onto the intranet and staff informed of its location via all staff email.				Upgrade Work. On completion a board will be constituted to review Finance & Procurement upgrade requirements as well as systems documentation, training plans, authorisation hierarchies and internal team workflows.
20/21	Medium	Creditors - 23.20/21	Slough Borough Council will ensure that the Agresso Finance and Procurement training is updated and made available to staff. Furthermore, a training register will be introduced to monitor all Agresso training completed. Where training is overdue, this will be communicated to line management to ensure training is completed by staff.	A Adewumi	31/10/2021	Overdue	The development work on Agresso is scheduled to be completed in March 2022 for the HR. Payroll & Systems Upgrade Work. On completion a board will be constituted to review Finance & Procurement upgrade requirements as well as systems documentation, training plans, authorisation hierarchies and internal team workflows.
20/21	Medium	General Ledger (21.20/21)	The Council will review the password functions within Agresso to ensure that they: •Require changing on a periodic basis; and •Acceptable passwords will be subject to rules (certain lengths and unique characters to strengthen them and minimise the possibility of a security breach.	A Adewumi	31/10/2021	Overdue	Single Sign on functionality will address this and is due to be complete as part of the current systems development work by the end of March 2022.

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
20/21	Medium	General Ledger (21.20/21)	The Group Accountant will date and sign the Control Account Reconciliations (including the clearing of the suspense account) within the reconciliation spreadsheet to evidence that they have been reviewed. The reconciler, the Accountancy Assistant, will also sign and correctly date the reconciliations. A digital signature will be applied when hard copy reconciliations are not possible.	A Adewumi	31/10/2021	Overdue	This is complete for the AP & AR Control accounts, bank, suspense and major account reconciliations are being addressed as a project with a current scheduled end date of 31st March 2022.
20/21	Medium	General Ledger (21.20/21)	The Financial Systems Accountant will correct erroneous journals identified as part of this audit, where both capital and revenues codes have been used for the same transaction. Following this, on a monthly basis a report of such journals will be produced, with these rectified in a timely manner. This activity will also be included within the Month-end Closedown Timetable.	A Adewumi	31/10/2021	Overdue	The development work on Agresso is scheduled to be completed in March 2022 for the HR. Payroll & Systems Upgrade Work. On completion a board will be constituted to review Finance & Procurement upgrade requirements as well as systems documentation, training plans, authorisation hierarchies and internal team workflows.
19/20	Medium	Debtors Management (28.19/20)	The Council will explore the possibility of adding approval requirements to the Agresso system when parking and unparking invoices. In lieu of this, access to park invoices will be the sole responsibility of the Accounts	A Adewumi	31/10/2021	Overdue	The development work on Agresso is scheduled to be completed in March 2022 for the HR. Payroll & Systems Upgrade Work. On completion a board will be constituted to review Finance & Procurement upgrade

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			Receivable team. Staff requiring invoices to be parked will contact the team and a decision will be made as to whether this is a valid request or if additional information/approval is required.				requirements as well as systems documentation, training plans, authorisation hierarchies and internal team workflows.
20/21	Medium	Council Tax (17.20/21)	The Revenues Manager will undertake a review of current Council Tax arrears cases in order to identify cases where debts cannot be chased. These cases will be recommended for write off.	Chris Boylett	31/03/2022	Not due	A project has commenced to complete this activity once this is done the service will be in a position to complete this review
20/21	Medium	Creditors - 23.20/21	The Council will introduce a process for logging amendments made to supplier accounts. This may include: <ul style="list-style-type: none"> •Maintaining a separate record of changes made; •Enabling the amendment logging function on Agresso; •Restricting supplier account changes to specific individuals; or •Requiring evidence to be uploaded onto Agresso for all changes made. 	A Adewumi	31/10/2021	Overdue	The development work on Agresso is scheduled to be completed in March 2022 for the HR. Payroll & Systems Upgrade Work. On completion a board will be constituted to review Finance & Procurement upgrade requirements as well as systems documentation, training plans, authorisation hierarchies and internal team workflows.
20/21	High	Council Tax (17.20/21)	The Council will undertake an investigation into the £2,516,195 unreconciled difference identified via the Council Tax Direct Debit reconciliations, in order to identify reasoning for this. The Council will also ensure that all variances are completed and	A Adewumi	31/12/2021	Overdue	Major account reconciliations are being addressed as a project with a current scheduled end date of 31 st March 2022. The NNDR & Housing Benefit Accounts have been reviewed, processes documented, and

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			investigated within a timely manner and completed reconciliations are shared with Finance.				systems enhancements proposed. The Council Tax reconciliation has been delayed due to the fact that all staff involved have left the Council and various systems deficiencies which are being addressed with a view to finalisation by the end of February.
20/21	Medium	Risk Management (6.20/21)	Training sessions will be provided to SMT (made up of Directors and Service Leads) periodically. The sessions will focus on the following areas: <ul style="list-style-type: none"> •Risk descriptions and consequences; and •Residual and target risk scoring. 	Clare Priest	30/11/2021	Overdue	Review of training options has been undertaken and a report went to Risk and Audit board on 9th September. Agreed to implement solution on Cornerstone which has been purchased and installed. Work with HR/OD is being undertaken to ensure it aligns with the Council's risk management strategy. Module is being quality reviewed in December for launch in January
20/21	Medium	9.20/21 - Safety Advisory Group	The information provided on the Slough Borough Council website will be updated to cover the following: <ul style="list-style-type: none"> •The process of organising events, including the advanced notice to be provided to the Council and the timescale of the SAG process; •Links to the SAG Policy; and 	Kate Pratt	31/03/2021	Overdue	SAG and all events were cancelled in 2020 due to COVID and is now being restarted to respond to requests to hold community events. Further updates will be received once the group re-forms

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			•Access to event booking form, event plan and risk assessment templates.				
20/21	High	31.20/21 - Discretionary Business Grants	In the event that the LADGF is reopened, the Council will devise a points-based system to prioritise applicants and fairly disseminate available funds based on a formally agreed criteria.	Mike Thomas	31/03/2022	Not due	The grants system did re-open and was completed before this action could be put in place. The discretionary grants application process closed on 18 February 2022. Consideration will be given to implementing a points-based system if further grants are made available.
20/21	Medium	Debtors Management (25.20/21)	The new finance training manual will be introduced in April 2021 and all staff using Agresso self-service finance functions are to undertake relevant training, with completion rates reported to an appropriate forum. Exception reports of staff who have not completed the training will be forwarded onto managers with an instruction for relevant staff to complete the trainings.	A Adewumi	31/10/2021	Overdue	The development work on Agresso is scheduled to be completed in March 2022 for the HR. Payroll & Systems Upgrade Work. On completion a board will be constituted to review Finance & Procurement upgrade requirements as well as systems documentation, training plans, authorisation hierarchies and internal team workflows.
20/21	Medium	Debtors Management (25.20/21)	The Council will complete a review of parked invoices on a periodic basis, validating the reasons for parking amounts through the issuing of a parked debt report to relevant cost centre managers. The outcome of the reviews will be	A Adewumi	31/10/2021	Overdue	The review is ongoing and will be completed by 31 st March 2022.

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			reported to the Service Lead Finance and escalated as appropriate.				
20/21	Medium	Debtors Management (25.20/21)	The Council will complete the Income Collection and Debt Recovery Policy which will be subject to formal review and disseminated to relevant staff, including the Accounts Receivable team.	A Adewumi	31/10/2021	Overdue	This will be addressed by the end of March 2022.
20/21	Medium	Debtors Management (25.20/21)	The dates that reconciliations have been reviewed by the Group Accountant will be recorded within the reconciliation spreadsheet. In addition to this, where hard copy reconciliations are unable to be signed off a digital signature will be applied to the reconciliation spreadsheet once it has been reviewed by the Group Accountant.	A Adewumi	31/10/2021	Overdue	This is complete for the AP & AR Control accounts, bank, suspense and major account reconciliations are being addressed as a project with a current scheduled end date of 31 st March 2022.
20/21	Medium	Treasury Management (33.20/21)	The Group Accountant-Corporate (Capital, Treasury & SUR) will liaise with Logotech to produce a report including forecasted and actual cashflows. This report will then be monitored to identify significant variances.	Liton Rahman	31/10/2021	Overdue	Liaised with Logotech who will be providing the report and it will be used to estimate the cashflows for the next financial year. The estimates will be peer reviewed.
20/21	Medium	Treasury Management (33.20/21)	We will review the level of training offered to Councillors with regards to treasury management, with a focus on ensuring this is provided to members of the Cabinet Commercial Sub-Committee as a minimum requirement.	Peter Worth	31/03/2022	Overdue	The Audit and Corporate Governance Committee received a report on member training at its Extraordinary Meeting on 18 January 2022. This included an indication of the first three sessions that

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
							would be provided. The first session is on Local Government Finance and includes Treasury Management. These training sessions will be made available to all members including members of the Cabinet Commercial Sub-Committee.
20/21	Medium	Health & Safety (22.20/21)	Directorates will ensure that health and safety self-audits are completed across all service lines on an annual basis. The completion of these audits will be reported to the health and safety team and a log of self-audits completed will be maintained	Vicki Swift / Vijay McGuire	31/12/2022	Not Due	Audits are not currently occurring due to COVID as team risk assessments are the priority for highlighting the change of operation. Risk assessments are being reviewed by the Health & Safety (H&S) team as part of Workforce Safety Group. H&S Team looking at an alternative format to auditing Health & Safety.
20/21	Medium	Asset Management (19.20/21)	The Group Accountant Corporate will fully document the verification / valuation process performed on Council assets. This will include documentation around the frequency with which various asset classes are verified / revalued, roles and responsibilities of key individuals as well as any other asset verification processes.	Peter Worth	31/01/2022	Overdue	This will be progressed as part of the work related to the Council's Statement of Accounts

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
20/21	Medium	Follow Up Quarter 3	Conflicts of Interest - The establishment list utilised within the Declarations of Interest Monitoring spreadsheet will be escalated to CMT where responses are not received.	Surjit Nagra	31/03/2022	Not Due	Constitution to be reviewed and guidance/processes to be updated if required
20/21	Medium	Council Subsidiary Companies Review- James Elliman Homes - JEH	SLA For Support Staff - Conduct a budget profiling exercise to ensure accurate alignment between budget and actual outturn.	C Booth	31/10/2021	Overdue	A revised SLA was presented to the JEH Board in January however this was not approved by the Board and requires further changes to be incorporated. It also needs to align with the outcomes of the housing service team review and the outcome of the Options Review. The Board has requested that as a minimum, the SLA should be updated to provide more clarity on a number of critical before the end of FY 21/22. However, it is recognised that the SLA may require updating again in early FY 22/23 based upon the Options Review and housing services review.
20/21	Medium	Council Subsidiary Companies Review- James Elliman Homes - JEH	Management should develop a Scheme of Delegation and accompanying set of Standing Financial Instructions based upon information contained within the	C Booth	31/03/2022	Not Due	A new draft SoD with FIs has been prepared and discussed by the JEH Board in January 2022 however the Board has requested further revisions to provide more

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			ToR's, SLA, Articles of Association and Financial Procedure Note.				clarity in a few critical areas (including rent setting, bad debt write-off and service levels). The SLA will be updated and approved by the Board before the end of this FY. The SLA will also require further revision in FY 22/23 to reflect the outcome of the housing services review and the Options Review.
20/21	Medium	Subsidiary Companies Review - DISH (Development Initiative for Slough Housing Company)	Management should develop a Scheme of Delegation to clarify the financial authority delegated to key members of DISH such as the Company Secretary and Board of Directors.	C Booth	31/12/2021	Overdue	An Options Review is planned for early 2022/23 which will consider the ongoing rationale for the separation of these properties from the Council's HRA and a lease review. The review will consider whether the DISH properties should remain in a separate entity, be transferred into the HRA or an alternative course of action. If it is agreed that the company should continue, a Scheme of Delegation will be developed. This work will be completed in early 2022/23 in line with the Options Review.
20/21	Medium	Subsidiary Companies Review - DISH	Management should develop a set of Standing Financial Instructions to complement the Scheme of	C Booth	31/12/2021	Overdue	An Options Review is planned for early 2022/23 which will consider the

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
		(Development Initiative for Slough Housing Company)	Delegation and to ensure financial transactions are compliant with the Councils objectives regarding DISH.				ongoing rationale for the separation of these properties from the Council's HRA and a lease review. The review will consider whether the DISH properties should remain in a separate entity, be transferred into the HRA or an alternative course of action. If it is agreed that the company should continue, a Scheme of Delegation will be developed. This work will be completed in early 2022/23 in line with the Options Review.
20/21	Medium	Subsidiary Companies Review - DISH (Development Initiative for Slough Housing Company)	The Council would benefit from a formal risk register to identify specific risks, assess, prioritise and develop corresponding responses / mitigations associated with the 54 properties.	C Booth	31/10/2021	Overdue	The DISH risk register will be presented at the next Board. In addition, a Council focused risk register will be produced. The same team that are leading the risk register for JEH are responsible for the DISH register. There are similarity of issues.
20/21	Medium	Subsidiary Companies Review - DISH (Development Initiative for Slough Housing Company)	The Council should develop an SLA which includes the support services provided to DISH and the methodology for attributing cost.	C Booth	31/12/2021	Overdue	if DISH is to continue to operate as a separate stand-alone company, an SLA will be produced to set out the service requirements. The new SLA will be based upon the new JEH SLA and will build upon the changes to

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
							the Council's housing services team.
18/19	Medium	Housing Revenue Account (40.18/19)	The Council will ensure that a review of the HRA Business Plan is undertaken to review current practices, including reference to the HRA Asset Management Strategy. Following review, the business plan will be presented to Cabinet for formal review and approval	Benedict Falegan	31/03/2021	Overdue	Work ongoing, the updated HRA Business Plan is used in the setting of 2022/23 HRA budgets

People (Children) High and Medium rated actions outstanding

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
21/22	Medium	2.21/22 - Children Missing Education - Minimal	Upon update of the Elective Home Education webpage, the Council will additionally include consideration over: <ul style="list-style-type: none"> •Exams. •Guidance around curriculum building. •Reintegration into schools and college. 	Anjli Sidhu	31/01/2022	Overdue	Webpage content completed. Content to be uploaded on The Link Website and SBC Website by 28th February 2022 (upon review by comms team) Updated content includes details of policies, procedures specific to EHE as well as a link to FAQs page which contains information on

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
							exams, the curriculum and school reintegration.
21/22	Medium	2.21/22 - Children Missing Education - Minimal	<p>The CME Team will complete a review of the Attendance Service's webpage to ensure comprehensive information and guidance is in place for stakeholders. This will include:</p> <ul style="list-style-type: none"> •Clear information around how a referral can be made and the instances where referrals should be made. •How CMEs can be defined (for example, CME, tracked and home educated). •The responsibilities of local authorities, parents, safeguarding partners and schools in relation to CME. •References to relevant legislation and guidance; and •Updated points of contact. 	Anjli Sidhu	31/01/2022	Overdue	<p>Webpage content completed. Content to be uploaded on The Link Website and SBC Website by 28th February 2022 (upon review by comms team)</p> <ul style="list-style-type: none"> • Updated content includes comprehensive detail on Attendance and CME which includes: <ul style="list-style-type: none"> • Legislation/LA Policies & Procedures • Referral pathways and processes • Responsibilities of LA, schools, partners& parents • FAQs Page • Updated contact details
21/22	Medium	6.21/22 - Schools Audit - Pippins School – Partial	<p>We will liaise with the Council's finance and procurement teams to identify the specific rules and expectations for schools when procuring high value goods/services. The manual will then be updated with clear guidance based on the Council's response.</p> <p>The School Business Manager will review high value expenditures when placing orders and paying</p>	Katie O'Dwyer - School Business Manager	30/11/2021	Overdue	Action is in progress - manual is being updated - due for completion by March 2022

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			invoices to ensure appropriate approvals have been obtained				
21/22	Medium	6.21/22 - Schools Audit - Pippins School – Partial	The School Business Manager will ensure that timely approval for purchase orders is obtained prior to the placing of orders. This will include ensuring approval from the Headteacher is obtained for any orders exceeding £3,000	Katie O'Dwyer - School Business Manager	30/11/2021	Overdue	Approval for orders over £3,000 is obtained, process for the purchase order being generated is being developed and will be implemented by March 2022
21/22	Medium	6.21/22 - Schools Audit - Pippins School – Partial	The School Business Manager will ensure that the asset register is fully updated and completed following the inventory check to be completed by the IT contractor. This will be checked on an annual basis	Katie O'Dwyer - School Business Manager	31/05/2022	Not due	
21/22	Medium	6.21/22 - Schools Audit - Pippins School – Partial	The School Business Manager will ensure that an annual inventory check is completed once the asset register is fully updated. This will include maintaining a record of the checker, reviewer, completion date and outcomes of investigations for identified discrepancies	Katie O'Dwyer - School Business Manager	30/07/2022	Not due	
20/21	Medium	Our Lady of Peace Catholic Primary School (12.20/21)	The Business Manager will ensure that an annual inventory check is completed via the 'scan and trace' method, with a record maintained of the checker, reviewer and date of completion. The outcomes of the inventory checks will then be included within the Premises Report to be shared	Linda Shoard	31/03/2021	Overdue	Ongoing - Experienced a technical problem with the Asset Management software; unable to complete the check. Full annual check to be undertaken by 30/11/2021 with report update emailed to the F&P committee and reported to the FGB 02/12/2021

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			at the Leadership and Management Committee.				

Place & Community High and Medium rated actions outstanding

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
21/22	Medium	17.21/22 Rent Accounts	The Tenancy Commencement and Sign-Up Policy will be reviewed and updated, including the removal of out of date references and processes. This review will also incorporate any significant amendments made to the Fact Sheets. The updated policy will then be approved by an appropriate committee following the restructure and then disseminated to all relevant staff, including the Rent Accounts tea	Liz Jones	31/12/2021	Overdue	
20/21	Medium	Leaseholder Service Charges (16.20/21)	The Council will complete an exercise to ascertain whether costs associated with major works to leasehold properties are recharged to leaseholders.	Liz Jones	31/03/2022	Not due	This will be considered as part of the Options Review. The original Business Plan refers to the requirement for Council "top-up" payments to James Elliman Homes (to be reviewed).

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
20/21	Medium	Leaseholder Service Charges (16.20/21)	The Council will establish an accurate and reliable means of identifying costs associated with grounds maintenance.	Liz Jones	31/03/2022	Not due	This will be considered as part of the Options Review. The original Business Plan refers to the requirement for Council “top-up” payments to James Elliman Homes (to be reviewed).
20/21	Medium	Leaseholder Service Charges (16.20/21)	A formal policy with regards to the apportionment of service charges will be developed. This will include a clear methodology for the apportionment methods to be utilised and when they should be used.	Liz Jones	31/03/2022	Not due	This will be considered as part of the Options Review. The original Business Plan refers to the requirement for Council “top-up” payments to JEH (to be reviewed).
20/21	Medium	Leaseholder Service Charges (16.20/21)	The Council will agree a means of monitoring levels of service charge recovery. This will include periodic review of recovery levels, with action taken as appropriate to rectify any issues identified.	Liz Jones	31/03/2022	Not due	This will be considered as part of the Options Review. The original Business Plan refers to the requirement for Council “top-up” payments to James Elliman Homes (to be reviewed).
20/21	Medium	Leaseholder Service Charges (16.20/21)	As part of the annual billing process (September 20), an exercise will be performed to ensure that all costs incurred relating to leaseholders are billed through service charges.	Liz Jones	31/03/2022	Not due	This will be considered as part of the Options Review. The original Business Plan refers to the requirement for Council “top-up” payments to James Elliman Homes (to be reviewed).
20/21	Medium	Planning – Statutory	The Council will complete a review of their planning consultation methodology, with this including	Daniel Ray	30/09/2021	Overdue	A new updated APAS system should go live in Q1 of 2022 (down to IT

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
		Response Times (36.20/21)	consideration over the communication lines in place between internal and external consultees.				infrastructure and the product and our systems being able to talk to each other); this should have increased functionality in terms of managing and monitoring consultations. Expected completion date 30 /06/2022 to allow for the new system to be up and running.
20/21	Medium	Planning Performance Agreements (28.20/21)	<p>A procedure document will be prepared to outline the expected processes to be followed when preparing PPAs and resourcing agreements. This will include, but not be limited to, the following guidance:</p> <ul style="list-style-type: none"> •The information required from applicants in order to prepare agreements; •The Council services that may need to be contacted and involved, including example situations; •External consultants that may need to be contacted and involved, including example situations; •The agreement of fees and meeting schedules; and •The process for making amendments to agreed terms, including bringing forward or pushing back planned presentation at the Planning Committee. 	Daniel Ray	30/09/2021	Overdue	This is delayed, a new template has already been completed that simplifies the process with the first ones using this template awaiting AD sign off. Once signed off the procedure document shall take its cue from the new template. To be completed by 1st Feb 2022

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			Once finalised the document will be shared with the Planning Team.				
20/21	Medium	Rent Accounts (30.20/21)	The Tenancy Commencement and Sign-Up Policy will be subject to review and update, including the removal of out-dated references and processes. This review will also incorporate any significant amendments made to the 'Fact Sheets' (as per finding two). The updated policy will then be approved by an appropriate committee following the restructure and then disseminated to all relevant staff, including the Rent Accounts team.	Liz Jones	31/03/2022	Not due	Reassigned to Liz Jones
20/21	Medium	Temporary Accommodation Strategy (29.20/21)	In line with current plans, the Council will ensure that an up to date Housing Strategy is created. Additionally, progress against the action plan will be periodically monitored by an appropriate forum.	Dean Tyler	01/09/2022	Not Due	Action to be led by Associate Director - Place Strategy and Infrastructure. Periodic monitoring could be by the Customer & Community Scrutiny Panel
20/21	Medium	Temporary Accommodation Strategy (29.20/21)	Following completion of the corporate restructure, a new performance mechanism will be developed to reflect the new service. This will include periodic consideration of Temporary Accommodation related performance indicators.	Ian Blake	30/09/2022	Not Due	Directorate restructure is taking place Feb/Mar 2022. Interim line management arrangements currently exist. Temporary Accommodation service is being rebuilt from the bottom up to include determination of performance mechanism

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update and Key Performance Indicators (KPIs)
20/21	High	Temporary Accommodation Strategy (29.20/21)	The timeliness of homelessness decisions will be included within the monthly Housing performance reports. Time periods exceeding 56 days will be highlighted and appropriately reviewed by either the TA Team or the Housing Demand Team.	Ian Blake	31/12/2021	Overdue	Report is generated. GM Accommodation monitors report and intervenes as necessary. Evidenced in monthly 1 to 1s
20/21	Medium	Section 106 Funds (38.20/21)	We will ensure that guidance is reviewed within Infrastructure Funding statements and the Council will take appropriate action to ensure the level of funds are kept under regular review and the Funding Statements will be reviewed by the Planning committee. This will include monitoring of invoices expected to be sent and those actually sent for the year.	Pippa Hopkins	31/03/2022	Not Due	Monitoring being updated and guidance for Infrastructure Funding Statements (IFS) currently under review by technical officers. IFS postponed due to S114 so not clear yet if March deadline will be achieved for this.

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Corporate Governance Committee
DATE: 1 March 2022
CHIEF OFFICER: Steven Mair
CONTACT OFFICER: Clare Priest
WARD(S): All
APPENDICES: None.

PART I
FOR DECISION**INTERNAL AUDIT OPTIONS APPRAISAL AND IMPLEMENTATION TIMETABLE****1 Summary and Recommendations**

- 1.1 At the meeting of the Audit and Corporate Governance Committee on 9 December 2021 a report was received outlining various options for the future provision of internal audit services. The report is referred to as a background paper. The Committee and the Lead Commissioner reviewed the report and accepted its contents in principle. Option E was discussed subject to the provision of a detailed timeline for recruitment and implementation.
- 1.2 Action 14 in the minutes of the meeting requested the report come back to the Committee with the proposed timeline for implementation. The timeline for establishing an in-house team is shown in table A below. It is expected that the recruitment will take place alongside a wider re-structure of the department for which HR and external support will be required. A separate piece of work is being undertaken in respect of the Departmental re-structure. Job descriptions and related documentation for Internal Audit posts have already been developed and will be deployed subject to external evaluation and acceptance of the recommendation.

Table A – Timeline for Implementation of IA Options Appraisal

Action	Date	Who
Review of IA Options Report	9 December 2021	Audit and Corporate Governance Committee
Approval of Audit and Corporate Governance Committee recommendation to accept Option E and the associated timeline	1 March 2022	Audit and Corporate Governance Committee
Ratification and Approval of Audit and Corporate Governance Committee recommendation	9 March 2022	Cabinet
Cabinet Report on extension of current IA provider for 2022/23	9 March 2022	Interim Financial Adviser – Cabinet Report <i>(report drafted)</i>
Agreement and evaluation of Job Description, person specifications and consultation	By 31 March 2022	Independent Financial Adviser and HR <i>(NB: JD's and task lists already drafted for evaluation and consultation)</i>
Recruitment of Internal Audit In-House team alongside wider Departmental Re-structure	1 April – 1 October 2022	Interim Financial Adviser with input from HR and CIPFA.
Recruitment of Internal Audit Team with specialist support from CIPFA Penna if required	1 April – 29 July 2022	HR with support from CIPFA Penna <i>(NB: indicative proposal from CIPFA already received if required)</i>
Advertisement of roles	Closing date 28 April 2022	HR with support from Department
Applicant Review and Invites to Interview	By 6 May	HR with support from Department
First Phase Interviews	By 13 May	HR with support
Assessment Centres	w/c 23 May	HR with support from Department
Offers Made	By 7 June	HR
Successful Candidates informed and employed	From Mid-June – September 2022	HR

- 1.3 In addition, Members are asked to note that the current internal audit contract expires on 31 March 2022 and will leave the Council without an Internal Audit service – a statutory requirement for the section151 Officer. A separate report has been drafted for Cabinet requesting a one-year extension of the current contract with RSM (with the potential for a further year if required) to enable the council to comply with its requirements for maintaining an internal audit service for 2022/23 and to allow for the transition to the arrangements outlined in Option E. The extension report is due to go to Cabinet on 9 March 2022.
- 1.4 It is considered that this course of action provides a cost-effective route to procure essential internal audit services at a very challenging time for the Council and will provide on-going assurance for members as to the adequacy of the Council's governance, risk management and internal control systems. The arrangement will be

set up in such a way that future flexibility is maintained should recruitment of an in-house team not be successful.

- 1.5 An update on the recruitment of the In-House Internal Audit team will be reported to the July meeting of the future Audit and Corporate Governance Committee.

2 Recommendations:

Audit and Corporate Governance Committee is recommended to:

- 2.1 Approve Option E as the preferred option in establishing an In-House Internal Audit function.
- 2.2 Note the timetable established for the recruitment of the In-House team.
- 2.3 Note the recommendation to Cabinet requesting the extension of the Internal Audit Contract with RSM Risk Assurance Services for 1 year to cover the work needed to complete the Head of Internal Audit Opinion for 2022/23 and with an option for a further extension of 1 further year to provide flexibility should recruitment of an in-house team take longer than expected or be unsuccessful.

Background papers

Agenda and minutes of Audit & Corporate Governance Committee, 9th December 2021

<https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=623&MId=6741>

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SLOUGH BOROUGH COUNCIL

REPORT TO:	Audit & Corporate Governance Committee
DATE:	1 st March 2022
SUBJECT:	Update on Council Subsidiary Companies
CONTACT OFFICER:	Steven Mair, Director of Finance (s151 Officer)
WARD(S):	All Wards
APPENDICES:	None

1 Summary and Recommendations

- 1.1 This report sets out the current position of the Council's subsidiary companies and the proposed actions for 2022/23.

2 Recommendations:

- 2.1 The Audit and Corporate Governance Committee is requested to note and comment on the content of the report.

3 Report**3.1 Overview**

- 3.1.1 The Council has acquired or established various companies over several years. Excluding Slough Children First Ltd, the Council currently has ten companies that are wholly owned, partly owned, or are considered to undertake activities related to the Council. Four of these (GRE5, JEH, SUR and DISH) are operational and six are dormant and have never traded. This report focuses on the four trading companies.
- 3.1.2 Of the six dormant companies, five are already in the process of being closed with Companies House and this process is expected to be completed for the start of FY 22/23. The remaining company will require further discussion with the external directors to agree action in FY 22/23. This will significantly simplify the Council's corporate structure, reduce administration and focus resources on core operations only.
- 3.1.3 The companies and their status are outlined in Table 1 below.

Table 1: Company Overview

Company	Activity	Council interest	Date incorporated/ acquired	Status
ACTIVE COMPANIES				
Ground Rent Estates 5 Limited, ("GRE5")	GRE5 owns the freehold to Nova House, a tower block of 68 apartments located in Slough Town Centre. The company's main business activity is the collection of ground rent and management of core building services (c£20k per annum). Due to ACM defects, Nova House is in the middle of a major redevelopment programme.	100% shareholder	March 2018	Active – trading
James Elliman Homes Limited, ("JEH")	JEH was set up with the aim of increasing the Council's housing supply whilst providing housing options to vulnerable groups within the Borough. The company has several properties and temporary accommodation units which are let out by the Council and used to support the Council in discharging its Homelessness Duty. JEH employs no people – all services are provided by the Council under the terms of an SLA.	100% shareholder	6 th February 2017	Active – trading An Options Review is underway to consider a Council exit strategy / disposal strategy. JEH has been prioritised over DISH due to the higher risk associated with the Council's loan facility with JEH, high asset value and the associated impact on the Council's debt reduction strategy
Development Initiative Slough Housing Company Limited, ("DISH")	The aims of DISH include the development, improvement of national housing stock and the rationalisation of the use and availability of housing. Following its incorporation in 1998, DISH entered into an Access Licence Agreement with SBC under which it was granted access to land off Long Readings Lane to build 54 properties (42 two bed and 12 four bed). In November 1989 DISH then entered a 30-year lease with SBC in relation to the properties which was extended a few years ago up to 2027. Under the lease the company is required to offer the provision of housing management and letting services to the Council. DISH employs no people – all services are provided by the	Company limited by guarantee with the Council acting as guarantor Directors are Council members	27 January 1988	Active – trading This is a longstanding lease agreement – and is considered to be lower risk compared to the Council's other companies. A separate piece of work will be commissioned in early FY 22/23 to consider the ongoing rationale for DISH as a separate legal entity

Company	Activity	Council interest	Date incorporated/ acquired	Status
	Council in line with the lease conditions.			
Slough Urban Renewal LLP, ("SUR")	<p>SUR is a Local Asset Backed Vehicle (LABV) formed as a 50:50 Limited Liability Partnership between the Council and Community Solutions for Regeneration (Slough) Limited (a wholly owned subsidiary of Morgan Sindall Investments Ltd (MSIL).</p> <p>SUR operates as a commercial development and regeneration partner to the Council with joint governance. SUR adopts the construction, programme, delivery and demand risk for development sites after paying the Council Market Value of the site where it is the landowner. The overriding purpose of SUR is to assist the Council in meeting its objectives in regenerating the residential, educational, leisure, social and commercial infrastructure of Slough.</p>	<p>Member of the LLP (50%).</p> <p>Council has representatives on the various Boards</p>	16 th October 2012	<p>Active – trading</p> <p>An Options Review has been undertaken and due diligence is underway across several sites to realise value in early FY 22/23 and reduce activities within SUR</p>
DORMANT COMPANIES				
Herschel Homes Limited	Herschel Homes (HH) was established to provide new build properties for open market rent. It was envisaged that HH would acquire 365 new build units over a five-year period to provide high quality housing for market rent and that most of these properties would be high-end new apartments, with a mix of one and two bed properties. The company has been dormant since incorporation.	100% shareholder	6 th February 2017	Dormant – Companies House has accepted the application to strike off the company. Strike off notice expected in the Gazette in February 2022
Slough Asset Management Limited, ("SLAM")	SLAM's objective related to the acquisition of commercial properties on behalf of the Council with a purpose of generating rental income. However, SBC decided in 2017 that SLAM was no longer required due to an overlap in purpose with the Strategic Acquisition Board (SAB). The company has therefore remained dormant since incorporation.	100% shareholder	22 nd December 2016	Dormant – Application to strike off to be sent by mid-February 2022
Slough Direct Services Limited	The nature of business is stated as collection of non-hazardous waste, collection of hazardous waste, urban planning and	100% shareholder	3 rd April 2019	Dormant – Application to strike off to be

Company	Activity	Council interest	Date incorporated/ acquired	Status
	architectural services and landscape service activities. However, the company has remained dormant since incorporation.			sent by mid-February 2022
DISH RP Limited	DISH RP was set up to provide, develop, acquire, and manage affordable homes that are developed as part of the Council's development strategy for affordable housing. The company was also directed to seek opportunities to acquire affordable housing outside the immediate Slough area. Opportunities not pursued due to financial challenges. The company has remained dormant since incorporation.	Company limited by guarantee with the Council acting as guarantor	28 th January 2020	Dormant – Future close down to be discussed with directors for close down in early FY 22/23
DISH RP (FP) Limited	The nature of business is stated as renting and operating of Housing Association real estate. However, the company has remained dormant since incorporation.	The Council is 50% shareholder. It holds 100% of the Ordinary B class shares (can receive dividends)	28 th February 2020	Dormant – Companies House has accepted the application to strike off the company. Strike off notice expected in the Gazette in February 2022
DISH CLS Limited	The nature of business is stated as that of a Hold Co. The intention for the company was for it to act as a holding company for the DISH companies (DISH, DISH RP and DISH RP (FP)). However, the company has remained dormant since incorporation.	100% shareholder	12 th December 2019	Dormant – To be closed down by the end of FY 21/22

3.1.4 The four trading companies owe the Council £69.0m against total loan Council facilities of £86.6m (ref: 3.3.13). Based on the interest rates charged on the facilities, this provides interest income of £2.1m, ie an effective rate of c3.0% per annum.

3.1.5 In addition to this, the companies pay costs to the Council under Service Level Agreements of c£0.5m per annum (ref: 3.3.10). This income stream covers housing management and repairs and maintenance costs incurred by the Council on behalf of the companies in question.

3.1.6 The Council has received dividend income of £5.0m from SUR in the past (ref: 3.3.2). However, no further dividends are expected due to the change in the relationship with SUR. The Council does not receive dividends from the other companies. This is covered later in this report.

3.1.7 Key risks relating to the companies are summarised below, and covered in more detail under the individual company commentary later in this report:

- Total costs for remediation and associated works at GRE5 are currently estimated to be in the region of £19.6m but this continues to remain under review. There is a risk that these costs increase further and, unless they are eligible costs in terms of Homes England funding, that will increase the Council's liability. Based upon current estimates, the Council's maximum exposure is currently £10.3m, assuming no recovery of monies from legal action or from leaseholders.
- Following an Options Review, work is at an advanced stage to restructure the Council's commercial relationship with SUR and agree a way forward. This would enable the Council to receive land receipts at the earliest opportunity and avoid future capital commitments. However, a satisfactory arrangement still needs to be agreed between key parties. The OLS scheme has been fully built and apartments are not on sales. There is a risk that the loan facility and/or loan notes may not be repaid.
- James Elliman Homes continues to operate at a loss due to lower levels of rent being received than was envisaged in the original Business Plan. An options review regarding the future of the company is being undertaken which will inform future actions.
- DISH is relatively low risk and has operated for over 30 years. However, there is little distinction between management of the Council's HRA stock and the DISH properties. This is being addressed in changes to governance and reporting processes, but this work will need to continue into 2022/23.

3.2 Recent improvements and actions

3.2.1 In the last 12 months a series of internal investigations, internal audit reports and external reviews have highlighted a range of issues across the Council's companies in relation to governance, oversight, reporting, financial planning, operations and decision making. In addition, the Council's financial challenges have necessitated a deeper review into the companies' commercial and financial arrangements to ensure that they remain aligned to the Council's strategic objectives and can support the Council in meeting its wider financial objectives. For example, an Options Review of the Council sites that are opted to SUR to consider restructuring the Council's commercial arrangements, reducing imminent capital investment and reducing financial risk to the Council.

3.2.2 Several changes have been made to strengthen the Council's arrangements with its companies, and in some instances further work will be required throughout FY 22/23 to establish actions and a clear way forward. In FY 21/22, actions have been prioritised on the highest risk areas/companies which has included GRE5 and SUR followed by JEH and DISH. Budgets for FY 22/23 onwards have been informed by the outcome of work to date and reflect plans to stop or significantly reduce the scale of activities across of the Council's companies. Future activities also build upon recent improvements and actions which have impacted upon the operation, governance and oversight of the four trading companies.

GRE5

3.2.3 Given the significant risks and uncertainties associated with the refurbishment works at Nova House with regards to scope of works, project costs, grant funding, insurance claim, Council loans and financial support, cost recovery from leaseholders, GRE5 has been prioritised in FY 21/22. Key improvements/actions include:

- Governance improvements including the appointment of two new directors, a new Statutory Reporting Officer (SRO) and new SBC's Shareholder Function to strengthen governance, reporting, financial oversight, performance management, risk management and decision making.
- Improved scrutiny and reporting - Reporting to Cabinet and Council on progress and issues in FY 21/22 with at least annual reporting in FY 22/23 onwards.
- Financial planning changes to improve transparency and quality of information to better inform management and decision making within the Council and GRE5.
- Revision of the Council's Investment Strategy to enable the Council to approve a loan facility of up to £10m to GRE5 and approval of a parent company guarantee to underwrite the Development Agreement to enable main works to start, including the removal of cladding.
- New loan facility drafted with seal expected for the start of FY 22/23.
- Homes England grant funding of £9.3m approved.
- Ongoing progress and action with regards to the litigation/insurance claim against the warranty provider – mediation expected to take place in May 22
- Development Agreement signed, all ACM removed and work on site started

JEH

3.2.4 A governance review was commissioned in June 2021 to identify immediate key issues and prioritise early activity. This has informed some of the activities and improvements in FY 21/22. JEH has been impacted by a high turnover of Directors, inconsistent management and governance arrangements and changes within the Council's housing services team that provides all services to JEH under the terms of an SLA. Key improvements/actions include:

- Governance improvements – review of Director skill sets and needs assessment for JEH, appointment of new JEH directors, new contracts including conflicts of interest awareness, and reinstatement of regular board meetings and board packs from January 2022.
- Appointment of new SRO and agreement on new shareholder function for 2022 including representatives from housing, finance and property.
- Review of original business plan rationale and underlying assumptions and current performance review.
- JEH Board review of management data and performance with an assessment of future Board reporting requirements.
- Appointment of Local Partnerships to undertake a JEH Options Review to consider a potential exit strategy for the Council - due to report at the end of February 2022.

- Revised SLA produced and reviewed by the JEH board. Revisions to align with the Council's housing services review and the outcome of the Options Review.
- Ongoing actions to make operational changes to improve tenancy management, debt recovery and maintenance matters – significant further work is required to improve the Council's services that are provided to JEH
- Revised SLA produced – reviewed by the Board but remains draft and will be updated in line with ongoing operational review and the outcome of the Options Review.
- All JEH services are provided by the Council. The Council is undertaking a review of its housing services ream, including a review of the services provided to JEH. Operational changes have continued to be made to improve processes and services. Although significant further work will be required to improve the Council's services for all HRA properties, including JEH.

SUR

3.2.5 SUR is a major strategic partner with several Council landholdings “opted” to the company under the terms of a Partnership Agreement (established in 2013). Given the scale of the Council's future capital commitments with SUR, activity has been prioritised on considering opportunities to reduce future investment by the Council, reduce potential abortive costs, maximise opportunities to secure site disposal proceeds, enable key sites to be developed and reduce financial risk to the Council. Key improvements/actions include:

- Governance changes - a series of changes to remove and appoint Council representatives, including skills review for new representatives and inductions.
- New SRO and shareholder function/Corporate Oversight Board established which meets every two weeks.
- Reinstatement of Partnership meetings in line with the terms of the Partnership Agreement.
- Regularising of performance management arrangements within SBC in respect of all SUR activities – including COB review of board packs and performance.
- Strengthening the Council's day-to-day engagement with SUR including improving accounting and financial arrangements.
- External Options Review completed for all key sites/partnership, including initial reporting to LM&D, Cabinet and Commissioners – focused on reducing the Council's financial obligations, managing risk, achievement of best consideration and enabling key sites to be developed. Disposal reports expected to be brought to Cabinet and Council in April 2022.
- Ongoing due diligence and engagement with Homes England with regards to the NWQ site to secure disposal in early FY 2022.
- Agreeing key principles with Muse Ltd regarding SBC's future relationship with SUR LLP including revised Heads of Terms, revised operating costs and potential changes to governance arrangements.

DISH

- 3.2.6 DISH was established in 1988 to increase the supply of affordable housing in the Borough. DISH has a lease with the Council for 54 properties off Long Readings Land and the properties are let at affordable rents on an assured shorthold basis. In line with the lease, all properties are managed and maintained by the Council on the same basis as the Council's housing stock. The Council operates on a breakeven basis (lease rental charges are calculated on an annual basis to generate a nil profit before tax). The company (and the lease) was established to be tax efficient and pay nil tax.
- 3.2.7 Following a recent internal audit report, Local Partnerships undertook a high-level governance review to enable a more risk-based approach to be taken regarding the prioritisation of actions across SBC's housing companies. As a result, some minor action has been taken with regards to DISH, and a more comprehensive review of DISH will be undertaken in FY 22/23 to consider the ongoing rationale and the case for continuing to have a separate DISH entity. This will require a legal and housing policy review before any changes are made to the existing lease arrangements and corporate structure.
- 3.2.8 Whilst DISH may have been established originally to remove properties from the HRA, the ongoing requirement to maintain this arrangement is not clear.

3.3 **Financial overview**

- 3.3.1 Each of the Council's four operating companies have different operating models, provide a range of services and activities and have different financing arrangements and risks which makes any comparison very difficult. As such, high level financial information is provided in this section and a more detailed review of each company is provided separately in this report

Table 2: SUR P&L

SUR – year ending 31 December	2019	2020	2021
£m	Actual	Actual	Draft
Turnover	40.56	32.56	11.66
Cost of Sales	(37.76)	(32.13)	(12.49)
Gross profit	2.80	0.43	(0.83)
Operating costs	(0.60)	(0.55)	(0.53)
Operating profit/(loss)	2.20	(0.12)	(1.36)
Other			
Council element of profit/(loss)	1.10	(0.06)	(0.68)
Council loan notes issued	-	(11.66)	-
Council loan repayments	7.88	-	1.88
Council interest payable	0.19	0.48	0.45
Council dividends	2.37	-	-

*SUR year end is different to the Council's (31/12 v 31/3)

*FY 22 budget not included. Small operating loss is anticipated due to reflect (a) no further development on key SUR sites and (b) SUR operating costs only to manage Partnerships until winding up (c) loss on OLS scheme reflected in FY 2021 results

3.3.2 SUR has been the Council's most successful company to date (in terms of dividend income) and has provided the Council with a source of income following completion of housing sales at key sites. After the payment of all site costs, loan notes plus interest, SUR has made dividend payments to the Council of £2.6m in 2017 for the development at Ledgers Road and £2.4m in 2019 for the development of Wexham Green.

3.3.3 The Old Library Site (Residential) Scheme, also known as the Novus apartment development, is the only current SUR scheme on a SUR opted site. The 64 Novus apartments have been fully built-out but have not yet been fully sold. Based upon current projections, the scheme may operate at a small loss (currently projected at £0.8m) and is not expected to result in any dividend payments to the Council or Muse. The SUR table above, includes a loss on the OLS scheme within the 31st December 2021 projections. A more detailed commentary on the OLS scheme is provided in the SUR section of the report, including the potential impact on the Council's loan and loan notes.

3.3.4 The projected 2021 operating loss relates to the expected outturn on the OLS scheme and core SUR operating costs that are normally funded out of the distributable profits from SUR scheme. Operating costs have been reduced for FY 22/23 onwards.

3.3.5 Looking ahead to FY 22/23 onwards, the Council's relationship with SUR is expected to change significantly and will see the Council adopt a different role in relation to its key sites. As a result, the SUR budget for FY 22/23 remains subject to change but is expected to cover core operating costs only, interest and any changes as a result of the OLS final outturn position.

- 3.3.6 The proposed changes are likely to result in the Council not having any equity investment in key sites in the future and it is therefore unlikely to share in any future dividend payments. This will enable the Council to receive disposal proceeds for key sites (for best consideration) at the earliest opportunity and will reduce the Council's capital commitments and financial risk over the coming years. Negotiations continue with Muse to agree a way forward and disposal reports are expected to be provided to Council in April 2022. This will include proposals for key sites opted to SUR including Wexham, Montem, Stoke Wharf, Haymill and NWQ.
- 3.3.7 As a result of the potential changed relationship, the ongoing resource and cost base for the SUR Partnership has been reviewed and revised downwards to reflect an anticipated change in scale of activity within the Partnership. In FY 22/23 onwards, SUR steady state operating costs are expected to reduce to approx. £0.2m per annum, of which the Council's share is 50%. Costs will be kept under review in FY 22/23 and will be influenced by the negotiations on the sites and changes to the Partnership Agreement. SUR running costs will be required to be met by partners until such time that the Partnership is wound up. No further costs are expected in FY 22/23 onwards. Additional exit costs associated with winding up will be considered next financial year.
- 3.3.8 The Council's capital programme excludes any further investment in SUR opted sites. Under the terms of the latest business plans, the Council's capital payments would be in the region of £33m over the next five years. Reducing these costs and generating capital receipts have been key drivers of the current negotiations with Muse.

Table 3: P&L: Council subsidiaries – JEH, GRE5 and DISH

£m	2020/21	2021/22	2022/23
	Actual	Forecast	Budget
JEH			
Turnover	2.30	2.25	2.36
Operating costs	(2.43)	(0.91)	(0.95)
Operating profit	(0.13)	1.34	1.41
Depreciation	(1.02)	(1.02)	(1.02)
Interest payable to the Council	(1.47)	(1.56)	(1.55)
Net profit/(loss)	(2.62)	(1.23)	(1.16)
DISH			
Turnover	0.38	0.38	0.39
Operating costs	(0.38)	(0.38)	(0.39)
Operating profit	-	-	-
GRE5			
Turnover	0.01	0.01	0.01
Operating costs	(0.00)	(0.00)	(0.00)
Operating profit	0.01	0.01	0.01

*Based upon information contained in the actual / draft financial statements

*Year end is the same at the Council's – 31/12

- 3.3.9 The Council's three trading subsidiaries are relatively small in scale in terms of turnover and currently operate at a near breakeven position, before depreciation and after interest. Two entities typically operate at a breakeven point (DISH and GRE5) and one traditionally generates a loss (JEH), with losses in the region of

£1m per annum after interest payable to the Council in the region of £1.5m. All are housing-related companies.

- 3.3.10 JEH and DISH do not employ any staff. The Council's housing services team provides services to both companies - including housing management, lettings management and housing maintenance services and corporate support services - for which the Council receives a payment of £0.2m from JEH and £0.3m from DISH.
- 3.3.11 As part of the ongoing work required across all companies, the basis for charging for these services is being reviewed to assess the true cost of providing these services compared to charges in the SLAs/lease details. The lack of information on Council service delivery costs makes it very difficult to accurately assess the true financial performance of the companies and the efficiency of services provided by the Council. For example, it may cost the Council significantly more to deliver core services than it charges to its subsidiaries.
- 3.3.12 The GRE5 P&L relates to core freeholder services only and does not incorporate any costs associated with the refurbishment of Nova House. Currently, all Nova House costs are included in the Council's capital programme as a Nova House cost centre (P181) and have been funded by the Council to date. A loan facility is in the process of being executed, following approval by the Council, which will enable the costs and loan to be passported to GRE5, which will enable clear separation of all transactions from the Council. It is highly likely that the financial statements for the FY 21/22 will include all costs and loans associated with Nova House as opposed to a note to the financial statements. See the more detailed GRE5 commentary.

Company loans

- 3.3.13 The Council has provided loan facilities of up to £86.6m to three companies, against which £69m has been drawn down to date. This includes:
- *GRE5* – the Council has approved a loan facility of up to £10m which is in the process of being executed. The Cabinet approved a loan in 2019 which was subsequently reapproved by the Council in July 2021. The GRE5 review in this report provides further details on the financial position of GRE5, including the uncertainty around the repayment of this loan. Loan repayments are dependent upon (a) the outcome of the current legal case against the building warranty provider, (b) the potential recovery of costs from leaseholders and (c) potential grant clawback from Homes England.
 - *SUR* – the Council has provided a loan facility of up to £10.7m to SUR to fund the Old Library Site (Resi Scheme) which has a total market valuation of £17m (independent RICS valuation). Interest is charged at the higher of 5% or PWLB plus 2.5% and the loan is secured against the properties. To date, the loan facility stands at £7.3m (the scheme is fully built) and loan repayments are dependent upon apartment sales. All net sales proceeds are payable directly to the Council.
 - *JEH* – the Council has provided a loan facility of up to £65.9m, split into tranches over a number of years. 60% of the loan attracts interest of 5% with the remaining 40% treated as equity (and does not attract any interest). To date, JEH has drawn down £51.7m under the loan facility and the Council has informed the JEH Board that it will not approve any further loan drawdown

requests. Annual interest payable to the Council is approximately £1.5m per annum. Properties are valued at £51m.

3.4 Company Review – GRE5

Overview

- 3.4.1 Nova House is a block of 68 apartments in the town centre which failed flammability tests following the Grenfell fire and further survey work revealed significant defects with the compartmentation within the building. GRE5 Ltd owns the freehold lease of Nova House.
- 3.4.2 In 2018, the Council decided to acquire all of the shares of GRE5 Ltd for £1 due to concerns about the capacity of GRE5 to undertake the substantial remediation works required and concerns about the safety of residents. Whilst the scope of works was unknown at that stage, costs were anticipated to be less than £10m, and the Council assumed that any costs would be recoverable following a legal claim.
- 3.4.3 GRE5's core activities are the collection of ground rent, freehold extensions and management of some services at Nova House. Its income and costs are approximately £20,000 per annum and it has very limited options in terms of raising finance as it has minimal assets and value.
- 3.4.4 Interim fire safety measures were put in place, and continue to be in place, in the building to ensure the safety of residents, pending the completion of remediation works. These have included a high-quality heat detector system, the presence of a 24-hour waking watch and immediate evacuation procedures in the event of fire.
- 3.4.5 The project has been delayed due to covid restrictions and the requirements to undertake additional tests and surveys in 2020/2021, which identified a range of defects and technical issues. A scope of works and Development Agreement were agreed in 2021 and all ACM was removed by the end of January 2022. The main phase of works is in progress and is expected to be completed in early 2023.
- 3.4.6 In FY 21/22, the Council introduced a range of changes to strengthen governance, management, oversight, decision making and reporting. This included the recruitment of new GRE5 directors, new shareholder function arrangements, a new SRO and SBC project manager and improved risk and financial reporting arrangements. Further changes will be required in FY 22/23 to continue with this improvement programme.

Financial position

Nova House refurbishment costs

- 3.4.7 Total costs have increased significantly and are now estimated to be in the region of £19.6m, although this continues to remain under review.
- 3.4.8 Costs have increased since the July 2021 Council report which provided an update to members. Total costs have increased from £18.8m v £19.6m; an increase of £0.8m. This remains an estimate and is subject to ongoing discussions with advisors and RBFRS.

3.4.9 Costs relate to the main external development works (under contract), internal works, legal costs, waking watch costs, project management costs, tests, surveys, and advisor costs.

3.4.10 Total costs incurred to date are estimated to be in the region of £10m (as at the 31/1/22) which includes some pre-development works funded by Homes England (see below). The remaining costs are projected to be incurred in FY 22/23.

Table 4: GRE5 Funding Position

	Up to 31 Mar 21	2021/22	2022/23	Total
£m	Actual	Forecast	Forecast	
Ongoing Costs - Legal, Waking Watch etc.	3.14	1.08	1.27	5.49
External Works - Development Contract	2.21	5.58	2.75	10.55
External Works - Other	0.20	0.12	-	0.32
Internal works	0.03	-	3.23	3.26
	5.58	6.78	7.26	19.62
Funding				
HE grant funding	1.66	4.38	3.24	9.27
SBC loan facility	3.93	2.40	4.02	10.34
	5.58	6.78	7.26	19.62

3.4.11 It should be noted that this table excludes interest payable by GRE5 on its loan (see below for details of the loan facility).

3.4.12 A summary of the statutory accounts for GRE5 (P&L and balance sheet) have not been provided in this report as they primarily relate to GRE5's core services which are to collect ground rent and provide basic Nova House services. Annual revenues are in the region of £0.02m and costs are similar. Most costs associated with the Nova House refurbishment programme have been included on the Council's balance sheet (P181 code) within its capital programme pending the execution of a Council loan to GRE5 (see loan summary below). Accounts for FY 21/22 will need to reflect the new loan and associated costs for Nova House.

Grant funding

3.4.13 During FY 21/22, the Council and GRE5 successfully agreed grant funding of £9.3m from Homes England for eligible development costs. This includes £1.7m for pre-development works which have been completed and grant funding drawdown. The Grant Funding Agreement (GFA) has been agreed with all parties and has been signed by GRE5 and the main contractor. A number of Conditions Precedent (CP) remain outstanding with a target completion date of mid-February. Once CPs are signed off, the GFA can be signed by DLUHC and grant drawdown requests can be processed with immediate effect. Discussions continue to take place with Homes England with regards to changing the scope of eligible costs which may result in additional grant funding being made available to GRE5. This will reduce financial risk to the Council.

3.4.14 It is assumed that a grant claim will be submitted in February 22 following the discharge of the GFA CP matters, with funds then received in March 22. Further applications will then be made monthly.

Legal claim – warranty provider

- 3.4.15 GRE5 is currently engaged in legal proceedings with the building's warranty provider which is expected to conclude before the end of FY 22/23, with mediation proceedings expected in May 22. A separate paper will be produced for Members and Commissioners which will inform the establishment of mediation principles for the mediation process. As with any mediation process, a negotiated settlement is normally less than the value of the Particulars of Claim (POC). The POC is due for submission by the end of March and a Member/Commissioners paper will be produced in April 2022.
- 3.4.16 As per the GFA, Homes England may clawback a proportion of its grant should GRE5 be successful in its legal claim against the warranty provider. The clawback mechanism has not yet been agreed with Homes England and will be set out in a Deed of Variation/side letter to the GFA. This may result in the full grant being clawed back by Homes England (£9.3m), although it is anticipated that the clawback mechanism will reflect the Council's costs in pursuing the claim.
- 3.4.17 The total value of the POC is greater than the GFA (amounts noted disclosed in this paper) although there is a shortfall between the total costs and any amounts recovered as part of the legal proceedings.
- 3.4.18 Should the legal claim be unsuccessful, the maximum financial exposure to GRE5, and therefore the Council as 100% shareholder, is up to £10.3m (£19.6m costs less £9.3m Homes England grant). Alternative funding strategies are being considered to meet any funding shortfalls, including potential recovery of costs from leaseholders. A tribunal has already determined that leaseholders, and not the freeholder, are liable for waking watch costs.

Loan facility and PCG

- 3.4.19 In July 2021, the Council approved a loan facility to GRE5 of up to £10m to meet its short-term cash flow requirements, pending the:
- outcome of the legal proceedings;
 - approval of the grant funding agreement with Homes England;
 - completion of works to determine total final costs; and
 - recovery of monies from leaseholders.
- 3.4.20 Latest cash flow projections estimate that GRE5's loan facility requirement is now in the region of £10.3m. The peak loan facility requirement will be dependent upon the agreed GFA drawdown schedule and any impact on the accrual of interest on the Council loan facility. The outcome of the legal case and timing of any associated financial payments will also impact upon the peak facility requirement.
- 3.4.21 A draft £10m loan facility agreement has been produced and is scheduled to be executed before the end of the FY 21/22. This loan facility agreement formalises a loan facility that was originally approved by the Cabinet in 2019 but was not approved in accordance with the Council's Investment Strategy. The Council has funded GRE5 costs to date; costs have been included in a separate capital programme cost centre on the Council's balance sheet. These costs will be recharged/passported to GRE5 following the execution of the loan facility. The terms of the loan will be similar to the Council's other commercial loans with third parties such as SUR.

- 3.4.22 Any increased loan facility requirement will require Council approval in line with the Council's Investment Strategy. The capital programme includes a potential maximum loan facility of up to £10m to allow for cash flow variations as a result of the Homes England grant.
- 3.4.23 In FY 21/22, the Council entered into a Parent Company Guarantee (PCG) to enable the works under the Development Agreement to be completed. The majority of the Development Agreement costs are considered to be eligible costs under the terms of the Homes England GFA but there is a shortfall in the region of £1m which would be covered under the terms of the PCG should GRE5 be unable to pay the total costs under the Development Agreement. It should be noted that the Council is not a party to the GFA or the Development Agreement.

FY 22/23 risks, issues and actions

- 3.4.24 FY 22/23 is a critical year for GRE5; it is expected that works to Nova House under the Development Agreement should be substantially completed and legal proceedings should be concluded. There will be more certainty across a number of critical areas.
- 3.4.25 Based upon current projections, GRE5's existing loan facility of up to £10m is insufficient to meet its short-term cash flow requirements unless the court rules in favour of GRE5 and monies are received in mid 2022. The recoverability of the Council's loan remains unclear and can only be assessed in light of the outcome of the warranty claim, resolution on any potential grant clawback by Homes England and further consideration of cost recovery from leaseholders.
- 3.4.26 If project costs and Homes England funding remain in line with current estimates, GRE5 could face a deficit of up to £10.3m if the legal proceedings are not successful. A legal settlement in excess of the Homes England grant will reduce the funding shortfall and reduce the Council's risk in relation to its loan to GRE5 (amounts not disclosed in this report). GRE5's loan repayments to the Council will be dependent upon (a) the proceeds of the legal claim, (b) the amount of clawback on the grant, (c) potential recovery of costs from leaseholders and (d) outturn of final costs.
- 3.4.27 Whilst improvements have been made in FY 21/22 to strengthen management, governance, general reporting, financial reporting, risk oversight and decision making in relation to GRE5, several risks and areas of significant uncertainty remain in FY 22/23:
- *Costs may increase further* - it is critical that variations are reported and managed effectively to improve decision making, financial planning and risk management for all parties.
 - *Viability of a refurbishment solution versus rebuild* - alternative options should continue to be considered if there is a major change to the development programme costs and/or a change in the risk profile.
 - *Grant funding risk* - the GFA has not yet been signed by DLUHC and remains a significant risk to the Council's financial position.
 - *Insufficient funding to meet cash flow obligation / going concern risk* – the current approved loan facility may not be sufficient to meet obligations and may require further Council financial support.

- *Legal claim uncertain* which impacts on the Council's short to medium term financial position - outcome unknown and a considerable risk.
- *Leaseholder recovery strategy not in place* - may not be able to recover costs and any recovery may take a considerable period of time. GRE5's strategy for engagement with leaseholders and residents is critical.
- *Loan facility not yet executed* - GRE5 transactions continue to be coded to the Council's capital programme until the loan is executed and sealed.
- *Loan impairment issues*- the Council's loan may not be recoverable and may require an impairment adjustment.
- *Known issues with accountancy treatment and accounting arrangements* - a range of adjustments will be required due to GRE5's/Council's treatment of ongoing costs, the execution of the loan facility and treatment of Council acquisition costs. There is a need to separate the transactions between both entities.
- *There is no exit strategy* - GRE5 is resource intensive and high risk and is not part of the Council's core services. A Council exit strategy is required which will be a key consideration for FY 22/23.

3.5 Company Review - Slough Urban Renewal ("SUR")

Background

- 3.5.1 SUR is a Local Asset Backed Vehicle (LABV) formed as a 50:50 Limited Liability Partnership between SBC and Community Solutions for Regeneration (Slough) Limited.
- 3.5.2 SUR operates as a flexible, innovative and commercial development and regeneration partner to SBC with joint governance and a shared equitable balance of risk and reward between the JV Partners.
- 3.5.3 SUR adopts the construction, programme, delivery and demand risk for development sites after paying SBC Market Value of the site where it is the landowner. The development proceeds are split between SBC and MSIL as JV Partners. The overriding purpose of SUR is to assist the Council in meeting its objectives in regenerating the residential, educational, leisure, social and commercial infrastructure of Slough through two main mechanisms, namely:
- Developing sites for residential, commercial or other uses and with these sites being acquired either from the Council or a third party (Site Developments); and
 - Carrying out building or infrastructure works for the beneficial use of the Council, the general public or any third party (Community Developments).

Current status

- 3.5.4 A number of Council owned sites are optioned to SUR including Montem, Wexham, Haymill, Stoke Wharf and NWQ. Discussions have been underway with Muse to consider opportunities for the Council to restructure its relationship with SUR to enable key sites to come forward for development, provide the Council with capital receipts, reduce the Council's future capital requirements and minimise any future potential abortive costs. In the next five years, the Council's capital commitments are anticipated to be in the region of £33m. These costs will be avoided should the Council agree to not proceed in line with the existing SUR business plan. The Council's capital programme excludes these commitments.

- 3.5.5 An independent Options Review was carried in Summer 2021 which recommended a series of preferred options for the Council's key sites and these have been progressed in the last quarter of 2021 and Q1 2022. LM&D were presented with an update in September and Commissioners were updated in December with a course of action agreed for Q1 and Q2 2022.
- 3.5.6 It is anticipated that a series of disposal reports will be presented to the Council in April 2022, in line with the Council's disposal policy, following a period of scheme review, diligence, market analysis and negotiation with Muse and other parties. Given the Council's financial challenges, SUR is unlikely to be used a vehicle to deliver Council schemes in the future and its activities will therefore be scaled back and stopped imminently.

Table 5: SUR financial position

SUR – year ending 31 December	2019	2020	2021
£m	Actual	Actual	Draft
Turnover	40.56	32.56	11.66
Cost of Sales	(37.76)	(32.13)	(12.49)
Gross profit	2.80	0.43	(0.83)
Operating costs	(0.60)	(0.55)	(0.53)
Operating profit	2.20	(0.12)	(1.36)
Other			
Council element of profit/(loss)	1.11	(0.06)	(0.68)
Council loan/loan notes issued	-	(11.66)	-
Council loan repayments	7.88	-	1.88
Council interest payable	0.19	0.48	0.45
Council dividends	2.37	-	-

- 3.5.7 SUR has provided the Council with dividend income following the completion and sale of houses on its Site Developments. It does not declare a dividend on annual basis. Results in previous years as set out in the table above, reflect the successful delivery and sales associated with a number of schemes including Ledgers Road and Wexham Green.
- 3.5.8 The only remaining SUR Site Development in 2021 and 2022 is the Old Library Site (Resi) Scheme (OLS) which is unlikely to result in any dividend income to the Council. The development of 64 apartments adjacent to the Moxy Hotel has been completed and apartments are currently being sold. The 2021 projected results in the table above reflect ongoing operating costs associated with the SUR Partnership and a projected loss (£0.8m) on the OLS scheme. This is a projected outturn position – and is not an actual result.
- 3.5.9 The recent award of First Homes funding from Homes for first time buyers at the OLS scheme, is expected to increase the number of apartment sales in 2022. This may improve the overall financial outturn of the scheme however this will be kept

under review throughout the FY 2022/23. The Council and the SUR Board receive regular progress updates at the quarterly SUR Board meetings however this remains a risk to the Council. The Council has provided a loan facility of £10m to OLS (£7m has been drawn down to date). The development is valued at £17m and the loan is secured against the property. To date, 14 apartments have been sold, 4 are reserved and there is a pipeline of interest and offers. Total sales/reserves to date are £4.4m and SUR expect the scheme to be fully sold by the end of the next FY. However, the Council's loan is at risk if the apartments are not sold.

3.5.10 Given the potential reduction if SUR activities, a revised operating resource requirement and budget has been provisionally agreed with SUR. Costs in FY 22/23 – 24/25 are estimated to be in the region of £0.2m per annum and these will no longer be able to be funded out of distributable profits. The capitalisation directive includes an amount for SUR operating costs for the next few years and assumes that SUR will be wound up by FY 24/25 (£0.2m per annum).

Table 6: SUR balance sheet

SUR - Balance Sheet as at 31 December	2019	2020	2021
£m	Actual	Actual	Draft
Tangible fixed assets	-	-	0.00
Current assets	15.28	25.88	22.23
Current liabilities	(7.09)	(6.93)	(5.11)
Net current assets	8.18	18.96	17.12
Long term liabilities	(7.96)	(18.85)	(18.38)
Net assets	0.22	0.10	(1.26)

3.5.11 In addition to the OLS loan facility agreement, the OLS has been funded by a series of loan notes provided by Muse and the Council (loan notes of £815k and £2.1m for each partner). Based upon current projections for the OLS, the loan notes (and interest) may not be fully recoverable. Loan note repayment will be dependent upon the final outturn of the scheme. The capitalisation directive includes an adjustment to reflect a potential loan note impairment although this will continue to be assessed in FY 22/23. The current scheme loss is estimated to be £886k, of which the Council has a 50% share.

FY22/23 risks, issues and actions

3.5.12 Whilst significant progress has been made as part of the Options Review and subsequent negotiations with Muse, a number of risks and areas of significant uncertainty remain in FY 22/23:

- *Inability to agree a way forward for the key sites* - further work is required to assess the latest appraisals for key sites, agree heads of terms, assess best consideration and prepare Council reports to approve disposals. Various workstreams are underway and Council reports are targeted for April 2022. Due diligence is nearing completion and QS consultants will advise the Council on costs, value for money and best consideration implications.

- *Loss of third-party grant funding* - the Council has received funding to bring key sites forward for development and improve viability. This is subject to key milestones being achieved which must be kept under review to prevent grant funding from being returned. Meetings with grant provider have been arranged.
- *Uncertainty over the future SUR role and operating costs* – revised budgets have been developed, although they remain dependent upon the timing of changes to the Council’s relationship with SUR. Currently estimated at £0.2m per annum.
- *Realisation of OLS losses and non-repayment of loan/loan notes* - the scheme faces several challenges and risks, which have an impact on the risk profile of its loan notes and loan facility with SUR. The Council arguably shares more of the risk on this scheme due to its loan facility to part-fund the development. Some risk is reduced as a result of the offset arrangement which means that all apartment sale proceeds are payable directly to the Council. The Council should consider its rationale and approach to this scheme and continue to assess overall viability, loan repayment and loan note impairment.
- *Need an agreed exit strategy* – this has not yet been approved by the Council however the Council’s budget assumes that (a) the Council’s activities with SUR will be scaled down and stopped completely within the next 2 -3 years, (b) there are no further Council capital commitments for any SUR opted scheme (c) operating resources/costs will be significantly reduced and shared between both parties, (d) WIP costs on key opted sites are not abortive and will be reflected in any disposal proceeds and in line with the Partnership Agreement.

3.6 Company Review - James Elliman Homes

Overview

- 3.6.1 JEH was incorporated in 2017 with the primary objective of supporting the Council in its aim to improve affordable housing supply and provide good quality affordable temporary accommodation for key workers as well as homeless families and individuals.
- 3.6.2 The decision to establish JEH was underpinned by a business plan, prepared by Savills in November 2016, and assumed that JEH would acquire properties over a five-year period and that properties would be rented at a mix of market rents (60% of properties) and Local Housing Allowance (“LHA”) rent (40% of properties). On this basis, the business plan was financially viable. The business plan did not consider alternative strategies in relation to rental mix.
- 3.6.3 However the proportion of properties rented at a discounted rent level is higher than the 40% envisaged in the business plan, which has had an impact on the financial viability of the company. JEH has operated at a loss each year (after interest) and is forecast to operate at a loss of £1.16m in FY 22/23, if there is no change to the property portfolio or rental mix. This is not a financially sustainable position for JEH.
- 3.6.4 JEH housing placements are determined on a case-by-case basis following an assessment of housing need and affordability. This has resulted in JEH being used to support the Council in discharging its homelessness duty and has resulted in an increased proportion of lower rents. Improvements to management information, clearer SLA requirements and improved management oversight can improve decision making and financial planning. These changes are underway – see actions.

- 3.6.5 JEH employs no staff. All properties are managed by the Council under an SLA with all tenancy management, property maintenance and general management undertaken by the Council.
- 3.6.7 The JEH property portfolio includes approx. 200 temporary units/houses (a combination of street properties and temporary accommodation units including Pendeen Court and 81-81 High Street). These were valued as at 31/3/21 at £51.4m. All properties were acquired, not built, by JEH and financed by borrowing from the Council. During FY 21/22, JEH's housing acquisition strategy was stopped in light of the Council's financial situation.

Financial position

Table 6: JEH P&L

	2020/21	2021/22	2022/23
£m	Actual	Forecast	Budget
Turnover	2.30	2.25	2.36
Operating costs	(2.43)	(0.91)	(0.95)
Operating profit	(0.13)	1.34	1.41
Depreciation	(1.02)	(1.02)	(1.02)
Interest payable	(1.47)	(1.56)	(1.55)
Net profit/(loss)	(2.62)	(1.23)	(1.16)

- 3.6.8 In previous years, JEH has made annual operating losses due to the initial costs of repairing newly acquired properties before they could be tenanted. Losses have steadily decreased as property acquisitions have stopped/slowed down.
- 3.6.9 In 2021/22, JEH had an operating profit of £1.34m as a result of not acquiring any additional properties. However, the operating profit remains below expectations due to the rental mix. Turnover in 2019/20 and 2020/21 includes "top-up" payments from the Council to JEH of £145k and £350k respectively to cover the shortfall between LHA and market rate. These payments were approved by the previous s151 officer and have since stopped in April 2021 and no further top-up payments will be made to JEH in 2021/22. These top-up payments have artificially reduced the level of losses in JEH and resulted in additional budget pressure in the Council. These payments have been funded from the Council's Homelessness Prevention Grant. The conditions of this grant have been reviewed by the Council and early findings suggest that this is an appropriate use of the grant however this work should be concluded by the end of February.
- 3.6.10 All services provided by the Council's housing team across all of its properties are currently being reviewed, including the arrangements in place for tenancy management which is critical to maintaining a sustainable rental mix. In addition, a JEH Options Review is under way, being led by Local Partnerships, which will set out an analysis of the market/demand and options for future service delivery. This will include consideration of a potential exit strategy by way of property disposals and/or a corporate transaction. This could result in a significant capital receipt(s) to enable JEH to repay its loan to the Council. Local Partnerships are expected to provide a draft report at the end of February/early March 2022.
- 3.6.11 Depreciation on properties is 46 years on houses and 45 years for flats, which is in line with the previous policy followed by the Council.

3.6.12 Although services are set out in the SLA, together with a proposed costing mechanism, this needs to be revised further in FY 22/23 to establish the true cost of service provision. It is unclear if the Council's costs are being fully recovered from JEH. The Options Review will inform the scale of short/long term changes required to the SLAs.

3.6.13 For the company to operate at in a cash breakeven position (i.e. net profit excluding depreciation), rental income would need to increase by 6%, or £0.14m, based on the 2022/23 budget. The ability to increase rental levels is constrained by a number of factors although these will be considered by the JEH board over the next few months, as agreed at its January Board meeting.

Balance sheet: loan facility and property assets

3.6.14 The properties owned by JEH are currently valued at just over £51.4m against which the Council has provided funds of £51.7m. The Council loan is split as follows:

- 60% with interest charged at 5.0% per annum and payable quarterly; and
- 40% which does not attract interest (considered to be equity).

3.6.15 The Council was advised to structure its financing arrangement with JEH on a 60:40 split of loan to equity to reflect a typical commercial financial structure.

3.6.16 Interest is payable quarterly, although none has been paid to date in 2021/22 as a regular of the Council not invoicing JEH for interest payable. The catch up of invoicing has been actioned and will be up to date by the end of 2021/22.

3.6.17 The Council loan is due to be repaid in October 2028. Given the current financial position of JEH, the only options available to repay the loan are refinancing, either with the Council or with an external party, or by selling properties. The outcome of the Options Review will inform the loan repayment strategy. JEH was established without a viable loan repayment strategy.

3.6.18 JEH has a loan facility agreement providing up to £65.9m (as set out in the restated facility agreement dated 2021). However, the Council has stated that no additional amounts should be drawn down against this facility.

Table 7: JEH Balance Sheet

JEH - Balance Sheet as at 31 March	2019	2020	2021
£m	Actual	Actual	Actual
Tangible fixed assets	27.04	44.97	52.12
Current assets	2.83	2.84	1.96
Current liabilities	(1.22)	(0.74)	(2.15)
Net current assets	1.61	2.10	(0.19)
Long term liabilities	(29.92)	(47.70)	(51.70)
Net assets	(1.27)	(0.63)	0.23

3.6.19 The balance sheet is currently reporting a net current liability position, which raises concerns as to its liquidity. Currently annual interest costs exceed the operating profit made by the company and, as such, this position is unlikely to improve unless rents can be increased or operating costs reduced. Both are highly unlikely.

3.6.20 The properties held by JEH are revalued each year by external valuers in accordance with the Royal Institution of Chartered Surveyors Professional Standards. The last valuation was undertaken for the purposes of the 31st March 2021 year end accounts and resulted in a revaluation gain of £2.4m. As a result of this, net assets are now positive.

3.6.21 As at 31st March 2021, the company held assets of £52.1m, including the properties valued at £51.4m, which is marginally over the loan drawn down of £51.7m.

3.6.22 It should be noted that due to the Council's financial position, the planned housing acquisition strategy has been stopped. There are no further plans to acquire homes.

FY22/23 risks, issues and actions

3.6.23 Some improvements have been made to governance and reporting processes, with new directors and SRO appointed. Following a period of no board meetings in 2021, the first new JEH board meeting took place in January 2022 and board meetings will now take place monthly whilst new arrangements are established/ embedded and to enable the JEH Board to consider the findings of the Options Review. Several risks and areas of significant uncertainty remain in FY 22/23:

- *Outcome of the Local Partnerships review* - Local Partnerships are reviewing options for JEH. This will consider the original and ongoing rationale for JEH, its performance against strategic objectives, an assessment of the housing stock, market analysis, evidence of market failure and implications for future service delivery. It is anticipated that this review will recommend the full/partial disposal of properties to enable JEH to repay its debt to the Council. This will have a significant impact on the future role of JEH and services provided by the JEH/the Council. Future decisions need to consider the wider impact on JEH and the Council.
- *Poor service delivery and continued lack of performance management* - there are a number of issues with current services provided by the Council. The SLA has been updated and reviewed by the JEH Board in January 2022 however further changes will be required to clarify a range of matters in relation to rent setting, to agree minimum service levels and clarify expectations between both partners, establish KPIs and agree performance reports. A revised SLA is due to be presented to the JEH Board in March 2022 with further revisions expected to be required following the outcome of the Options Review. The SLA will also have to be informed by the outcome of the housing services review.
- *Council cost recovery is not sufficient / inefficient service delivery* - whilst the basis for SLA charges is set out in the SLA, the Council's costs associated with service delivery are not clear and will require further review. All costs may not be coded, and further analysis will be required to assess this.
- *Continued unviable financial operating model* - due to the number of properties being rented at below market rent, the Council has topped up JEH rental income

in the past. This has now stopped, and therefore JEH is unlikely to be financially viable unless the rental mix changes. This will be considered by the JEH Board based on more detailed financial analysis on a “per property basis” and updated management information. Financial viability assessment will also be informed by the outcome of the Options Review. The capitalisation directive includes an amount for the next few years to meet JEH’s short term cash flow losses. This is considered to be sufficient given the potential changes to JEH in terms of its scale and operations. However, this will be further considered following the LP Report.

- *JEH unable to repay loan* - there is no viable loan repayment strategy in place. Loan repayments to the Council will be dependent upon a corporate sale or individual property disposals. Loan terms will require further consideration given the increased risk profile of JEH.
- *Potentially complex lease arrangements* - several leases have been identified that will require further review to consider (a) accounting treatment and (b) implications for any potential future sale. For example, properties at Pendeen Court and High Street. The potential sale of JEH properties can be incorporated with the scope of works for the newly appointed asset strategic partner (including review of title and other related matters).
- *Change is not embedded* - new arrangements must become embedded to ensure that the JEH continues to receive regular updates on risks, costs, issues and progress to enable it to be focused on the most appropriate course of action.
- *Potential grant clawback* - work will be completed to consider grant conditions and any potential risk around grant clawback for homelessness duties. This is specifically in relation to the Council’s use of its grant.

3.7 Company Review - DISH

Overview

- 3.7.1 Development Initiative Slough Housing Company Limited (“DISH”) was incorporated in 1988 and was created to increase the supply of affordable housing in the Borough to residents who might not otherwise be able to access it.
- 3.7.2 DISH has a lease with the Council over 54 properties off Long Readings Lane and the properties are let at affordable rents on an assured shorthold tenancy basis. The original lease ran until 2019 and this was extended to 2027. In accordance with the lease, the properties are managed and maintained by the Council on the same basis as the Council’s housing stock.
- 3.7.3 The lease requires that the Council offers the provision of these services to the Council and that the Council can, but is not obliged to, provide them at reasonable cost. Services continue to be provided by the Council in line with the details as set out in the lease. The lease agreement effectively acts as the equivalent of an SLA; there is no separate SLA between the Council and DISH which will be addressed in FY 22/23 should it be agreed that DISH should continue to operate as a Company (see actions).

Financial position

Table 8: DISH P&L

	2020/21	2021/22	2022/23
£m	Actual	Forecast	Budget
Turnover	0.38	0.38	0.39
Operating costs	(0.38)	(0.38)	(0.39)
Operating profit	-	-	-

- 3.7.4 The lease costs payable to the Council are calculated based on the rental income received net of the costs incurred by the Council on behalf of DISH and the costs of delivering the housing management service. It is set to result in £nil profit crystallising in DISH, although there is little transparency on the costs of the services provided by the Council. The Council's actual costs could be above or below this level.
- 3.7.5 As per the lease agreement, DISH rents are tracked to levels set for the HRA and DISH has no autonomy to determine rental level. Reporting of the performance of the properties within DISH is covered as part of the overall HRA reporting, although DISH specific reports will be prepared in 2022/23 for communication with the DISH Board. As the DISH properties are relatively stable, reporting on performance quarterly will be sufficient.
- 3.7.6 Historically, DISH has not prepared an annual budget as its cost base is very simple and comparable year on year, and the biggest cost (lease charge) is a balancing figure. The DISH Board does approve rental levels on an annual basis.
- 3.7.7 As budgets should be prepared for all of the Council's entities a DISH budget has been prepared for FY 22/23. It shows expected performance in line with 20/21 and 21/22 with income in the region of £0.39m and costs in the region of £0.39m. i.e. no dividend payable to the Council as shareholder.

Table 9: DISH Balance Sheet

DISH - Balance Sheet as at 31 March	2019	2020	2021
£m	Actual	Actual	Actual
Tangible fixed assets	2.13	2.13	2.13
Current assets	0.02	0.02	0.03
Current liabilities	(2.15)	(0.00)	(0.01)
Net current assets	(2.13)	0.02	0.02
Long term liabilities	-	(2.14)	(2.14)
Net assets	-	-	-

- 3.7.8 DISH holds tangible fixed assets of £2.1m, which is the 54 properties held as investment properties. The value has been maintained since the earliest accounts available to review (year ended 31 March 1995).

3.7.9 The company has a long-term creditor of £2.1m being an amount due to the Council, which only becomes due at the end of the lease. The Council have provided an undertaking not to call in the debt to the Council until the expiration of the lease.

3.7.10 As the company makes £nil profit and loss each year, net assets remain £nil.

FY 22/23 issues and actions

3.7.11 This lease agreement has been in existence for more than 30 years, with the latest extension running until 2027. The company is deemed to be low risk due to the stable nature of the properties and the income and cost streams. However, the following actions are currently being undertaken in relation to DISH:

- *Outcome of options review* - Local Partnerships undertook a light touch review of the Council's housing companies in summer 2021 and recommended that further review would be required to consider the Council's longer-term strategy for each entity, including JEH and DISH. A review of the options for DISH is planned to take place in 2022/23, which will consider whether a standalone company is still required, whether the properties can be brought into the HRA or an alternative course of action.
- *Poor service delivery continues* - there are issues with current services provided by the Council and the quality of management information. This is being reviewed as part of a review of the Housing Team. Future DISH service requirements will be informed by the outcome of the options review for DISH. If the review proposes maintaining DISH as a separate entity, an SLA will be drafted to cover service provision and charging mechanisms.
- *Poor governance and reporting* - the future governance and reporting arrangements for DISH will be informed by the Options Review. As a company, DISH needs a functioning Board, with regular reporting to allow that Board to make decisions on the company's behalf, including stock condition, service performance and void levels. The new reporting information and supporting structures will be put in place in 2022/23 if the options review recommends maintaining DISH as a separate entity. The DISH Board meets on an annual basis to agree rental levels, approve accounts and any other statutory requirements. Consideration will be given to changing this in FY 22/23 to enable the Board to receive the outcome of the Options Review.
- *Insufficient performance reports and oversight* - DISH properties are managed in line with other HRA stock. The Council can produce reports from the housing management system to provide key property reporting data. This has been requested and will be considered by a small Council housing team (same as for JEH) to consider the new reports and establish regular stand-alone management within the Council before presentation to the DISH Board.

4. Other implications

4.1 Financial implications

There are no direct financial implications of the proposed recommendation.

The financial implications of the subsidiary companies, as referred to in this report, have been factored into the 2022/23 Budget and Capitalisation Directive.

4.2 Risk management implications

Recommendation from Section 2 above	Risks/Threats/ Opportunities	Current controls	Using the Risk Management Matrix Score the risk	Future controls
To note and comment on the content of the report.	Reputational risk if Subsidiary Companies are not correctly managed and reported.	Improved governance processes in place at subsidiary companies, including new directors and reporting processes.	Likelihood – Very Low – 2, Impact – Negligible – 2 Risk Score – 4	Future updates on subsidiary companies and associated actions as required.

4.3 Human Rights Act and Other Legal Implications

There are no Human Rights Act or other legal implications in this report.

4.4 Equality implications

There are no direct equalities implications in this report.

4. Background Papers

None.



SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

For the Audit and Corporate Governance
Committee meeting on 1 March 2022

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

1 KEY MESSAGES

The internal audit plan for 2021/22 was approved by the Audit and Corporate Governance Committee at the March 2021 meeting, with the revised plan being approved at the July 2021 meeting. This section provides an update on the key messages relating to the progress of the 2021/22 plans.



2021/22 Internal Audit Plan

We have issued a further seven final reports since the December 2021 Audit and Corporate Governance Committee meeting. Of these, two have resulted in a **'Minimal'** assurance opinion, one has resulted in a **'Little Progress'** assurance opinion, three resulted in a **'Partial'** assurance opinion and the remaining review resulted in a **'Reasonable'** assurance opinion. Further details on these reports are documented below. [\[To note\]](#)

Impact on 2021/22 Head of Internal Audit Opinion

The Committee should note that any negative assurance opinions ('Minimal Assurance' or 'Partial Assurance' opinions, or poor or little progress in relation to follow up reviews) and any advisory reviews where significant issues are identified will be noted in the annual report and may result in a qualified / negative annual opinion.

To date, we have issued nine negative assurance opinions relating to reports that have been finalised, Children Missing Education (Minimal Assurance), Business Continuity and Disaster Recovery (Minimal), Schools Audit – Pippins School (Partial) and Rent Arrears Recovery (Partial), Whistleblowing (Partial), Council Tax (Partial), Rent Accounts (Partial), General Ledger (Minimal) and Debtors (Minimal). Furthermore, the IT Business Continuity (advisory) review also identified significant weaknesses. The Follow Up Q1 resulted in a little progress (negative) opinion. All of these will impact the Head of Internal Audit opinion



The Committee will also recall our overall negative opinion issued in 2020/21, including a number of individual negative opinions which are due to be re-audited in the coming weeks.

We are therefore advising the Committee we will be issuing a negative Head of Internal Audit opinion for 2021/22, given the outcomes of our audits to date, the potential for weaknesses to still be present in the upcoming audits, the Section 114 notice and the outcomes of the other external reviews. We will provide further updates to the S151 officer at our monthly meetings and provide a further update at the next meeting of the Committee, where we will also present our annual report and opinion. [\[To note\]](#)

The Committee will need to continue carefully monitor the progress made by Officers to implement the management actions agreed from the 2021/22 and previous years Internal Audit reviews. We understand management have introduced a new action tracking process and we will review this process in Quarter 4 as part of our follow up review. [\[To note\]](#)

Please note that historically, the Risk and Audit board, audit sponsor, S151 Officer, Chief Executive and Chair of this Committee received a copy of all final reports issued throughout the year as they were finalised (as in previous years). This process has been revised during 21/22 and the Director of Finance (S151) provides copies of the final reports to the Chair of this committee. [\[To note\]](#)



2 INTRODUCTION

This report provides a summary update on progress against the remaining audits from the 2020/21 internal audit plan and progress against the 2021/22 plan. The report is based on the position as at the 14th February 2022

2020/21 Internal Audit Plan

Since the last audit committee in December 2021, one report remains in draft relating to the 2020/21 audit plan:

- Follow Up Q4 – Little progress – responses have been received from the Council, we have amended the draft report and re-issued a revised draft and we are liaising with officers to finalise this report.

2021/22 Internal Audit Plan

The Internal Audit Plan for 2021/22 was approved by the Audit and Corporate Governance Committee initially on 4th March 2021, and a revised plan was subsequently approved on 29th July 2021. Since the last update provided in December 2021, the following seven reports have been finalised:

- Whistleblowing – Partial Assurance
- Council Tax – Partial Assurance
- Housing Benefit – Reasonable Assurance
- Rent Accounts – Partial Assurance
- General Ledger – Minimal Assurance
- Follow Up of Previous Management Actions Quarter 1 – (Little Progress)
- Debtors Management – Minimal Assurance

In addition, we have issued the following seven reports in draft from the Internal Audit Plan for 2021/22. It should be noted that these reviews are still in draft and are with management for comment:

- Follow Up of Previous Management Actions Quarter 2 – Issued 24th September 2021
- Supplier Duplicate Payments – Issued 9th November 2021
- Payroll – Issued 9th November 2021
- Risk Management – Issued 11th January 2022
- Temporary Accommodation – Issued 18th January 2022
- Creditors – Issued 18th January 2022
- Assets – Issued 31st January 2022

We also have six further reviews in progress and all other remaining audits scheduled in.

3 OTHER MATTERS

3.1 Impact of findings to date on the 2021/22-year end opinion

The Committee should note that 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 will need to be noted in the annual report and may result in a qualified or negative annual opinion (this includes follow up reviews, assurance opinions and advisory reviews with any significant weaknesses).

To date we have issued a total of nine final reports with negative opinions. We have also issued one 2021/22 advisory review with significant weakness identified in the final report. The Committee will also recall our overall negative opinion issued in 2020/21, including a number of individual negative opinions which are due to be re-audited in the coming weeks. We are therefore advising the Committee we will be issuing another negative Head of Internal Audit opinion for 2021/22, given the outcomes of our audits to date and the potential for additional weaknesses to still be present in the upcoming audits. We will provide further updates to the S151 officer at our monthly meetings and provide a further update to the Committee in March 2022. We have also provided an update to the lead Commissioner (Finance) on the progress of our work and the year end opinion.

3.2 Changes to the plan

The following changes were agreed since the last meeting:

Note	Auditable area	Reason for change
1	Treasury Management	At the request of the Director of Finance, the Treasury Management review has been pushed back from December 2021 to April 2022.
2	Medium Term Financial Plan and Budget Setting and Control	Following discussions with the Director of Finance, we have agreed to move the Medium-Term Financial Plan and Budget Setting and Control audits from the 2021/22 plan to the 22/23 plan, due to work ongoing in relation to updating processes for both of these areas, the priority of finalising working papers for the annual accounts and have scheduled these audits in for late Q1 22/23.
3	Our Futures	The Council received external scrutiny of the Our Future programme through the CIPFA and DLUHC reports in October 2021. The Our Futures plan has also been replaced with the Council's recovery plan and therefore we have agreed with the Director of Finance to use the allocation for the 'Our Futures' review to increase the scope of testing on the Supplier Duplicate Payments review.

4 Multiple Audits

We have, at the request of various officers within the Council, pushed back the timing audits into Q4, to aid the Council in dealing with the impacts of the Pandemic, S114 notice and the restructure (which has resulted in numerous vacancies that the Council are attempting to fill and a number of these posts are crucial to support the delivery of these audits).

Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams. The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

External reviews of quality

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One of the key measures of quality is an independent third-party assessment and, as a firm we are required to conform to the requirements of the International Professional Practices Framework (IPPF) published by the Global IIA. Under the Standards, internal audit services are required to have an external quality assessment (EQA) every five years. The RSM UK Risk Assurance service line commissioned an external independent review of our internal audit services in 2021, to provide assurance as to whether our approach continues to meet the requirements.

The external review concluded that RSM 'generally conforms to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

APPENDIX A - KEY FINDINGS FROM FINALISED 2021/22 INTERNAL AUDIT REPORTS

Detailed below are the High and Medium Priority Management Actions from negative opinion reports i.e. **Partial or Minimal Assurance reports** (or **Poor or Little progress** for follow up reports) and any **advisory reviews where significant issues were identified** (in the exception format previously agreed by the Committee):

<p>Whistleblowing – 14.21/22</p>		<p>1 High 3 Medium 2 Low</p>
<p>Whistleblowing Culture</p> <p>As part of the survey issued during this review, staff were asked to provide their opinions on a number of statements which related to the Council’s culture around whistleblowing. Responses in relation to these statements were largely negative, with 89 per cent of respondents not feeling confident in the Council’s handling of Whistleblowing concerns if staff were to raise them.</p> <p> In addition to this, respondents provided a number of comments which supported the above findings with claims around “lack of care for those accused”, cases being “pushed aside” and staff being made to “feel like it’s their fault” and several examples of respondents feeling like if they had a case to raise, this would not be managed and investigated appropriately and therefore they would be less inclined to raise these matters. We also identified several comments where staff advised that there is a culture at the Council that “punishes critical feedback” and could result in “losing your job” should a matter be raised.</p> <p>If staff do not have confidence that whistleblowing concerns will be managed appropriately, there is a risk that concerns will not be raised and investigated, resulting in reputational damage to the Council and poor practice not being addressed. (High)</p> <p>Awareness of the Whistleblowing Code</p> <p> As part of our survey, we issued a number of statements which related to awareness of the location and content of the Council’s Whistleblowing Code. We noted responses to these statements were largely negative, where most notably, 46 per cent of respondents were unaware of where to find the Code and 74 per cent of respondents unaware of the options available to them should they become party to a whistleblowing concern. Whilst we obtained a copy of an all-staff communication issued in September 2021, which evidenced that the code had been updated, it did not reference what changes had been made, nor did it evidence where it can be found.</p>		

The above clearly indicates awareness issues around the location and content of the code. There is a risk that whistleblowing concerns may not be raised or raised through the incorrect channels, resulting in matters not being resolved and investigated appropriately. **(Medium)**

Progress against previously agreed Internal Audit management actions



Through review of the July 2021 Whistleblowing report presented by Officers to the Audit and Corporate Governance Committee, we confirmed that an update had been provided against some of the previous internal audit management actions agreed from the 2020/21 review. We did however note that these specifically related to actions assigned to the Monitoring Officer and therefore did not relate to all actions, including those agreed around training and the Anti-Fraud and Corruption Strategy and Policy. Furthermore, some of the actions which haven't been implemented relate to issues which we identified as part of the 2018/19 audit and have still not been fully addressed (namely with respect to training).

Failure to comprehensively report on the progress against previous management actions impacts the Committee's ability to scrutinise development in the area. **(Medium)**

Training

All staff are required to complete the 'Whistleblowing with Confidence' module, which is one of eight mandatory courses (i.e. All staff are expected to undertake these modules) delivered through the e-learning tool, Cornerstone. We reviewed a training compliance report for the 'Whistleblowing with Confidence' module dated 1 October 2021 and identified that a total of 73 per cent of staff assigned to the module had completed it (10 per cent higher than at June 2020).



Through our review we identified that the Workforce and Development Manager is currently in the process of embedding a series of mechanisms in a drive to increase compliance levels, with this including attendance at monthly Directorate Leadership Team meetings, guidance issued to Line Managers around their responsibilities for ensuring staff completion and finally, Line Manager access to real-time compliance reporting. Our audit identified each of these mechanisms were recently established and so have not yet had the desired time to impact on overarching compliance rates.

Whilst we noted that improvement have been made in terms of compliance levels and mechanisms being put in place to ensure non-completion of mandatory modules (including 'Whistleblowing with Confidence') are challenged, given the low compliance levels and issues noted around the lack of local challenge noted above, we have amended the management actions agreed as part of last year's review.

Without consistent check and challenge around the completion of mandatory training, there is a risk that completion rates remain low. If sufficient training around Whistleblowing is not completed, staff may not be aware of the processes to follow. **(Medium)**

1	<p>A communication will be sent to all staff, advising them of the location of the Whistleblowing Code and their responsibilities in relation to reading and understanding the code's content.</p> <p>The Council will additionally signpost the code on the intranet homepage to ensure that staff are aware of its location and are aware of who the Monitoring Officer is.</p>	Medium	31 December 2021	Angela Wakefield – Monitoring Officer
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2	As part of the next Whistleblowing update provided to the Audit and Corporate Governance Committee, a comprehensive update will be provided against all actions agreed as part of the 2021/22 Whistleblowing Internal Audit Report.	Medium	9 December 2021	Angela Wakefield – Monitoring Officer
3	On a monthly basis, the Workforce Development Manager will scrutinise training compliance levels of directorates to ensure Line Manager guidance issued in October 2021 is being adhered to.	Medium	31 December 2021	Edwin Fernandes – Workforce Development Manager
4	The Council will devise a Whistleblowing Culture Improvement Plan to ensure actions are taken to improve confidence around the Council's whistleblowing function. Progress against the plan will be monitored thereon by an appropriate forum (for example, the Executive Board), periodically.	High	31 March 2022	Angela Wakefield – Monitoring Officer

<p>Council Tax – 13.21/22</p>		<p>3 High 1 Medium 4 Low</p>
<p>Council Tax Arrears Recovery</p> <p>The Council follows a five stage recovery framework, including reminders, court proceedings and enforcement action. From a sample of 10 council tax arrears, we identified that no recovery action had been pursued for one arrear (£17,370.80). Investigation found that a marker had been placed on the account, preventing recovery actions. It was further identified that the marker had been placed in August 2017, with no recovery action occurring since this date. The staff member who placed the marker could not recall why this had been done. There was no guidance relating to the placing of markers within the suite of procedure documents. Without restricting the ability to place markers and providing guidance to those who can, there is a risk that these markers are placed inappropriately. As such amounts owed to the Council may not be chased, decreasing the likelihood of recovery. (High)</p> <p>The Council Tax team was beginning to review all ‘circumstance codes’ within Academy, including account markers at the time of our review. Without regular reviews, there is a risk that inappropriate markers are not identified and removed. Arrears may then not be subject to suitable recovery action, increasing the likelihood of financial loss. (Medium)</p> <p>Aged Council Tax Arrears</p> <p>As part of the 2019/20 Council Tax review, an action was agreed to the review historic council tax arrears to identify cases where debts cannot be chased and should be considered for write off (as appropriate). This action was followed up as part of the 2020/21 audit, where it had not been completed, with reasons attributed to the COVID-19 outbreak. The Workstream Lead – Revenues and Benefits advised us that a review had not yet taken place owing to the incomplete reconciliations of Academy and Agresso, team workload (following the resumption of council tax services) and the</p>		

section 114 notice. Through review of a report detailing council tax debt, we noted arrears amounted to £18.5m (an increase from £15.6m in August 2020), £5.3m of which related to accounts last active prior to 2015 and 99 accounts with balances exceeding £10,000. There remains a risk that arrears cases are not being reviewed and subject to chasing, reducing the likelihood of recovery and increasing the likelihood of financial loss. **(High)**

Reconciliations



As part of the 2019/20 Council Tax review, an action was agreed to investigate a £2.5m variance between Academy and Agresso systems relating to direct debit payments. This action was followed up as part of the 2020/21 audit, where it had not been implemented, whilst it was also found that no council tax reconciliations were being completed. We were informed at the time of this audit (October 2021) by the Workstream Lead – Revenues and Benefits that the variance had not been resolved and reconciliations were still not being completed in 2021/22, with contributing factors including the revision of the reconciliation methodology and finance staff turnover. If reconciliations are not prepared and variances investigated in a timely manner, there is a risk that inaccuracies in Agresso or Academy will not be identified. Errors may not be addressed, and incorrect financial information may be reported to management/members. **(High)**

1	<p>The Council will restrict the ability of staff to place markers on accounts. This may include limiting such action only to relevant managers or requiring all markers to be approved by a relevant manager before being placed.</p> <p>As part of this, guidance and instructions will be prepared and shared with all staff with access to place markers on council tax accounts. This may form part of an existing or new procedure note and will include why, how and when markers should be used.</p>	High	31 December 2021	Chris Boylett - Interim Group Manager Revenues, Benefits and charges
2	<p>The Council Tax team will complete a review of all accounts with circumstance codes (markers) on a quarterly basis, which will be checked for accuracy by a relevant manager. This will include confirming markers are appropriate (and providing the reasons why) and rectifying those that are not appropriate (and commencing recovery action where required).</p>	Medium	31 December 2021	Chris Boylett - Interim Group Manager Revenues, Benefits and charges
3	<p>The Revenues Manager will undertake a review of current Council Tax arrears cases in order to identify cases where debts are not considered economically viable to be chased.</p> <p>These cases will be recommended for write off.</p>	High	31 March 2022	Chris Boylett - Interim Group Manager Revenues, Benefits and charges
4	<p>The Council will resume the preparation of council tax reconciliations. This will include investigating and resolving the £2,516,195 variance identified in 2019/20 and retrospectively completing reconciliations for 2020/21 and 2021/22.</p>	High	31 March 2022	Ade Adewumi - Finance Technical Advisor



Rent Accounts – 17.21/22		<p>2 High</p> <p>2 Medium</p> <p>6 Low</p>
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Rent Income Reconciliations

We reviewed the Capita and Agresso rent income reconciliations for April to September 2021 and noted that for June to September 2021 there were no Agresso postings on the reconciliations due in part to the restructure and the removal of the cashier’s function who previously performed this task. Therefore, in these four months only the Capita postings (which include income received via all sources including cash and direct debits, posted to Capita through the Civica Icon system) had been reviewed and they were reconciled to the Agresso values as zero.

We noted that the sum of cash and direct debits posted into Capita related to rental income from June to September 2021 was £8.5m. There is a risk that the Council may not be accurately reporting their levels of debt if income received is not being posted to Agresso on a daily basis to allow a reconciliation between Capita and Agresso and for variances to be investigated and rectified in a timely manner. This could ultimately have an effect on the debtor position in the accounts. **(High)**



Stock Reconciliation

We were advised by the Finance Team Technical Advisor that the Finance directorate have completed the 2018/19 reconciliation of Capita to the asset register and the variances have been resolved. However, at the time of audit (November 2021) we were not provided evidence to confirm this, having asked a number of different officers for this information during the audit.

Due to the position the Council were in at the time of audit (November 2021) regarding the close down of the 2018/19 accounts, the 2019/20 and 2020/21 stock reconciliations had not been completed. Without ensuring a stock reconciliation is completed between the Capita system and the asset register the Council cannot be assured that its asset records are accurate. In addition, if there are inaccuracies in Capita, there is a risk that the Council may not be collecting all rental income due and/or is not aware that the property can be used as accommodation, which could ultimately have an impact on information reported in the accounts. **(High)**



Refunds

As part of our testing of 20 rent accounts financial transactions, we tested seven refunds. In three cases we were not provided with evidence to show that the refunds had been approved by Finance prior to upload. There is a risk that the Council have paid out funds inappropriately if refunds are not fully approved. **(Medium)**



Policies and Procedures

In our 2020/21 Rent Accounts audit we found that the Tenancy Commencement and Sign-Up Policy and several ‘Fact Sheets’ contained out of date references and processes. We were advised by the Group Manager – Localities, Neighbourhoods & Learning that the updates to the Tenancy

Commencement and Sign-Up Policy and the Fact Sheets were a work in progress but would be finalised and shared with staff by the end of November 2021.

Without ensuring dates for review and document owners are assigned, there is a risk that contents become out of date. There is a risk that appropriate guidance is not accessible to staff which may lead to inconsistent practices and/or delays in the process. (**Medium**)

1	<p>The Council will assign responsibility within Finance for uploading the rental, council tax, business rates and benefits postings to Agresso.</p> <p>This will then be uploaded to the reconciliations documents on a daily basis for June to September 2021 and then each month thereafter, allowing the reconciliations to be completed.</p>	High	31 March 2022	Ade Adewumi - Finance Technical Advisor
2	<p>The Council will complete the stock reconciliations for 2018/19 2019/20 and 2020/21. Once complete, the reconciliation will be passed to the Housing Finance team for completion on a quarterly basis.</p> <p>Evidence will be retained to confirm that the variances identified by any reconciliations have been resolved.</p>	High	31 March 2022	Benedict Falegan - HRA Accountant
3	<p>Supporting evidence will be made available to confirm that refunds have been approved for payment by Finance.</p>	Medium	31 March 2022	Liz Jones - Group Manager – Localities & Neighbourhoods
4	<p>The Tenancy Commencement and Sign-Up Policy will be reviewed and updated, including the removal of out of date references and processes. This review will also incorporate any significant amendments made to the Fact Sheets.</p> <p>The updated policy will then be approved by an appropriate committee following the restructure and then disseminated to all relevant staff, including the Rent Accounts team.</p>	Medium	31 December 2021	Liz Jones - Group Manager – Localities & Neighbourhoods

General Ledger – 16.21/22



6 High
4 Medium
1 Low

Guidance Materials



Agresso help cards can be accessed via the Knowledge Base on Freshdesk and provide guidance on system functionalities for HR and finance. Through review of the Knowledge Base, we noted that there were limited cards relating to finance (and specifically to general ledger). We were informed that the preparation of cards was a work in progress at the time of our review. Without ensuring staff have sufficient guidance available, there is a risk that processes and tasks may be delayed or completed incorrectly, potentially impacting on the accuracy of the ledger. **(Medium)**



Closing/Opening Balances

The closing balance for the general ledger is rolled over as the opening balance for the subsequent year as part of the year-end process. Through review of the Agresso system, we identified that balances had not been rolled over since the beginning of 2019/20 owing to external audit findings and required adjustments. We further identified that the figure rolled over for 2019/20 was no longer accurate owing to retrospective transactions in the 2018/19 financial year, and also due to adjustments being made in light of the external audit. Although this issue is known to the Council, without the timely closing and opening of years, there is a risk that budgeting and reporting is impacted whilst the ability to correct discrepancies is limited. **(Medium)**

Reconciliations



Reconciliations of control accounts including miscellaneous cash, accounts payable and accounts receivable have not been completed since May 2021. The responsibility for completing the monthly reconciliations was not reassigned following the restructuring of staff within the Finance Team and departure of other key staff. Where reconciliations are not completed, there is a risk that discrepancies between the general ledger and control accounts are not identified and investigated. **(High)**

Suspense Accounts



There are a number of suspense accounts within Agresso used for errors (E9999), payroll (E9001) and Oracle transactions (B9997, B9998 and B9999). We identified that with exception of E9999, the suspense accounts were not being reviewed and cleared on a regular basis, in part owing to the departure of the staff member formerly responsible for this. In addition, as per the point above, we found that none of the suspense accounts were being reconciled. At the time of our audit, there was over 1,000 transactions within the suspense accounts amounting to a net total of £115,585. Without ensuring suspense accounts are regularly reviewed, there is a risk that transactions are not cleared in a timely manner, increasing the likelihood that amounts remain unallocated. **(High)**

Month End Timetable



The previous month end timetable for period (month) closedown is no longer used following the restructure of the Finance Team, with a reduced number of tasks completed by the Principal Systems Analysis Officer. We compared the current tasks listed as requiring completion to those within the previous timetable, noting that key responsibilities such as reconciliations were not assigned to be completed. In addition, we found that the timetable was basic in nature, with no record of individuals completing or signing off tasks, or overall review by a senior manager. Without ensuring all closedown tasks are known and assigned to staff, there is a risk that these are not completed in a timely manner, or not completed at all. **(High)**

Unposted Journals (Batch Input Maintenance)

Erroneous journals are not posted to the general ledger, with staff required to check the maintenance of ordered reports to identify any errors and correct these. There is no notification to alert staff that journals have errored, nor is there guidance available relating to this. Without such direction and instruction, there is a risk that staff are unaware journals have not been posted to the ledger and therefore these are not corrected. **(Medium)**



Corrections may include revising the original journal or deleting it and attempting to repost. All errored journals are recorded within batch input maintenance. We found that there were 73,629 unposted journals in batch input maintenance at the time of our review, with a current value of £57,968,532,973. Without an appropriate solution to clearing this accumulation of unposted journals, there is a risk that the total continues to grow or that errored journals are deleted and cannot be replicated (if mass deleted), which may impact the accuracy of the accounts. **(High)**

There is also currently no checking mechanism to review and manage unposted journals to avoid these accumulating in batch input maintenance. In the absence of a checking process, there are similar risks regarding the growth of unposted and uncorrected journals. **(High)**

Agresso Training



New staff are provided with Agresso access required for their respective roles, with a notification sent to Freshdesk officers to set up accounts following the completion of HR training on Cornerstone. There is no requirement for finance training to be completed, however staff may contact the Principal Systems Analysis Officer on an informal basis. For a sample of 10 new starters, we identified that although six had access to finance functions on Agresso, only two had attended the informal training (both after access had been provided). There is a risk that without ensuring staff receive finance training for Agresso, they are unaware how to complete tasks which could lead to delays, errors and/or incorrect actions being taken. We have identified similar issues regarding a lack of Agresso training on the other financial audits in previous years. **(High)**


Agresso Access



The Council currently does not complete regular reviews of users with general ledger access to confirm starters, leavers, amendments have been dealt with correctly and that access levels are appropriate. Without such reviews, there is a risk that users have inappropriate access to the general ledger. This could mean that unauthorised activities occur on the finance system. **(Medium)**

1	The Council will prepare a schedule of Agresso finance system functions/processes to be documented. Help cards will then be prepared and uploaded to the 'Knowledge Base' section of the Freshdesk page.	Medium	30 June 2022	Ade Adewumi - Finance Technical Advisor
2	Following the completion of all reviews (of financial information, records and statements), the Council will retrospectively roll-over the periods to 2021/22. Where there have been significant changes to balances or reported information, relevant staff and Council Members will be made aware of this.	Medium	30 June 2022	Liton Rahman – Financial Management Advisor
3	The Finance Team will assign an appropriate individual to complete the monthly reconciliations of control accounts, as well as a second individual to check these. The preparation of the reconciliations will resume, including retrospectively completing all for 2021/22.	High	30 April 2022	Ade Adewumi - Finance Technical Advisor
4	The Finance Team will assign an appropriate individual to review and manage all suspense accounts, including identifying those entries that can be cleared and action this. The clearing of suspense accounts will resume.	High	30 April 2022	Ade Adewumi - Finance Technical Advisor
5	An exercise will be completed to identify all tasks to be completed as part of the month end process. A full month end timetable will be prepared and tasks will be assigned to appropriate staff members. The completion of tasks will be confirmed each month to a relevant manager responsible for overseeing the closedown process.	High	30 April 2022	Ade Adewumi - Finance Technical Advisor
6	The Council will review and clear the 73,629 unposted journals currently in batch input maintenance. This approach will account for transaction dates and values.	High	30 April 2022	Ade Adewumi - Finance Technical Advisor
7	The Council will review the possibility of adding a notification functionality to Agresso, alerting staff of errors, directing them to the check maintenance of ordered reports and advising them that revisions are required to ensure journals are posted.	Medium	30 April 2022	Ade Adewumi - Finance Technical Advisor
8	A periodic checking mechanism will be introduced for unposted journals in batch input maintenance. This will include identifying those that need to be corrected (and communicating this to relevant staff) and those that can be deleted.	High	30 April 2022	Ade Adewumi - Finance Technical Advisor

9	<p>The Council will complete an exercise to identify those roles/positions requiring access to Agresso finance functions and the access/functions required.</p> <p>Based on this the Council will implement a training programme covering finance functions on Agresso. Training will be a requirement before system access is granted and will focus on the processes required as part of job roles.</p>	High	30 April 2022	Ade Adewumi - Finance Technical Advisor
10	<p>The Council will complete a six monthly review of general ledger user access to confirm:</p> <ul style="list-style-type: none"> Starters for the period have been suitably added; Leavers for the period have been suitably removed; and <p>Access and access levels are appropriate for staff.</p>	Medium	30 June 2022	Ade Adewumi - Finance Technical Advisor

<p>Debtors Management– 18.21/22</p>	 <p>The diagram shows a horizontal scale with four levels: Minimal assurance (red box), Partial assurance (grey box), Reasonable assurance (grey box), and Substantial assurance (grey box). A vertical line is positioned between Partial and Reasonable assurance. A double-headed arrow spans the entire width of the scale.</p>	<p>4 High 5 Medium 3 Low</p>
<p>Reconciliations</p> <p>Monthly reconciliations were previously completed for AR cash and the account receivable control account. These reconciliations have not been completed since May 2021, given that the responsibility to do so has not been reassigned following the restructure and turnover of staff within the Finance Team. Where AR reconciliations are not completed, there is a risk that variances between the AR and general ledgers are not identified, investigated and resolved in a timely manner. (High)</p> <p>AR Agresso Training</p> <p>Although staff can access basic AR functions on the system, such as raising invoices for customers and credit notes, there is no formal training in this regard. Instead, there is a reliance on managers to informally train staff how to use Agresso, or for support to be requested from the Principal Systems Analysis Officer. Without formal training, there is a risk that AR functions are completed incorrectly on the system. This was evidenced by our testing where we have identified errors in raising invoices and a failure to attach supporting evidence to credit notes. (High)</p> <p>Debt Recovery</p> <p>First debt reminders are sent to customers 14 days after payment due dates, with a second reminder issued 10 days after the first. For a sample of 20 aged debts, we identified both reminders had been sent in 13 instances (26 reminders), however we noted that 22 of the reminders were not issued in a timely manner. We were advised by the AR Team that staffing issues and workloads had impacted the review and sending of these reminders.</p>		

We also found that there was no formal debt recovery policy to advise further action to be taken after reminders are sent. For the 13 aged debts for which both reminders had been issued, we found no further action had been taken in 11 instances, the decision for seven of which was based on the historical instruction to not chase low value debts or debts associated with SBC Partners. Without a defined process for the issuing of reminders and further recovery action, there is a risk that debts are not suitably chased, impacting the likelihood of payment. **(High)**

Parked Invoices



The Council does not monitor and review parked invoices on a regular basis. Although we found that the total value of parked invoices had decreased from 2020/21 from (£5.06m to £2.7m at the time of the audit), this was attributed to unparking a significant number (and value) of invoices for three customers (totalling £2.75m). The Council intends to revise its approach towards parking invoices, restricting the ability to do so to the AR Team and Finance Manager rather than approval from the cost centre manager (the current control in place). Without restricting the ability to park invoices, there is a risk that adequate review and monitoring cannot occur owing to the involvement of too many cost centre managers. This may ultimately result in taxpayer's money not being collected. **(High)**

Cost centre managers must first review parked invoices attributed to them before the approach towards parking invoices can be revised (to remove the approval process and restrict this solely to the AR Team as per the above). Without doing so, there is a risk that ongoing monitoring and review by the Finance Manager cannot occur. **(Medium)**

Agresso Guidance for Staff



The Freshdesk Knowledge Base on the intranet has a number of help cards and guidance documents linked to AR processes on Agresso. Through review of the available guidance, we identified that this included unclear instructions with regards to attaching supporting evidence to credit notes and out of date references to the responsibilities of the former financial transaction provider arvato. In addition, we found limited guidance for debt recovery and refunds. Without sufficient guidance for staff, there is a risk AR processes are delayed or completed incorrectly, as was evidenced by our testing which identified errors in raising invoices and credit notes. **(Medium)**



Invoice Preparation

Staff with Agresso access have the ability to raise invoices for customers, however there is no review or approval process prior to these being sent out. We reviewed a report of all credit notes raised since April 2021, identifying that credit notes totalling £107k had been raised with reasons for doing so listed as 'duplicate', 'error', 'incorrect', 'invalid' or 'overcharged'. Although this does not definitively identify those raised incorrectly, the lack of a control to review invoices prior to issue has been raised as a training issue as part of previous Debtors Management reviews (first raised in our 2018/19 review, and then subsequently in our 2019/20 and 2020/21 reviews) as well as being raised as an issue (and a recommendation) as part of Grant Thornton's external audit report. Without this, there is a risk that incorrect invoices are sent, which may impact the receipt of money owed to the Council. **(Medium)**



Credit Notes – Approval

Credit notes are raised by staff and level one (up to £50k), two (up to £250k), three (up to £500k) and four (above £500k) approval is provided via the system workflow. We found that appropriate approval had not been obtained in one instance when testing a sample of 20 credit notes raised since April 2021. A credit note for £91k was manually processed following level one approval given that there was no level two approver assigned to the cost

code used. Through review of a report of cost code approvers, we found a further 119 codes without level two approvers and 400 without level three (despite chains being required to ensure approvals are escalated as appropriate). Where there is no chain of level one, two and three approvers, there is a risk that credit notes cannot be approved via the system and require manual intervention. This may result in credit notes not being suitably authorised in line with delegated authority limits. **(Medium)**


Credit Notes – Supporting Documentation



Supporting documentation should be attached to credit notes on Agresso as per expectations and the most recent defined procedure (help card), however the system does not require this when submitting for approval. For our sample of 20 credit notes raised since April 2021, we found that supporting documentation had not been attached in 18 instances, despite a reminder being issued to staff and managers to do so. Where supporting documentation is not attached to credit notes, there is a risk that these are inappropriately approved and may result in income not being received as expected. **(Medium)**

1	The Council will review all current accounts receivable guidance available to staff, including the manual and Freshdesk help cards. Out of date guidance will be updated, whilst further documents will be prepared where there are gaps in available information.	Medium	30 June 2022	Ade Adewumi - Finance Technical Advisor
2	The Council will consider how best to revise the process for raising invoices to minimise errors. This may include: <ul style="list-style-type: none"> • Designating invoice preparation to a specific team; • Designating invoice review and approval to a specific team; or • Setting up a workflow process requiring cost centre managers to review and approve invoices. 	Medium	31 December 2022	Jasvinder Dalvair - Interim Head of Transactional Finance
3	An exercise will be completed to identify and update all current cost codes without a suitable chain of level one, two and three approvers. Consideration will also be made for implementing escalating approvals. This may include also adding level three approvers as approvers for lower levels (such as level three approvers also being level two and one approvers) or having the system escalate approvals (such as escalate to level three where there is no level two approver).	Medium	30 June 2022	Ade Adewumi - Finance Technical Advisor
4	The Agresso system will be set up to require supporting evidence to be attached to all credit notes prior to credit notes being processed.	Medium	30 June 2022	Ade Adewumi - Finance Technical Advisor
5	The Interim Group Manager Revenues Benefits and Charges will prepare a debt recovery policy which will be subject to formal review and approval. Once approved, the policy will be shared with and made available to all relevant staff, including the AR Team.	High	31 May 2022	Peter Robinson – Finance Consultant

6	Managers will be asked to review and provide comments on current parked invoices relating to their cost centres. The Financial Technical Advisor will review responses and take suitable action (maintain a record of appropriately parked amounts or unpark amounts to enable recovery action).	Medium	30 June 2022	Ade Adewumi - Finance Technical Advisor
7	The ability to park invoices will be restricted to the AR Team and the Finance Manager. Following this new control, the Finance Manager will review parked invoices on a quarterly basis and report outcomes to an appropriate finance manager.	High	30 April 2022	Ade Adewumi - Finance Technical Advisor
8	An appropriate member of the Finance Team will be assigned to complete monthly accounts receivable reconciliations, as well as a second staff member to check and sign these off. The preparation of the accounts receivable reconciliations will resume, including retrospectively completing all for 2021/22.	High	31 March 2022	Ade Adewumi - Finance Technical Advisor
9	The Council will implement a training programme covering accounts receivable functions on Agresso. Training will be a requirement before system access is granted.	High	30 June 2022	Ade Adewumi - Finance Technical Advisor

Follow Up of Previous Management Actions Quarter 1 – 21/22		Little Progress	0 High 2 Medium 7 Low*	
	<p>Taking account of the issues identified in line with the sample of actions reviews and in line with our definitions set out in Appendix A, in our opinion Slough Borough Council has demonstrated little progress in implementing the agreed management actions.</p> <p>We noted that of the eight 'medium' priority actions, five actions had been implemented (62.5 per cent), one was ongoing (12.5 per cent) and two had not been implemented (25 per cent). Of the eight 'low' priority actions followed up, we identified two had not been implemented, with a further four in the process of implementation. For the remaining two actions, one had been implemented and the other action superseded.</p> <p>*It should be noted that for three Low priority management actions within the 'our futures' transformation programme had not been implemented at the time of audit and would not be progressed due to the closure of the programme by the Council and as such are not reflected below.</p>			
'Our Futures' Transformation Programme (2019/20)				
1	The Council will implement a policy to establish when declaration of interests forms are required to be completed, in order to ensure consistent application. This will consider the completion of declaration of interests forms when procurements require an evaluation panel.	Low	31 st December 2021	Clare Priest – Group Manager -Commercial
Neighbourhood ASB Enforcement (2017/18): Policy Application				

5	The Policy and Fact Sheets will be recirculated, and all relevant staff will be provided with an information session by their respective team leaders. Once this has been completed, Team leaders will confirm with the Enforcement and ASB Transition Co-ordinator that the session has taken place. Any new updates with regards to ASB legislation will continually be sent to teams as and when it is produced	Low	31 st October 2021	Michelle Isabelle - Enforcement and ASB Transition Co-ordinator
Information Governance (2017/18):				
6	The Council will review the Information Governance policy annually and will ensure that a date of next review is detailed within the policy's version control.	Low	31 st December 2021	Alex Cowen – Acting DPO
7	The Council will ensure that a draft Digital and IT team structure is approved by the IG Board and the recruitment process is undertaken to ensure that sufficient resources are in place to appropriately oversee information governance arrangements and responsibilities per NHS Digital guidance are formally assigned.	Medium	30 th June 2022	Vijay McGuire Associate Director -Business Services
Budget Setting and Budgetary Control (2019/20):				
8	The Council will assess the current training arrangements in place for budget holders and develop a programme of training to ensure that all budget holders are sufficiently skilled/ trained to perform their function.	Medium	30 th September 2022	Archa Campbell – Group Manager – Finance Business Partnering, Peter Worth – Finance Consultant
Governance - Committee Effectiveness (2018/19): Sub Committee Attendance				
9	A communication regarding the necessity of attendance at sub-committee meetings will be issued to each of the respective subcommittee chairpersons. The communication will also detail the importance of sending a nominated representative (or deputy) to meetings where members are unable to attend.	Low	31 st March 2022	Vijay McGuire – Associate Director – Business Services

APPENDIX B - SUMMARY OF PROGRESS TO DATE

The tables below provides a status update on the summary of progress with the 2021/22 internal audit plan to date.

2021/22 Internal Audit Plan

Assignment area	Fieldwork date/status	Draft report	Final report	Opinion	Actions		
					L	M	H
IT Business Continuity	Final Report	15 July 2021	17 September 2021	Advisory (significant weaknesses)	2	6	1
General Ledger	Final Report	23 November 2021	5 January 2022		1	4	6
Business Continuity and Disaster Recovery	Final Report	8 September 2021	22 October 2021		3	7	1
Children Missing Education (CME)	Final Report	1 July 2021	25 August 2021		3	5	3
Debtors Management	Final Report	11 January 2022	1 February 2022		3	5	4
Follow Up Q1	Final Report	8 September 2021	20 th January 2022	Little Progress	7	2	0

Council Tax	Final Report	10 November 2021	16 December 2021		4	1	3
Rent Arrears Recovery	Final Report	14 July 2021	10 August 2021		5	3	0
School Reviews - Pippins	Final Report	23 July 2021	8 October 2021		8	6	0
Rent Accounts	Final Report	8 December 2021	21 December 2021		6	2	2
Whistleblowing	Final Report	16 November 2021	10 December 2021		2	3	1
School Reviews - Cippenham	Final Report	5 July 2021	20 August 2021		3	1	0
Schools Review – Claycots School	Final Report	29 September 2021	20 October 2021		3	3	0
Housing Benefit	Final Report	19 November 2021	16 December 2021		3	2	0



Travel Demand Management Grant	Final Report	14 May 2021	14 May 2021	Advisory	0	0	0
Follow Up Q2	Draft Report	24 September 2021					
Supplier Duplicate Payments - (Part 1)	Draft Report	9 November 2021		Advisory			
Payroll	Draft Report	10 November 2021					
Risk Management	Draft Report	11 January 2022					
Temporary Accommodation Strategy	Draft Report	18 January 2022					
Creditors	Draft Report	18 January 2022					
Assets	Draft Report	31 January 2022					
Capital Expenditure	In QA						
GDPR	In QA						
Business Rates	In QA						
Follow Up Q3	In QA						
Supplier Duplicate Payments - (Part 2)	In Progress						
Cyber Essentials	In Progress						
Schools Audit – Priory	21/02/2022						
Matrix	22/02/2022						



RMI Contract Management	24/02/2022
Leasehold Service Charges	07/03/2022
Slough Children First – Governance	15/03/2022
Corporate Health and Safety	23/03/2022
Follow Up Q4	28/03/2022
Capital Projects – Britwell GP Hub	30/03/2022
Treasury Management	26/04/2022
Slough Children First – VFM	06/04/2022
Subsidiary Company Governance	03/05/2022
Medium Term Financial Planning*	Defer to Q1 22/23
Budget Setting and Control*	Defer to Q1 22/23
Our Futures *	Replaced with Supplier duplicate payments pt 2

* Please refer to section 3.3 above for details on these reviews

APPENDIX C: 2021/22 ASSURANCE OPINIONS

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

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



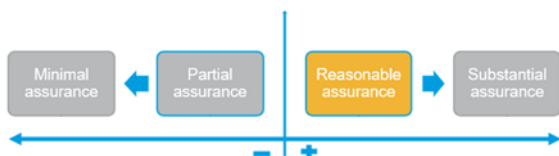
Taking account of the issues identified, the Council can take minimal assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the Council can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

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SLOUGH BOROUGH COUNCIL

DISCUSSION DRAFT - Internal Audit Strategy 2022/23

Presented at the Audit and Corporate Governance Committee meeting of: 1st March 2022

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

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EXECUTIVE SUMMARY

In preparing our draft Internal Audit Plan for 2022/23 we have worked with Officers to produce an audit programme which remains mindful of the continuing developments and challenges around Covid-19. Whilst this 2022/23 plan is presented for consideration by the Committee, we will continue to hold regular meetings with Officers during the year, to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in these ever-changing circumstances and in consideration of the challenges facing the Council. Specifically, we have monthly meetings with the S151 Officer and Monitoring Officer, and we will also stay in regular contact with audit sponsors to ensure the timing and coverage of the planned audits remains fit for purpose as the Councils recovery and renewal plan progresses.

The key points to note from our plan are:



2022/23 Internal Audit priorities: Internal audit activity for 2022/23 is based on analysing your corporate objectives, risk profile and Corporate Risk Register as well as other factors affecting you in the year ahead. It should however be noted that the Council does not currently have any Directorate risk registers in place, so we have used the Corporate risk register and further informed this with discussions with a range of stakeholders. For example, we have also met with a number of Executive Directors, the Finance Director and Monitoring Officer and the lead commissioner (Finance) and the External Auditor to discuss our approach to considering internal audit priorities. The approach includes changes within the sector, horizon scanning across the Local Authority Chief Internal Auditor network and reflecting on a number of the key challenges facing the Council.

Our detailed draft plan for 2022/23 is included at Section 2, but includes risk based coverage (linked to your Corporate Risk Register where relevant) of the following areas: **Recovery and Renewal Plan, Workforce Recruitment and Retention, Budget Setting and Control, Medium Term Financial Strategy (MTFS), the Adult Social Care Transformation Plan, Corporate Health and Safety, Cyber Security, Data Quality and Performance Management (KPIs), Children Missing Education, Slough Children First, Temporary Accommodation, , Duplicate Payments, IT Business Continuity and Council's Subsidiary companies.**



Level of Resource: Level of Resource: We will continue to utilise our core internal audit team to deliver our plan of work and they will continue to be supported by the use of specialists where appropriate, for example Data Analytics, Contract Management, Cyber Security and wider Technology reviews, Risk Management specialists etc.

We will continue using technology when undertaking operational audits in 2022/23. This will strengthen our sampling, increasing the level of assurance provided. Please refer to Appendix A.



Core Assurance: The core assurance reviews for the 2022/23 audit plan includes reviews of: Risk Management and Subsidiary Governance frameworks, the Key Financial Systems (such as Accounts Payable / Accounts Receivable / Payroll / Rent Accounts / Treasury Management / General Ledger), Key Revenues and Benefits systems (Council Tax, Business Rates and Housing Benefits) and the programme of Schools reviews. A number of these reviews received a negative assurance opinion in the 2021/22 coverage and we will agree the best way to approach these reviews with the Director of Finance (for example, some will include data analytics, some may require a follow up and others will be subject to a full re-audit). The approach to the review will largely depend on the progress made by management to implement previous management actions.



'Agile' approach: Our approach to working with you has always been one where we will respond to your changing assurance needs. By employing 'agile' or a 'flexible' approach to our service delivery, we are able to change the focus of audits / audit delivery; keeping you informed of these changes in our progress papers to the Audit and Corporate Governance Committee during the year. For 2022/23, we recognise that this plan will be subject to an ongoing agile review and that the areas of coverage will change depending on the Council's risk profile and priority areas of coverage.

To ensure that any changes are communicated appropriately to the Audit Committee and Senior Management, we will be holding regular meetings with the Monitoring Officer and the S151 Officer.



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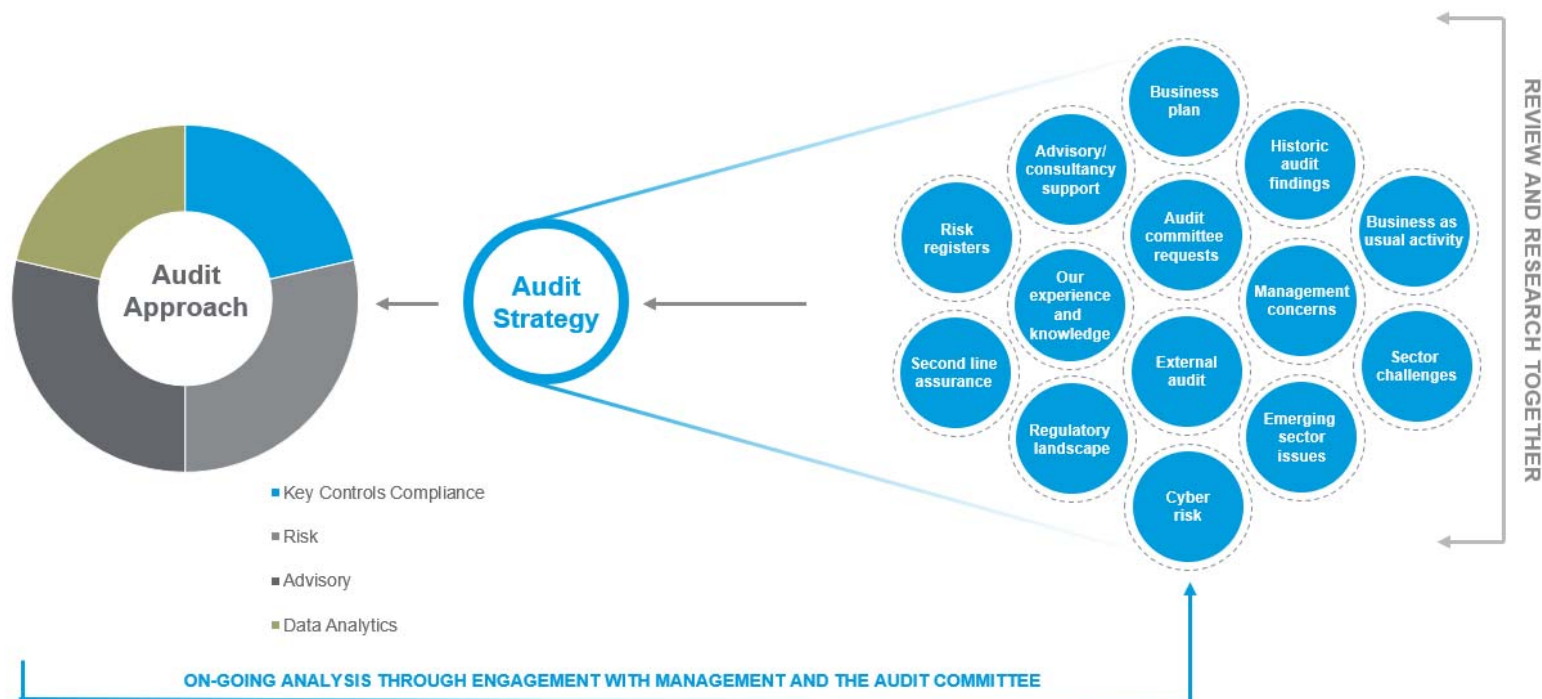
1. YOUR INTERNAL AUDIT PLAN 2022/23

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.

Risk management processes

We have evaluated your risk management processes in 2021/22 and consider that we cannot place full reliance on the Corporate Risk Register to inform the internal audit strategy. In the absence of Directorate risk registers we have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with the Senior Leadership Team, key officers and the Audit and Corporate Governance Committee. The Commissioners have also received a copy of the draft plan and will provide feedback as appropriate.

Figure A: Audit considerations – sources considered when developing the Internal Audit Strategy.



Based on our understanding of the organisation, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (see Section 2 and Appendix B for full details).

2. INTERNAL AUDIT PLAN 2022/23

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2022/23. The table details the strategic risks that we have linked our coverage to which may warrant internal audit coverage. This review of your risks allows us to ensure that the proposed plan will meet the organisation's assurance needs for the forthcoming and future years.

However, we appreciate that the Council is still developing its risk management framework, does not currently use sources of assurance to inform strategic risks and controls, does not currently use departmental risk registers and has a significant number of actions and recommendations to address from various reports (CIPFA, DLUCH, External Consultants etc). We have some assignments designed to provide assurance or advisory input around specific risks, the strategy also includes time for tracking the implementation of agreed management actions and an audit management allocation.

Audit Title (Directorate)	Proposed Coverage (including link to risk title / consequence where appropriate)	Rationale for coverage	Est Timing & (Audit Committee)
Risk Based Assurance – Split by current directorates			
People (Children)			
Children Missing Education (CME)	As part of the 2021/22 Internal Audit Plan, a 'minimal' assurance opinion had been provided in relation to the Attendance Service for CME. Significant issues were identified around case management and closure resulting in examples of the Council potentially not complying with their statutory duties. The purpose of this review will be to identify what changes have been made within the Attendance Service following our previous review and allow the Council to take assurance over the area. Risk 11: Special Educational Needs and Disability (SEND) Local Area Inspections	Linked to strategic risk 21/22 Negative opinion	Q1 (July 2022)
Slough Children First	Following SC First becoming a wholly owned subsidiary of the Council, we have included a provision within the plan to allow the Council to take assurance over the arrangements within the SC First. The exact nature of any work will be scoped and agreed with the Interim Director of People (Children). We have been unable to meet with the Interim Director of People (Children) in the drafting of the plan despite repeated attempts and have therefore included an allocation with specific coverage tbc. Risk 15: Staffing Risks within Slough Borough Council and Slough Children First	Linked to strategic risk	Various (Throughout the year)

Audit Title (Directorate)	Proposed Coverage (including link to risk title / consequence where appropriate)	Rationale for coverage	Est Timing & (Audit Committee)
People (Adults)			
Adult Social Care Transformation Plan	<p>At the request of the Executive Director - People (Adults), we will undertake a review, and considering the significant savings target associated with this plan, we propose to undertake a review to allow the Council to take assurance over the following key controls listed within the Council's Corporate Risk Register:</p> <ul style="list-style-type: none"> • Adult Social Care Business Case and implementation plans • Adult Social care Transformation Board • Tracking of actions and savings • Support and challenge from People Too consultant partners <p>Risk 1: Delivery of the Adults Social Care (ASC) Transformation Programme</p>	Linked to strategic risk Requested by Director	Q2 (September 2022)
Place and Community			
Temporary Accommodation	<p>Following a 'minimal' assurance opinion provided in 2021/22, and negative opinions provided in this area since 2018/19 we will undertake a full review of the area to provide assurance that actions have been implemented to improve the robustness of the control framework in place including the monitoring of Health and Safety requirements over B&B accommodation, undertaking periodic visits to TA properties, issuing of notices to quit and procedures for breaches of licenses to allow the council to take assurance that they are not in breach of statutory responsibilities.</p> <p>Risk 3: Temporary Accommodation</p>	Linked to strategic risk Requested by Director 21/22 negative opinion	Q3 (December 2022)
Leasehold Service Charges	<p>Whilst a review of Leasehold Service Charges is being completed as part of the 2021/22 plan (yet to be conducted), the Council are migrating to a new housing system and need to fully resource the team during 22/23 which will significantly change processes around leasehold service charges. As such, we will revisit the area to assess whether these changes to process have been duly made.</p> <p>As a result of the restructure, this team has been left with little/no staff and is currently being re-built. The Executive Director therefore requested coverage in 22/23 at the end of the financial year.</p> <p>Risk 15: Staffing Risks within SBC and SCF</p>	Linked to strategic risk Requested by Director 21/22 negative opinion	Q4 (March 2023)

Audit Title (Directorate)	Proposed Coverage (including link to risk title / consequence where appropriate)	Rationale for coverage	Est Timing & (Audit Committee)
Finance and Resources			
Budget Setting and Budgetary Control	<p>There has been a continued reduction to the Council's budget exacerbated by the COVID-19 pandemic and subsequent external reviews by DLUHC, CIPFA and the Council's Interim Finance Team. In addition, significant change in the level of staff within the Finance structure and the budget setting and monitoring process means the Council should seek assurance that the correct structures are now in place.</p> <p>The audit will review the effectiveness of arrangements in place for setting the budget for 22/23 and the systems in place to ensure effective budgetary control arrangements are in place.</p> <p><i>Risk 5: Financial sustainability, accounting, processes, commercial and other matters</i></p>	Linked to strategic risk Requested by Director Deferred from 21/22	Q1 (September 2022)
Medium Term Financial Strategy	<p>This review was initially deferred into 22/23 at the request of the Council due to ongoing work to address deficiencies in the accounts process.</p> <p>The Council must:</p> <ul style="list-style-type: none"> • Set a balanced budget each year; • Ensure it is financially sustainable in the medium term; and • Maintain adequate reserves. <p>The MTFS brings together all known factors affecting the Council's financial position and its financial sustainability into one process. We will undertake a review of the Council's MTFS to understand whether the underlying assumptions are based on robust plans.</p> <p><i>Risk 5: Financial sustainability, accounting, processes, commercial and other matters</i></p>	Linked to strategic risk Requested by Director Deferred from 21/22	Q1 (September 2022)
Recovery and Renewal Plan	<p>The review could consider the management arrangements that the Council has put in place to ensure that these are appropriate and contribute to the delivery of the Council's priorities and meeting its statutory duties. The exact nature of the scope will be agreed with the sponsor(s).</p> <p><i>Risk 8: Recovery and Renewal Plan</i></p>	Linked to strategic risks	Q1 (September 2022)

Audit Title (Directorate)	Proposed Coverage (including link to risk title / consequence where appropriate)	Rationale for coverage	Est Timing & (Audit Committee)
Subsidiary Companies Governance	<p>Following the review conducted as part of the 2020/21 Internal Audit plan which identified 52 management actions in this area (and subsequent follow up in 21/22 to review a sample of actions where progress had been made), this review will either follow up on any remaining actions or be focussed on specific subsidiaries. We know a number of companies are being closed. This review will allow the Council to take assurance that key governance processes are in place and operating effectively and could also cover financial management and reporting of KPI's. Specific coverage to be agreed with Exec Directors.</p> <p>Risk 5: Financial sustainability, accounting, processes, commercial and other matters / Risk 14: Council Companies</p>	Linked to strategic risk Requested by Director 21/22 negative opinion	Q4 (March 2023)
Corporate Health and Safety	<p>Following 'partial' (negative) assurance opinions in 2019/20 and 2020/21 (2021/22 review to be completed) and being a key risk on the Council's Strategic Risk Register, we will undertake a review to provide assurance that actions have been implemented to improve the robustness of the control framework in place. These include the monitoring of Health and Safety Training, regular meetings of Directorate Consultative Forums, appropriate oversight from the Health and Safety Board and conducting of directorate self-audits.</p> <p>Risk 6: The Council does not take adequate mitigations to reduce the risk of injury or death from incidents within the Council</p>	Linked to strategic risk 21/22 negative opinion	Q4 (March 2023)
Workforce Recruitment and Retention	<p>This is a key risk area highlighted in the Council's Corporate Risk Register and has the potential to impact a number of the other documented strategic risks. The audit will be scoped with the relevant sponsor but could include:</p> <ul style="list-style-type: none"> • Reporting of vacancy rates to CLT and other committees • Use of the apprenticeship programmes to help 'grow your own' • Whether effective performance management and appraisal processes are in place • Recruitment and retention policies and compliance with these • Timeliness of the recruitment process (ie notification of leavers, advert, interview, through to offer) • Retention initiatives and compliance with these <p>Risk 10: Service delivery risk due to workforce recruitment and retention issues</p>	Linked to strategic risk	Q2 (December 2022)

Audit Title (Directorate)	Proposed Coverage (including link to risk title / consequence where appropriate)	Rationale for coverage	Est Timing & (Audit Committee)
Supplier Duplicate Payments	<p>As part of the 2021/22 plan, transactional reviews were undertaken to identify potential supplier duplicate payments made by the Council. The review will build on the work completed in 2021/22 to identify further cases of potential duplicate payments.</p> <p>Risk 5: Financial sustainability, accounting, processes, commercial and other matters</p>	<p>Linked to strategic risk Requested by Director 21/22 significant issues</p>	<p>Q3 (December 2022)</p>
Cyber Essentials	<p>Coverage requested from IT Business Development Manager (in the absence of Head of IT) following on from the advisory reviews completed in 2020/21 and 2021/22 where some significant issues have been identified.</p> <p>Our audit would allow the Council to understand whether a robust control framework in relation to cyber security has been put in place. We would utilise our Technology Risk Assurance team and the exact scope will be agreed with the Director of Finance and IT officers within the Council.</p> <p>Risk 12: Cyber Security Risk 13: Information Governance and GDPR</p>	<p>Linked to strategic risk Requested by lead in IT 21/22 negative opinion</p>	<p>Q4 (March 2023)</p>
IT Business Continuity	<p>As part of the advisory 2021/22 review around IT Business Continuity, significant issues / gaps were identified within the existing control framework, resulting in one 'high and six 'medium' priority actions being agreed. Most notably, issues were identified around the content of both the IT Disaster Recovery and Business Continuity Plans. The audit will seek to identify actions to taken to address these issues.</p> <p>Risk 9: Business Continuity and Emergency Planning Risk 13: Information Governance and GDPR Risk 12: Cyber Security</p>	<p>Linked to strategic risk Requested by lead in IT 21/22 negative opinion</p>	<p>Q2 (September 2022)</p>

Business Continuity	Having been a constant risk on the Council's Corporate Risk Register over the previous four years, three negative opinions (including a Partial Assurance opinion in 2020/21 and Minimal Assurance opinion in 21/22) this review will focus on the controls in place to manage this area to allow the Council to take assurance that sufficient action has been taken to improve the control framework. Risk 9: Business Continuity and Emergency Planning	Linked to strategic risk 21/22 negative opinion	Q2 (December 2022)
Core Assurance (split by current directorates)			
People (Children)			
Schools	To allow the Council to take assurance over the effectiveness of governance, financial and safeguarding within schools. As with previous years we will visit a sample of schools, based on outcomes from prior reviews and a cyclical risk-based approach. The reviews this year will include a follow up of Priory school where a 'partial' assurance opinion was issued previously, other schools reviews will be agreed with the Council.	21/22 and previous years negative opinions	Various (Throughout the year)
Place and Community			
Rent Accounts	The objective of this review is to assess rent accounting function and its ability to collect rental income. As part of the 2021/22 review, a 'partial' assurance opinion was provided, owing to significant issues around the receipt of rental income and the completion of stock reconciliations. Our audit will also seek to assess progress made in this area.	Requested by Director 21/22 negative opinion	Q2 (September 2022)
Rent Arrears Recovery	As part of this audit, we will consider review the controls in place to ensure rent arrears are effectively recovered, minimising the risk to the Council of not achieving their rent collection targets. This review will also assess the progress in addressing actions from the 2021/22 audit, where a 'partial' assurance opinion was provided.	Requested by Director 21/22 negative opinion	Q2 (September 2022)
Assets	We will assess the accuracy and recording of asset acquisitions and disposals as well as the management over the Council's Asset Register and asset other asset records. This review will also assess the progress in addressing actions from the 2021/22 audit, where a 'partial' assurance opinion was provided. We will also seek to understand what if any coverage is required in relation to the Councils asset disposal programme. Risk 4: Disposal of Assets	Linked to strategic risk Requested by Director 21/22 negative opinion	Q3 (December 2022)

Allocations	This review will assess the processes in place for ensuring that the allocations process at the Council is in line with agreed policies and procedures. This will include a review of the waiting list and allocations process within the Council.	Requested by Director	Q1 (July 2022)
Strategic Housing Management	With changes to the structure of the Housing service, the Council may need to obtain assurance that its housing stock is being managed appropriately. As a result, we will undertake a review of the function to establish how the housing stock (c6000 properties) and the wider service is being managed. The exact nature of the scope will be agreed with the Executive Director for Place and Communities. Risk 4: Disposal of Assets	Linked to strategic risk Requested by Director	Q4 (March 2023)
Property Services	At the request of the Executive Director for Place and Communities, we will undertake a review of the property services function within the Council, which has been subject to significant change as part of the restructure. This review will aim to allow the Council to take assurance that a robust structure has been implemented to help the Council achieve its objectives in this area.	Requested by Director	Q4 (March / July 2023)
Planning – Production of a Local Plan	The Council's new Local Plan will set out how to guide development in Slough through to 2036. The plan will contain policies to guide business and residential development to meet the needs of Slough's expanding population. The new Local Plan will update the existing Core Strategy, Site Allocations, and Local Plan Saved Policies. The emerging Local Plan aims to address some of the key challenges facing Slough. At the request of the Executive Director – Place and Community we will undertake a review of the development of the Local Plan, including the governance around approvals and the implementation process including the consultation process	Requested by Director	Q4 (March / July 2023)
Finance and Resources			
Debtors Management	Coverage to provide assurance to the S151 Officer that robust systems of financial control are in place and being complied with. Coverage will also meet External Audit / Regulatory requirements and any management concerns. Risk 4 – Disposal of Assets Risk 5: Financial Sustainability Risk 8 – Recovery and renewal plan	Linked to strategic risks Requested by Director 21/22 various negative opinions	Q3 (Dec 2022 / March 2023)
General Ledger			
Creditors			
Payroll			
Council Tax			
Business Rates			

Treasury Management			
Capital Expenditure			
Housing Benefits			
Whistleblowing	Following an advisory review in 2018/19, and 'partial assurance' opinions in 2020/21 and 2021/22, and a need to ensure that the whistleblowing processes in place are working, we propose to review the effectiveness of processes for the management of whistleblowing and grievances raised within and to the Council, with a view to enabling the Council to take assurance over the processes in place. We will also cover the actions raised as part of the previous review.	Requested by Monitoring Officer 21/22 negative opinion	Q3 (December 2022)
Risk Management	Following a 'partial' assurance opinion in 21/22 and the significant changes in the processes for managing risk, this review will allow the Council to take assurance over the effectiveness of risk management arrangements within the Council. This will include the use and management of both the Corporate and Service-level risk registers if these have been developed. Cross cutting - Strategic Risks 1 - 15	Drives strategic risks Requested by Director 21/22 negative opinion	Q2 (September 2022)
Grants	Following the completion of a number of grant returns in 2021/22 which require the sign off of both the Chief Executive and the Head of Internal Audit we have included a provision to undertake reviews on the use of grant funding received, which will include review of evidence to substantiate claims.	Requirement of grant T+Cs	TBC (TBC)
Payroll and HR Interface	With the Council introducing a new Payroll and HR interface within Agresso, we could review the implementation and governance processes to ensure that data is appropriately migrated and sufficient training and guidance is in place to aid in the use of the new system.	Changes to existing system	Q3 (December 2022)

Other Internal Audit Activity

Data Quality and Performance Management (KPIs)	<p>The Council uses a variety of performance indicators and evidence bases to monitor how well their services are performing in meeting the needs of their residents and businesses, and to monitor their efficiency and value for money. Our review will allow the Council to take assurance over a sample of indicators that robust and accurate performance information is being produced on a timely basis and reported to appropriate committees, in line with the outcomes of the latest version of the Five-Year Plan. As part of our testing, we will verify information reported for a sample of indicators back to source data.</p> <p>Cross cutting - Strategic Risks 1 - 15</p>	Linked to strategic risk	Q1 (July / Sept 2022)
Assurance Mapping	<p>Potential area of coverage to support the Council in either determining the approach to Assurance Mapping, or to perform an assurance Mapping exercise for a sample of Departments / areas.</p> <p>Cross cutting - Strategic Risks 1 - 15</p>	Linked to strategic risk 21/22 negative opinion	TBC (TBC)
Follow Up	<p>We will conduct follow up audits on a quarterly basis to provide assurance that agreed actions have been implemented and that there is sufficient evidence to demonstrate their implementation.</p> <p>Cross cutting - Strategic Risks 1 - 15</p>	Linked to strategic risk 21/22 negative opinion	Quarterly (Each Audit Committee)
Management Meeting Attendance	This will include attendance at all meetings (Directorate / Department meetings, CLT, Risk Board, Governance meetings, ad-hoc meetings)	N/A	N/A
Management	<p>This will include:</p> <ul style="list-style-type: none"> • Annual Planning meetings and draft strategy • Preparation for, and attendance at, Audit and Corporate Governance Committee • Attending LG Chief Auditors Network • Regular liaison and progress updates • Meetings with Chief Executive, S151 Officer, Monitoring Officer, Chair of Audit and Corporate Governance • Liaison with external audit and other assurance providers • Preparation of the annual Head of Internal Audit opinion and IA Charter • 2nd partner review process 	N/A	N/A

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

Further areas of potential coverage not included in the 22/23 plan above (Sector issues and Horizon Scanning / previous years coverage):

Please see below some additional areas that could be considered for inclusion in an internal audit strategy. None of these areas were specifically identified as priority areas of coverage for 2022/23 following our discussions with Executive Directors, however a number of areas were suggested as potential areas in a 3 year strategy or are areas that we believe could be considered and as part of the horizon scanning carried out by RSM and the Chief Internal Auditors network. However, we have stopped short of including these in a new 3 year strategy as we agreed with the Executive to produce a detailed one year plan, with areas of potential coverage with future years, and then subsequently to develop a new 3 year strategy for 2023/24 – 2025/26.

People (Adults)	Strategic Risk Ref
Adult Social Care (ASC) - Care Practice and Quality Assurance	1
ASC - Practice and CMHT	1
ASC - Financial Assessments and Charging	1
ASC Budget Management	1
ASC caseload management	1
ASC workforce planning	1
Social care placements and monitoring	1
Care Homes - Quality of Care	1
Care Homes - Deferred payments	1
Care Homes - Placement Process	1
Continuing Health Care Commissioning and Procurement	1
ASC - Data and performance information	1
People (Childrens)	
PFI Contract - Schools	5
Children Social Care (CSC) - Budget management	5

Child Safety (focus on social care assessments)	
CSC Caseload management	
CSC residential contract management	
CSC Recruitment and Retention	
SEND (Special Educational Needs & Disability) * Compliance with Time Targets * Forward plans and anticipated needs * Partnership working	11
SEND Funding	11
Dedicated Schools Grant	8, 11
Place and Community	
Gas Servicing	6
Planned and Responsive Maintenance	
Planning - Local Plan	8
Housing White Paper	
Governance of the Housing Delivery Action Plan	
Asset Disposals	4
Homelessness	
Houses of Multiple Occupation	
New Homes Bonus Scheme	
Planning Control	
Local Government Transparency Code	
Finance and Resources	
Recovery and Renewal plan	8
Workforce Recruitment and Retention	10, 15

Payroll and HR Interface - Agresso	5
Insurance Service	5
Elections	7
IT Education and Awareness	12
Policies and Procedures	5
Savings Plans	5
Commercialisation	5
Investment Projects	5, 8
Income Collection - Debt Collection Management and use of Enforcement Agents	5
Workforce – Appraisals	10, 15
Workforce – Equality and Diversity	10, 15
Workforce - Recruitment and Retention	10, 15
Workforce - Wellbeing	10, 15
Workforce - Absence Management	10, 15
Workforce - Organisational Culture	10, 15
Contract Management - Everyone Active	
Capital Projects – Stoke Wharf	
Other	
Counter Fraud Service	
ESG (Environmental, Social, and Governance) Maturity Assessment	5,10,15
Supply Chains and third party risk (incl Modern Slavery Act compliance)	

Domestic Violence - Strategy, Communications and awareness processes	
Domestic Violence - Multi Agency referral and Partnership Working	

As reported each year since 2019/20, RSM Internal Audit cannot review this area as RSM Consultants are assisting the Council in the Operational delivery of Procurement activity. As has been reported to the AC and S151 Officers for the previous 4 years, an independent internal audit review of Procurement services could be commissioned separately of RSM.

2.1 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.

APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM UK Risk Assurance Services LLP. The team will be led by Daniel Harris as your Head of Internal Audit, supported by Mark Jones (National Head of Internal Audit, 2nd Partner) Anna O’Keeffe as your Senior Manager and Fiona Ho as your Manager.

Core team

The delivery of the 2022/23 audit plan will be based around a core team. However, we will complement the team with additional specialist skills where required. This will include the use of our IT Specialists within the Technology Risk Assurance (TRA) team, Risk Management specialists, Programme and Project Management Specialists and wider consulting specialists.

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 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA, on which PSIAS is based.

The external review concluded that RSM ‘generally conforms* to the requirements of the IIA Standards’ and that ‘RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards’.

* The rating of ‘generally conforms’ is the highest rating that can be achieved, in line with the IIA’s EQA assessment model.

Compliance with GovS009 Internal Audit Functional Standard 2021/22

RSM affirms compliance with the requirements of the GovS009 Internal Audit Functional Standard. The Functional Standards are there to support compliance and continuous improvement across UK government for those working in and ‘with’ government. RSM is undertaking the self-assessment against the mandatory ‘shall’ elements of the Functional Standards and, as the Functional Standard is consistent with the requirements of our own policies and audit manual, RSM are embedding the requirements within our audit methodology.

Conflicts of interest

We continue to deliver operational support to the Council in relation to the Procurement Function. We also supply some software solutions to help the Council manage their policy management and risk capture although we note that these are not currently being used by the Council. All of this work was undertaken via separate engagements, led by independent engagement partners and delivered by specialist staff separate from the core Internal Audit Team. We have considered as part of all of these additional engagements the safeguards required to be in place and are satisfied that these have been met. We will continue to keep the Section 151 Officer sighted and informed throughout the year of potential conflicts and how these have been considered and managed.

APPENDIX B: INTERNAL AUDIT STRATEGY 2022/23

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1 and the Executive summary above.

		Internal Audit coverage - Third Line of Assurance					
Assurance Provided:		current (21/22) Strategic Risk Register Ref:	2018/19	2019/20	2020/21	2021/22	2022/23
	Red - Minimal Assurance / Poor Progress						
	Amber/red - Partial Assurance / Little Progress						
	Amber/green - Reasonable Assurance / Reasonable Progress						
	Green - Substantial Assurance / Good Progress						
	Advisory / AUP						
Audit Area (split by current directorates)							
People (Adults)							
Adult Social Care - Management of Income / Financial Assessments and Charging	1						
Adult Social Care - Transformation Programme	1						✓
Adult Education Service (OFSTED Inspection							
People (Childrens)							
Children Missing Education	11						✓
Schools		✓	✓	✓	✓	✓	✓
Children's Centres							
SC First	15					✓	✓
Place and Community							
Strategic Housing Management							✓
Property Services							✓
Allocations							✓
HRA							
Housing Benefits	5						✓

Regulatory Services (Cash Handling Arrangements)						
Council Buy Backs						
Social Lettings Team						
Temporary Accommodation Strategy	3					✓
Slough Urban Renewal (SUR)	14					
DSO (refuse and recycling, fleet etc) (*Note, this was being covered by RSM Specialists in 2020/21 but work stopped at Council request)						
Matrix	5					✓
Leasehold Service Charges						✓
Contract Management – Osbornes (Repairs, Maintenance, Investment Housing Contract, including statutory safety checks, ie lifts, legionella etc)	5					✓
Contract Management – Everyone Active (Leisure Contract)*	5					
Contract Management – Bouygues (Facilities Mgmt)	5					
Fire Safety	6					
Planning Performance Agreements (PPAs)						
Planning Applications Response Times						
Rent Accounts	5					✓
Rent Arrears Recovery	5					✓
Assets	4, 5					✓
Section 106						
Allotment Charges						
Major Infrastructure Projects (LEP)						
Finance and Resources						
Capital Projects – Tower and Ashbourne (replaced with Britwell GP Hub)						✓
Capital Projects – Stoke Wharf						
Corporate Health and Safety	6					✓
Conflicts of Interest						

Safety Advisory Group (SAG)	6						
Supplier Duplicate Payments	5						✓
Business Continuity and Emergency Planning	9						✓
Whistleblowing							✓
Contract Procedure Rules							
Budget Setting and Budgetary Control	5						✓
Medium Term Financial Strategy (MTFS)	5						✓
Recovery and Renewal plan	8						✓
Workforce Recruitment and Retention	10						✓
Cyber Security and Cyber Risk	12						✓
GDPR	13						✓
IT Business Continuity	9, 12						✓
Data Security and Protection Toolkit (previously Information Governance)	12, 13						
Procurement *	5		*	*	*	*	*
Subsidiary Companies Governance	5, 14						✓
Transformation Plan	1, 8						✓
Business Rates	5						✓
Council Tax	5						✓
Treasury Management	5						✓
General Ledger	5						✓
Debtors	5						✓
Payroll	5, 10						✓
Capital Expenditure	5						✓
Creditors	5						✓
Assurance Map	All						✓

Risk Management	All					✓
Governance						
Governance - Overview and Scrutiny	5					
Governance - James Elliman Homes	14					
Governance – Sub Committee Effectiveness						
Agresso HR - Self-Service						
Freedom of Information						
Cash Collection & Management	13					
Grant audits	5	✓	✓	✓	✓	✓
Data Quality and Perf Mgmt						✓
Follow Up	All	✓	✓	✓	✓	✓

* As reported each year since 2019/20, RSM Internal Audit cannot review this area as RSM Consultants are assisting the Council in the Operational delivery of Procurement activity. As has been reported to the AC and S151 Officers for the previous 4 years, an independent internal audit review of Procurement services could be commissioned separately of RSM.

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 UK 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. 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 (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 Director of Finance. Your head of internal audit has been in place for ten years. The Internal Audit Code of Practice as published by the Chartered IIA suggests that this is brought to the attention of the Audit Committee / Director of Finance to review and confirm your assessment on the independence of your internal audit services. To assist the assessment; RSM is able to remain independent for the following reasons:

As an outsourced provider of internal audit services to the Council, independence is inherent in our delivery and audit methodology. Our internal auditors do not have any operational responsibilities across the Council. No member of the audit team is employed by the Council. The head of internal audit reports to the Chief Executive, Director of Finance and Audit Committee chair. RSM methodology includes a second partner review (by another head of internal audit who does not work at the Council) of the annual plan, the year-end annual report and opinion.

The Internal Audit Charter details our role and responsibilities and the authority we have which enables us to undertake our internal audit service. Please also refer above to the conflict of interest section at Appendix 1 that details how we manage any potential conflict and remain independent.

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 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 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.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation’s operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Council senior management who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.
- Executive (Cabinet) - The highest level governing body charged with the responsibility to direct and/or oversee the organisation’s activities and hold organisational management accountable. Furthermore, “board” may refer to a committee or another body to which the governing body has delegated certain functions (eg an audit and corporate governance committee).

Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- 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 six weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 15 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- 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.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Huddle.
- Management responses to the draft report should be submitted to RSM.
- Within three working 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.



We continue to closely monitor and implement official guidelines from the Government and health organisations in respect of Covid-19. All our staff must adhere to the relevant RSM Policies, including limiting time on site and completing the relevant approvals prior to any site visit.

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 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 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 UK 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.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the audit committee.

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 committee is also approving the internal audit charter.

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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. Actions for improvements should be assessed by you for their full impact. 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.

Our report is prepared solely for the confidential use of Slough Borough Council, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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

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

RSM UK 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.

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MEMBERS' ATTENDANCE RECORD 2021/22

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

COUNCILLOR	29/07/21	14/09/21 (Extraordinary)	30/09/21	09/12/21	18/01/22 (Extraordinary)	01/03/22
Ali	P	P	P	P	P	
Brooker	P	P	P	P	P	
J Davis	P	Ap	P	P	Ap	
Grewal	P	Ap	Ap	P	P	
Hussain	P	Ap	Ap	Ap	Ap	
Sabah	P	P	P	P	P	
Wright	Ap	P	P	P	Ap	
CO-OPTED INDEPENDENT MEMBER						
Iqbal Zafar	P	P	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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