



SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

For the Audit and Corporate Governance
Committee meeting on 28 September 2022

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1 KEY MESSAGES

The revised internal audit plan for 2021/22 was approved by the Audit and Corporate Governance Committee (ACGC) at the July 2021 meeting. The 2022/23 draft internal audit plan was discussed at the March 2022 ACGC and it was agreed that some further amendments to that plan would be agreed with the Director of Finance. These discussions were held immediately after the March meeting, amendments agreed and the revised 2022/23 plan was presented and agreed at the July 2022 ACGC meeting.

This section provides an update on the key messages relating to the progress of the 2020/21, 2021/22 and 2022/23 plans.



2020/21 Internal Audit Plan

The final report from the 2021/22 plan (Quarter 4 follow up) has been issued as final. This resulted in a 'poor progress' opinion being issued in May 2021. We note five of the seven outstanding actions are now listed as 'closed' on the Councils internal audit action tracker. [\[To note\]](#)

2021/22 Internal Audit Plan



We have issued a further nine final reports since the July 2022 Audit and Corporate Governance Committee meeting. Of these, four have resulted in a 'Partial' (negative) assurance opinion, one was a follow up resulting in a 'Reasonable' (positive) assurance opinion, one was a follow up resulting in a 'Poor' (negative) assurance opinion, and the remaining three were Advisory reports. A number of these final reports have impacted and contributed to our negative 2021/22 year end opinion that was presented at the July meeting. Further details on these reports are documented below at Appendix A. [\[To note\]](#)

Six reports from 2021/22 remain in draft and we are waiting for management responses before they are finalised.

2022/23 Internal Audit Plan



The 2022/23 Internal Audit Plan is underway with four reviews currently issued in draft. We are waiting for management responses to these before they are finalised and presented to the Committee – although we appreciate management has been working to finalise the 2021/22 reports ahead of these. Six further reviews are currently in progress. [\[To note\]](#)

2021/22 Head of Internal Audit Opinion



We advised the Committee at the March 2022 meeting that we would be issuing a negative Head of Internal Audit opinion for 2021/22, and the Internal Audit Annual Report including the Head of Internal Audit Opinion was presented to the July 2022 meeting in draft. We have issued a number of additional reports in draft with negative opinions where we have found weaknesses to still be present and these impacted our opinion. We have provided further updates to the S151 officer and monitoring Officer at our regular meetings. The 2021/22 final opinion will be on the agenda at the December meeting when all 2021/22 reports have been issued in final. [\[To note\]](#)

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. [\[To note\]](#)



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 and 2022/23 plans. The report is based on the position as at the 14th September 2022.

2020/21 Internal Audit Plan

Since the last audit committee in July 2022, the final report relating to the 2020/21 audit plan has been finalised:

- Follow Up Q4 – Little Progress

2021/22 Internal Audit Plan

The Internal Audit Plan for 2021/22 was approved by the Audit and Corporate Governance Committee on 29th July 2021. Since the last update provided in July 2022, the following nine reports have been finalised:

- Payroll – Partial
- Leasehold Service Charges – Partial
- Business Rates – Partial
- Slough Children First – Governance – Advisory
- Slough Children First – Value for Money – Advisory
- Follow Up of Previous Management Actions Quarter 4 – Reasonable Progress
- RMI Contract Management – Osborne – Partial
- Follow Up of Previous Management Actions Quarter 2 – Poor Progress
- IDEA – Supplier Duplicate Payments – Phase 2 - Advisory

In addition, we have issued the following six 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:

- Assets – Issued 31 January 2022
- Follow Up of Previous Management Actions Quarter 3 – Issued 7 March 2022
- Schools Audit – Priory School – Issued 24 March 2022
- Health and Safety – Issued 28 April 2022
- Matrix – Management of Agency Staff – Issued 28 April 2022
- Capital Projects – Britwell Expansion – Issued 13 May 2022

2022/23 Internal Audit Plan

The Internal Audit Plan for 2022/23 was presented to the Audit and Corporate Governance Committee initially on the 1st March 2022, and a revised plan was subsequently approved on the 28th July 2022.



Since the last update provided in July 2022, the following four reports have been issued in draft. These reviews are still in draft and are with management for comment:

- Governance – Council Subsidiary Companies – Issued 20 July 2022
- Medium Term Financial Strategy – Issued 23 August 2022
- Budget Setting and Budgetary Control – Issued 26 August 2022
- Workforce Recruitment and Retention – Issued 1 September 2022

A further six reviews have fieldwork in progress. No final reports have been issued for 2022/23.

3 OTHER MATTERS

3.1 Changes to the plan

The following changes were agreed since the last meeting:

Note	Auditable area	Reason for change
1	Leavers Processes	Extra piece of work requested by the commissioners in August 2022. Work commenced end of August and is ongoing.
2	Multiple Audits	We have at the request of various officers within the Council, pushed back the timing of some audits, to aid the Council in dealing with the impacts of the S114 notice and the restructure.

3.2 Impact of findings to date on the 2022/23 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).

The Committee will recall our overall negative opinions issued in 2020/21 and 2021/22, including a substantial number of individual negative opinions which are due to be re-audited in 2022/23. We have not issued any 2022/23 final reports to date. We will provide further updates to the S151 officer at our monthly meetings and provide a further update to the Committee in future meetings as more reports are issued and finalised.

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

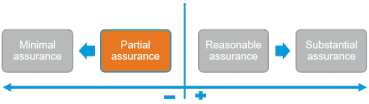

One of the key measures of quality is an independent third-party assessment and, as a firm we are required to conform to the requirements of the International Professional Practices Framework (IPPF) published by the Global IIA. Under the Standards, internal audit services are required to have an external 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>Leasehold Service Charges (36.21/22)</p>		<p>0 High 5 Medium 2 Low</p>
<p>Conclusion</p> <p>Our review identified that the Council had controls in place in relation to the calculation of estimated and actual costs, with information on service charges made available to leaseholders through the Council's website. Our review also identified accurate input of information between various sets of working papers in the development of the master spreadsheets for the 2020/21 actual service charge costs and 2022/23 estimates.</p> <p>However, we identified a number of issues resulting in the agreement of five 'medium' priority management actions. These include the update and development of relevant procedural documentation in light of significant changes around the delivery of the function, costs relating to grounds maintenance and management fees not being supported by verifiable data, the absence of mechanisms to ensure all costs incurred are charged as appropriate, potential losses through the lack of section 20 notices being issued to leaseholders and the absence of specific reporting around the recovery of service charges.</p> <p>The Council are also subject to continuity associated risks where the function is administered by a single individual (Project Manager) whilst there is an absence of comprehensive procedural guidance.</p>		
<p>Procedural Guidance</p> <p> We identified that the procedural guidance in place has not been updated since the date of our previous review. Owing to changes in the processes undertaken when calculating estimates and actual costs following the Leaseholder Services Team having been disbanded, the current procedural guidance is not reflective of current practice.</p> <p>Failure to periodically review procedural documentation can result in processes / responsibilities not being reflective of current practice. Where this is the case, it can result in inconsistent practices being adopted. This risk is further exacerbated where the previous Leasehold Service Team has disbanded, and the current process is completed by a single individual. This thereby presents a continuity threat to processes should the Project Manager leave. (Medium)</p>		

Source Data – Management Fees and Ground Maintenance

We identified that management fees recharged to leaseholders were not based on actual costs for the previous financial year (ie 2020/21), rather the 2019/20 actual costs. Similarly, we identified that ground maintenance charged as part of the annual 'actual' billing process were not based on actual costs from the previous year, rather block costs allocated in 2015/16, which have been uplifted in 2017/18 by 3.4% and then rolled over for subsequent years. As such, actual costs relating to management fees and ground maintenance have not been allocated, rather estimates.



Discussion with the Project Manager identified that a project to re-map all HRA blocks and land to ensure the accurate allocation of rates for various levels of service is ongoing, with this task being delayed to due to resourcing issues. As such, actual costs relating to ground maintenance for the September 2021 billing were also based on estimates, rather than actual costs incurred.

Whilst the Council have identified the above issue, if service charges are not supported by actual costs incurred, there is a risk that the Council are unable to supply tenants with justifiable reasoning to support the calculation of service charges. **(Medium)**

Reconciliation



Discussion with the Revenues Team Leader identified that there is currently no reconciliation performed between total costs incurred relating to leaseholders and total amount billed. As such, the Revenues Team are unable to assure themselves that all costs incurred are expected to be recovered. In the absence of any reconciliation performed, there is a risk that omitted costs incurred which can be recharged to the leaseholder may not be identified which may result in all income due not being received. This issue was identified in the previous audit but not addressed and we have therefore restated the action. **(Medium)**

Capital Recharges



Where capital works are undertaken, the Council are required to issue a section 20 notice to leaseholders to establish the cause of the work. Where these notices are issued, the work itself is capped to a maximum of £100 per leaseholder per year for a long-term contract, or £250 per leaseholder for work to the building. We were however advised by the Project Manager that section 20 notices have not been consistently issued since September 2021, due to the officer responsible for issuing notices having left the Council.

If costs associated with major works are not recharged to the leaseholder, there is a risk that these costs are not being recovered, this could lead to financial losses where costs incurred are not recouped. This could also present a reputational risk where leaseholders do not feel they are being adequately consulted before being charged. **(Medium)**

Reporting



As part of the 2020/21 Leasehold Service Charges audit we identified that there was no specific reporting around levels of recovery in relation to service charges. At the date of this audit, we identified that this is still the case. Failure to report and monitor recovery levels of service charges increases the risk that issues in relation to recovery are not identified and remedied in a timely manner. **(Medium)**

1	The procedures relating to calculating estimated and actual leasehold charges will be updated to reflect the current corporate structure and current practice, as well as including information around version control, when the document had been last reviewed and the date of next review. The procedures will also be updated to establish the apportionment methodologies applied for new leaseholders (individuals and groups). <i>Management Update August 2022: There is a proposal to put this as part of a Task and Finish Group to Customer & Community Scrutiny Committee to be part of a project to harmonise and refresh service charging processes. That will be in their workplan for 2022/23.</i>	Medium	31 March 2023	Trevor Costello
2	The Council will establish an accurate and reliable means of identifying costs associated with grounds maintenance and management fees.	Medium	31 December 2022	Trevor Costello
3	As part of the annual billing process an exercise will be performed to ensure that all costs incurred relating to leaseholders are billed through service charges	Medium	31 March 2023	Trevor Costello
4	The Council will establish a mechanism to ensure that the section 20 consultation process, including issuance of section 20 notices, is undertaken prior to capital works being started.	Medium	30 September 2022	Trevor Costello / RMI Contract Management Team
5	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.	Medium	31 December 2022	Chris Boylett

Business Rates (25.21/22)		2 High 3 Medium 2 Low
<p>Conclusion</p> <p>Overall, our audit has identified several weaknesses in business rates processes resulting in the agreement of two high and three medium priority actions. Whilst we noted that the Council had retrospectively posted its business rates income in the year to date, we identified discrepancies between income posted to Agresso, Academy, and the Council's cash management system. In addition, whilst we noted that business rates reconciliations were being completed, we noted that work was still ongoing to identify reconciling items due to the previous backlog of unposted business rates income, whilst these were also not subject to independent review and approval. Further issues were identified including vacant properties not being inspected at appropriate frequencies, staff having inappropriate and unrequired levels of access to Academy and the outcomes of the annual review of eligibility for mandatory and discretionary relief not being recorded for all</p>		

properties. We noted that some of the reasons which may have affected the operation of controls in this area including changes in Council staff as a result of the restructure, particularly in the Finance and Revenues and Benefits departments.

We did note that a number of key processes were well designed and complied with on a sample basis, including processes relating to the input of annual billing parameters, the creation and issuing of business rate bills, request and approval of new business rates relief and business rates refunds. We also confirmed that debt chasing was being performed in line with the agreed timetable, and that VOA list adjustments were being processed accurately and in a timely manner. In addition, we noted that the Council had policies in place outlining its approach to providing key business rates reliefs. Furthermore, we confirmed that the Council had calculated updated appeals and irrecoverable debt provisions for business rates for its 2018/19 accounts, as well as calculating or establishing a provision methodology for 2019/20 and 2020/21, utilising advice received from RatesPlus, an independent specialist. We noted that the method used to calculate the revised losses appeal had taken into account all appeals currently outstanding.

Income Posting



We undertook sample testing of 20 days between 1 July 2021 and 7 January 2022 and noted that business rates income had been retrospectively posted to Agresso in December 2021, to correct the backlog of income. However, through comparison of the amount of business rates income posted to Agresso for each of these days to the amounts posted to Academy for the same day, we identified four instances where the amounts posted to the two systems did not agree, with a total difference of approximately £850,000. We were advised by the team responsible for income posting that this was likely due to retrospective adjustments being made in Academy which they had not been informed of. In addition, we noted that the amount of income posted to these two systems did not match the total business rates income uploaded to the ICON cash management system for any of the days tested, with the income posting team uncertain of the cause of this.

If business rates income posted to these three systems do not reconcile, there is a risk of inaccuracies in the Council's financial data. **(High)**

Agresso to Academy Reconciliations



We confirmed that business rates reconciliations had been performed between Academy and Agresso for September, October and November 2021, with these commenced in a timely manner each month, however, we were advised by the external team supporting the Council with the reconciliations that they required further adjustments to identify reconciling items now that income posting was up to date for business rates. They advised us that this process was ongoing, with unexplained variances collated and provided to the Council to identify the reason for these. As these reconciliations were a work in progress during the audit, we were unable to identify the value of the variances between Academy and Agresso. If the two systems are not reconciled to zero, there is a risk that financial data involving business rates may be inaccurate.

We also noted that these reconciliations had not been independently reviewed or approved. If reconciliations are not subject to independent review, there is a risk that errors or inappropriately completed reconciliations may not be identified. **(High)**

Access to Academy



We selected a sample of 10 users with access to the business rates module on Academy and identified four of these users had access to Academy beyond the level of access required for their role, such as the Benefits Visiting Officer, who had been assigned both 'inspector' and 'billing supervisor' access rights on Academy. We also noted that the Council does not have a process in place to periodically review access to Academy to ensure that

access is restricted to current and appropriate staff. If staff have inappropriate access rights to Academy, this could lead to staff performing key functions which they are not authorised to perform, as well as a potential loss of segregation of duties. **(Medium)**

Annual Review of Reliefs

We confirmed through review of the report of approved continuing reliefs for 2021/22 that Liberata had reviewed properties granted ongoing mandatory or discretionary relief prior to April 2020 to ensure that they still were still eligible, by obtaining written confirmation of eligibility. However, of the 151 properties detailed on this report, we identified 36 properties where the report did not indicate whether the ratepayer had provided confirmation of eligibility, or a response to Liberata’s recommendation regarding whether these reliefs should continue.



Via comparison to a report of current properties receiving mandatory and discretionary relief, we noted that 31 of the 36 properties were receiving relief despite the report not stating if this relief should continue, including seven properties receiving discretionary relief. These 31 properties currently receive total mandatory and discretionary relief of approximately £1.1m , including approximately £138,000 of discretionary relief. As such, there is a risk that the Council may be providing ratepayers with discretionary relief where they are no longer eligible or where this is not recommended by Liberata.

Furthermore, we noted that the report from the 2021/22 review of annual reliefs was only approved in July 2021, four months after the annual billing process for 2021/22 and three months after the first payment of business rates was due. As such there is a risk that ratepayers could continue to receive discretionary relief which the Council no longer wishes to grant. **(Medium)**

Vacant Property Inspections



Through sample testing of ten properties, comprised of nine vacant and one property receiving section 44a relief (for being part vacant), we identified three vacant properties which had not been inspected at least every six months, which is not compliant with the Council’s expectation for properties to be inspected at least every six months. Evidence also could not be provided to demonstrate that the property receiving section 44a relief had been inspected after applying for this relief, and it was unclear whether a process was in place to inspect properties claiming this relief. Furthermore, we noted that spot checks were not being completed to ensure that inspections were being appropriately completed and recorded via Academy.

As such, there is risk that the Council may not identify vacant and part-vacant properties which are not being inspected in a timely manner, and a lack of timely inspections could lead to the Council granting ratepayers relief which they are not eligible for, reducing income received. **(Medium)**

1	<p>The process by which access to the business rates module on Academy is granted to new staff and granted/amended for current staff will be reviewed to ensure that appropriate controls are in place to restrict assigned access levels based on role.</p> <p>In addition, the report of users with access to the business rates module on Academy will be reviewed periodically, to ensure that all users are current staff and that their access level is appropriate for their role.</p>	Medium	30 October 2022	Chris Boylett
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2	<p>The Council will liaise with Liberata to ensure that as part of the annual review of reliefs granted in previous years, it is clearly indicated on the report received by the Council whether each ratepayer provided a response confirming their continued eligibility, and Liberata's recommended action in each case (i.e. whether relief should continue or be cancelled).</p> <p>In addition, the Council will ensure that the report from this annual review is appropriately signed off in a timely manner during the annual billing process, with any deviations from Liberata's recommendations clearly recorded.</p>	Medium	31 January 2023	Chris Boylett
3	<p>We will ensure that vacant properties are being inspected at least twice per year, with a periodic spot check process implemented to ensure that inspection cards are being appropriately completed and properties are being inspected at the expected frequency on a sample basis.</p> <p>Where issues are identified, appropriate action will be taken including providing staff with guidance on how to use the inspection module correctly. In addition, a clear process will be implemented to inspect any properties where section 44a relief has been requested, with this clearly evidenced through Academy.</p>	Medium	31 December 2022	Chris Boylett
4	<p>The Council will continue the ongoing work to reconcile Academy and Agresso for 2021/22 to date, ensuring that all reconciling items are identified and required adjustments are made on both systems.</p> <p>Moving forwards, reconciling items and required adjustments will be identified in a timely manner as part of each monthly reconciliation, with monthly reconciliations subject to independent review and approval to ensure that this is the case.</p>	High	31 October 2022	Ade Adewumi
5	<p>The Council will ensure that business rates income is being posted to the appropriate accounts in a timely manner.</p> <p>The ongoing discrepancies between ICON and the other two systems will be reviewed to identify the reasoning for this, with periodic monitoring implemented as required to ensure that all income from ICON is being reflected in Agresso and Academy.</p> <p>In addition, work will continue to identify any systematic causes of the discrepancies between amounts posted to Agresso and Academy, and to address these appropriately. This will include implementing a process for retrospective changes on Academy to be communicated to the Income Posting Team and for these changes to then be reflected in Agresso.</p>	High	31 October 2022	Ade Adewumi



RMI Contract Management - Osborne (28.21/22)		<p style="text-align: center;"> 0 High 5 Medium 7 Low </p>
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Conclusion

Overall, our review has identified a number of weaknesses and improvements required with regards to the arrangements in place to manage the RMI contract and the performance of Osborne. The positive findings relate to the process for reviewing invoices (and so reviewing completed works), emergency and urgent repair work, compliance works/reporting, and operational meetings between the Council and Osborne. However, there were also a number of weaknesses identified.

Specifically, we found that target dates for routine repairs were not being set in line with the expected 20 working day timeframe, whilst also noting that routine repairs were not being completed in a timely manner (based on both the set and expected target dates). We identified that complaints were not being managed in an effective manner, with resolutions often not issued within ten working days as per the contract requirement. The SMB was not meeting quarterly as expected with no meetings since February 2021, and internal reporting requirements had not been agreed.



Repairs - Routine

Repairs are completed by Osborne based on the urgency of work required, with timeframes defined within the contract for emergency (24 hours), urgent (3 working days) and routine repairs (20 working days). The RMI contract includes payment deductions based on Osborne’s failure to achieve KPIs (including for repairs), however these were undergoing review at the time of our testing and had not been applied. Using a report from Osborne of repairs completed since August 2021, we identified that that the target completion dates set for 31 per cent of routine repairs were not within the expected 20 working day timeframe. We were advised by the Asset Programme Manager that it was unclear why this had not been picked up. Without ensuring target dates are set in line with defined timeframes, there is a risk that repairs are not completed in a timely manner and reporting on this may result in inflated positive performance. **(Medium)**

We also identified that whilst emergency and urgent repairs were completed in line with expected timeframes (90-99 per cent of such repairs), 36 per cent of routine repairs had not been completed within 20 working days. Issues with Osborne completing routine repairs were known to the Council, with explanations including staff absences, deferred appointments and material costs reported to the Customer & Community Scrutiny Panel in December 2021. Due to the significant underperformance in this area, there is a need to agree and monitor an improvement plan with Osborne for routine repairs. Without this, there is a risk that issues with such repairs continue, which may increase complaints, leave residents in homes that require repair and have a reputational impact. **(Medium)**



Complaints Handling

Stage one complaints are to be resolved by Osborne within ten working days, and if not are escalated to stage two. Stage two complaints are to be resolved by the Council within ten days of escalation. As part of our review, we identified issues with the logs used to record complaints (inconsistencies across records maintained by the Council, the RMI team and Osborne) and found that complaints were not being resolved in line with expected timeframes (ranging from 50-77 per cent not resolved in a timely manner based on the three sources).

Without a robust process for logging and resolving complaints, there is a risk that these are not being managed effectively. This may lead to reputational damage or further escalation to the Housing Ombudsman. **(Medium)**

Strategic Management Board



The SMB had not meet since February 2021 at the time of our review, with an attempt to resume these meetings in March 2022 cancelled. We were advised by the Contract Governance & Service Monitoring Officer that the meetings had been impacted by the Council restructure and absence/departure of both Council and Osborne staff. There is a risk that without these meetings strategic issues and outcomes relating to the RMI contract are not suitably discussed and agreed. **(Medium)**

Internal RMI Contract Reporting



There are no formal reporting arrangements relating to the RMI contract internally within the Council. We noted that an update was presented to the Customer & Community Scrutiny Panel in December 2021, with plans to provide a further update in April 2022, however there had been no arrangements agreed for this to become formal reporting. The lack of internal reporting (and as such review and scrutiny) was in part caused by the Council's restructure. Without internal reporting, there is a risk that contract performance is suitably scrutinised, which may have financial and reputational impacts. **(Medium)**

1	The Council will implement a checking mechanism to confirm repair target dates set by Osborne align to the timeframes defined within the RMI contract.	Medium	2 June 2022	Ian Stone
2	The Council will request that Osborne develop an improvement plan for clearing the backlog of routine repairs and ensuring these are completed in a timely manner going forward. Progress against this plan will be reported and monitored at the OMB (or a relevant sub-group).	Medium	30 September 2022	Ian Stone
3	Consideration will be given for how best to revise the complaints handling process for cases relating to the RMI contract. This may include regular trend analysis of received complaints to identify specific areas for improvement, amending the timeframes for resolutions, issuing automatic acknowledgements or considering the roles/responsibilities of SBC and Osborne in the process.	Medium	30 September 2022	Vikki Swan
4	Invitations will be sent to save dates/times for all quarterly Strategic Management Board meetings for 2022. For future years, invitations for all meetings will be sent at the beginning of the year to ensure staff are aware of dates/times.	Medium	30 June 2022	Vikki Swan
5	The internal governance arrangements for the reporting of RMI contract performance will be agreed and include an appropriate level of scrutiny.	Medium	2 June 2022	Ian Stone



<p>Payroll (12.21/22)</p>		<p>1 High 3 Medium 3 Low</p>
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Conclusion

Overall, our audit has identified a number of weaknesses with the controls linked to payroll functions. It should be noted that a number of the processes used by the Payroll team were found to be well designed and operating effectively, including the guidance within the payroll manual, system access (a previous issue), payment run processing and inputting of payroll rates. Sample testing also confirmed that suitable controls were in place and complied with for staff leavers, payroll amendments and voluntary deductions.

However, we found that issues with regards to raising invoices by line managers for payroll overpayments and supporting evidence had not been consistently submitted on Agresso with expense claims. Furthermore, reconciliations were not being reviewed by a member of the finance team and regular meetings were not always occurring with budget holders to review, amongst other areas, payroll information in relation to staff in post and associated costs. This was evidenced by a recent overpayment (£6k), where a line manager did not recognise a staff member was being fully paid when on maternity leave. Other issues were also noted relating to the content of the Financial Procedure Rules and the timeliness of notifying the Payroll team of new starters. We have agreed one high, three medium and three low priority management actions that have informed our opinion.



Temporary Variations - Expenses

In line with the Council's Financial Procedure Rules and Reimbursement of Travel and Expenses Scheme, receipts should be provided with claims and reviewed by manager's when approving. Expense claims and associated receipts are submitted via the self-service function on Agresso for approval by managers. Three of our sample of ten temporary variations were expenses claims and we selected an additional five claims for testing (total of eight). Through review of Agresso workflows, we were unable to confirm appropriate supporting evidence had been submitted on Agresso with the claims in four instances, totalling £994.08. We contacted the claimants and approvers and were provided the correct supporting evidence in three instances. It was unclear why this evidence had not been submitted with the approved claims.

For the remaining claim, the approving manager informed us that receipts had not been submitted at the time as the claimant was unaware of how to download these from the retailer (for an online purchase). We were provided with the receipts and identified that these did not amount to the £176.36 claim. Further investigation found the claim was made up of two lines, one of which had been duplicated resulting in an overpayment of £62.30. The Council cannot be assured that expenses are appropriate where receipts are not submitted and checked by approvers. **(Medium)**



Overpayments – Invoices and Recovery

Overpayments are recorded within the Adjustment Register, with methods of recovery including payroll deductions (for current staff) and invoicing (for former staff). There had been three overpayments made since April 2021 (totalling £9,643), one to a current staff member which we confirmed was

being recovered through monthly payroll deductions. The remaining two overpayments were to former staff members and we confirmed that the Payroll team had requested line managers/accountants to raise invoices. However, a review of the Agresso system found this had not occurred.

Whilst both invoices were raised during our review (when we highlighted the issue), we noted that there was currently no checking process in place to ensure these requests had been actioned. Without ensuring checks are completed to ensure invoices for payroll overpayments are raised, there is a risk that overpayments may not be recovered. **(Medium)**

Payroll Budget Information Monitoring



Payroll information (including staff paid and payment amounts) is included within the budget monitoring reports, prepared by Group Accountants and discussed with budget holders on a monthly basis. For a sample of five budget holders, we found that monthly budget monitoring meetings were not always occurring, with one budget holder having one meeting in the past three months and another having none since March 2020. Without regular budget monitoring of payroll expenditure, inaccuracies may not be identified and resolved. This was evidenced by a recent overpayment (£6,009.91), where a line manager did not recognise a staff member was being fully paid when on maternity leave. **(High)**

Payroll Reconciliations



The Reconciliations Officer prepares a monthly payroll reconciliation, using trial balance figures to reconcile payroll payment runs. We confirmed that reconciliations had been prepared for the most recent three months (June to August 2021). However, we noted that these had not been reviewed, checked and approved by a suitable member of the Finance team. We were informed that the former Group Accountant (Financial Reporting) had previously resolved queries and made adjustments to the reconciliations, however this responsibility had not been reassigned following their departure, partly as it was unclear how these were used/updated. It was highlighted that the Group Accountant had used the reconciliations to open/close accounts, move historic balances, reallocate pension monies and complete journal write offs, however these had not happened for the sample reviewed. Without complete reconciliations, there is a risk payroll errors and discrepancies are not identified and therefore not resolved. **(Medium)**

1	<p>The Agresso system will be set up to require the following:</p> <ul style="list-style-type: none"> Receipts to be submitted with all claims; Managers to confirm the claim amount when approving (separately input this based on review of receipts). 	Medium	31 January 2022	Surjit Nagra
2	<p>The Payroll team will include the Revenues and Accounts Receivable Team in emails sent to line managers requesting invoices to be raised for overpayments.</p> <p>The Revenues and Accounts Receivable Team will check to ensure invoices are raised and paid as appropriate. Line managers will be reminded of their responsibilities to raise invoices for overpayments in a timely manner as it is this failure that has caused the control weakness</p>	Medium	31 August 2022	Nicky Dear (Payroll) / Jasvinder Dalvair (Accounts Receivable)/ Line Managers
3	<p>The Council will agree its approach towards budget monitoring reports/meetings, ensuring budget holders are afforded the opportunity to regularly scrutinise expenditure (including salaries). Where regular budget reports are not being received and meetings taking place, budget holders will raise this with their accountants.</p>	High	Monthly	Finance Business Partners

	<i>Management update July 2022 - Following the recruitment of a number of Finance Business Partners and supporting staff during q1 2022/23 the approach to budget monitoring and review has been strengthened to respond to this recommendation.</i>			
4	The Council will designate an appropriate member of the Finance team to review and approve the monthly payroll reconciliations. This will involve retrospectively approving those reconciliations prepared but not yet reviewed following the departure of the Group Accountant (Financial Reporting).	Medium	30 September 2022	Liton Rahman

Follow Up of Previous Management Actions – Quarter 2	Poor Progress	5 High 3 Medium 0 Low
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Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion Slough Borough Council has demonstrated **poor progress** in implementing the agreed management actions.

All of our sampled actions were recorded as closed by SBC on 4 action, although our review has found only three actions (23 per cent of all actions covered) have been fully implemented. We found that at the time of our review one action had been superseded as the Council had gone 'cashless', with a further 9 actions (69 per cent) had not been completed, with 3/9 of these (23 per cent) not implemented, and 6/9 of these (46 per cent) still in the process of being implemented.

These findings reflect issues around the action tracking process, with actions being closed prematurely without evidence and appropriate confirmation that the risk has been addressed. We note that due to restructuring and changes in the relevant teams there have been ownership issues which explain some of the incorrect closures.

1	The contents within the Money Laundering presentation training will be added to Cornerstone. All new starters, and those who have not yet completed the training, within the following departments will be required to undertake the training: <ul style="list-style-type: none"> • Finance; • Recycling department; • Licensing department; and • Registrars. 	Medium	31 January 2022	Hansa Benawra – Financial Investigator
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2	<p>As part of the overarching review of the reporting arrangements of the Council's commercial subsidiaries, the Council will consider the reporting requirements expected of James Elliman Homes.</p> <p>Management response August 2022:</p> <p><i>Towards the end of 2021, a review of the JEH reporting was undertaken, and the capability of Board members was assessed. As a result of this, new directors were put in post and it was agreed that Board meetings would take place monthly rather than quarterly whilst the operational changes are embedded. This has been in place since January 2022. There is now SBC oversight via a Treasury Commercial/Financial Director, including attendance at Board meetings.</i></p> <p><i>At each Board meeting, detailed financial information is presented, including monthly management accounts and year to date rental income vs budget. Any financial issues are highlighted in the accompanying Finance Report and discussed at the Board meeting. The Board has also requested a range of operational information on a per-property basis – previously reported at a ward level – including rental gross income, actual income, arrears, tenancy type etc with an operational report highlighting any key variances and issues. Financial reporting and information will continue to evolve as the Board matures and the business issues change.</i></p> <p><i>In addition, all subsidiary companies, including JEH, fed into the 2022/23 Budget Report in terms of 2022/23 budgets and risks and issues.</i></p> <p><i>There will be ongoing annual reporting via the relevant committees.</i></p> <p>As this information was provided post review we have not undertaken testing to confirm compliance.</p>	High	Complete	Carmel Booth
3	<p>The ASB Enforcement & Transition Lead will produce monthly reports to monitor the timeliness of responses to cases on the Flare system, with the required response time noted depending on case categorisation.</p> <p>Any noncompliance with the required timeframes will be investigated and reasons documented.</p>	High	30 September 2021	Michelle Isabelle – ASB Enforcement Lead
4	<p>A clear control framework will be put in place to ensure that, in line with government guidance, income received from the serving of fixed penalty notices is spent on related functions.</p>	High	30 September 2021	Linda Corcoran – Resilience Lead
5	<p>The council will develop a formal process to systematically track income due through to collection, receipting and banking.</p> <p>This will include guidance for undertaking regular, formal reconciliations between income received and records maintained.</p>	High	30 September 2021	Linda Corcoran – Resilience Lead

6	<p>The Voids policy will be updated to reflect current practice, including the changes as a result of moving to Osborne Property Services, COVID-19 changes and Void Coordinator roles with regards to void inspections.</p> <p>The Council will develop a framework for approving and reviewing all Neighbourhood Services policies and procedures. Once developed the relevant policies and procedures will be appropriately approved including:</p> <ul style="list-style-type: none"> • Neighbourhood Services Void Property Management Policy. • Rechargeable Repairs Policy and Procedures. 	Medium	30 September 2021 / Complete	Liz Jones – Neighbourhood Manager
7	<p>The Council will update the Recharges Policy and Procedure document to reflect current practice. The document will then be formally approved by an agreed authority.</p> <p>Once approved, the document will be reviewed on an annual basis.</p>	Medium	30 September 2021	Liz Jones – Neighbourhood Manager
8	<p>The voids procedure factsheets will be reviewed, amended and updated and will include the following:</p> <ul style="list-style-type: none"> • Reviewed and formally signed off on periodic basis. <p>Version control.</p>	High	30 September 2021 / Complete	Liz Jones – Neighbourhood Manager



IDEA – Supplier Duplicate Payments – Phase 2	Advisory	NA
<p>Conclusion</p> <p>Based on the findings from the Supplier Duplicate Payments - Phase 1 review, we selected judgemental samples and investigated to ascertain whether there was a strong likelihood these were likely to be genuine duplicate payments. Investigations included reviewing monetary and supplier transactions on the Agresso system in collaboration with the P2P Team to determine whether there was evidence of corrections (credit notes, reversals or refunded amounts).</p> <p>Based on our investigations in this part 2 review, we have identified a total of 77 payments (based on 152 individual transactions), valued at £194,024 where there is a ‘strong likelihood’ duplicate payments have been made by the Council.</p> <p>As such, there is a total value of £388,491 identified across both reviews (Phase 1 and 2) where there is a strong likelihood of duplicate payments.</p> <p>Given the possibility that duplicate payments may have been returned by suppliers outside of the Agresso accounts payable system (payments not journaled to accounts payable and creditors control accounts), we have not been able to confirm that these are definitive duplicate payments.</p> <p>A further eight of our sample of potential duplicate payments could not be fully investigated given that supporting documents on Agresso (such as invoices) were limited. The total value of these eight payments was £21,654.</p> <p>The management actions from the Phase 1 review have been extended to cover the likely duplicate payments identified within this review.</p> <p>We have not included the detail of the weaknesses due to the sensitive nature of this work, but this has been shared internally with relevant Council staff.</p>		

APPENDIX B - SUMMARY OF PROGRESS TO DATE

The table below provides a status update on the summary of progress with the 2021/22 internal audit plan to date. Those seven reports finalised since the last meeting are shown in bold.

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 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	1	0
Follow Up Q2	Final Report	24 September 2021	12 September 2022	Poor Progress	0	3	5
Supplier Duplicate Payments - (Part 1)	Final Report	9 November 2021	5 April 2022	Advisory (Significant Weaknesses)	0	0	2
Payroll	Final Report	10 November 2021	2 August 2022		3	3	1
Risk Management	Final Report	11 January 2022	5 July 2022		3	6	2
Temporary Accommodation Strategy	Final Report	18 January 2022	16 March 2022		3	7	7
Creditors	Final Report	18 January 2022	18 July 2022		3	9	3
Assets	Draft Report	31 January 2022					
Capital Expenditure	Final Report	15 February 2022	17 May 2022		3	7	2
GDPR	Final Report	15 February 2022	25 April 2022	Advisory (significant weaknesses)	1	12	3

Business Rates	Final Report	21 February 2022	23 August 2022		2	3	2
Follow Up Q3	Draft Report	7 March 2022					
Supplier Duplicate Payments - (Part 2)	Final Report	3 May 2022	14 September 2022	Advisory	0	0	0
Cyber Essentials	Final Report	12 April 2022	18 July 2022	Advisory (significant weaknesses)	1	15	4
Schools Audit – Priory	Draft Report	24 March 2022					
Matrix	Draft Report	28 April 2022					
RMI Contract Management	Final Report	11 April 2022	5 September 2022		7	5	0
Leasehold Service Charges	Final Report	18 May 2022	8 August 2022		2	5	0
Slough Children First – Governance	Final Report	16 May 2022	5 September 2022	Advisory (significant weaknesses)	6	3	0
Corporate Health and Safety	Draft Report	28 April 2022					
Follow Up Q4	Final Report	12 May 2022	5 September 2022	Reasonable Progress	2	1	0

Capital Projects – Britwell GP Hub	Draft Report	13 May 2022						
Treasury Management	Defer to 22/23	NA	NA	NA	NA	NA	NA	NA
Slough Children First – VFM	Final Report	14 June 2022	5 September 2022	Advisory (significant weaknesses)	1	5	0	
Subsidiary Company Governance	Defer to 22/23	NA	NA	NA	NA	NA	NA	NA
Medium Term Financial Planning	Defer to 22/23	NA	NA	NA	NA	NA	NA	NA
Budget Setting and Control	Defer to 22/23	NA	NA	NA	NA	NA	NA	NA
Our Futures	Replaced with Supplier duplicate payments pt 2	NA	NA	NA	NA	NA	NA	NA

The table below provides a status update on the summary of progress with the 2022/23 internal audit plan to date.

2022/23 Internal Audit Plan

Assignment area	Fieldwork date/status	Draft report	Final report	Opinion	Actions		
					L	M	H
Treasury Management	In progress						
Subsidiary Company Governance	Draft Report	20 July 2022					
Medium Term Financial Strategy	Draft Report	23 August 2022					



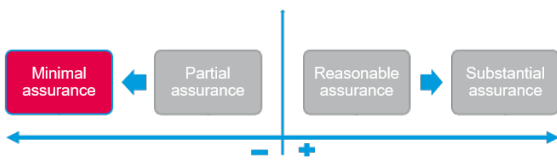
Budget Setting and Control	Draft Report	26 August 2022
Workforce - Recruitment and Retention	Draft Report	1 September 2022
Children Missing Education	In QA	
Adult Social Care Transformation	In progress	
Follow up Q2	In QA	
IT Business Continuity	In progress	
Risk Management	In QA	
Payroll (inc Data Analytics)	In progress	
Rent Accounts	21 September 2022	
Council Tax	26 September 2022	
General Ledger	4 October 2022	
Creditors	14 October 2022	
Temporary Accommodation	25 October 2022	
Housing Benefits	1 November 2022	



Payroll and HR Interface	21 November 2022
Whistleblowing	5 December 2022
Rent Accounts Recovery	12 December 2022
Corporate Health and Safety	3 January 2023
Business Rates	16 January 2023
Debtors	19 January 2023
Capital Expenditure	30 January 2023
Cyber Essentials	1 February 2023
Assets	2 February 2023
Treasury Management	27 February 2023
Follow up Q4	13 March 2023
Strategic Housing Management	16 March 2023
Leavers Processes	In progress

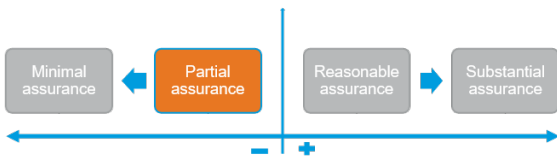
APPENDIX C: ASSURANCE OPINIONS

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:



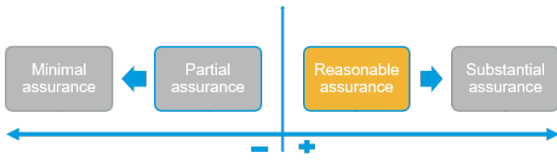
Taking account of the issues identified, the Council can take minimal assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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



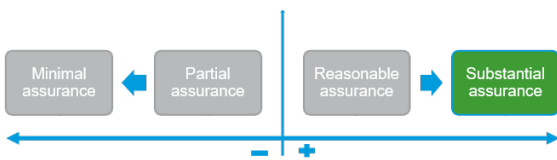
Taking account of the issues identified, the Council can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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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