

Date of issue: Tuesday 22 February 2022

MEETING	AUDIT AND CORPORATE GOVERNANCE COMMITTEE (Councillors Sabah (Chair), Wright, Ali, Brooker, J Davis, Grewal and Hussain) CO-OPTED INDEPENDENT MEMBER: Mr 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

SUPPLEMENTARY PAPERS

The following Papers have been added to the agenda for the above meeting:-

* Items 5 and 7 were not available for publication with the rest of the agenda.

PART 1

<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
5. and 7.	Internal Audit Update Quarter 4 2021/22 and Update on Council Subsidiary Companies	1 - 4	All

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SLOUGH BOROUGH COUNCIL
AUDIT & CORPORATE GOVERNANCE COMMITTEE

TUESDAY 1ST MARCH 2022

ADDENDUM – COMMENTS OF COMMISSIONERS

Item 5 – Internal Audit Update Quarter 4 2021/22

Commissioner Comment 1 – *“In the update to Internal Audit recommendations there are a number where the completion date is February but it is not clear if these targets were met.”*

Officer Response: There is one with a 28/02/22 completion date which relates to business continuity and is incomplete but with a revised timescale. There are a range of other overdue recommendations with earlier deadlines which are being reviewed and achievable timetables for completion are being agreed.

This recommendation relates to completion of the Business Continuity Plan which is still work in progress but with a re-scheduled completion of 31 March before it goes for approval.

This 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. Following update, the plan will be submitted for formal approval, before being made available to relevant members of staff.

Currently, the BIA’s for individual Services including that of Children’s First are being collated, after which the BIAs will all be reviewed. Once the review is completed they will be returned to the Service BC Leads and this will inform the Leads on building their Service’s BC Plan.

Commissioner Comment 2 – *“More concerning was the reporting on Council tax account markers which now seems to have been delayed to much later this year due to prioritisation and staffing issues. Is this not a big issue?”*

Officer response: Progress is being made in responding to previously identified concerns. Processes are currently being reviewed and instructions on how marker codes are being used will be issued but the team cannot be closed down or restrict codes until the review of marker codes is complete. The improvement plan includes cleansing data and undertaking reconciliations so this will help to deal with the pace of completion. At the same time limits have been put on the number of new accounts to restrict the number of marker codes that can be added.

The reconciliation process has been hindered by

- limited knowledge within the remaining Council staff members
- missing historical data
- incorrectly posted data
- time consuming data gathering
- no GL to Academy cumulative reconciliation

It was initially thought that the control account reconciliations could be completed in isolation but on delving into the income based reconciliations per Council Tax & Business Rates it was established that the daily funds flow analysis journals that allocate SBC income across board had not been done since May 2021 due to staff departures. This was not only impacting reconciliations it was also hampering budget management as budget managers had no data to review.

The team therefore had to focus on this and bring it up to date, the process is fully up to date, the journals are being processed daily and the process has been fully documented including potential time saving enhancements that will aid efficiency across the council.

Please see below for progress on major account reconciliations

Business Rates

NNDR (Business Rates) reconciliations are completed to reconcile the external ledger maintained by Capita in the Academy system to the General Ledger balance within the internal accounting system. This process is complete for the current financial year and ongoing investigations are in place to deal with the outstanding reconciling differences.

Council Tax

The existing reconciliation process is not fit for purpose, the process has been redesigned to reconcile data to all three accounting systems (ICON, Agresso and Academy), improving validity of the data, and ensuring reconciling items are clearly identifiable. Relevant reports have been made available and a review of the links between the systems is ongoing to provide a list of reconciling differences for each subset of income. This process is being worked on in conjunction with the Revenues Team and remains the focus of the reconciliations team with a view to completing the analysis, documentation, and reconciliation on or by the 31st March 2022.

Housing Benefits Payments

Housing Benefits reconciliations have been completed up to January 2022. The current process is being reviewed and will be documented with improvements / changes recommended to ensure the process is effective and fit for purpose.

Bank | Suspense | Holding Accounts

The Council currently has 7 main bank accounts it uses, and these will always reconcile on the actual bank account code as statements are being uploaded daily. Suspense & Holding Accounts are then used to distribute the transactions to the respective areas, some manually others through the Income Manager System. Unfortunately, relationships between suspense / holding accounts to a bank account are not on a 1 to 1 basis so this means that extensive mapping work is required to unravel what transactions are reconciling items to each account. There are currently 46 account code combinations that are being reviewed and the progress is summarised below.

Suspense/Holding account summary	Number of accounts
Limited further work now required:	
Awaiting journals & minimal review of transactions required	33
Further investigation required	
Review Suspense Accounts with 1 to 1 relationship to Bank Account	4
Review Giro Accounts	3
In depth analysis of transactions being undertaken	6
	46

Item 7 – Update on Council Subsidiary Companies

Commissioner Comment – *“Reports about our trading companies should always be including Slough Children First. There are the same issues about Directors and roles, responsibilities and suitability which need sorting out as the current governance gives rise to major conflicts of interest concerns. SBC has also provided a loan for which you might be making an impairment provision. It should be treated the same as far as Audit is concerned.”*

Officer response: An internal audit review of governance arrangements within SCF will be factored into the 22/23 plan. As rightly identified the issues are potentially very similar to the matters raised with regard to the other companies. The accounting treatment of the loan to the Company has been reviewed and will also be reviewed as part of the completion of the financial statements and the treatment agreed with our auditors.

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