

Date of issue: 7th November 2011

MEETING	AUDIT COMMITTEE (Mr Kwatra (Chair), Councillors Carter, Chohan, Haines, Small and Smith)
DATE AND TIME:	THURSDAY, 10TH NOVEMBER, 2011 AT 6.30 PM
VENUE:	COMMITTEE ROOM 2, TOWN HALL, BATH ROAD, SLOUGH
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	SIMON FULLWOOD 01753 875013

SUPPLEMENTARY PAPERS

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

* Items 3 - 12 were not available for publication with the rest of the agenda.

PART 1

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Audit Committee – 10th November 2011

Risk Management Update

1. Introduction

1.1 This report is to update the Audit Committee on the progress of the following:

- Performance relating to risk management;
- Anti Fraud & Corruption training; and
- Review progress being made against the key risks identified in the Council Annual Governance Statement.

2 Performance Relating to Risk Management.

2.1 Risk Management Training

Risk Management Training and Anti Fraud & Corruption, (inc. Bribery Act) Training

Two separate on-line training tools were launched in the middle of September aimed at all staff. The training is designed to give all staff a basic grounding in risk management and highlight issues around fraud and corruption.

This on-line training involves reading about different aspects of each subject, answering questions at the end of each section and then taking a short test of 15 questions to complete the training.

The number of people who have so far successfully completed the training and received a certificate are:

- Risk Management = 358
- Fraud & Corruption = 396.

Feedback to date has been very positive on this style of training.

Records are kept of those who have undertaken the training, the score achieved, and the date the training was undertaken. We will be letting Assistant Directors know where staff within their services have not completed the training so that we get coverage across the council.

2.2 Operational Risk Registers

Operational risk registers continue to be updated and a specific risk register were set up for the Thames Valley Transactional Hub Project – This risk register is now maintained and updated by members of the Customer and Transactional Services Department.

Other managers have been trained in how to maintain and update their risks registers on the centralised system.

3. Progress being made against the key risks identified in the Council Annual Governance Statement.

3.1 Strategic Risk Register

A Strategic Risk Register was submitted to CMT for approval on the 24th August by the Acting Head of Central Finance, where some amendments were requested by Corporate Directors. Strategic Directors were asked to take back to directorates and update every quarter and advise the Acting Head of Central Finance of any changes. An extract of the current Strategic risk Register is attached at Appendix 1 for information.

4. Actions Taken to meet British Standard (BS31100) on Risk Management

The following actions have been taken to narrow the gaps identified in the Management Letter presented earlier this year.

- A strategic risk register has been developed and will be updated and in future will be discussed quarterly at CMT;
- On-line training has been rolled out to all staff;
- A “white paper” has recently been issued on the treatment of risk appetite and this will mean the recommendations made within the Management Letter will need to be revisited; and
- Rough drafts of a revised Risk Management Strategy and Policy exist but require further work. The production, adoption, maintenance, and communication of these documents will greatly assist in meeting the standard.

5. Relevant Insurance Information

5.1 On-Line Claims Form

An on-line claim facility has been introduced that enables claimants to make claims against the Council on-line. This facility was introduced in August this year and can be found on the Council web site.

Below is a table that shows the number and causes of insurance claims made against the Council in this quarter and the corresponding quarter of last year.

1st July – 30th September 2010		1st July – 31st September 2011	
Cause	Number	Cause	Number

1st July – 30th September 2010		1st July – 31st September 2011	
Highways Claims	10	Highways Claims	7
Car Parks	0	Car Parks	0
Housing Claims	2	Housing Claims	5
Children's Playgrounds	1	Children's Playgrounds	1
Other	5	Other	5
	18		15

Appendix 1

Extract from Strategic Risk Register

Source	Risk	Mitigation
Safeguarding	The recent Ofsted report has judged the safeguarding services and safeguarding outcomes for children and young people as requiring some areas of improvement.	Improvement Board has been set up to monitor the delivery plan.
Economic Climate	<ul style="list-style-type: none"> • Economic Instability and Turbulence at a national level • Comprehensive Spending Review • Reduction in Income of £25m to the Council over the next 4 years. • Risk is that we do not have sufficient funding to provide services. 	<ul style="list-style-type: none"> • Realigned budgets. • Reduction in work force • Reduction in services provided directly by the Council • Advanced commissioning exercises underway
Thames Valley Transactional Service Centre	<ul style="list-style-type: none"> • Project to outsource transactional functions of the council to a transactional hub provided by a third party contractor with the aim of attracting other transactional operations to join "The Hub". • This is linked to the Medium Term Financial Strategy. • The risk is that the savings are not achieved in accordance with the Medium Term Financial Plan or that the quality of service significantly reduces as a result of outsource. • The Council is currently at the point of short listing four potential suppliers to two. 	<ul style="list-style-type: none"> • The evaluation process requires clear scoring of potential suppliers on the basis of price and quality. • Additional meetings have been held with the Strategic Directors of R&R and Strategic Director of Customer and Transactional Services to ensure that savings and quality are delivered. • Prince2 risk management arrangements for the management of the project.
IT Service Delivery	<ul style="list-style-type: none"> • There are no IT Disaster Plans in place for the My Council IT systems 	<ul style="list-style-type: none"> • KPMG employed to undertake review of My Council systems

Source	Risk	Mitigation
	<ul style="list-style-type: none"> • The IT Department lacks some necessary skills and the necessary capacity to deliver the IT programme that needs to be delivered. • It is not clear whether the systems employed at Landmark Place represent Value for Money 	<ul style="list-style-type: none"> • Officer tasked with producing an IT Disaster Recovery Plan for My Council. • Production of an IT Strategy taken place. • Review of current IT Systems • Review of IT support
Business Continuity	There is no Business Continuity Management within the Council	TBC by Roger Parkin
Demographic Pressure	An increase in the population puts pressure on the vast majority of the services offered by the Council. Services may not be able to cope with increased demand.	TBC by CMT
Partnership and Governance arrangements	Governance arrangements for partnerships are not currently of a satisfactory standard.	<p>Draft Partnership Governance Protocol has been approved by members</p> <p>Partnership Governance</p> <p>Training</p> <p>Review of LSPs</p>
Heart of Slough	Failure to meet planned expectations with regard to attracting investment or completion of the project by required deadlines.	<p>Continued Project management</p> <p>Communications strategy</p> <p>Recent external audit demonstrates all required controls in place</p>
Commissioning Processes (linked to Localism Bill)	<p>Reputational damage to Council if processes are not fair and transparent</p> <p>Failure to achieve best value.</p> <p>Fear of challenge from unsuccessful tenderers.</p> <p>Failure to select the most</p>	<p>Updating of Procurement Policy and Procedures</p> <p>Training</p> <p>Assessment of financial viability of suppliers</p>

Source	Risk	Mitigation
	economically advantageous tender.	
Managing a mixed economy workforce	Managing a mixed economy workforce, utilising a suite of contractual relationships internal, external temporary and permanent.	<p>Workforce Planning</p> <p>Flexible Working</p> <p>Procurement guidelines</p> <p>Use of ATR</p>
Risk Management	Failure to manage risks in accordance with the BSI Standard for Risk management or to follow leading practice in place at other local authorities	<p>GAP analysis of the current risk management arrangements against the BSI.</p> <p>Strategy, Policy & Procedures</p> <p>Training</p> <p>Production of Risk Registers</p>

Slough Borough Council

Internal Audit Plan

Third quarter 2011/2012

Summary

This plan is based on the indicative discussed with management at the start of the year. The plan has been agreed on a quarterly basis to allow for audit effort to be focused on up and coming risks in a period of significant change for the council. As the letting of the internal audit contract has not been concluded it has not been possible to have all of the normal meetings with management to finalise the plan before it has been submitted to the committee. All Directors and AD's have however been copied in and their feedback has been included as far as is possible.

Members are therefore asked to note the plan. A verbal update will be made at the committee meeting to appraise of any additional changes agreed with management at that time. It is expected that some audits are brought forward into Q3 and a number deferred into Q4.

Internal Audit Plan 2011/12 – 3rd quarter

Auditable area	Estimated Days 2011/12	Quarter proposed	Type of Audit	Risk	Brief scope	Comments
ANNUAL ASSURANCES						
None due to take place in 3 rd quarter	0					
Annual Assurances Q3	0					
CENTRAL FINANCIAL SYSTEMS						
Financial Planning & Budgetary Control	12	Q3	Key	High	*To assess effectiveness of key controls in this area	
Pensions	6	Q3	Key	High	*To assess effectiveness of key controls in this area	
General Ledger	6	Q3	Key	High	*To assess effectiveness of key controls in this area	
Cashiers	10	Q3	Key	High	*To assess effectiveness of key controls in this area	
Creditors	6	Q3	Key	High	*To assess effectiveness of key controls in this area	In view of the imminent changes and transfer of services meetings will held with management and external audit to provide the most effective coverage
Payroll	6	Q3	Key	High	*To assess effectiveness of key controls in this area	As above
Debtors	6	Q3	Key	High	*To assess effectiveness of key controls in this area	As above
NNDR/Business Rates	7	Q3	Key	High	*To assess effectiveness of key controls in this area	As above
Council Tax billing & collection	6	Q3	Key	High	*To assess effectiveness of key controls in this area	As above
Council Tax & Housing Benefits	10	Q3	Key	High	*To assess effectiveness of key controls in this area	As above
Central financial systems Total Q3	75					
CORPORATE ISSUES						
Virement within Directorate Budgets	5	Q3			An initial review of the virement process in Q1 within the council has shown that changes are needed in the processes and procedures it has therefore been agreed to carry out an additional review and provide a report at the end of Q3	Management letter output
Quarterly Reconciliation Checks	5	Q3			To confirm that key systems reconciliations are undertaken on a timely basis, evidenced appropriately and that actions arising undertaken as	
Corporate Issues Q3	10					

IT AUDITS						An audit needs assessment has been undertaken with the Head of IT
Auditable area	Estimated Days	Quarter proposed	Type of Audit	Risk	Brief scope	Comments
DR and Backup	10	Q3			System back up is closely aligned with ICT Disaster Recovery and the Infrastructure Project is tasked with delivering improved disaster recovery and implementation of a backup and archiving solution. ICT System Continuity is also ranked as a one of the top five risks in the ICT Risk Register included in the ICT Business Plan 2009-10. The Audit will look at the formation of the plan, escalation and emergency procedures and procedures for testing Disaster Recovery arrangements. Audit of the backup arrangements will include the procedures for system back up, back up testing, system resilience and back up storage.	Deferred from Q2
Telecommunications	10	Q3			In recent years technology has developed which allows telephone calls traditionally made through the phone system to be made over data lines; this technology is Voice over Internet Protocol (VOIP). This Audit will look at the Council's Telecoms VOIP infrastructure.	Deferred to Q4
Server Virtualisation & Data Centre	12	Q3			Server Virtualisation will provide an enhanced server and storage environment for the Councils technical infrastructure to help consolidate the existing server environment to reduce power and space and by rationalising the existing presentation of the Council systems providing a highly available and resilient environment. Our audit will look at the security aspects of the virtual environment and also provide assurance that the server virtualised environment is being adequately monitored for capacity issues and has developed the Councils server environment and provide assurance on the server operating environment for the Councils key applications. Where applicable this will use Computer Audit Assisted Techniques to evaluate the security settings.	Deferred from Q2
IT Audits total – Q3	32					
RESOURCES AND REGENERATION DIRECTORATE						
Leaseholder charges	10	Q3				
Responsive repairs	15	Q3				Bwd from Q4
Gas Safety	10	Q3				Bwd from Q4
Contract Management	20	Q3				Deferred Q4
Resources and regeneration Directorate totals – Q3	55					

CUSTOMER AND TRANSACTIONAL						
Auditable area	Estimated Days	Quarter proposed	Type of Audit	Risk	Brief scope	Comments
Hub Projects	20	Q3				Deferred to Q4
Customer and Transactional Totals – Q3	20					
EDUCATION & CHILDREN'S SERVICES						
Themed Audits	30	Q3			Scope to be confirmed but focussing on specific key risk area could cover purchasing arrangements, lease hold assets, petty cash, school meals etc	There are approximately 35 primary and nursery schools and 11 secondary schools.
Littledown School – Probity Visit	5	Q3			Following an initial visit in March/April 2011 to review transactions weaknesses were identified and a full probity audit is now required to confirm controls embedded.	
Safeguarding contract management	15	Q3			To provide assurance that contract and contract management arrangements are adequately controlled and operating effectively. This will include payments to providers	
Education & Children's Services totals Q3	50					
COMMUNITY AND WELL BEING						
Personalisation Budgets	15	Q3			New procedures and processes are being put in place and this review is to consider whether adequate controls are in place and risks adequately mitigated	Deferred into Q4 as transactional hub being developed
Commissioning Team	15	Q3			Following an Audit Commission review to look at tenders undertaken and review if the processes have been managed in line with council policy and procedure.	Deferred to Q4
Community and Well Being Totals Q3	30					
FOLLOW UPS						
None due to take place in 3 rd quarter						
Total Days	272					
Deferred to Q4	80					
Total Days after deferred audits	192					
Total Reports/Management Letters (Estimated)	24					

Note 1: Types of Audit Approach - The audit techniques to be used will be selected from the following, depending on which is considered to be the most effective for delivering the audit objectives:
Risk Based Audit (Risk)

A full audit which focuses on key risks in relation to system objectives. Audit work will be structured to direct audit resource in proportion to risk exposures.

Systems Based Audit (Systems)

A "full" audit in which every aspect and stage of the audited subject is fully considered. It includes review of both the design and operation of controls. Undertaken from a systems perspective with a 'cradle to grave approach'

Key Controls Testing (Key)

Clearly focussed on a small number of material or key controls.

Systems Development Audit (SDA)

Ongoing review of developing plans and designs for new systems and processes aimed at identifying potential weaknesses in control if the plans and designs go ahead as they are.

Verification Audit (Verification)

Where there is pre-existing confidence that controls are well designed, but compliance is a material issue, audits which test only for compliance with controls can be appropriate. Audit undertaken to verify key outcomes.

Slough Borough Council

Internal Audit Plan

Second Quarter 2011/2012 Progress

SUMMARY

With the significant changes happening within the Council it has been a difficult two quarters with significant numbers of audits deferred and delayed at the request of Auditees. However, internal audit have worked with management to facilitate changes to the audit plan as well as timings of individual assignments. This has however impacted upon the overall delivery of the internal audit plan and the associated Performance Indicators. However, at this stage we are confident that the PIs will be achieved by the deadlines quoted.

PROMOTING INTERNAL CONTROL

To promote internal control within the Authority, Internal Audit will report to Committee in the following format:

- An overall summary of the control environment operating within the Authority. This will look at the wider picture of all reviews in the year to date, and provide either assurance to Committee that the control systems are working effectively and the interests of the Authority are protected; or act as an early warning of sectors of the Authority where the control system is failing.
- Report back on the specific audits finalised in the quarter, including a brief background, scope and recommendation titles. Audit opinions are either full, substantial, limited or none. Recommendations are graded by Priority. Priority One are major matters for the attention of senior management, Priority Two are recommendations for local management attention and Priority Three are minor matters.
- Update Members on the current situation regarding limited areas previously reported to Committee. This will inform Members of the action taken by Officers to resolve internal audit issues.

Table One lists each area covered in 2011/12 to date where a final report has been issued since the last Audit Committee, together with the assurance level at the time of the audit. Appendix Two of this report provides a detailed overview of the recommendation, priority and management response.

Twelve audit reports have been issued in draft format, awaiting finalisation from the 2011/2012 Internal Audit Plan. Progress against the plan and the draft reports issued are listed in Appendix One and will be included in our next submission to the Audit Committee meeting once the reports have been finalised.

All reviews completed were full in-depth audits of operational systems within the Authority. Members and Management should note that the assurance level is an illustration of the level of control operational at the time of the audit. The auditor will agree with Management a number of recommendations which, when implemented, will result in a more secure system. Each recommendation is given an implementation date, and progress against these will be monitored on a regular basis by the Internal Audit Team via the undertaking of follow-up audits.

PERFORMANCE INDICATORS

Part of the Head of Internal Audit function is to monitor the performance of Internal Audit. It was agreed at the Cabinet meeting (11th April 2011) to report on a quarterly basis against the following key performance indicators.

Ref	Performance Indicators	Target	Q2 Outcome
1	% of deliverables completed by 31/3/2012 (Deliverables include management letters, summary reports and draft audit reports)	95%	There have been significant changes to the timings of many quarter one audits. These have been facilitated and should not at this stage impact upon the delivery of this performance indicator by 31/3/2012.
2	% of agreed audit briefs issued no less than 10 working days before the start of the audit (This is to allow managers sufficient notice and time to consider the proposed work. Any exemptions due to urgency or management request will be agreed by the HO/A)	95%	90% The PI should be achieved for the year.
3	% of planned audit days delivered by 31/03/2012 (It is intended that as far as possible the audit plan will be delivered evenly through the year.)	95%	Currently behind target with the number of audits delayed and deferred by management. However, this will not impact on the delivery of this PI by 31/12/2012.
4	% of draft reports issued within 10 working days of exit meeting (This is ensure that management actions can be undertaken on a timely basis)	95%	90%

PROGRESS AGAINST THE 2011/2012 INTERNAL AUDIT PLAN

As at the 2nd November, 96% of the days within the Quarter 1 and Quarter 2 audit plan have been delivered, as detailed within appendix one. There have been a number of deferrals from the quarterly plans, with these audits now scheduled to be undertaken within quarters three and four respectively. Of the nineteen audits undertaken, five (26%) have been issued as final reports, with twelve (63%) at draft report stage. The audit fieldwork has been completed for the remaining two audits (11%).

Audits have been completed in accordance with the timings agreed with the Audit Committee. Appendix One of this report also shows the status of work to date and the number of days delivered.

AUDIT ACTIVITY

Table 1 – Final Internal Audit Reports Issued since the last Audit Committee

Audit	Assurance Rating
Business Continuity	N/A – Management Letter
CRB Checks	Limited
Debtors Management	Limited
Khalsa Primary School	Limited
Housing Rents	Limited

Appendix Two to this report provides a detailed summary of the recommendations, their priority and management responses from these audits.

Internal Audit Plan 2011/12 – Progress to 2 nd November 2011 (Quarters 1 and 2)						
Auditable area	Audit Budget (days)	Days Delivered	Timing	Type of Audit	Risk	Progress
ANNUAL ASSURANCES						
Annual Governance Statement	5	4	Q1	Verification	N/A	Audit work completed – to be reported to next committee
Project Management (inc. VFM)	10	9.5	Q2	Risk	High	Draft Report Issued.
Total	15	13.5				
CENTRAL FINANCIAL SYSTEMS						
Housing Rents	10	10	Q1	Key	High	Final Report Issued.
Debtors Management	10	10	Q1	Key	High	Final Report Issued.
Total	20	20				
CORPORATE ISSUES						
Business Continuity	10	10	Q1	Key	High	Final Report Issued.
Quarterly Reconciliation Checks	10	9.5	Q1 & Q2	Key	High	Draft Report Issued.
Virements within Directorate Budgets	15	14.5	Q1	Key	High	Draft Report Issued. Audit originally scheduled for Q1, deferred to Q2 at auditee's request. A further review will now take place in Q3 before a final report is issued.
Performance Indicators	10	9.5	Q1	Verification	Medium	Draft Report Issued
Total	45	43.5				
IT AUDITS						
GIS	12	11.5	Q1	Systems	High	Draft Report Issued 25 th July 2011, no

Internal Audit Plan 2011/12 – Progress to 2nd November 2011 (Quarters 1 and 2)

Auditable area	Audit Budget (days)	Days Delivered	Timing	Type of Audit	Risk	Progress
						management response yet received. Audit originally scheduled for Q1, deferred to Q2 at auditee's request.
Off Site Working	10	9.5	Q1	Systems	High	Draft Report Issued 29 th July 2011, no management response yet received. Audit originally scheduled for Q1, deferred to Q2 at auditee's request.
Disaster Recovery and Back-up	10	-	Q1	Systems	High	Deferred to Q4 at auditees request
IT Strategy	8	-	Q1	Systems	High	Deferred to Q4 at auditees request
IT Governance / Programme Management	10	9.5	Q2	Systems		Draft Report Issued.
Telecommunications	10	-	Q2	Systems		Deferred to Q4 at auditees request
Server Virtualisation & Data Centre	12	-	Q2	Systems		Deferred to Q4 at auditees request
Total	72	30.5				
RESOURCES AND REGENERATION DIRECTORATE						
Slough Enterprise	5	4.5	Q1	Key	High	Draft Report Issued. Audit originally scheduled for Q1, deferred to Q2 at auditee's request.
CRB Checks	10	10	Q2	Verification	High	Final Report Issued
Contract Management	20	-	Q2	Verification	Medium	Deferred until quarter 3
Fact Finding Work – Property and Regeneration	20	-	Q2			Capital specialist has been appointed by the Council, and as such no detailed work was undertaken in this area.
Total	55	14.5				

Internal Audit Plan 2011/12 – Progress to 2nd November 2011 (Quarters 1 and 2)

Auditable area	Audit Budget (days)	Days Delivered	Timing	Type of Audit	Risk	Progress
CUSTOMER AND TRANSACTIONAL						
None due to take place in 1 st or 2 nd quarter	0	0	-	-	-	-
Total	0	0				
EDUCATION & CHILDREN'S SERVICES						
Contingency Budget for high risk schools	5	5	Q1	Schools	Medium	Final Report Issued. A request from Khalsa Primary School Governing Body to undertake an urgent financial review.
Schools Financial Support	15	14.5	Q1	Systems	High	Draft Report Issued.
Review of effectiveness of recruitment appointment procedures of schools where HR support is outsourced and internally by the council.	15	14.5	Q1	System	High	Draft Report Issued.
Iqra Primary School	5	4.5	Q2	Probity	Medium	Draft Report Issued.
Safeguarding – Management Assurance	15	13	Q2	Verification	High	Fieldwork completed, draft report to be issued shortly
Total	55	51.5				
COMMUNITY AND WELL BEING						
None due to take place in 1 st or 2 nd quarters	0	0	-	-	-	-
Total	0	0				
FOLLOW UPS						

Internal Audit Plan 2011/12 – Progress to 2nd November 2011 (Quarters 1 and 2)

Auditable area	Audit Budget (days)	Days Delivered	Timing	Type of Audit	Risk	Progress
Follow Ups	16	15	Q1 / Q2	Follow Up	Medium	Draft Report Issued. An overview of progress with the implementation of audit recommendations has been included within appendix Three.
Management Days	50	50	Q1/Q2	N/A	-	Quarter 1 and 2 Progress Report delivered.
Other work Delivered : (1) Play Capital Grant (2) Milan Centre (3) Respond – Adult Respite Service	10	10	Q1	Ad-hoc	-	(1) Declaration required from the Chief Executive and the Head of Audit by the Department of Education to confirm grant expenditure (2) Review of financial processes and procedures (3) Imprest account processing and reconciliation issues
TOTAL DAYS	338	We have delivered 96% of Q1 and Q2 plan given the number of deferrals, totalling 80 days, within the quarters.				

SUMMARY OF FINALISED REPORTS

To enable Management and Members to focus on the areas of concern, we have provided a brief summary below of the finalised reports from the Quarter.

Business Continuity - 2011/2012

We are not providing an assurance opinion in respect of our work; however, we obtained evidence to support progress made against recommendations previously raised within this area. It was recommended that Business Continuity is subject to a full Internal Audit at a future date following completion of the consultancy exercise provided by KPMG. This management letter was intended to outline the current 'state of play' in order for recommendations raised within the 2009/10 report to be addressed by Management under the ongoing review of business continuity arrangements.

The Director of Customer & Transactional Services detailed that the work to be carried out by KPMG will address the issues raised in the previous Internal Audit Report. However, it was noted that arrangements are currently being made in respect of creating a Business Continuity Working Group, in which members are currently being sought. A draft Terms of Reference for the working group has also been created. It was stated that this working group will also work to address recommendations raised within the previous Internal Audit Report.

Scope

Audit work was undertaken to cover the following control areas:

- Business Continuity Planning;
- Roles and Responsibilities of Staff;
- Business Continuity Training;
- Infrastructure Assessment;
- Risk Analysis;
- Priorities for Recovery; and
- Testing of Business Continuity Plans.

Assurance Rating – N/A – Management Letter Issued

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>1) Business Continuity Working Group</p> <p>A Business Continuity Working Group should be established comprising of management from across the organisation.</p> <p>The function of this group should establish the direction of the program, identify tools to be used, establish metrics, and report to senior management on BCP progress.</p>	2 – Medium	<p>Business Continuity Working Group established with representation from all Directorates plus, IT, HR, Communications, Facilities as well as the Emergency Planning Officer. Terms of reference and action plan have been agreed with meetings to be held monthly.</p> <p>Responsibility: Corporate Management Team. Chair of Business Continuity Working Group (CMT representative)</p> <p>Timescale: Implemented June 2011</p>
<p>2) Responsible Officer for oversight of Business Continuity</p> <p>A Chair from the Business Continuity Working Group should be nominated to develop the programme.</p> <p>The assigned Officer will then be able to monitor the completion of BCPs and ensure that the content is of a satisfactory quality.</p>	2 – Medium	<p>Director of Customer & Transactional Services elected as Chair and CMT representative.</p> <p>Responsibility: Business Continuity Working Group</p> <p>Timescale: Implemented June 2011</p>
<p>3) Standardisation of Business Continuity Plans</p> <p>The Business Continuity Working Group should make a decision on the standard of BCPs produced and hence amend the current BCP template as appropriate.</p> <p>Each service should have their own BCP which reflects their unique individual requirements relevant to the office space or building occupied and staffing but be produced in a format that is consistent with the rest of the organisation.</p>	2 – Medium	<p>Agreed - this has been included within the action plan</p> <p>Responsibility: Business Continuity Working Group Chair</p> <p>Timescale: September 2011</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>4) Corporate Business Continuity Plan</p> <p>The Business Continuity Working Group should ensure that a Corporate BCP is produced and monitor progress against this objective.</p> <p>This should outline the recovery arrangements with external suppliers; initial responses to be taken in the event of an emergency; procedures to enable timely determination of the extent of problems; instructions set out regarding the engagement of any outside providers and procedures to ensure that employees are kept up to date with the status of the event.</p> <p>There should also be procedures in place to ensure that the plan is regularly reviewed, maintained and approved by an appropriate Officer.</p>	<p>2 – Medium</p>	<p>It proposed to produce a draft corporate BCP to be presented to CMT for approval</p> <p>Responsibility: Corporate Management Team</p> <p>Timescale: October 2011</p>
<p>5) Publication of Business continuity Plans on Staff Intranet</p> <p>The Chair of the Business Continuity Working Group should confirm that up to date and completed BCPs are made available to staff on the intranet.</p> <p>Progress against this should be regularly monitored.</p>	<p>2 – Medium</p>	<p>The Group should consider if there is any confidential information that may be contained within BCP's and decide what information can be made available on the intranet.</p> <p>Responsibility: Chair of Business Continuity Working Group</p> <p>Timescale: Monthly - On going as part of the normal working of the group</p>
<p>6) Business Continuity Key Contacts</p> <p>A master list of key contacts and their telephone numbers should be maintained.</p>	<p>2 – Medium</p>	<p>The listing of key contacts and their phone numbers from each department can be part of the Corporate BCP. Working group Members requested to review and address issues by next</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
This should be held electronically and a hardcopy stored in a secure location.		meeting Responsibility: BCP working group Timescale: September 2011
7) Infrastructure Assessment We recommend the Business Continuity Working Group identify and discuss work to be completed as part of the BCP infrastructure assessment.	2 – Medium	Agreed Responsibility: Business Continuity Working Group Chair Timescale: August 2011
8) Business Impact Analysis The Business Continuity Working Group should review the work done on Business Impact/Risk Assessments to ensure that it is still fit for purpose. This work should develop a clear picture of what components (people, process, and/or technology) of the operation are critical to it carrying out its mission and to identify how long it can do without or work-around those components if they are to become unavailable.	2 - Medium	Current BIA's to be reviewed and amended as appropriate by each Directorate lead and taken to each SMT for approval Responsibility: Business Continuity Working Group Timescale: September 2011
9) Recovery Procedures The Business Continuity Working Group should identify and discuss recovery priorities and recovery sites as part of the BCP process.	2 – Medium	Agreed Facilities team to carry out assessments of suitable sites. Responsibility: Business Continuity Working Group Chair Timescale: October 2011
10) BCP Training The Risk and Insurance Officer should liaise with Chartis (AIG) with regards to the provision of BCP training and report this to the Business Continuity Working Group.	2 – Medium	Agreed Responsibility: Insurance and Risk Officer Timescale: November 2011

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>11) Business Continuity Testing</p> <p>The Chair of the Business Continuity Working Group should report to CMT in respect of a BCP testing schedule involving potential scenarios and the possible implications.</p> <p>The outcome of tests successes or failures should be fully documented and used by those in management to modify their BCPs accordingly.</p>	<p>2 - Medium</p>	<p>BC is now a gold project on the CMT project programme. Therefore reports will be produced monthly to CMT</p> <p>Responsibility: Business Continuity Working Group Chair</p> <p>Timescale: Monthly</p>
<p>12) External Business Continuity Plans from Key Suppliers</p> <p>The Business Continuity Working Group identifies and discusses the key suppliers to the Council to ensure that they have provided BCPs.</p> <p>As part of the new supplier's process, critical new suppliers should be required to provide the Council with their BCPs as part of the procurement process.</p>	<p>2 – Medium</p>	<p>Part of the proposed action plan and tasked to the group</p> <p>Responsibility: Business Continuity Working Group Chair in coordination with Assistant Director Commissioning, Procurement and Shared Services</p> <p>Timescale: December 2011</p>

Criminal Records Bureau (CRB) Checks - 2011/2012

A Criminal Records Bureau (CRB) check provides details of an individual's criminal record and, for certain jobs, information held by the Independent Safeguarding Authority to help you recruit suitable staff. When the CRB check is complete, you will receive a CRB certificate.

Scope

Audit work was undertaken to cover the following control areas:

- Legislation, Policies, and procedures;
- Governance over compliance with CRB Policies;
- Use of portable CRB checks;
- Recruitment procedures and CRB checks;
- Staff training and information in relation to CRB requirements; and
- Maintenance of and access to CRB records in line with legislative requirements..

Assurance Rating - Limited

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>1) Review of Policies and Procedures</p> <p>The CRB Usage, the Secure Storage, Handling, Use, retention and Disposal Policies and the Disclosure Information – Code of Practice should be reviewed on a regular basis to ensure that they maintain up to date and reflect current practices.</p> <p>This review should be evidenced via documented version control.</p>	<p>2 – Medium</p>	<p>Agreed</p> <p>Responsibility: Recruitment Team Leader</p> <p>Timescale: 31st December 2011</p>
<p>2) Update of CRB Countersignatory Listing</p> <p>The Counter-signatory list should be regularly updated and the CRB informed of any changes.</p>	<p>3 – Low</p>	<p>Agreed. Version control will be included on the list to ensure it is regularly reviewed.</p> <p>Responsibility: Recruitment Team Leader</p> <p>Timescale: 30th September 2011</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>3) Escalation process for CRB renewals</p> <p>An escalation timetable should be drafted which states the time period given for staff to respond to requests for CRB renewals and when no reply is received escalation to line manager.</p> <p>A quarterly report should be produced for consideration by SMT stating compliance with CRB renewals.</p>	2 – Medium	<p>Agreed. An escalation process will be documented in the new policy.</p> <p>Responsibility: Recruitment Team Leader</p> <p>Timescale: 31st December 2011</p>
<p>4) Portable CRB Checks</p> <p>All staff should be reminded that CRB checks issued from other organisations should not be accepted.</p> <p>The CRB no longer supports portable CRB checks and says that any organisation that accepts an existing CRB check does so at its own risk. The CRB want to minimise the risk to children. The CRB says that organisations must check any existing check, see if there was any information held by the police forces provided with the check and make sure that the proper identity checks were done by the organisation that undertook the CRB check.</p>	2 – Medium	<p>Agreed.</p> <p>Responsibility: Recruitment Team Leader</p> <p>Timescale: 31st December 2011</p>
<p>5) Permission to commence employment prior to receipt of CRB</p> <p>Signed authorisation from an Assistant Director should be obtained in the event that staff are allowed to commence work prior to receipt of a CRB check.</p> <p>The authorisation should be completed following review of or the undertaken of a risk assessment to service users.</p>	2 – Medium	<p>Agreed. The updated policy will state that Assistant Director authorisation is required in all cases with no exceptions.</p> <p>Responsibility: Recruitment Team Leader</p> <p>Timescale: 31st December 2011</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>6) ID Checking training</p> <p>Staff within all schools responsible for checking ID for CRB applications should be given appropriate training.</p>	<p>2 – Medium</p>	<p>Agreed. The training records will be reviewed with a look to listing all relevant schools to help monitor training received.</p> <p>Responsibility: Recruitment Team Leader</p> <p>Timescale: 31st December 2011</p>
<p>7) CRB Retention</p> <p>The retention of CRB disclosure information within the Authority should be reviewed. Unless it is absolutely necessary information should not be retained for longer than six months.</p> <p>Management should consider filing CRB checks in date order to assist with disposing of documentation when required.</p>	<p>1 – High</p>	<p>Agreed.</p> <p>Responsibility: Recruitment Team Leader</p> <p>Timescale: 31st December 2011</p>

Debtors Management - 2011/2012

Debtors are responsible for the collection of miscellaneous income for the Council. The team monitors the recovery of income from clients for a diverse range of departments from Social Services to Commercial Rents. The Debtors team agrees payment plans to ensure effective recovery that meets the needs of both the customers and the Council's business requirements.

Scope

Audit work was undertaken to cover the following control areas:

- Policies and Procedures including review of processes prior to hub entry;
- Raising of invoices and credit notes;
- New sources of income are identified;
- Reconciliations with key systems;
- Debt recording;
- Debt collection including services input;
- Write-off procedures, including disputes; and
- Adequately and timely management information

Assurance Rating – Limited

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>1) Corporate Income and Debt Management Policy</p> <p>The Corporate Income and Debt Management Policy should be approved by Cabinet.</p>	1 – High	<p>Recommendation accepted. The Council has appointed an interim member of staff to review the draft Corporate Income and Debt Management policy and accounts receivable procedures. An amended policy will be submitted to the Full Council in due course. If the review identifies changes to business practices that would improve performance, these will, where possible, be implemented immediately.</p> <p>Responsibility: Accounts Receivable Project Manager</p> <p>Timescale: 31st December 2011</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>2) Oracle Procedures</p> <p>The Oracle Receivables User Procedures Manual should be reviewed to confirm that its details are up to date and reflective of the current duties which are required to be performed within the Authority as well as the changes resulting from transformation.</p> <p>Localised procedures should be established to provide guidance on processes in the absence of senior or more experienced staff.</p>	2 - Medium	<p>Recommendation accepted. Procedures will be reviewed as part of the overall review of accounts receivable. Changes will be documented and implemented in consultation with the accounts receivable team</p> <p>Responsibility: Accounts Receivable Project Manager</p> <p>Timescale: 31st December 2011</p>
<p>3) Date stamping of Notification of Debtors (NOD) forms</p> <p>All (NOD) forms are date stamped to confirm when they are received by the Accounts Receivables department.</p>	3 – Low	<p>Recommendation accepted. The accounts receivable team will be reminded of the correct procedure and spot checks will be undertaken to confirm compliance.</p> <p>Responsibility: Senior Revenues & Technical Officer</p> <p>Timescale: Immediate</p>
<p>4) Credit Memo Request</p> <p>All Credit Memo's should be supported by a Credit Memo Request Form or an email from the Originating Departmental Officer.</p>	2 – Medium	<p>Recommendation accepted. The accounts receivable team will be reminded of the correct procedure and instructed to reject credit memos that are not accompanied by adequate supporting documentation where available. Spot checks will be undertaken to confirm compliance.</p> <p>Responsibility: Senior Revenues & Technical Officer</p> <p>Timescale: Immediate</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>5) Debt Recovery Recovery of debt within the Authority should be conducted in accordance with Policy documentation, where appropriate.</p> <p>These actions are conducted promptly so that the Authority allows itself the best possibility in recovering any outstanding debt.</p>	2 – Medium	<p>Recommendation accepted. A review will be undertaken of all aspects of the credit control process. Procedures will be amended where appropriate and monitoring arrangements will be put in place to confirm compliance.</p> <p>Responsibility: Accounts Receivable Project Manager Timescale: 30th November 2011</p>
<p>6) Write Offs Periodic write-offs of debt are performed for those debts which are perceived as unrecoverable. These write offs are then reported to the Strategic Director of Resources in accordance with Council Policy and Financial Procedure Rules.</p>	2 – Medium	<p>Recommendation accepted. A review of outstanding debt has been undertaken and a number of potential write offs have been identified. These will be processed in due course. A periodic review procedure will be developed.</p> <p>Responsibility: Accounts Receivable Project Manager Timescale: 31st December 2011</p>
<p>7) Debt Reporting Outstanding debt should be reported to each responsible Assistant Director to action on a monthly basis. In order to monitor debt at a strategic level an overview of debt per Directorate should be reported to the responsible Directorate Management Team quarterly.</p>	2 – Medium	<p>Recommendation accepted. A review of management information procedures will be undertaken and changes will be implemented where appropriate.</p> <p>Responsibility: Accounts Receivable Project Manager Timescale: 31st December 2011</p>

The internal audit was commissioned by the Governing Body of the School, to provide an updated view of the financial management of the school following the demise of the financial management standards in schools (FMSiS).

Scope

Audit work was undertaken to cover the following control areas:

- Budget Setting, and Budget Monitoring and Control
- Local Bank Account / Imprest
- School fund accounting
- Payroll, including timesheets
- Procurement; and
- Miscellaneous Income

Assurance Rating – Limited

36 individual recommendations were raised as a result of this audit. Due to the number of recommendations the key issues arising from this audit are detailed below:

- At the 2010/11 year end, the school had a surplus of £148,212.70, 9.7% of the total budget for the year. A budget monitoring outturn report was produced to explain the year end position; however the differences did not reconcile with the actual difference on the yearend outturn report.
- The school received £28,875 in August 2010 to be used for one to one tuition. As at the end of May 2011, only £13,050 had been used. It could not be confirmed that the grant was being used in accordance with the conditions stipulated.
- The school does not have a separate account to manage its school fund. There is no independent review of the school fund money and no income and expenditure records are presented to the Governing Body.
- At the time of audit there was in excess of £3,000 cash and cheques held on site with very little supporting documentation.
- Staff members appear not to be receiving annual increments in line with payroll expectations.

Housing Rents - 2011/2012

Housing Rents are the payments made by a tenant for occupancy of a council property. These rents are used to recover the costs associated with the management and maintenance of the council stock, including maintenance and general housing management; whereas Service Charges is the mechanism used to recover costs of services provided to property owners. Service charges are generally a proportion of the costs related to communal facilities, insurance, care and support etc. but may also include direct costs. Housing rents is a set rate per annum, whereas service charges are individually calculated for each property based on actual costs.

The level of rent is determined by how much the council needs to spend on services to its tenants. This is calculated for the Housing Revenue Account (HRA) as a whole and then the rent for each individual rent account is increased until this overall rent target is achieved. This is complicated by a number of factors, which includes capping (each year the government will specify the maximum percentage rent increase per property) and social reform (Quality and Choice: A Decent Home for All - The Way Forward for Housing, published in December 2000 set out the government's objective that rent setting in the social housing sector be brought into a common system based on relative property values and local earnings levels).

Scope

Audit work was undertaken to cover the following control areas:

- Legislation, policies and procedures;
- Rents calculation, in accordance with government targets;
- Billing;
- Reliability and accuracy of records;
- Payment methods;
- Recording of income;
- Housing Benefit transfers;
- Reconciliations;
- Refunds;
- Rent arrears for both previous and current tenants;
- Write Offs;
- Separation of duties; and
- Previously identified weaknesses have been addressed.

Assurance Rating – Limited

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>1) Annual Rent upload reconciliation</p> <p>An annual reconciliation should be undertaken and reviewed between the rent figures uploaded to Capita, and the rent charges, as per the rent calculation spreadsheet, for each property.</p> <p>This reconciliation will confirm the integrity, accuracy and validity of the upload.</p>	2 – Medium	<p>Agreed</p> <p>Responsibility: Rent Accounts Manager</p> <p>Timescale: Immediate</p>
<p>2) Reconciliation of Rent Statements produced to posted</p> <p>Quarterly reconciliations conducted between the amount of letters and rent statements being posted, to the amount of tenants on the system should be certified by the performing officer and checked by a separate individual to confirm the accuracy of the reconciliation..</p>	3 – Low	<p>Agreed</p> <p>Responsibility: Rent Accounts Manager</p> <p>Timescale: Immediate</p>
<p>3) Document Retention</p> <p>Staff should be reminded of which documents are required to be retained are uploaded onto DIP.</p> <p>This recommendation was raised within the 2010/11 audit report and whilst previously agreed has not been fully implemented.</p>	2 – Medium	<p>Agreed</p> <p>Responsibility: Rent Accounts Manager</p> <p>Timescale: Immediate</p>
<p>4) Target Rent</p> <p>New tenancies should be set at target rent.</p> <p>A check should be conducted to confirm that the rent has been appropriately recorded on the tenancy agreement and uploaded to the Capita system.</p>	2 – Medium	<p>Agreed</p> <p>Responsibility: Rent Accounts Manager</p> <p>Timescale: Immediate</p>
<p>5) General Ledger update</p> <p>The general ledger should be updated periodically to reflect the information and financial data held on the Capita system.</p>	2 – Medium	<p>Agreed</p> <p>Responsibility: Rent Accounts Manager and HRA Finance Manager</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p>6) Cash Income Reconciliations Monthly cash, giro and direct debit Reconciliations between Oracle and Capita should be undertaken promptly after month end to preserve the integrity of records.</p> <p>This recommendation was raised within the 2010/11 audit report and whilst previously agreed has not been fully implemented.</p>	2 – Medium	<p>Timescale: Immediate</p> <p>Agreed</p> <p>Responsibility: Rent Accounts Manager</p> <p>Timescale: Immediate</p>
<p>7) Tenant arrears recovery All current tenant arrears recovery should be undertaken in line with the Income Management Procedures.</p>	2 – Medium	<p>Agreed</p> <p>Responsibility: Housings Intervention Manager</p> <p>Timescale: Immediate</p>
<p>8) Former Tenant Arrears Former Tenants Arrears recovery action and monitoring should be undertaken on former tenants arrears as soon as possible, to minimise the conduction of write offs and financial loss.</p> <p>This recommendation was raised within the 2010/11 audit report and whilst previously agreed has not been fully implemented.</p>	1 – High	<p>Agreed</p> <p>Responsibility: Rent Accounts Manager</p> <p>Timescale: Immediate</p>
<p>9) Refund documentation and approval All rent refunds should be requested from the tenant with this request maintained on the document imaging processing (DIP) system, Comino.</p> <p>Prior to payment the refund should be approved by the Transactional Service Finance Manager.</p>	2 – Medium	<p>Agreed</p> <p>Responsibility: Rent Accounts Manager</p> <p>Timescale: Immediate</p>

Follow up summary

A total of 57 recommendations were followed up as part of the follow-up Internal Audit; it was confirmed that:

- Twenty five recommendations have been fully implemented;
- Seven recommendations have been partially implemented;
- Seven recommendations remain outstanding;
- Six recommendations are no longer deemed relevant; and
- Twelve recommendations were not yet due as the agreed timeframe for implementation had not yet passed.

Further details are included within the tables below.

Area	Assurance Opinion	Status of Recommendations as at October 2011						
		Total	Implemented	Partly Implemented	Not Implemented	No longer applicable	Not yet due	
Capital Finance	Limited	5	3	2	-	-	-	
Carbon Reduction Commitment (CRC) - Energy Efficiency Scheme	Limited	7	1	-	-	-	6	
Emergency Planning	Limited	6	3	-	3	-	-	
Gas Safety	Limited	5	4	1	-	-	-	
General Ledger	Limited	9	3	2	2	2	-	
Governor Services	Limited	11	3	2	2	4	-	
Partnerships (Cross Cutting)	Limited	8	2	-	-	-	6	
Petty Cash & Imprest Systems	Limited	6	6	-	-	-	-	
Safeguarding Arrangements	Limited	8	No response received from Service Manager, Safeguarding & Governance					-
Wexham Nursery	Limited	8	Nursery had ceased trading at the time of follow-up					-
Total (Excluding Safeguarding and Wexham Nursery)		57	25 (44%)	7 (12%)	7 (12%)	6 (11%)	12 (21%)	



Fraud Report

2011 - 12

Half yearly report for the Audit Committee to 31st October 2011

Management Summary

1. This report is a summary of the work undertaken during the first half of the 2011-12 financial year by the Council's Corporate Fraud, Risk and Investigations team (CFR&I).
2. The team has undergone significant changes since April 2011 when it changed from being the Investigation and Overpayment team to become Slough Council's Corporate Fraud, Risk and Investigations team. Further details regarding this change are set out in the introduction overleaf.
3. The new Head of the Corporate Fraud, Risk and Investigations team took up this role on 10 October 2011.
4. CFR&I has maintained a performance at the half yearly stage in line with the set target of 56 sanctions by the year end, whilst the number of Benefit fraud referrals is potentially running at 28% less than the previous year. The number of fraud reports originating from other areas within the Council at this stage has not shown any significant increases. The work of the Financial Investigation team continues at around the same referral rate as the previous year, again with a majority of these referrals originating from benefit frauds.
5. During the next six months the CFR&I team will work towards increasing awareness within the Council of its role and remit, as well as working towards reviewing and updating the relevant policies that support its work within the Council.
6. The CFR&I team work to support the Council's key priorities of Being Safe, Feeling Safe. In addition all investigations are conducted within the Legal framework as set out in Regulations of Investigatory Powers Act 2000, Criminal Procedure and Investigations Act 1996, Data Protection Act 1998, Human Rights Act 2000 and within the other legal gateways available to it.

1. Introduction

- 1.1 This report is a summary of the work undertaken during the first half of the 2011-12 year by the Council's Corporate Fraud, Risk and Investigations team (CFR&I).
- 1.2 The team has undergone significant changes in April 2011 when it evolved from the Investigation and Overpayment unit to become the Corporate Fraud, Risk and Investigations team. At this time the Insurance and Risk functions came within the teams remit and the overpayments and visiting officers functions went to the Revenue and Benefits team.
- 1.3 In addition the team has recently had a management re-structure with the appointment of a Head of Corporate Fraud, Risk and Investigations from 10th October 2011.
- 1.4 Previously the focus of the Investigations and Overpayment team was predominately around the investigation of Housing Benefit offences.
- 1.5 With the appointment of two Financial Investigators in 2009 there has been a focus on actively pursuing the recovery of criminal assets obtained through Fraud cases against the authority. In addition these two Investigators have powers to seek the recovery of criminal assets through compensation or confiscation in relation to a number of other criminal lifestyle offences committed in respect of local authority enforcement areas, such as Housing, Right to buy, Trading Standards and Environmental. There will be drive during the next six months to increase the awareness of this resource and look towards the other enforcement prosecution functions within the authority to utilise this resource when a criminal prosecution is instigated.
- 1.6 From April this year the team has also taken responsibility for Corporate Fraud investigations, whether committed against the authority by an internal or external source. Again this change in remit needs to be made more widely publicised within the authorities departments and a stronger emphasis needs to be placed on Corporate Investigations within the team, whilst still meeting the work that is generated by fraudulent Housing benefit claims.
- 1.7 To meet this new remit there has been a review of the units data recording mythology, which will in the future be able to produce in the future better information in relation to financial losses and recoveries across all areas investigated by the unit.
- 1.8 CFR&I also has responsibility for raising fraud awareness across the Council, providing advice and guidance in the areas of Fraud Prevention, Money Laundering, Bribery and Whistle Blowing, whilst ensuring that the various Council departments have their risk management in place. In addition it has assumed responsibility for managing participation in the Audit Commission's National Fraud Initiative project.
- 1.9 CFR&I will be seeking to strengthen its working relationships within the Council's departments, as well as strengthening relationships with the police and other partnership organisations to facilitate the effective combating of fraud directed against the Council.

2. Performance

- 2.1 The Council's Corporate Fraud, Risk and Investigations team is measured on outputs which at present are still mainly focused around previous Housing benefit Investigations targets.
- 2.2 In respect of Housing Benefit Council Tax and Tenancy Fraud the number of reported incidents at the half yearly stage is 423, which if this rate of reporting continues will result in a reduction of reported incidents by 28% at the year end. Of this 196 were accepted for investigation. **See Figure 1 and 2 in Appendix 1.**
- 2.3 The target for Housing Benefit sanctions during 2011-12 is 56, compared to 90 in the previous year. The reasons for this were set out in the Audit committee report submitted on 27 July 2011. To date 37 Housing Benefit sanctions have been obtained, which is 66% of the years target at the half yearly stage. In addition there have been two other sanctions obtained that sit outside the Housing Benefit arena. **See Figure 3 in Appendix 1.**
- 2.4 Disappointingly in the first half of the year there have been only five Criminal Prosecutions instigated to date, set against a target of 20 for the year end. This will potentially lead to a potential under achievement of 50% against this target. There are a number of factors, which largely sit outside the control of the investigation team, that effect whether a case being investigated is appropriate for criminal proceedings or not. In addition the current author feels that setting an actual criminal prosecution target is not the best method of measuring performance, which is better judged through the number of cases handled by each investigator and sanctions obtained. In addition setting a specific target could lead to allegations of charges being laid in respect of Criminal proceedings simply to meet that objective, where as they should only be instigated through following a standardised Prosecutions policy criteria, applied equally in each case.
- 2.5 It was hoped that it would be possible to report how debt was recovered through the various reported incidents of fraud to the CFR&I, but the only figures available relate to the amount of monies recovered during the first half of this financial year through the overpayments unit, which will relate to recoveries of monies from all benefit areas they deal with, which will include Housing benefit fraud recoveries and also include recoveries that are still be collected from previous years. To date this relates to £214,028 in relation to Rent Rebate (Council tenants) and £1,183,194 Rent allowance. It is hoped that in future more direct figures will be available in relation to the recoveries generated by the unit's work through internal collation of this figures.
- 2.6 Within the Financial Investigation area there have been eight referrals this half year to date, which compared to the 21 referrals overall at the end of last year, potentially could lead to a slight overall reduction at the year end. Having said that of these eight, seven relate to Housing Benefit cases, which compared to the 12 referrals from Housing Benefit cases at the end of last year, potentially could lead to an increase in referrals from this source, which is part of the CFR&I. Again Financial Referrals are not wholly within the control of the unit as Criminal Prosecutions are needed to trigger the possibility of pursuing a financial recovery through the criminal courts either in the form of compensation or confiscation. The financial investigators have made various

presentations to the Council's departments and the unit will continue to promote their services and benefits of engaging them at an early stage in any criminal prosecution.

2.7 During this period Slough Council has received £2095.62 from the Home Office of the distribution of incentivised funds. In addition there have been four confiscation orders awarded during this period by the courts, the details of which can be found at **Figure 4 Appendix 1**.

2.8 The Financial Investigation Unit can recover funds through two methods:

- i) Compensation is where the Council is a victim. The figure can be adjusted for inflation. A typically area is benefit fraud.
- ii) Confiscation through incentivisation.
When a Court makes a confiscation Order, based upon a financial investigation hearing supported by statements, the value of the Order is split between all parties concerned. The Government takes 50%, The Prosecutor 18.75%, The Investigating body 18.75% and HMCS 12.5%. Therefore as a local authority we will receive 37.5% of any confiscation Order.

2.9 A number of cases that have recently come to conclusion during the period being reported on are shown at **Appendix 2**.

3. Conclusion

3.1 The half year to date results to date suggest that there is possibly a drop in the number of Housing benefit fraud referrals, with at this stage no real increase in the reporting of internal fraud issues being noted. It is not believed that this suggests that there are no incidents, but that potentially there is a lack of awareness of the units changed remit. Our aim is to increase the profile of the unit with the Council through the internal communications team, partnership meetings and working. There are a number of areas that we will seek to have a stronger influence within, areas such as tenancy fraud. It is hoped that with the resources available within the unit that through better management and case review that we will be able to better identify those cases that warrant investigation, whilst seeking to conclude those investigated in a timely fashion, making full resources of the units investigation capacity to met additional work from within the Council.

Appendix 1

Fig. 1 Cases opened, Rejected and closed in 2011-12

Fraud Area	Reported	Accepted	Rejected	Closed
Housing Benefit, Council Tax and Tenancy Fraud	423	196	227	142
Corporate or Internal Fraud	2	2	0	2
½ yr total	425	198	227	144
Financial Investigations – Housing Benefit	7	7	0	0
Financial Investigations – Trading Standards	1	1	0	0
½ yr total	8	8	0	0

Fig. 2 Cases opened, Rejected and closed in previous years

Fraud Area	Reported	Concluded	Rejected/referred to visiting officer
Totals 2010 - 11			
Housing Benefit, Council Tax and Tenancy Fraud	1168	338	513
Right to buy	11	11	0
Corporate or Internal Fraud	2	2	0
total	1181	351	513
Financial Investigations – Housing Benefit	12	7	0
Financial Investigations – Trading Standards	5	1	2
Financial Investigations – Planning	1	0	3
Financial Investigations – Tenancy	1	0	0
Financial Investigations – Right to buy	1	0	0
Financial Investigations – No HMO licence	1	0	0
total	21	8	5
Totals 2009 - 10			
Housing Benefit, Council Tax and Tenancy Fraud	854	300	483
Right to buy	10	10	0
Corporate or Internal Fraud	2	2	0
total	866	312	483
Financial Investigations – Housing Benefit	8	8	2
Financial Investigations – Trading Standards	4	2	2
Financial Investigations – Planning	1	1	1
Financial Investigations – Right to buy	1	0	0
total	14	11	5

Fig. 3 Performance outturn against target

Fraud Area	Prosecutions undertaken	Caution or Administrative Penalty	Positive Outcome/Action Achieved (i.e. Disciplinary)	Totals
Housing Benefit, Council Tax and Tenancy Fraud	5	32	0	37
Corporate or Internal Fraud	0	0	2	2
Total for ½ yr	5	32	2	39
Target 2011 - 12				56*
<i>Previous years comparisons</i>				
Totals 2010 – 11	26	64	N/A	90
Totals 2009 – 10	17	36	N/A	53

* explanation for the reduced target given in Audit report dated 27 July 2011

Fig. 4 Confiscation Orders

Date	Amount	Notes
11/07/11	£28,000	Housing Benefit fraud. Defendant repaid the sum direct to SBC, this included the overpayment and inflationary adjustment
29/07/11	£3,445.10	Benefits, joint working, DWP and Metropolitan Police
19/08/11	£105,000	Of these funds circa £81,000 will be paid direct to SBC as compensation (H/B plus inflationary adjustment). In addition £13,000 costs were awarded to SBC independent of the Order. The £105,000 has been paid to HMCS.
03/10/11	£93,000	Subject sentenced to 22 months in prison (default sentence) for non payment of £93,000 confiscation order. We are in the process of instructing a "receiver" to realise funds.

Appendix 2

Cases of interest.

Benefit claims.

Dennis Patrick Kelly, aged 54, from Cippenham was charged with seven counts of benefit fraud after he failed to declare savings and pleaded guilty on October 22 2009 at Reading Crown Court. On November 27, 2009, Kelly was sentenced to four months imprisonment and the council requested confiscation proceedings against him. Kelly was released in January 2010, serving six weeks for fraudulently receiving £15,626.00 in benefits. On August 6, 2010 at Reading Crown Court, the Judge ruled Kelly had to pay a Confiscation Order obtained under The Criminal Justice Act 1988: Total criminal benefit figure of £93, 593.18. Of this figure compensation of £15,626.00 payable to Slough Borough Council for benefits received. He was given six months to pay and 22 months imprisonment in default sentence. On February 2, 2011, the six months time to pay expired and Kelly made an application to Reading Crown Court questioning the confiscation Order and requesting an extension. As a result, on March 21, 2011, a hearing took place at Reading Crown Court which determined the original Order was correct and the court did not have the requisite jurisdiction to deal with any further applications. All matters would need to be dealt with by Dover Magistrates Court - the South East regions confiscation enforcement court. On June 24, 2011 a hearing was convened at Dover Magistrates Court which Mr Kelly did not attend. As a result, Dover issued a warrant for Mr Kelly's arrest. Mr Kelly was arrested on September 30 and transferred to Folkestone Magistrates Court for a hearing where he was sent to prison for 22 months. Mr Kelly will serve the full term or until the confiscation order is paid. Even after the 22 months has been served, the money will still be owed and a receiver will be appointed to secure their recovery.

Benefit claims.

Mr Adewuyi attended Reading Crown Court on 18 April 2011 charged with 3 counts of knowingly failing to give prompt notification of a change in his circumstances namely that he had started work whilst in receipt of Housing & Council Tax Benefits , 2 counts of knowingly failing to give prompt notification of a change in his circumstances namely that he had started work whilst in receipt of Income Based Jobseekers Allowance & 1 count of knowingly making a false statement or representation, namely that he was not working, with a view to obtaining Jobseekers Allowance. Throughout his work Mr Adewuyi had continued to sign as unemployed. This last offence occurred on or about 23 April 2008 when he had been working for Overseas Courier Service since February 2008. The offences occurred between July 2007 & April 2008. He pled guilty & was sentenced to 100 hours community service for the 5 counts of knowingly failing to declare changes & 150 hours community service for the 1 count of knowingly making a false statement to run concurrently (so effectively only 150 hours). The Housing Benefit overpayment was £1916.77, Council Tax Benefit £356.36 and Jobseekers Allowance £1699.31; totalling £3972.44. £50 costs were also imposed.

Mr Adewuyi failed to attend for interview at SBC on 5 separate occasions. This sends out a clear message to the public that we will still take court action against individuals even if they fail to attend for interview.

Benefit claims.

As part of a joint operation involving Slough Borough Council, Thames Valley Police and the Department for Work and Pensions, entry was gained to a property in Alpha Street North, Slough on 12 September 2011. Mr Mourad Sakat, an Algerian national, was arrested and charged with offences relating to the possession and use of false identity documents as well as fraud offences.

Checks with the Border Agency revealed that Mr Sakat was an overstayer in the UK whose visa had expired in 2004. A number of identity documents in various names, (some bearing the photo of Mourad Sakat) were seized from the premises and found, on inspection, to be forged or counterfeit.

The documents had been used to make fraudulent applications for benefit to Slough Borough Council. As a result, Housing Benefit totalling £17,000 was paid and Council Tax Benefit in excess of £2,000 was awarded over a two year period. Mr Sakat entered early guilty pleas at Reading Crown Court on 7 October 2011. He was sentenced to 2 years imprisonment for the offences.

Benefit claims.

On 11 April 2011 Mr Panchal plead guilty to 5 counts of dishonesty involving an overpayment of Council Tax Benefit & Income Support (amounting to £4941.94) on his own behalf due to his failure to declare property owned and undeclared capital (repaid prior to trial). He also admitted his involvement in his father-in-law's (Mr N Patel) fraudulent claim to Housing Benefit amounting to £67,383.57. A confiscation order was made 13 May 2011 and it was agreed that this should be paid prior to sentencing on 11 November 2011. £105,000 confiscation payment was made to the court on 27 October 2011. We are awaiting final sentencing.

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SCHOOLS FINANCIAL VALUE STANDARD (SFVS)

The Schools Financial Value Standard replaces the Financial Management Standard in Schools (FMSiS) which was withdrawn by the Secretary of State with effect from 15 November 2010. The new standard (SFVS) has been available to schools to use from September 2011.

The Department for Education (DfE) makes it clear that Governing bodies have formal responsibility for the financial management of their schools, and that the standard is primarily aimed at them. The Governors are expected to carry out a self assessment and for the outcomes of this to be signed by the Chair of the Governing Body, presented to the Full Governing Body and be submitted to their local authority's finance department. The standard has been designed to assist governors in managing the school finances and to give assurance that they have secure financial management in place.

Maintained schools are required to complete the SFVS once a year. Those schools which never attained FMSiS will be expected to complete and submit the SFVS to their local authority by 31 March 2012. For all other maintained schools, the first run through is required by March 2013. An annual review is required thereafter.

The SFVS will not be externally assessed like FMSiS and it is expected that local authorities will use schools' SFVS returns to inform their programme of financial assessment and audit.

To quote from the DfE guidance

'The Schools manage many billions of pounds of public money each year. Effective financial management ensures this money is spent wisely and properly, and allows schools to optimise their resources to provide high-quality teaching and learning and so raise standards and attainment for all their pupils.'

It is not the intention of this paper to go through the standard in detail but the 23 questions of the standard are given at appendix A. The questions are raised under four general headings:

- **The Governing Body and School Staff;**
- **Setting the Budget;**
- **Value for Money; and**
- **Protecting Public Money**

Governors are expected to indicate as part of their self assessment where they believe they meet the standard the main evidence on which they have based their answer. Where the standard is not met they are expected to summarise remedial actions and a timetable for their implementation.

The DfE has provided support notes for each question with clarification, examples of good practice and where to obtain additional support on specific issues.

As part of this year's internal audit programme we have looked at the schools financial support to consider whether assurance is provided to inform on the control environment of each school and focus audit effort. As separate exercises the effectiveness of recruitment within schools has been considered as well as the safeguarding management assurance. It intended to carry out a number of themed audits but not to carry out full audits unless there are indicators of issues, once the SVFS is fully operational these will be used to inform the programme as already indicated.

Sarah Sarll

Interim Head of Audit

November 2011

SFVS : LIST OF QUESTIONS
A: The Governing Body and School Staff
1. In the view of the governing body itself and of senior staff, does the governing body have adequate financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money?
2. Does the governing body have a finance committee (or equivalent) with clear terms of reference and a knowledgeable and experienced chair?
3. Is there a clear definition of the relative responsibilities of the governing body and the school staff in the financial field?
4. Does the governing body receive clear and concise monitoring reports of the school's budget position at least three times a year?
5. Are business interests of governing body members and staff properly registered and taken into account so as to avoid conflicts of interest?
6. Does the school have access to an adequate level of financial expertise, including when specialist finance staff are absent, eg on sick leave?
7. Does the school review its staffing structure regularly?
B: Setting the Budget
8. Is there a clear and demonstrable link between the school's budgeting and its plan for raising standards and attainment?
9. Does the school make a forward projection of budget, including both revenue and capital funds, for at least three years, using the best available information?
10. Does the school set a well-informed and balanced budget each year (with an agreed and timed plan for eliminating any deficit)?
11. Is end year outturn in line with budget projections, or if not, is the governing body alerted to significant variations in a timely manner, and do they result from explicitly planned changes or from genuinely unforeseeable circumstances?
C: Value for Money
12. Does the school benchmark its income and expenditure annually against that of similar schools and investigate further where any category appears to be out of line?
13. Does the school have procedures for purchasing goods and services that both meet legal requirements and secure value for money?
14. Are balances at a reasonable level and does the school have a clear plan for using the money it plans to hold in balances at the end of each year?
15. Does the school maintain its premises and other assets to an adequate standard to avoid future urgent need for replacement?
16. Does the school consider collaboration with others, eg on sharing staff or joint purchasing, where that would improve value for money?
17. Can the school give examples of where it has improved the use of resources during the past year?
D: Protecting Public Money
18. Is the governing body sure that there are no outstanding matters from audit reports or from previous consideration of weaknesses by the governing body?
19. Are there adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers (please note any instance of fraud or theft detected in the last 12 months)?
20. Are all staff aware of the school's whistleblowing policy and to whom they should report concerns?
21. Does the school have an accounting system that is adequate and properly run and delivers accurate reports, including the annual Consistent Financial Reporting return?
22. Does the school have adequate arrangements for audit of voluntary funds?
23. Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?

Slough Borough Council

Audit Committee: Training programme for the year: 2011/2012

November 2011

Report by: Interim Head of Audit

Contact: Sarah Sarll - Interim Head of Audit

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TRAINING PROGRAMME FOR THE AUDIT COMMITTEE MEETINGS 2011/12

Previous Training Given

27th January 2011 – Role of the Audit Committee – slides available

21st June 2011 – IFRS changes to the 2010-11 accounts

Winter Meeting (10th November 2011) - a half hour presentation before main committee on the ‘Bribery Act 2010 –Local Government Impact’

Spring Meeting (5th March 2012)

Accounts Closing – IFRS/Accounting Polices/reviewing accounts/annual governance statement

Deferred training into 2012/13

Role of Internal Audit & Role of External Audit

Risk Management and Role of Committee

AUDIT COMMITTEE
CORE WORK PROGRAMME 2011/2012

Date of Meeting	Agenda Items	Achieved	Additional Actions to be taken or notes
27 th July 2011	<ul style="list-style-type: none"> • Review and consider the draft accounts issued 30th June 2011 for the financial year just finished and draft annual governance statement • Review the Internal Audit 2nd quarter plan • Consider Internal Audit opinion for the financial year just finished • Consider an annual report on anti- fraud • Consider First Quarters Progress against Plan and any reports from Internal Audit and management responses 	N/A	Changes in presentation considered
10 th November 2011 (note this has been brought forward from the cancelled 19 th October meeting)	<ul style="list-style-type: none"> • Review performance relating to risk management • Review the Internal Audit 3rd quarter plan • Review and consider the final accounts issued 30th September 2011 for the financial year just finished and final annual governance statement • Consider Second Quarters Progress against plan and any reports from Internal Audit and management responses 	Report to this meeting Report to this meeting N/A	Went to Full Council 19 th October 2011

	<ul style="list-style-type: none"> Consider the External Audit report giving an opinion on the financial statement for the previous financial year and the response to/implementation of any recommendations; this includes the Annual Governance Statement Report. Review the progress being made against the key risks identified in the Council's Annual Governance Statement 	N/A	Went to Full Council 19 th October 2011
	<ul style="list-style-type: none"> Review performance relating to risk management Review ½ year report on anti-fraud Review the Internal Audit 4th quarter plan 	Report to this meeting Report to this meeting See final agenda item on Internal Audit contract	
	<ul style="list-style-type: none"> Review External Audit Annual Audit letter and Final Accounts Memorandum (if required) Consider Third Quarters Progress against Plan and any reports from Internal Audit and management responses Consider the Committee's own effectiveness in its work Review the Committee's Terms of Reference 	N/A Report to this meeting N/A N/A	To go to Full Council Deferred to next meeting Deferred to next meeting
	<ul style="list-style-type: none"> Review the progress being made against the key risks identified in the Council's Annual Governance Statement 	Report to this meeting	
10th November 2011	<ul style="list-style-type: none"> Review performance relating to risk management 		
Monday 5th	<ul style="list-style-type: none"> Review performance relating to risk management 		

<p>March 2012</p>	<ul style="list-style-type: none"> • Review the Internal Audit strategy and the periodic work plan for the coming financial year including the Internal Audit 1st quarter plan 2012/2013 • Consider External Audit opinion plans for the coming financial year • Consider External Audit Certification of claims and returns – annual report • Consider any reports from Internal Audit and management responses and progress against plan with estimated completion status by year end. • Consider a financial report, including relevant information about financial performance and achievement of financial targets • Consider External Audit Annual Fee Letter (if available) • Review annual assurances provided by senior staff prior to the annual governance statement 2011-12 including the progress being made against the key risks identified in the Council's Annual Governance Statement for 2010-11 		
<p>Monday 5th March 2012</p>	<p>Bfwd from Winter meeting 10th November 2011</p> <ul style="list-style-type: none"> • Consider the Committee's own effectiveness in its work • Review the Committee's Terms of Reference 		

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