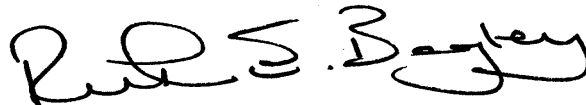


Date of issue: Tuesday, 30 June 2015

MEETING:	AUDIT AND CORPORATE GOVERNANCE COMMITTEE (Councillors Chohan (Chair), Matloob (Vice-Chair), Ajaib, Amarpreet Dhaliwal, Mansoor, Nazir and Sandhu) CO-OPTED INDEPENDENT MEMBERS: Graham Davies, Ajay Kwatra, Ronald Roberts and Alan Sunderland
DATE AND TIME:	WEDNESDAY, 8TH JULY, 2015 AT 6.30 PM
VENUE:	MERCURY SUITE 1, ST MARTIN'S PLACE, 51 BATH ROAD, SLOUGH, BERKSHIRE
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	SHABANA KAUSER 01753 787503

NOTICE OF MEETING

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



RUTH BAGLEY
Chief Executive

AGENDA

PART I

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

<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
1.	Declarations of Interest <i>All Members who believe they have a Disclosable Pecuniary or other Pecuniary or non pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Section 3 paragraphs 3.25 – 3.27 of the Councillors' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 3.28 of the Code.</i> <i>The Chair will ask Members to confirm that they do not have a declarable interest. All Members making a declaration will be required to complete a Declaration of Interests at Meetings form detailing the nature of their interest.</i>		
2.	Minutes of the Last Meeting held on 10th June 2015	1 - 2	-
3.	Audit and Corporate Governance Committee - Terms of Reference <i>To note the Audit and Corporate Governance Committee Terms of Reference.</i>	3 - 8	All
4.	Quarter 4 2014/15 Audit and Risk Management Update and Approval of the Annual Governance Statement	9 - 58	All
5.	Standards Determination Sub Committee held on 22 June 2015 <i>To report to the Committee the findings of the Standards Determination Sub Committee held on 22 June 2015 – Notice of Determination Attached.</i>	59 - 60	All
6.	Members Attendance Record	61 - 62	-
7.	Date of Next Meeting - 24 September 2015	-	-

Press and Public

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

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

Audit and Corporate Governance Committee – Meeting held on Wednesday, 10th June, 2015.

Present:- Councillors Chohan (Chair), Matloob (Vice-Chair), Ajaib, Amarpreet Dhaliwal, Nazir and Sandhu.

Co-Opted Independent Members:- Graham Davies, Ron Roberts and Alan Sunderland.

Parish Council Member:- Parish Councillor Bryant.

Independent Person:- Dr Louis Lee.

Apologies for Absence:- Councillor Mansoor and Mr Kwatra.

PART 1

1. Declarations of Interest

None.

2. Minutes of the Last Meetings of the Audit & Risk Committee held on 12th March 2015 and the Standards Advisory Committee held on 17th March 2015

Resolved – That the minutes of the last meetings of the Audit & Risk Committee held on 12th March 2015 and the Standards Advisory Committee held on 17th March 2015 be approved as a correct record.

3. Appointment of Standards Determination Sub-Committee

The Committee were reminded that the Council at its meeting in April 2015 had agreed that the Standards Advisory Committee be disbanded and its terms of reference subsumed into the terms of reference of the Audit and Risk Committee with effect from 19th May 2015.

The re-named Audit and Corporate Governance Committee (ACGC) has a wide remit including the Standards and Ethical Framework. It was also agreed that a Standards Determination Sub-Committee be established to determine allegations of breaches of the Members Code of Conduct, on a reference from the Monitoring Officer, and to undertake any detailed work necessary on the Code of Conduct.

It was explained that as the parent Committee, the ACGC had to appoint the Sub-Committee and the terms of reference for the Sub-Committee, as approved by Council, were outlined. It was brought to Members' attention that the Sub-Committee did not have a fixed membership and would be convened as necessary from the membership of the ACGC. The Sub-Committee would

Audit and Corporate Governance Committee - 10.06.15

comprise of five members, of whom a maximum of three shall be elected members drawn on a politically proportionate basis, wherever possible. In the event an opposition member was not available, the three elected members will be appointed from the same political party. No more than two members of the Sub-Committee should be Co-Opted Independent Members.

Resolved - That a Standards Determination Sub-Committee be appointed comprising five Members of the Committee to be selected at random, subject to it including three elected Members, on a politically proportionate basis, and two Co-Opted Independent Members.

4. Date of Next Meeting - 8th July 2015

Resolved – That the next meeting of the Audit & Corporate Governance Committee be held on 8th July 2015.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 6.37 pm)

ARTICLE 10 – AUDIT AND CORPORATE GOVERNANCE COMMITTEE

The Council will appoint an Audit and Corporate Governance Committee

1. Statement of Purpose

The purpose of this Committee is to

- promote and maintain high standards of conduct by Members
- provide independent assurance of the adequacy of the risk management framework and the associated control environment
- independently scrutinise the authority’s financial and non-financial performance, to the extent that it affects the authority’s exposure to risk and weakens the control environment and to oversee the financial reporting process
- approve the financial statements
- approve the Annual Governance Statement.

Terms of Reference

2. Within the Terms of Reference of the Committee it will be

- the member forum for external audit matters, approving the financial statements on behalf of the full Council
- the member forum for ethical framework matters
- the member forum for internal audit matters
- a key element of the internal control framework for the Council and take responsibility for the approval of the Annual Governance Statement on behalf of the full Council
- be the member forum for risk management matters
- be the member forum for corporate governance matters.

Membership

3 The Committee is subject to the provisions of the Local Government Access to Information Act 1985.

4 The Committee will comprise*:

Seven councillors (politically balanced) (not the Leader, Mayor and Deputy Mayor, Chairs and Vice Chairs of Planning and Licensing Committee and Group Leaders*)
Up to four co-opted (non-voting) independent members from outside the Council with suitable experience

The Council’s Independent Person (as an observer).

* executive members limited to one

* one Member from each of the three Parish Councils in the Borough to be invited to attend and speak at the Committee if it is considering a report relating to material changes to the Code of Conduct

In order to promote the independence of the Committee there should be limited cross membership between Overview and Scrutiny Committee and the Audit and Corporate Governance Committee limited to a maximum of 2 members. Also Cabinet membership of the Committee is limited to one member.

The Chair of the Committee will be an elected Member of the Council

Working Arrangements

- 5 That Committee will meet four or more times per year.
- 6 The quorum of the Committee shall be a minimum of three voting members of the committee.
- 7 The Committee will be subject to the statutory access to information provisions. The press and public may be excluded and papers withheld from access only if they meet statutory definitions of exempt or confidential information.
- 8 All Members of the Council and members of the press and public can attend the Committee when it is discussing business in Part I of the agenda. When the Committee is discussing exempt or confidential information (Part II) only Members of the Committee and Members of the Council (with the consent of the Committee given by majority resolution) can attend.
- 9 The Committee will appoint a Standards and Determination Sub Committee to
 - determine complaints following an investigation; and
 - give detailed consideration to revisions to the Code of Conduct as necessary for recommendation to the Committee.
- 10 The Committee and its Sub Committee may require Members of the Council and Officers of the Authority to attend before it to answer questions.
- 11 The Committee and its Sub Committee may require the production of any document or record in the possession of the Council to be submitted to it, unless to do so would involve a breach of data protection or other statutory provisions.
- 12 The Committee may require the Monitoring Officer or his/her nominee to investigate on its behalf allegations of impropriety referred to the Committee.

Specific Functions

The Committee's specific functions shall include but not be limited to

- 13 External Audit
 - To consider the external audit report to those charged with governance on issues arising from the audit of the accounts, and ensure that appropriate action is taken in relation to the issues raised
 - To consider the external auditor's annual letter and ensure that appropriate action is taken in relation to the issues raised
 - To consider and comment on any plans of the external auditors
 - To comment on the scope and depth of the external audit work and to ensure it gives value for money
 - To consider any other reports by the external auditors
 - To liaise with the appointed body over the appointment of the Council's external auditor

14 Internal Audit

- To consider the Chief Internal Auditor's annual audit opinion and the level of assurance given over the Councils corporate governance, risk management and control arrangements
- To consider regular reports, including statistics, abstracts and performance of the work of internal audit as presented by the Chief Internal Auditor
- To consider and approve the annual Internal Audit plan ensuring that there is sufficient and appropriate coverage
- To consider reports from Internal Audit on agreed recommendations not implemented in accordance within the agreed timescale
- To contribute to the annual audit plan
- To comment on the scope and depth of the internal audit work and to ensure it gives value for money
- To consider any other reports the Chief Internal Auditor may make to the Committee.

15 Internal Control

- To approve the adoption of the Annual Governance Statement to the Council
- To ensure that an appropriate action is taken with respect the issues raised in the Annual Governance Statement.

16 Risk Management

- To approve the risk management strategy and review the effectiveness of risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements and seek assurances that action is being taken on risk related issues
- To ensure that assurance statements, including the Annual Governance Statement properly reflect the risk environment
- To review the Council's risk register

17 Governance

- To consider the arrangements for corporate governance and to make appropriate recommendations to ensure corporate governance meets appropriate standards
- To consider the Council's compliance with its own and other published standards and controls
- To review any issues of governance referred to the Committee by internal or external audit
- To take ownership of the Protocol on referring Matters to the External Auditor
- To review the Anti-Fraud and Corruption policy

Standards and Ethical Framework

- (a) To promote and maintain high standards of conduct by Members, (i.e. Elected and Co-opted).
- (b) To assist Members to observe the Council's Ethical Framework including the Code of Conduct.

- (c) To advise the Council on the adoption or revision of the Council's Ethical Framework including the Code of Conduct.
- (d) To monitor the operation of the Council's Ethical Framework including the Code of Conduct.
- (e) To advise, train or arrange to train Members on matters relating to the Council's Ethical Framework including the Code of Conduct.
- (f) To determine written complaints made against a Member (including a Parish Council Member) alleging a breach of the Code of Conduct and taking any action that is deemed appropriate and permitted under the Localism Act 2011 and Regulations thereunder.
- (g) To exercise of (a) to (f) above in relation to the Parish Councils wholly or mainly in its area and the Members of those Parish Councils.
- (h) To keep under review and make recommendations to the Council on the Whistle-Blowing Policy and Procedure.
- (i) To put in place and keep under review arrangements for monitoring Members' performance.
- (j) To receive and consider reports on individual Members' performance.
- (k) To decide any requests from a Member or Officer for indemnity as set out in the Council's adopted Policy on Terms of Indemnity.

18 Other

- (a) To liaise with the Overview and Scrutiny Committee to ensure that the work of the two committees is complementary.
- (b) To promote effective relationships between external audit, internal audit, inspection agencies and other relevant bodies to ensure that the value of the audit and inspection processes are enhanced and actively promoted.
- (c) To consider financial and non-financial performance issues to the extent that this impacts upon financial management and governance.
- (d) The Committee shall, in conjunction with the Monitoring Officer and Chief Finance Officer, produce an Annual Review of work completed and proposed and report on an exception basis through the Performance Report for Cabinet.

19 The terms of reference of the Committee shall be reviewed annually.

Standards Determination Sub-Committee

1. Terms of Reference

The Sub-Committee is established to

- determine complaints following an investigation.
- give detailed consideration to revisions to the Code of Conduct as necessary for recommendation to the Committee.

2. Following a hearing the Sub-Committee will make one of the following findings:

- (a) That the Member who was the subject of the hearing had not failed to comply with the Code of Conduct of the relevant Authority concerned;
- (b) That the Member who was the subject of the hearing had failed to comply with the Code of Conduct of the relevant Authority concerned, but that no action needs to be taken in respect of the matters which were considered at the hearing; or
- (c) That the Member who was the subject of the hearing had failed to comply with the Code of Conduct of the relevant Authority concerned and that a sanction should be imposed.

3. If the Sub-Committee makes a finding under paragraph 2(c) in respect of a person who is no longer a Member of any authority that the Committee has responsibility for it shall censure that person.

4. If the Sub-Committee makes a finding under paragraph 2(c) in respect of a person who is a serving Member of any authority that the Committee has responsibility for, it shall impose any of, or a combination of, the following sanctions:

- (a) censure of that Member
- (b) restriction for a period not exceeding six months of that Member's access to the premises of the relevant Authority or the resources of the relevant Authority provided that those restrictions:
 - i. are reasonable and proportionate to the nature of the breach;
 - ii. do not unduly restrict the person's ability to perform the functions of a Member.
- (c) that the Member submits a written apology in a form specified by the Sub-Committee;
- (d) that the Member undertakes such training as the Sub-Committee specifies;
- (e) that the Member participate in such conciliation as the Sub-Committee specifies.

5. Appointment and Composition of the Sub-Committee

- (a) The Sub Committee will be convened as necessary from the membership of the Audit and Corporate Governance Committee. The Sub-Committee will therefore not have a fixed membership.

- (b) The Sub-Committee shall comprise five Members, of whom a maximum of three shall be elected members drawn on a politically proportionate basis, wherever possible. If an opposition Member is not available, the three Members will be appointed from the same political party. No more than two should be Co-Opted Independent Members of the Audit and Corporate Governance Committee.
- (c) The Sub-Committee shall elect a Chair at each hearing/meeting. The Chair will be an elected Councillor.
- (d) The appointment and composition of the Sub-Committee shall increase to include a Parish Member (observer) of the Audit and Corporate Governance Committee where the Sub-Committee is considering a report or recommendations that relate to a Parish Council Member.

6 **Quorum**

The quorum for a meeting of the Sub-Committee shall be three Members, two of whom must be elected Members and at least one Independent Member. When considering a matter relating to the conduct of a Member as Parish Councillor at least one Parish Council representative shall also be present.

7 **Frequency of Meetings**

The Sub-Committee shall meet as and when required to enable it to undertake its functions.

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Corporate Governance Committee **DATE:** 8th July 2015

CONTACT OFFICER: Joseph Holmes; Assistant Director, Audit & Finance
(For all enquiries) (01753) 875358

WARD(S): All

PART I
FOR DECISION

Quarter 4 2014-15 Audit & Risk Management Update and Approval of the Annual Governance Statement

1 Purpose of Report

The purpose of this report is to:

- Report to members on the progress against the 2014/15 Internal Audit Plan up to Quarter 4 and the Head of Internal Audit Opinion for the financial year
- To approve the Annual Governance Statement
- Report to members on the progress of the implementation of Internal Audit recommendations
- Report to members the Council's latest counter-fraud activity
- Report to members the Council's Risk Register

2 Recommendation(s)/Proposed Action

- a) That the Annual Governance Statement for 2014-15 be approved.
- b) That the Committee comment on and note the Internal Audit Plan Quarter 4, Head of Internal Audit Opinion, Counter Fraud Activity and the Council's Risk Register.

3 Sustainable Community Strategy Priorities

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

Priorities:

- *Economy and Skills*
- *Health and Wellbeing*
- *Regeneration and Environment*
- *Housing*
- *Safer Communities*

4 Other Implications

4.1 Financial

None other than those detailed in the internal audit reports.

4.2 Risk Management

This report concerns risk management across the Council.

4.3 Human Rights Act and Other Legal Implications

n/a

4.4 Equalities Impact Assessment

There is no identified need for an EIA

5 Supporting Information

5.1 Overview

5.1.1 Baker Tilley have completed all internal reports expected during the

5.1.2 The overall Internal audit reports have continued to be finalised at a more appropriate rate than in the previous financial years. To date, there have been no red opinions on key financial systems or areas that would have a material impact on the Head of Internal Audit's opinion; indeed, there have been a number of green and amber-green audits in respect of core financial systems.

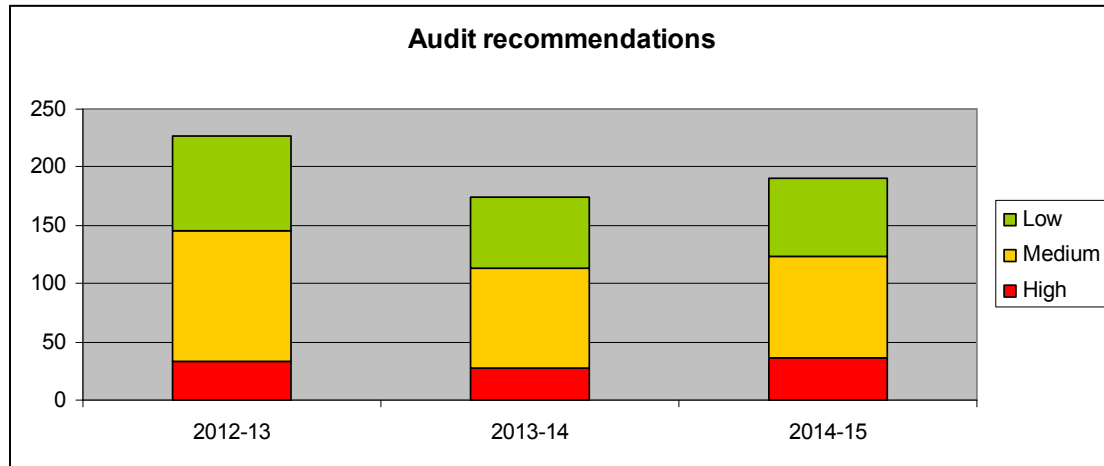
5.1.3 The Annual Governance Statement is attached and is requested for approval. This sets out the key risks and improvements in governance required for the year ahead and for the previous twelve months. Members are asked to consider and review this document for approval to the external auditors as part of their audit of the Council's financial statements. See appendix C.

5.2 Internal Audit Q4 2014-15 progress report

5.2.1 The internal audit plan for 2014-15 was set very much with a focus on addressing identified risks. As Bakertilly have had two years of experience at the Council, management and the audit & risk committee have focussed the internal audit resource very much towards areas of risk; for example focussing increasingly around contract management and areas of weaker assurance from recent audits.

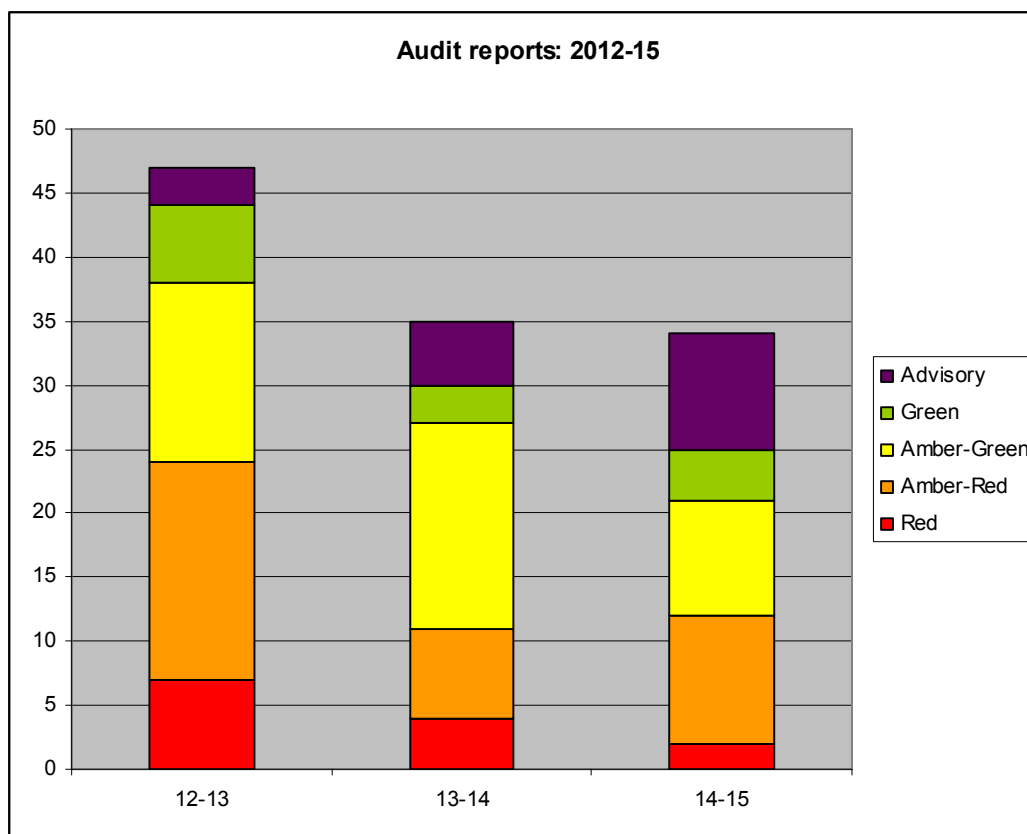
5.2.2 The full report is attached at appendix A. This summarises the full year's audits for the Committee, so many of these have been presented in further detail at previous meetings.

5.2.3 The table below summarises the comparative non schools audits from last year and in the current year.



5.2.4 There has been a slight increase in the proportion, and overall number, of high recommendations raised this year compared to the last. The Council need to gain assurance over these areas in 2015-16 that the recommendations are being followed up, and that for recurrent audits, that these are reducing. The follow-up audits and audit tracker will be used to monitor this during the coming year.

5.2.5 Overall, compared to the previous years there have been less red reports, though there has been a growth in the proportion of amber-red reports. The Council has also commissioned more advisory reports than in previous years (though four of these were in respect of the Troubled Families Grant).



5.2.6 For the Head of Internal Audit opinion, there are no negative opinions (i.e. a lack of assurance) for key financial or business critical systems.

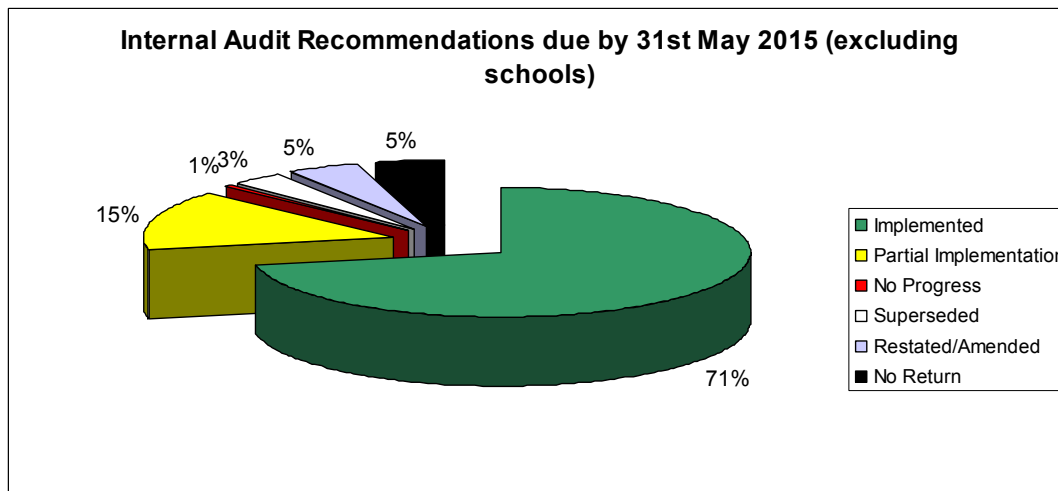
5.3 Finalising Internal Audit Reports

5.3.1 The table below shows those Internal Audits that remain in draft and are yet to be finalised as at 30th May 2015. The Committee has raised concerns about the speed of school's audits being finalised on time. The schools with a long response time were written to by the Chair of the Committee. Where the committee feels responses are still lacking, the committee can request that the Chair of Governors attend the committee to respond to the Committee's concern. A draft protocol has been collated and shared with the Chair of the Audit Committee to enable an escalation process for school's audits to be finalised more promptly.

Audit Title	Draft Issued	Responses due	Client sponsor	Rating
arvarto phase II contract Management review 25 14 15	10 February 2015	24 February 2015	Roger Parkin	Advisory
Budgetary Control & Savings Plan 32 14 15	09 April 2015	23 April 2015	Joseph Holmes	Amber Green
Education Services Contract Management 37 14 15	07 May 2015	21 May 2015	Jane Wood	Red
Payroll 38 14 15	07 May 2015	21 May 2015	Joseph Holmes	Amber Green

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

5.3.4 The number of implemented recommendations had reached a plateau of just over half (it has stayed in a range between 52% and 62% over the period 2013-14). The Council’s improvement in implementing recommendations has remained consistent at 71% (71% at the previous audit committee).



5.3.5 The table below details those audits where recommendations are still outstanding or where requests for information has not been responded to.

Name of Audit	High Level rec's not Responded to	Medium Level rec's not Responded to
Corporate Reports		
Direct Payments	0	1
Purchase Cards	1	4
Mobile Data Security	0	1
Data Quality: Performance Indicators within Contracts	2	0
VAT Follow UP	1	0
Use of Agency & Workforce Planning	1	1
Governance - Training for Members	0	1
Debtors and Cash Management	0	1
Sub Total	5	9

Name of Audit	High Level rec's not Responded to	Medium Level rec's not Responded to
Schools		
Baylis Court Nursery School	0	1
Chalvey Early Years 1 14 15	2	3
Lea Nursery School	0	2
Holy Family Catholic Primary 2 14 15	0	2
Wexham 20 13.14	1	1
Total	8	18

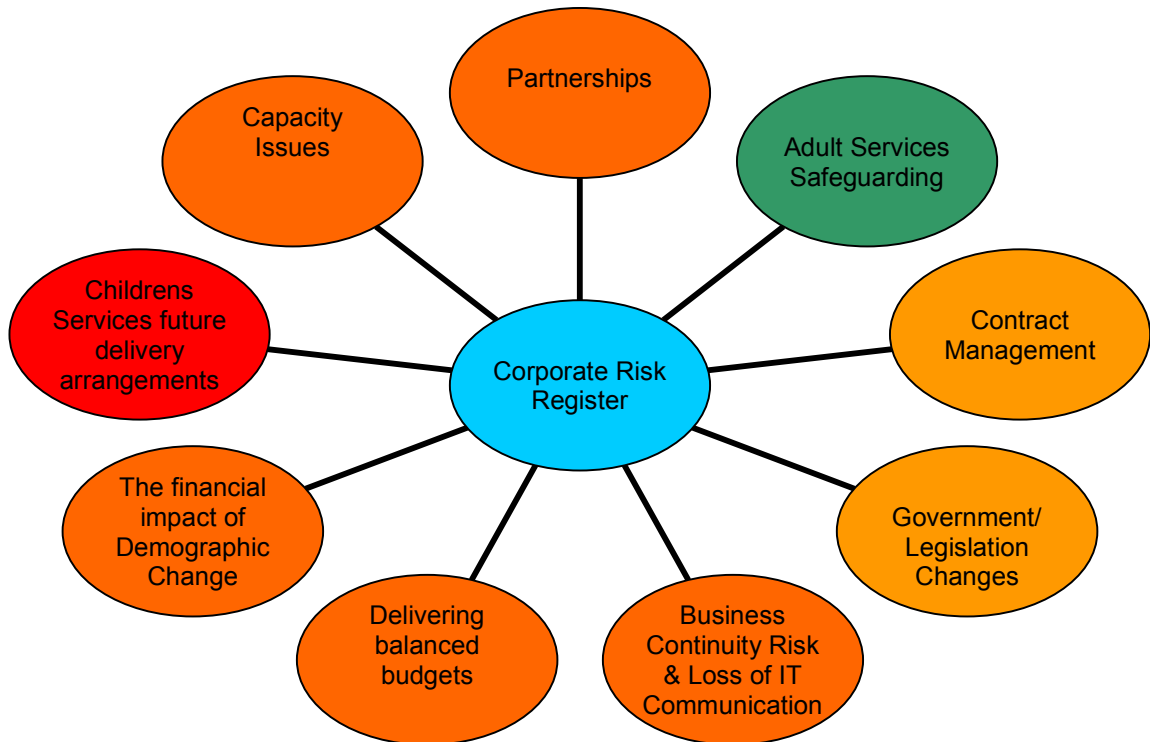
5.5 Fraud update

- 5.5.1** Every year the Council is required to report all fraud activity with a value over £10,000. The Council provides this summary on a quarterly basis to the Audit & Risk Committee. No fraud activity recorded in excess of £10,000 for Q4 2014/15. The December 2014 transfer of benefit fraud investigations to the DWP, has impacted on this activity.
- 5.5.2** In the period DWP have made 20 requests to SBC for investigation material relating to suspected housing benefit fraud. The requests require an SBC investigator to review and provided the necessary evidence, and where appropriate, submit a case report to benefits, requesting suspension and the creation of overpayments.
- 5.5.3** Corporate fraud investigations have been working closely with housing regarding tenancy and right to buy fraud. A meeting is attended every two weeks by relevant stakeholders; a RTB officer, the housing investigator and the fraud manager. The increased data sharing and escalations for fraud have resulted in SBC recovering four properties and witnessing six RTB withdrawals in the past quarter. Further criminal enquiries are ongoing into one case.
- 5.5.4** As part of the 2014-15 internal audit plan, a review of the Council's counter-fraud arrangements is being completed. The Baker Tilly draft audit report was published on 03/06/15. The recommendations will feature in the next Audit & Risk Committee for consideration.
- 5.5.5** Oxford City Council have contracted SBC's counter-fraud service for financial investigations. In January 2015 Oxford City Council, with the help of SBC secured a conviction against one defendant for a benefit fraud in excess of £85,000. SBC officers obtained a confiscation order for Oxford City for £77,000 and costs of £6,000. The order has been fully redeemed. SBC financial investigations are available to other surrounding authorities for an hourly rate or a percentage share of the recovery, providing an income stream to the Council.
- 5.5.6** The service has recently received the National Fraud Investigation (NFI) data matches and has disseminated these for further review across the Council.

5.6 Corporate Risk Register

5.6.1 The Corporate Risk Register is included within appendix B. The Audit Committee are asked to review the risk register and provide any comments back through the CMT.

5.6.2 Below is a diagram that illustrates the make up of the corporate risk register and the risk ranking



5.6.3 Since the previous audit committee, the risk concerning resources and capacity to manage change has been added

6 Comments of Other Committees

n/a

7 Conclusion

That the Audit Committee notes the latest updates from Internal Audit and External Audit.

8 Appendices Attached

- 'A' - Internal Audit Q4 2014-15 progress report and opinion
- 'B' - Corporate Risk Register
- 'C' - Annual Governance Statement

9 Background Papers

Baker Tilley Audit Reports

Slough Borough Council

Annual Internal Audit Report - Year ended 31 March
2015

Presented at the Audit and Corporate Governance
Committee meeting of: 8th July 2015

Baker Tilly Risk Advisory Services LLP

Contents

1 Introduction.....	2
2 The Head of Internal Audit Opinion.....	3
3 Our performance	8
Appendix A: Internal Audit Opinion and Recommendations 2014/2015.....	10
For further information contact	16

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from Baker Tilly Risk Advisory Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, Baker Tilly Risk Advisory Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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

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

Baker Tilly Risk Advisory Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

© 2015 Baker Tilly Risk Advisory Services LLP

1 Introduction

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

This is achieved through a risk-based plan of work, agreed with management and approved by the Audit and Risk Committee (now Audit & Corporate Governance Committee), which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that internal audit has reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led corporate risk register. As such, the corporate risk register is one component that the Council takes into account in making its annual governance statement (AGS).

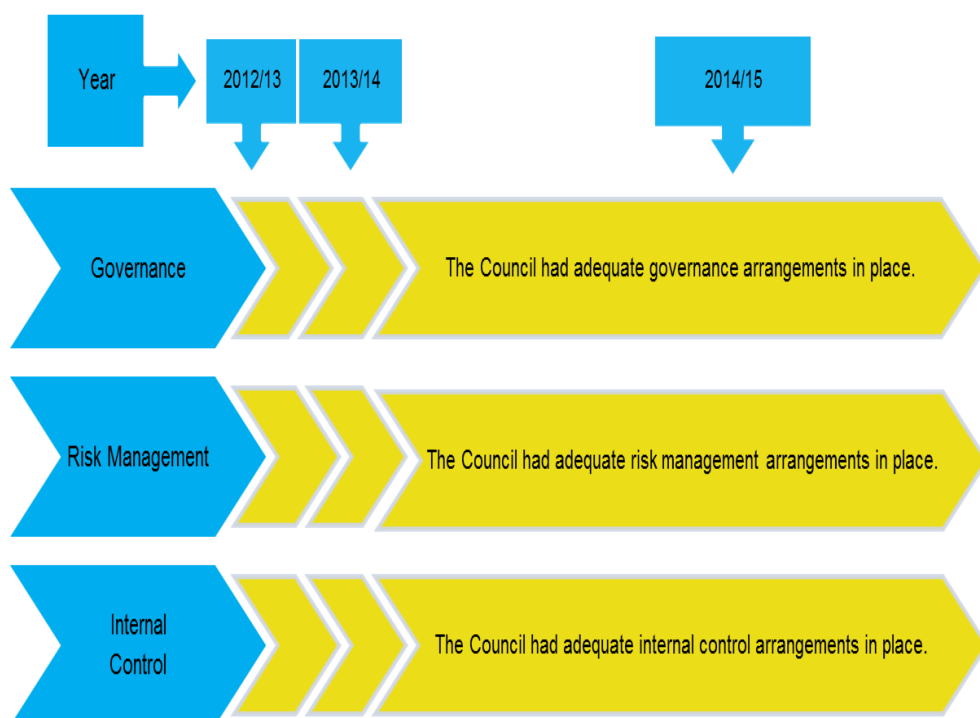
The AGS is an annual statement by the Accountable Officer, on behalf of the Council, setting out:

- How the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- The purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the corporate risk register; and
- The conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

2 The Head of Internal Audit Opinion

The purpose of our annual Head of Internal Audit Opinion is to contribute to the assurances available to the Accountable Officer, Section 151 Officer and the Cabinet through the Audit and Risk Committee (now Audit and Corporate Governance Committee). This opinion will in turn assist the Council in the preparation of its annual governance statement. It should be noted that at the Council's request we had provided limited Internal Audit coverage in the 2014/15 audit plan in the area of children's social services. This was due to the number of other external assurances and inspections that the Council was receiving in this area during 2014/15 together with the actions being taken in establishing a Children's Trust. Our opinion shown below therefore includes minimal coverage in the area of children's social services.

For the 12 months ended 31 March 2015, based on the work we have undertaken, our opinion below details the adequacy and effectiveness of your organisation's risk management, internal control and governance arrangements. We also show below the direction of travel of our opinions.



Further detail supporting our opinion can be found over the page.

2.1 Topics or issues judged relevant to the preparation of the annual governance statement (AGS)

We would expect the Council to consider in the formulation of the 2014/15 AGS, the internal control weaknesses identified along with the improvements undertaken in the year in relation to our contract management audits that have been undertaken during the year, together with the on-going weaknesses identified in the internal control environment within a number of schools.

2.2 The basis of our opinion

Governance

Our Governance opinion was informed by an audit of Governance - Framework for reporting against the 5 Year Plan. The objective of the audit was to provide assurance that the Council structure in place was appropriate to allow effective and timely reporting against the Outcomes identified within the Council's Five Year Plan.

We provided an overall reasonable assurance (amber green) opinion and made two medium priority recommendations

Risk Management

We have undertaken an audit of the risk management arrangements in place at the Council provided some assurance (amber red) in this area. Enhancements have been made within the year to the Risk Management Group which is one of the key forums, along with CMT, where key risks are discussed and reviewed. The Corporate Risk Register describes and rates each risk in terms of likelihood and consequence. It also lists controls mechanisms in place to manage those risks stated and actions to be undertaken to reduce the risks. This process has continued into 2014/15.

We have made six medium and three low priority recommendations to further enhance the risk management arrangements and ensure these are fully embedded across the Council.

Internal Control

The Internal Audit plan was driven by the Council's key risks as documented on the Corporate Risk Register, concerns raised by management and the Audit and Risk Committee. It was also driven to provide adequate coverage of the key financial systems to ensure that External Audit can utilise our work to inform their planning. Discussions were also held with management during the year to ensure that any key emerging risks for the Council were subject to review and included in the plan where appropriate.

We have undertaken 33 audits where a formal assurance opinion has been provided together with 13 advisory reviews. From the above opinions, a substantial assurance (green) opinion was provided for six audits, reasonable assurance (amber green) provided for 11, and ten provided with some (amber red) assurance.



However, during the year a total of six negative (red) opinions were issued where opinion was that the Council could not take assurance over the effectiveness of controls in place. These audits related to:

Data Quality – Key Performance Indicators within contracts: Our audit identified significant weaknesses in the processes in place for ensuring that value for money was being obtained through the delivery of performance targets for the following contracts; First Beeline Buses, Slough Library Services, Mott McDonald and Nottingham Rehab. Our testing identified that not only were KPIs not effectively defined and performance information validated, but that there were no effective mechanisms in place to ensure that the Council was receiving value for money from these providers.

Educational Services Contract Management arrangements: Our audit of the effectiveness of contract management arrangements between the Council and Mott McDonald identified that, in addition to a lack of KPIs in place between both parties, there was no validation being undertaken of performance against those indicators which had been agreed. As such, the Council could not assure itself that it was receiving value for money from the service provider or that key targets were being achieved.

arvato Performance Management: Our audit of the effectiveness of the performance management arrangements in place between the Council and arvato identified that the system was inconsistent and that some areas of performance measurement required significant improvement, particularly in respect of those services transferred over as part of phase 2 of the contract. In addition, as with the above reviews it was identified that there was not an effective process in place for validating performance against KPIs to ensure that value for money was being obtained from the provider.

Schools audits (Chalvey Early Years Centre, Holy Family Catholic Primary School and Khalsa Primary School): negative assurance opinions were issued for the above schools audits, primarily due to weaknesses identified in the processes in place to ensure that goods and services were being procured effectively. As such we were unable to provide assurance that value for money was being obtained by each of these schools.

In addition to the above red rated reports we have undertaken a number of advisory reviews where significant weaknesses in control were identified which also impact the opinion. These related to the audits on Contract Management – Slough Community Leisure and arvato Phase II Contract Management Review. It should be noted that whilst the numbers of recommendations made within these reports have not been included within Appendix A, they have been provided to management for action plans to be developed and implemented.

A summary of internal audit work undertaken, and the resulting opinions, is provided at appendix A.

2.3 Acceptance of 2014/2015 Internal Audit recommendations

All of the recommendations made during the year were accepted by management. Whilst 10 reports remain at the draft report stage we have been provided with assurance by management as part of the debrief meeting process that the recommendations made will be implemented.

2.4 Implementation of internal audit recommendations

Our follow up of the recommendations from previous years and current audit assignments, showed that the organisation had made little progress in implementing the agreed actions.

The results of the follow up review showed that the organisation has made adequate progress in implementing the agreed recommendations, as summarised below:

Recommendation Priority	Number made in 2012/13	Of which:	
		Addressed	Not implemented or still in progress
High	10	4	6
Medium	30	21	9
Low	22	15	7
Totals	62	40	22

From our testing undertaken as part of the follow up, which covered audits for 2014/15 where the implementation date given for the recommendation had passed, we identified 3 reports where 2 or more of the recommendations made had not been implemented, and as a result restated these recommendations:

- Mobile Data Security
- Lone Working Procedures
- Data Quality – Performance Indicators within contracts

The audit did not follow up on schools recommendations as these will be subject to review as part of the 2015/16 audit plan related to schools.

In addition, we followed up on recommendations made as part of our initial 2013/14 review of the Council's VAT arrangements and while we found that progress had been made, there were still areas to be developed, such as compliance checking to ensure VAT is being calculated appropriately. As part of the 2014/15 plan, we also undertook follow up reviews of the following 2013/14 audits where red opinions were given:

- Contract Management Arrangements – Atkins
- Contract Management Arrangements – AMEY

For both of these reviews, our 2014/15 follow ups demonstrated that progress had been made by the Council to implement the recommendations made and improve the control framework in relation to these areas.

2.5 Reliance placed upon work of other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

3 Our performance

3.1 Wider value-adding delivery

As part of our client service commitment, during 2014/15 we issued 11 news bulletins to our local authority clients which provided a summary of Local Government issues identified within the sector across our wider client base and shared a number of these with the Council.

We have attended meetings of the Risk Management Group to provide continued assistance in the development of the Council's risk management processes, and have worked with the Risk and Insurance Officer to improve the format and description of risks documented with the Corporate Risk Register.

A number of audits during the year were undertaken on an advisory basis utilising specialist input to add value to these reviews. These audits included;

- Contract Management – Slough Community Leisure;
- arvato Phase 2 – contract management arrangements
- VAT
- Counter Fraud Services
- Carbon Reduction Commitment

We have undertaken regular audits of the Troubled Families programme to provide assurance over the validity of claims made by the Council's Troubled Families Team to ensure that the claims were in line with the criteria set by DCLG in line with their Financial Framework for Phase 1.

We have also undertaken reviews to provide assurance on a sample basis that Grants provided to the Council have been spent in line with the conditions set by Government.

The Head of Internal Audit has continued to meet with the Assistant Director, Finance and Audit regularly throughout the year, and the Chief Executive on a quarterly basis to ensure that they are kept apprised of the key issues emerging from our audits, together with progress in the delivery of the audit plan.

We have continued to attend Directorate SMT meetings on quarterly basis to ensure that they are kept apprised of current Internal Audit findings, together with planned reviews in the future. Together with the Risk and Insurance Officer for the Council, a summary of outstanding recommendations from previous audits are also reviewed at each of these meetings, along with the relevant Directorate Risk Register.

We have attended each meeting of the Berkshire Audit Group to ensure that we are kept informed of local issues within other Councils that may impact on our audit plan.

3.2 Conflicts of interest

We Baker Tilly have not undertaken any work or activity during 2014/15 that would lead us to declare any conflict of interests.

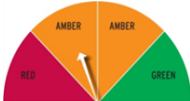
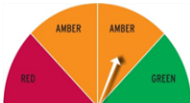

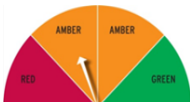
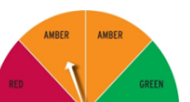
3.3 Conformance with internal auditing standards

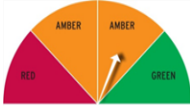

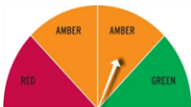
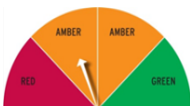

Baker Tilly affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our Risk Advisory service line commissioned an external independent review of our internal audit services in 2011 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “the design and implementation of systems for the delivery of internal audit provides substantial assurance that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner”.

Appendix A: Internal Audit Opinion and Recommendations 2014/2015

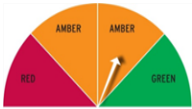
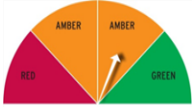
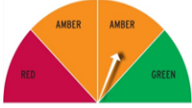

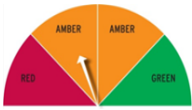
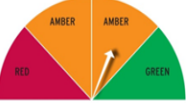


Assignment	Executive lead	Opinion	Actions agreed		
			H	M	L
CUSTOMER AND COMMUNITY SERVICES					
Mobile Data Security	Strategic Director, Customer and Community Services		0	5	0
Housing Benefit	Assistant Director, Finance and Audit		0	2	2
Rent Accounts	Assistant Director, Finance and Audit		0	2	2
Carbon Reduction Commitment 2013/14 Annual Report and Evidence Pack Audit	Strategic Director, Customer and Community Services	Advisory			
Slough Community Leisure - Contract review report	Strategic Director, Customer and Community Services	Advisory			
Procurement Cards (Purchase Cards)	Assistant Director, Finance and Audit		1	4	2
arvato Phase II Contract Management Review (draft)	Strategic Director, Customer and Community Services	Advisory			
Procurement (draft)	Strategic Director, Customer and Community Services		3	3	1

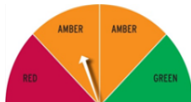

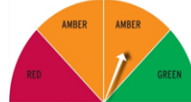



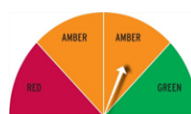
Assignment	Executive lead	Opinion	Actions agreed		
			H	M	L
Council Tax	Assistant Director, Finance and Audit		0	1	4
Business Rates (draft)	Assistant Director, Finance and Audit		0	0	1
Payroll (draft)	Assistant Director, Finance and Audit		0	3	0
Direct Payments (incorporating the Adult Social Care Operating Model)	Acting Director Adult Social Care		1	4	3
arvato Performance Management (draft)	Strategic Director, Customer and Community Services		6	5	1

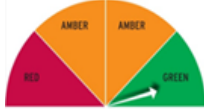
WELLBEING

Troubled Families Programme: May 2014 Submission	Strategic Director, Wellbeing	Advisory
Troubled Families Programme: August 2014 Submission	Strategic Director, Wellbeing	Advisory
Troubled Families Programme: October 2014 Submission	Strategic Director, Wellbeing	Advisory
Troubled Families Programme: February 2015 Submission	Strategic Director, Wellbeing	Advisory

Assignment	Executive lead	Opinion	Actions agreed		
			H	M	L
Educational Services - Contract Management Arrangements (draft)	Strategic Director, Wellbeing		2	6	2
Data Protection Act - Children's Services (Subject access request) (draft)	Interim Director, Children, Young People and Families		1	5	1
CHIEF EXECUTIVE					
Lone Working Procedures	Assistant Director, Professional Services		1	4	3
Governance (draft)	Assistant Director, Professional Services		0	2	0
RESOURCING, HOUSING AND REGENERATION					
Data Quality: Performance Indicators with Contracts	Assistant Director, Finance and Audit		3	5	1
Budget Setting	Assistant Director, Finance and Audit		0	0	2
Schools Financial Value Standard (SFVS) Review	Strategic Director, Wellbeing	Advisory			
Atkins Limited-Contract Management	Assistant Director - Assets, Infrastructure and Regeneration		1	5	0

Assignment	Executive lead	Opinion	Actions agreed		
			H	M	L
VAT Follow Up	Assistant Director, Finance and Audit	Poor Progress	1	12	0
Income & Debt Management	Assistant Director, Finance and Audit		0	1	3
Capital Expenditure	Assistant Director, Finance and Audit		0	4	4
General Ledger	Assistant Director, Finance and Audit		0	3	1
Contract Management Arrangements – AMEY Follow Up of Previous Internal Audit Recommendations	Strategic Director, Customer and Community Services	Reasonable Progress	0	3	3
Cash Collection and Management	Assistant Director, Finance and Audit		0	0	2
Creditors	Assistant Director, Finance and Audit		2	2	2
Budgetary Control including Savings Plan Monitoring (draft)	Assistant Director, Finance and Audit		0	3	5
Treasury Management	Assistant Director, Finance and Audit		0	1	3
Risk Management	Assistant Director, Finance and Audit		0	6	3

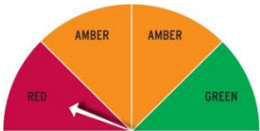
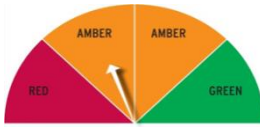
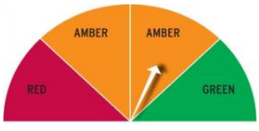
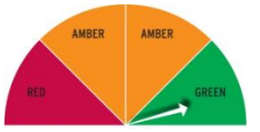
Assignment	Executive lead	Opinion	Actions agreed		
			H	M	L
Assets (draft)	Assistant Director, Finance and Audit		2	1	2
Counter Fraud Arrangements (draft)	Assistant Director, Finance and Audit	Advisory			
VAT Follow Up – Part 2 (draft)	Assistant Director, Finance and Audit	Little progress	1	6	0
SCHOOLS					
Khalsa Primary School	Strategic Director, Wellbeing		2	6	6
St Mary's CE Primary School	Strategic Director, Wellbeing		0	2	2
Chalvey Early Years Centre	Strategic Director, Wellbeing		2	3	6
Holy Family Catholic Primary School	Strategic Director, Wellbeing		2	5	2
Wexham Court Primary School	Strategic Director, Wellbeing		0	0	1
Our Lady of Peace RC Infant School	Strategic Director, Wellbeing		0	2	4

Assignment	Executive lead	Opinion	Actions agreed		
			H	M	L
St Anthony's Catholic Primary School	Strategic Director, Wellbeing		0	0	4

OTHER INTERNAL AUDIT ACTIVITY

Follow Up (draft)	Assistant Director, Finance and Audit	Little	6	17	5
-------------------	---------------------------------------	--------	---	----	---

We use the following levels of opinion classification within our internal audit reports

			
Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.	Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.	Taking account of the issues identified, the Board 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, if not addressed, increase the likelihood of the risk materialising.	Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

For further information contact

Daniel Harris – Head of Internal Audit

daniel.harris@bakertilly.co.uk

Tel: 01908 687 800

Chris Rising – Senior Manager

chris.rising@bakertilly.co.uk

Tel: 1908 687 800

Amir Kapasi – Assistant Manager

amir.kapasi@bakertilly.co.uk

Tel: 1908 687 800

This page is intentionally left blank

Corporate Risk Register

11 June, 2015

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
ORG0033	Financial risks of working with Strategic Partners	The Council works with many key strategic partners all of whom have their own agendas and limited access to budgets	Lack of joined up working, leading to greater inefficiencies Lack of assistance and co-operation between public bodies and the Council increases public service risks	12 - High	Better Care Fund agreed. Fund allocation agreed Contingency identified in case target for hospital admissions not met Council to "host" pooled budgets, but risks lay with project owners, (NHS) 12 separate projects to remove clients from hospitals Reports to Wellbeing Board and to Cabinet Ensuring representation on key boards e.g. Wellbeing Board Utilising joint funding opportunities wherever possible	9 - High	Pooled budget to be signed off Alan Sinclair 29/05/2015	4 - Low

Page 35

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
ORG0021	Failure to Deliver Balanced Budget	<p>Overspending in Children's Social Care.</p> <p>Failure to manage key outsourced contracts such as Amey, avarto and Cambridge Education</p> <p>Inappropriate budgetary monitoring</p> <p>Failure to manage the cost of projects</p>	<p>Qualified external audit opinion</p> <p>Increased Central Government pressure</p> <p>Damage to reputation</p>	18 - Very High	<p>The use of a timetable to produce both management information which is reported throughout the organisation and also to budget holders. A timetable has been produced and communicated to relevant staff, and is being complied with;</p> <p>The accurateness of budgetary information reported to management;</p> <p>The monitoring and reporting of budgets and investigation and explanation of variances where significant variances exist between planned and actual expenditure/income; we also considered the timeliness of information reported to management;</p> <p>The involvement of Budget Holders in regular reviews of financial performance and how the Finance Team liaise with Budget Holders to validate information, identify reasoning for poor performance and develop remedial actions where necessary;</p> <p>Whether a programme of training has been established for Budget Holders across the</p>	12 - High	<p>CSC budget board reviewing all key spending areas with plans produced for mitigating spend levels in medium term with clear actions to be taken by management.</p>	8 - Medium

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
					<p>organisation; The appropriateness of budget virements completed in 2014/15 and whether these are compliant with Financial Procedure Rules;</p> <p>- The consistency in the message and information reported to Directorate meetings and CMT;</p> <p>- The establishment of a dedicated savings programme which has received approval at an appropriate level of Senior Management;</p> <p>The reporting to Senior Management on the progress of saving scheme and whether these are delivering the targets as proposed or where delays or issues that have arisen, these have been acknowledged and actions taken to improve performance. 2014/15 Budgetary Control Audit Report = Amber/Green Balanced MTFs with identified savings areas over the life of the strategy Regular report of savings plans to</p>			

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
					Cabinet			
ORG0031	Detrimental impact on Finance and Resources due to demographic change	Transient nature of Slough's population means it is difficult to predict the level of services and amenities required.	Pressure on services offered by the Council Increased demand for waste disposal Increased demand for school places Possible rise in extremism	9 - High	Waste Strategy to deal with current levels and increases in waste disposal Benefits caseloads monitoring Housing Performance Information	9 - High	Creation of Free schools Jane Wood Reprocurement to be led by Waste Strategy & Contracts Manager to incorporate issues identified. To commence after sign off on Waste strategy Nick Hannon 31/07/2015	6 - Medium
ORG0035	Failure to protect adult social care users from physical, emotional or financial abuse	Poorly trained staff or lack of training for staff provided by agencies Lack of robust multi-agency policies and procedures that are in line with national guidance, and no checks that these are being followed. The Care Act place new responsibilities with regard to Safeguarding Lack of resource to undertake the work to identify and protect vulnerable adults at risk. Lack of engagement and involvement with agencies such as the NHS, Police and Voluntary Sector organisations Poor Quality commissioning of services. Lack of monitoring of Personal Budgets provided to service users	Damage to reputation. Criticism from regulatory bodies such as the Care Quality Commission	12 - High	Business Plan for 2015/16 with 10 objectives Safeguarding Board reviews business plan Care Governance Group, which includes the NHS assess the quality of Care Homes and Domiciliary Care providers on a RAG basis. Where providers are rated as RED clients are withdrawn. AMBER rated providers are kept under review	6 - Medium	Safeguarding Action Plan Alan Sinclair 31/10/2014	6 - Medium

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
ORG0042	Failure to maintain a minimum level of service	<p>Lack of Business Continuity Plans and effective communication to all staff. No dedicated resource for Business Continuity Management.</p> <p>Lack of business premises in the event of an incident. Lack of staff to manage the Business Continuity Management.</p> <p>Lack of access to key systems.</p>	<p>The Council or its outsourced contractors are unable to provide an expected level of service. Negative publicity and possibly to put vulnerable service users at risk</p> <p>Appropriate and timely responses to incidents such as RTA's, flooding etc are not anteed</p>	12 - High	<p>A Business Continuity Working group has been set up with representatives of all departments. This group is used to inform the plans.</p> <p>Provision of new Disaster Recovery capacity for the Council is included as a Project under the Transactional Services Phase 2 Service Improvement Plan. It has been provisionally costed by arvato and is funded from a capital bid</p> <p>All BIA's have been reviewed.</p> <p>Key service criteria been established for IT and accommodation, key suppliers identified</p> <p>We have shared our plans with Avarto</p>	9 - High	<p>Identification of realistic Recovery time Objectives Simon Pallett 31/03/2015</p> <p>Implementation of Disaster recovery Capacity Simon Pallett 31/03/2016</p> <p>2015/16 Internal Audit on Business Continuity Chris Rising 30/10/2015</p>	8 - Medium

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
ORG0043	Lack of robust and effective communication and IT facilities	<p>Obsolete IT programs still in use.</p> <p>Lack of a Council IT strategy.</p> <p>Comprehensive Disaster Recovery Plan is not in place for all IT systems and associated programs.</p> <p>There are a number of bespoke Information Technology systems that require specialist niche skills to support and that are unable/costly to interface with each other.</p> <p>The Council's Storage Area Network (SAN) is approaching full capacity due to an extraordinary growth in storage of data. The Council needs to procure a new SAN in order to cope with future demand. The Council's capacity to rollout Document Image Processing, (DIP) in support of the Accommodation Strategy is diminished due to this lack of storage space.</p>	Information Commissioner may criticise and possibly impose fine Increased vulnerability to staff and clients in relation to IT programs. Increased risk of a loss of data as a result of cyber attacks damage to reputation	12 - High	<p>Mandatory Information Security E-Learning module completed by all staff (SBC & avarto) and Members and includes an annual refresher</p> <p>IT infrastructure improvement plan in place. avarto responsibility to upgrade systems and server network. Governance board established monthly meeting to be held to review progress.</p> <p>The IT Strategy (incorporating IT Governance) was approved by CMT. There is a draft 2015-2018 Strategy that as reported to CMT in Jan 2015</p> <p>IT Governance Board reviews, prioritises and control the size of the program</p> <p>Responsibility for delivery of service to avarto ensuring required service is fully defined and KPIs set to measure performance.</p> <p>Key policies updated and distributed</p> <p>Governance Board now created</p>	9 - High	<p>Bid for additional fixed term resource to tide over period of high transformational activity</p> <p>Simon Pallett 29/05/2015</p> <p>New ERP solution being procured.</p> <p>Simon Pallett 31/03/2016</p> <p>New Risk Management Software being procured.</p> <p>Phil Brown 30/06/2015</p> <p>Large SAN as Phase 2 avarto project</p> <p>Simon Pallett 31/03/2015</p> <p>Council policies to be finalised and distributed to staff after approval from Info Governance Board.</p> <p>Simon Pallett 31/03/2015</p> <p>IT Technical Strategy to be reviewed and agreed with avarto</p> <p>Simon Pallett 31/03/2015</p> <p>Key Performance Indicators, for service area to be baselined 1st year. Monitoring tools to be implemented as phase 2 activity</p> <p>Simon Pallett 31/03/2015</p> <p>Procurement process initiated. In process of evaluating tenders.</p> <p>Simon Pallett 29/05/2015</p>	6 - Medium

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
					Interim SAN now commissioned and implemented			
ORG0037	Failure to Adopt Legislation	<p>The Government has introduced a raft of Welfare Reforms including universal credit, limiting benefit paid to allow for one bedroom per person in a household</p> <p>Impact of Governments reforms to Adult Social Care through Care Act 2014 and through the direction of the Better Care Fund</p>	<p>The current welfare reforms could lead to increased levels of poverty and debt amongst those claiming benefits tempting hard pressed families to go "loan sharks" increasing the spiral of poverty. It could also lead to increased levels of Housing Rent debt as benefit is paid to the claimant rather than the landlord. The reforms may also lead to London Borough's placing homeless people in Slough, thus reducing the capacity for Slough's own homeless persons, an increase in bed and Breakfast accommodation costs, and overcrowding in cheaper but smaller properties.</p> <p>There is thought to be an increased risk of fraud with the introduction of the universal credit IT system</p> <p>Increased pressure on the Welfare Rights section.</p> <p>Increased number of social care users and associated costs to the Council</p>	12 - High	<p>Pro Active measure by Welfare Unit</p> <p>Influencing the use of the Better Care Fund through working with partners</p> <p>Modelling the impact of the care Act on the social care services</p>	8 - Medium		8 - Medium

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
ORG0039	Failure to manage major contracts to obtain expected outcomes	<p>Internal audits completed in 2013/14 identified that there are weaknesses in the Councils contract management arrangements. As a result some contracts are not adequately performance managed</p> <p>Lack of experienced contract managers No AD for Contract Management</p>	<p>Financial overspends Poor performance by contractors Lack of quality in relation to services provided Increased possibility of fraud and corruption</p>	12 - High	<p>Actions identified from previous internal audit reports have been implemented, improving the control framework.</p> <p>Dedicated contract managers in place for Council's main contracts.</p> <p>Copies of all major contracts held in electronic and hard copy</p> <p>KPIs in place for major contracts.</p> <p>Director has regular meetings with Contract Managers</p> <p>Contract Management training provide by LG Futures</p>	8 - Medium	<p>Recruit an Assistant Director</p> <p>Roger Parkin 31/07/2015</p>	6 - Medium

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
ORG0040	Failure to manage transition of Children's Services	<p>Lack of leadership.</p> <p>Failure to adequately manage the transfer of budgets, staff, and contracts.</p> <p>Uncertainty over the new structure</p> <p>Poor relationships with New Organisations advisers</p>	<p>Greater pressure is put on all other Council services through having to make higher levels of saving on a much lower overall budget base</p> <p>The Council loses control over the delivery of this service.</p> <p>The council will need to re-organise its support services as these may also be transferred; this could lead to less resilience</p> <p>There is a strong possibility that once the service is delivered by a third party it may be a long time before it comes back "in-house"</p> <p>The transfer may be complicated by the fact that parts of the wider children's service provision has been outsourced to Cambridge Education</p> <p>In the time of the actual transfer the delivery of the service may suffer due to loss of staff and staff morale.</p> <p>Reputational damage to Council, Members, and staff</p> <p>There is also an issue around the ability to meet the Transfer date of September 2015</p> <p>Issues around transfer of confidential data, ability of new organisation to attract staff, willingness of SBC to contract with new organisation</p>	24 - Very High	<p>Transition Project led by Strategic Director of Customer and Community Services.</p> <p>The Transition Board has a detailed risk register</p> <p>Reports to Overview and Scrutiny February 2015</p> <p>Memorandum of understanding established to help mitigate risks</p> <p>The cost of "back-filling" posts will be met by Secretary of State</p> <p>The Council have appointed external lawyers to lead on negotiations pertaining to the drafting of a contract for the new organisation and to protect the interests of the Council for strategic partnerships already in place with external providers.</p> <p>Joint workshops have taken place to help inform the detail of the draft high level project plan, Stakeholder Engagement Plan, Risk Management Matrix and the Governance arrangements of the project.</p>	15 - Very High	<p>Negotiations with existing Third Party contractors regarding novation of contracts</p> <p>Amardip Healy 30/09/2015</p> <p>Provisional budget by 3/15 Final Budget agreed</p> <p>Joseph Holmes 30/09/2015</p> <p>Finance model to test viability of new org and sustainability of Council</p> <p>Joseph Holmes 30/09/2015</p> <p>Assess the impact of the residual Council Services</p> <p>Roger Parkin 30/06/2015</p>	15 - Very High

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
					Four work streams have been identified these are; Legal, Communications, Finance and HR Interim Director of Children's Services appointed			
ORG0041	Inability to deliver the required organisational and operational changes	Lack of sufficient staff/resources Lack of accountability for effecting changes Lack of plan to deliver required change	Inability to meet the financial challenges from the Government and changing expectations from the 5 year plan. Work related consequences: Stress related illnesses/behaviours Resentment Departure of best talent Poor performance Failures of judgement	15 - Very High	Clearly articulated 5 year plan and outcomes focus Increased collection rates and tax bases mitigate some of the financial pressures	12 - High	Effective workforce strategy and action plan articulated across the organisation CMT Members 31/03/2015 Assess the capacity for both normal operations and carrying key organisational change initiatives CMT Members 31/03/2015	12 - High

Annual Governance Statement

**How did we do in 2014/15?
Were we well-governed?**



Slough Borough Council

INTRODUCTION AND PURPOSE OF THIS DOCUMENT

This document is an assessment of our “governance”, but what do we mean by that word? There is no legal definition of “governance”, but we believe it is best summarised as:

having:

- the right **governance structures** (including constitution, committees, delegated powers, internal management structures and audit arrangements)
- the right **plan of action** (including **vision, aims, approaches and ambitions**); and
- the right **way of operating** (including openly, honestly and efficiently)

so that we deliver:

- the **right services**, to the **right people**, at the **right price** and at the **right time**.

Further guidance is given by CIPFA (the Chartered Institute for Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) which in 2007 jointly published a “Framework for Delivering Good Governance in Local Government”, updated by an Addendum in December 2012.

This guidance is recognised as the proper practices referred to in the Accounts & Audit Regulations that we must follow (and in that sense is the nearest one can get to the ‘official’ definition of Governance), and sets out six core principles of good governance, which we think are compatible with the summary we gave above.

CIPFA/SOLACE lists these core principles as:

- 1. Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area**
- 2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles**
- 3. Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour**
- 4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**
- 5. Developing the capacity and capability of Members and Officers to be effective**
- 6. Engaging with local people and other stakeholders to ensure robust public accountability.**

The law requires each council to produce an annual statement to provide assurance that it is a well-governed organisation with the right policies and controls in place to ensure excellent public services are delivered and public money is spent wisely. **This is called our ‘Annual Governance Statement’ and includes a ‘review of effectiveness’.**

This report is written under the authority of the council’s Audit and Risk Committee and approved by it on 8th July 2015 through its delegated authority. It is signed by the Leader (an elected Councillor) and Chief Executive (an Officer) and published with the final accounts by **30th September 2015**. It was submitted to our external auditors along with our annual accounts in July 2015; the auditors will

consider whether the information we've submitted meets their expectations as part of their annual opinion in September 2015.

We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned. The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

GOVERNANCE STRUCTURES

In the Introduction above, the first thing we said was that we should have the right governance structures in place.

The key elements of the systems and processes that comprise Slough Borough Council's governance arrangements are set out below and include arrangements for:

- Identifying and communicating Slough Borough Council's Strategy through our Five Year Plan 2015-2019. The Plan sets out our intended outcomes for citizens and service users, the key actions to deliver these outcomes and how we will measure success.
- Delivering the Council's Corporate Plan for 2014/15
- Measuring the quality of services for users, ensuring they are delivered in accordance with Slough Borough Council's objectives and ensuring that they represent the best use of resources
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- Reviewing and updating the Constitution including Contract and Financial Procedure Rules, the scheme of delegation, which clearly define how decisions are taken and the processes and controls required to manage risks
- Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government (2010)"
- The Audit and Risk Committee (now Audit and Corporate Governance Committee) which performs the core functions of an audit committee, as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities"
- A review of the effectiveness of Internal Audit, which was undertaken in 2014/15 through the use of a competitive tendering exercise, from which Baker Tilly were the preferred provider
- Whistle-blowing and for receiving and investigating complaints from the public
- Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

This section reviews those structures. We govern ourselves through **Council**, a **Corporate Management Team**, **Cabinet** and **Committees**, and we have many **policies** in place that govern our activities which we follow. These are listed in turn below:

• **Council**

There were 41 elected Councillors in place at the start of the 2014/15 financial year. The number of elected Councillors increased to 42 following the Local Borough elections on 22 May 2014. The Council met seven times during the year. The numbers attending each meeting were as follows:

- 22 April 2014: All 41 Councillors attended the meeting
- 5 June 2014: 41 Councillors attended the meeting
- 22 July 2014: 39 Councillors attended the meeting

- 25 September 2014: 41 Councillors attended the meeting
- 25 November 2014: 39 Councillors attended the meeting
- 27 January 2015: 37 Councillors attended the meeting
- 19 February 2015: 37 Councillors attended the meeting

Meetings of Council were held in open forum and considered reports from other committees.

- **Corporate Management Team (CMT)**

CMT meets regularly throughout the year, and reviews and approves reports before they are sent on for consideration by the relevant Committee. They are also involved in the development of new policies and strategies for the Council, either directly, or by management review and comment. Senior members are:

- the **Chief Executive** (Ruth Bagley) is the person who is ultimately responsible for the welfare of the Council's employees;
- the **Strategic Director, Wellbeing**;
- the **Strategic Director, Customer & Community Services**; and
- the **Strategic Director, Regeneration, Housing & Resources**.

- **Supporting Officers**

- the **Section 151 Officer** (Joseph Holmes) is responsible for looking after the financial affairs of the Council, fulfils the role of Chief Financial Officer and is a CIPFA Qualified Accountant. The role of the Chief Financial Officer complies with the governance requirements as set out within the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) through:
 - Being a key member of the Leadership Team, with a dotted reporting line to the Chief Executive, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives and having access to CMT papers and meetings;
 - Being involved in all material business decisions made by the Council to ensure both immediate and long term risks and implications are considered and that these are in line with the financial strategy;
 - Leading the promotion and delivery of good financial management across the Council through ensuring that key financial targets are being set and reporting on performance against these to CMT
 - Ensuring the finance function is well led and effectively resourced throughout the year.
- the **Monitoring Officer** (Kevin Gordon) is responsible for ensuring that decisions by the Council are legal, and are made in an open and transparent way. The Monitoring Officer also reviews any reports or complaints about conduct and behaviour;

- **Cabinet**

The Cabinet is the Council's principal decision-making body, consisting of elected Councillors, appointed by the Leader of the Council, each with an area of responsibility called a 'portfolio' for which they are 'Commissioners'. Although the Cabinet can be made up of any political proportion, at the moment all our Cabinet Members come from the majority political party.

- **Audit & Risk Committee**

This Committee **met four times** during the year. Its main purposes are:

- to provide independent assurance of the adequacy of the risk management framework and the associated control environment;
- independent scrutiny of the authority framework and non-financial performance, to the extent that it affects the authority's exposure to risk and weakens the control environment; and
- to oversee the financial reporting process.

At our March 2015 meeting, it was agreed that, going forwards that the Audit and Risk Committee would merge with the Standards Advisory Committee to form an Audit and Corporate Governance Committee with effect from 19th May 2015 onwards.

• **Overview & Scrutiny Committee**

The Overview & Scrutiny Committee consisted of nine non-Executive members (those who are not members of the Cabinet) and is appointed on a proportional basis (with political groups represented in the same proportion as on the whole Council). It monitored the performance of the Leader and Cabinet and scrutinises services and policies throughout the Borough, and makes recommendations for improvement. During the year, the Committee met seven times and:

- reviewed and noted the Corporate Plan for 2014/15
- considered an update on the progress made in Year 2 of the Transactional Services Centre Partnership and further reviews of progress in-year
- considered a report on progress made on improvements to the Leasehold Service
- consideration was given to the Annual Scrutiny Report 2013/14
- approved the appointment of three Scrutiny Panels
- considered an update on the Leisure Strategy, including details on implementation
- considered the Quarter 1, 2 & 3 Finance and Performance Reports
- considered an update on treasury activity in 2013-14 and the first part of 2014-15 and noted the Treasury Management Strategy and Revenue Budget for 2015/16
- reviewed and noted the Five Year Plan, Medium Term Financial Strategy and Capital Strategy for 2015-2020
- reviewed and noted progress on the Children’s Services Transition Project
- discussed the Childhood Obesity review
- considered a report on the Council’s Abandoned Vehicles Policy and Procedure

There are also three Scrutiny Panels in addition to the Overview and Scrutiny Committee which focus on the different aspects of the Council’s work – Health, Neighbourhoods and Community Services and Education and Children’s Services

The Council also has other committees (planning, licensing etc.), but these are not concerned directly with governance arrangements so are not listed here.

• **Policies**

The following table lists the Council’s main documents, policies and procedures; we refer to and follow these, to make sure we do things in the right and consistent way. All these policies have been approved by your elected Councillors where required.

Title	Last updated
Constitution (including Financial Procedure Rules)	June 2014 ¹
Five Year Plan 2015-2019	2015
Corporate Procurement Strategy	March 2012
Risk Management Strategy 2013-2015	2013

¹ Further revised in January 2015

ICT Strategy 2012-2015	2012
Slough Joint Wellbeing Strategy 2013-2016	2013
Anti Fraud & Corruption Strategy and Policy ²	June 2014
Whistleblowing Policy and Procedure ³	June 2014
Statement of Accounts	September 2014

VISION, AIMS, APPROACHES AND ACTIONS

In the introduction to this document, the second thing we said we needed was the right plan of action. The Council has agreed a Five Year Plan 2015-2019 which replaces the Corporate Plan. The Plan sets the following overarching **Vision** for the Council:

“Growing a place of opportunity and ambition”

The Plan further outlines the ambition of the Council which, by 2019, is to be:

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

The Plan identifies the challenges and opportunities facing the town, and includes eight outcomes to respond to these opportunities and challenges, along with key actions to deliver the outcomes and measures of success. We have chosen to express our Plan in terms of outcomes supported by actions and success measures that will assist us in delivering our Plan, because we believe that a clear, simple, transparent set of statements provides the best way of establishing and then achieving them, and of being able to monitor performance – all of which is good governance.

The eight outcomes are grouped into the following three themes:

Changing, retaining and growing

1. Slough will be the premier location in the south east for businesses of all sizes to locate, start, grow, and stay.
2. There will more homes in the borough, with quality improving across all tenures to support our ambition for Slough.
3. The centre of Slough will be vibrant, providing business, living, and cultural opportunities.

Enabling and preventing

4. Slough will be one of the safest places in the Thames Valley.
5. More people will take responsibility and manage their own health, care and support needs.
6. Children and young people in Slough will be healthy, resilient and have positive life chances.

Using resources wisely

7. The Council’s income and the value of its assets will be maximised.
8. The Council will be a leading digital transformation organisation.

² Section 5.7 of Constitution

³ Section 5.5 of Constitution

REPORTING

In the Introduction, we said that we needed the right way of operating (including openly, honestly, efficiently, etc.) so that, as outputs, we deliver the right services, to the right people, at the right price, and the right time. We also mentioned above that “it is standard practice to ‘work backwards’ and assess the results and performance, and infer that, if these outputs are good, that is a sign that the underlying governance is also working properly. This section reviews how we reported on the results.

Regular reporting

Within our Five Year Plan we have established a number of key performance indicators which we use to measure the performance of the Council during the year. These are reported in the form of a balanced scorecard, which we are in the process of updating in line with the Plan. The following regular reports are received at our Cabinet meetings:

- **Five Year Plan (formerly Corporate Plan)**
- **Finance and Performance Report:** quarterly reporting on progress against the targets in the Corporate Plan and delivery of performance targets. We also publish detailed revenue and capital expenditure reports each quarter, and include financial forecasts.
- **Balanced Scorecard:** quarterly performance against the Council's key performance indicators
- **Council's Gold Projects Updates:** we publish quarterly performance in respect of the delivery of the Council's Gold projects, which are our key strategic projects.
- **Financial and Performance Outturn Report:** we will publish a report following the year end detailing how we performed against our targets for 2014/15

We publish, annually:

- The **Audit of Accounts:** The format of these is set by accounting regulations. The council's accounts are subject to external audit by BDO. Members of the public and local government electors have certain rights in the audit process.
- An **Annual Audit Letter:** Every year the council's external auditors, currently BDO, produce an [Annual Audit Letter](#). This letter is a high level summary of the auditors' findings from their work during the previous financial year.

Auditing and monitoring

The Council was subject to auditing and monitoring processes, which were intended to be objective and (where necessary) critical:

- **Internal audit:** we appointed Baker Tilly to carry out audits on a number of specific areas that we asked them to review. For each area of review, internal audit would typically provide assurance on the policies and procedures in place and the governance arrangements in operation to monitor the performance in that area. For each area a report was issued concluding with an assurance opinion that utilised a ‘traffic light’ system (red, amber, green) as to how they think each area was doing; and to make recommendations for changes to our procedures and governance arrangements. We then accepted or rejected each of their recommendations. Baker Tilly have provided an Annual Report in which it includes all the areas they reviewed; what ‘traffic light’ they gave; how many [high/medium/low priority] recommendations they made and which were accepted.

The Head of Internal Audit Opinion for 2014/15 provided a positive opinion on our Risk Management, Governance and Control Framework. Positive assurance opinions were provided in 27 of the 33 audit reports issued in 2014/15 (excluding follow up and advisory reviews). Of the six red assurance opinions issued, three of these were in respect of our processes for contract management issues with the remainder relating to schools. It should also be noted that a number of advisory reviews were undertaken by Internal Audit where significant weaknesses in control were identified and these have been highlighted in the improvements section below. Whilst their overall opinion of the internal control environment is positive, we have identified significant weaknesses in the areas of contract management, VAT and the internal control environment in a number of schools and appropriate commentary in

respect of actions proposed to address these weaknesses is included in the improvements section below.

External audit: The Council's external auditors, BDO, provided an unqualified opinion on the financial statements for the year ended 31 March 2014. However, a qualified opinion was issued on the Council's use of resources and delivery of value for money, due the significant weaknesses in Children's Social Care Services identified by Ofsted since 2011, the further deterioration in such services identified by another Ofsted review in 2014, and the decision of the Department for Education to pursue a transfer of Children's Social Care Services to another body.

Other external assurance sources: Sometimes we are reviewed by external bodies that look at certain services such as OFSTED on Safeguarding, which was an area for inspection in December 2013. This inspection was followed up and an Ofsted inspection report of services for children in need of help and protection, looked after children and care leavers was published in February 2014 with an 'inadequate' rating. This resulted in the Parliamentary Under Secretary of State for Children and Families using intervention powers under section 497A of the Education Act 1996 with respect to the Council's exercise of its children's social services functions, and work on creating this new organisation has taken place throughout 2014/15 and will continue beyond this. In 2014/15 we also were inspected by Ofsted in respect of our Children's Centres, and the outcome of this review is expected shortly.

- **Corporate Risk Register:** We document our corporate risks within this register which enables the Council to monitor how risks are being managed through regular review at the Risk Management Group and CMT. The Corporate Risk Register describes and rates each risk in terms of likelihood and consequence. It also lists controls mechanisms in place to manage those risks stated and actions to be undertaken to reduce the risks. This process has continued into 2014/15.
- **Audit recommendation tracker:** In 2013/14 we introduced a process of recommendation tracking to ensure that recommendations made by our Internal Auditors are implemented in a timely manner. We report on the progress in implementing recommendations to the Risk Management Group each meeting. This process has continued into 2014/15.

REVIEW OF EFFECTIVENESS

Slough Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of all managers within Slough Borough Council who have responsibility for the development and maintenance of the governance environment.

The following process has been applied in maintaining and reviewing the effectiveness of the governance framework, and includes:

- The work of the Risk Management Group and the Risk Management Strategy
- The annual assurance statements produced by all Heads of Service
- The work of the Audit and Risk Committee
- The work of the Standards Sub-Committee
- The work of Internal Audit
- The work of the Overview and Scrutiny Committee.
- Directors complete an annual assurance statement that is supported by a governance self-assessment completed by each Assistant Director; these are available on request.

We have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

ANNUAL ASSURANCE STATEMENTS

As detailed above, in order to provide confirmation that each Directorate within the Council has a sound system of internal control in operation, which in turn helps to manage and control business risk, each Director has been required to complete, certify and return a statement of their Directorate’s current position.

Each Director and Assistant Director has been provided with a model format for completion and, in completing the statement, has facilitated the involvement of their Direct Reports to ensure that sufficient input has been obtained to provide a clear and coherent statement of all risk and control issues within any given area. These statements are held by Internal Audit.

IMPROVEMENTS

In the Annual Governance Statement for 2013/14 we identified a number of areas for improvement. The table below lists them, and comments how we did in addressing them in 2014/15.

Issues reported in 2013/14 AGS	2014/15 actions taken	Is this an issue for 2015/16 and beyond?
Safeguarding services and Safeguarding outcomes for children and young people (including risk assessments).	<p>Items remain on the corporate risk register; risk remains in Children’s Social Care following the Ofsted inspection in December 2013 and the follow up in February 2014.</p> <p>It is anticipated that during 2015/16, a new Children’s Services Organisation will be established and we are working with the Commissioner for Children’s Social Care to ensure that we minimise any disruption to the provision of services.</p> <p>There is a risk to the Council though over the arrangements that will be put in place to deliver children’s services within the new organisation as it will be a totally new entity delivering a core area of Council services.</p>	Yes
Continued Economic Instability and Turbulence at a national level.	<p>Remains on the Corporate Risk Register for 2014-15 and beyond.</p> <p>We have delivered the majority of savings identified for 2014-15 with a break even outturn position and have set a balanced budget for 2015-16.</p>	Yes

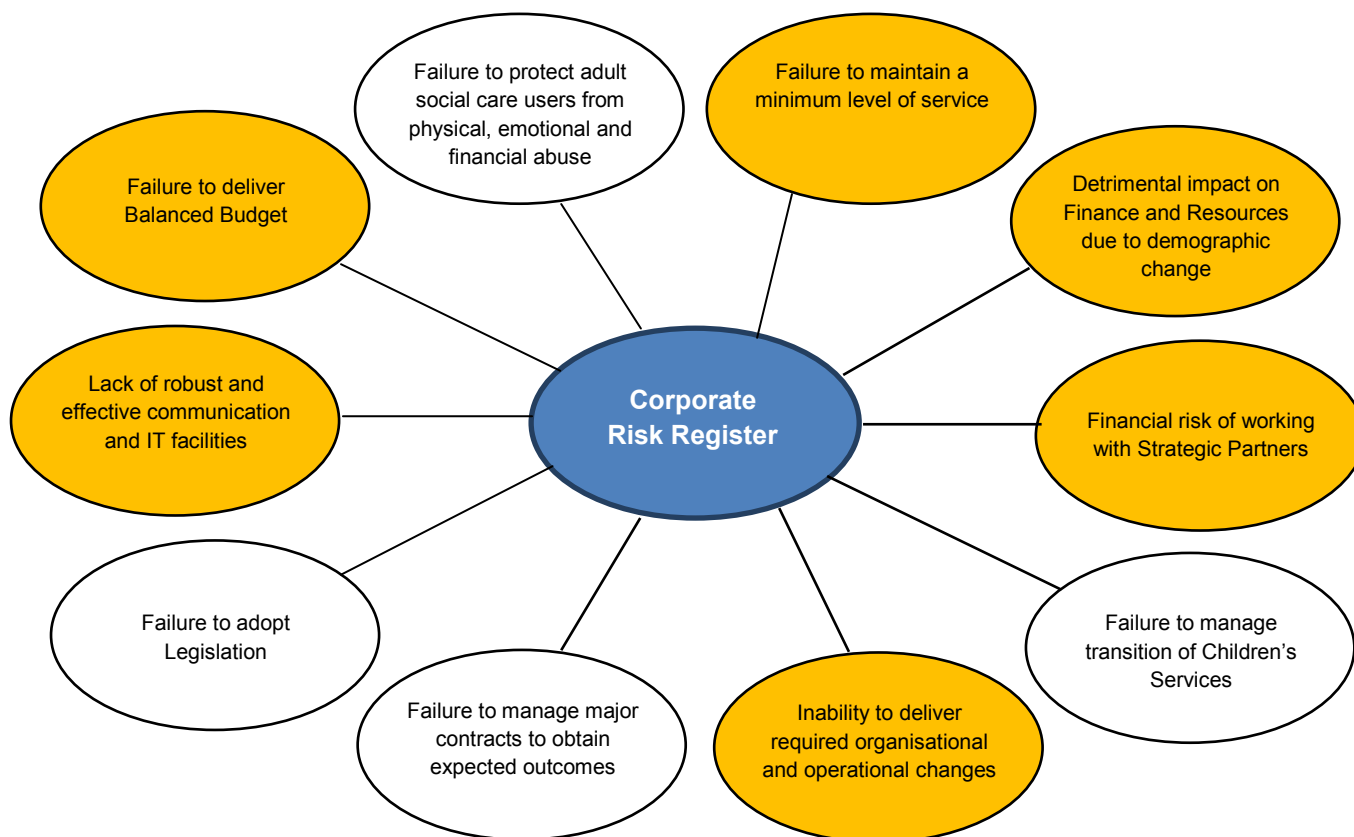
	We have regular monitoring of collection rates and anticipated income throughout the year and these have demonstrated improvements from 2013/14.	
Managing a mixed economy workforce.	During the year, further work has been completed to transfer staff to Cambridge Education (in respect of education and children's centres) and to arvato in respect of ICT and Customer Services. The Council continues to monitor performance through metrics to ensure outcomes are met. An Internal audit review, requested by management as part of the 2014/15 plan of the arrangements in place for the ICT and Customer Services identified a number of significant weaknesses in the arrangements in place, and we are developing an action plan to address these.	Yes
Partnership and Governance arrangements	This in part relates to the above risk, though we need to continue to improve partnership governance arrangements in light of the Ofsted report and ensuring close working with partners into the future. In addition, a 2014/15 Internal Audit review into the Governance framework and arrangements in place (for reporting against the 5 Year Plan) provided a positive opinion in relation to the committee structure and reporting framework, although we acknowledge and are putting in place changes to ensure that the work of the Council and its committees is structured around all of the eight outcomes in our 5 Year Plan.	Yes
Risk Management	We have continued to develop our risk management arrangements during 2014/15, working towards implementing the recommendations made in this area by Internal Audit. Whilst we acknowledge that there is further work to be completed,	No

	improvements have been made in the processes in place, particularly with regards to developing the role of the Risk Management Group, and in 2015/16 we will be further embedding risk management throughout the organisation and using this to support the delivery of our 5 year plan.	
Procurement	During 2014/15 we commissioned a further audit of our procurement arrangements from our Internal Auditors, which provided 'some assurance' over the effectiveness of controls in place, identifying a number of areas for further improvement which may in part be addressed through the appointment of a new Assistant Director, who will have responsibility and oversee the Procurement function within the Council.	Yes
Asset Register	During 2014/15 we requested our Internal Auditors to undertake a further review of the controls in place around our asset register, and to identify improvements made from the previous year. Whilst this review concluded that some assurance can be provided over this area, it noted that a number of further improvements were still required.	No
Schools Environment	We continued to commission an extensive programme of Internal Audit reviews around the management of our schools, including re-auditing a number of schools where negative opinions were provided in the previous year. Further audits of schools will take place within 2015/16 to continue to drive forward improvements in internal controls, and to engage further with schools over improving safeguarding arrangements. This process will continue to be actively supported by our Audit and Risk Committee. The Council needs to	Yes

	maximise its progress in respect of school improvement in an increasingly disparate education provision environment.	
Contract Management	This remains a key risk for the Council and continues to be managed by officers and captured on the Strategic Risk Register. In 2014/15 Internal Audit undertook an audit on the monitoring of KPIs for a number of significant contracts and provided a negative (red) assurance opinion. In addition, advisory reviews by Internal Audit on the management of other significant contracts highlighted a number of areas of significant weakness. We have developed action plans in response to these, together with commissioning further Internal Audit reviews as we endeavour to improve our control framework in this area during 2015/16.	Yes
Rent Accounts	Internal Audit undertook an audit in 2014/15 and provided a substantial assurance opinion; demonstrating significant progress had been made in addressing the significant weaknesses identified in 2013/14. Work will continue in 2015/16 in implementing the minor outstanding recommendations made by Internal Audit.	No
E-Learning: Training and Development	Internal Audit undertook an audit on e-learning, and provided a negative (red) assurance opinion, the main issues being the lack of development of the e-learning system and attendance at mandatory training courses during 2013/14. We have developed an action plan in response to the audit and are actively working to ensure full implementation of the recommendations made.	No

Risk Register

The following risks have been highlighted on the Corporate Risk register as at the 31st March 2015, together with the associated residual risk rating (colour coding):



We, the Leader and Chief Executive, undertake over the coming year to continue to monitor our governance arrangements to ensure they remain fit for purpose. We are satisfied that they were effective in 2014/15, and will reflect and report on their operation and effectiveness as part of our next annual review.

Signed

Signed

Date:

Date:

Leader

Chief Executive

CONCLUSION

The Council's Audit & Risk Committee is responsible for providing independent assurance of the adequacy of the risk management framework and the associated control environment and ensuring that appropriate action is taken with respect the issues raised on the control environment (for which the Annual Governance Statement forms a key element).

The Committee believes that it has discharged that responsibility, and that this report is evidence of that.

This page is intentionally left blank

SLOUGH BOROUGH COUNCIL

STANDARDS (DETERMINATION) SUB-COMMITTEE

NOTICE OF DETERMINATION

Slough Borough Council's Standards (Determination) Sub-Committee, at a hearing held on Monday 22 June 2015, determined a self referral made by Councillor Chaudhry that he had breached the Council's Code of Conduct by providing a letter of support to a defendant on trial for sexual offences relating to children. Councillor Chaudhry also attended court at the sentencing hearing in February 2015 where the barrister for the defence made comment in open court that Councillor Chaudhry was present as Mayor.

The Sub-Committee carefully considered a report of the Investigating Officer appointed to look into the complaint. The report concluded that Councillor Chaudhry was acting in his capacity as a member by submitting a letter of support and attending court and therefore had failed to comply with the Council's Code of Conduct. The report concluded that Councillor Chaudhry had acted in a manner that a reasonable person would consider had affected the reputation and integrity of the Council and/or its members, and/or undermined the Council's duty to promote and maintain high standards of conduct of its members.

Following sentencing of the convicted on 16th February 2015, Councillor Chaudhry resigned from his position as Mayor on 18th February 2015 and on the same day submitted a Code of Conduct Complaint Form, in which he referred himself to be the subject of the standards process of the Council.

After consideration of all the evidence, the Sub-Committee found that Councillor Chaudhry had breached Points 2.3 and 2.4 of the Code of Conduct by submitting a letter of support for the defendant and attending court. Members were also of the view that Councillor Chaudhry had failed to avoid conflict between his personal interest and the public interest - Point 2.7 of the Code of Conduct.

Further, having accepted the apology of Councillor Chaudhry, the Sub-Committee has decided to take the following action:

- To publish the finding that Councillor Chaudhry had acted in a manner that a reasonable person would consider had affected the reputation and integrity of the Council and undermined the Council's duty to promote and maintain high standards of conduct.
- To report the findings to the next meeting of the Audit and Corporate Governance Committee.
- Recommend to the Leader of the Labour Group that in the light of the findings, the Labour Group considers the capability and credibility of Councillor Chaudhry when assessing his suitability for future positions of portfolio or profile within the Council.

Whilst noting Councillor Chaudhry's submission that an error of judgement had been made, the Sub-Committee were of the view that the Council had provided sufficient training to members regarding their roles and responsibilities in relation to the safeguarding of children.

The Council takes very seriously the safeguarding of children at all times and believes that Councillor Chaudhry's actions may have undermined trust and confidence in the Council's ability to safeguard children.

The Sub-Committee also acknowledged the community pressure that may have been exerted on Councillor Chaudhry to provide a letter of support in this case. However, Councillors are in office to uphold public interest over personal interest at all times and therefore the Sub-Committee strongly recommend that Councillors equip themselves with strategies to deal with community pressures in order that they can uphold the public interest at all times.

The Standards (Determination) Sub-Committee comprised:

Councillor Nazir (Chair)
Councillor Amarpreet Dhaliwal
Councillor Mansoor
Mr Graham Davies (Independent Co-opted Member)
Mr Alan Sunderland (Independent Co-opted Member)

Also in attendance:

Dr Louis Lee (Council's Independent Person)

Kevin Gordon
Monitoring Officer

Date: 24 June 2015

MEMBERS' ATTENDANCE RECORD 2015/16
AUDIT AND CORPORATE GOVERNANCE COMMITTEE

COUNCILLOR	10/06/15	08/07/15	24/09/15	10/12/15	10/03/16
Ajaib	P				
Chohan	P				
Amarpreet Dhaliwal	P				
Mansoor	Ap				
Matloob	P				
Nazir	P				
Sandhu	P				
CO-OPTED INDEPENDENT MEMBER					
Graham Davies	P				
Ajay Kwatra	Ap				
Ronald Roberts	P				
Alan Sunderland	P				

P = Present for whole meeting
 Ap = Apologies given

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

This page is intentionally left blank