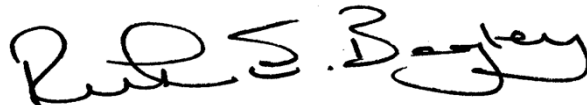


Date of issue: Wednesday, 16 September 2015

<b>MEETING:</b>	<b>AUDIT AND CORPORATE GOVERNANCE COMMITTEE</b> (Councillors Chohan (Chair), Matloob (Vice-Chair), Ajaib, Amarpreet Dhaliwal, Mansoor, Nazir and Sandhu)  <b>CO-OPTED INDEPENDENT MEMBERS:</b> Graham Davies, Ajay Kwatra, Ronald Roberts and Alan Sunderland
<b>DATE AND TIME:</b>	THURSDAY, 24TH SEPTEMBER, 2015 AT 6.30 PM
<b>VENUE:</b>	MEETING ROOM 3, CHALVEY COMMUNITY CENTRE, THE GREEN, CHALVEY, SLOUGH, SL1 2SP
<b>DEMOCRATIC SERVICES OFFICER:</b> (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

AGENDA  
ITEM

REPORT TITLE

PAGE

WARD

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 8th July 2015	1 - 6	-
3.	Audit and Risk Management Update: Quarter 1 2015/16	7 - 48	All
4.	External Auditors Annual Audit Report	<b>TO FOLLOW</b>	All
5.	Financial Statements 2014/15	<b>TO FOLLOW</b>	All
6.	Review of Whistleblowing and Anti-Fraud Policies	49 - 50	All
7.	Members Attendance Record	51 - 52	All
8.	Date of Next Meeting - 10th December 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, 8th July, 2015.**

**Present:-** Councillors Chohan (Chair), Matloob (Vice-Chair), Ajaib, Amarpreet Dhaliwal, Mansoor, Nazir, Sandhu, Davies and Lee

**Co-opted Independent Members:-** Graham Davies

**Independent Person:-** Dr Louis Lee

**Apologies for Absence:-** Mr Kwatra, Mr Roberts and Mr Sunderland

**PART 1**

**5. Declarations of Interest**

No declarations were made.

**6. Minutes of the Last Meeting held on 10th June 2015**

**Resolved –** That the minutes of the last meeting of the Audit & Corporate Governance Committee held on 10<sup>th</sup> June 2015 be approved as a correct record.

**7. Audit and Corporate Governance Committee - Terms of Reference**

The Assistant Director Finance & Audit outlined the key roles and responsibilities of the new Audit & Corporate Governance Committee. The Committee had delegated authority to approve the financial statements in September each year and the Annual Governance Statement, as well as being the member forum on matters including external and internal audit, risk management, the ethical framework and corporate governance issues more widely.

A Member Development Session on 'Understanding the Accounts and Governance' would be held September and would be particularly useful for Members and co-opted independent members new to either the audit or standards strands of the Committees work. Details of this session would be circulated in due course and co-opted independent members would be invited.

**Resolved –** That the Audit and Corporate Governance Committee Terms of Reference be noted.

**8. Quarter 4 2014/15 Audit and Risk Management Update and Approval of the Annual Governance Statement**

The Assistant Director Finance & Audit introduced a report which summarised internal audit issues and the Head of Internal Audit Opinion; counter fraud activity and the Council's risk register and sought approval of the Annual Governance Statement.

Annual Governance Statement

Members considered the Annual Governance Statement (AGS) which set out the progress and key risks in the Council's governance arrangements over the past year and highlighted further improvements required for the coming year. The Committee discussed a number of issues including the responses to the areas for improvement identified in the 2013/14 AGS. The actions undertaken in 2014/15 in response to these issues was welcomed, however, a Member expressed concern that the AGS stated that both the 'Asset Register' and 'Risk Management' were not identified as issues for 2015/16 and beyond. The Assistant Director explained to the Committee that this did not mean there would be not further audit and risk activity in these areas, but that the action taken meant there was adequate assurance and control in place to manage these issues. It was proposed and agreed that a minor adjustment or note be made to the AGS to clarify this position. With this suggested amendment noted, the Committee approved the Annual Governance Statement for 2014/15.

Annual Internal Audit Report to 31<sup>st</sup> March 2015

The Annual Internal Audit Report for the period to 31<sup>st</sup> March 2015 was considered and the Committee noted that the annual Head of Internal Audit Opinion was that the Council had adequate arrangements in place in terms of governance, risk management and internal control. Thirty-three audits had been conducted where a formal assurance opinion had been offered – 6 received a 'green' opinion, 11 'amber-green', 10 'amber-red' and 6 'red'. A number of 'green' and 'amber-green' opinions had been received in respect of core financial systems and it was recognised that significant improvements had been made in these areas. In terms of the 'red' opinions, three related to schools audits and the other three related to performance and contract management issues.

Members of the Committee raised concerns about the ongoing weaknesses identified relating to contract management and in particular the definition and monitoring of key performance indicators. Negative opinions for the audits of the Educational Services Contract Management and Arvato Performance Management were noted in addition to wider concerns about the data quality in contracts. A further Advisory report on Arvato phase II contract management review remained in draft. The Committee were informed of some of the actions being undertaken to address the weaknesses identified

and noted that a new Assistant Director responsible for Procurement and Commissioning would be joining the Council in the autumn.

In view of persistence of weaknesses identified in contract management and the scale of the risk given the major contracts review, it was agreed that a report be brought to the next meeting which summarised the key issues contained in the various 'red' rated opinions on contract management and that the Strategic Director of Customer and Community Services be invited to attend this meeting.

The Committee considered the finalisation of outstanding draft audits and the monitoring of progress of implementation for 'high' and 'medium' recommendations. The overall position in relation to the implementation of recommendations was broadly unchanged from the previous committee report with 71% of non-schools recommendations implemented and a further 15% partially implemented.

Members expressed concern about the rate of finalising schools audits and the number of high and medium recommendations from these audits that had not been responded to. The Assistant Director reported that a protocol was now in place and all outstanding schools audits had now been finalised. The Committee remained concerned about the number of 'red' opinions in relation to schools and the unresponsiveness in terms of outstanding recommendations. It was agreed that officers would follow up with the relevant schools where recommendations were still outstanding and it was also agreed that the Baker Tilly summary of common issues identified during schools audits would be discussed at the next meeting to give Members a better understanding of the overall implications and risks of these issues.

#### Fraud Update

It was noted that no fraud activity in excess of £10,000 had been recorded in the fourth quarter of 2014/15 and that the December 2014 transfer of benefit fraud activity to the DWP had impacted on this activity. Activity to identify tenancy and right to buy (RTB) fraud was continuing and the Council had recovered four properties and witnessed six RTB withdrawals in the last quarter.

#### Corporate Risk Register

The current corporate risk register at Appendix B to the report was noted. A risk concerning resources and capacity to manage change had been added since the previous meeting.

#### **Resolved –**

- (a) That the Annual Governance Statement for 2014/15 be approved, noting that issues such as the asset register and risk management as per pages 54 and 55 would remain significant control issues.

## **Audit and Corporate Governance Committee - 08.07.15**

- (b) That the Internal Audit update for Quarter 4 2014/15, Counter Fraud Activity and Council's Risk Register be noted.
- (c) That the Head of Internal Audit Opinion as set out in the Annual Internal Audit Report – Year ended 31 March 2015 be noted.
- (d) That Baker Tilly's summary of common issues identified in schools audits be considered by the Committee at their next meeting.
- (e) That Internal Audit recommendations outstanding or not responded to continued to be followed up for response, particularly those such as Chalvey Early Years which had received a 'red' opinion and had several outstanding recommendations.
- (f) That the Committee receive a report at their next meeting which summarised the key issues identified in 'red' rated internal audit reports relating to contract management and the approach to future major contracts. The Strategic Director for Customer & Community Services would be invited to attend the meeting.

### **9. External Auditors Updated Risk Assessment**

The External Auditor, Mr Grant of BDO, introduced an updated risk assessment for the audit for the year ending 31 March 2015. The auditors had reviewed the draft financial statements, which had been published on 30<sup>th</sup> June 2015, and had decided to set an increased materiality at £6.5m, up from £4.2m. The risk assessment had also been updated in relation to the classification of income and expenditure risk and a new risk regarding the defined benefit pension fund disclosures.

Members noted the updated risk assessment and welcomed the increased materiality which reflected improved presentation and compliance with accounting standards in the initial review of the draft financial statements. The Chair requested that materiality and the implications of adjustments to the accounts through external audit be covered at September's training session.

The Committee discussed the process leading up to the presentation of audited financial statements at the next meeting in September and the Council's medium term financial position more generally.

**Resolved –** That the Updated Risk Assessment prepared by BDO in relation to the Audit for the year ending 31 March 2015 be noted.

### **10. Standards Determination Sub Committee held on 22 June 2015**

The Committee received and noted the Notice of Determination from the Standards (Determination) Sub-Committee hearing held on Monday 22<sup>nd</sup> June 2015 in relation to the self-referral made by Councillor Chaudhry.

## **Audit and Corporate Governance Committee - 08.07.15**

Members discussed how the recommendation to the Leader of the Labour Group to "...consider the capability and credibility of Councillor Chaudhry when assessing his suitability for future positions of portfolio or profile within the Council." It was noted that the Leader had been formally notified of this recommendation and whilst it was a matter for him to consider as part of the process of making future appointments, the Committee could monitor the implementation of the recommendation in the future.

**Resolved** – That the Notice of Determination of the Standards Determination Sub-Committee held on 22nd June 2015 be noted.

### **11. Members Attendance Record**

**Resolved** – That the Members' Attendance Record for 2015/16 be noted.

### **12. Date of Next Meeting - 24 September 2015**

**Resolved** – That the next meeting of the Audit & Corporate Governance Committee be held on 24<sup>th</sup> September 2015.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 7.25 pm)

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**SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Audit & Corporate Governance Committee **DATE:** 24<sup>th</sup> September 2015

**CONTACT OFFICER:** Joseph Holmes; Assistant Director, Audit & Finance  
**(For all enquiries)** (01753) 875368

**WARD(S):** All

**PART I**  
**FOR COMMENT AND CONSIDERATION**

**Audit & Risk Management Update – Quarter 1 2015-16**

**1 Purpose of Report**

The purpose of this report is to:

- Report to Members on the progress against the 2015/16 Internal Audit Plan up to Quarter 1
- 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**

That Audit & Corporate Governance Committee Members comment on and note the reports.

**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 a number of audits from their work during the first quarter of 2015-16.

5.1.2 The overall Internal audit reports have continued to be finalised at a more appropriate rate than in the previous financial year. Of the 2014-15 internal audits, **four remain outstanding for the Council:**

- Procurement
- arvato performance management
- Educational Services – Contract Management Arrangements

5.1.3 No reports in respect of schools remain outstanding.

5.1.4 The Committee saw many of the reports summary in draft at the previous meeting. In the Annual Governance Statement that was approved at the previous meeting, many of these reports were highlighted as red and were included in the Statement as key issues, for example contract management. The Council is working to improve contract management arrangements and there is a separate appendix on contract management audits summarised the key issues found over the past 12 months.

5.1.5 The corporate risk register has been updated to reflect the latest risks.

#### 5.2 Internal Audit Q1 2015-16 progress report

5.2.1 The full report is attached at appendix A.

5.2.2 The internal audit plan for 2015-16 was set very much with a focus on addressing identified risks in the Corporate Risk Register, External audit's risk focus and in light of the 5YP.

5.2.3 It is pleasing to note that in respect of the budget setting audit for 2015-16 that this has again been assessed as green and can provide some strong assurance for the second year in a row to members and senior management around the processes governing how the budget was set for 2015-16 in a time of increasingly scarce resources.

#### 5.3 Finalising Internal Audit Reports

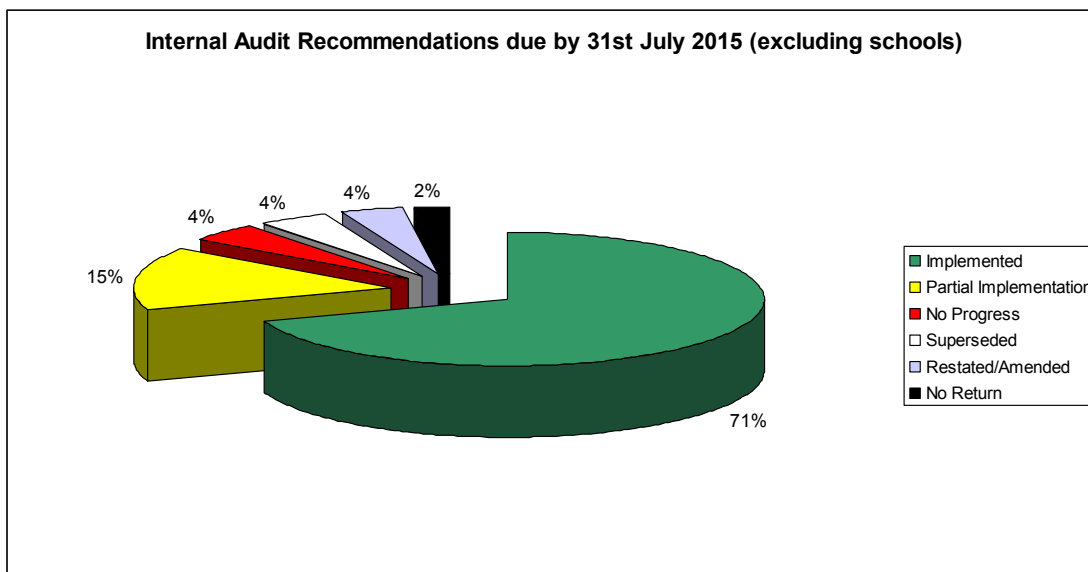
5.3.1 The table below shows those Internal Audits that remain in draft and are yet to be finalised as at 1<sup>st</sup> September 2015. This list of

Audit Title	Draft Issued	Responses due	Client sponsor	Rating
Education Services Contract Management 37 14 15	07 May 2015	21 May 2015	Jane Wood	Red
Procurement 40 14 15	21 May 2015	4 June 2015	Roger Parkin	Amber Red
Avaro Performance management 45 14 15	19 June 2015	3 July 2015	Roger Parkin	Red

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.

5.3.3 Bakertilly has received assurance that the Council’s Internal Audit recommendation tracking tool implemented by the Council is a useful tool for the Committee.

5.3.4 The number of implemented recommendations has now reached a plateau of just over half (it has stayed in a range around the 60-70% mark over the past year). A further effort will be made to now move this figure to a higher number, accepting that sometimes the recommendations will be superseded or the environment changes.



5.3.5 The table below details those audits where recommendations are still outstanding or where requests for information has no been responded to.

Name of Audit	High Level rec's not Responded to	Medium Level rec's not Responded to
<b>Corporate Reports</b>		
Purchase Cards	0	1
Mobile Data Security	0	2
Data Quality: Performance Indicators within Contracts	3	1
Use of Agency & Workforce Planning	1	1

<b>Name of Audit</b>	<b>High Level rec's not Responded to</b>	<b>Medium Level rec's not Responded to</b>
Governance - Training for Members	0	1
Debtors and Cash Management	0	1
Lone Working Procedures	1	0
General Ledger	0	1
Creditors	0	2
<b>Sub Total</b>	<b>5</b>	<b>10</b>
<b>Schools</b>		
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
Our Lady of Peace Junior	0	2
Khalsa	2	3
<b>Total</b>	<b>10</b>	<b>24</b>

## 5.5 Fraud update

- 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 Q1 2015-16.
- SBC fraud team received 43 referrals for investigation. This figure does not include tenancy and right to buy reviews, conducted with Housing staff.
- SBC opened 13 investigations jointly with the DWP, Single Fraud Investigation Service (SFIS). SBC fraud has joined a DWP joint national steering group to discuss future working practices between local authorities and fraud. There is a recognition by the DWP they still require to work closely with local authority investigators for the benefit of all in tackling fraud against the public purse.
- Corporate fraud has been working closely with housing officers and the dedicated housing fraud officer, regarding tenancy and right to buy fraud. Relevant stakeholders attend a meeting every two weeks. The fraud team have reviewed multiple cases and commenced four live investigations for tenancy and or right to buy fraud. The housing fraud officer issued five tenancy terminations, during the period recovering five properties. The National Audit Office estimates one property recovery to represent a £18,000 benefit to a local authority.
- Sanctions. The fraud team secured two guilty prosecutions for benefit fraud. One case involved benefit fraud overpayments of: housing benefit £10,203.41 and council tax benefit £1,738.62. The fraud value was discovered in a previous quarter. Two administrative penalties were applied: one for housing benefit overpayment and the other for a council tax support overpayment. The value of the penalties exceed £2,500.
- Following an SBC investigation, it was discovered a housing benefit claimant was overpaid benefit to the value of £36,914.49. The case was transferred to the DWP on

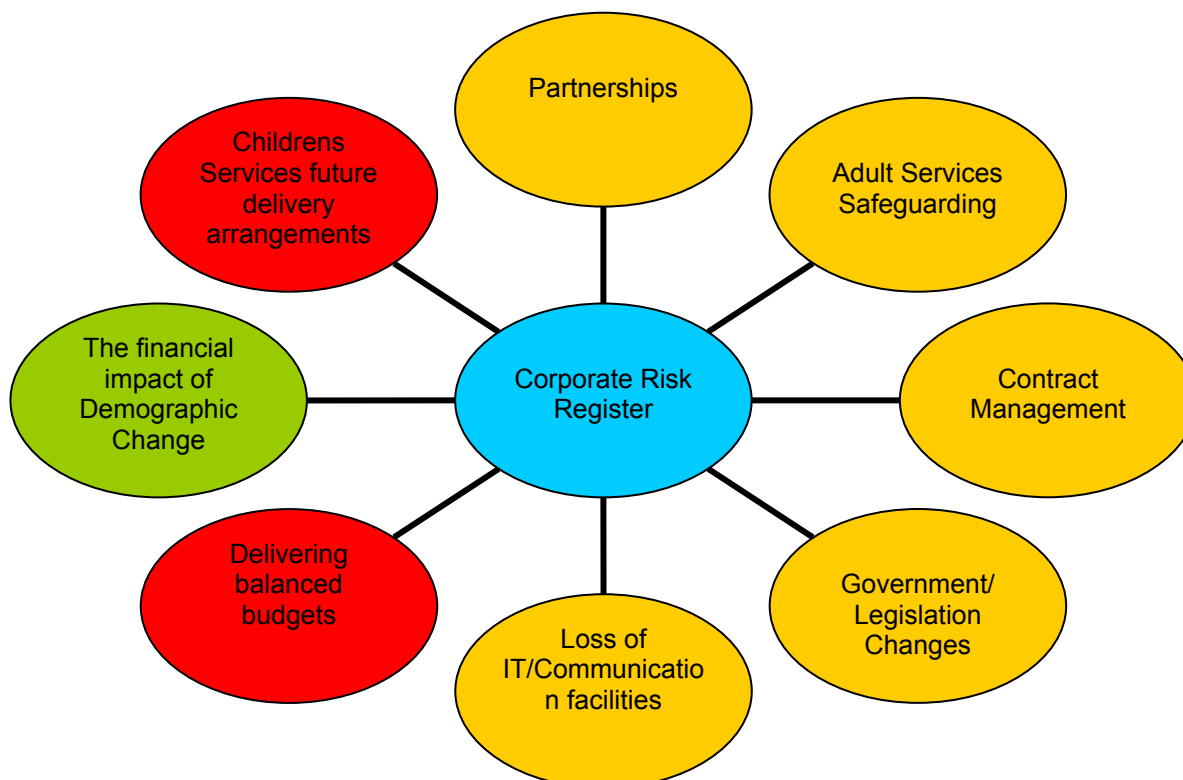
17/11/14 for further action. In Q1, the claimant attended SBC offices and repaid the total value of the overpayment.

- Of all other internal departments, Trading Standards, Environmental Health and Planning referred one case each for consideration of a financial investigation under The Proceeds of Crime Act 2002.
- Externally Reading Borough Council referred one case for consideration of a financial investigation under The Proceeds of Crime Act 2002.
- As part of the 2014-15 internal audit plan, a review of the Council's counter-fraud arrangements is being completed. The Baker Tilly audit report was published on 09/07/15, in Q2. The recommendations will feature in the next Audit & Risk Committee for consideration.
- The fraud team is reviewing National Fraud Investigation (NFI) data matches, as and when other operational commitments allow.

## 5.6 Corporate Risk Register

5.6.1 The Corporate Risk Register is included within appendix C. 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 around the delivery of the curve has been removed as this has been replaced with a risk concerning partnership working with other elements of the public sector.

**6 Comments of Other Committees**

n/a

**7 Conclusion**

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

**8 Appendices Attached**

- 'A' - Internal Audit Q1 2015-16 progress report
- 'B' - Corporate Risk Register
- 'C' - Contract Management summary

**9 Background Papers**

Baker Tilley Audit Reports



# Slough Borough Council

## Internal Audit Progress Report

18 August 2015

## Contents

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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.

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

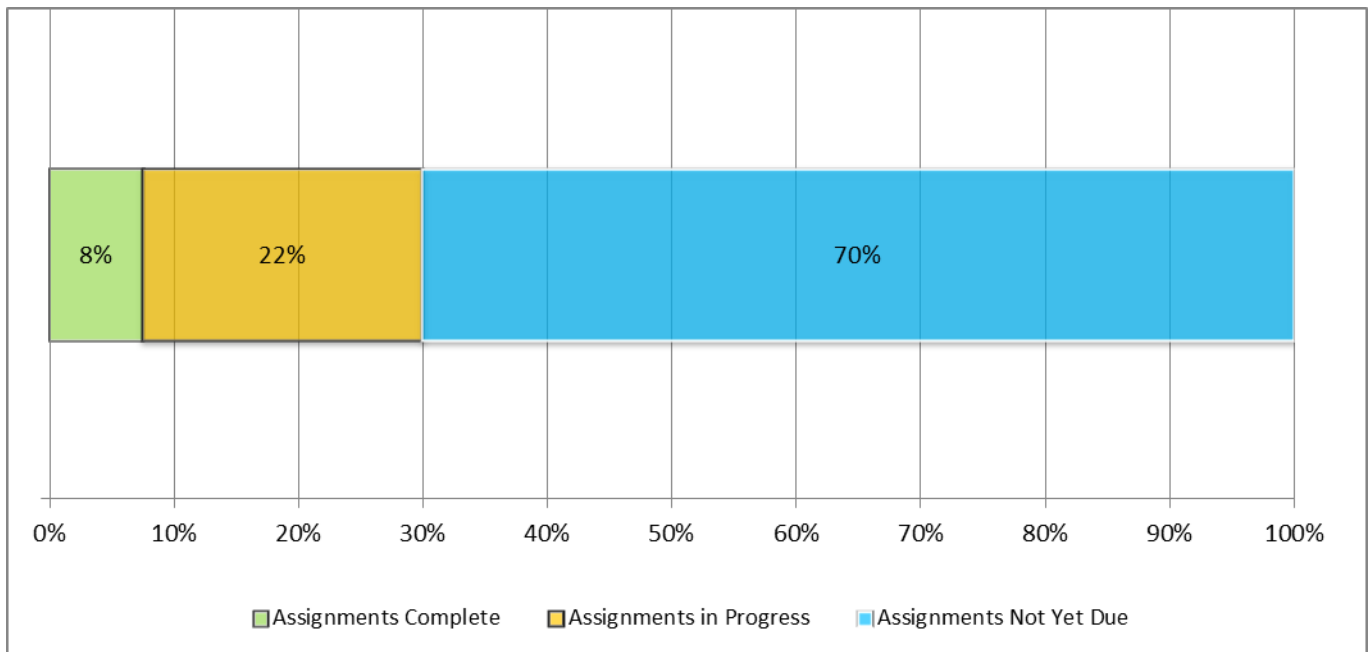
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# 1 Introduction

The Internal Audit Plan for 2015/16 was approved by the Audit and Risk Committee in March 2015. This report provides a summary update on progress against that plan and summarises the results of our work to date. Please see chart below for current progress with the plan:



## 2 Reports considered at this Meeting

This table informs of the audit assignments that have been completed and the impacts of those findings since the last Audit Committee held. The internal audit plan for 2015/16 was approved by the March Audit and Risk Committee in March 2015. Below provides a summary update on progress against that plan and summarises the results of our work to date. The Executive Summary and Key Findings of the assignments below are attached to this progress report where a red or amber red assurance opinion has been provided.

In addition to those reports finalised overleaf, the following reports have been issued to management in draft for 2015/16

- Penwood School (2.15/16)
- Budget setting (3.15/16)
- Chalvey Early Years Centre (5.15/16)
- Matrix – Management of Agency Staff (7.15/16)
- SFVS (8.15/16)
- Hire of Council Buildings (9.15/16)

Assignment	Status	Opinion issued	Actions agreed		
			H	M	L

**2014/15 REPORTS**

Budgetary Control including savings plans monitoring	FINAL	AMBER / GREEN	0	3	5
Payroll	FINAL	AMBER / GREEN	0	2	1
Governance – Framework for reporting against the five year plan	FINAL	AMBER / GREEN	0	2	0
Review of Anti-fraud and bribery arrangements	FINAL	ADVISORY			
Asset Register	FINAL	AMBER / RED	2	1	2

**2015/16 FINAL REPORTS**

Troubled Families (May Submission) ( 1.15/16)	FINAL	ADVISORY			
Employment Tax Follow Up (4.15/16))	FINAL	REASONABLE PROGRESS	0	0	0
Better Care Fund (6.15/16)	FINAL	AMBER /GREEN	0	3	3

The following audits in respect of the 2015/16 plan are currently in progress:

- Adult Safeguarding
- Social Care Procurement
- Schools Thematic reviews

The following reports in respect of the 2014/15 Internal Audit Plan remain in draft and we are actively working with management to try and ensure that these are finalised in a timely manner;

- arvato Phase II Contract Management review
- Procurement
- arvato performance management
- Educational Services – Contract Management Arrangements
- Follow up.

### 3 Looking ahead

Assignment area	Timing per approved IA plan 2015/16	Status	Target Audit Committee per the IA Plan 2015/16
Adult Safeguarding	July 2015	In progress	September 2015
Social Care Procurement	July 2015	In progress	September 2015
Budget Setting (3.15/16)	July 2015	Draft issued on 23 July 2015	September 2015
Matrix - Management of Agency Staff (7.15/16)	July 2015	Draft issued on 6 August 2015	September 2015
Penwood School (2.15/16)	July 2015	Draft issued on 23 July 2015	September 2015
Chalvey Early Years Centre (5.15/16)	July 2015	Draft issued on 30 July 2015	September 2015
SFVS (8.15/16)	July 2015	Draft issued on 11 August 2015	September 2015
Schools Thematic Review	July 2015	In progress	September 2015
Cheque Payments	3/08/2015	December 2015	September 2015
Grants	Commencing 24/08/2015	Scope issued and agreed	December 2015
Pippins School	Commencing 07/09/2015	Scope Issued and agreed	December 2015
Recruitment	Commencing 14/09/2015	Scope Issued and agreed	December 2015
Hire of Council Buildings (9.15/16)	July 2015	Draft issued on 12 August 2015	December 2015
Commissioning	Commencing 16/09/2015	Scope issued	December 2015

Contract Lettings Assurance	Commencing 21/09/2015		December 2015
Governance	Commencing 12/10/2015		December 2015
Wexham Secondary School	Commencing 02/11/2015	Scope Issued and agreed	December 2015
School reviews	Commencing 17/11/2015	Scope Issued and agreed	March 2016
Slough Centre Nursery	Commencing 19/11/2015	Scope Issued and agreed	March 2016
Rent Accounts	Commencing 23/11/2015		March 2016
5 Year Plan Outcomes	Commencing 24/11/2015		March 2016
Council Tax	Commencing 27/11/2015		March 2016
Treasury Management	Commencing 03/12/2015		March 2016
Budgetary Control and Financial Reporting	Commencing 07/12/2015		March 2016
Cash Handling	Commencing 09/12/2015		March 2016
Debtors Management	Commencing 14/12/2015		March 2016
Capital	Commencing 16/12/2015		March 2016
Risk Management	Commencing 18/12/2015		March 2016

Assets	Commencing 04/01/2016	March 2016
General Ledger	Commencing 04/01/2016	March 2016
Implementation of the Care Act	Commencing 18/01/2016	March 2016
Creditors	Commencing 22/01/2016	March 2016
Business Rates	Commencing 25/01/2016	March 2016
Housing Benefits	Commencing 25/01/2016	March 2016
Payroll	Commencing 02/02/2016	July 2016
Follow Up	Commencing 08/02/2016	July 2016
Annual Governance Statement	Commencing 29/03/2016	July 2016

## 4 Other matters

### 4.1 Use of specialists as part of the audit plan

Certain audits, while part of the Council’s Internal Audit plan, will be undertaken by staff from Baker Tilly’s specialist teams, please see details below:

Auditable area	Reason for change
ERP Implementation	This work will be conducted in 3 stages; a transfer of balances review to provide assurance that balances have been appropriately transferred across to the new CSO; sitting on the ERP project Board to provide a ‘critical friend’ opinion on the progress of the project and some ‘real time auditing’ on the system as it being developed.
IT Strategy	This review will be undertaken by our IT specialist Team, and we are liaising with the Director of Customer and Community Services regarding a start date as this work will be undertaken in conjunction with arvato, and this comes under this Director’s remit.
Contract Management - Implementation of Previous Recommendations	This work will be undertaken by our Contract Management Specialist Team, who have previously provided Advisory reports for the Council, looking at: <ul style="list-style-type: none"> <li>•Slough Community Leisure</li> <li>•arvato Performance Management</li> <li>•arvato Phase II</li> </ul>
Business Continuity and Disaster Recovery	This review will be undertaken by our IT specialist Team, and we are liaising with the Director of Customer and Community Services regarding a start date as this work will be undertaken in conjunction with arvato, and this comes under this Director’s remit.



## 4.2 Added value work

We have undertaken the following added value work since the previous Audit Committee:

Area of work	How this has added value
<p>Our audit of Troubled Families (May Submission) was undertaken to provide assurance that the Council had identified appropriate families for inclusion within the scheme in line with DCLG guidance.</p>	<p>Our audit provided the Council with assurance that the Troubled Families Team had identified appropriate families, in line with the guidance provided by DCLG for inclusion within the Troubled Families Phase I scheme.</p> <p>Our findings were also verified by an independent review conducted by DCLG in May 2015 whose results were consistent with our findings.</p>
<p>Our consultancy team has undertaken a review of the Council's contract with Slough Community Leisure to provide assurance as to the accuracy of figures used as part of the contract, which was won following a Council led Tender Exercise through the Procurement Team.</p>	<p>The work will provide assurance to the Council that accurate financial information is contained within the contract.</p>
<p>We are attending meetings of the ERP Project Board. This role is being undertaken by one of our IT specialists</p>	<p>Through attendance at the Project Board we will be able to provide assurance over the effectiveness of project management arrangements in respect of the ERP project implementation.</p>

### **4.3 Information and briefings**

The following items were highlighted as part of our information briefings since the last Audit Committee:

Key issues	Impact and actions required
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**Housing the nation: Ensuring councils can deliver more and better homes**

Council to note.

The Association for Public Service Excellence (APSE) and the Town and Country Planning Association (TCPA) have produced a report that looks at the role of local authorities in the delivery of housing. The report specifically focuses on the delivery of both affordable and social housing provisions. Identified within the report is the need for imminent action on six key areas: leadership, planning, land, housing management, funding, and construction skills and capacity. Within these six areas the report makes 18 recommendations covering: councils taking a leading role in driving planning delivery and development; the need for the government to re-address regional imbalances within housing and infrastructure; and the opportunity for councils to provide services to both landlords and tenants so that they become the 'landlord of choice'.

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**Local government new burdens**

Council to note.

The National Audit Office (NAO) has issued a report which evaluates how well the Department for Communities and Local Government (DCLG) has applied The New Burdens Doctrine. The report is split into three parts covering: changes to local government's finances and the aims and scope of the new burdens doctrine; how DCLG has managed the new burdens doctrine; and how government departments have assessed the new burdens. The report discovers that local government has dealt well with the 25% reduction in income they have experienced between 2010-11 and 2015-16, mainly by reducing spending. The report concludes by making five recommendations DCLG should undertake to ensure that it operates the new burden doctrine fairly including: transparency about possible new burdens; using information available to it to understand the cumulative financial pressures new burdens have on local government; and reviewing the support it provides to ensure that it matches the intentions of

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the government.

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### Care Act first-phase reforms

Council to note.

This NAO report examines the Care Act phase one changes that took effect from April 2015 and the financial impact of the phase two changes for 2015-16. The report considers three main areas: the content in which the Care Act changes are being implemented, this includes analysis of the policy, demographic and financial considerations; the Department of Health's (DH) arrangements for the roll out of the Care Act, and the preparedness of local authorities for 2015-16; and the funding that DH has provided towards the introduction of the Care Act in 2015-16. The NAO report makes four recommendations with the intention of assisting DH to minimise the effects the new burdens in the Care Act have upon local authorities. These recommendations include: the need for DH to identify quickly any individual local authorities that are struggling with their new burdens and to respond accordingly; DH should report to parliament whether it has achieved the objectives outlined by the government; and DH should maximise both the time and the resources that it has available for the implementation of phase two of the Care Act.

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### Future funding outlook for councils 2019/20 - interim 2015 update

Council to note.

Following the Local Government Association's (LGAs) 2014 analysis, this 2015 interim report outlines the financial challenges that local councils are currently facing. The LGA hopes that the government takes into consideration these challenges when they announce their plans in both the Budget in July and the autumn Spending Review. The report utilises figures from the Office of Budget Responsibilities economic and fiscal outlook to predict that by 2019-20 the local authority funding gap will be £9.5 billion. The report concludes that to ensure that local services have a sustainable future, when confronted with continued funding cuts, there needs to be a fundamental

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rethink about how these services are managed.

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## The Budget and Local Government

The July 2015 Budget outlined a number of key areas that will affect Local Government. These include:

- The government are to fund a 1% pay award for the public sector workforce that will take effect for 4 years from 2016/17.
- There will be an introduction of a new National Living Wage. This will take effect from April 2016 and will apply to people aged 25 and over. In April 2016 the National Living Wage will be set at £7.20 per hour. The Low Pay Commission will outline how the National Living Wage is to reach 60% of median earnings by the year 2020, with a government target of over £9 per hour.
- The Budget outlined further northern towns that are working towards devolution deals. Further powers were also devolved to Greater Manchester.
- Further cuts were announced to welfare including the household benefit cap reducing from £26,000 to £23,000 in London and £20,000 outside London. There will be a freeze on most working-age benefits for four years from April 2016. Also the Discretionary Housing Payment funding available to local councils in the future has been outlined by the government.
- A further £6 million was committed to the One Public Estate programme.
- A consultation on the devolution of powers to local authorities and mayors in relation to Sunday trading.

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## Employee Fraudscape 2015

Council to note

The Credit Industry Fraud Avoidance System (Cifas) has produced their annual Employee Fraudscape report. The report identifies that there

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was an 18% increase in recorded internal frauds in 2014. The frauds that were recorded included: data theft; employment application form fraud; and bribery. Along with the analysis of the internal fraud data the report also includes expert opinions on: degree fraud; the psychology of internal fraudsters; and the need for equal treatment for all staff in relation to fraud. The aim of the report is to encourage organisations to think about the different aspects of internal fraud and examine the risks facing their organisation.

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## Appendix A: Internal Audit Assignments completed to date

Reports previously seen by the Audit Committee and included for information purposes only:

Assignment	Opinion issued	Actions agreed		
		H	M	L

No final reports have been issued for 2015/16 to date with the exception of those included within Section 2 of this report.

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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>In year reduction in Central Govt funding, (Public Health). This does not leave enough time to reorganise services</p> <p>The Council works with many key strategic partners all of whom have their own agendas and limited access to budgets</p>	<p>Qualified external audit opinion</p> <p>Increased Central Government pressure</p> <p>Damage to reputation</p> <p>Reduction in local Public Health services</p> <p>Lack of joined up working with NHS, leading to greater inefficiencies</p> <p>Lack of assistance an co-operation between public bodies and the Council increases public service risks</p> <p>NHS may feel that the Council is using the "pooled budget" arrangement to mitigate the effect of Council budget reductions and the NHS may reduce it's contribution to the Better Care Fund creating further budget pressures.</p>	24 - Very High	<p>The use of a timetable to produce both management information which is reported throughout the organisation and also to budget holders.</p> <p>A timetable has been produced and communicated to relevant staff, and is being complied with; 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</p> <p>Whether a programme of training has been established for Budget Holders across the organisation;</p> <p>The appropriateness of budget virements</p>	15 - Very High	<p><b>Outcome Based Budgeting to match financial resources to the 5YP, and encourage innovation and new strategies</b></p> <p>Joseph Holmes 31/03/2016</p> <p><b>Monthly Budget Monitoring reported to CMT and C&amp;D</b></p> <p>Joseph Holmes 31/03/2016</p> <p><b>Medium Term Financial Strategy</b></p> <p>Joseph Holmes</p> <p><b>Ensuring adequate levels of financial reserves in line with the s151 officer's guidance</b></p> <p>Joseph Holmes 31/03/2016</p> <p><b>Conitune to monitor the progress of BCF projects and BCF Risk Register</b></p> <p>Alan Sinclair 31/03/2016</p>	8 - Medium

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
					<p>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.</p> <p>2014/15 Budgetary Control Audit Report = Amber/Green</p> <p>Better Care Fund agreed.</p> <p>Better Care Fund Fund allocation agreed</p> <p>Contingency identified in case target for hospital admissions</p>			

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
					<p>not met Council to "host" pooled budgets, but risks lay with project owners, (NHS) 12 separate projects to remove clients from hospitals</p> <p>Reports to Wellbeing Board and to Cabinet</p> <p>Ensuring representation on key boards e.g. Wellbeing Board</p> <p>Utilising joint funding opportunities wherever possible</p> <p>Better Care Fund Plan developed with input from key stakeholders</p> <p>Governance arrangements have been put in place to monitor the the delivery of the BCF plan</p> <p>A programme tracker has been developed to monitor delivery of the BCF this tracker also monitors expenditure in relation to the BCF</p> <p>Pooled budget agreement signed off</p> <p>Terms of Reference, Risk register and Project Risk register created for Better Care Fund</p> <p>The development of an action plan to address</p>			

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
					the issues raised by the LGA peer review report and embed transformation within the financial processes.			
ORG0031	Detrimental impact on Finance and Resources due to demographic change	<p>Transient nature of Sloughs population means it is difficult to predict the level of services and amenities required.</p> <p>Increase in older people population</p> <p>children and young persons population working through the system</p> <p>risk of new migration</p>	<p>Pressure on services offered by the Council</p> <p>Increased demand for waste disposal</p> <p>Increased demand for school places</p> <p>Possible rise in extremism</p> <p>Increased demands on Adult Social Care, Children and Families, and Housing</p>	9 - High	<p>Waste Strategy to deal with current levels and increases in waste disposal</p> <p>Benefits caseloads monitoring</p> <p>Housing Performance Information</p> <p>As of September 2015 there are projected to be sufficient school places going forward</p>	9 - High	<p><b>Re Procurement to be led by Waste Strategy &amp; Contracts Manager to incorporate issues identified.</b></p> <p>Nick Hannon 30/09/2015</p> <p><b>Working Group to assess the possible impact of Syrian Refugees</b></p> <p>Krutika Pau</p>	6 - Medium

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
ORG0035	Failure to protect adult social care users from physical, emotional or financial abuse	<p>Poorly trained staff or lack of training for staff provided by agencies</p> <p>Lack of robust multi-agency policies and procedures that are in line with national guidance, and no checks that these are being followed.</p> <p>The Care Act place new responsibilities with regard to Safeguarding</p> <p>Lack of resource to undertake the work to identify and protect vulnerable adults at risk.</p> <p>Lack of engagement and involvement with agencies such as the NHS, Police and Voluntary Sector organisations</p> <p>Poor Quality commissioning of services.</p> <p>Lack of monitoring of Personal Budgets provided to service users</p>	Damage to reputation. Criticism from regulatory bodies such as the Care Quality Commission	12 - High	<p>Safeguarding Action plan</p> <p>Business Plan for 2015/16 with 10 objectives</p> <p>Care Governance Group, which includes the NHS assesses 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</p> <p>Practice guidance for staff updated Feb 2015</p> <p>Safeguarding Adult Workforce Development Strategy 2014-2017</p>	6 - Medium	<p><b>Safeguarding Annual Business Plan Review</b></p> <p>Alan Sinclair 31/03/2016</p> <p><b>Monitoring through Safeguarding Board involving key partners, Police and NHS</b></p> <p>Alan Sinclair 31/03/2016</p>	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 due to a major system failure	<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 it's 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 guaranteed</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> <p>Resource identified as Business Continuity officer</p> <p>alternative premises being provided by avarto</p>	9 - High	<p><b>Identification of realistic Recovery time Objectives</b> Simon Pallett 31/03/2016</p> <p><b>Implementation of Disaster recovery Capacity</b> Simon Pallett 31/03/2016</p> <p><b>2015/16 Internal Audit on Business Continuity</b> 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	Systems that are not robust or effective enough to meet the requirement of the modern digital age	<p>Obsolete IT programs still in use.</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 &amp; 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 was as reported to CMT in Jan 2015</p> <p>IT Governance Board reviews, prioritise 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><b>IT Strategy being reviewed as part of to ensure that it reflects digital advances</b></p> <p>Roger Parkin 31/12/2015</p> <p><b>Implementation of IT support for Smart and Flexi working</b></p> <p>Roger Parkin 31/03/2016</p> <p><b>IT refresh continuing</b></p> <p>Roger Parkin 31/03/2016</p> <p><b>IGel replacement of of Citrix environment</b></p> <p>Roger Parkin 31/03/2016</p> <p><b>Migrating to Windows 7</b></p> <p>Roger Parkin 31/12/2015</p> <p><b>New Risk Management Software being procured.</b></p> <p>Phil Brown 31/12/2015</p>	6 - Medium

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
					<p>Interim SAN now commissioned and implemented</p> <p>IT Strategy signed and being reviewed to ensure that it aligns with digital advances</p> <p>ERP Solution has been procured and is being implemented</p> <p>Cyber policies distributed to staff</p> <p>Key Performance Indicators, for service area to be validated 1st year. Monitoring tools to be implemented as phase 2 activity.</p>			
ORG0044	Failure of CSO to delivery required improvements	<p>The new CSO fails to have effective leadership to deliver the required improvements in the service.</p> <p>The new organisation does not have the required budgetary responsibility</p> <p>The Council does not monitor and challenge the CSO's performance</p>	<p>Reputational damage</p> <p>Diversion of capacity and resources</p>	16 - Very High	Seeking to improve commitment through negotiation and contract monitoring	9 - High		9 - High



Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
ORG0037	Failure to meet statutory responsibilities	<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>Universal Credit for the more basic cases goes live in September 2015 in Slough</p> <p>Increase in Housing demand</p> <p>Reduction in grant to deliver mandatory outcomes</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.</p> <p>It could also lead to increased levels of Housing Rent debt as benefit is paid to the claimant rather than the landlord.</p> <p>The reforms may also lead to London Borough's placing homeless people in Slough, thus reducing the capacity for Sloughs 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> <p>Increased pressure on Housing, Children and Families and Public Health</p> <p>Possibility of insufficient school places in the future</p>	12 - High	Pro Active measure by Welfare Unit Universal Credit workshop	8 - Medium	<p><b>Care Act review of implementaion as part of ASC reform program</b></p> <p>Alan Sinclair 31/03/2019</p>	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</p> <p>The Cambridge Education contract has only one year to ago and there is a possibility that Cambridge education may pay less attention to the contract than previously</p>	<p>Financial overspends</p> <p>Poor performance by contractors</p> <p>Lack of quality in relation to services provided</p> <p>Increased possibility of fraud and corruption</p>	16 - Very 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> <p>Asst Director Commissioning and procurement has been appointed</p>	9 - High	<p><b>Tri-partite meetings with CSO and Cambridge to ensure that service meets the needs of SBC</b></p> <p>Krutika Pau      31/03/2016</p>	9 - High

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>The transfer is 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</p>	15 - Very High	<p><b>Negotiations with existing Third Party contractors regarding novation of contracts</b></p> <p>Amardip Healy 30/09/2015</p> <p><b>Provisional budget by 3/15 Final Budget agreed</b></p> <p>Joseph Holmes 30/09/2015</p> <p><b>Finance model to test viability of new org and sustainability of Council</b></p> <p>Joseph Holmes 30/09/2015</p> <p><b>Assess the impact of the residual Council Services</b></p> <p>Roger Parkin 30/06/2015</p>	8 - Medium

Risk Ref	Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
					project. 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	<b>Effective workforce strategy and action plan articulated across the organisation</b> CMTMembers 31/03/2015 <b>Assess the capacity for both normal operations and carrying key organisational change initiatives</b> CMTMembers 31/03/2015	12 - High

# Slough Borough Council

Common Themes identified from Internal Audits  
on Contract Management from 2012 to 2015

## Common Themes from the Internal Audits on Contract Management at Slough Borough Council

This paper sets out the common weaknesses identified during the twelve contract management audits that have been completed at Slough Borough Council from 2012 to 2015 where a formal assurance opinion has been provided. A significant number of reports were issued with a negative audit opinion, and a number of common areas of weaknesses were identified. Recommendations were made to address these weaknesses in the individual reports and hence action taken by management to implement recommendations may have addressed the specific areas we have identified. As a consequence, this report draws together a summary of the themes and weaknesses we have identified in our work on contract management since 2012, but the report is not necessarily a reflection on the current control framework. We have summarised the reports by assurance category below:

### Internal Audit Contract Management Reports

#### No Assurance (Red)

- Contract Management- Block Nursing Contracts (12/13)
- Contract Management (12/13)
- Contract Management and Third Party Procurement- Atkins Limited (13/14)
- Contractual Management Arrangements- Amey Plc (13/14)
- Data Quality- Performance Indicators within Contracts (14/15)
- Educational Services- Contract Management Arrangements (14/15)
- arvato Performance Management- Phase I and II (14/15)

#### Some Assurance (Amber/ Red)

- Atkins Limited- Contract Management (14/15)

#### Reasonable Assurance (Amber/ Green)

- Leisure Services (12/13)
- Thames Valley Transactional Hub- Contractual Performance Management Phase I (12/13)
- Supporting People Contract Management (12/13)

#### Substantial Assurance (Green)

- Thames Valley Transactional Hub- Governance Structure (Phase I) Set Up Arrangements (12/13)

This paper has been developed to highlight the impact of these issues, and suggested controls which could be put in place to manage and mitigate the associated risks. It is therefore recommended that Slough Borough Council should consider whether any of the control weaknesses highlighted below are still prevalent within their control environment, and if so, to implement solutions suggested within this paper. Internal Audit will be available to offer any further advice or support to assist in the development of suitable controls, or with regards to advice on any wider internal control issues. Note: we have not included the results of any of our advisory reviews on contract management within this paper, although it should be noted that no additional significant weaknesses were identified as part of these audits outside of what has been highlighted within this paper.

### Area 1: Governance Arrangements

**Topic: Six audits identified weaknesses in governance arrangements for contract management at the Council. Of these, three distinct themes were identified;**

- Lack of clear terms of reference for committees / groups delegated oversight responsibilities for contract management,
- Meeting minutes not capturing the level of detail require to assess the issues reported and subsequent discussions held,
- General weaknesses in contract governance arrangements.

## Area 2: Provider Contracts and Service Specifications

Topic: Five audits found weaknesses in the contracting process at the Council. Of these, two distinct themes were identified;

- Lack of detail within provider contracts, including contract value and duration, to the contract not being aligned to relevant legislation and standards;
- Review period was not effectively captured, preventing key improvements to be captured within the contract through its duration.

## Area 3: Key Performance Indicators

Topic: Four audits identified weaknesses in Key Performance Indicators agreed with providers. Of these, three distinct themes were identified;

- Lack of defined or sufficiently robust key performance indicators to enable effective monitoring of provider performance,
- Insufficient mechanisms in place for reporting and monitoring performance against KPIs,
- Lack of effective review of KPIs to ensure that they were still fit for purpose.

## Area 4: Strategy and Planning

Topic: Four audits found that there was a lack of key strategic documents and plans in place covering contract management in place.

## Area 5: Policies and Procedures

Topic: In eight audits we identified a lack of standard operating procedures in place for contract management.

This covered the processes for the Council in monitoring contracts, including the validation of key performance indicators.

## Area 6: Workforce and Capacity

Topic: Across two audits undertaken in 2014/15, which highlighted a lack of capacity to deliver the contract management requirements of the Council.

## Area 7: Provider Non-compliance against Contract Requirements

Topic: We identified an instance where non-compliance against contractual requirements was identified, in respect of the revision of KPIs with no prior agreement to do this

## Area 8: Data Validation

Topic: Seven audits highlighted weaknesses in the data validation processes at the Council. Of which, two key issues were identified;

- lack of validation processes for key performance indicators,
- weaknesses in the process for the validation of invoices and payments.

## Area 9: Performance Reporting

Topic: Seven audits identified a lack of effective performance reporting against key contractual performance requirements

## Area 10: Performance Monitoring

Topic: In four audits weaknesses were identified through the performance monitoring arrangements within the Council, whereby the Council demonstrated insufficient performance monitoring arrangements, at an operational level, for contracts with providers.

## Area 11: Value for Money

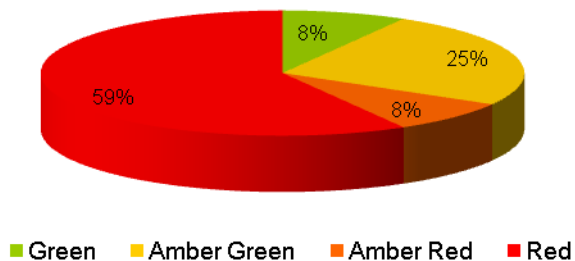
Topic: In six audits, it was highlighted that the Council may not be achieving value for money through contracts, through lack of appropriate benchmarking to ensure that contracts are cost effective and deliver an efficient service.



## Summary of performance

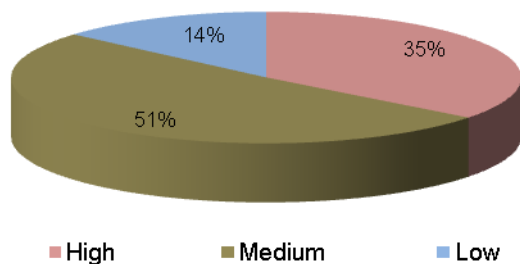
The following pie charts show the assurance opinions provided in contract management audits conducted from 2012/13 to 14/15, and the same information, split by recommendation category.

**Assurance Levels 2012/13 to date**



AUDITS	GREEN	AMBER GREEN	AMBER RED	RED
NUMBER	1	3	1	7
PERCENTAGE	8%	25%	8%	59%

**Recommendation categorisations to date:**



	HIGH	MEDIUM	LOW	TOTAL
RECOMMENDATIONS RAISED	39	56	15	110
% OF RECOMMENDATIONS	35%	51%	14%	100%

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**SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Audit & Corporate Governance Committee **DATE:** 24<sup>th</sup> September 2015

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**WARD(S):** All

**PART I**  
**FOR INFORMATION**

**REVIEW OF WHISTLEBLOWING AND ANTI-FRAUD POLICIES**

1. **Purpose of Report**

To inform the Committee that the Whistleblowing and Anti-Fraud Policies are being reviewed following an audit of the Corporate Fraud Team by Baker Tilly.

2. **Recommendation**

To note the action being taken in relation to the Whistleblowing and Anti-Fraud Policies.

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

3a. **Slough Joint Wellbeing Strategy Priorities**

Having good governance arrangements in relation to Whistleblowing and Anti-Fraud helps to underpin all of the Council's priorities.

3b. **Five Year Plan Outcomes**

These Policies will assist in making Slough one of the safest places in the Thames Valley as they will set out the expectations in relation to the behaviour of Officers and Members in relation to whistleblowing and anti-fraud measures.

4. **Other Implications**

(a) **Financial**

There are no financial implications of the proposed action.

(b) **Risk Management**

There are no risk management implications associated with the noting of the recommendation. However, if steps are not taken to put these Policies, then there is a risk of there being a higher incidence of cases of fraud within the organisation which may not be able to be dealt with as efficiently.

(c) **Human Rights Act and Other Legal Implications**

There are no human rights implications

(d) Equalities Impact Assessment

The provisions apply to all members and all staff regardless of race, gender, disability, age, religion or sexual orientation.

5. **Supporting Information**

An audit of the Corporate Fraud Team took place in 2014/15. On 2<sup>nd</sup> June Baker Tilly published their report. It contained a number of recommendations aimed at improving policy, procedure and the efficiency of the Corporate Fraud Team. The following recommendations relate to policy:

- Review and update the Anti Fraud Strategy
- Undertake a policy review of all key policies
- Review the Anti Bribery Policy
- Implement an Anti Money Laundering Policy
- All policies to support and reference 'whistleblowing' arrangements.

On 4<sup>th</sup> September 2015, the National Crime Agency issues an 'amber alert' to all Local Authorities, to review existing Anti Bribery Policies due to the threat posed by organised crime. The alert supports the review recommended by Baker Tilly.

The process has begun to draft/review these Policies and it was considered appropriate to draw this to the attention of this Committee. Once this exercise has been completed they will be brought to a future meeting of the Committee for consideration/comments.

6. **Conclusion**

At this stage it is only necessary for the Committee to note what is being done. Further action will be required once the exercise has been completed.

7. **Background Papers**

None

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

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

P = Present for whole meeting  
 Ap = Apologies given

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

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