

Date of issue: Wednesday, 12 September 2018

<b>MEETING:</b>	<b>AUDIT AND CORPORATE GOVERNANCE COMMITTEE</b> (Councillors Amarpreet Dhaliwal (Chair), Sarfraz (Vice Chair), Ali, Minhas, Munawar, Nazir and Plenty)  <b>CO-OPTED INDEPENDENT MEMBERS:</b> Alan Sunderland and Iqbal Zafar  <b>PARISH COUNCIL MEMBERS:</b> Parish Councillor Raymond Jackson (Colnbrook with Poyle) Parish Councillor Harjinder Gahir (Wexham Court) Vacancy (Britwell)  <b>INDEPENDENT PERSON</b> Dr Louis Lee
<b>DATE AND TIME:</b>	THURSDAY, 20TH SEPTEMBER, 2018 AT 6.30 PM
<b>VENUE:</b>	VENUS SUITE 2, ST MARTINS PLACE, 51 BATH ROAD, SLOUGH, BERKSHIRE, SL1 3UF
<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.



**NIGEL PALLACE**  
Interim Chief Executive

**AGENDA**

**PART I**

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**ITEM**

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forest

<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
	Apologies for absence.		
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 4 paragraph 4.6 of the Councillors' Code of Conduct, leave the meeting while the matter is discussed.</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 18th July 2018	1 - 8	-
3.	Audit and Risk Management Update - Quarter 2 2018/19	9 - 24	All
4.	Internal Audit Progress Report	25 - 40	All
5.	External Audit Fee Letter	41 - 44	All
6.	External Audit Progress Report	45 - 66	All
7.	Audit Completion Report	67 - 140	All
8.	Schedule of Activity - Councillors Code of Conduct	141 - 148	All
9.	Local Government and Social Care Ombudsman - Complaints, Findings and Complaints	149 - 152	All
10.	Schedule of Activity - Whistleblowing Complaints	153 - 156	All
11.	Exception reporting to O & S Committee	-	-
12.	Forward Work Programme 2018/19	157 - 158	All
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14.	Date of Next Meeting - 13 December 2018	-	-

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15. Exclusion of the Press and Public

It is recommended that the Press and Public be excluded from the meeting during consideration of the item in Part 2 of the Agenda, as it involves the likely disclosure of exempt information relating to the financial or business affairs of any particular person (including the Authority holding the information) as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (amended).

**Part II**

16. Part II Minutes - 18th July 2018 161 - 162 -

**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. By entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings. 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.

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**Audit and Corporate Governance Committee – Meeting held on Wednesday, 18th July, 2018.**

**Present:-** Councillors Amarpreet Dhaliwal (Chair), Nazir and Plenty

Co-Opted Independent Member: Mr Zafar

Parish Council Representative: Parish Councillors Jackson (Colnbrook with Poyle) and Gahir (Wexham Court)

Independent Person: Dr Lee (Observer)

**Apologies for Absence:-** Councillors Sarfraz, Ali and Minhas and Mr Sunderland

**PART 1**

**1. Declarations of Interest**

Item 9 – Governance Review: Councillors Plenty and Nazir declared that they had previously seen an unredacted version of the Penn Report, a redacted version of which was at Appendix 4 to the report in Part II of the agenda.

**2. Minutes of the Last Meeting held on 8th March 2018**

**Resolved –** That the minutes of the meeting held on 8<sup>th</sup> March 2018 be approved as a correct record.

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

The Democratic Services Officer outlined the Terms of Reference within which the Committee operated. The Committee had decision making responsibilities for the approval of the financial statements and the Annual Governance Statement.

A query was raised about the Committee's role in relation to paragraph 17 (c) – "To receive and consider reports on individual Members' performance". It was noted that this provision had previously relation to Members' attendance, which was now reported as a standing item at Committee and Panel meetings and published on the Council website.

The Committee also noted a proposed change to the Constitution (Minute 10 refers) regarding Members attendance following recent case law. The automatic removal of a member of the Overview & Scrutiny Committee or a scrutiny panel for failing to attend three consecutive meetings would be replaced by a report to their Group Leader for consideration. The amended rule would be extended to all committees and panels.

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

**4. Audit and Risk Management Update - Quarter 1 2018/19**

The Service Lead, Finance reported on progress made on finalising draft Internal Audit reports and implementation of recommendations. It was noted that the number of indicator of implemented recommendations had been adjusted to only include those made in the past two years and the proportion had therefore fallen to 55%.

There were currently 4 High Recommendation Actions where no action had been taken compared to 6 at the last Committee. The number of outstanding high risk recommendations had fallen from 10 to 8 since the last meeting. Members discussed and agreed some presentational amendments to the appendices of outstanding actions and recommendations to make them more user friendly and future reports would include an additional column with information regarding last update and completion notes.

It was highlighted that the Corporate Risk Register had been updated and actions to be taken and by whom were identified.

The Committee recognised the progress that was been made to continue to reduce the number of high and medium risk actions outstanding, although further work was needed to introduce greater controls and more data in the future.

**Resolved** – That progress on finalising the draft Internal Audit reports, implementation of Internal Audit recommendations and details of the Corporate Risk Register be noted.

**5. Internal Audit Progress Report - Quarter 1**

The Head of Internal Audit introduced a Progress Report that summarised the progress made against the Internal Audit Plan 2018/19 and any remaining audits from previous year's plans.

Since the last meeting, the remaining two audits from the 2016/17 plan had been finalised; eleven reports from 2017/18 had been finalised, of which Creditors, Debtors and Voids had received partial assurance opinions; and two reports from the 2018/19 plan had been finalised with only partial assurance provided on Contract Procedure Rules audit. An issue with duplicate payments had been identified. The Director of Finance & Resources stated that there had been different systems in use for adult social care payments and Agresso, the Council's main financial management system. The Council would migrate to one system in the future to address the risk and the Committee requested an update on the Action Plan for the migration of the Agresso and social care payment systems at the next meeting.

A summary of the high and medium recommendations was detailed in the report and Members also noted that there were no changes to the 2018/19

planned internal audit work. At the conclusion of the discussed, the Internal Audit Progress report was noted.

**Resolved** – That the Internal Audit Progress Report be noted.

**6. 2017/18 Internal Audit Annual Report**

The Head of Internal Audit introduced the Annual Internal Audit Report 2017/18 that included the annual opinion on the overall adequacy and effectiveness of the Council's risk management, control and governance processes.

A positive opinion was issued in that the Council had demonstrated improvements in its overall control management in the past year, evidence by the fact that of the thirty-one reviews with a formal assurance opinion, twenty-three had received a positive opinion. This included areas such as budgetary control where a partial assurance opinion had previously been provided. There remained areas for improvement in the effectiveness of controls in place and these should be included in the Annual Governance Statement with steps set out to address the weaknesses.

A Member raised the partial assurance opinions given on Voids and Neighbourhood Anti Social Behaviour Enforcement and it was agreed that the internal audit reports on these areas be circulated to the Committee.

The Committee noted the report and acknowledged the work of Officers in the improvements to processes and controls in the past year.

**Resolved** – That the Internal Audit Annual Report 2017/18 and Head of Internal Audit opinion be noted.

**7. Financial Statements 2017/18**

The Service Lead Finance introduced a report that updated Members on the progress of the external audit of the 2017/18 financial statements.

The statements had not been signed off on time in the previous year due to issues relating to the closing of the accounts and an action plan had been in place. The statutory deadline for producing draft accounts had also been moved forward and the Council had improved processes and invested resources to ensure the new deadlines were met with the draft accounts published at the end of May 2018. Officers were asked that in future, the draft financial statements to be circulated to the Committee as soon as they had been prepared.

The external auditors reported that the audit was in a better position than in previous years and although there was more work to complete it was hoped the audit would be complete before the end of July.

The Committee was asked to give delegated authority to the Chair to approve the financial statements, subject to there being no further substantive issues raised, and this was agreed.

**Resolved –**

- (a) That progress made on the external audit of the 2017/18 Financial Statements be noted.
- (b) That the Chair in conjunction with the Director of Finance and Resources be delegated the authority to approve the financial statements after circulating the final audit letter and subject to no additional issues raised.

**8. External Audit - Completion Report**

The Engagement Lead for the External Auditor, BDO, Ms Combrinck, summarised the key areas of work, findings and conclusions in the Audit Completion Report for the year ended 31 March 2018.

The Committee noted the key audit and accounting matters and from the audit of the use of resources as set out in page 5 to 7 of the supplementary agenda. These included some material misstatements, and eight unadjusted audit difference. Management considered these matters to be immaterial in the context of the financial statements but the auditors requested that they be corrected. The control issues that had been identified were noted and an action plan had been developed that the Corporate Management Team were considering.

The auditors recognised the improvements that had been made on the previous year and the audit opinion reflected this, although it was anticipated that a modified opinion would be issued on the use of resources due to a combination in the weakness of the Council's preparation of the financial statements and continuing weakness in children's social care services.

Members asked a number of questions about the processes that had put in place to improve the audit process on previous years and welcomed the timeliness compared to previous years. The external auditor was asked whether it was appropriate to qualify the opinion on the Council's use of resources based on the ongoing issues in social care given the fact the services were not being delivered by a separate entity in Slough Children's Services Trust. The Council retained statutory responsibility for the service and Ms Combrinck stated that after consultation with the National Audit Office it was considered this element of partnership working should form part of the audit conclusion.

A Member asked whether the payments forming Senior Officers' Remuneration and exit packages at Note 2 of the statements complied with the Council's policy that any packages above the statutory minimum required approval of full Council. The Service Lead confirmed that none of the

packages were in excess of the statutory minimum. It was agreed that the Committee be provided with a summary breakdown of the payment awarded.

At the conclusion of the discussion, the Committee welcomed the improved processes and the fact the audit had progressed more quickly than in recent years. The report was noted.

**Resolved –** That details of the report be noted.

## **9. Governance Review**

The Service Lead Governance introduced a report that updated the Committee on the work being undertaken on the Council's Governance Review and sought approval of the Annual Governance Statement as at Appendix 3 to the report.

The Review of Governance had been undertaken following a cross-party Council motion of 19<sup>th</sup> December 2017 making a commitment to address a range of concerns about governance issues, including the process of recruiting a permanent Chief Executive. The review had concluded that the Council's governance arrangements were generally sound and it was noted that a significant amount of work had been undertaken to update the Council's Constitution and the culture of behaviours amongst Members and Officers. The review set out how the current recruitment process for a permanent Chief Executive had been conducted, the establishment of a new Trustee Committee and an internal Risk & Audit Board and the guidelines on Members' access to information and documents about which concerns had previously been raised. The Annual Governance Statement reflected much of this work to improve governance and address weaknesses identified through the internal audit process. The Committee received a copy of the Penn Report into governance issues arising from allegations made in 2016. The report contained exempt information and was redacted to remove any information relating to current employees.

The Committee welcomed the progress that had been made in addressing the wide range of governance issues raised with the Council in the past two years. Members discussed the implications of the delegation of the Legal Services Function to the London Borough of Harrow and it was noted that the hourly rate would be circa 30% cheaper than the external advice previously commissioned and that significant savings would be achieved whilst providing an improved service. Other matters discussed included the role of Committee in monitoring and tracking performance of the new legal services arrangements and the number of recommendations made from committees to full Council.

At the conclusion of the discussion, the report was noted and the Annual Governance Statement was approved. The monitoring of Members performance through attendance was raised and it was agreed that the Committee would receive a Members Attendance Report at its December 2018 meeting.

**Resolved –**

- (a) That details of the report be noted.
- (b) That the proposed Annual Governance Statement, as appended to the report, be approved.

**10. Revision of the Constitution**

The Service Lead Governance introduced a report that sought the approval of the Committee to revisions to the Constitution, which, if agreed, would be recommended to Council.

These revisions aimed to improve the Council's governance, give effect to the changes necessitated by the senior management restructure, update titles and reflect any relevant changes to legislation. The Service Lead summarised the key amendments and answered questions from the Committee on a number of specific issues.

At the conclusion of the discussion, the Committee agreed to recommend the revisions to the Constitution to Council on 24<sup>th</sup> July 2018 for approval.

**Recommendation to Council –** That the revisions to the Council's Constitution set out as tracked changes in the document appended to the report be approved.

**11. Date of Next Meeting - 20th September 2018**

It was agreed that, due to the Chair's non availability for the scheduled meeting on 20th September 2018, an alternative date may need to be arranged.

**Resolved –** That the date of the next meeting was to be confirmed.

**12. Exclusion of the Press and Public**

**Resolved –** That the press and public be excluded from the meeting during the consideration of the item in Part II of the agenda as it involved the likely disclosure of exempt information relating to the financial and business affairs of any particular person (including the authority holding that information) as defined in paragraph 3 of Part 1 the Schedule 12A the Local Government Act 1972.

Below is a summary of the matters considered during Part II of the agenda.

**13. Indexation Issues Arising from the Contract with Slough Enterprise Limited**

Following a request made at the previous meeting, the Committee received a report that provided information on the issue of the indexation provisions in the Council's contract with Slough Enterprise Limited (formerly known as Slough Accord Limited), a subsidiary of Amey UK Plc.

**14. Governance Review - Appendix 4**

The Committee noted Appendix 4 – Redacted Investigation Report (Penn Report) and discussed the lessons learnt.

Chair

(Note: The Meeting opened at 6.35 pm and closed at 9.09 pm)

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**SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Audit & Corporate Governance Committee

**DATE:** 20<sup>th</sup> September 2018

**CONTACT OFFICER:** Neil Wilcox; Director, Finance & Resources (Section 151 Officer)

**(For all Enquiries)** (01753) 875368

**WARD(S):** All

**PART I**  
**FOR COMMENT & CONSIDERATION**

**AUDIT & RISK MANAGEMENT UPDATE – QUARTER 2 2018-19**1. **Purpose of Report**

The purpose of this report is to:

- Report on the progress of finalising draft Internal Audit reports
- Report on the progress of the implementation of Internal Audit recommendations

2. **Recommendation(s)/Proposed Action**

That the Committee is requested to comment on and note the attached reports.

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

The [Slough Joint Wellbeing Strategy](#) (SJWS) is the document that details the priorities agreed for Slough with partner organisations. The SJWS has been developed using a comprehensive evidence base that includes the Joint Strategic Needs Assessment (JSNA). Both are clearly linked and must be used in conjunction when preparing your report. They have been combined in the Slough Wellbeing Board report template to enable you to provide supporting information highlighting the link between the SJWS and JSNA priorities.

3a. **Slough Joint Wellbeing 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*

### 3b. Five Year Plan Outcomes

The actions contained within this report will assist in achieving all of the five year plan outcomes

### 4. Other Implications

#### (a) Financial

There are no financial implications of proposed action

#### (b) Risk Management

<i>Recommendation</i>	<i>Risk/Threat/Opportunity</i>	<i>Mitigation(s)</i>
<i>That Audit &amp; Risk Committee is requested to comment on and note the attached reports</i>	<i>This report concerns risk management across the Council</i>	

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

There are no Human Rights Act or other legal implications in this report

#### (d) Equalities Impact Assessment

There is no identified need for an EIA

### 5. Supporting Information

#### 5.1 Finalising Internal Audit Reports

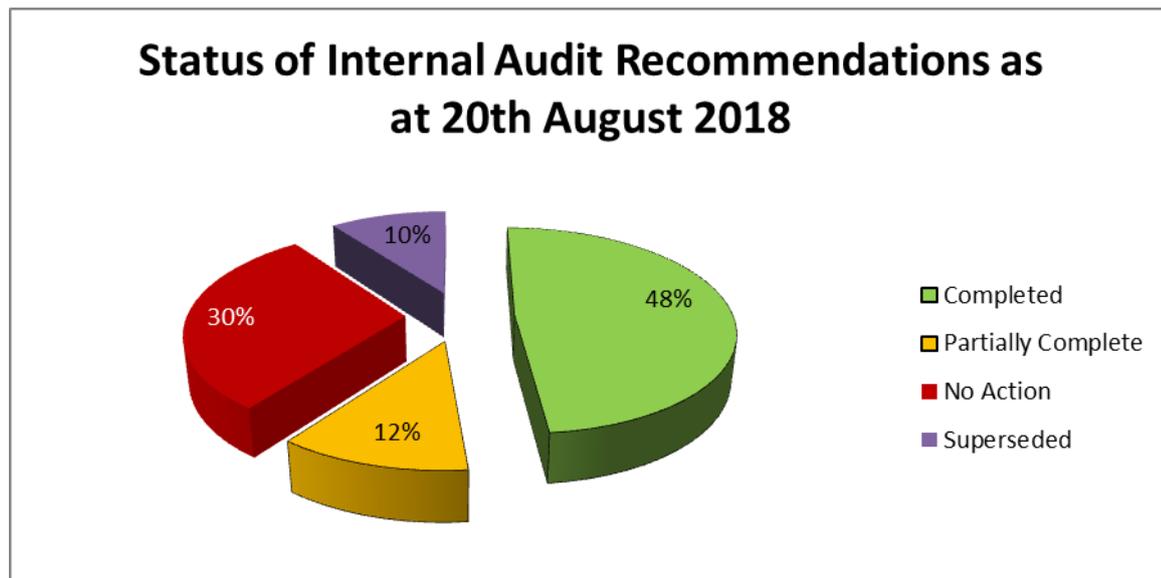
5.1.1 The table below shows those "Assurance" Internal Audits that remain in draft and are yet to be finalised as at 12<sup>th</sup> June 2018

Audit	Audit Plan Year	Audit Sponsor	Assurance Level	Date to be Finalised by	Comments
Children's Centres	18/19	Cate Duffy	Reasonable Assurance	16 <sup>th</sup> August	Finalisation meeting booked for 23 <sup>rd</sup> August
Council Tax	17/18	Neil Wilcox	Reasonable Assurance	16 <sup>th</sup> Dec 2017	Awaiting re-issue of draft
Claycots School	18/19	Cate Duffy	Partial Assurance	22 <sup>nd</sup> June 2018	Awaiting to be finalised.
St Bernard's Catholic School	17/18	Cate Duffy	Reasonable Assurance	25 <sup>th</sup> July 2018	With Children's Learning and

Audit	Audit Plan Year	Audit Sponsor	Assurance Level	Date to be Finalised by	Comments
					Skills Service
Overview & Scrutiny Committee Effectiveness	18/19	Neil Wilcox	Reasonable Assurance	29 <sup>th</sup> June 2018	With RSM to finalise
Priory School	17/18	Cate Duffy	Substantial Assurance		With Children's Learning and Skills Service
Fixed Penalty Enforcement	17/18	Joe Carter	Partial assurance	5 <sup>th</sup> February 2018	With Neighbourhood Services to be finalised

## 5.2 Monitoring Management Actions

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



5.2.2 Attached at Appendix 1 is a list of outstanding High and Medium actions that are outstanding

5.2.3 The percentage of completed actions has risen to 48% from last quarters 45%

5.2.4 Attached at Appendix 2 is a list of the "High" Recommendation Actions that remain Outstanding past the target date.

Current Position		Previous Audit Committee	
No Action	Partially Complete	No Action	Partially Complete
4	4	4	4

5.3 **Corporate Risk Register**

5.3.1 Attached at Appendix 3 is the Corporate Risk Register and Members comments are invited on this.

6. **Comments of Other Committees**

There are no comments from other Committees

7. **Conclusion**

Members are requested to consider details of and comment on the progress of finalising draft Internal Audit reports and on the progress of the implementation of Internal Audit recommendations.

8. **Appendices Attached**

Appendix 1 – Outstanding High & Medium risk internal Audit actions

Appendix 2 – Details of High Rated Recommendations

9. **Background Papers**

None

**Overdue Audit actions**

**High & Medium Overdue Internal Audit actions**

Title	Management Actions	Recommendation Rating	Implementation Status	Target Date	Completion Notes
Person Responsible: <b>TBa</b>					
Governance	The Council will meet the requirement to publish details of all grants to voluntary, community and social enterprise organisations on an annual basis. For each identified grant, the following information will be published as a minimum: <ul style="list-style-type: none"> <li>• Date the grant was awarded</li> <li>• Time period for which the grant has been given</li> <li>• Local authority department which awarded the grant</li> <li>• Beneficiary</li> <li>• Beneficiary's registration number</li> <li>• Summary of the purpose of the grant amount</li> </ul>	Medium		30/04/17	
Person Responsible: <b>Alexander Cowen</b>					
Adult Safeguarding	The Council will agree the timing to phase out the use of the safeguarding spreadsheet once the IAS reporting function goes live.	Medium	No Action Taken	31/03/18	No Action Taken
Person Responsible: <b>Tina Tushingham</b>					
Holy Family Catholic School	The School will ensure where a DBS check confirmation is not obtained prior to an employee start date, an appropriate risk assessment is undertaken on the employee to ensure they are fit for service.	Medium	No Action Taken	31/07/17	Completed as per Tina q3 17/18 Follow up - No action taken
Holy Family Catholic School	The School will ensure annual inventory checks are taking place with any discrepancies being investigated. Those discrepancies identified over a predetermined sum will be reported to the Governing Body. To coincide with Asset Tagging.	Medium	Partially Completed	30/09/17	Asset tags to be added to equipment in half term Also looking at bespoke asset register systems but this is dependent on costs
Person Responsible: <b>Ian Blake</b>					
Neighbourhood ASB Enforcement	The Council will review and update the ASB categories and types on both Capita and Flare to ensure these are aligned and reflect the categories and types defined within Fact Sheet 6 - ASB Case Management Systems. Training will subsequently be provided to Team Leaders and Officers on definitions of categories and types to ensure correct assignment and consistent application.	Medium		31/03/18	
Person Responsible: <b>TBA</b>					
Health & Safety	Target dates will be set for all actions identified as a result of self-audits. These will also be added to the Directorate Health and Safety Action Plan. Where the target date has passed for a particular action, explanations will be provided and revised target dates will be set.	Medium	Partially Completed	30/04/17	In progress
Health & Safety	A Health and Safety Report will be produced to replace the action plan. This will include: <ul style="list-style-type: none"> <li>Compliance of risk assessments and self-audits completed.</li> <li>completed Risks and respective actions raised from risk assessments</li> <li>Risks and respective actions raised from self-audits</li> <li>Accident and incident statistics along with detailed of cases and action taken.</li> </ul> This report will be completed and updated for each directorate and reviewed at each directorate Health and Safety meeting. This will ensure actions are being monitored and therefore completed in a timely manner.	Medium	Partially Completed	30/06/17	In progress
Health & Safety	An exercise will be carried out to identify all staff eligible for the mandatory and optional training courses regarding health and safety along with staff that have already completed this training. Following this, a Health and Safety Compliance Report will be presented and challenged at the Corporate Management Team and the Senior Management Team. This report will include the compliance rates of health and safety training for all levels of staff across all directorates.	Medium	No Action Taken	30/06/17	No Action
Health & Safety	As per the H&S Policy, H&S leads will ensure that risk assessments and self-audits are readily available and stored securely.	Medium	No Action Taken	30/04/17	No Action
Person Responsible: <b>Frederick Narmh</b>					

Procurement	Aligned to the review of the CPR, the POP will also be reviewed and updated, and maintained thereafter to ensure it is consistent with the CPR and reflective of current legislation and thresholds, and provides sufficient guidance to staff on procurement procedures. The updates will incorporate use of the current Intend system or any subsequent system implemented in relation to procurement and clearly set out the roles and responsibilities of the Procurement team and wider Council staff, including the Legal team, in procurement. The updated POP will then be made accessible to staff on the intranet, together with relevant forms/templates.	Medium	No Action Taken	31/08/17	As Per F N - First draft by the end of September Then needs to go through a consultation process Est Implementation mid Oct 2017 Covered in 1819 Contract Procedure Rules Audit - not implemented - raised again so this action needs to link to the one below - action raised: Timescales should be set for the review of the Procurement Operating Procedures and should be reported to the Finance DMT until complete, and then formally communicated to all staff.30th Oct 2018
Procurement	The Procurement team will undertake monthly monitoring and analysis of expenditure by supplier and by type of expenditure to monitor compliance with the Council and EU procurement thresholds requiring formal contracts to be awarded and to identify any potential efficiencies and savings that could be delivered through consolidation of contracts	Medium	Partially Completed	30/06/17	As per FN - This will be undertaken by Fixed Term contract post
Creditors	The workflow on the Agresso system will be changed for amendments to supplier details. A comprehensive segregation of duties to approve and verify amendments of supplier details will be implemented between arvato P2P and Council Procurement.	Medium	Partially Completed	31/07/17	This issue has been sent to the agresso project team and will form part of the implementation plan. Been sent to Agresso project team but won't be done until after HR system has been implemented 09/07/2018 F&R DMT agreed that Simon PO would take this forward
Capital Expenditure	The Terms of Reference for the Procurement Review Board need to be updated, and meetings of the group will be recommended to ensure there is sufficient control over compliance with the Financial Procedure Rules.	Medium	No Action Taken	31/03/18	This is impossible to do until the review of the Constitution and re-structure have been completed
<b>Person Responsible: Joe Carter</b>					
Business Continuity Planning Arrangements	"A formal group will be established to oversee the Council's business continuity agenda. The group's remit will be defined within Terms of Reference which will include; • Responsibilities; • Membership and quoracy; • Meeting frequency; and • Accountability and reporting.	High	No Action Taken	31/03/18	Amended as per follow up audit April 2017 Amended as per q1 follow up
Business Continuity Planning Arrangements	"A formal and documented process will be established, implemented and maintained for exercising and testing business continuity procedures in order to assess their effectiveness. This will be documented within the Council's overarching Business Continuity Management Policy. A testing schedule will be defined for the Council BCP as well as the Directorate and Service BCPs which details the intervals at which each element of these will be tested. Exercises/tests will; • Be based on appropriate scenarios with clearly defined aims and objectives to minimise the risk of disruptions; and • Produce formalised post exercise reports that contain outcomes and lessons learnt, recommendations and actions to implement improvements.	Medium	No Action Taken	31/03/18	Not Complete
Business Continuity Planning Arrangements	"A formal programme of business continuity training will be developed and delivered to staff covering, but not limited to; • The roles and contributions of staff to the effectiveness of BCM within the Council; and • The roles and contributions of staff to the effectiveness of BCM within the Council; and • The implications of non-conformance with the policy.  • The implications of non-conformance with the policy."	Medium	No Action Taken	31/03/18	No action taken as per follow up Audit

Business Continuity Planning Arrangements	<p>The Council will establish and maintain a documented process for undertaking business impact analysis and risk assessments at Service, Directorate and Council-wide level that;</p> <ul style="list-style-type: none"> <li>Establishes the context of the assessment and defines the criteria for evaluating the potential impact of a disruptive incident;</li> <li>Takes into account legal and other commitments;</li> <li>Includes systematic analysis and prioritisation of risk treatments;</li> <li>Defines the required output from the business impact analysis and risk assessment; and</li> <li>Specifies the requirements for this information to be kept up-to-date.</li> </ul> <p>The business impact analysis will include;</p> <ul style="list-style-type: none"> <li>Identifying activities that support the provision of services;</li> <li>Assessing the impacts over time of not performing these activities;</li> <li>Setting prioritised timeframes for resuming these activities at a specified minimum acceptable level (RTO - Recovery Time Objective), taking into consideration the time within which the impacts of not resuming them would become unacceptable (MTPD - Maximum Tolerable Period of Disruption).</li> </ul>	High	Partially Completed	30/09/16	Partially Complete as per Follow Up audit 04/17
Business Continuity Planning Arrangements	<p>The Council will develop an overarching Business Continuity Management (BCM) Policy covering the framework for BCM in the organisation. The policy will set out;</p> <ul style="list-style-type: none"> <li>Scope, aims and objectives of BCM in the Council;</li> <li>The Council's commitment to BCM;</li> <li>The activities that will be required to deliver these; and</li> <li>Roles and responsibilities of staff in relation to BCM.</li> </ul> <p>Version control to state approval details and next planned review date.</p> <p>Once finalised, the policy will be subject to verification by CMT and communicated to staff.</p>	High	Partially Completed	31/08/16	Completed as per Joe Carter RHR SMT
<b>Person Responsible: Trevor Costello</b>					
Voids	<p>The Capita system will record where recharges have been made and collected.</p> <p>A new post has been created of Clienting Recharges Officer within the Clienting Team so that the preinspection outcome notification letters and subsequent recharge requirements (both from voids and responsive repairs) can be administered consistently across the service.</p> <p>The Clienting Recharges Officer will receive regular reports from Osborne and the Clienting Voids Inspectors in order to raise notification and issue of recharges to tenants and</p>	Medium	No Action Taken	31/07/18	not due yet
<b>Person Responsible: Phil Brown</b>					
Risk Management	<p>The Council will ensure future Risk Management Strategy updates will include the following:</p> <ul style="list-style-type: none"> <li>Next review date and requirement for it to be reviewed annually;</li> <li>'How to populate the risk register' guidance to be updated to ensure it is specific to the Intelx risk system</li> <li>Inclusion of the requirement for risks to be linked to strategic objectives,</li> <li>Escalation of Directorate and Project risks to the Corporate Risk Register; and</li> <li>Guidance on identifying target risk ratings and documenting actions required to address any gaps in control to mitigate the risks.</li> </ul>	Medium	No Action Taken	30/04/17	<p>The Council will ensure future Risk Management Strategy updates will include the following:</p> <ul style="list-style-type: none"> <li>Next review date and requirement for it to be reviewed annually;</li> <li>'How to populate the risk register' guidance to be updated to ensure it is specific to the 4risk system</li> <li>Inclusion of the requirement for risks to be linked to strategic objectives,</li> <li>Escalation of Directorate and Project risks to the Corporate Risk Register; and</li> <li>Guidance on identifying target risk ratings and documenting actions required to address any gaps in control to mitigate the risks.</li> </ul>
<b>Person Responsible: Rhian Richards</b>					

Housing Regulation	The eight-week target timescale from receipt of a HMO application to decision to grant or refuse the licence will be incorporated into the Housing Regulation Procedure to be developed and published on the HMO licensing page on the Council website. Compliance against the target will then be monitored by the Housing Regulation Manager	Medium	Partially Completed	31/03/18	This is under review as we are expanding the HMO Licensing Scheme. We are due to go to Cabinet in September with the proposal to introduce a new Scheme which will include new fee structure as aswell KPIs.
Housing Regulation	A Housing Regulation Procedure will be developed to cover the processes for dealing with and managing housing regulation cases Flare system templates will be reviewed in conjunction with the development of the overarching procedure and use of these will be incorporated into the document, aided by the use of flow charts.	Medium	Partially Completed	31/03/18	Some work has been done in this area but this need to be expanded to covers all areas This work will be done in parallel to the overall system improvement we rolling out
<b>Person Responsible: Colin Moore</b>					
Management of Housing Stock	The Tenancy Management Policy and Fact Sheet 9 (Mutual Exchange/Transfer) will be updated to include: • A requirement to set submission deadlines when requesting information from the tenant or external landlords; • The timescales to be given; and • Refusal as the consequence for missing the deadline. Once approved, this will then be communicated to relevant staff and implemented to ensure effective management of applications, with compliance will be monitored as a KPI.	Medium	No Action Taken	31/03/18	Change of resp
Allocations	The IT issues regarding sending out renewal letters will be addressed to ensure these are being sent out on an annual basis.	Medium	Partially Completed	30/09/17	9/11/2017 - P&D SMT - This is an IT issue IT have told us that the Renewal Letters part of the system will be available in January 2018.
Allocations	The Housing Allocation Scheme will be reviewed and updated with consideration of amendment to the: • Five year residency requirement; • Lack of home ownership requirement; and • The working household's additional preference criteria.	Medium	Partially Completed	30/09/17	The new scheme will be going live at the beginning of April 2018.
Homelessness	A review will be carried out to assess the staffing levels in the teams responsible for completing the suitability of accommodation checklist to determine if these need to be adjusted to provide the manpower to complete the suitability of accommodation checklists.	Medium	Partially Completed	30/09/17	The Housing Standards Team have drafted a new procedure to deal with this area. It is currently being consulted on and will be agreed in January 2018.
Homelessness	A policy around incentives will be drafted which includes detail on the standard incentives, the situations when these can be inflated, the required approval to increase an incentive, as well as the tenancy length requirement (12 month minimum) to ensure consistency of approach.	Medium	Partially Completed	30/09/17	9/11/2017 Advised that this is now complete q3 2017/18 Follow Up found that authorisation is not only required when incentive amount is agreed
Homelessness	The Deposit Guarantee information for Landlords will be reviewed and updated. This will be provided and a signature required along with the safety check information whenever a new private landlord is used for a Deposit Guarantee Scheme client of the Council.	Medium	No Action Taken	30/09/17	9/11/2017 P&D SMT This action is now complete q3 follow up The deposit guarantee information has not been reviewed
<b>Person Responsible: Liz Jones</b>					
Voids	Pre-inspections will be carried out prior to the tenant moving out, where notice is given. This will be recorded on the CAPITA system. Attempts to arrange pre-inspections will also be recorded on CAPITA by the Housing Officer. An information pack will be included with the appointment letter detailing how to leave a council property and the possibility of recharges for damage or clearance of possessions. A confirmation letter following the preinspection visit will be sent confirming identified reports to be completed before vacation, which will be recorded on the CAPITA system.	Medium		31/07/18	
<b>Person Responsible: Andrew Pate</b>					

Treasury Management & Cash Handling	The Group Accountant will ensure that all reconciliation between Agresso and Logotech is completed in a timely manner - within the following month	Medium		31/07/18	
Asset Register	The Group Accountant Capital, Treasury and SUR will develop an Asset Management Procedure that clearly outlines the responsibilities of all involved departments and staff. The procedures will clearly outline: • How to identify assets; • Responsibility of staff in reporting new assets and disposals to the finance team, the legal team and the asset management team; • Documentation to be held for assets owned by the Council; • Responsibility in recording all assets into the Land Terrier and the Asset Register; • Timeliness and responsibility of reconciliations between the asset values in the asset register and the general ledger; • Timeliness and responsibilities for all involved teams within the asset revaluation process and updating of results. • The process for disposals and acquisitions of assets. • The requirement for the Principal Asset Manager to oversee the preparation and implementation of a physical asset inspection process which will allow the Council to take assurances on the integrity of asset details maintained in asset managed records. Once developed the procedure will be approved by the Capital Strategy Board and communicated across all service lines	Medium	No Action Taken	31/03/18	No update received
Asset Register	The Principal Asset Manager together with the Group Accountant Capital, Treasury and SUR will ensure that the Terrier system and CIPFA asset register are updated with details of all new assets acquired by the Council as they occur.	Medium	No Action Taken	31/03/18	No update received
Purchasing Cards	As part of the Councils Transparency code, the Council will publish expenditure on purchase cards, broken down by merchant, on its public internet site.	Medium		31/03/18	
Purchasing Cards	Spot checks by Finance on a sample of submissions each month will be conducted and recorded to ensure that that expenditure on the detailed receipts provided are for official Council purchases and in line with the Purchasing Card Policy.	Medium		31/03/18	
Purchasing Cards	The Council will ensure that for all purchase cards in use, a Purchasing Card Agreement Form will be maintained centrally by the Finance team. Financial Limits will be recorded on Cardholder Agreement forms.	Medium		31/03/18	
<b>Person Responsible: Simon Broad</b>					
Adult Safeguarding	The Council will agree the work plan, terms of reference and membership of the SAB Performance Sub Group.	Medium	Partially Completed	30/06/17	SMT 26th July advised will be completed in Nov 2017 This date has now pushed back to Jan 2018
Adult Safeguarding	The Council will ensure that all triages for referrals received are undertaken by a DSM.	Medium	No Action Taken	30/04/17	ASC SMT advised hat this is complete
<b>Person Responsible: Surjit Nagra</b>					
Health & Safety	The following will be included as standing agenda items for each Directorate Health and Safety Committee to ensure that relevant matters are regularly discussed and monitored: Update from Service Lines; • Review of high level risks and •actions arisen from risk assessments and self-audits; Compliance of risk •assessments and self-audits; Accident and Incident •Reports/Statistics; and Training compliance.	Medium	Partially Completed	31/03/18	H&S discussed at SMT and CMT's
Health & Safety	High risks identified in Health and Safety Risk Assessments will be reported up from service lines to their respective Directorate Health and Safety meeting for monitoring. Higher level risks will also be reported up from the Directorate Health and Safety meeting to the Corporate Health and Safety Committee for regular review.	High	Partially Completed	31/03/18	Health & Safety now a standing Item on Agenda for CMT and SMT's Project team chaired by Strategic Directorate of RHR to review the entire H&S process Amended as per q1 follow up
Information Governance	The Data Protection Awareness training will be updated to provide guidance in line with GDPR prior to regulations going live. A review will be undertaken to ensure the additional training needs of staff within specialist IG roles are identified and the training needs document will be updated with the identified training requirements.	Medium	Partially Completed	31/03/18	E-learning courses revised March 2018. New GDPR module launched April 2018 Note - Remaining action - reports to CMT re training stats should be reassigned to HR (Surjit Nagra) - not an Alex Cowen responsibility
Information Governance	Training reports will be discussed at DMT quarterly and CMT half-yearly and details of the discussion will be recorded in the minutes.	Medium		31/03/18	

Matrix Management of Agency Staff	The Council will formally assign a Contract Manager who will have responsibility for managing the Matrix contract.	High	Partially Completed	31/05/16	Corporate procurement will continue to manage the Matrix contract on an interim basis till the contract expires. Following the eminent expiry of the Matrix contract in 2018, it is anticipated that HR will actively manage the new service contract with a dedicated resource. HR to assist in Managing this contract that has been extended for a further year.  HR to manage. Contract is up for tender - interim to be appointed to manage all HR contracts  As per FN A fixed term contract person will be appointed to manage
Tax - Temporary staff arrangements, in-house VAT return completion process and follow up	Implement the IR35	Medium	No Action Taken	31/08/17	No action Taken
Person Responsible: <b>Sanjay Dhuna</b>					
Governance	The Council will publish parking account information to comply with the Local Government Transparency Code. The information will include: • A breakdown of income and expenditure on the authority's parking account. The breakdown of income must include details of revenue collected from on-street parking, off-street parking and Penalty Charge Notices • A breakdown of how the authority has spent a surplus on its parking account	Medium	Partially Completed	31/03/18	Completed as per email from Kam Hothi amended a sq1 follow up
Person Responsible: <b>Ranvir Chahal</b>					
Special Educational Needs Funding	The Council will ensure the Local Offer is updated annually with the new SEN Information Report for all schools. In line with the above, the Governing Bodies of each school will ensure their schools are annually reviewing the SEN Information Report, and will ensure review dates for SEN funding information are clear	Medium		31/12/17	
Person Responsible: <b>Sushil Thobhani</b>					
Governance	The transactions list for expenditure exceeding £500 will be updated and the latest version will be uploaded and maintained on a quarterly basis.	Medium	Partially Completed	31/03/18	Completed as per Fred Narmh Amended as per q1 follow up
Person Responsible: <b>Nic Barani</b>					
Schools Financial Value Standard	Each of the schools identified as not submitting a signed SFVS return (Chalvey Early Years Centre; Lea Nursery; Slough Centre Nursery; St Anthony's Catholic Primary School; St Joseph's Catholic High School; and St Mary's CE Primary School) will be contacted and requested to re-submit their return, duly signed by the Chair of the Governing Body / Management Committee of the school.	Medium	No Action Taken	31/03/18	Follow up audit finding that this action was not complete
Schools Financial Value Standard	For the 2017/18 submissions, submitted SFVS returns will be subject to review by the Council's Schools Finance team to ensure; • The SFVS return has been fully completed, with a response, supported by sufficient narrative, provided against all the standards within the SFVS return template; • The return has been appropriately signed off by the Chair of the Governing Body of the school; • An action plan with time-bound and assigned actions has been included to address all areas of reported partial or non-compliance. • Where exceptions are identified, schools will be requested to address these and re-submit their return.	Medium	No Action Taken	28/02/18	No action
Schools Financial Value Standard	The Council will create a tailored best practice guide that will be provided to all the maintained schools annually. This will include: • The minimum amount of narrative expected to satisfy each of the 25 standards • A breakdown of key SFVS criteria expected of the school • A link to the detailed SFVS 'Support Notes' and 'Additional Resources' guidance provided by the Education Funding Agency.	Medium	Partially Completed	30/09/17	There are plans in progress and will be completed shortly
Person Responsible: <b>Diane Lister</b>					

Chalvey Early Years Centre	The School will ensure that for any purchases exceeding £5000, (either as a single purchase or within a single financial year) the appropriate quotation/tendering process is undertaken with evidence retained to ensure that value for money of purchases is being given adequate consideration.	Medium	Partially Completed	30/06/17	Aware & will do but no purchases over £5000 have been made since June 2017
<b>Person Responsible: Vijay McGuire</b>					
Income and Debtors Management	A review will be undertaken between Finance, arvato and Adult Social Care to identify which of the outstanding debtors should be chased in line with the Income Collection and Debt Recovery Policy. Any decision made will be reflected in an updated policy, to be shared between the above parties and council staff.	Medium	Partially Completed	31/03/17	The collection Policy needs to be updated and this is with Neil Wilcox. There is currently no date for completion. Adult Social Care are made aware by arvato of any large invoices outstanding and instruction requested as to how to proceed - responses are varied and in a large number of cases no responses are received. The first part of this action is with Finance.  Person under Jacky A's supervision will have policy completed and signed off by end of Financial year  Paula Bass will get Adult Social care to advise arvato what to do with the various debts  The updated Policy is a Finance action which remains outstanding - Neil Wilcox is aware. Arvato have requested Finance
<b>Person Responsible: Barry Stratfull</b>					
Debtors Management	The Council will ensure the debt collection policies and procedures are updated to reflect current practices and ensure debt collection expectations are being met. These will be relayed to arvato to ensure policies are agreed and followed.	Medium	Partially Completed	31/03/18	This is in progress This is in progress - and a first draft has been completed but due to resource issues this is still awaiting finalisation
Council Tax	The Council, in liaison with arvato, will instigate a process for checking a sample of discounts on an annual basis to ensure that residents in receipt of a discount are still eligible.	Medium	Partially Completed	31/03/18	All discounts except Single Person discount were checked during 2016/17 - the contractor issued a change control for SPD on 26th January 2017 to excuse a SPD for 2016/17 on the basis that the major system to check against was Electoral registration and this was considerably out of date, which made doing an SPD review virtually impossible. A plan is in place to complete an SPD review in 2017/18 as the Electoral registration database is now in a much better state. The implementation meeting for this review is scheduled for 27th June 2017  amended as per q1 follow up
Creditors	All amendments to supplier standing data (including changes to email addresses and bank details) will be supported by a fully completed and authorised form (with any relevant correspondence), clearly evidencing the verification checks undertaken and uploaded to Agresso.	High	No Action Taken	31/05/18	No update received
Creditors	We will review all accesses set up on the Agresso system to confirm that they are appropriate for the role allocated to ensure that all expenditure has been appropriately approved.	Medium		31/07/18	

Creditors	The Council will reject invoices received that do not have an associated purchase order. The supplier can then be contacted to resend an invoice with an associated purchase order number (evidencing that the cost has been agreed and authorised appropriately).	Medium		31/07/18	
Budgetary Control & Financial Reporting	Finance will undertake a review and update all budget holders within Agresso, including Level 1 staff to ensure: <ul style="list-style-type: none"> <li>• That the budget holder is a current member of staff</li> <li>• That the relevant email details are held for each budget holder</li> </ul> That all active cost centres are checked to ensure they are assigned. <ul style="list-style-type: none"> <li>• Where cost centres are no longer relevant, that these are deleted in line with procedures.</li> </ul>	Medium	No Action Taken	31/12/16	The Council will ensure that adequate assurances are received from arvato to ensure that the Agresso system is being kept up to date and leavers are being removed from the system promptly. The Council will ensure that adequate assurances are received from Freshdesk to ensure that the Agresso system is being kept up to date and leavers are being removed from the system promptly.  Raised in 17/18 Budgetary Control Audit as not complete - following Medium action raised  A.K. July 2018 Accountants will undertake a review of budget holder information held on the system and any discrepancies corrected to ensure cost centres are correctly assigned on the system and email address details are held for each budget holder. If these are
Payroll	On termination of employment for payroll staff, the T-HR & Payroll Service Manager will inform the SBC Agresso Support Team via email, copying the Financial Systems Accountant so access is removed.	Medium	No Action Taken	31/03/18	This is to be actioned
Asset Management	The Principal Asset Manager, Principal Accountant for Capital & Treasury and Group Property & Regeneration Solicitor should oversee the preparation of an Asset Management Procedure that clearly outlines the responsibilities of all involved departments and staff. The procedures will clearly outline: <ul style="list-style-type: none"> <li>•How to identify assets;</li> <li>•Responsibility of staff in reporting new assets and disposals to the finance team, the legal team and the asset management team;</li> <li>•Documentation to be held for assets owned by the Council;</li> <li>•Responsibility in recording all assets into the Land Terrier and the Asset Register;</li> <li>•Timeliness and responsibility of reconciliations between the asset values in the asset register and the general ledger;</li> <li>•Timeliness and responsibilities for all involved teams within the asset revaluation process and updating of results.</li> <li>•Formal written verification procedures covering how regular reconciliations are to be completed against the asset register and the Councils property management records.</li> </ul>	Medium	No Action Taken	31/03/17	We confirmed that a procedure had not been defined which outlined responsibility of all departments involved in asset management. We further identified following discussions with the Principal accountant that the processes were well known within the staffing structure however, there was no documented procedure. As such we have restated the action.
General Ledger	The Council will implement an appropriate password policy that requires passwords to be changed on first sign on from a new user, and that also sets passwords to automatically expire and require changing on a periodic basis.	High		31/07/18	
Asset Register	The Principal Asset Manager, Principal Accountant for Capital & Treasury and Group Property & Regeneration Solicitor should oversee the preparation of an Asset Management Procedure that clearly outlines the responsibilities of all involved departments and staff.	Medium	Partially Completed	31/07/17	No action has been taken on this Will be completed by Sept 2017 12th Oct 2017 - Barry to send out to ensure this is done
Person Responsible: <b>Jacqueline Laver</b>					
Special Educational Needs Funding	The Council will ensure the Local Offer is updated annually with the new SEN Information Report for all schools. In line with the above, the Governing Bodies of each school will ensure their schools are annually reviewing the SEN Information Report, and will ensure review dates for SEN funding information are clear	Medium		31/12/17	
Person Responsible: <b>Simon Pallatt</b>					

Information Governance	The Council will ensure that the draft Digital and IT team structure is approved by the IG Board and the recruitment process is undertaken to ensure that sufficient resources are in place to appropriately oversee information governance arrangements and responsibilities per the Health and Social Care Information Centre guidance are formally assigned.	Medium		31/07/18	
General Ledger	We will request regular backup reports from the supplier to provide assurance on the daily back up process and on the results of disaster recovery plans.	Medium		31/07/18	
Creditors	The Council will investigate and resolve the 'Amendment Logging' issue on Agresso. Changes in supplier details will then be able to be monitored and reviewed.	Medium		31/07/18	
Business Continuity & IT Disaster Recovery	The Council will ensure that a test strategy is formulated and a test plan put in place and ensure that it is tested regularly	Medium	Partially Completed	31/03/17	Follow up audit - may 2017 - no action taken Restores tested on individual system level. Not on whole enterprise yet. To be scheduled post dual site resilience
Information Governance	The Council will develop and finalise the IG Improvement Plan to identify the actions necessary to embed robust IG arrangements and ensure compliance with the HSCIC IG toolkit requirements. Each action will be assigned a responsible owner and completion deadline. The plan will be reviewed and revised on an annual basis and will be subject to approval by the IT and Information Governance Board. It will drive the IG agenda within the Council and progress against the plan will be monitored at each meeting of the IT and Information Governance Board, with progress updates reported to CMT periodically.	Medium	Partially Completed	31/03/18	Initial draft completed March 2018. Updating May 2018 from Data Mapping Workshops
Person Responsible: <b>Neil Wilcox</b>					
Matrix Management of Agency Staff	We will ensure that all staff approving new agency workers or approving the extension of existing agency contracts on the Matrix system input relevant notes of checks that have been carried out, for instance: <ul style="list-style-type: none"> <li>• Whether adequate budget is available for the post;</li> <li>• The post was required urgently out of hours and therefore, there is only authorisation from one member of staff; or</li> <li>• The reason why the contract has been extended.</li> </ul> If this information is not detailed then the approval will be refused.	High	No Action Taken	31/05/16	No Action
Asset Management	The Legal Department will ensure that completion memorandums are communicated and obtained on file for all asset acquisitions made.	Medium	No Action Taken	31/03/17	We were advised by the Principal Accountant that this action had been implemented, however we were not provided with the evidence to confirm this and therefore have not agreed this action as implemented as we have not seen the evidence. Following review with the Assistant Director Finance and Audit, it was accepted that the actions within the report would be reassigned for completion by the end of March 2017.
Five Year Plan Outcomes	The Five Year Plan information reporting in the performance reports will be improved upon to ensure: <ul style="list-style-type: none"> <li>•All indicators are SMART and measureable;</li> <li>•Performance is updated for all Outcomes quarterly;</li> <li>•Actions to address underperformance are included alongside reasons for underperformance; and</li> <li>•Detail is included to support RAG ratings including the thresholds which constitute the ratings</li> </ul>	Medium	No Action Taken	31/10/17	No action taken Completed as per 2017/18 q4 follow up A.K. July 2018 - Q1 1819 Follow Up confirms this was not implemented - information in Intelix for this is incorrect - awaiting new completion date
Person Responsible: <b>Johnny Kyriacou</b>					

Management of the Pupil Premium	Wexham School As part of the review of its pupil premium strategy for 2017/18, the format of the current document published on its website will be updated to ensure the following is covered as per the DfE requirements: • A summary of the main barriers to educational achievement faced by eligible pupils at the school; • How the school will spend the pupil premium, the reasons for that approach and how the expenditure areas are aligned to address each of the identified barriers; • How the school will measure the impact of the pupil premium by identifying measures and setting targets; and • The date of approval and next review of the school's pupil premium strategy.	Medium		31/12/17	
Management of the Pupil Premium	Wexham School The school will ensure its published pupil premium strategy outlines the impact of its pupil premium spend in the previous year; through specific measures to track and assess the overall effectiveness of pupil premium spend.	Medium		31/12/17	
Management of the Pupil Premium	As part of the review of its pupil premium strategy for 2017/18, the school will ensure that it details; • How the school will measure the impact of the pupil premium by identifying measures and setting targets; and • The date of next review of the school's pupil premium strategy. For clarity and to align it to the DfE guidance, the documents will be amalgamated and renamed 'Pupil Premium Strategy'	Medium	No Action Taken	31/12/17	Amended recommendation
Management of the Pupil Premium	Claycots The school will ensure its published pupil premium strategy outlines the impact of its pupil premium spend in the previous year; through specific measures to track and assess the overall effectiveness of pupil premium spend.	Medium		31/12/17	
<b>Person Responsible: George Grant</b>					
Schools Financial Value Standard	Refer to management action regarding the review of SFVS returns by the Council's Schools Finance team.	Medium	Partially Completed	31/12/16	Neil advised that he would raise this with George Grant and Coral Miller in February 2017 Advised by George Grant 17th Aug 2017
Schools Financial Value Standard	A reminder will be issued to the Head Teachers of the schools identified with exceptions regarding the narrative provided within their SFVS returns (Arbour Vale School; Chalvey Early Years Centre; Lea Nursery; Slough Centre Nursery; St Anthony's Catholic Primary School; St Ethelbert's Catholic Primary School) of the need to provide sufficient narrative to evidence the basis for their responses to each standard.	Medium	No Action Taken	28/02/17	Completed as per George Grant 17/08 Amended as per q2 follow up
Schools Financial Value Standard	A reminder will be issued to the Chair of the Governing Body of Khalsa Primary School highlighting the importance of ensuring SFVS responses accurately reflect the arrangements <u>within the school</u> .	Medium	No Action Taken	31/03/18	Change of resp. Amended as per q2 follow up
Treasury Management & Cash Handling	The Finance team will develop an Authorised Signatory Database for petty cash expense forms and this will be implemented by the Cash Office	Medium	No Action Taken	31/07/18	Action reformatted
<b>Person Responsible: David Askwith</b>					
Rent Accounts	The Policy and Procedure Monitoring Spreadsheet will be updated to reflect the correct policy and procedure review dates. Moreover, the Spreadsheet will be reviewed on a quarterly basis to ensure policies and procedures are subject to regular review as required.	Medium	No Action Taken	31/03/18	change of res
<b>Person Responsible: Karen Lewis</b>					
Management of Housing Stock	The Tenancy Strategy and Policy will be reviewed and updated to ensure it is aligned to the strategic priorities set out within the Five Year Plan. The strategy will then be issued to CMT and Cabinet for approval, and subject to the required consultation. Once finalised, it will be updated on the Council website and then reviewed annually thereafter.	Medium	Partially Completed	31/03/17	The government will be publishing a "wide ranging" Social Housing Green Paper imminently (Spring 2018). The Strategy will need to take account of what are anticipated to be fairly radical changes to the way social housing is developed and managed.

Location: Slough Borough Council  
Monday, August 20, 2018 10:03:04 AM (UTC+00:00) Dublin, Edinburgh, Lisbon, London by Phil Brown

**Outstanding High Risk Action**

**Outstanding High Risk Management Actions**

Title	Management Actions	Target Date	Implementation Status	Completion Notes
<b>Person Responsible: Joe Carter (3)</b>				
Business Continuity Planning Arrangements	The Council will develop an overarching Business Continuity Management (BCM) Policy covering the framework for BCM in the organisation. The policy will set out: •Scope, aims and objectives of BCM in the Council; •The Council's commitment to BCM; •The activities that will be required to deliver these; and •Roles and responsibilities of staff in relation to BCM. •Version control to state approval details and next planned review date. Once finalised, the policy will be subject to ratification by CMT and communicated to staff.	31/08/16	Partially Completed	Completed as per Joe Carter RHR SMT
Business Continuity Planning Arrangements	•The Council will establish and maintain a documented process for undertaking business impact analysis and risk assessments at Service, Directorate and Council-wide level that: • Establishes the context of the assessment and defines the criteria for evaluating the potential impact of a disruptive incident; • Takes into account legal and other commitments; • Includes systematic analysis and prioritisation of risk treatments; • Defines the required output from the business impact analysis and risk assessment; and • Specifies the requirements for this information to be kept up-to-date. The business impact analysis will include: • Identifying activities that support the provision of services; • Assessing the impacts over time of not performing these activities; • Setting prioritised timeframes for resuming these activities at a specified minimum acceptable level (RTO - Recovery Time Objective), taking into consideration the time within which the impacts of not resuming them would become unacceptable (MTPD - Maximum Tolerable Period of Disruption); and • Identifying dependencies and supporting resources for these activities, including: * A formal group will be established to oversee the Council's business continuity agenda. The group's remit will be defined within Terms of Reference which will include: • Responsibilities; • Membership and quoracy; • Meeting frequency; and • Accountability and reporting.	30/09/16	Partially Completed	Partially Complete as per Follow Up audit 04/17
Business Continuity Planning Arrangements	* A formal group will be established to oversee the Council's business continuity agenda. The group's remit will be defined within Terms of Reference which will include: • Responsibilities; • Membership and quoracy; • Meeting frequency; and • Accountability and reporting.	31/03/18	No Action Taken	Amended as per follow up audit April 2017 Amended as per q1 follow up
<b>Person Responsible: TBA(2)</b>				
Health & Safety	High risks identified in Health and Safety Risk Assessments will be reported up from service lines to their respective Directorate Health and Safety meeting for monitoring. Higher level risks will also be reported up from the Directorate Health and Safety meeting to the Corporate Health and Safety Committee for regular review.	31/03/18	Partially Completed	Health & Safety now a standing Item on Agenda for CMT and SMTs Project team chaired by Strategic Directorate of RHR to review the entire H&S process Amended as per q1 follow up
Matrix Management of Agency Staff	We will ensure that all staff approving new agency workers or approving the extension of existing agency contracts on the Matrix system input relevant notes of checks that have been carried out, for instance: • Whether adequate budget is available for the post; • The post was required urgently out of hours and therefore, there is only authorisation from one member of staff; or • The reason why the contract has been extended. If this information is not detailed then the approval will be refused.	31/05/16	No Action Taken	No Action
<b>Person Responsible: Barry Stratfull (2)</b>				
General Ledger	The Council will implement an appropriate password policy that requires passwords to be changed on first sign on from a new user, and that also sets passwords to automatically expire and require changing on a periodic basis.	31/07/18	No Action Taken	
Creditors	All amendments to supplier standing data (including changes to email addresses and bank details) will be supported by a fully completed and authorised form (with any relevant correspondence), clearly evidencing the verification checks undertaken and uploaded to Agresso.	31/05/18	No Action Taken	No update received
<b>Person Responsible: Frederick Narmh (1)</b>				
Matrix Management of Agency Staff	The Council will formally assign a Contract Manager who will have responsibility for managing the Matrix contract.	31/05/16	Partially Completed	Corporate procurement will continue to manage the Matrix contract on an interim basis till the contract expires. Following the eminent expiry of the Matrix contract in 2019, it is anticipated that HR will actively manage the new service contract with a dedicated resource. HR to assist in Managing this contract that has been extended for a further year.  HR to manage. Contract is up for tender - interim to be appointed to manage all HR contracts  As per FN A fixed term contract person will be appointed to manage Matrix by mid Oct 2017

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# SLOUGH BOROUGH COUNCIL

## Internal Audit Progress Report

**For the Audit and Corporate Governance  
Committee meeting on 20 September 2018**

This report is solely for the use of the persons to whom it is addressed.  
To the fullest extent permitted by law, RSM Risk Assurance Services LLP  
will accept no responsibility or liability in respect of this report to any other party.





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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 RSM Risk Assurance 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, RSM Risk Assurance 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 our Client 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.

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

# 1 INTRODUCTION

The Internal Audit Plan for 2018/19 was approved by the Audit and Corporate Governance Committee on 8<sup>th</sup> March 2018. This report provides a summary update on progress against that plan and any remaining audits within the 2017/18 plan as at the 3<sup>rd</sup> September 2018.

## 2017/18 Internal Audit Plan

The following three assurance reports remain in draft:

- Council Tax (issued 6<sup>th</sup> December 2017) RSM are liaising with the Council and it is anticipated that this will be finalised shortly.
- Fixed Penalty Enforcement (Issued 19<sup>th</sup> January 2018) – RSM are liaising with the Council and it is anticipated that this will be finalised shortly.
- Priory School (issued 13<sup>th</sup> April 2018) This has been chased by the Council and are awaiting on responses from the school.

## 2018/19 Internal Audit Plan

We have finalised three 2018/19 reports since the previous Audit and Corporate Governance Committee meeting held in July 2018.

- Temporary Accommodation (10.18/19) – **Partial Assurance**
- Children’s Centres (8.18/19) – **Reasonable Assurance**
- Governance – Overview and Scrutiny Committee Effectiveness (4.18/19) – **Reasonable Assurance**

The Temporary Accommodation audit resulted in partial assurance being provided which requires prompt action to be taken the Council. A summary of the review and Medium and High priority management actions from finalised 2018/19 reports, where a partial assurance opinion was given, along with implementation dates and owners has been included within Appendix A below.

In addition, we have issued the following reports in draft as part of the Internal Audit Plan for 18/19:

- Baylis Court Nursery School (8<sup>th</sup> June 2018)
- Claycots School (8<sup>th</sup> June 2018)
- Follow Up Q1 (21<sup>st</sup> June 2018)
- Follow Up Q2 (31<sup>st</sup> August 2018)
- Parish Council Governance (3<sup>rd</sup> August 2018)
- St Bernard’s Catholic Grammar School (10<sup>th</sup> July 2018)

## 2 SUMMARY OF PROGRESS TO DATE 2018/19

Reports shown in bold have been finalised.

Executive summaries and action plans from any negative assurance reports finalised since the previous meeting are appended to the bottom of this progress report.

### 2018/19 Internal Audit Plan

Assignment area	Timing Per Approved IA Plan	Fieldwork date/status	Draft report	Final report	Opinion	Actions		
						L	M	H
<b>Contract Procedure Rules</b>	<b>Q1</b>	<b>Final Report</b>	<b>18<sup>th</sup> June 2018</b>	<b>25<sup>th</sup> June 2018</b>		<b>0</b>	<b>5</b>	<b>3</b>
<b>Temporary Accommodation Strategy</b>	<b>Q1</b>	<b>Final Report</b>	<b>23<sup>rd</sup> July 2018</b>	<b>9<sup>th</sup> August 2018</b>		<b>4</b>	<b>3</b>	<b>1</b>
<b>Schools Financial Value Standard</b>	<b>Q1</b>	<b>Final Report</b>	<b>14<sup>th</sup> June 2018</b>	<b>26<sup>th</sup> June 2018</b>		<b>1</b>	<b>3</b>	<b>0</b>
<b>Governance – Overview and Scrutiny Committee</b>	<b>Q1</b>	<b>Final Report</b>	<b>15<sup>th</sup> June 2018</b>	<b>23<sup>rd</sup> August 2018</b>		<b>0</b>	<b>3</b>	<b>0</b>
<b>Children's Centres</b>	<b>Q1</b>	<b>Final Report</b>	<b>2<sup>nd</sup> August 2018</b>	<b>23<sup>rd</sup> August 2018</b>		<b>5</b>	<b>2</b>	<b>0</b>
School Reviews - Baylis Court Nursery	Q1	Draft Report	7 <sup>th</sup> June 2018					
School Reviews - Claycots	Q1	Draft Report	8 <sup>th</sup> June 2018					
Follow Up Q1	Q1	Draft Report	21 <sup>st</sup> June 2018					
School Reviews - St Bernard's	Q1	Draft Report	10 <sup>th</sup> July 2018					

Parish Council Governance	Q1	Draft Report	3 <sup>rd</sup> August 2018
Follow Up Q2	Q2	Draft Report	31 <sup>st</sup> August 2018
Property Services / Neighbourhood Services Building Maintenance	Q2	In QA, draft to be issued shortly	
Policies and Procedures	Q2	In QA, draft to be issued shortly	
Conflicts of Interest	Q2	In QA, draft to be issued shortly	
Slough Urban Renewal	Q1	In Progress	
Health & Safety	Q2	In Progress	
Adult Social Care - Management of Income	Q2	In Progress	
Treasury Management	Q2	In Progress	
Whistleblowing	Q2	In Progress	
Contracts Management - Buoygues	Q2	Commencing 17 <sup>th</sup> September 2018	
Council Tax	Q3	Commencing 10 <sup>th</sup> October 2018	
Financial Planning and Budgetary Control	Q3	Commencing 5 <sup>th</sup> November 2018	

Follow Up Q3	Q3	Commencing 22 <sup>nd</sup> October 2018
Housing Benefit	Q3	Commencing 29 <sup>th</sup> October 2018
Housing Revenue Account	Q3	Commencing 5 <sup>th</sup> November 2018
Business Continuity and Disaster Recovery	Q3	Commencing 12 <sup>th</sup> November 2018
Direct Services Organisation	Q3	Dates Agreed
OFSTED Preparedness	Q3	Dates Agreed
Buildings Compliance Management	Q3	Dates Agreed
Workforce Planning	Q3	Dates Agreed
General Ledger	Q3	Dates Agreed
Capital	Q3	Dates Agreed
Cash Collection and Management	Q3	Dates Agreed
Debtors Management	Q3	Dates Agreed
Business Rates	Q3	Dates Agreed
Governance - James Elliman Homes	Q3	Dates Agreed
Payroll	Q3	Dates Agreed

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Risk Management	Q3	Dates Agreed
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Assets	Q4	Dates Agreed
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Rent Accounts	Q4	Dates Agreed
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Creditors	Q4	Dates Agreed
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Contract Management - Osbornes	Q4	Dates Agreed
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Fire Safety	Q4	Dates Agreed
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Governance	Q4	Dates Agreed
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Follow Up Q4	Q4	Dates Agreed
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Agresso Self Service	Q4	Dates Agreed
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Licensing	Q4	Dates Agreed
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\* Please note change from agreed plan, see details below.

## 3 OTHER MATTERS

### 3.1 Changes to the 2018/19 audit plan

Auditable area	Reason for change
	No current changes

### 3.2 Impact of our work to date on year end opinion

The assurances given in our audit assignments are included within our Annual Assurance Report. In particular, the Committee should note that any negative assurance opinions ('No Assurance' or 'Partial Assurance' opinions) will need to be noted in the annual report and may result in a qualified or negative annual opinion.

Where we have issued 'no assurance' (red) and 'partial assurance' (amber / red) reports, these opinions will impact our 2018/19 Head of Internal Audit Opinion for the Council.

### 3.3 Added value specialist support

Area of work	How this has added value
Health and Safety Compliance Support	<p>We had been requested by the Council to review health and safety compliance in the built environment across the Council's portfolio of directly managed assets. The review was limited to cover gas, electric, asbestos, fire, water management, lifts and CDM. In addition, the review covered CDM related to Highways activities.</p> <p>The review has been issued in draft to the Council and identified the controls that are in place and any gaps in the Council's current health and safety management systems, processes and procedures. This included internal controls for monitoring the performance of partners, and where gaps were identified, recommendations were made and included within an action plan in the report.</p>

### 3.4 Information and briefings

The following items were highlighted as part of our information briefings since the last Audit and Corporate Governance Committee in July 2018:

[MPs believe adult social care funding needs to be increased](#) - A survey commissioned by the Local Government Association (LGA) showed that 84 per cent of MPs and 76 per cent of peers agree that funding for adult social care should increase. The LGA estimates that adult social care services face a £3.5bn funding gap by 2025, to maintain existing standards of care. Cllr Izzi Seccombe, Chairman of the LGA's Community Wellbeing Board, states 'the LGA's green paper is the start of a nationwide public debate about the future of care for all adults, and how best to support their wellbeing, and we encourage as many people and organisations – including MPs and peers - to have their say on how we pay for it and the responsibilities of citizens, families and communities.'

[Social housing green paper](#) - The Ministry of Housing, Communities and Local Government (MHCLG) has published the social housing green paper setting out proposals to 'rebalance the relationships between tenants and landlords.'

**Green paper for adult social care and wellbeing -** The Local Government Association (LGA) has launched a consultation to start a much-needed debate on 'how to pay for adult social care and rescue the services caring for older and disabled people from collapse.' The LGA estimates that adult social care services face a £3.5bn funding gap by 2025, to maintain existing standards of care. Increased spend on adult social care – which now accounts for nearly 40 per cent of total council budgets - is threatening the future of other vital council services, such as leisure centres and libraries, which help to keep people well and from needing care and support and hospital treatment.

The LGAs eight-week consultation therefore sets out options for ways in which the system could be improved and the measures that need to be considered given the scale of this funding crisis. Possible solutions set out in the consultation includes, increasing income tax for taxpayers of all ages and national insurance, a social care premium and allowing councils to increase council tax.

**Funding for supported housing -** The Ministry of Housing, Communities and Local Government (MHCLG) has published its response to two consultations launched in October 2017; one consultation related to sheltered and extra care housing, and the other, to short-term supported housing.

**Resident satisfaction polling - June 2018 -** The Local Government Association has published the results of its latest quarterly public poll on resident satisfaction with local councils. Key findings include:

- 79 per cent were satisfied with their local area as a place to live, however this has dropped below 80 per cent for the first time;
- 61 per cent were satisfied with how their local council runs things;
- 53 per cent state their council keeps residents informed about the services and benefits it provides;
- 56 per cent of respondents said they have either 'a great deal' or 'a fair amount' of trust in their council; and
- 45 per cent of respondents 'strongly agreed' or 'tended to agree' that their council provides value for money.

**Stronger powers for councils to tackle empty homes -** The Ministry of Housing, Communities and Local Government (MHCLG) has built upon legislation allowing councils to double the rate of tax on properties that have been empty for two years or more. Councils will now be able to triple the council tax on homes left empty for five to 10 years and quadruple it on those empty for more than a decade. There are currently just over 200,000 homes empty for six months or more in England, compared to 300,000 in 2010. This number has reduced dramatically since 2013 after councils were given powers to charge a 50 per cent premium on council tax bills. The government has also announced that it will publish revised guidance for councils on the use of premiums to ensure the proposed new powers are not used unfairly.

**National Procurement Strategy 2018 -** The Local Government Association (LGA) has established a toolkit to support the delivery of the National Procurement Strategy for local government in England. The toolkit aims to support councils, and groups of councils, to set objectives in relation to the maturity levels in each of the key areas of the strategy and to assess their own progress against those objectives.

**Moving the conversation on -** The LGA has published a series of papers commissioned by LGA boards, which start the new thinking around building the case for long term, sustained investment in local government as well as laying out the positive outcomes this would deliver for the country. The papers include [local government funding, housing, planning and homelessness](#), [improving schools](#), [Brexit](#), [the future of non-metropolitan England](#) and [a sustainable adult social care and support system for the long term](#).

**£7.5m into council digital agenda -** The Ministry of Housing, Communities and Local Government (MHCLG) has launched a £7.5m fund for a new 'digital pledge' to support councils transform their online services. Rishi Sunak, Local Government Minister, stated that 'I want councils and partners across the country to sign up to this declaration. By supporting each other and building on each other's work we can revolutionise services for our residents.' As part of the initiative, local authorities across the country will also be able to bid for a share of a new £7.5m innovation fund to help develop common solutions to their shared challenges.

**The health and social care interface** - The National Audit Office (NAO) has published a report on assessing the challenges preventing health and social care from effectively working together.

**Key licensing changes to further protect tenants** - The Ministry of Housing, Communities and Local Government (MHCLG) has published new guidance for landlords to further protect tenants from poor living conditions. The guidance will set out the minimum size requirements for bedrooms in houses in multiple occupations, to prevent overcrowding. Landlords must also adhere to council refuse schemes to reduce the issues regarding rubbish. The government has also announced a review to look at how selective licensing is used and find out how well it is working.

**Long-term funding of adult social care** - The Housing, Communities and Local Government Committee and Health and Social Care Committee have published a joint report on 'long-term funding of adult social care.' The report highlights that rising demand, together with costs, in the face of reductions in funding, has put the social care system under 'unsustainable strain.' In its current state, the social care system is not 'fit to respond to current needs,' nor 'predicted future needs as a result of demographic trends.' The Committees highlight that spending on social care needs to rise in order to 'meet the care needs of everyone', 'improve the quality of care delivered' and 'provide the additional funding to meet future demand.'

The Committees set out a number of recommendations including 'people who receive social care should be allowed to receive direct cash payments to enable them to pay carers, including family carers, to help those families who prefer to care for loved ones themselves at home' and 'an earmarked contribution, described as a 'Social Care Premium', should be introduced, to which individuals and employers should contribute.'

**New powers for councils to deliver homes for local families** - Councils will receive new powers to help them deliver the home their communities need. Under new rules, councils will be able to seek approval from the government to launch a 'New Town Development Corporation.' Held accountable by councils, the development corporations will be expected to involve communities in their projects, which includes allowing residents to have their say on how high-quality homes are delivered. This measure is part of the government's programme of planning reform and targeted funding to deliver 300,000 homes a year by the mid-2020s. Dominic Raab, Housing Minister, has introduced the regulations to Parliament, which are subject to further debate by MPs and will come into force later this year once approved.

**A guide to effective partnership working between principal and local councils** - The Local Government Association (LGA) and the National Association of Local Councils (NALC) has collectively launched a new guide setting out how principle and local councils can work more effectively in partnership. This guide sets out a series of core principles and explains how, by partnering with different levels of local government, councils can be 'more representative of place, more responsive to citizens, more efficient in continuing to deliver services, and hence more able to fulfil their common purpose.' The guide explains how to 'develop a long-term vision for an area', 'make the case to residents for more local representation', 'engage better with residents through partnering' and 'create new grass-roots partnerships in unparished areas.'

**Independent Review of Building Regulations and Fire Safety** - Dame Judith Hackitt has published her final report on the 'Independent Review of Building Regulations and Fire Safety.' The report sets out the 'principles for a new regulatory framework' which is intended to produce a 'simple and effective mechanism for driving building safety', 'provide stronger oversight of duty holders with incentives for the right behaviours, and effective sanctions for poor performance' and 'reassert the role of residents.'

**Funding for unsafe cladding removal** - The Ministry of Housing, Communities and Local Government (MHCLG) has announced funding of approximately £400m for social housing providers to remove and replace dangerous cladding.

# APPENDIX A: KEY FINDINGS FROM FINALISED 2017/18 AND 2018/19 INTERNAL AUDIT WORK (HIGH AND MEDIUM PRIORITY MANAGEMENT ACTIONS ONLY WHERE PARTIAL OR NO ASSURANCE REPORTS HAVE BEEN ISSUED)

<p><b>Temporary Accommodation (10.18/19) – PARTIAL ASSURANCE</b></p>		<p><b>4 - Low</b> <b>3 - Medium</b> <b>1 - High</b></p>
<p>We have agreed <b>three 'Medium' priority and one 'High' priority management actions</b> in relation to the following key findings:</p> <p><b>Safety Assurances</b></p> <p>For a sample of five self-contained nightly accommodation units, we identified that the Council had not consistently provided themselves with assurance that the properties they are allocating are suitable in terms of safety. We were advised by the Arrears and Investigations Manager that the Team are also not currently assuring themselves that the Bed &amp; Breakfast accommodation used is suitable in terms of safety requirements. If assurances are not received by the TA Team, they cannot be assured that the properties being provided are suitable in terms of safety requirements. If accommodation is not safe, there is a risk of both financial and reputational damage where homeless (or potentially homeless) individuals are placed into unsuitable accommodation. <b>(High)</b></p> <p><b>Periodic TA Visits</b></p> <p>From a report of all individual's currently in TA, we selected a sample of five households and tested to confirm if visits are occurring on a periodic basis. From a sample of five households, we identified only two households had been visited (in both cases, only visited once) and for each, the household had not been visited within the first three months of occupancy.</p> <p>We noted for one of the visits, a TA Audit Form had not also not been retained via DIP. If these forms are not completed nor retained, any findings or actions developed from these visits may not be implemented in a timely manner. Where initial and periodic visits do not occur, the Team cannot provide themselves with assurance that the household is complying with their licensing agreement. Also, through the absence of regular visits, the quality of the Council's service to their homeless (or potentially homeless) constituents is reduced. <b>(Medium)</b></p> <p><b>Issue of Notice to Quit</b></p> <p>For a sample of 10 households who had been served a notice to quit, we identified in five instances, a notice to quit had been served following a negative decision being reached by the housing demand team. For these five, we identified in four instances the tenant had vacated the property outside of the required timescale (as stipulated on the notice to quit). For the outstanding case, the tenant has not been moved out as the decision was reviewed. However, no updates had been provided between February and June 2018 on the CAPITA system. There is a risk that if the system is not updated to detail progress against NTQ's TA is being provided to individuals the council has no duty to accommodate. <b>(Medium)</b></p>		

## Breach of License Agreement

We performed a walkthrough of a case where a notice to quit had been served due to a breach of license (due to behaviour rather than rent arrears). In this case, we identified that a notice to quit had been served without prior consultation with the Housing Demand team. We identified that when the notice was served, there was no procedural guidance in place to ensure that TA Officers consult the Housing Demand Team to assess whether a notice could be issued. Without consultation and consideration of whether a duty to accommodate is still owed, there is a risk that the Council may face legal action where the Council could be found to be negligent in their duty to accommodate. **(Medium)**

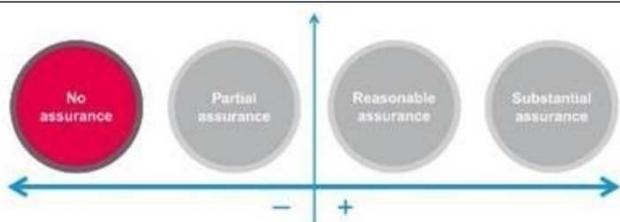
Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
1	<p>The TA Team will confirm all nightly self-contained properties and bed and breakfast properties have the following in place:</p> <ul style="list-style-type: none"> <li>• a current gas safety record;</li> <li>• carbon monoxide and fire safety precautions;</li> <li>• safe electrics and electrical equipment; and</li> <li>• a valid energy performance certificate.</li> </ul> <p>Evidence of each of these will be retained on the TA shared drive.</p> <p>The Team will document when assurances are received and when subsequent review of the property's safety certificates and equipment is due.</p> <p>This information will be actively monitored and where safety records become outdated and invalid, these will be chased with the relevant accommodation provider and escalated to Senior Management within the Council.</p> <p>The TA Team will undertake periodic visits to confirm that the properties have the appropriate safety equipment.</p> <p>The Team will also devise a preferred suppliers list which will be populated with establishments which the Council have confirmed to be compliant with the above requirements.</p>	High	31 <sup>st</sup> October 2018	Service Lead – Colin Moone
2	<p>The TA Team will obtain an up to date and accurate list of households within TA, the last date of visit and scheduled future visits and will formalise a plan to visit these households in a timely manner.</p>	Medium	31 <sup>st</sup> October 2018	Arrears and Investigations Manager -Debra Gilbert

3	<p>We will issue a reminder to all relevant staff who can action 'notice to quit' forms to request deletion of any incorrect forms from CAPITA.</p> <p>We will ensure that updates on the 'notice to quit' process are documented within CAPITA in a timely manner.</p>	Medium	31 <sup>st</sup> October 2018	Arrears and Investigations Manager -Debra Gilbert
4	<p>The TA Procedural Document will be updated to include the desired processes to be fulfilled prior to issuing a NTQ following a breach of license.</p>	Medium	31 <sup>st</sup> October 2018	Arrears and Investigations Manager -Debra Gilbert

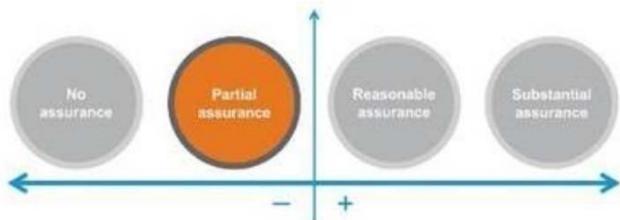
## APPENDIX B: 2018/19 ASSURANCE OPINIONS

We are constantly developing and evolving the methods used to provide assurance to our clients. As part of this, we have refreshed our opinion levels in line with the graphics below.

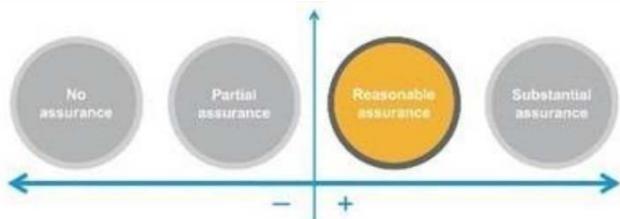
We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the Council can take:



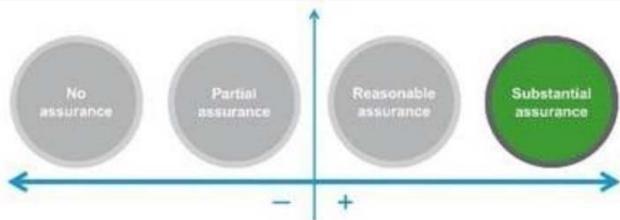
Taking account of the issues identified, the Council **cannot take assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the Council can take **partial assurance** that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the Council can take **reasonable assurance** that the controls in place to manage this risk are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



Taking account of the issues identified, the Council can take **substantial assurance** that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.

## FOR FURTHER INFORMATION CONTACT

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Dear Mr Wilcox

## Planned audit fee for 2018/19

The Local Audit and Accountability Act 2014 (the Act) provides the framework for local public audit. Public Sector Audit Appointments Ltd (PSAA) has been specified as an appointing person under the Act and the Local Authority (Appointing Person) Regulations 2015 and has the power to make auditor appointments for audits of opted-in local government bodies from 2018/19.

For opted-in bodies PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

From 2018/19 all grant work, including housing benefit certification, now falls outside the PSAA contract, as PSAA no longer has the power to make appointments for assurance on grant claims and returns. Any assurance engagements will therefore be subject to separate engagements agreed between the grant-paying body, the Council and ourselves and separate fees agreed with the Council.

### Scale fee

PSAA published the 2018/19 scale fees for opted-in bodies in March 2018, following a consultation process. Individual scale fees have been reduced by 23 percent from the fees applicable for 2017/18. Further details are set out on the [PSAA website](#). The Council's scale fee for 2018/19 has been set by PSAA at £98,193.

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes'.

The audit planning process for 2018/19, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

### Scope of the audit fee

There are no changes to the overall work programme for audits of local government audited bodies for 2018/19. Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors. Audits of the accounts for 2018/19 will be undertaken under this Code. Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements;
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion); and
- our work on your whole of government accounts return (if applicable).

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

### Value for Money conclusion

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its latest guidance for auditors on value for money work in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

*In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.*

### Billing schedule

Fees will be billed as follows:

<b>Main Audit fee</b>	<b>£</b>
September 2018	24,548.25
December 2018	24,548.25
March 2019	24,548.25
June 2019	24,548.25
<b>Total</b>	<b>98,193.00</b>

### Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2018 to February 2019. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in April and work on the whole of government accounts return in July 2019.

<b>Phase of work</b>	<b>Timing</b>	<b>Outputs</b>	<b>Comments</b>
Audit planning and interim audit	November 2018 to January 2019 - planning January to February 2019 - interim	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June to July 2019	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.

VfM conclusion	January to April 2019	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	July 2019	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	September 2019	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.

### Our team

The key members of the audit team for 2018/19 are:

	Name	Phone Number	E-mail
Engagement Lead	Julie Masci	02920 347506	Julie.Masci@uk.gt.com
Engagement Manager	Sophie Morgan-Bower	0117 305 7757	Sophie.J.Morgan-Bower@uk.gt.com

### Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

### Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Jon Roberts, our Public Sector Assurance regional lead partner, via [jon.roberts@uk.gt.com](mailto:jon.roberts@uk.gt.com).

Yours sincerely



Julie Masci  
Engagement Lead  
For Grant Thornton UK LLP

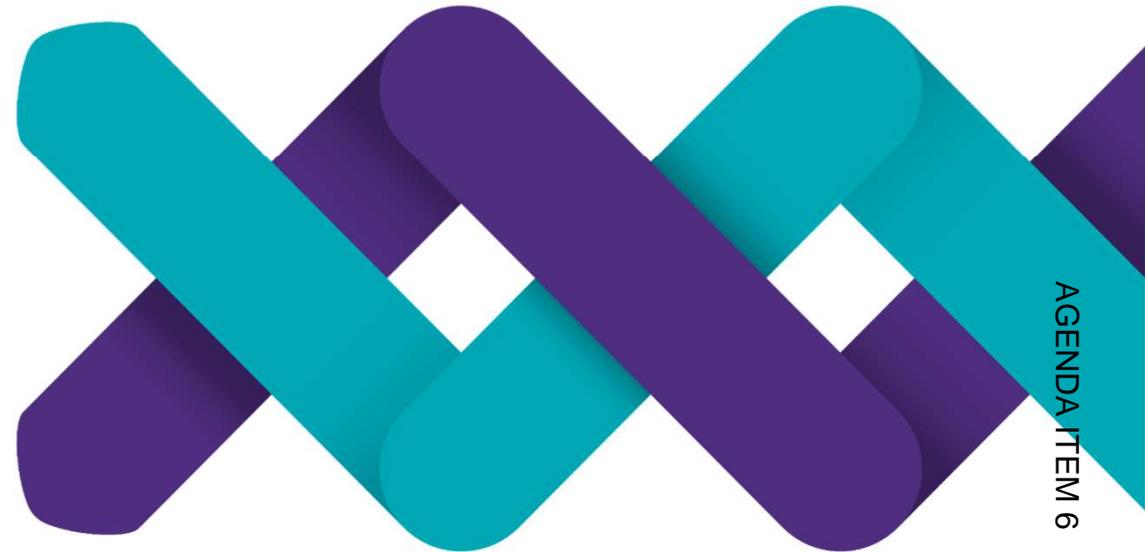
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# Audit Progress Report and Sector Update

Slough Borough Council  
Year ending 31 March 2019

September 2018

Page 45



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# Introduction to your 2018/19 External Audit team



## Julie Masci

### Engagement Lead

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E Julie.Masci@uk.gt.com

Julie is an Associate Director for Public Sector Assurance across the South West and Wales.

She has over 17 years of public sector audit experience. Over this period, she has been involved in a large and wide variety of local and central government, healthcare and corporate audits within the South West and Wales. Julie has extensive experience in financial, regularity and performance audit, including undertaking reviews of governance, risk management and overall use of resources arrangements across public sector bodies in England and Wales.

Julie is Grant Thornton's Public Sector Assurance Regional Technical Lead for the South West and Wales responsible for the provision of local technical and financial reporting support to audit teams in the region and has regularly presented at internal and external technical training events, including CIPFA Financial Advisory Network practitioner workshops.

Julie is an executive member of CIPFA Cymru Wales regional branch supporting activities for its members across the region.



## Sophie Morgan-Bower

### Engagement Manager

T 0117 305 7757  
E Sophie.J.Morgan-Bower@uk.gt.com

Sophie is an Audit Manager working for Public Sector Assurance across the South West.

Sophie has previous experience working in IFRS and UK GAAP financial reporting, and internal and external audit, covering a wide variety of industries including engineering, insurance, pharmaceutical, medical, manufacturing and energy, including international experience in the USA.

Sophie has specialised within Public Sector Assurance since 2015. Her experience working with a wide variety of clients, with multiple challenges, means that she can bring a range of knowledge to the audit, particularly around "best practice" processes, controls, and risk knowledge. Sophie has personal experience with financial accounting systems such as Oracle (Hyperion) and SAP, in a technically complex accounting role.

Outside of Sophie's Audit Manager role, she is the Office Training Contact for Grant Thornton's offices in the South West, responsible for the co-ordination of internal training for our colleagues in the region. Sophie regularly presents at internal and external training events.

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# Introduction

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This paper provides the Audit and Corporate Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit and Corporate Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk).

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at September 2018

## Financial Statements Audit

We have started planning for the 2018/19 financial statements audit and will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2018/19 financial statements.

Upon completion of the 2017/18 audit, we will communicate with the predecessor auditor, and arrange to observe the predecessor auditor's working papers.

We plan to commence our interim audit in early 2019.

Our interim fieldwork visit will include:

- Review of the Council's control environment
- Understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

The statutory deadline for the issue of the 2017/18 opinion was brought forward by two months to 31 July 2018. We will discuss our plan and timetable with officers for the 2018/19 statutory deadline.

The final accounts audit findings will be reported to you in the Audit Findings Report.

## Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

We will make our initial risk assessment to determine our approach in December 2018 and report this to you in our Audit Plan in early 2019.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2018.

## Other areas

### Certification of claims and returns

We are required to certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. This certification work for the 2018/19 claim will be concluded by November 2019.

The results of the certification work are reported to you in our certification letter.

### Meetings

We will meet with Finance Officers frequently, planning quarterly liaison meetings, and will continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also meet with your new Chief Executive to discuss the Council's strategic priorities and plans going forward.

### Events

We provide a range of workshops, along with network events for members and publications to support the Council. Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Our next event takes place on 2 October 2018 and we will invite the Council's Officers to attend.

# Audit Deliverables

2018/19 Deliverables	Planned Date	Status
<b>Fee Letter</b> Confirming audit fee for 2018/19	April 2018	Complete
<b>Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Audit and Corporate Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2018/19 financial statements.	Early 2019	Not yet due
<b>Interim Audit Findings</b> We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	Early 2019	Not yet due
<b>Audit Findings Report</b> The Audit Findings Report will be reported to the July Audit and Corporate Governance Committee.	July 2019	Not yet due
<b>Auditors Report</b> This is the opinion on your financial statements, Annual Governance Statement and value for money conclusion.	July 2019	Not yet due
<b>Annual Audit Letter</b> This letter communicates the key issues arising from our work.	August 2019	Not yet due
<b>Annual Certification Letter</b> This letter reports any matters arising from our certification work carried out under the PSAA contract.	December 2019	Not yet due

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# Sector Update

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Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with Audit and Corporate Governance committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

# Financial sustainability of local authorities 2018

This National Audit Office report reviews financial sustainability across Local Government and examines whether the MHCLG, along with other departments with responsibility for local services, understands the impact of funding reductions on the financial and service sustainability of local authorities.

The report concludes that current pattern of growing overspends on services and dwindling reserves exhibited by an increasing number of authorities is not sustainable over the medium term. The financial future for many authorities is less certain than in 2014, when the NAO last looked at financial sustainability. It also notes that the financial uncertainty created by delayed reform to the local government financial system risks longer-term value for money.

The NAO's view is that the sector has done well to manage substantial funding reductions since 2010-11, but financial pressure has increased markedly since the 2014 review. Services other than adult social care are continuing to face reducing funding despite anticipated increases in council tax. Local authorities face a range of new demand and cost pressures while their statutory obligations have not been reduced. Non-social-care budgets have already been reduced substantially, so many authorities have less room for manoeuvre in finding further savings. The scope for local discretion in service provision is also eroding even as local authorities strive to generate alternative income streams.

Key findings include:

Financial resilience varies between authorities, with some having substantially lower reserves levels than others. Levels of total reserves in social care authorities as a whole are higher now than in 2010-11. However, there is variation in individual authorities' ability to build up their reserves and differences in the rate at which they have begun to draw them down. Some 10.6% of single-tier and county councils would have the equivalent of less than three years' worth of total reserves (earmarked and unallocated combined) left if they continued to use their reserves at the rate they did in 2016-17.

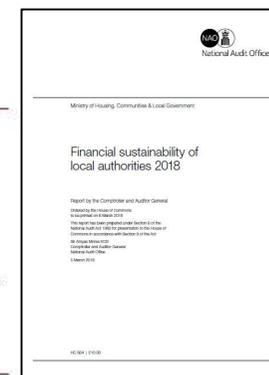
A section 114 notice has been issued at one authority, which indicates that it is at risk of failing to balance its books in this financial year. In February 2018, the statutory financial officer for Northamptonshire County Council issued a section 114 notice, indicating that it was at risk of spending more in the financial year than the resources it has available, which would be unlawful.

MHCLG's work to assess the sector's funding requirements as part of the 2015 Spending Review was better than the work it undertook for the 2013 Spending Review. The Department's advice to ministers in 2015 drew on a more comprehensive evidence base, including data returns from 12 departments.

The government has announced multiple short-term funding initiatives in recent years and does not have a long-term funding plan for local authorities. In 2016-17, the Department offered a four-year settlement to all authorities to enable better financial planning. However, there have been many changes to funding streams outside this core offer. The funding landscape following the 2015 Spending Review has been characterised by one-off and short-term funding initiatives.

There is also uncertainty over the long-term financial plan for the sector. The absolute scale of future funding is unknown until the completion of the next Spending Review. The government has confirmed its intention to implement the results of the Fair Funding Review in 2020-21 and to allow local authorities to retain 75% of business rates. However, the implications of these changes are not yet clear.

There is a lack of ongoing coordinated monitoring of the impact of funding reductions across the full range of local authority services.



# Public Sector Audit Appointments: Report on the results of auditors' work 2016/17

This is the third report on the results of auditors' work at local government bodies published by PSAA. It summarises the results of auditors' work at 497 principal bodies and 9,752 small bodies for 2016/17. The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors used their statutory reporting powers.

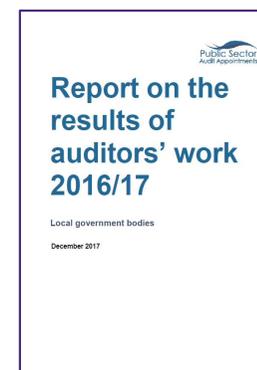
The timeliness and quality of financial reporting for 2016/17, as reported by auditors, remained broadly consistent with the previous year for both principal and small bodies. Compared with 2015/16, the number of principal bodies that received an unqualified audit opinion by 31 July showed an encouraging increase. 83 principal bodies (17 per cent) received an unqualified opinion on their accounts by the end of July compared with 49 (10 per cent) for 2015/16. These bodies appear to be well positioned to meet the earlier statutory accounts publication timetable that will apply for 2017/18 accounts.

Less positively, the proportion of principal bodies where the auditor was unable to issue the opinion by 30 September increased compared to 2015/16. Auditors at 92 per cent of councils (331 out of 357) were able to issue the opinion on the accounts by 30 September 2017, compared to 96 per cent for the previous year. This is a disappointing development in the context of the challenging new reporting timetable from 2017/18. All police bodies, 29 out of 30 fire and rescue authorities and all other local government bodies received their audit opinions by 30 September 2017.

The number of qualified conclusions on value for money arrangements has remained relatively constant at 7 per cent (30 councils, 2 fire and rescue authorities and 1 other local government body) compared to 8 per cent for 2015/16. The most common reasons for auditors issuing non-standard conclusions on the 2016/17 accounts were:

- the impact of issues identified in the reports of statutory inspectorates;
- corporate governance issues; and
- financial sustainability.

The latest results of auditors' work on the financial year to 31 March 2017 show a solid position for the majority of principal local government bodies. Generally, high standards of financial reporting are being maintained despite the financial and service delivery challenges currently facing local government.



# The adult social care workforce in England

This National Audit Office report considers the Department of Health & Social Care's role in overseeing the adult social care workforce and assesses whether the size and structure of the care workforce are adequate to meet users' needs for care now, and in the future, in the face of financial challenges and a competitive labour market.

The Department of Health and Social Care is not doing enough to support a sustainable social care workforce. The number of people working in care is not meeting the country's growing care demands and unmet care needs are increasing, according to the report. While many people working in care find it rewarding, there is widespread agreement that workers feel undervalued and there are limited opportunities for career progression, particularly compared with similar roles in health. In 2016-17, around half of care workers were paid £7.50 per hour or below (the National Living Wage was £7.20 in 2016-17), equivalent to £14,625 annually. This, along with tough working conditions and a poor image, prevents workers from joining and remaining in the sector.

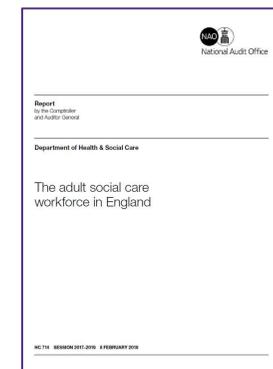
There are around 1.34 million jobs in the adult social care sector in England, across more than 20,300 organisations. The turnover rate of care staff has been increasing since 2012-13 and in 2016-17 reached 27.8%. The vacancy rate in 2016-17 for jobs across social care was 6.6%, which was well above the national average of 2.5%-2.7%. However, demographic trends suggest that demand for care will continue to increase and people's care needs will continue to become more complex. To meet these challenges, the Department estimates that the workforce will need to grow by 2.6% every year until 2035.

The social care market is operating in challenging circumstances. Care providers, already under financial pressures, are struggling to recruit and retain workers and are incurring additional costs as a result. Local authorities spent 5.3% less on care in 2016-17 compared with 2010-11, and spending is expected to reduce further over the next two years due to continued government funding cuts and increased financial pressures on local authorities. Uncertainty over funding is limiting local authorities' ability to plan future spending on care.

The Department cannot demonstrate that the sector is sustainably funded, which impacts workforce planning. Around 65% of independent providers' income comes from local authority-arranged care. The vast majority of local authorities are paying fees to homecare providers that are below the recommended minimum price for care, putting providers in financial difficulties. Furthermore, local authorities are not paying the full cost for care home placements. If this continues, there is a risk providers will not continue to invest in areas where there are high proportions of people receiving local authority funded care.

The Department has no national strategy to address this workforce challenge and key commitments it has made to help make the sector more attractive, through enhanced training and career development, have not been followed through. Furthermore, the NAO has not found any evidence that the Department is overseeing workforce planning by local authorities and local health and care partnerships, which commission care, to help with the challenge. Without a national strategy to align to, few local areas have detailed plans for sustaining the care workforce.

The NAO has recommended that the Department produces a robust national workforce strategy with the support of the Ministry of Housing, Communities and Local Government and that it encourages local and regional bodies to align their own plans to it. The Department also needs to invest more to enable commissioners to set appropriate fees for providers, so they can pay staff adequately and afford to offer career development and training opportunities.



# Commercial Healthcheck: commercial investments and governance

Our latest healthcheck report was launched at CIPFA's Income Generation Summit in November. It is part of our 'The Income Spectrum' series, giving leaders of local government and public services insights into why and how local authorities are changing their approach to commercialisation, some of the related governance and risk management issues, and the latest innovation trends with case studies ranging from Angus and Luton to Oldham and Stirling.

The research shows that councils need to do more than simply adhere to the drafted rules to ensure an approach to commercialisation that balances outcomes and risks. The report therefore also includes a healthcheck diagnostic tool designed to give local government leaders extra comfort and confidence that they are pursuing a suitably balanced approach

Governance of commercial commitments is key to building confidence in the path to financial sustainability. The CIPFA code is the sector's primary rule book for treasury management and is expected to place a stronger emphasis on how councils will balance security, liquidity and return.

## Key findings from the report include:

- While property has tended to be the focus, it is just one of a number of areas of activity. In the past year, borrowing includes £4.8 billion on bonds and commercial paper, and investment includes £7 billion in inter-authority lending (Investment in property for councils is a growing trend – a third of councils have done so since 2010, spending more than £2.4 billion between them, but this is not the only major area of investment activity)
- More entrepreneurial councils are adopting innovative approaches such as place-based market offerings, working together locally to add social value and cross-boundary franchising
- For many councils, investing in commercial assets is key to developing anchor institutions that contribute to place – ranging from airports, business parks and forestry to GP surgeries and cinemas
- A 'beyond compliance' approach to governance of commercial activities is required by progressive councils wanting to do more with less

[Click on the report cover to download and read more](#)



## Grant Thornton Publication

### Challenge question:

Is your Authority considering the risks and governance issues for its commercialisation agenda?



# CIPFA consultation – Financial Resilience Index

The Chartered Institute of Public Finance and Accountancy (CIPFA) has consulted on its plans to provide an authoritative measure of local authority financial resilience via a new index. The index, based on publically available information, will provide an assessment of the relative financial health of each English council.

CIPFA has designed the index to provide reassurance to councils who are financially stable and prompt challenge where it may be needed. To understand the sector's views, CIPFA invited all interested parties to respond to questions it has put forward in the consultation by the 24 August.

The decision to develop an index is driven by CIPFA's desire to support the local government sector as it faces a continued financial challenge. The index will not be a predictive model but a diagnostic tool – designed to identify those councils displaying consistent and comparable features that will highlight good practice, but crucially, also point to areas which are associated with financial failure. The information for each council will show their relative position to other councils of the same type. Use of the index will support councils in identifying areas of weakness and enable them to take action to reduce the risk of financial failure. The index will also provide a transparent and independent analysis based on a sound evidence base.

The proposed approach draws on CIPFA's evidence of the factors associated with financial stress, including:

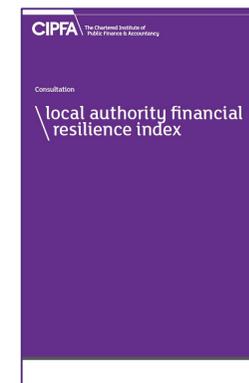
- running down reserves
- failure to plan and deliver savings in service provision
- shortening medium-term financial planning horizons.
- gaps in saving plans
- departments having unplanned overspends and/or undelivered savings.

Conversations with senior practitioners and sector experts have elicited a number of additional potential factors, including:

- the dependency on external central financing
- the proportion of non-discretionary spending – e.g. social care and capital financing - as a proportion of total expenditure
- an adverse (inadequate) judgement by Ofsted on Children's services
- changes in accounting policies (including a change by the council of their minimum revenue provision)
- poor returns on investments
- low level of confidence in financial management.

The consultation document proposes scoring six key indicators:

1. The level of total reserves excluding schools and public health as a proportion of net revenue expenditure.
2. The percentage change in reserves, excluding schools and public health, over the past three years.
3. The ratio of government grants to net revenue expenditure.
4. Proportion of net revenue expenditure accounted for by children's social care, adult social care and debt interest payments.
5. Ofsted overall rating for children's social care.
6. Auditor's VFM judgement.



# MHCLG – Social Housing Green Paper

The Ministry of Housing, Communities and Local Government (MHCLG) published the Social Housing Green Paper, which seeks views on government's new vision for social housing providing safe, secure homes that help people get on with their lives.

With 4 million households living in social housing and projections for this to rise annually, it is crucial that MHCLG tackle the issues facing both residents and landlords in social housing.

The Green Paper aims to rebalance the relationship between residents and landlords, tackle stigma and ensure that social housing can be both a stable base that supports people when they need it and also support social mobility. The paper proposes fundamental reform to ensure social homes provide an essential, safe, well managed service for all those who need it.

To shape this Green Paper, residents across the country were asked for their views on social housing. Almost 1,000 tenants shared their views with ministers at 14 events across the country, and over 7,000 people contributed their opinions, issues and concerns online; sharing their thoughts and ideas about social housing,

The Green Paper outlines five principles which will underpin a new, fairer deal for social housing residents:

- Tackling stigma and celebrating thriving communities
- Expanding supply and supporting home ownership
- Effective resolution of complaints
- Empowering residents and strengthening the regulator
- Ensuring homes are safe and decent

Consultation on the Green Paper is now underway, which seeks to provide everyone with an opportunity to submit views on proposals for the future of social housing and will run until 6 November 2018.

The Green Paper presents the opportunity to look afresh at the regulatory framework (which was last reviewed nearly eight years ago). Alongside this, MHCLG have published a Call for Evidence which seeks views on how the current regulatory framework is operating and will inform what regulatory changes are required to deliver regulation that is fit for purpose.

The Green Paper acknowledges that to deliver the social homes required, local authorities will need support to build by:

- allowing them to borrow
- exploring new flexibilities over how to spend Right to Buy receipts
- not requiring them to make a payment in respect of their vacant higher value council homes

As a result of concerns raised by residents, MHCLG has decided not to implement at this time the provisions in the Housing and Planning Act to make fixed term tenancies mandatory for local authority tenants.

The Green Paper is available on the MHCLG's website at:

<https://www.gov.uk/government/consultations/a-new-deal-for-social-housing>

## Social Housing Green Paper Consultation



### Challenge question:

What does the Social Housing Green Paper mean for your local authority?



# MHCLG – Business rate pilots

The Secretary of State has invited more councils to apply for powers to retain the growth in their business rates under the new pilots. The pilots will see councils rewarded for supporting local firms and local jobs and ensure they benefit directly from the proceeds of economic growth.

From April 2019, selected pilot areas will be able to retain 75% of the growth in income raised through business rates, incentivising councils to encourage growth in business and on the high street in their areas. This will allow money to stay in communities and be spent on local priorities - including more funding to support frontline services.

This follows the success of previous waves of business rates retention pilots, launched in a wide range of areas across country in 2017 and 2018.

The current 50% business rates retention scheme is yielding strong results and in 2018 to 2019 it is estimated that local authorities will keep around £2.4 billion in business rates growth.

Findings from the new round of pilots will help the government understand how local authorities can smoothly transition into the proposed system in 2020.

Proposals will need to show how local authorities would 'pool' their business rates and work collaboratively to promote financial sustainability, growth or a combination of these.

Alongside the pilots, the government will continue to work with local authorities, the Local Government Association, and others on reform options that give local authorities more control over the money they raise and are sustainable in the long term.

The invitation is addressed to all authorities in England, excluding those with ongoing business rates retention pilots in devolution areas and London. Due to affordability constraints, it may be necessary to assess applications against selection criteria, which will include:

- Proposed pooling arrangements operate across a functional economic area
- Proposal demonstrates how pooled income from growth will be used across the pilot area to either boost further growth, promote financial sustainability or a combination of these
- Proposal sets out robust governance arrangements for strategic decision-making around management of risk and reward and outlines how these support the participating authorities' proposed pooling arrangements

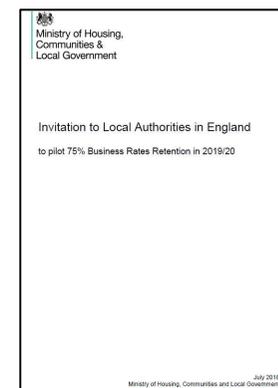
Any proposals will need to show that all participating authorities have agreed to become part of the suggested pool and share additional growth as outlined in the bid. The Section 151 Officer of each authority will need to sign off the proposal before submission.

Proposal for new pilots must be received the MHCLG by midnight on Tuesday 25<sup>th</sup> September 2018.

## Business Rates pilots 2019/20

### Challenge question:

Have your authority considered applying to be a Business Rates pilot?



# Institute of Fiscal Studies: Impact of ‘Fair Funding Review’

The IFS has published a paper that focuses on the issues arising in assessing the spending needs of different councils. The government’s ‘Fair Funding Review’ is aimed at designing a new system for allocating funding between councils. It will update and improve methods for estimating councils’ differing abilities to raise revenues and their differing spending needs. The government is looking for the new system to be simple and transparent, but at the same time robust and evidence based.

## Accounting for councils’ spending needs

The IFS note that the Review is seeking a less subjective and more transparent approach which is focused on the relationship between spending and needs indicators. However, like any funding system, there will be limitations, for example, any attempt to assess needs will be affected by the MHCLG’s funding policies adopted in the year of data used to estimate the spending needs formula. A key consideration will be the inherently subjective nature of ‘spending needs’ and ‘needs indicators’, and how this will be dealt with under any new funding approach. Whilst no assessment of spending needs can be truly objective, the IFS state it can and should be evidence based.

The IFS also note that transparency will be critical, particularly in relation to the impact that different choices will have for different councils, such as the year of data used and the needs indicators selected. These differentiating factors and their consequences will need to be understood and debated.

## Accounting for councils’ revenues

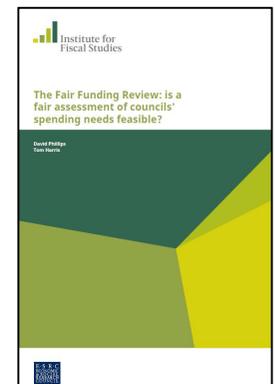
The biggest source of locally-raised revenue for councils is and will continue to be council tax. However, there is significant variation between councils in the amount of council tax raised per person. The IFS identify that a key decision for the Fair Funding Review is the extent to which tax bases or actual revenues should be used for determining funding levels going forward.

Councils also raise significant sums of money from levying fees and charges, although this varies dramatically across the country. The IFS note that it is difficult to take account of these differences in a new funding system as there is no well-defined measure of revenue raising capacity from sales, fees and charges, unlike council tax where the tax base can be used.

## The overall system: redistribution, incentives and transparency

The IFS also identify that an important policy decision for the new system is the extent to which it prioritises redistribution between councils, compared to financial incentives for councils to improve their own socio-economic lot. A system that fully and immediately equalises for differences in assessed spending needs and revenue-raising capacity will help ensure different councils can provide similar standards of public services. However, it would provide little financial incentive for councils to tackle the drivers of spending needs and boost local economics and tax bases.

Further detail on the impact of the fair funding review can be found in the full report <https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>.



# National Audit Office – The health and social care interface

The NAO has published its latest ‘think piece on the barriers that prevent health and social care services working together effectively, examples of joint working in a ‘whole system’ sense and the move towards services centred on the needs of the individual. The report aims to inform the ongoing debate about the future of health and social care in England. It anticipates the upcoming green paper on the future funding of adult social care, and the planned 2019 Spending Review, which will set out the funding needs of both local government and the NHS.

The report discusses 16 challenges to improved joint working. It also highlights some of the work being carried out nationally and locally to overcome these challenges and the progress that has been made. The NAO draw out the risks presented by inherent differences between the health and social care systems and how national and local bodies are managing these.

**Financial challenges** – include financial pressures, future funding uncertainties, focus on short-term funding issues in the acute sector, the accountability of individual organisations to balance the books, and differing eligibility criteria for access to health and social care services.

**Culture and structure** – include organisational boundaries impacting on service management and regulation, poor understanding between the NHS and local government of their respective decision-making frameworks, complex governance arrangements hindering decision-making, problems with local leadership holding back improvements or de-stabilising joint working, a lack of co-terminus geographic areas over which health and local government services are planned and delivered, problems with sharing data across health and social care, and difficulties developing person-centred care.

**Strategic issues** – include differences in national influence and status contributing to social care not being as well represented as the NHS, strategic misalignment of organisations across local systems inhibiting joint local planning, and central government’s unrealistic expectations of the pace at which the required change in working practices can progress..

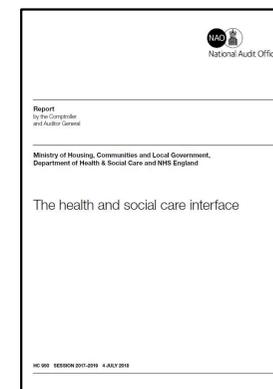
This ‘think piece’ draws on the NAO’s past work and draws on recent research and reviews by other organisations, most notably the Care Quality Commission’s review of health and social care systems in 20 local authority areas, which it carried out between August 2017 and May 2018. The NAO note that there is a lot of good work being done nationally and locally to overcome the barriers to joint working, but often this is not happening at the scale and pace needed.

The report is available to download from the NAO’s website at:  
<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

## The health and social care interface

### Challenge question:

Has the Audit and Corporate Governance Committee considered the 16 challenges to joint working and what can be done to mitigate these?



# The Vibrant Economy Index

## a new way to measure success

Our Vibrant Economy Index uses data to provide a robust, independent framework to help everyone understand the challenges and opportunities in their local areas. We want to start a debate about what type of economy we want to build in the UK and spark collaboration between citizens, businesses and place-shapers to make their places thrive.

Places are complex and have an intrinsic impact on the people and businesses within them. Economic growth doesn't influence all of the elements that are important to people's lives – so we shouldn't use GDP to measure success. We set out to create another measure for understanding what makes a place successful.

In total, we look at 324 English local authority areas, taking into account not only economic prosperity but health and happiness, inclusion and equality, environmental resilience, community and dynamism and opportunity. Highlights of the index include:

- Traditional measures of success – gross value added (GVA), average workplace earning and employment do not correlate in any significant way with the other baskets. This is particularly apparent in cities, which despite significant economic strengths are often characterised by substantial deprivation and low aspiration, high numbers of long-term unemployment and high numbers of benefit claimants
- The importance of the relationships between different places and the subsequent role of infrastructure in connecting places and facilitating choice. The reality is that patterns of travel for work, study and leisure don't reflect administrative boundaries. Patterns emerge where prosperous and dynamic areas are surrounded by more inclusive and healthy and happy places, as people choose where they live and travel to work in prosperous areas.
- The challenges facing leaders across the public, private and third sector in how to support those places that perform less well. No one organisation can address this on their own. Collaboration is key.

Visit our website ([www.granthornton.co.uk](http://www.granthornton.co.uk)) to explore the interactive map, read case studies and opinion pieces, and download our report **Vibrant Economy Index: Building a better economy**.

### Vibrant Economy app

To support local collaboration, we have also developed a Vibrant Economy app. It's been designed to help broaden understanding of the elements of a vibrant economy and encourage the sharing of new ideas for – and existing stories of – local vibrancy.

We've developed the app to help people and organisations:

- see how their place performs against the index and the views of others through an interactive quiz
- post ideas and share examples of local activities that make places more vibrant
- access insights from Grant Thornton on a vibrant economy.

We're inviting councils to share it with their employees and the wider community to download. We can provide supporting collateral for internal communications on launch and anonymised reporting of your employees' views to contribute to your thinking and response.

To download the app visit your app store and search 'Vibrant Economy'

- Fill in your details to sign up, and wait for the verification email (check your spam folder if you don't see it)
- Explore the app and take the quiz
- Go to the Vibrant Ideas section to share your picture and story or idea



# Supply Chain Insights tool helps support supply chain assurance in public services

## Grant Thornton UK LLP has launched a new insights and benchmarking platform to support supply chain assurance and competitor intelligence in public services.

The Supply Chain Insights service is designed for use by financial directors and procurement professionals in the public sector, and market leaders in private sector suppliers to the public sector. It provides users with a detailed picture of contract value and spend with their supply chain members across the public sector. The analysis also provides a robust and granular view on the viability, sustainability, market position and coverage of their key suppliers and competitors.

The platform is built on aggregated data from 96 million invoices and covers £0.5 trillion of spending. The data is supplemented with financial standing data and indicators to give a fully rounded view. The service is supported by a dedicated team of analysts and is available to access directly as an on-line platform.

Phillip Woolley, Partner, Grant Thornton UK LLP, said:

"The fall-out from the recent failure of Carillion has highlighted the urgent need for robust and ongoing supply chain monitoring and assurance. Supply Chain Insights provides a clear picture of your suppliers' activities across the sector, allowing you to understand risks, capacity and track-record. We think it's an indispensable resource in today's supplier market."



### The tool enables you to immediately:

- access over 96 million transactions that are continually added to
- segment invoices by:
  - organisation and category
  - service provider
  - date at a monthly level
- benchmark your spend against your peers
- identify:
  - organisations buying similar services
  - differences in pricing
  - the leading supplier
- see how important each buyer is to a supplier
- benchmark public sector organisations' spend on a consistent basis
- see how much public sector organisations spend with different suppliers

Supply Chain Insights forms part of the Grant Thornton Public Sector Insight Studio portfolio of analytics platforms.

Click on Supply Chain Insights for more information.

## Supply Chain Insights

Grant Thornton

Challenge question:

Has your Authority considered how our Supply Chain Insight tool can help support your supply chain assurance?



# Cost Assurance

## Did you know....

**40**

Number of Public Sector engagements to date

**£125m**

Annual spend analysed

**£3.55m**

Rebate opportunities identified

**£1.1m**

Fee income identified

**2.84%**

Error rate – rebates versus spend volume

**55%**

Of Public Sector engagements are Local Government

Our Cost Assurance service line provides Local Authorities with an independent and retrospective audit of their legacy telecommunications and utilities costs incurred during the past 6 years (as per the Statute of Limitation).

We find that there are repeat errors contained within a Suppliers' invoice arrangements – errors that aren't necessarily picked up by the end client. This is due to the fact that they tend to be contained in suppliers' billing systems 'at source' and are much further down the supply chain which the user won't necessarily have visibility of.

We are supported by a comprehensive library of legacy supplier pricing that has been collated since 2011. Our one aim is to ensure that the client has only paid for the services used during the period by:

- ensuring that bills presented by Suppliers' are in line with their contracts and relevant pricing mechanisms
- ensuring the client receives the Supplier refunds where errors have been identified by us
- ensuring consequential savings are identified and implemented immediately for the client

Our Cost Assurance work is based on a contingent-fee model and is supported by PSAA Ltd. Each of our Local Authority engagements include a fee cap to ensure governance and regulatory standards are maintained.

In summary, we are able to bring much needed financial benefit to the sector as well as providing insight into errors that may be prone to repeat offence by suppliers long after our work is concluded.

### Grant Thornton Challenge question:

Has your Authority considered the potential for an independent review of telecommunications and utility costs?

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# Links

## Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

<http://www.grantthornton.co.uk/en/insights/commercial-healthcheck-in-local-authorities/>

<http://www.cfoinsights.co.uk/>

<http://supplychaininsights.grantthornton.co.uk/>

## PSAA website links

<https://www.psaa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

## MHCLG website links

<https://www.gov.uk/government/consultations/proposed-changes-to-the-prudential-framework-of-capital-finance>

<https://www.gov.uk/government/publications/capital-finance-guidance-on-local-government-investments-second-edition>

<https://www.gov.uk/government/publications/capital-finance-guidance-on-minimum-revenue-provision-third-edition>

<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/728722/BRR\\_Pilots\\_19-20\\_Prospectus.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf)

## CIPFA website link

<http://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2017-edition-book>

## National Audit Office link

<https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2018/>

<https://www.nao.org.uk/report/the-adult-social-care-workforce-in-england/>

<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

## Institute for Fiscal Studies

<https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>



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# SLOUGH BOROUGH COUNCIL

## AUDIT COMPLETION REPORT

Audit for the year ended 31 March 2018

10 September 2018

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# WELCOME

We have pleasure in presenting our updated Audit Completion Report to the Audit and Corporate Governance Committee. This report is an integral part of our communication strategy with you, a strategy which is designed to ensure effective two-way communication throughout the audit process with those charged with governance.

It summarises the results of completing the planned audit approach for the year ended 31 March 2018, specific audit findings and areas requiring further discussion and/or the attention of the Audit and Corporate Governance Committee. At the completion stage of the audit it is essential that we engage with the Audit and Corporate Governance Committee on the results of audit work on key risk areas, including significant estimates and judgements made by management, critical accounting policies, any significant deficiencies in internal controls, and the presentation and disclosure in the financial statements.

We discussed our preliminary audit findings with you at the Audit and Corporate Governance Committee meeting on 18 July 2018, when we drew your attention to the key areas of the audit that were still in progress and queries that needed to be resolved.

Unfortunately, we were not able to complete our audit by the statutory deadline of 31 July 2018. This was mainly due to unresolved issues on the valuation of land and buildings, where we were unable to substantiate the floor sizes used by the external valuer, and the late provision of Group Accounts for the consolidation of James Elliman Homes Limited.

We have now substantially completed our audit work and have updated our report for findings arising from completion of that work. However, at the time of drafting this updated report, the Council still needs to process an adjustment arising from the use of incorrect floor sizes in the valuations provided by the external valuer. We will check this adjustment when available.

We will discuss these matters with you at the Audit and Corporate Governance Committee meeting on 20 September 2018. In the meantime, if you would like to discuss any aspects in advance of the meeting we would be happy to do so.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements and use of resources. This report has been prepared solely for the use of the Audit and Corporate Governance Committee and those charged with governance. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person.

We would also like to take this opportunity to thank the management and staff of the Council for the co-operation and assistance provided during the audit.

## OVERVIEW

This summary provides an overview of the audit matters that we believe are important to the Audit and Corporate Governance Committee in reviewing the results of the audit of the financial statements and use of resources of the Council for the year ended 31 March 2018.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.

### AUDIT SCOPE AND OBJECTIVES

Audit status	<p>We were not able to complete our audit by the statutory deadline of 31 July 2018. This was mainly due to unresolved issues on the valuation of land and buildings, where we were unable to substantiate the floor sizes used by the external valuer, and the late provision of Group Accounts for the consolidation of James Elliman Homes Limited.</p> <p>We have now substantially completed our audit procedures in accordance with the planned scope and our objectives have been achieved, subject to resolution of matters set out on page 7 below. The Council still needs to process an adjustment arising from the use of incorrect floor sizes in the valuations provided by the external valuer and we will check this adjustment when available.</p>
Audit risks update	No additional significant audit risks were identified during the course of our audit procedures subsequent to our Audit Plan to you dated 27 February 2018.
Materiality	Our final materiality is £6.8 million. We have increased our materiality from £6.7 million to £6.8 million based on the draft financial statements.
Changes to audit approach	There were no significant changes to our planned audit approach nor were any restrictions placed on our audit.

# OVERVIEW

## KEY AUDIT AND ACCOUNTING MATTERS

<p>Material misstatements</p>	<p>Our audit identified the following material misstatements, which management has amended in the revised financial statements:</p> <ul style="list-style-type: none"> <li>• £53.516 million understatement of income and expenditure as a result of housing benefit subsidy income incorrectly netted off against housing benefit expenditure</li> <li>• £7.993 million understatement of income and expenditure in the Children, learning, and skills directorate due to incorrect coding of schools income to expenditure</li> <li>• £7.162 million understatement of council dwellings and the revaluation surplus, due to the Council not accounting for indexation of 1.5% in the last quarter of the year in accordance with the valuer’s year end market review</li> <li>• £11.128 million understatement of the revaluation reserve and £8.854 million understatement of impairment in the Comprehensive Income and Expenditure Statement, arising from the valuer’s re-measurement of floor sizes for a sample of properties, with a net understatement in the value of land and buildings by £2.274 million.</li> </ul> <p>In addition, we identified a number of presentational misstatements in the following notes, which we consider to be either quantitatively or qualitatively material and which management has agreed to amend in the revised financial statements:</p> <ul style="list-style-type: none"> <li>• Cash Flow Statement and associated notes</li> <li>• Housing Revenue Account notes</li> <li>• Property, plant and equipment note</li> <li>• Senior officers’ remuneration and exit packages note</li> <li>• Related parties note.</li> </ul> <p>These amendments, together with the other non-material amendments that management has processed in the revised financial statements, did not change the general fund balance.</p>
<p>Unadjusted audit differences</p>	<p>There are fourteen unadjusted audit differences in the primary statements identified by our audit work which, when combined with the impact of brought forward unadjusted errors, would, if corrected, increase the deficit on the provision of services by £1.268 million. Management considers these identified misstatements to be immaterial in the context of the financial statements taken as a whole. We concur with this judgement. However, we also request that you correct them even though not material.</p>

# OVERVIEW

## KEY AUDIT AND ACCOUNTING MATTERS CONTINUED

Control environment	<p>Our audit identified a number of significant deficiencies in internal controls in respect of:</p> <ul style="list-style-type: none"> <li>• Quality of working papers supporting the financial statements</li> <li>• Critical review of the draft financial statements</li> <li>• Mapping of debtors and creditors</li> <li>• Bank reconciliations</li> <li>• Maintenance of the fixed asset register</li> <li>• Weaknesses in IT general controls around user access and password security</li> <li>• Review of land and buildings source data provided to the valuer.</li> </ul>
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## KEY MATTERS FROM OUR AUDIT OF USE OF RESOURCES

Medium term financial strategy	<p>We are satisfied that the Council has adequate arrangements for budget setting and budget monitoring and that the Council has retained its track record of delivering underspends in the General Fund and taking action to minimise the impact of overspends.</p> <p>The MTFS reflects known savings and cost pressures and we consider that the key assumptions are not unreasonable. The MTFS and associated capital programme and treasury strategy take account of the investment costs associated with major development projects and savings schemes.</p> <p>The general fund balance and earmarked reserves act as a potential buffer against future risks, although the amount of headroom provided is limited. Whilst achievement of the required level of savings in the MTFS will be very challenging and will continue to require strong leadership and action by the Council to close budget gaps, we are satisfied that there are adequate arrangements in place to remain financially sustainable in the medium term.</p>
Internal control and governance arrangements	<p>The Head of Internal Audit has reported a positive opinion that the Council has an adequate and effective framework for risk management, governance and internal control, although there is scope for future enhancements to the framework to ensure that it remains adequate and effective. This is an improvement from the negative assurance opinion issued in the prior year.</p> <p>However, there remained weaknesses and material misstatements in the preparation of the 2016/17 Statement of Accounts that took place during the 2017/18 financial year. Action was taken to address capacity issues in the finance team towards the end of the year and this has resulted in improvements in the presentation of 2017/18 financial statements, although there is still significant scope for improvement in the quality of the underlying working papers to ensure that the financial statements are free from material error.</p>
Senior management and councillors	<p>Whilst there has been a high and sudden turnover of a number of members of the leadership team and key operating personnel during 2017/18, alongside an organisational restructuring, we have not identified any evidence that suggests this led to any significant reduced performance or weaknesses in informed decision making. There has been a reduction in the numbers of senior interim officers since the prior year, which should help to bring stability to the Council in the longer term.</p>

# OVERVIEW

## KEY MATTERS FROM OUR AUDIT OF USE OF RESOURCES CONTINUED

Children's social care services	Whilst we are satisfied that there have been improvements in the joint working and performance monitoring arrangements in place between the Council and the Trust during 2017/18, Ofsted has concluded that the quality of management oversight and decision-making remains an area requiring improvement.
Overall use of resources conclusion	<p>We are proposing to qualify our opinion on an 'except for basis' in respect of:</p> <ul style="list-style-type: none"> <li>Weaknesses in processes for preparing the 2016/17 financial statements (which took place during 2017/18), and ongoing weaknesses in the quality of the underlying working papers supporting the 2017/18 financial statements, which we consider is evidence of weaknesses in informed decision making</li> <li>Ongoing Ofsted rating of 'requires improvement' for Slough Children's Services Trust, which indicates weaknesses in partnership arrangements.</li> </ul> <p>Despite this proposed qualification, it is important to register that the direction of travel in both areas is positive.</p>

## AUDIT OPINION

Financial statements	Subject to the successful resolution of outstanding matters set out on page 7, we propose issuing an unmodified opinion on the financial statements for the year ended 31 March 2018.
Annual Governance Statement	We reviewed the draft Annual Governance Statement and suggested presentational changes which management has corrected in the revised Statement of Accounts.
Use of resources	As reported above, we anticipate issuing a modified opinion on the use of resources for the year ended 31 March 2018 due to combination of weaknesses in the Council's financial statements preparation processes and continuing weaknesses in Children's social care services.
Whole of Government Accounts (WGA)	The Council is below the audit threshold of £500 million for a full assurance review of the WGA Data Collection Tool.
Audit independence	Our observations on our audit independence and objectivity and related matters are set out in Appendix IV.
Management letter of representation	The draft management letter of representation, to be approved and signed, is set out in Appendix VI.

## OUTSTANDING MATTERS

The following matters are outstanding at the date of this report. We will update you on their current status at the Audit and Corporate Governance Committee meeting at which this report is considered:

- 1 Adjustment to property plant and equipment balances, and associated capital reserves, as a result of the use of incorrect floor sizes in the valuations provided by the external valuer
- 2 Technical clearance
- 3 Final review and approval by you of the Statement of Accounts
- 4 Receipt of signed letter of representation
- 5 Update to our subsequent events review, to the date that the audit opinion is signed

# KEY AUDIT AND ACCOUNTING MATTERS

## AUDIT RISKS

Below we set out how these risks have been addressed and the outcomes of our procedures.

Key: ■ Significant risk ■ Normal risk

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
1 ■ Management override of controls	<p>Auditing standards presume that a risk of management override of controls is present in all entities and require us to respond to this risk by testing the appropriateness of accounting journals and other adjustments to the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that appear to be unusual.</p> <p>By its nature, there are no controls in place to mitigate the risk of management override.</p>	<p>We have reviewed the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.</p> <p>We have reviewed accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud.</p> <p>We have tested a sample of significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual, if any.</p>	<p>Our work on the appropriateness of journals including adjustments made in the preparation of the financial statement did not identify any issues.</p> <p>We have found no evidence of bias in accounting estimates. We have commented on the reasonableness of significant accounting estimates later in the report.</p> <p>No unusual transactions outside of the normal course of business were identified.</p>

## KEY AUDIT AND ACCOUNTING MATTERS

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
2 Revenue and expenditure recognition	<p>Under auditing standards there is a presumption that income recognition presents a fraud risk.</p> <p>We consider there to be a significant risk in relation to the existence and cut-off of revenue grants included as income in net cost of services within the Comprehensive Income and Expenditure Statement, when conditions attached to such grants have not been met.</p> <p>In the public sector the risk of fraud in revenue recognition is modified by Practice Note 10 (PN10), issued by the Financial Reporting Council. PN10 states that auditors should also consider the risk that material misstatements may occur through the manipulation of expenditure recognition. This risk is identified as being relevant to cut-off of expenditure, where testing will be focussed.</p>	<p>We have tested a sample of revenue grants recorded as income in the net cost of services to documentation from grant paying bodies and checked whether revenue recognition criteria have been met.</p> <p>We are have tested a sample of receipts either side of year end, to confirm that income has been recorded in the correct period and that all income that should have been recorded at year end has been.</p> <p>We have tested a sample of expenditure either side of year end, to confirm that expenditure has been recorded in the correct period and that all expenditure that should have been recorded at year end has been.</p>	<p>Our testing of a sample of revenue grants in the net cost of services did not identify any issues. However, we noted that there is no formal review of grant documentation to ensure that conditions attached to grants, if any, are met prior to recognition in income. We have raised a recommendation on this issue in Appendix II.</p> <p>Our testing of a sample of receipts either side of year end did not identify any issues.</p> <p>Our testing of a sample of payments either side of year has not identified any issues.</p>

# KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
3	Financial statements preparation	<p>Our audit in the prior year identified weaknesses in the Council’s arrangements for preparing the financial statements and working papers, and a significant number of misstatements were identified, including material misstatements in the following areas:</p> <ul style="list-style-type: none"> <li>• Financial instruments notes</li> <li>• Debtors and creditors analyses</li> <li>• Senior officer remuneration and exit packages note</li> <li>• Cash Flow Statement and associated notes.</li> </ul> <p>Our Audit Plan identified a risk of material misstatement in the 2017/18 financial statements if the weaknesses in Council’s arrangements for preparing the financial statements are not addressed.</p>	<p>A meeting was held with finance officers in the lead up to the accounts closedown to discuss progress with the faster close project, risk areas and emerging and contentious accounting issues.</p> <p>We provided a detailed list of audit working paper requirements for each stage of our fieldwork to finance staff and we briefed the team on our expectations for good quality working papers.</p> <p>We have carried out a detailed review of the draft financial statements against the requirements of the Code of Practice on Local Authority Accounting 2017/18.</p> <p>We carried out a high-level analytical review of the financial statements against comparatives and sought explanations from the Council for material variances.</p> <p>We commenced our testing of the areas where significant misstatements were identified in the prior year during interim and at an early stage in the final audit visit.</p>	<p>Whilst the overall presentation of the draft financial statements is significantly better than the prior year, they still contain a similar level of inconsistencies compared to the draft statements provided to us in the prior year.</p> <p>Management had not performed a critical review of the financial statements to identify and explain significant variances in income and expenditure between the current year and prior year until audit work had commenced.</p> <p>Our audit has identified a number of misstatements in the same areas that were materially misstated in the prior year, including a material understatement of income and expenditure as a result of housing benefit subsidy income incorrectly netted off against housing benefit expenditure.</p> <p>The majority of the electronic working papers were provided to us at the start of the audit. However, we identified a number of inconsistencies and missing information in the working papers provided.</p> <p>There is still significant scope for improvement in the quality of the financial statements and in particular the underlying working papers.</p>

## KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
3	Financial statements preparation (continued)	Financial instruments notes	<p>We have completed our audit work on the financial instruments note. We were not provided with financial instruments working papers at the start of the audit and these had to be requested during the audit. Our review of the financial instruments note has identified the following issues which management has corrected in the revised financial statements:</p> <ul style="list-style-type: none"> <li>• The financial liabilities fair value disclosure note did not cast</li> <li>• The financial and other risks arising from financial instruments, including credit risk, were not disclosed</li> <li>• A credit ratings table showing the Council's investment and cash equivalent portfolio and whether outstanding deposits at year end meet the Council's credit rating criteria was not disclosed</li> <li>• Maturity structure of borrowings was not disclosed</li> <li>• Change in borrowings as a result of a change in interest rate was not disclosed</li> <li>• The percentage of debt portfolio held in fixed rate instruments and variable rates or Lender's Option Borrower's Option (LOBO) instruments was not disclosed</li> <li>• Short and long term debtors and creditors had nil values</li> <li>• Unrated short term pooled funds was stated at £2.695 million instead of £2.,743 million</li> <li>• Interest income and expense disclosed in the financial instrument note did not agree to amounts in the Comprehensive Income and Expenditure Statement</li> <li>• Fair value of assets and liabilities disclosed did not agree to supporting evidence</li> <li>• Cash and cash equivalents disclosed as financial assets in the note did not agree to the balance in the Balance Sheet</li> <li>• A number of other presentational issues.</li> </ul>

## KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
3	Financial statements preparation (continued)	Debtors and creditors analyses	<p>Our audit identified the following issues, which management has amended in the revised financial statements:</p> <ul style="list-style-type: none"> <li>• Short term debtors balance per stream did not agree to debtors working papers</li> <li>• NHS bodies and Local authorities debtors were disclosed at a £nil balance instead of £2.458 million and £3.574 million respectively</li> <li>• The debtors balance with central government bodies was disclosed as a credit balance of £6.888 million instead of a debit balance of £10.774 million and the balance with other entities was disclosed as £40.073 million instead of £16.379 million</li> <li>• £3.063 million receivable from DWP was incorrectly included as a debit balance in creditors, resulting in understatement creditors and debtors</li> <li>• £1.261 million receivable from other local authorities in respect of LED project funding was included as a debit balance in creditors, resulting in an understatement of creditors and debtors</li> <li>• £367,000 pension contributions prepayment included as a debit balance within creditors, resulting in an understatement of creditors and debtors.</li> <li>• Berkshire Fire Authority's share of the council tax receipt in advance of £359,000 was incorrectly classified as a central government creditor instead of a local authority creditor</li> <li>• £3.936 million due to other entities and individuals was incorrectly classified as central government creditors</li> <li>• The creditors balances with NHS bodies, local authorities and central government bodies were disclosed at a £nil balance instead of £1.008 million, £137,000 and £9.146 million respectively</li> <li>• The creditors balance due to other entities was disclosed as £33.503 million instead of £23.213 million.</li> </ul> <p>In addition, we found that £851,000 income receivable in the 2018/19 financial year was incorrectly recorded in the current financial year and the reversing journal was incorrectly processed, resulting in an overstatement of debtors and creditors. This is recorded as an uncorrected misstatement in Appendix I (number 7).</p> <p>We also identified £1.424 million of schools debtors included as debit balances within creditors. This is recorded as an uncorrected misstatement in Appendix I (number 10).</p>

## KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
3	Financial statements preparation (continued)	Senior officer remuneration and exit packages note	<p>Our audit of senior officer remuneration and exit package note identified the following issues, which management has amended in the revised financial statements:</p> <ul style="list-style-type: none"> <li>• An extra payment per the termination agreement for a staff member was not included in the total cost of the exit package; this issue was identified during our interim audit and corrected in the financial statements</li> <li>• The comparative total exit package cost and number of exit packages did not agree to the prior year signed accounts; this issue was identified during our interim audit and corrected in the financial statements</li> <li>• Election and emergency call out payments to the Director of regeneration, Assistant director for adult social care, Director of adults and communities and Assistant director of finance were not included in the salary, fees, and allowances payments in the Officer's remuneration note</li> <li>• The Council's share of the Director of Public health cost was incorrectly calculated as it did not take payments of £15,000 into account</li> <li>• Exit package figures erroneously excluded payments in lieu of notice (PILON), annual leave compensation payments and legal fees (taxable/pensionable) totalling £102,784</li> <li>• The severance payment of £86,653 to the interim Chief Executive was included twice</li> <li>• The PILONs for two employees, totalling £17,000, were not included in the exit packages note</li> <li>• The number of compulsory redundancy and other redundancies disclosed in the exit package note was incorrectly stated as nine and two respectively, instead of four compulsory redundancies and eight other redundancies</li> <li>• The pension cost for the previous interim Chief Executive was overstated</li> <li>• The note omitted to disclose the current interim Chief Executive's remuneration for February and March 2018</li> <li>• A number of salaries disclosed in the incorrect salary bandings for remuneration over £50,000.</li> </ul>
		Cash Flow Statement and associated notes	<p>The Council had not prepared separate cash flow working papers as it had relied on the automatic workings from CIPFA's red button approach. Our review of the draft Cash Flow Statement found that the cash flow impact of debtors and creditors, including capital balances and council tax balances was not included in the Cash Flow Statement, affecting net cash flows from financing and investing activities and cash flows from operating activities. We also identified a few other presentational issues. Management has amended these issues in the revised financial statements.</p>



## KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
5	Bank and cash	<p>Our audit in the prior year identified weaknesses in the Council's arrangements for preparing bank and cash working papers, and a significant number of misstatements were identified in the financial statements.</p> <p>In our Audit Plan we identified a risk of material misstatement in the 2017/18 financial statements if the weaknesses in working papers prepared to support the cash and cash equivalents balance in the financial statements are not addressed.</p>	<p>We have carried out a detailed review of the working papers provided to support the cash and cash equivalents balance in the financial statements, including analyses of all bank accounts and associated bank reconciliations.</p>	<p>The bank and cash working papers provided for audit did not adequately analyse the balance in the Balance Sheet or support the reconciling differences between the ledger and bank statement figures.</p> <p>Our review of the working papers identified the following issues, which have been corrected in the revised financial statements:</p> <ul style="list-style-type: none"> <li>£4.144 million misstatement between creditors and the bank balance in respect of an account payment made at year end and reversed after year end (payment only cleared through the bank statement after year end). We are of the opinion that the general ledger entries should not have been reversed at year-end and should have been treated as a reconciling item. Bank and creditors are therefore overstated by this amount year-end.</li> <li>Understatement of cash balance by £1.229 million and income by £459,000, and overstatement of debtors by £770,000, due to unallocated receipts in the miscellaneous bank general ledger accounts</li> <li>Understatement of cash and overstatement of debtors by £4.395 million due to unallocated receipts in the bank transfer general ledger account</li> <li>£234,000 receipts credited to a debtor balance instead of fees and charges, thereby understating debtors and fees and charges at year end.</li> </ul>

# KEY AUDIT AND ACCOUNTING MATTERS

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
<p><b>6 Expenditure and funding analysis and change in directorate structure</b></p>	<p>A management restructure during the year has resulted in the creation of new directorates. These changes have required a new mapping of income and expenditure to services in the Comprehensive Income and Expenditure Statement (CIES) and the Expenditure and Funding Analysis (EFA), and a restatement of comparatives.</p> <p>Our audit in the prior year also identified weaknesses in the Council’s arrangements for preparing the EFA and restating comparatives, resulting in significant presentational misstatements in the accounts.</p> <p>There is a risk that the CIES and EFA may not be properly prepared in accordance with the new directorate structure and the requirements of the Code of Practice for Local Authority Accounting 2017/18, including restatement of comparatives to ensure consistency between the years</p>	<p>We have :</p> <ul style="list-style-type: none"> <li>• Reviewed the CIES and EFA and checked that they been prepared in accordance with the Code of Practice for Local Authority Accounting 2017/18</li> <li>• Checked that income and expenditure has been appropriately mapped to the new directorates</li> <li>• Checked that the CIES and EFA comparatives have been appropriately and consistently mapped and that management is able to explain any significant variances between the years.</li> </ul>	<p>Our audit identified the following issues, which have been corrected in the revised financial statements:</p> <ul style="list-style-type: none"> <li>• £53.516 million of housing benefit subsidy had been netted off against housing benefit expenditure, resulting in the understatement of finance and resource income and expenditure in the CIES</li> <li>• £7.993m of schools income was incorrectly mapped to expenditure in the Children, learning and skills directorate, resulting in an understatement of both income and expenditure; this includes £5.430m of dedicated schools grant income</li> <li>• £1.307 million of rental income and £716,000 of rental expenditure was incorrectly coded to Place and development instead of Financing and investment income and expenditure</li> <li>• Omission of a segmental income note as required by the Code</li> <li>• Various other misstatements in the EFA note.</li> </ul>

## KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
7	Group accounts	<p>The Council is one of two members of a limited liability partnership (LLP), trading as Slough Urban Renewal Partnership LLP (SUR LLP). It has a 50% interest in the LLP, the remaining interest being held by the other member, a private sector construction services business. The arrangement comprises a joint venture as defined by IFRS 11 “Accounting for joint arrangements.” In prior years the Council has accounted for its interest in the joint venture on a cost basis and has not prepared Group Accounts, as its share of transactions in the joint venture has not been material.</p> <p>In our Audit Plan we noted that there has been an increase in activity in the joint venture in the current year and therefore it is possible that the Council will now need to prepare Group Accounts and account for its interest in the joint venture using the equity method of accounting.</p> <p>During the year the Council established two wholly owned housing subsidiaries (Herschel Homes Limited and James Elliman Homes Limited), to assist in the provision of affordable homes.</p> <p>Our Audit Plan identified a risk that the Council may have a material interest in these entities.</p>	<p>We sought evidence of management’s assessment of its interests in these entities, for the purposes of establishing whether Group Accounts are required.</p> <p>We reviewed the financial statements and management accounts of SUR LLP and the Council’s subsidiaries, Herschel Homes Limited and James Elliman Homes Limited.</p>	<p>Management did not provide any working papers to evidence its assessment of its interests in these entities.</p> <p>The draft financial statements submitted for audit included Group Accounts for the Council’s interest in SUR LLP. However, our review of these Group Accounts identified the following issues:</p> <ul style="list-style-type: none"> <li>• The Group CIES was not fully populated, with a number of current year and prior year amounts omitted</li> <li>• The Group Balance Sheet incorrectly had a £nil balance in respect of investments in associates</li> <li>• The Group Cash Flow Statement was incomplete</li> <li>• There were no disclosure notes.</li> </ul> <p>Our review of SUR LLP’s accounts indicated that the Council’s share of transactions in the joint venture at year end was not been material. Management therefore subsequently removed SUR LLP from its Group Accounts.</p> <p>However, from our enquiries we noted that there were material transactions in the James Elliman Homes Limited during the year. The Council had not consolidated its interest in this company in its draft financial statements. This was amended in the revised Group Accounts.</p> <p>Herschel Homes Limited was dormant in the year and therefore was not included in the Group Accounts.</p>

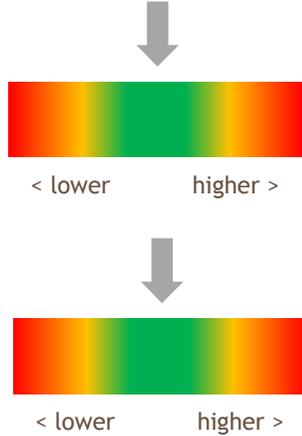
## KEY AUDIT AND ACCOUNTING MATTERS

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
<p>8</p> <p><b>Valuation of non-current assets</b></p>	<p>Local authorities are required to ensure that the carrying value of non-current assets is not materially different to the current value (operational assets) or fair value (surplus assets and investment properties) at the Balance Sheet date.</p> <p>The Council appointed an external valuer to carry out a revaluation on a sample of assets, as at 1 January 2018, and a further market movement review as at 31 March 2018.</p> <p>Due to the significant value of the Council's non-current assets, and the high degree of estimation uncertainty, our Audit Plan identified a risk over the valuation of non-current assets where valuations are based on assumptions or where updated valuations have not been provided for a class of assets at year end.</p>	<p>We reviewed the instructions provided to the valuer and the valuer's skills and expertise in order to determine if we could rely on the management expert.</p> <p>We checked that the basis of valuation for assets valued in year was appropriate, including whether an instant build modern equivalent asset basis has been used for assets valued at depreciated replacement cost, and that investment properties and surplus assets were valued based on 'highest and best use.'</p> <p>We reviewed valuation movements against independent data showing indices of price movements for similar classes of assets. We followed up valuation movements that appeared unusual against indices, or any assets which had material movements since the last valuation.</p> <p>We also reviewed the data used by the valuer and compared to internal data within the Council to confirm that valuations are based on the correct inputs.</p>	<p>From our review of the instructions provided to the valuer and assessment of the expertise of the valuer, we are satisfied that we can rely on their work.</p> <p>We confirmed that asset classes have been valued on an appropriate basis.</p> <p>In comparing the floor sizes used by the valuer to internal records held by the Council, we identified a number of discrepancies.</p> <p>As a result of the audit, management commissioned the valuer to measure the floor areas of a sample of 25 assets, with the aim of providing assurance that the valuer's source data is not materially incorrect. The re-measurement of floor sizes found that the value of land and buildings was understated by a net £2.274 million for the properties in the sample, with an associated net understatement of the revaluation reserve by £11.128 million and an understatement of impairment in the CIES (and therefore the capital adjustment account) by £8.854 million.</p>

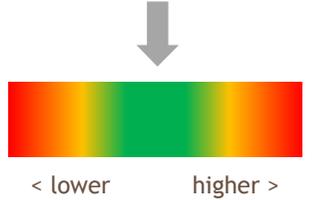
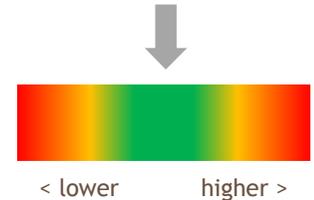
## KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
8	Valuation of non-current assets (continued)	As above.	As above.	<p>Extrapolation of the misstatement over land and buildings not re-measured, indicates a further potential net understatement of £591,000 in the value of land and buildings, an understatement of the revaluation reserve by £5.152 million and an understatement of impairment in the CIES (and therefore the capital adjustment account) by £6.633 million.</p> <p>An adjustment needs to be processed to correct this misstatement, as the error in respect of the 25 properties is material and the estimated error in the untested population is too large to include in the schedule of unadjusted errors due to other misstatements already identified by the audit.</p> <p>Findings from our review of the reasonableness of valuation assumptions applied are noted on the following pages.</p>

# KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT ACCOUNTING ESTIMATES		
Land, buildings, dwellings and investment property valuations		
ESTIMATE	HOW RISK WAS ADDRESSED BY OUR AUDIT	IMPACT
<p>Land and buildings are valued by reference to existing use market values</p> <p>Dwellings are valued by reference to open market value less a social housing discount</p> <p>Investment properties are valued by reference to highest and best use market value</p> <p>Some specialist buildings are valued at depreciated replacement cost by reference to building indices</p>	<p><b>Surplus assets</b></p> <p>Surplus assets were revalued at £22.279 million on 1 January 2018, an increase of £697,000 since the last valuation. This represented a 3.2% upward movement. No indexation was accounted for in the last quarter of the year, in accordance with the valuer’s year-end market review.</p> <p>The overall increase of 3.2% for the year is within a reasonable range when compared to a 3% increase (which would yield an increase of £686,000) indicated by regional trends of property prices in the South East and local factors within Slough. We also obtained explanations for specific assets that had movements outside of a reasonable range and concluded these explanations to be reasonable.</p>	
	<p><b>Council dwellings</b></p> <p>Council dwellings were revalued on 1 January 2018, resulting in a 0.9% increase. No indexation was accounted for in the last quarter of the year in the draft financial statements, although the valuer’s year-end market review indicated an increase of 1.5% for the period.</p> <p>As a result of the audit, the Council has amended its financial statements to recognise indexation of 1.5% for the last quarter, resulting in a £7.162 million increase in the value of council dwellings and the revaluation surplus.</p> <p>Indexing council dwellings by 1.5% for the last quarter resulted in an overall 2.4% increase in the revised financial statements. This is within a reasonable range in comparison to the 3.3% increase per the Land Registry’s annual index for Slough.</p>	

# KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT ACCOUNTING ESTIMATES		
Land, buildings, dwellings and investment property valuations (continued)		
ESTIMATE	HOW RISK WAS ADDRESSED BY OUR AUDIT	IMPACT
<p>Land and buildings are valued by reference to existing use market values</p> <p>Dwellings are valued by reference to open market value less a social housing discount</p> <p>Investment properties are valued by reference to highest and best use market value</p> <p>Some specialist buildings are valued at depreciated replacement cost by reference to building indices</p>	<p><b>Land and buildings - Depreciated Replacement cost.</b></p> <p>Specialised assets revalued on the depreciated replacement cost basis were revalued on 1 January 2018 and increased by 4.5%, to £6.7 million. No indexation was accounted for in the last quarter of the year, although the valuer’s year-end market review indicated an increase of 1% for the period. However, overall we consider that the increase of 4.5% applied is within a reasonable range when compared to the BCIS all in tender price index of 6.7% for the year.</p>	
	<p><b>Land and buildings - Existing use value</b></p> <p>Land and buildings revalued on the existing use basis were revalued on 1 January 2018, with no indexation recognised for the last quarter in accordance with the valuer’s year-end market review. Land and buildings decreased in value by £4.3 million, to £15.9 million, as a result of the valuation. This represented a 21% decrease. £3 million of the decrease relates to five community centres and a car park. We questioned the valuer as to why these assets, which appear to be specialised with little or no evidence of recent market transactions, were valued on an existing use basis rather than a depreciated replacement cost basis. The valuer confirmed that even though the Council does not necessarily lease out all its community properties, the valuer has a comprehensive knowledge of potential rental values for community properties in local authorities based on rental evidence elsewhere, which they have assessed in providing the estimated values for the Council’s assets. We are satisfied that this valuation approach is in line with the valuation guidance which suggests that the depreciated replacement cost approach be used as a last resort when there is no relevant recent evidence of transactions. We have obtained specific explanations for these assets and concluded that explanations are reasonable.</p>	

# KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT ACCOUNTING ESTIMATES		
Land, buildings, dwellings and investment property valuations (continued)		
ESTIMATE	HOW RISK WAS ADDRESSED BY OUR AUDIT	IMPACT
<p>Land and buildings are valued by reference to existing use market values</p> <p>Dwellings are valued by reference to open market value less a social housing discount</p> <p>Investment properties are valued by reference to highest and best use market value</p> <p>Some specialist buildings are valued at depreciated replacement cost by reference to building indices</p>	<p><b>Other land and buildings - Not revalued in the year</b></p> <p>Land and buildings not valued in year totalled £43.326 million.</p> <p>In assessing the appropriateness of the Council’s land and building not revalued during the year, we have set a reasonable range, based on our professional judgement and taking into account the reliability and quality of the market information available. Accepting a tolerance of 4% either side of the MSCI index for assets valued on existing use basis and BCIS tender price index for assets valued on depreciated replacement cost basis, to allow for location and other factors, we have calculated that other land and buildings not valued during the year are stated at £3.530 million below what we have estimated as a reasonable range for the value.</p> <p>The Code only requires revaluations to be undertaken with sufficient regularity to be materially accurate and does not require valuations where the movement is not material. Whilst this estimated difference is not material, we are required to include it in our schedule of audit differences to ensure that the aggregate of potential differences is not material. Therefore, this has been included as an estimated audit difference in Appendix I (number 14).</p>	<p>&lt; lower higher &gt;</p>

# KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT ACCOUNTING ESTIMATES		
Land, buildings, dwellings and investment property valuations (continued)		
ESTIMATE	HOW RISK WAS ADDRESSED BY OUR AUDIT	IMPACT
<p>Land and buildings are valued by reference to existing use market values</p> <p>Dwellings are valued by reference to open market value less a social housing discount</p> <p>Investment properties are valued by reference to highest and best use market value</p> <p>Some specialist buildings are valued at depreciated replacement cost by reference to building indices</p>	<p><b>Investment property</b></p> <p>Investment properties were revalued on 1 January 2018, with no indexation recognised for the last quarter in accordance with the valuer’s year-end market review. Investment properties increased in value by £2.8million, to £65 million year on year per the valuation provided by the valuer, representing a 4% increase. The increase is within a reasonable range in comparison to a 2% increase (which would yield an increase of £1.2 million) indicated by regional trends of property prices in the South East and local factors within Slough. We also obtained explanations for specific assets with movements outside the reasonable range and are satisfied that these explanations are reasonable.</p>	<p style="text-align: center;">↓</p>  <p style="text-align: center;">&lt; lower                  higher &gt;</p>

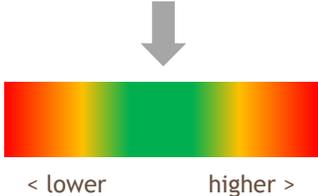
# KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
9	<p><b>Pension liability assumptions</b></p>	<p>The net pension liability comprises the Council’s share of the market value of assets held in the Royal County of Berkshire Pension Fund for Slough Borough Council and the previous Berkshire County Council, and the estimated future liability to pay pensions.</p> <p>An actuarial estimate of the pension fund liability is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the most up to date membership data held by the pension fund and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.</p> <p>Our Audit Plan identified a risk that the membership data and cash flows provided to the actuary at 31 March may not be correct, or the valuation uses inappropriate assumptions to value the liability.</p>	<p>We agreed the disclosures to the information provided by the pension fund actuary.</p> <p>We reviewed the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data.</p> <p>We sought assurance from the auditor of the pension fund over the controls for providing accurate membership data to the actuary.</p> <p>We checked whether significant changes in membership data have been communicated to the actuary.</p>	<p>Our audit work identified that the draft financial statements did not include the following required disclosures, which have been included in the revised financial statements:</p> <ul style="list-style-type: none"> <li>• Financial and mortality assumptions applied by the actuary per the IAS 19 report, or the potential impact on the liability for a 1% increase or decrease in the financial assumptions</li> <li>• Methods and assumptions used in preparing the sensitivity analyses as well changes from previous period in the methods and assumptions used in preparing the sensitivity analyses and reasons for such changes</li> <li>• Funding arrangements and funding policy affecting future contributions</li> <li>• Expected contributions for the next annual report period</li> <li>• Information about the maturity profile of the defined benefit obligation, including the weighted average duration of the defined benefit obligation</li> <li>• The basis for estimating assets and liabilities</li> <li>• The scheme’s assets and the fair value of these assets at year end</li> <li>• Split of assets held by the pension fund between quoted and unquoted instruments.</li> </ul> <p>Our work also identified a few presentational errors, which have been corrected.</p>

## KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
9	Pension liability assumptions (continued)	As above.	As above.	We obtained a written confirmation from the auditors of the pension fund about the accuracy and completeness of membership data as well as cash flow. Our consideration of the actuarial assumptions used by the pension fund actuary is noted on the following page. We have referred to the findings from an independent review of actuarial assumptions by PwC, which was commissioned centrally by Public Sector Audit Appointments Limited.

# KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT ACCOUNTING ESTIMATES					
Pension liability assumptions					
ESTIMATE	HOW RISK WAS ADDRESSED BY OUR AUDIT			IMPACT	
The key assumptions include estimating future expected cash flows to pay pensions including inflation, salary increases and mortality of members; and the discount rate to calculate the present value of these cash outflows	<p>The actuary has used the following assumptions at 31 March 2018 to value the future pension liability. We have compared the assumptions used to an acceptable range and those used across local government actuaries.</p> <p>The PwC consulting actuary review of the relative strength of the main assumptions on the liability assumptions suggests that Barnett Waddingham tends to place a higher value on the liability than other actuaries where standard assumptions are applied and that the overall assumptions are reasonable.</p>				
		<b>Actual used</b>	<b>Acceptable range</b>		<b>Comments</b>
	RPI increase	3.3%	3.30-3.35%		Reasonable
	CPI increase	2.3%	2.30-2.35%		Reasonable
	Salary increase	3.8%	CPI +1.5% to 2.2%		(based on 2016 valuation) Reasonable in context of CPI / RPI
	Pension increase	2.3%	2.30-2.35%		Reasonable
	Discount rate	2.60%	2.50-2.60%		Reasonable
	Mortality - LGPS:				
	- Male current	25.3 years	23.7-26.8		Reasonable
	- Female current	27.5 years	26.6-28.4		Reasonable
	- Male retired	23.1 years	21.5-24.5		Reasonable
	- Female retired	25.2 years	24.3-26.10		Reasonable
	Commutation	50%	50%		Reasonable
All of the assumptions used fall within the reasonable range for the actuary as per the PwC report.					

## KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
10	Related party disclosures	<p>We need to consider if the disclosures in the financial statements concerning related party transactions are complete and adequate and in line with the requirements of the accounting standards. Our audit in the prior year found that the related parties note did not adequately disclose the Council's transactions and balances with Slough Urban Renewal LLP. Our Audit Plan identified a risk that related party disclosures may not be complete and in accordance with the Code of Practice on Local Authority Accounting 2017/18 requirements.</p>	<p>We updated our understanding of the Council's related party transactions identification procedures and reviewed the relevant information to identify related parties and related party transactions. We discussed with management and reviewed councillors' and senior managers' declarations to ensure there are no potential related party transactions which have not been disclosed. This is something we will require you to include in your management representation letter to us. We also considered whether key management personnel services received from other entities had been adequately disclosed as related parties. We carried out a Companies House search to check the completeness of disclosed interests.</p>	<p>Our audit work did not identify any issues with the Council's procedures for identifying related parties and related party transactions. Our discussions with management and review of councillors' and senior managers' declarations did not identify any undisclosed related parties and related party transactions. We noted that the disclosure of transactions with SUR LLP had not been updated from the prior year. Management has agreed to update this note in the revised financial statements. Our Companies House searches did not identify any undisclosed related party transactions.</p>

# KEY AUDIT AND ACCOUNTING MATTERS

## OTHER ISSUES

We comment below on other issues identified in the course of our audit, of which we believe you should be aware:

	AUDIT AREA	AUDIT FINDINGS
1	Property, plant and equipment (PPE)	<p>Our audit of property, plant and equipment during our interim and final audit work identified the following issues:</p> <ul style="list-style-type: none"> <li>• Our interim audit identified an asset with a net book value of £2.547 million that had been demolished but not removed from the asset register. We reviewed the asset register during our final audit and confirmed that the asset had been removed and not included in the net asset value of property plant and equipment at year end. Our final audit also identified two assets with a combined net book value of £3.497 million that had been demolished but not removed from the asset register. We obtained a list of all demolished properties and confirmed that they are not included in the asset register at year end. This is included as an uncorrected misstatement in Appendix I (number 2).</li> <li>• Our interim audit also identified an asset with a net book value of £43,970 that had been sold but not removed from the asset register. We reviewed the asset register during our final audit and confirmed that asset had been removed and not included in the net asset value of property, plant, and equipment at year end. We obtained a list of all properties disposed during the year and confirmed that they are not included in the asset register.</li> <li>• Our interim audit identified nine council dwellings with total net book value of £942,000 and two infrastructure assets with total net book value of £227,000 that had not been depreciated. We reviewed the asset register during our final audit and confirmed that these assets have now been depreciated.</li> <li>• Our interim audit identified an asset classified as an investment property that should have been classified as a held for sale asset, as it meets the classification requirement for held for sale assets. We reviewed the asset register during our final audit and confirmed that the asset had been disposed before year end and correctly removed from the asset register.</li> <li>• Our interim audit identified that an operational asset with a net book value of £137,000 generating rental income was classified as a surplus asset instead of investment property. We reviewed the asset register at year end and confirmed that the asset had been reclassified. Our additional audit work to ensure that there are no misclassification between surplus and investment properties did not identify any misclassifications.</li> <li>• Our final audit identified a total difference of £11.649 million between the PPE note in the financial statements and the asset register, resulting from the Council not writing out depreciation on revaluation on the gross cost and accumulated depreciation sections of the note. Management has agreed to correct this in the revised financial statements.</li> <li>• Our final audit identified a £168,000 understatement of assets valued on an existing use basis due to incorrect input of valuations, resulting in differences between the asset register and the valuer’s certificate. This is included as an uncorrected misstatement in Appendix I (number 1).</li> </ul>

## KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	AUDIT FINDINGS
1	Property, plant and equipment (continued)	<ul style="list-style-type: none"> <li>• Our final audit identified a £2.112 million understatement of council dwellings due to incorrect input of valuations, resulting in differences between the asset register and the valuer's certificate. This is included as an uncorrected misstatement in Appendix I (number 1).</li> <li>• Our final audit identified £1 million of impairment cost disclosed in the property, plant and equipment note as depreciation written out to the deficit on the provision of services should be disclosed as revaluation increases/(decreases) recognised in the deficit on the provision of services. This has been amended in the revised financial statements.</li> <li>• Our final audit identified a misclassification of four council dwellings with a net asset value of £1.053 million incorrectly classified as assets under construction. This is included as an uncorrected misstatement in Appendix I (number 3).</li> <li>• Our final audit identified surplus assets with a net book value of £1.426 million should have been classified as council dwellings, investment property and other land and buildings, as these assets are operational. This is included as an uncorrected misstatement in Appendix I (number 8).</li> <li>• Our final audit identified surplus asset with a net book value of £2.122 million should have been classified as assets under constructions as assets still under construction and non-operational at year-end. This is included as an uncorrected misstatement in Appendix I (number 8).</li> <li>• Our final audit identified a £254,000 understatement of non-operational council dwellings valued on fair value basis due to incorrect input of valuations, resulting in differences between the asset register and the valuer's certificate. This is included as an uncorrected misstatement in Appendix I (number 1).</li> <li>• Our final audit identified two properties with a net book value of £1.276 million classified as surplus instead of asset under construction. Further audit work, which included consultation with asset management, did not identify any further misclassifications between surplus assets and assets under construction. This has been amended in the revised financial statements.</li> </ul>
2	Capital commitments	The capital commitments note in the draft financial statements did not include all significant commitments and some commitments differed from those in the capital budgets. Management agreed to update this in the revised financial statements.
3	Service concession assets	Service concession assets in the service concession note did not agree to the fixed asset register. Management has amended this disclosure in the revised financial statements.
4	Long term investments	Our audit work found that available-for-sale financial assets were not measured on a fair value basis, as required by IAS 39. The current valuation means that the value is understated by £173,000. This is included as an uncorrected misstatement in Appendix I (number 4).

## KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	AUDIT FINDINGS
5	Collection Fund	<p>Our audit identified the following disclosure misstatements within the collection fund notes, which management has corrected in the revised financial statements:</p> <ul style="list-style-type: none"> <li>• The Council did not disclose the total non-domestic rateable value at the year-end and the national non-domestic rate multiplier for the year, as required by the Code of Practice on Local Authority Accounting 2017/18</li> <li>• The council tax income note has no narrative explaining the calculation of the council tax income, as required by the Code of Practice on Local Authority Accounting 2017/18</li> <li>• The number of dwellings in the council tax income note is misstated</li> <li>• The adjustment to the number of council dwellings to determine the council tax base is disclosed as nil</li> <li>• The Council tax base has not taken into account the adjustment for non-collection</li> <li>• Our audit work identified that £828,000 of council tax overpayments had not been posted to creditors, In addition, we found £3.617 million of unidentified creditors, resulting in a net overstatement of creditors and understatement of income by £2.789 million. This is included as an uncorrected misstatement in Appendix I (number 9).</li> </ul>
6	Non-specific grant income	<p>Our audit identified the following disclosure misstatements within grant income credited to the taxation and non-specific grant income and expenditure note, which management has corrected in the revised financial statements:</p> <ul style="list-style-type: none"> <li>• Education service grant disclosed as section 35 grant</li> <li>• Adult social care grant of £518,000 was not disclosed.</li> </ul>
7	Business rates income	<p>Our audit found that non-domestic rates income within the taxation and non-specific grant income note included £989,000 of section 31 grant income. This is included as an uncorrected misstatement in Appendix I (number 5).</p>

## KEY AUDIT AND ACCOUNTING MATTERS

AUDIT AREA		AUDIT FINDINGS
8	Fees and charges	Our audit of fees and charges identified an internal recharge of £4.788 million relating to the charges from Slough waste management service, which is part of the Council. As these internal recharges do not meet the definition of income and expenditure, income and expenditure are both overstated by £4.788 million. Our extended work on fees and charges did not identify any additional internal recharges included in income or expenditure. Management has corrected this in the revised financial statements.
9	Long term debtors	Our audit of long term debtors identified the following issues: <ul style="list-style-type: none"> <li>The working papers provided to support long term debtors did not agree to the balance in the financial statements</li> <li>A receipt of £1.430 million from a long term debtor, which was received earlier than expected, was incorrectly recorded, resulting in an understatement of both income and debtors. This is included as an uncorrected misstatement in Appendix I (number 12).</li> </ul>
10	Debtor impairment allowance	Our audit work on the debtor impairment allowance found that the calculation in respect of housing benefit debtors, based on recovery rates, was overstated by £288,000. This is included as an uncorrected misstatement in Appendix I (number 6).
11	Creditors	Our audit work on creditors identified the following issues (in addition to those reported on page 12): <ul style="list-style-type: none"> <li>£393,000 retention payment payable to the contractor of the LED projects has been classified as a short term creditor even though payment is only due in 2020 and therefore should have been classified as a long term creditor</li> <li>Understatement of home care accrual by £216,000 based on actual invoices paid in April 2018.</li> </ul> Management has agreed to make these corrections in the revised financial statements

## KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	AUDIT FINDINGS
12	Housing Revenue Account	<p>Our audit identified the following disclosure misstatements within the HRA and supporting notes, which management has corrected in the revised financial statements:</p> <ul style="list-style-type: none"> <li>• No disclosure of the vacant possession housing values</li> <li>• Sixteen new council dwellings were not included in the housing stock note in the financial statements</li> <li>• The number of properties sold disclosed in the housing stock note in the financial statements was thirty-seven instead of sixty-six</li> <li>• The number of new properties disclosed in the housing stock note was twenty six instead of seventy-eight</li> <li>• The number of demolished properties disclosed in the housing stock note was seven instead of fourteen.</li> <li>• HRA properties per category disclosed as notes to the HRA accounts did not agree to the asset register</li> <li>• Capital expenditure and sources of funding note misstated</li> <li>• Transactions relating to retirement benefit notes misstated.</li> </ul>
13	Dedicated schools grant note	<p>Our audit identified the following disclosure misstatements within the dedicated schools grant income note which management has corrected in the revised financial statements:</p> <ul style="list-style-type: none"> <li>• Dedicated schools grant income per the draft accounts and supporting working did not agree to notification from the Department of Education</li> <li>• A journal that was posted to reallocate schools expense incorrectly credited DSG income instead of expenditure within the Children, learning and skills directorate, resulting in overstatement of both income and expenditure.</li> </ul>
14	Business rate appeal provision	<p>Our audit work on business rate provision identified that the Council accounted for the full movement in business rates appeals provision per the Collection Fund statement in its provisions, instead of its share in the provision. This has been corrected by management in the revised financial statements.</p>
15	Accounting policies note	<p>The accounting policies note does not disclose that additions are not depreciated in the year of acquisition. Management has agreed to include this in the revised financial statements.</p> <p>We also identified a few presentational issues in the accounting policy note which management has corrected in the revised financial statements.</p>
16	Interest income	<p>Our audit identified that distribution from an associate was incorrectly classified as interest income. This has been reclassified in the revised financial statements.</p>

AUDIT AREA		AUDIT FINDINGS
17	Leases	<p>Our audit of leases identified the following issues which management has corrected in the revised financial statements:</p> <ul style="list-style-type: none"> <li>• Net book value of finance lease assets did not agree to the asset register</li> <li>• Present value of minimum lease payments for finance lease was incorrectly disclosed</li> <li>• Minimum lease payments receivable under non-cancellable leases in future years was incorrectly disclosed</li> <li>• Comparative present value of minimum lease payments for finance lease did not agree to prior year financial statements.</li> </ul>
18	Other disclosure issues	<p>A number of other disclosure misstatements were identified by our audit, which have been corrected in the revised financial statements, including:</p> <ul style="list-style-type: none"> <li>• No upward revaluation disclosed in the revaluation reserve note, although the revaluation reserve working paper and asset register indicate an upward revaluation of £41.98 million; the downward revaluation or impairment not taken to the CIES should be £16.17 million instead of £25.8million.</li> <li>• A number of presentational issues were identified throughout the draft financial statements.</li> </ul>
19	Immaterial disclosures	<p>The financial statements include a number of notes that are not material, such as intangible assets, long term provisions. These should be removed as they distract from the material information on the financial statements. Management has agreed to remove immaterial disclosures in the revised financial statements.</p>

# KEY AUDIT AND ACCOUNTING MATTERS

## MATTERS REQUIRING ADDITIONAL CONSIDERATION

We comment below on other matters requiring additional consideration:

	AUDIT AREA	AUDIT FINDINGS
1	Fraud	Whilst the directors have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit procedures have not identified any fraud.

## OTHER REPORTING MATTERS

We comment below on other reporting required to be considered in arriving at the final content of our audit report:

MATTER	COMMENT
1	We are required to report on whether the financial and non-financial information in the Narrative Report within the Statement of Accounts is consistent with the financial statements and the knowledge acquired by us in the course of our audit.
Our review of the Narrative Report has not identified any significant issues.	
2	We are required to report by exception if the Annual Governance Statement does not meet the disclosure requirements set out in the guidance 'Delivering Good Governance in Local Government Framework' (2016 Edition) published by CIPFA/SOLACE or is misleading or inconsistent with other information that is forthcoming from the audit.
We requested a few amendments to the Annual Governance Statement as a result of our review, including disclosure of issues relating to financial statement preparation. This has been included in the revised statement.	

# CONTROL ENVIRONMENT

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to the Audit and Corporate Governance Committee.

As the purpose of the audit is for us to express an opinion on the Council's financial statements and use of resources, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

We note that the Council's internal audit function has issued a number of observations and recommendations on the Council's control environment during 2017/18. We have not repeated these recommendations in this report unless we consider them to highlight significant deficiencies in control which we are required to report to you.

Our audit has identified significant deficiencies in respect of, which we have included in the action plan at Appendix II:

- Quality of working papers supporting the financial statements
- Critical review of the draft financial statements
- Mapping of debtors and creditors
- Bank reconciliations
- Maintenance of the fixed asset register
- Weaknesses in IT general controls around user access and password security
- Review of land and buildings source data provided to the valuer.

We have also identified other deficiencies in controls which have been discussed with management.

## USE OF RESOURCES

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money). This is based on the following reporting criterion:

*In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.*

There are three sub criteria that we consider as part of our overall risk assessment:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties.

We reported our risk assessment, which included use of resources significant risks, in the 2017/18 Audit Plan issued in February 2018. We have since undertaken a more detailed assessment of risk following our completion of the interim review of financial controls and review of the draft financial statements, and we have not included any additional significant risks.

We report below our findings of the work designed to address these significant risks and any other relevant use of resources work undertaken.

Key: ■ Significant risk

# USE OF RESOURCES

RISK AREA	RISK DESCRIPTION AND WORK PERFORMED	AUDIT FINDINGS AND CONCLUSION
<p>1 Medium Term Financial Strategy</p>	<p>The update to the Medium Term Financial Strategy (MTFS) to 2020/21 has forecast further reductions in Government core grant funding and annual inflationary and pay award pressures. Significant levels of savings are required to balance the budget in three of the four years from 2017/18. As at February 2018 the savings requirement amounted to £12.411 million in 2017/18, £5.596 million in 2018/19, £281,000 in 2019/20 and £5.135 million in 2020/21.</p> <p>The Council has a number of savings schemes, regeneration projects and capital projects in progress to generate additional income going forward. These include:</p> <ul style="list-style-type: none"> <li>• Management and staff restructuring</li> <li>• Reductions in revenue costs associated with the Slough Children’s Services Trust</li> <li>• Investment in housing property companies</li> <li>• Insourcing environmental services</li> <li>• Development of two hotels in the centre of town</li> <li>• Development of the Thames Valley University site.</li> </ul> <p>In our Audit Plan we identified a risk that the MTFS does not adequately take account of the investment costs associated with major savings schemes and development projects and that there are insufficient underlying risk management and monitoring arrangements in place to ensure successful delivery of these projects.</p> <p>We have:</p> <ul style="list-style-type: none"> <li>• Reviewed the reasonableness of the MTFS assumptions, including investment costs associated with major savings schemes and capital projects</li> <li>• Reviewed the adequacy of risk management and monitoring arrangements underpinning major development projects.</li> </ul>	<p><b>Overall conclusion regarding sustainable deployment of resources</b></p> <p>We are satisfied the Council has adequate arrangements for budget setting and budget monitoring and the Council has retained its track record of delivering underspends in the General Fund and taking action to minimise the impact of overspends.</p> <p>The MTFS reflects known savings and cost pressures and the key assumptions are not unreasonable. The MTFS and associated capital programme and treasury strategy take account of the investment costs associated with major development projects and savings schemes.</p> <p>The general fund balance and earmarked reserves act as a potential buffer against future risks, although the amount of headroom provided is limited. Whilst achievement of the required level of savings in the MTFS will be challenging and will require strong leadership and action by the Council to close budget gaps, we are satisfied that there are adequate arrangements in place to remain financially sustainable in the medium term.</p> <p><b>Detailed findings</b></p> <p>Internal Audit carried out a review of the budget setting process for 2017/18 as part of their 2016/17 audit plan and reported “reasonable assurance” over the process (meaning that there is reasonable assurance that controls are suitably designed and consistently applied, although there are issues that need to be addressed to ensure that the control framework is effective).</p> <p>In 2017/18 Internal Audit reviewed budgetary control and performance reporting under the Five Year Plan and reported “reasonable assurance” in both areas.</p> <p>During the year the Council forecast that there would be an overspend. However, management recovered the position and was able to report an underspend of £224,000 for the year.</p>

## USE OF RESOURCES

RISK AREA	RISK DESCRIPTION AND WORK PERFORMED	AUDIT FINDINGS AND CONCLUSION
<p>1 Medium Term Financial Strategy (continued)</p>	<p>As above.</p>	<p>The general fund balance as at 31 March 2018 per the revised financial statements is £8.123 million, which agrees to the prior year balance. This is in excess of the £7.2 million minimum level recommended by the Section 151 officer, which was based on 5% of the Council's net revenue budget plus £2 million for funding volatility.</p> <p>Non-schools earmarked general fund reserves per the revised financial statements have increased by £128,000, to £5.026 million at 31 March 2018.</p> <p>The Council set a savings target of £6.398 million for its services in 2017/18, which equated to 6.1% of the Council's original net budget. These savings were achieved overall, either as originally proposed or by finding alternatives elsewhere within the service during the financial year. This compared to £8.7 million achieved in 2016/17 and a savings target of £5.596 million for 2018/19.</p> <p>The MTFS approved by Cabinet and the Council in February 2018 indicated that all of the required savings for the next three years (£5.596 million for 2018/19, £281,000 for 2019/20 and £5.135 million for 2020/21) has been identified. This MTFS included the Council's share of planned profits from Slough Urban Renewal LLP (SUR), the Council's joint venture partnership with Morgan Sindall Investments Limited.</p> <p>Management has started the process of preparing for the 2019/20 budget and a revised MTFS was presented to Cabinet in July 2018. This proposes that the Council commence unwinding its reliance on revenue receipts from SUR to fund the revenue budget over the next two years, so that from 2021/22 SUR revenue receipts will only be used to increase general reserves or to reinvest in commercially focussed invest to save schemes. The Council forecasts that over £30 million in revenue receipts will be generated from this partnership between 2019 and 2025, which will help to strengthen the Council's reserves position.</p>

## USE OF RESOURCES

RISK AREA	RISK DESCRIPTION AND WORK PERFORMED	AUDIT FINDINGS AND CONCLUSION
<p>1 Medium Term Financial Strategy (continued)</p>	<p>As above.</p>	<p>The revised MTFS therefore includes additional savings requirement compared to the MTFS approved in February 2018. After taking account of identified savings and planned transformational fund savings, the most recent MTFS indicates funding gaps of £2.841 million in 2019/20, £2.246 million in 2020/21 and £599,000 in 2021/22.</p> <p>Work is in progress to identify schemes to fill the 2019/20 budget gap, including a fundamental root and branch review of the Council's income and expenditure. Detailed budget statements are being prepared for all service areas to inform Star Chamber Budget Challenge Sessions in September 2018.</p> <p>The MTFS includes reasonable income and expenditure assumptions. The Council is budgeting for a significant decrease in government grant funding over the period of the MTFS, with revenue support grant decreasing from £13.1 million in 2017/18 to £6.1 million in 2020/21 and the New Homes Bonus reducing from £3.1 million in 2017/18 to £2.5 million in 2020/21. Council tax is expected to increase by 4.5% (3% social care precept and 1.5% other services) in 2018/19 and then 1% in the following years to 2020/21. The Council is part of a Berkshire wide business rates pool in 2018/19, which is expected to result in an additional £1.4 million of funding.</p> <p>Capital plans including the development of the Thames Valley University site, the development of hotels in the town centre and the move of the Council's offices from St Martins place to the town centre. These plans are monitored by the Corporate management Team and the risks associated with the overall urban renewal are included in the corporate risk register. The corporate risk register is now regularly reviewed by the Audit and Corporate Governance Committee.</p>

## USE OF RESOURCES

RISK AREA	RISK DESCRIPTION AND WORK PERFORMED	AUDIT FINDINGS AND CONCLUSION
<p>2 Internal control and governance arrangements</p>	<p>Our 2016/17 use of resources conclusion was qualified due to weaknesses in the system of internal control and governance arrangements in key areas such as information governance, risk management, compliance with the Local Government Transparency Code, HR policies and procedures and whistleblowing response procedures.</p> <p>Our Audit Plan identified a risk that the Council may not be able to demonstrate that it has addressed these issues and applied the principles and values of sound governance and internal control to support informed decision making during 2017/18.</p> <p>We reviewed the Council's processes to address Internal Audit's prior year recommendations, and we assessed the potential impact on our audit of continuing or further weaknesses in the system of internal control identified by Internal Audit and other governance issues of which we are aware</p>	<p><b>Overall conclusion regarding informed decision making</b></p> <p>The Council has made good progress in addressing the majority of previously identified weaknesses. The Head of Internal Audit has reported a positive opinion that the Council has an adequate and effective framework for risk management, governance and internal control, although there is scope for future enhancements to the framework to ensure that it remains adequate and effective. This is an improvement from the negative assurance opinion issued in the prior year.</p> <p>In December 2017 the Council commissioned the Monitoring Officer to carry out a full review of the Council's governance arrangements. The results of the review were presented to the Audit and Corporate Governance Committee in July 2018. Whilst it identified some areas where there is scope for improvement, it concluded overall that there is no crisis in the Council's governance arrangements, which are generally sound and improving.</p> <p>We are not proposing to qualify our use of resources opinion on general internal control and governance arrangements.</p> <p>However, there remained weaknesses and material misstatements in the preparation of the 2016/17 Statement of Accounts during 2017/18. Action was taken to address capacity issues in the finance team towards the end of the year and this has resulted in improvements in the presentation of 2017/18 financial statements, although there is still significant scope for improvement in the quality of the underlying working papers to ensure that the financial statements are free from material error.</p> <p>We are proposing to qualify our use of resources opinion in respect of the financial statements preparation process.</p>

# USE OF RESOURCES

RISK AREA	RISK DESCRIPTION AND WORK PERFORMED	AUDIT FINDINGS AND CONCLUSION
<p>2 Internal control and governance arrangements (continued)</p>	<p>As above.</p>	<p><b>Detailed findings</b></p> <p>We have considered below each of the areas that led to our qualified use of resources opinion in the prior year in respect of informed decision making:</p> <p><i>Information Governance</i></p> <p>In the prior year, the Council did not have sufficient policies and procedures in place to support a robust information governance framework within the Council and Internal Audit issued a ‘no assurance’ report.</p> <p>This year, Internal Audit has issued a ‘partial assurance’ report and concluded that whilst the Council had taken action to address some of the failings identified in the previous report in 2016/17, such as the commencement of mapping of data flows within the organisation, a number of issues remained. Specifically; the update of key corporate policies in relation to Information Governance, the lack of review of contracts to ensure appropriate Information Governance clauses are included, the lack of update and monitoring of training uptake and the lack of action plans to address any of the areas identified contributed to the opinion.</p> <p>A follow-up report was presented by the Service Lead Digital and Strategic IT to the Audit and Corporate Governance Committee in March 2018, where he confirmed that there were only two actions still outstanding from Internal Audit’s recommendations. This has been reflected in the Annual Governance Statement. In addition, management has informed us that robust processes were in place in prepare for the implementation of General Data Protection Regulations in May 2018. We are awaiting evidence to support this.</p> <p><i>Risk Management</i></p> <p>In the prior year, Internal Audit concluded that there was a lack of oversight of risks at a directorate level due to the absence of an effective risk management system, and insufficient scrutiny of the corporate risk register at Cabinet level during 2016.</p> <p>For 2017/18, management commissioned an advisory review from Internal Audit. Internal Audit assisted the Council in refreshing the corporate risk register to take account of changes in the business, including organisational structure changes and changes in the external environment such as legislation. This was achieved via a series of interviews and workshops with the Council, management team and supporting officers, which resulted in the agreement of a revised set of corporate risks for the Council. This represents an improvement from the position 12 months previously.</p>

## USE OF RESOURCES

RISK AREA	RISK DESCRIPTION AND WORK PERFORMED	AUDIT FINDINGS AND CONCLUSION
2 <b>Internal control and governance arrangements (continued)</b>	As above.	<p><b><i>Budgetary control</i></b></p> <p>In the prior year, Internal Audit concluded that there was a lack of scrutiny and reporting on savings plans during the first half of the year and therefore there was no effective oversight as to whether savings plans had been delivered.</p> <p>This year, there have been improvements in the process and Internal Audit issued a ‘reasonable assurance’ report.</p> <p><b><i>Compliance with the Local Government Transparency Code</i></b></p> <p>In the prior year, the Council failed to ensure that information that must be published by the Council was published on a timely basis.</p> <p>This, year, whilst a few of Internal Audit’s recommendations in this area have not yet been fully implemented and we are aware that expenditure data was not always published regularly in the first part of the year, a process is now in place to publish the data on a quarterly basis, which is considered acceptable.</p> <p><b><i>Constitution and associated policies</i></b></p> <p>In the prior year we found that the Council had failed to ensure that the Constitution and associated policies were sufficiently up to date and robust, and that weaknesses in Human Resources procedures during the year were partly due to policies being out of date, not clear enough or not appropriately applied.</p> <p>This year, the Council has continued with its programme of updating its Constitution and underlying policies and, with the exception of Information Governance policies reported above, we are not aware of any weaknesses in procedures as a result of policies not being up to date.</p> <p><b><i>Whistleblowing procedures and complaints</i></b></p> <p>In the prior year, we concluded that the Council’s whistleblowing policy and procedures for dealing with whistleblowing complaints were not sufficiently robust to protect confidentiality and instil confidence in the process.</p> <p>This year, whilst we are aware of some continuing dissatisfaction with the Council’s responses to complaints, we are satisfied that the Council generally has reasonable procedures in place to respond to complaints received. There is now improved reporting to the Audit and Corporate Governance Committee of activity undertaken in relation to complaints received under the Councillors’ Code of Conduct.</p>

## USE OF RESOURCES

RISK AREA	RISK DESCRIPTION AND WORK PERFORMED	AUDIT FINDINGS AND CONCLUSION
<p>2 Internal control and governance arrangements (continued)</p>	<p>As above.</p>	<p><b>Preparation of the Statement of Accounts</b></p> <p>Our audit of the 2016/17 financial statements, which were prepared during 2017/18, identified a large number of misstatements which had to be amended in the final financial statements. This included three material misstatements in the primary statements, seven notes that were materially misstated, a number of other non-trivial adjustments and thirteen unadjusted misstatements. We also identified weaknesses in the quality of the underlying working papers.</p> <p>Action was taken to address capacity issues in the finance team towards the end of the year and this has resulted in improvements in the presentation of the 2017/18 financial statements. This is, however, still significant scope for improvement in the quality of the underlying working papers to ensure that the financial statements are free from material error, particularly in areas such as non-current assets, cash and cash equivalents and debtors and creditors analyses.</p> <p>We believe that this is evidence of significant weaknesses in arrangements during 2017/18 to support informed decision making.</p>

## USE OF RESOURCES

RISK AREA	RISK DESCRIPTION AND WORK PERFORMED	AUDIT FINDINGS AND CONCLUSION
<p>3 <b>Senior management and councillors</b></p>	<p>There has been a high and sudden turnover of a number of members of the leadership team and key operating personnel during 2017/18, alongside an organisation restructuring. Changes in senior officers include the Chief Executive and the Leader of the Council.</p> <p>The Council's risk register acknowledges that changes in senior officers may result in a loss of corporate memory, deterioration in the control framework and decisions being made without a firm policy footing.</p> <p>Our Audit Plan identified a risk that the Council may not respond appropriately to the changes during the year. This could lead to reduced performance and weaknesses in informed decision making.</p> <p>We assessed how effectively the Council has responded to the changes in its leadership and management team during the year, by review of risk management and other processes supporting key decision making during the year.</p>	<p>Whilst there has been a high and sudden turnover of a number of members of the leadership team and key operating personnel during 2017/18, alongside an organisation restructuring, we are satisfied that this has not led to any significant reduced performance or weaknesses in informed decision making.</p> <p>The number of senior officer posts filled by interims has reduced compared to the prior year, which should help to bring stability to the Council in the longer term.</p>

# USE OF RESOURCES

RISK AREA	RISK DESCRIPTION AND WORK PERFORMED	AUDIT FINDINGS AND CONCLUSION
<p>4 Children's social care services</p>	<p>Our 2016/17 use of resources conclusion was qualified due to ongoing significant weaknesses in Children's Social Care Services. Ofsted concluded that improvements in the service have largely been achieved after 31 March 2017 and there is still some way to go before vulnerable children can rely on a service that meets their needs and reduces the risks that they experience.</p> <p>In our Audit Plan we identified a continuing risk that the Council may not be able to demonstrate value for money from its arrangements for improving services and outcomes in Children's Social Care Services during 2017/18, in managing the contract with the Trust. In the absence of sufficient evidence of improvement, we may need to qualify our use of resources conclusion again.</p> <p>We have gained an understanding of action taken by the Council and Slough Children's Services Trust during 2017/18 to address Ofsted's recommendations and seek evidence of improved processes.</p>	<p><b>Overall conclusion regarding partnership working</b></p> <p>Whilst we are satisfied that there have been improvements in the joint working and performance monitoring arrangements in place between the Council and the Trust during 2017/18, Ofsted has concluded that the quality of management oversight and decision-making continues to require improvement.</p> <p>We are therefore proposing to qualify our use of resources opinion in relation to partnership working</p> <p><b>Detailed findings</b></p> <p>Since our 2016/17 audit completion report presented to the Audit and Corporate Governance Committee in December 2017, Ofsted has carried out two further monitoring visits.</p> <p>In January 2018, they concluded "Based on the evidence gathered during the visit, we identified areas of strength, areas where improvement is occurring, and some areas where we considered the progress has not been swift enough." They reported that the Council and Trust are continuing to make progress in some areas to improve services for children. Social work practice is improving. Assessments, plans and reviews are evident in the vast majority of children's cases. Nevertheless, like previous monitoring visits, inspectors identified weaknesses in the effectiveness of management oversight. This continues to be an area of practice that requires attention. This has hampered progress in some areas and consequently, the pace of improvement has been slow.</p> <p>A follow up visit occurred in May 2018 where Ofsted concluded that there continues to be positive improvement in the services for children but it is still not consistently good enough for a small number of children. Senior leaders have continued to respond to the findings from previous monitoring visits and the recommendations from the single inspection framework in 2016. In particular, leaders have worked purposely and carefully to ensure that early permanence planning is embedded in practice across the children's workforce.</p>

## USE OF RESOURCES

RISK AREA	RISK DESCRIPTION AND WORK PERFORMED	AUDIT FINDINGS AND CONCLUSION
4 Children's social care services (continued)	As above.	<p>Despite these improvements, Ofsted has concluded that the quality of management oversight and decision-making remains an area requiring improvement.</p> <p>It is clear from our enquiries of the Council that there are arrangements in place to promote closer working with the Children's Trust. These include regular meetings between finance staff of the Council and the Trust and the Children's Trust Chief Executive attending corporate management team meetings to promote links between them. These arrangements support the continued improvement in joint working arrangements between the Trust and the Council.</p> <p>However, until Ofsted improves its overall rating of the service, we are not satisfied that the service is offering value for money.</p>

# APPENDICES

## APPENDIX I: AUDIT DIFFERENCES

We are required to bring to your attention audit differences identified during the audit, except for those that are clearly trivial, that the Audit and Corporate Governance Committee is required to consider. This includes: audit differences that have been corrected by management; and those that remain uncorrected along with the effect that they have individually, and in aggregate, on the financial statements.

### ADJUSTED AUDIT DIFFERENCES

- £53.516 million understatement of income and expenditure as a result of housing benefit subsidy income incorrectly netted off against housing benefit expenditure
- £7.993 million understatement of income and expenditure in the Children, learning, and skills directorate due to incorrect coding of schools income to expenditure.
- £7.162 million understatement of council dwellings value and revaluation surplus due to the Council not accounting for indexation of 1.5% in the last quarter of the year in accordance with the valuer's year end market review
- £11.128 million understatement of the revaluation reserve and £8.854 million understatement of impairment in the Comprehensive Income and Expenditure Statement, arising from the valuer's re-measurement of floor sizes for a sample of properties, with a net understatement in the value of land and buildings by £2.274 million.

In addition, we identified a number of presentational misstatements in the following notes which we consider to be either quantitatively or qualitatively material:

- Cash Flow Statement and associated notes
- Housing Revenue Account notes
- Property plant and equipment note
- Gain/(loss) on non-current assets note
- Senior officers' remuneration and exit packages note
- Related parties note.

These amendments, together with the other non-material amendments that management has processed in the revised financial statements, did not change the general fund balance.

### UNADJUSTED AUDIT DIFFERENCES

There are fourteen unadjusted audit differences in the financial statements identified by our audit work which, when combined with the impact of brought forward unadjusted errors, would if corrected increase the deficit on the provision of services by £1.268 million. You consider these identified misstatements to be immaterial in the context of the financial statements taken as a whole. We concur with this judgement however we also request that you correct them even though not material.

## APPENDIX I: AUDIT DIFFERENCES

	£'000	INCOME AND EXPENDITURE		BALANCE SHEET	
		DR	CR	DR	CR
		£'000	£'000	£'000	£'000
Deficit on provision of services for the year before adjustments	66,937				
DR Property, plant and equipment - Council dwellings				2,112	
DR Property, plant and equipment - Other land and buildings				168	
DR Property, plant and equipment-Surplus Council dwellings				254	
CR Revaluation reserve					(1,267)
CR Expenditure (Reversal of impairment)	(1,267)		(1,267)		
DR General Fund				1,267	
CR Capital adjustment account					(1,267)
<b>(1) Incorrect posting of property valuations from the valuer's certificate (estimated misstatement)</b>					
DR Loss on disposal (HRA)	3,497	3,497			
CR Land and buildings (HRA )					(3,497)
DR Capital adjustment account				3,497	
CR General Fund					(3,497)
<b>(2) HRA property demolished and not removed from the asset register (factual misstatement)</b>					

## APPENDIX I: AUDIT DIFFERENCES

	INCOME AND EXPENDITURE		BALANCE SHEET		
		DR	CR	DR	CR
	£'000	£'000	£'000	£'000	£'000
DR Council dwellings				347	
CR Assets under Construction					(1,053)
DR Expenditure (impairment)	706	706			
DR Capital adjustment account				706	
CR General Fund					(706)
<b>(3) Council dwellings incorrectly classified as assets under construction (factual misstatement)</b>					
DR Long term investments				170	
CR Available-for-sale reserve					(170)
<b>(4) Available-for-sale financial instruments not measured at fair value (estimated misstatement)</b>					
DR Non domestic rates income		989			
CR Non-ring fenced government grants			(989)		
<b>(5) Misclassification of grant income (factual misstatement)</b>					

## APPENDIX I: AUDIT DIFFERENCES

	INCOME AND EXPENDITURE		BALANCE SHEET	
	DR	CR	DR	CR
£'000	£'000	£'000	£'000	£'000
DR Debtors			288	
CR Expenditure - Finance and resources	(288)	(288)		
<b>(6) Overstatement of housing benefits debtors impairment allowance (estimated misstatement)</b>				
DR Creditors - NHS bodies			851	
CR Debtors - NHS bodies				(851)
<b>(7) Incorrect reversal of debtor raised during the year (factual misstatement)</b>				
Dr Property, plant and equipment - Council dwellings			324	
DR Property, plant and equipment - Land and buildings			314	
DR Investment property			788	
DR Property, plant and equipment - Assets under construction			2,122	
CR Property, plant and equipment - Surplus assets				(3,548)
<b>(8) Misclassification of surplus assets (factual misstatement)</b>				

## APPENDIX I: AUDIT DIFFERENCES

	INCOME AND EXPENDITURE		BALNCE SHEET	
	DR	CR	DR	CR
£'000	£'000	£'000	£'000	£'000
DR Creditors			2,789	
CR Income	(2,789)	(2,789)		
(9) Net of collection fund overpayments not processed and unidentified collection fund creditor written back to income (factual misstatement)				
DR Debtors			1,424	
CR Creditors				(1,424)
(10) Misclassification of schools debtors and creditors (factual misstatement)				
DR Net assets - Cash/debtors/creditors			481	
CR Income - Children, learning and skills	(305)	(305)		
DR Expenditure - Children, learning and skills	37	37		
CR Expenditure - Children, learning and skills	(213)	(213)		
(11) Misstatement due to incorrect consolidation of schools' balances and transactions (estimated misstatement)				

## APPENDIX I: AUDIT DIFFERENCES

	INCOME AND EXPENDITURE		BALANCE SHEET		
		DR	CR	DR	CR
	£'000	£'000	£'000	£'000	£'000
DR Debtors - other entities and individuals				1,430	
CR Income - Finance and resource	(1,430)		(1,430)		
<b>(12) Debtor balance received earlier than expected (factual misstatement)</b>					
DR Debtors - central government				660	
CR Creditors - other entities and individuals					(660)
<b>(13) Debtor misclassification (factual misstatement)</b>					
Dr Property Plant and equipment - Land and buildings				3,530	
CR Revaluation reserve					(1,765)
CR Expenditure (impairment reversals)	(1,765)		(1,765)		
Dr General fund				1,765	
CR Capital adjustment account					(1,765)
<b>(14) Expected indexation on assets that were not revalued in year (estimated misstatement)</b>					
<b>TOTAL CURRENT YEAR UNADJUSTED AUDIT DIFFERENCES</b>	<b>(3,817)</b>	<b>5,229</b>	<b>(9,046)</b>	<b>25,287</b>	<b>(21,470)</b>
<b>IMPACT ON CURRENT YEAR OF PRIOR YEAR AUDIT DIFFERENCES BROUGHT FORWARD (see following pages)</b>	<b>2,549</b>	<b>4,112</b>	<b>(1,563)</b>	<b>1,472</b>	<b>(4,021)</b>
<b>TOTAL UNADJUSTED AUDIT DIFFERENCES</b>	<b>1,268</b>	<b>9,341</b>	<b>(10,609)</b>	<b>26,759</b>	<b>(25,491)</b>

## APPENDIX I: AUDIT DIFFERENCES

IMPACT ON CURRENT YEAR OF PRIOR YEAR AUDIT DIFFERENCES BROUGHT FORWARD (These items cannot be adjusted for in the current year as they are not material)	£'000	INCOME AND EXPENDITURE		BALANCE SHEET	
		DR £'000	CR £'000	DR £'000	CR £'000
DR Property, plant and equipment - Council dwellings				293	
DR Property, plant and equipment - Other land and buildings				469	
CR Revaluation reserve					(381)
CR Capital adjustment account					(381)
DR Expenditure (Reversal of impairment)		381			
CR Opening Capital adjustment account					(381)
(1) Misstatement due to incorrect posting of property valuations from the valuer's certificate (overstatement of expenditure in prior year means understatement in current year)	381				
DR Opening schools reserves					(257)
CR Income - Children, learning and skills		1,465			
CR Expenditure - Children, learning and skills			(1,208)		
(2) Misstatement due to incorrect consolidation of schools' balances and transactions (net overstatement of expenditure in prior year means understatement in current year)	257				

## APPENDIX I: AUDIT DIFFERENCES

IMPACT ON CURRENT YEAR OF PRIOR YEAR AUDIT DIFFERENCES BROUGHT FORWARD (These items cannot be adjusted for in the current year as they are not material)	£'000	INCOME AND EXPENDITURE		BALANCE SHEET	
		DR £'000	CR £'000	DR £'000	CR £'000
CR Property, plant and equipment - accumulated depreciation					(135)
DR Capital Adjustment Account				135	
CR Expenditure (Depreciation)			(135)		
DR Opening capital adjustment account				135	
(3) Misstatement due to depreciation being omitted on four assets incorrectly recorded as having nil useful economic lives (understatement of expenditure in prior year means overstatement in current year)	(135)				
CR Taxation and non-specific grant income - NDR income			(220)		
CR Provisions - Non domestic rates appeals					(220)
DR Collection Fund Adjustment Account				220	
DR Opening Collection fund adjustment account				220	
(4) Understatement of the non domestic rates appeals (overstatement of income in prior year means understatement in current year)	(220)				

## APPENDIX I: AUDIT DIFFERENCES

IMPACT ON CURRENT YEAR OF PRIOR YEAR AUDIT DIFFERENCES BROUGHT FORWARD (These items cannot be adjusted for in the current year as they are not material)		INCOME AND EXPENDITURE		BALANCE SHEET	
		£'000	DR	CR	DR
DR Income			2,266		
CR Opening general fund balance					(2,266)
(5)	Potential understatement of Collection Fund debtors and income due to balances not being clearly identifiable in the debtors analysis (understatement of income in prior year means overstatement in current year)	2,266			
<b>TOTAL IMPACT ON CURRENT YEAR DEFICIT</b>		<b>2,549</b>	<b>4,112</b>	<b>(1,563)</b>	<b>(4,021)</b>

## APPENDIX II: RECOMMENDATIONS AND ACTION PLAN

Key: ■ Significant deficiency in internal control ■ Other deficiency in internal control

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
FINANCIAL STATEMENTS					
Quality of audit working papers	There have been some improvements in terms of availability of working papers at the start of the audit. However, as in the prior year, there were issues with the accuracy of a number of the working papers provided for the audit. There is still significant progress to be made in this area. Insufficient working papers to support the balances and totals within the financial statements could result in material undetected errors.	Management should carry out a critical review of the outcomes of the 2017/18 audit to identify the areas where further improvement needs to be made in producing effective working papers.			
Critical review of the draft financial statements	Whilst the overall presentation of the draft financial statements is significantly better than the prior year, they still contain a similar level of inconsistencies compared to the draft statements provided to us in the prior year.	Management should carry out a critical review of the draft financial statements to identify and explain significant variances in income and expenditure between years and to identify any inconsistencies between different parts of the financial statements.			

## APPENDIX II: RECOMMENDATIONS AND ACTION PLAN

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
<b>Mapping of debtors and creditors</b>	<p>As in the prior year, management was unable to provide us with a working paper that clearly mapped debtor and creditor balances to the disclosures in the financial statements and we identified a number of misclassifications.</p> <p>Incorrect working papers to support the mapping of balances within the financial statements could result in material errors.</p>	<p>Management should produce a working paper that maps all debtor and creditor balances into the appropriate classifications and reallocates any debtors in credit and creditors in debit balances.</p>			
<b>Bank reconciliations</b>	<p>As in the prior year, the Council did not provide us with appropriate working papers to support cash and cash equivalent balances, including a breakdown of the reconciling items within the bank reconciliations. A complete bank reconciliation is a key internal control in order to confirm the accuracy of the cash balance on the balance sheet and the reconciling item should relate to timing differences.</p> <p>The cash balance could be materially misstated if reconciling items are not appropriate timing differences.</p>	<p>Management should review processes for preparing cash and bank analyses and supporting bank reconciliations.</p> <p>Balances within clearing codes should be cleared down with equal and opposite entries and the total population of reconciling items should be identified, in order to appropriately prepare the monthly bank reconciliations.</p>			

## APPENDIX II: RECOMMENDATIONS AND ACTION PLAN

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
<p><b>Maintenance of the fixed asset register</b></p>	<p>Our audit identified a number of properties which had been demolished prior to the year-end but not removed from the fixed asset register, or incorrectly classified in the fixed asset register.</p> <p>Errors in the fixed asset register could result in a material misstatement in the financial statements.</p> <p>Also the Council could be paying for valuation services on properties it does not own.</p> <p>In addition, there is no formal review carried out by management on the useful economic lives of non-current assets, as required by accounting standards. This has been raised in previous years.</p> <p>Inaccurate useful economic lives may result in material missatement of non-current assets.</p>	<p>Management should engage with the property management team to perform an annual review of assets to identify:</p> <ul style="list-style-type: none"> <li>• Any assets which are no longer held by the Council (these should be derecognised)</li> <li>• Any assets that have changed use (these should be reclassified).</li> </ul> <p>Management should reconcile the property valuer’s valuations to the fixed asset register.</p> <p>A formal review of the useful economic lives of the Council’s non-current assets should also be carried out each year.</p>			

## APPENDIX II: RECOMMENDATIONS AND ACTION PLAN

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
Password security	<p>We reviewed the password security parameters for Academy, CIPFA Asset Management System and Agresso. The password settings for these systems were deemed to be weak as a result of:</p> <ul style="list-style-type: none"> <li>• No minimum password length</li> <li>• Password duration not set</li> <li>• Password history not enabled.</li> </ul> <p>There is a risk is that user passwords can be guessed or become known over time to other users. As a result, user accounts are at an increased risk of being used by persons other than the legitimate account owner. Crystallisation of this risk may result in a material misstatement or fraud because user accounts may be used to process unauthorised, fraudulent or inaccurate transactions, and bypass controls designed.</p>	<p>Password settings should be updated to ensure that:</p> <ul style="list-style-type: none"> <li>• Password duration is at maximum of 30 days</li> <li>• Password length should be a minimum of 8 characters</li> <li>• Password history settings enforced.</li> </ul>			

## APPENDIX II: RECOMMENDATIONS AND ACTION PLAN

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
<b>User access</b>	<p>Review of users access and access rights in respect of, Academy, Capita and Agresso noted that reviews on users' access rights were not periodically performed by management. There is a risk is that existing users may have more access than required for their role. This reduces segregation of duties and increases the risk of there being unauthorised changes to key data.</p> <p>There is also a risk that leaver accounts may still remain active on the system. This increases the risk that unauthorised access via this open account may occur which may result in incorrect and unapproved changes to key data.</p>	<p>The user access review process should be performed by an individual who is independent of the user access set up and deletion process. The process should include obtaining a system generated user list for the respective application which specifically details the access permissions that each user has been allocated.</p> <p>This should be signed by management to verify that this allocation is appropriate.</p> <p>If any changes are required as a result of this review, this should be requested via the formal request for user modification process</p>			
<b>Review of source data provided to the valuers</b>	<p>During the audit we identified that source data on land and buildings to be valued, such as square footage of properties, provided to the valuer by the Council was not reviewed in detail to ensure that data is complete and accurate.</p> <p>Incorrect data provided to valuer could result in material misstatement in the valuations of land and buildings.</p>	<p>Management should ensure that a robust review is carried out on information provided to the valuer, as part of valuation instructions, to ensure that source data on land and buildings is accurate and complete.</p>			

## APPENDIX II: RECOMMENDATIONS AND ACTION PLAN

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
Review of grants documentation	<p>We identified that there is no formal review of grant documentation to ensure that conditions attached to grants, if any, are met prior to recognition in income.</p> <p>This could result in premature recognition of grant income.</p>	<p>A detailed review of all grants and supporting documentation should be carried out to ensure that grants are only recognised when conditions attached to the grants have been met.</p>			

## APPENDIX III: MATERIALITY

MATERIALITY - FINAL AND PLANNING		
	FINAL	PLANNING
Council Materiality	£6,800,000	£6,700,000
Clearly trivial threshold	£136,000	£134,000

Planning materiality for the Council has been based on 1.6% of the prior year gross expenditure.  
Final materiality based on 1.6% of gross expenditure per revised accounts.

## APPENDIX IV: INDEPENDENCE

Under ISAs (UK) and the FRC's Ethical Standard, we are required as auditors to confirm our independence.

We have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement leads are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement. This document considers such matters in the context of our audit for the year ended 31 March 2018.

Details of services, other than audit, provided by us to the Council during the period and up to the date of this report were provided in our Audit Plan. We understand that the provision of these services was approved by the Audit and Corporate Governance Committee in advance in accordance with the Council's policy on this matter.

Details of rotation arrangements for key members of the audit team and others involved in the engagement were provided in our Audit Plan.

We have not identified any other relationships or threats that may reasonably be thought to bear on our objectivity and independence.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Council.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

## APPENDIX V: FEES SCHEDULE

	2017/18 FINAL PROPOSED £	2017/18 PLANNED £	2016//17 FINAL £	EXPLANATION FOR VARIANCES
Code audit fee - scale fee	127,523	127,523	127,523	
Code audit fee - additional fees for audit overruns	TBC	-	52,891	The additional fee for audit overruns in the prior year was agreed by management but is still subject to approval by Public Sector Audit Appointments Limited. We will assess the impact on our 2017/18 audit costs of continuing weaknesses in working papers provided for the audit, when we have fully completed the audit, and discuss any additional fee requests with management.
Fee for reporting on the housing benefits subsidy claim	30,000	30,000	30,000	
<b>TOTAL AUDIT AND CERTIFICATION FEES</b>	<b>TBC</b>	<b>157,523</b>	<b>210,414</b>	
• Pooling of housing capital receipts return	1,800	1,800	1,800	
• Teachers' pension return	3,535	3,535	3,535	
<b>TOTAL ASSURANCE SERVICES</b>	<b>TBC</b>	<b>162,858</b>	<b>215,749</b>	

# APPENDIX VI: DRAFT LETTER OF REPRESENTATION

TO BE TYPED ON CLIENT HEADED NOTEPAPER

BDO LLP  
55 Baker Street  
London  
W1U 7EU

XX September 2018

Dear Sirs

## Financial statements of Slough Borough Council for the year ended 31 March 2018

We confirm that the following representations given to you in connection with your audit of the Council's financial statements (the 'financial statements') for the year ended 31 March 2018 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of the Council.

The Director of Finance & Resources (Section 151) has fulfilled his responsibilities for the preparation and presentation of the financial statements as set out in the Accounts and Audit Regulations 2015 and Statement of responsibilities of auditors and of audited bodies: local government issued by Public Sector Audit Appointments Limited, and in particular that the financial statements give a true and fair view of the financial position of the Council as of 31 March 2018 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and for making accurate representations to you.

We have fulfilled our responsibilities on behalf of the Council, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of the Council's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and other meetings have been made available to you.

## APPENDIX VI: DRAFT REPRESENTATION LETTER

In relation to those laws and regulations which provide the legal framework within which the Council's business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.

There have been no events since the balance sheet date, other than those which have already been disclosed in the 'Events after the Balance Sheet date' note to the financial statements, which either requires changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with international financial reporting standards and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving councillors, management or employees. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the financial statements that have been communicated by councillors, employees, former employees, analysts, regulators or any other party.

We attach a schedule showing accounting adjustments that you have proposed, which we acknowledge that you request we correct, together with the reasons why we have not recorded these proposed adjustments in the financial statements. In our opinion, the effects of not recording such identified financial statement misstatements are, both individually and in the aggregate, immaterial to the financial statements.

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

## APPENDIX VI: DRAFT REPRESENTATION LETTER

We have no plans or intentions that may materially affect the carrying value and where relevant, the fair value measurement, or classification of assets or liabilities reflected in the financial statements.

### a) Pension fund assumptions

We confirm that the actuarial assumptions underlying the valuation of the Local Government Pension Scheme (LGPS) scheme liabilities, as applied by the scheme actuary, are reasonable and consistent with our knowledge of the business. These assumptions include:

RPI increase	3.3%	
CPI increase	2.3% <sup>2</sup>	
Salary increase	3.8%	
Discount rate	2.60%	
Mortality - LGPS:		
- Male current	25.3 years	
- Female current	27.5 years	
- Male retired	23.1 years	
- Female retired	25.2 years	
Commutation	50%	50%

We also confirm that the actuary has applied up-to-date mortality tables for life expectancy of scheme members in calculating scheme liabilities.

### b) Valuation of council dwellings, other land and buildings, surplus assets, investment properties and their constituent components

We are satisfied that the useful economic lives of the housing stock and other land and buildings, and their constituent components, used in the valuation of property, plant and equipment, and the calculation of the depreciation charge for the year, are reasonable.

We confirm that the valuations applied in the year, as provided by the valuer and accounted for in the financial statements, are reasonable and consistent with our knowledge of the business and are not materially misstated at year end. In particular, we are satisfied that:

- Council dwellings revalued in the year are based on existing use prices discounted for social housing
- Specialised operational land and buildings revalued in the year where there is no market based evidence of current value are based on rebuild index prices
- Non-specialised operational land and buildings revalued in the year are based on existing use prices.

We are satisfied that surplus assets and investment properties have been appropriately valued at fair value, based on highest and best use.

We are also satisfied that properties not revalued in the year are not materially misstated at year end.

## APPENDIX VI: DRAFT REPRESENTATION LETTER

### c) Allowance for non-collection of receivables

We are satisfied that the impairment allowances for council tax receivables, business rates receivables and housing benefit overpayments are reasonable, based on write-off rates or collection rate data.

### d) Non domestic rate appeals provision

We are satisfied that the provision recognised for non-domestic rates appeals is materially correct, and the calculation of historic appeals are consistent with those advised by the Valuation Office Agency. We confirm that the successful rates applied to outstanding appeals as at 31 March 2018 are consistent with our knowledge of the business.

We have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been disclosed in accordance with the requirements of accounting standards.

We confirm that the above representations are made on the basis of enquiries of councillors, management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each director and member has taken all the steps that they ought to have taken as a director or member in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Neil Wilcox

Director of Finance & Resources (Section 151 officer)

XX September 2018

Councillor Dhaliwal

Signed on behalf of the Audit & Corporate Governance Committee

XX September 2018

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## APPENDIX VII: AUDIT QUALITY

### **BDO is totally committed to audit quality**

It is a standing item on the agenda of BDO's Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream's objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections.

BDO welcomes feedback from external bodies and is committed to implementing all necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Council's Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US companies), the firm undertakes a thorough annual internal Audit Quality Assurance Review and as a member firm of the BDO International network we are also subject to a quality review visit every three years.

We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our Transparency Report at [www.bdo.co.uk](http://www.bdo.co.uk)

FOR MORE INFORMATION:

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The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising. No responsibility to any third party is accepted.

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**SLOUGH BOROUGH COUNCIL****REPORT TO:** Audit & Corporate Governance Committee **DATE:** 20 September 2018**CONTACT OFFICER:** Sushil Thobhani, Service Lead Governance & Deputy Monitoring Officer**(For all enquiries)** (01753) 875036**WARD(S):** All**PART 1**  
**FOR INFORMATION****SCHEDULE OF ACTIVITY – COUNCILLORS’ CODE OF CONDUCT****1 Purpose of Report**

The purpose of this report is to update members of the Committee on the activity undertaken by the Council’s Monitoring Officer in relation to the Councillors’ Code of Conduct.

**2 Recommendation(s)/Proposed Action**

The Committee is requested to note this report.

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

The delivery of all these strategic priorities is dependent on the highest possible standards of openness, honesty and accountability. This is underpinned by The Confidential Whistleblowing Code, the Councillors’ Code of Conduct and good governance arrangements being in place.

**4 Other Implications****(a) Financial**

There are no financial implications arising from this report save as may be identified below.

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

The law relating to Councillors’ conduct is contained in the Local Government Act 2000.

**(c) Equalities Impact Assessment**

There is no identified need for an EIA arising from this Report.

## 5 Supporting Information

- 5.1 Items 1 to 13 inclusive in the following table are the matters which were reported to the Committee at its meeting on 8 March 2018 and the contents have been updated to show their present status.
- 5.2 Items 14 to 16 inclusive are new complaints which have been lodged since the last Report to the Committee on this matter on 8 March 2018.

<b>Ref</b>	<b>Subject Member – Borough/Parish</b>	<b>Complainant</b>	<b>Code Provision</b>	<b>Action taken/intended action</b>	<b>Outcome</b>
1.	Borough Councillor	Parish Councillor	2.1 – Treating others with respect	Informal Resolution. Monitoring Officer to write to parties informing them of duties of mutual respect under the code and to close matter thereafter.	Matter closed.
2	Borough Councillor	Borough Councillor	4.1 - Predetermination and bias  Breach of Nolan Principles - Principles 2 -5  2.2 – Bullying and harassment  2.9 – disclosure of confidential information	Formal Investigation completed by independent investigator and finalised Report sent to Monitoring Officer. Finding of Investigation that there was no breach of the Code. Monitoring Officer, after consultation with the Independent Person, has resolved to take no action and will confirm to all parties.	No Action to be taken.
3	Borough Councillor	Borough Councillor	4.1 Predetermination and Bias  Breach of Nolan	Formal Investigation completed by independent investigator	. No Action to be taken.

			Principles – Principles 1-3 & 5-6	and finalised Report sent to Monitoring Officer. Finding of Investigation that there was no breach of the Code. Monitoring Officer, after consultation with the Independent Person and meeting with the Complainant, has resolved to take no action and will confirm to all parties.	
4	Borough Councillor	Council Officer	2.1- Breach of duty to treat others, including Council Officers with respect.	Monitoring Officer to seek to resolve complaint informally.	To be determined
5	2 Borough Councillors	Borough Councillor	2.9 – Disclosure of Confidential Information	Formal Investigation completed by independent investigator and finalised Report sent to Monitoring Officer. Finding of Investigation that there was no breach of the Code. Monitoring Officer, after consultation with the Independent Person, has resolved to take no action and will confirm to all parties.	No action to be taken.
6	Borough Councillor	Borough Councillor	2.4 – Breach of duty not to bring the Council or Office as a	Formal investigation already commenced.	Complaint withdrawn. No action to be taken.

			Member into disrepute.	Provisional findings made.  Following discussions with Monitoring Officer Complainant has confirmed that the Complaint is withdrawn.	
7	Borough Councillors	Council Officer	2.9 - disclosure of confidential information	Formal Investigation completed by independent investigator and finalised Report sent to Monitoring Officer. Finding of Investigation that there was no breach of the Code. Monitoring Officer, after consultation with the Independent Person, has resolved to take no action and will confirm to all parties.	No action to be taken.
8	Parish Councillor	Former Parish Councillor	2.4 – Breach of duty not to bring Council into disrepute.  2.6 – breach of duty to uphold the law including the general law against discrimination.	Formal Investigation completed by independent investigator and finalised Report sent to Monitoring Officer. Finding of Investigation that there was probably a breach of the Parish Council’s Code of Conduct for Members.	To be determined by Determination Sub-committee.

				Findings of the Investigator disputed by the Subject Member of the Parish Council. Monitoring Officer and Independent Person have met with the Subject Member to discuss possibility of local resolution and have established that this will not be possible. Complaint will need to be determined by the Determination Sub-committee.	
9	Parish Councillor	Parish Councillor	2.2 – breach of duty against bullying and harassment	Initial enquiry. Formal Complaint form not returned despite long lapse of time.	Matter Closed
10	Borough Councillor	Former Council Officer	2.1 – breach of duty to treat others, including Council officers with respect.  2.6 – breach of duty to uphold the law	Monitoring Officer, after consultation with the Independent Person, has resolved to endeavour to procure a local resolution without the expense of formal investigation	To be determined by local resolution.
11	Borough Councillor	Resident of the Borough	2.1 – breach of duty to treat others with respect.  2.3 – breach of duty not to	Monitoring Officer, after consultation with the Independent Person, has resolved to	To be determined by local resolution.

			<p>compromise impartiality of Council Officer</p> <p>2.5 – breach of duty improperly secure advantage for another person.</p>	<p>seek an informal resolution of this complaint without the expense of a formal investigation. Deputy Officer conducting informal enquiries at present to establish some facts to assist possible local resolution.</p>	
12	Borough Councillor	Borough Councillor	2.1 breach of duty to treat other members respect.	Monitoring Officer, after consultation with the Independent Person, has resolved to endeavour to procure a local resolution without the expense of formal investigation	To be determined by local resolution.
13.	Borough Councillor	Council Officer	<p>2.1 - Breach of duty to treat others with respect.</p> <p>2.4 - Breach of duty not to bring Council into disrepute.</p> <p>2.5 – Breach of duty to uphold law including general law against discrimination,</p>	Complaint withdrawn.	Matter to be Closed.
14.	Borough Councillor	Borough Councillor	2.1 – breach of duty to treat others, including Council officers with respect.	<p>Complaint Received 03.04.18.</p> <p>This complaint is pending</p>	To be determined

				investigation	
15.	Parish Councillor	Parish Resident.	<p>2.1 – breach of duty to treat others, including Council officers with respect.</p> <p>2.6 – breach of duty to uphold the law</p>	<p>Complaint Received 09.04.18.</p> <p>The Complainant was initially concerned to protect anonymity and was asked to consider the matter as it would not have been possible to investigate the matter in those circumstances. The Complainant has decided to forgo anonymity. This matter is now pending investigation.</p>	To be determined.
16.	Borough Councillor	Council Director	<p>2.9 breach of duty not to use position to exert influence on relations with Council Officers or attempt to undermine independence or impartiality of Council Officers when acting in the Course of their duties.</p> <p>2.10. breach of duty to ensure that all contact with Council Officers will be through a Director/Assistant Director/Third</p>	<p>Complaint received 18.06.18.</p> <p>The Deputy Monitoring Officer has conducted a full investigation into this complaint and submitted a final report to the Monitoring Officer. There is a finding that that in respect of part of the matters complained about there has probably been a breach of the</p>	To be determined.

			Tier Officer in the first instance.	Code. Some of the findings are not agreed by the Subject Member. The Monitoring Officer and the Independent Person are to meet with the Subject Member on 26 September 2018 to discuss whether the matter may be capable of being disposed of by a local resolution, failing which the matter may need to be determined by the Determination sub-committee.	
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6 **Conclusions**

The Committee is requested to note this report which seeks to summarise the present position with complaints under the Councillors' Code of Conduct.

7 **Background Papers**

None

**SLOUGH BOROUGH COUNCIL****REPORT TO:** Audit & Corporate Governance Committee **DATE:** 20 September 2018**CONTACT OFFICER:** Sushil Thobhani, Service Lead (Governance) & Deputy Monitoring Officer**(For all enquiries)** (01753) 875036**WARD(S):** All**PART 1**  
**FOR INFORMATION****LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN – COMPLAINTS, FINDINGS AND RECOMMENDATIONS****1 Purpose of Report**

The purpose of this report is to update members of the Committee on complaints to the Local Authority and Social Care Ombudsman and his findings and recommendations since the last report to the Committee on this subject on 8 March 2018.

**2 Recommendation(s)/Proposed Action**

The Committee is requested to note the contents of this report and the Council's actions consequent upon the Ombudsman's findings and recommendations.

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

The delivery of all these strategic priorities is dependent on the highest possible standards of openness, honesty and accountability. The Council's learning and actions in response to these findings and recommendations will serve to enhance the delivery of these priorities.

**4 Other Implications****(a) Financial**

There are no direct financial implications arising from this report save as appear below in paragraph 5.4.

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

The law relating to the Local Government and Social Care Ombudsman is contained in the Local Government Act 1974 as amended.

**(c) Equalities Impact Assessment**

There is no identified need for an EIA arising from the subject matter of this Report.

## 5 Supporting Information

5.1 Under the Local Government Act 1974 the Local Government and Social Care Ombudsman can investigate any alleged or apparent:

- maladministration in connection with the Council's administrative functions
- failure in a service which it was the Council's function to provide
- failure to provide a service which it was the Council's function to provide
- failure in a service provided by the Council under its public health functions; or
- Failure to provide a service under the Council's public health functions.

5.2 The Ombudsman can prepare a report following his or her investigation which may include recommendations of actions for the Council to take to remedy the maladministration including a recommendation to pay monetary compensation to the complainant. The Ombudsman does not have formal legal powers to enforce compliance by the Council with his recommendations. Failure by the Council to comply with the recommendations could, however, result in the issue by the Ombudsman of a formal public interest report about the complaint, naming the Council. This report must be made available to the public and advertised in the local press covering the Council's area. If the Council do not agree to carry out the recommendations in the report the Ombudsman will issue a further report. After this, if the Council still do not take satisfactory action they must publish a statement in a local newspaper explaining why they have refused to follow the Ombudsman's recommendations.

5.3 Under the Monitoring Officer Protocol in Part 5.6 of the Council's constitution Directors must consult the Monitoring Officer prior to making any compensation payments for alleged maladministration found against the Council and Directors and Members must report any breach of statutory duty or material breach of Council policy/procedures and other vices or constitutional concerns to the Monitoring Officer as soon as reasonably practicable.

5.4 The following table summarises the complaints, findings, recommendations and outcomes in relation to complaints made to him concerning the Council since the last report to the Committee on this subject on 8 March 2018.

No.	Nature of complaint	Council Function Involved	Findings, recommendations and outcome
1	Complaint related to a child with Special Education Needs. The complaint was that a care package was removed without notice and not restored for two years, that transport provision was lost, that a social worker was not appointed, that an EHC Plan (Education, Health & Social Care Plan) was initially not issued and then a poor EHC Plan	Children's Services	The Local Government and Social Care Ombudsman has, exceptionally, withdrawn his previous decision and is reconsidering the complaint and a new decision is still awaited.

	<p>was issued.</p> <p>This complaint was adjudicated previously by the Local Authority and Social Care Ombudsman and reported to the Committee at its meeting on 8 March 2018. The decision recommended that the Council apologise and pay the complainant £1,350 for loss of contact and socialisation and should the Council fail to restore speech therapy sessions then the Council should pay the Complainant £100 per month until sessions were restored.</p> <p>The Complainant, however, requested the Ombudsman to reconsider his decision and, exceptionally, the Ombudsman agreed to do so on 28 March 2018. He has withdrawn his previous decision and is reinvestigating the matter and will issue a new decision in due course.</p> <p>It is expected that the revised decision will be available for report to the Committee when the next activity report in this area is presented to the Committee.</p>		
2	<p>The Complainant related to the manner in which the Council dealt with the request of the Complainant to have his care moved to another Council and to live in extra care housing. The Complaint was that the Council failed to confirm whether he was ordinarily</p>	<p>Adult Social Care</p>	<p>The decision of the Ombudsman was that the Council was not at fault for its assessments of the care needs and the care it provided but it failed to provide suitable advice and information causing</p>

	<p>resident this delaying the move to the other Council, changed its decision that he was entitled to extra care housing, failed to respond to correspondence about the move and failed to follow the correct process when it could not reach agreement with the other council about the move.</p>		<p>avoidable uncertainty and time and trouble pursuing the complaint. The Council agreed to a remedy of apologising to each of the Complainant and his daughter and paying them compensation of £150 each and to carry out its planned review of the Complainant's case and to discuss with him and his daughter their choices going forward.</p>
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6 **Conclusion**

The Committee is requested to note the Contents of this Report.

7 **Background Papers**

The Local Government and Social Care Ombudsman's decision notices.

**SLOUGH BOROUGH COUNCIL****REPORT TO:** Audit & Corporate Governance Committee **DATE:** 20 September 2018**CONTACT OFFICER:** Sushil Thobhani, Service Lead (Governance) & Deputy Monitoring Officer**(For all enquiries)** (01753) 875036**WARD(S):** All**PART 1**  
**FOR INFORMATION****SCHEDULE OF ACTIVITY – WHISTLEBLOWING COMPLAINTS****1 Purpose of Report**

The purpose of this report is to update members of the Committee on the activity undertaken by the Council's Monitoring Officer in relation to Complaints received under the Confidential Whistleblowing Code.

**2 Recommendation(s)/Proposed Action**

The Committee is requested to note this report.

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

The delivery of all these strategic priorities is dependent on the highest possible standards of openness, honesty and accountability. This is underpinned by The Confidential Whistleblowing Code and good governance arrangements being in place.

**4 Other Implications****(a) Financial**

There are no financial implications arising from this report.

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

The law relating to Whistleblowing is contained in the Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998).

**(c) Equalities Impact Assessment**

There is no identified need for an EIA arising from the subject matter of this Report.

## 5 Supporting Information

- 5.1. The Committee at its meeting on 8 March 2018 received a report on the number and status of recent and current whistleblowing complaints and investigations. An update is provided at paragraph 5.1.4 below.
- 5.2 The Confidential Whistleblowing Blowing Code was reviewed and a revised code was incorporated into the Constitution in May 2017. “Whistleblowing” is the tem used when an employee passes on information concerning wrongdoing. The Council’s Whistleblowing Code also applies to members of the public.
- 5.3 The Code aims to encourage people to use the process with confidence so that legitimate concerns can be raised and addressed by the Authority so that standards can be improved within the organisation.
- 5.4 The following table sets out summary details of whistleblowing complaints since the last report to the Committee on this matter on 8 March 2018, their subject matter, actions taken and the outcome.

<b>Ref</b>	<b>Complainant</b>	<b>Subject Matter</b>	<b>Action</b>	<b>Outcome</b>
2017/F	Anonymous complaint .  This matter was on the Activity Report to the Committee at its meeting on 8 March 2018 when it was reported that investigations were being conducted at the time.	Complaint alleges financial irregularities at a maintained school	The Council have carried out a full investigation into the financial affairs of the School which was the subject of the complaint	The investigation did not find any evidence to substantiate the complaint.
2018/A	Former employee of company to whom Council proposed to award a contract following a formal procurement process.	Complaint alleges that the Contractor may be employing someone who may not have the right to work in the UK.	The Council’s Head of Procurement and the Contract Manager investigated the matter with the Contractor.	Found no evidence to substantiate the complaint. Council satisfied that the Council had power to terminate the Contract if any such activity was substantiated at any time.
2018/B	A Member and an Election Agent.	The Complaint alleges that the Council published its magazine to residents in breach of the Ministerial code	Matter was investigated by the Interim Chief Executive and the Monitoring Officer.	It was found that the publication did not breach the Ministerial Code of Practice on

		on Council publicity		Council publicity.
2018/C	Anonymous Complaint	The Complaint alleged that the Council had employed a consultant on a six month contract at a high rate of payment who was known to the Officer who arranged the Employment	No Action was taken as the anonymous letter did not enable either the Officer or the alleged Consultant to be identified.	No Action Taken.
2018/D	Resident of the Borough	The Complaint alleges that the Council could be aiding and abetting suspected criminals being investigated by the Serious Fraud Office in connection with the proposed purchase of a property by the Council and that the matter was being investigated by the Police.	The Monitoring Officer responded to indicate that he would await outcome of complaint to the Police before considering whether any further investigations by him were necessary.	Not determined at present.
2018/E	Member of the Council	Verbal allegation that a payment was offered with the implication that the person who offered the payment would secure a favourable decision from the Council on a planning matter.	The Monitoring Officer is conducting further enquiries to establish whether the circumstances require a report to the Police first and further investigations following any police investigation if merited.	Not determined at present.

6. **Conclusion**

The Committee is asked to note the contents of this Report.

7. **Background Papers**

None.

**AUDIT AND CORPORATE GOVERNANCE COMMITTEE**  
**WORK PROGRAMME 2018/2019**

Meeting Date
<b>13 December 2018</b>
<ul style="list-style-type: none"><li>• Policy/Procedure re Sponsorships &amp; Blind Donations</li><li>• Quarter 2 Internal Audit Progress Report</li><li>• Quarter 2 Risk Management Update</li><li>• Updated Risk Management Strategy</li><li>• Revisions to the Constitution</li><li>• Members Annual Attendance Report</li><li>• Exception Reporting to Overview &amp; Scrutiny Committee</li></ul>
<b>7 March 2019</b>
<ul style="list-style-type: none"><li>• Exception Reporting to Overview &amp; Scrutiny Committee</li><li>• Quarter 2 Internal Audit Progress Report</li><li>• Quarter 2 Risk Management Update</li></ul>

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**MEMBERS' ATTENDANCE RECORD 2018/19**  
**AUDIT AND CORPORATE GOVERNANCE COMMITTEE**

<b>COUNCILLOR</b>	<b>10/07/18</b>	<b>20/09/18</b>	<b>13/12/18</b>	<b>07/03/19</b>
Ali	Ap			
Amarpreet Dhailwal	P			
Minhas	Ap			
Munawar	Ab			
Nazir	P			
Plenty	P			
Sarfraz	Ap			
<b>CO-OPTED INDEPENDENT MEMBER</b>				
Iqbal Zafar	P			
Alan Sunderland	Ap			

P = Present for whole meeting  
 Ap = Apologies given

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

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