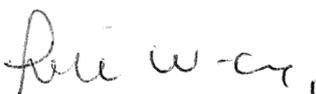


Date of issue: Monday, 22 July 2019

MEETING:	AUDIT AND CORPORATE GOVERNANCE COMMITTEE (Councillors Sabah (Chair), Wright (Vice Chair), Ali, Hussain, D Parmar, S Parmar and Plenty) CO-OPTED INDEPENDENT MEMBERS: Alan Sunderland and Iqbal Zafar PARISH COUNCIL MEMBERS: Parish Councillor Andrea Escott (Colnbrook with Poyle) Wexham Paish Council – Vacant Britwell Parish council - Vacant INDEPENDENT PERSON Dr Louis Lee
DATE AND TIME:	TUESDAY, 30TH JULY, 2019 AT 6.30 PM
VENUE:	VENUS SUITE 2, ST MARTINS PLACE, 51 BATH ROAD, SLOUGH, BERKSHIRE, SL1 3UF
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	SHABANA KAUSER 01753 787503

NOTICE OF MEETING

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



JOSIE WRAGG
Chief Executive

AGENDA

PART I

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



<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
1.	Declarations of Interest	-	-
	<i>All Members who believe they have a Disclosable Pecuniary or other 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>		
2.	Minutes of the Last Meeting held on 7th March 2019	1 - 6	All
3.	Audit and Risk Management Update - Quarter 1 2019/20	7 - 30	All
4.	Risk Management Update - Quarter 1 2019/20	31 - 42	All
5.	Internal Audit Annual Report 2018/19	43 - 58	All
6.	Internal Audit Progress Report - Quarter 1 2019/20	59 - 84	All
7.	Statement of Accounts 2018/19	85 - 88	All
8.	External Audit Progress Report and Sector Update	89 - 104	All
9.	Revision of the Constitution	105 - 130	All
10.	Annual Governance Statement	To Follow	All
11.	Schedule of Activity - Code of Conduct Complaints	To Follow	All
12.	Schedule of Activity - Whistleblowing Complaints	131 - 134	All
13.	Local Government and Social Care Ombudsman - Complaints, Findings and Recommendations	135 - 140	All
14.	Date of Next Meeting - 19th September 2019	-	-

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 Thursday, 7th March, 2019.

Present:- Councillors Sarfraz (Vice-Chair, in the chair), Ali, Minhas and Nazir

Apologies for Absence:- Councillors Amarpreet Dhaliwal and Plenty.
Alan Sunderland and Iqbal Zafar

PART 1

45. Declarations of Interest

None were declared.

46. Minutes of the Last Meeting held on 13th December 2018

Resolved – That the minutes of the meeting held on 13th December 2018 be approved as a correct record.

47. Regulation of Investigatory Powers (RIPA) Activity 2018

The Service Lead, Regulatory Services, updated the Committee on the activity undertaken by the Council in terms of its statutory powers provided for under the Regulation of Investigatory Powers Act (RIPA) 2000.

No applications were made by council officers during 2018 for the authorisation of covert investigative powers under RIPA, which was in line with the trend of low activity over recent years with 1 application in 2017 and none in 2016 and 2015. Members were informed that the council was required to submit an annual return by 31st March to the Investigatory Powers Commissioner's Office (IPCO) and this would be compiled by the RIPA Co-ordinator and approved by the Chief Executive and Monitoring Officer.

The Committee was assured that the Council was in compliance with its strict policy and guidance on RIPA and the report was noted.

Resolved – That details of the report be noted.

48. Risk Management Update - Quarter 4 2018-19

The Service Lead Finance introduced a report that updated the Committee on risk management activity and the Corporate Risk Register. Brexit was not currently in the Corporate Risk Register but a Steering Group reporting weekly to the Corporate Management Team had been established to identify and manage the potential risks.

The Committee raised a number of issues and in response it was confirmed that the actions on risk CR3 relating to homelessness were being addressed and that a new Homelessness Strategy was being developed. The risks

arising from the termination of the Arvato contract were noted and Members were informed that a clear process was in place to achieve a smooth transition of services back to the Council on 1st November 2019.

It was agreed to circulate clarification to Members on CR8 on resilience and continuity plans as there was a missing word on page 15 of the agenda.

At the conclusion of the discussion, the report was noted.

Resolved – That details of the Risk Management Update be noted.

49. Internal Audit Update - Quarter 4 2018/19

The Service Lead Finance introduced a report that updated on the progress in finalising draft internal audit reports and on the implementation of internal audit recommendations.

Three of the seven outstanding draft internal audit reports detailed in section 5.1.1 of the report had been finalised and the other four were expected to be soon. The percentage of audit actions completed had increased substantially from the last report from 53% to 80%. Members asked a number of specific questions about outstanding actions detailed in the appendix and explanations were provided. It was recognised that good progress was being made but there was more to be done to provide evidence that actions had been completed. Members also welcomed the improved presentation of the report which assisted the Committee in properly monitoring progress and performance. The report was noted.

Resolved – That details of the report be noted.

50. Internal Audit Progress Report - Quarter 4 2018/19

The Head of Internal Audit introduced the Internal Audit Progress Report that summarised activity against the 2018/19 Internal Audit Plan as at 26th February 2019.

Six reports had been finalised since the last meeting in December, five of which had substantial or reasonable assurance opinions. A partial assurance opinion had been given for the Health & Safety audit and summary of the findings was set out at Appendix A. Concern was raised that completion rates for mandatory Health & Safety training was low. It was responded that action had been taken to significantly improve the rate since the report had been finalised and that there was a further audit planned in 2019/20 to review progress.

Good progress had been made overall and in relation to the 2018/19 Head of Internal Audit Opinion Members were informed that whilst there had been some negative opinions during the year they would not currently lead to a qualified overall opinion being issued.

Members asked that future reports regarding information and briefings (section 3.4) included details of financial implications specific to Slough. In relation to financial support to local authorities for Brexit preparations it was noted that Slough would receive £210k from the Ministry of Housing, Communities and Local Government.

At the conclusion of the discussion, the report was noted.

Resolved – That details of the report be noted.

51. Internal Audit Plan 2019/20

The Head of Internal Audit introduced the Internal Audit Plan for 2019/20 which set out the proposed Internal Audit priorities and schedules for the year ahead.

The plan had been developed to ensure sufficient coverage of areas included in the Corporate Risk Register such as temporary accommodation, the delivery of the transformation programme, corporate health & safety and the contract management of Everyone Active. A Member asked about the Matrix contract for the management of agency staff which had received a 'no assurance' opinion in 2016. The way in which the contract worked was explained and it was reported that there would be a further review to ensure the identified weaknesses had been addressed.

At the conclusion of the discussion the Committee approved the Internal Audit Plan for the coming year.

Resolved – That the Internal Audit Plan 2019/20 be approved.

52. External Audit Plan

Julie Masci, Engagement Lead from the Council's external auditor, Grant Thornton, introduced a report on the External Audit Plan for the year ending 31st March 2019. The report provided an overview of the planned scope and timescale for the audit.

The statutory deadline for publication of audited accounts was 31 July 2019 and implementation of the plan was expected to enable this deadline to be met. The audit would be completed in two stages with an interim audit in March 2019 and the year end audit taking place in June and July. It was expected that the Committee would receive an audit findings report at its meeting in July. The planned audit fee would be £98,193 for the financial statements and £42,490 planned for Housing Benefit certification work.

The Committee reviewed the significant risks that had been identified that would require consideration during the audit. These included management override of controls and the valuations of investment property and land and buildings. The identified risk of the valuation and accounting for Lender Option Borrower Option (LOBO) loans was raised as it was considered to be

a significant risk to authorities generally. The Service Lead Finance informed Members of the Council's use of such loans noting that it had had three LOBO loans but had now reduced this to two.

The Committee noted the External Audit Plan for the year to 31st March 2019.

Resolved – That details of the External Audit Plan be noted.

53. Grants Claims and Returns Certification

The Committee received a report prepared by the Council's former external auditor, BDO, that summarised the main issues arising from the certification of grant claims and returns for the financial year ended 31st March 2018. The report was noted.

Resolved – That details of the report be noted.

54. Recommendations of Member Panel on the Constitution - Review of the Constitution

The Service Lead Governance introduced a report that sought approval to recommend revisions to the Constitution to Council.

The draft revisions, which had all been considered by the Member Panel on the Constitution, related to provisions about children's care proceedings; updates to the ethical framework; settlement agreements; Members' interests; the introduction of a maternity/paternity policy for councillors; amendments to the Whistleblowing Code; policy on donations and sponsorships; and amended terms of reference for the Joint Parenting Panel.

The Committee welcomed the proposed revisions to the section on Members' interests which was clearer and simpler to understand. A question was asked whether the maternity/paternity policy for councillors included provisions in the unfortunate event of child bereavement and it was confirmed that this would be covered in the revised version that the Cabinet would consider at its meeting later in March.

After due consideration the Committee agreed to recommend the revisions to the Constitution to Council.

Recommendation to Council – That the revisions to the Council's Constitution, as set out in the report be approved.

55. Donations Policy

The Service Lead Governance introduced a report that sought approval for a policy on the acceptance of donations and sponsorships. The policy had been drafted at the request of the Committee at its meeting in December 2018.

It was proposed that the policy be incorporated into the Counter Fraud and Corruption Strategy which formed Part 5.7 of the Council's Constitution. The policy was set out in Appendix A to the report and after due consideration it was approved by the Committee.

Resolved – That the policy on acceptance of donations and sponsorships, as appended to the report, be approved.

56. Amey Indexation Update

The Service Lead Governance introduced a report that updated on the issue of indexation provisions in the Council's contract with Slough Enterprise Limited, which was a subsidiary of Amey UK Plc.

The background to the issue was explained and it was noted that further investigation and consideration had been given to the potential historic overpayment to the contractor. Since the last meeting of the Committee, the Council had engaged external consultants, Ethical Commercial Services Limited, who had reviewed the matter, in particular the calculation as set out in the Part II appendix. Members were informed that on the basis of this work it had not been possible to establish a basis for the claim of overpayment to have been made. The Committee was therefore informed that the Council did not intend to pursue the matter further.

The Committee asked a number of questions including the potential level of the overpayment. It was clarified that the Council had paid the contractor correctly at the time and there was therefore no financial exposure to the Council. The sum in question was a notional amount that could potentially have been reclaimed if the basis for a claim could have been established but no provision had been made for any figure to come back to the Council. Several Members of the Committee expressed concerns about the fact the calculation methodology hadn't been fully clarified and that it not been definitively established whether the Council had made overpayments. Officers provided assurance that the Council had taken expert advice prior to the decision not to take any further action and highlighted that contract management processes had since been strengthened to avoid a similar situation occurring the future.

Resolved – That details of the report be noted.

57. Exception Reporting to Overview and Scrutiny Committee

The Committee was reminded that this was a standing agenda item to provide a formal mechanism to refer relevant matters to the Overview & Scrutiny Committee. No matters were referred.

Resolved – That no matters be reported to the Overview & Scrutiny Committee arising from the agenda.

58. Members Attendance Record

Resolved – That details of the Members' Attendance Record 2018/19 be noted.

59. Date of Next Meeting - 18th July 2019

The date of the next meeting was confirmed as 18th July 2019.

60. Exclusion of the Press and Public

Resolved – That the press and public be excluded from the meeting during the consideration of items in Part II of the agenda as they 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.

61. Amey Indexation Update - Appendix

Resolved – That Appendix A, Officers' comparative calculations of indexation payments, be noted.

Chair

(Note: The Meeting opened at 6.36 pm and closed at 7.58 pm)

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Corporate Governance Committee

DATE: 30th July 2019

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 1 2019/20**1. Purpose of Report**

The purpose of this report is to:

- Report to Audit and Corporate Governance Committee on the progress of finalising draft Internal Audit reports
- Report to Audit and Corporate Governance on the progress of the implementation of Internal Audit recommendations

2. Recommendation(s)/Proposed Action

The Audit and Corporate Governance Committee is requested to comment on and note the attached reports.

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

- *Improving Mental Health and Wellbeing*
- *Protecting Vulnerable Children*
- *Housing*
- *Increasing life expectancy by focusing on inequalities*

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 & 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**

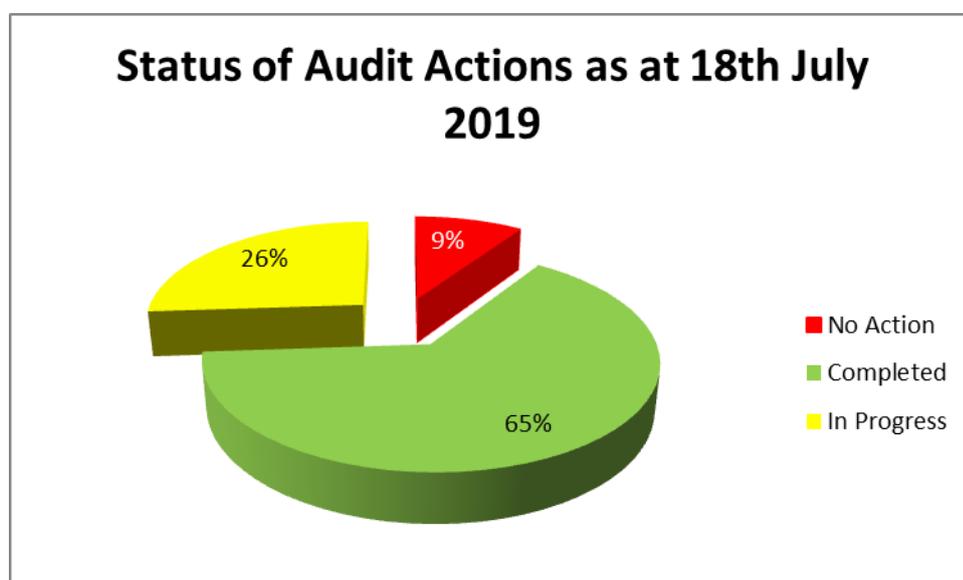
5.1.1 The table below shows those “Assurance” Internal Audits that remain in draft and were to be finalised by 18th July 2019

Audit	Audit Plan Year	Audit Sponsor	Assurance Level	Date to be Finalised by	Comments
Council Tax	17/18	Neil Wilcox	Reasonable Assurance	16 th Dec 2017	With RSM Awaiting re-issue of draft
Conflict of Interest	18/19	Neil Wilcox	Partial Assurance	12 th October 2018	Some issues required to be clarified before report can be finalised
Whistleblowing	18/19	Neil Wilcox	Advisory	5 th Jan 2019	With RSM Awaiting for response to query
Governance Sub-Committee Effectiveness	18/19	Neil Wilcox	Reasonable Assurance	25 th April 2019	With RSM awaiting amended draft
Housing Revenue Account	18/19	Neil Wilcox	Partial Assurance	5 th June 2019	

Audit	Audit Plan Year	Audit Sponsor	Assurance Level	Date to be Finalised by	Comments
Council Buy-Back	18/19	Joe Carter	No Assurance	8 th June 2019	
Allotment Charges	19/20	Alan Sinclair	Reasonable Assurance	28 th June 2019	To be finalised in mid August
Slough Centre Nursey	19/20	Cate Duffy	Reasonable Assurance	11 th July 2019	With School to finalise

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, from the current and two preceding audit years, that have either been implemented, are in progress, or no action has been taken.



The table below summarises the number for each categorisation of management actions together with analysis by Audit Opinion for all Audit Actions

		Target date not reached	Implemented	In Progress	Not Implemented
Green	15	2	7	0	6
Amber Green	195	17	132	22	24
Red	8	0	2	1	5
Amber Red	112	7	62	36	7
Totals	330	26	203	59	42

- 5.2.2 Attached at Appendix 1 is a list of outstanding Medium actions that are outstanding
- 5.2.3 The percentage of completed actions has reduced slightly to 68% from last quarters 80%
- 5.2.4 On a quarterly basis RSM our Internal Auditors conduct a follow up audit to review progress made by the Council to implement the previously agreed management actions.
- 5.2.5 In Follow Up reviews RSM can offer 1 of 4 possible opinions:
 - Good progress
 - Reasonable Progress
 - Little Progress
 - Poor Progress
- 5.2.6 The draft Quarter 1 Follow Up report from RSM however the current indications are that it will show that the Council has made **Reasonable Progress** – this is an improvement on any of the follow-up audits in 2018/19
- 5.2.7 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
0	12	0	7

6. **Comments of Other Committees**

There are no comments from other Committees

7. **Conclusion**

Members are requested to note details of the update.

8. **Appendices Attached**

Appendix 1 – Outstanding Medium risk internal Audit actions

Appendix 2 – Details of High Rated Recommendations

9. **Background Papers**

None

Appendix 1 - Outstanding Medium Risk Actions

Audit Title	Management Response	Target Date	Person Responsible	Update Detail
Asset Register	<p>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:</p> <ul style="list-style-type: none"> • 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 	31/3/2018	Andrew Pate	A procedure is currently being developed and will be complete by mid-February. Asset Management have forwarded their procedure and Corporate Finance will incorporate into an overall document for consideration.
Capital Expenditure (26.18/19)	<p>The Council will put in place a joint Capital and Procurement Business Case. Prior to being utilised, the new Business Case will be formally reviewed by both the PMO and Procurement team to ensure it captures all necessary information.</p> <p>Following approval, the Business Case will be made available for use via the Staff Intranet and will be used in the approval process of all capital projects.</p>	28/2/2019	Sushil Thobhani	

Audit Title	Management Response	Target Date	Person Responsible	Update Detail
Chalvey Early Years Centre	The school will, in line with their financial procedures, will retender the cleaning services contract, to ensure value for money from services procured.	31/3/2019	Diane Lister	
Chalvey Early Years Centre	All assets identified by the Headteacher and Bursar above £200 that are not on the asset register (including those not purchased by the School, but received when the school moved into their current premises) will be manually entered onto the FMS SIMS asset register system.	31/7/2017	Diane Lister	completed bar one small area. HT signed that this is correct.
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.	30/6/2017	Diane Lister	Aware and will do

Audit Title	Management Response	Target Date	Person Responsible	Update Detail
Contract Procedure Rules Review	Through the Finance DMT, controls will be established in the short term to monitor procurement and the use of suppliers, through measures such as the use of approved supplier lists.	31/10/2018	Claire Portsmouth	Approved supplier lists should not be used to circumvent procurement procedures, therefore any approved list needs to be in the form of a DPS or Framework. Approved lists can not/should not be created without some sort of competition. The POP will be updated to reflect this. The addition of 'estimated contract value' on the supplier set up should assist with spend tracking.
Contract Procedure Rules Review	The POP will clarify the responsibility and time periods for the retention and safeguarding of supplier agreements and/or terms and conditions for goods and services. Furthermore, the need for spot checks on compliance with the CPR and FPR to be conducted and reported to the respective DMT will be reclarified and communicated.	31/10/2018	Claire Portsmouth	Management action re-assigned to user: Claire Portsmouth
Contract Procedure Rules Review	The permissions and segregation of duties within Agresso for the creation and amendment of suppliers will be reviewed by the Service Lead, Finance and the Director of Finance and Resources.	30/4/2019	Barry Stratfull	Target date changed to: 30/04/2019 Original target date: 31/12/2018

Audit Title	Management Response	Target Date	Person Responsible	Update Detail
Contract Procedure Rules Review	Expenditure between the £50,000 and the OJEU limits will be periodically checked to ensure compliance with the Contract Procedure Rules and Council's Constitution. Where non-compliance is identified, action will be taken to ensure a contract / terms and conditions are in place.	30/6/2019	Claire Portsmouth	Management action re-assigned to user: Claire Portsmouth
Debtors Management	The Accounts Receivable team will enquire with the Agresso Support Team as to how the faulty reminder run may have occurred. The outcomes of this enquiry will be used to provide the team with assurance that reminder runs distribute reminders to all relevant debtors. Following the production of a Debt Recovery Policy, the Head of Transactional Finance, will undertake monthly spot checks to confirm compliance against the stipulated debt recovery procedures.	30/6/2019	Barry Stratfull	
Debtors Management	The Council will send out guidance to staff to advise them to attach supporting documentation to all credit notes requests. Following this, where credit notes are raised, supporting documentation will be uploaded to Agresso to substantiate the request for raising a credit notes in all cases.	30/6/2019	Barry Stratfull	

Audit Title	Management Response	Target Date	Person Responsible	Update Detail
Debtors Management	<p>The Council will ensure that all staff responsible for raising invoices and credit notes on Agresso undertake training and training records thereof will be maintained.</p> <p>Exception reports of staff who have not taken training will be forwarded to responsible line managers with an instruction for relevant staff members to complete the training.</p> <p>As part of this action the content of the training provided will be reviewed by Finance to ensure that the content adequately describes the process to be followed</p>	30/6/2019	Barry Stratfull	
Debtors Management	<p>The Council will ensure that all staff responsible for raising invoices and credit notes on Agresso undertake training and training records thereof will be maintained.</p> <p>Exception reports of staff who have not taken training will be forwarded to responsible line managers with an instruction for relevant staff members to complete the training.</p> <p>As part of this action the content of the training provided will be reviewed by Finance to ensure that the content adequately describes the process to be followed</p>	30/6/2019	Barry Stratfull	
Fixed Penalty Enforcement	<p>The Council will develop a formal process to systematically track income due through to collection, receipting and banking.</p> <p>This will include guidance for undertaking regular, formal reconciliations</p>	30/11/2018	Ginny De Haan	A task and finish group as been set up as part of the Corporate Enforcement Group to recommend a process that
Fixed Penalty Enforcement	<p>The Council will circulate the latest Fixed Penalty Notice (FPN) templates to relevant staff for use and ensure that dated versions are removed.</p>	28/2/2019	Ginny De Haan	Target date changed to: 28/02/2019 Original target date: 30/11/2018

Audit Title	Management Response	Target Date	Person Responsible	Update Detail
Fixed Penalty Enforcement	<p>The Enforcement Policy and FPN Policy will be revised to ensure they include all areas outlined within DEFRA guidance on Fixed Penalty Notices. Following this, FPN related policies and procedures will be circulated and made readily available to all staff in an appropriate location. The FPN Policy and FPN Appeal Procedure will be and revised to detail a next review date and version control history, including:</p> <ul style="list-style-type: none"> •Details of the changes/review; •Details of who carried out the changes/review; and •Date of update. <p>Moreover, a segregation of duty will be maintained between the staff updating and subsequently approving the policies and procedures, with this clearly being noted on the documents.</p>	31/10/2018	Ginny De Haan	Advised that R&E currently do not have capacity to progress. Given the limited number of FPN issued it is recommended to review actions in July 2019
Fixed Penalty Enforcement	<p>Fixed Penalty Notice (FPN) templates will be updated to ensure they all reference the following information:</p> <ul style="list-style-type: none"> •Time and date of offense; •Location of offense; and <p>How the FPN was issued (in person, via post etc.).</p>	30/11/2018	Colin Moone	Management action re-assigned to user: Colin Moone
Fixed Penalty Enforcement	<p>A clear control framework will be put in place to ensure that in line with guidance, income received from the serving of fixed penalty notices is spent on related functions.</p>	30/11/2018	Ginny De Haan	<p>A task and finish group is being established as part of the Corporate Enforcement Group as the service of FPN can potentially occur across the Council and any procedures agreed for the neighbourhood services Team needs to be replicated elsewhere.</p>

Audit Title	Management Response	Target Date	Person Responsible	Update Detail
Fixed Penalty Enforcement	The FPN payment reminder templates will be amended to inform alleged offenders of the review process available should they have complaint with regards to an issued FPN. Following this, the Council will ensure that reminder letters are sent to alleged offenders in a timely manner.	30/11/2018	Ginny De Haan	new processes are in place however the evidence to substantiate this has not yet been provided
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.	31/7/2018	Simon Pallett	Sent to Simon P for update
Governance - Overview & Scrutiny	As best practice, all relevant interests should be declared by Councillors at the Overview and Scrutiny Committee and recorded. As part of this, the Council will carry out a cost benefit analysis of the Council subscribing to a database (Tracker) which will enable the Council to check periodically if Members are failing to register relevant interests in the Register of Members' Interests or to instruct Internal Auditors to make these checks periodically and to report to the Monitoring Officer on interests not declared in the Register.	31/10/2018	Dean Tyler	Management action re-assigned to user: Dean Tyler
Governance - Overview & Scrutiny	As part of the Overview and Scrutiny Committee annual report process, the report will explicitly review the Committee's own effectiveness against the group's objectives, and this will feed into a 'Lessons learnt' action plan that will better enable the Council to review and comment on the report to provide feedback.	30/4/2019	Dean Tyler	Management action re-assigned to user: Dean Tyler
Health and Safety	We will ensure that the Health and Safety Board are provided with oversight of the progress of actions on directorate action plans at each meeting to ensure that satisfactory progress is made, and any significant issues are promptly escalated to the Corporate Management team.	31/5/2019	Neil Wilcox	

Audit Title	Management Response	Target Date	Person Responsible	Update Detail
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.	31/7/2017	Tina Tushingham	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.	30/9/2017	Tina Tushingham	Asset tags to be added to equipment in half term Also looking at bespoke asset register systems but this is dependent on costs
Housing Regulation	The current suite of indicators will be reviewed to ensure these meet the characteristics of effective performance measures. Once reviewed and agreed, targets will be agreed for each indicator, and performance reported against each target. Flare reporting functionalities will be reviewed to ensure performance can be accurately reported each quarter.	31/3/2018	Amir Salarkia	This has been completed and we can report performance accurately each quarter. q3 found this action incomplete
HR Policies and Procedures	The Council will formulate an overarching procedural document to inform staff on the processes for the creation, approval, review and communication of all Council policies and procedures. This will include the consultation process as part of new/reviewed policies and procedures.	31/3/2019	Dean Tyler	
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.	28/2/2019	Surjit Nagra	Target date changed to: 28/02/2019 Original target date: 31/03/2018

Audit Title	Management Response	Target Date	Person Responsible	Update Detail
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.	31/7/2018	Simon Pallett	Partially Completed as per F&R DMT 17/9/2018. email 2/10/2018 requesting status
Information Governance	The Information Security Awareness course will be reviewed and updated to ensure and includes reference to the Caldicott Principles. In addition, the Council will consider merging the Information Security Awareness and Data Protection Awareness courses to provide a single course covering data protection and information governance.	31/3/2018	Alexander Cowem	Re-Opened the Recommendation
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.	31/3/2017	Karen Lewis	The Social Housing Green Paper was published in August 2018. Work is now underway to analyse the recommendations ahead of significant consultation with tenants, residents, partners and stakeholders as well as internal colleagues to determine the type/s o
Neighbourhood ASB Enforcement	The Policy and Fact Sheets will be re-circulated to all relevant staff, and they will be required to confirm that they have read and will comply with it. Training covering policy application will be provided to ensure consistent understanding and application.	31/10/2017	Michelle Isabelle	We reviewed the ASB Policy and confirmed it adequately detailed the strategy and overarching aims of the Council with regards to managing ASB. We noted there were a total of 14 Fact Sheets which were split between 'ASB Policy and Procedure' and 'ASB Legis

Audit Title	Management Response	Target Date	Person Responsible	Update Detail
Neighbourhood ASB Enforcement	Council staff will be reminded of the need to record details of the notification on Flare within the notes for all ASB cases, to ensure a clear audit trail exists for reported ASB cases. This will be reviewed by the Resilience and Enforcement Team Assistance when assigning cases to ensure the date of notification has been accurately recorded.	31/10/2017	Ian Blake	From: Blake Ian Sent: 14 June 2018 10:40 To: Turnbull Tony; Brady Phil; Jones Liz; Palacio Richard; Bird Peter; Viechweg Diane; Harman Sarah; Stefano Sarah; Frost Jo; Corcoran Linda Cc: Tariq Sahera Subject: Internal Audit Recommendations.xlsx Dear All, I
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.	31/3/2018	Ian Blake	Outstanding as capacity to complete this piece of work is currently unavailable due to the project officer being on maternity leave. Attempts have been made to recruit to the vacancy to cover maternity leave with no suitable applicants available. Capita a
Neighbourhood ASB Enforcement	Team Leaders will ensure that ASB cases are reviewed monthly, and following review and approval, and subsequent dissemination of the ASB Policy, that consistent application of the policy is monitored.	31/10/2017	Ian Blake	q3 Follow Up found no action taken. From: Blake Ian Sent: 14 June 2018 10:40 To: Turnbull Tony; Brady Phil; Jones Liz; Palacio Richard; Bird Peter; Viechweg Diane; Harman Sarah; Stefano Sarah; Frost Jo; Corcoran Linda Cc: Tariq Sahera Subject: Internal Au

Audit Title	Management Response	Target Date	Person Responsible	Update Detail
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.	31/3/2018	Andrew Pate	This is being done for all new Purchase Card users. A form was sent out to all existing users asking them to complete and return the cardholder agreement to Lubna Khan. Cardholders were given a two week deadline
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.	31/3/2018	Sushil Thobhani	Moved resp to ST
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.	31/3/2018	Andrew Pate	Lubna Khan will commence spot checks in February 2019

Audit Title	Management Response	Target Date	Person Responsible	Update Detail
Rent Accounts (28.18/19)	The Council will ensure that the weekly rental charge for void properties is stopped in a timely manner (the week of the void start date), to avoid the overcharging and subsequent requirement to refund tenants, and as part of this, evidence will be retained to demonstrate that the tenant has been signposted to all documentation that needs to be provided prior to a tenancy being ended.	28/2/2019	Liz Jones	<p>Please see confirmation email below</p> <p>From: Bird Peter Sent: 18 March 2019 11:23 To: Jones Liz Subject: Rent Audit</p> <p>Hi Liz</p> <p>At present Housing Assistants and Officers are aware of the timely actions of ending a tenancy. However whilst we are starting to use our discretion in cases that do completely comply with our procedures in these cases the tenancy does not always end promptly and the cancelation of the rent charges has to be backdated. Whilst the tenant does not suffer finical loss in the end there is a period where officers are not making the decision proactively.</p> <p>During April we will be running training with officers involved from notification of termination through to the sign up of properties to reinforce</p>
Risk Management (27.18/19)	CMT will undertake an exercise to determine their risk appetite and what levels of risk they are willing to accept for their key objectives This will be formalised in a risk appetite statement included in the Risk Management Strategy which will be reviewed annually.	29/3/2019	Phil Brown	

Audit Title	Management Response	Target Date	Person Responsible	Update Detail
Risk Management (27.18/19)	The implementation dates will be updated to revised target dates where they fall overdue. Furthermore, the original implementation date will be included in the action required column/notes column.	31/3/2019	Phil Brown	
School Reviews - St Bernard's Catholic Grammar	The School will send guidance to staff to ensure are aware of the desired practices upon receipt of goods that are classified as fixed assets. The School will also perform an exercise to ensure that all assets purchased since the last inventory check (11 April 2017) have been added to the asset register.	31/3/2019	Paul Kassapain	In progress of changing software.
SUR	The Council will seek assurance that the plans have been approved by JV Partner members prior to the planning of projects. SUR will create a shared drive (restricted to relevant personnel) to enable access to legal documentation.	31/1/2019	Joe Carter	Email to Joe requesting status
SUR	The Board will ensure that at least two representatives from each Partner will attend Business Board meetings.	31/12/2018	Joe Carter	
Temporary Accommodation	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.	31/10/2018	Debra Gilbert	This is ongoing. We have a new Officer starting on the 10/12/2018 which will provide us with additional capacity to schedule in visits and update Capita accordingly
Voids	Where possible, Preinspections will be carried out prior to the tenant moving out, where notice is given with the outcomes of this recorded on the CAPITA system. the CAPITA system.	31/3/2019	Liz Jones	Target date changed to: 31/03/2019 Original target date: 31/07/2018

Audit Title	Management Response	Target Date	Person Responsible	Update Detail
Voids	<p>The Capita system will record where recharges have been made and collected to enable sufficient oversight and to enable effective management over the recharges process.</p> <p>The Council will receive regular reports from Osborne in order to raise notification and issue of recharges to tenants and leaseholders.</p>	31/3/2019	Trevor Costello	<p>Target date changed to: 31/03/2019</p> <p>Original target date: 31/07/2018</p>

Appendix 2 - Outstanding High Risk Recommendations

Audit Title	Target Date	Person Responsible	Management Response	Update Detail
Business Continuity Planning Arrangements	30/9/2016	Dean Trussler	<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"> • 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; <p>and</p> <ul style="list-style-type: none"> • Specifies the requirements for this information to be kept up-to-date. <p>The business impact analysis will include;</p> <ul style="list-style-type: none"> • 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 suppliers and outsource partners. <p>The risk assessment will include;</p> <ul style="list-style-type: none"> • Identifying risks of disruption to the Council's prioritised activities and the processes, systems and resources that support them; • Systematically analysing risks in line with the Council's risk management methodology; • Evaluating which risks require treatment/mitigation; and • Identifying treatments/mitigations in line with business continuity objectives and the Council's risk appetite. <p>The processes will be documented within the Council's overarching Business</p>	Management action re-assigned to user: Dean Trussler

Audit Title	Target Date	Person Responsible	Management Response	Update Detail
Business Continuity Planning Arrangements	31/8/2016	Dean Trussler	<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"> •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. <p>•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.</p>	Management action re-assigned to user: Dean Trussler
Business Continuity Planning Arrangements	31/3/2018	Dean Trussler	<p>"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;</p> <ul style="list-style-type: none"> • Responsibilities; • Membership and quoracy; • Meeting frequency; and • Accountability and reporting. <p>"</p>	Management action re-assigned to user: Dean Trussler
Contract Procedure Rules Review	30/9/2019	Claire Portsmouth	The Council will review all expenditure incurred over the OJEU limits, and take appropriate action.	Management action re-assigned to user: Claire Portsmouth

Audit Title	Target Date	Person Responsible	Management Response	Update Detail
Contract Procedure Rules Review	30/9/2018	Barry Stratfull	All duplicate payments identified for 2017/18 will be reviewed to establish the root cause and corrective action will be taken to reclaim incorrect payments where these are validated.	Re-Opened the Recommendation
Creditors	31/5/2018	Claire Portsmouth	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.	Management action re-assigned to user: Claire Portsmouth
Debtors Management	30/6/2019	Barry Stratfull	<p>The Finance Team at the Council will conduct a review of all parked invoices, to establish whether there are valid reasons for these invoices not being chased. All invoices where there are no valid reasons for parking will be chased through the Council's debt management process.</p> <p>As part of this, guidance will be provided to Council staff requesting them to only park invoices had it been approved by the Service Lead – Finance and where debts are parked, an audit trail will be maintained on Agresso to support the reasons for parking the debt as well as approval from the Council.</p>	

Audit Title	Target Date	Person Responsible	Management Response	Update Detail
General Ledger	31/7/2018	Simon Pallett	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.	Management action re-assigned to user: Simon Pallett
Information Governance	30/9/2017	Simon Pallett	<p>The Council will undertake a data flow mapping exercise to ensure all flows, both inbound and outbound, of person identifiable and sensitive information in all service areas have been identified mapped and recorded.</p> <p>The information flows will be risk assessed, with necessary actions identified to address risks highlighted.</p> <p>The outcome of the mapping exercise and the risks identified will be reviewed by the IT and Information Governance Board, prior to subsequently being reported to CMT.</p>	<p>Noaction taken, q1 Follow up found still in progress</p> <p>The outcome of the mapping exercise and the risks identified will be reviewed by the IT and Information Governance Board, prior to subsequently being reported to CMT. email 2/10/2018 requesting status</p>
Information Governance	31/3/2018	Simon Pallett	<p>The Information Governance Policy will be reviewed and updated to sure it reflects the arrangements and processes within the Council, in line with the HSCIC guidance, including;</p> <ul style="list-style-type: none"> • roles and responsibilities, covering senior IG roles (Caldicott Guardian, • SIRO and IG Lead), other key staff roles in relation to IG as well the responsibilities of the wider workforce; • the specific resources within the Council to fulfil these roles. • The key policies underpinning; • the overarching Information Governance Policy; • governance arrangements for overseeing the IG agenda within the Council; • processes for delivering training and awareness programmes to staff; and arrangements for reporting, escalating and monitoring IG incidents and breaches. <p>Once updated, the policy will be presented to the IT and Information Governance Board for approval, and then subsequently circulated to staff and made accessible via the intranet. Thereafter, the policy will be reviewed annually with version control included within document to record approval and next review details.</p>	In progress

Audit Title	Target Date	Person Responsible	Management Response	Update Detail
Neighbourhood ASB Enforcement	30/6/2020	Colin Moone	The Council will review the current structure and resources within Neighbourhood Enforcement teams, and assess whether additional resources are required to ensure ASB cases are responded to in a timely manner. As part of this, the role of the Resilience and Enforcement Team in coordinating ASB activity will be reinforced.	Target date changed to: 30/06/2020 Original target date: 31/01/2018
Temporary Accommodation	31/10/2018	Colin Moone	<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"> ☑ a current gas safety record; view of the property's safety certificates and equipment is due. 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>The TA Team will undertake periodic visits to confirm that the properties have the appropriate safety equipment. 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>	<p>"A spreadsheet has been devised with a traffic light system to indicate certificates in date, out of date, approaching the end of date.</p> <ul style="list-style-type: none"> • Spreadsheet created with all properties being used with the providers details • Spreadsheet created with all Bed & Breakfasts that may be used with providers details • Gas Safety Certificates, Electrical Installation Certificates and EPC's requested from all providers • Compliance Folders created on the Shared

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Corporate Governance Committee

DATE: 30th July 2019

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

(For all Enquiries) (01753) 875368

WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

RISK MANAGEMENT UPDATE – QUARTER 1 2019/20

1. **Purpose of Report**

The purpose of this report is to:

- Provide Audit and Corporate Committee with the opportunity to comment on the Corporate Risk Register
- Note the amended Terms of Reference of the Risk Management Board

2. **Recommendation(s)**

The Committee is requested to:

- a) Comment on and note the attached reports
- b) Note the amended Terms of Reference of the Risk Management Board

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

The actions contained within the attached reports are designed to improve the governance of the organisation and will contribute to all of the strategic priorities.

Priorities:

- Protecting vulnerable children
- Increasing life expectancy by focussing on inequalities
- Improving mental health and wellbeing
- Housing

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 & 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 **Corporate Risk Register**

5.1.1 The Corporate Risk Register, (attached at Appendix 1) was reviewed and updated by Corporate Management Team on the 10th July 2019.

5.2 **Risk Management Board**

5.2.1. This Risk Management Board of the 10th July 2019 amended the Terms of Reference of the Risk Management Board as attached at Appendix 2.

6. **Comments of Other Committees**

There are no comments from other Committees

7. **Conclusion**

Members are requested to note and comment on the reports.

8. **Appendices Attached**

Appendix 1 – Corporate Risk Register

Appendix 2 – Amended Term of Reference for the Risk Management Board

Report Date	18 Jul 2019
Risk Status	Open
Comparison Date	In the past 3 Month(s)
Risk Level	
Control Status	Existing
Action Status	Outstanding

SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
CR 8	Ensuring the effectiveness of resilience plans/continuity plans for key locations and services.	Dean Trussler	<p>Description The Council's business continuity plan was last reviewed in 2013. The internal audit report in 2016 would provide no assurance that adequate controls are in place. The BCP has not been tested through desk top or simulation exercises.</p> <p>Consequence Failure to have an up to date BCP places the Council at risk of being unable to continue its business should a serious event cause disruption.</p>	I = 4 L = 6 24	<p>Dedicated Business Continuity Officer</p> <p>External assistance to help develop the plan</p> <p>There is a documented process for undertaking business impact analysis and risk assessments at Service, Directorate and Council-wide level</p>	I = 4 L = 5 20	<p>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</p> <p>Person Responsible: Dean Trussler</p> <p>To be implemented by: 31 Jul 2019</p> <p>To conclude the delivery programme for implementing Business Continuity Management throughout the authority</p> <p>Person Responsible: Dean Trussler</p> <p>To be implemented by: 31 Jul 2019</p>	I = 2 L = 3 6

SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
136	Termination of arvato contract	Neil Wilcox	<p>Description The Council leadership have decided to terminate the contract with arvato w.e.f. 1st Nov 2019. and bring the services back in house. The original termination date of the contract was 2022. The Council now has to TUPE staff back into the council and set up appropriate management structures.</p> <p>Consequence Reduction in income collection arvato indifference to fulfilling the terms of the existing contract. Late payment to creditors Halting of various ICT projects with impacts on other major projects Opportunity to reshape the delivery of key inward and outward facing services Damage to reputation</p>	I = 4 L = 5 20 = =	Council-wide arvato group set up Internal Governance set up Project group set up RAID log jointly managed Strategic Meetings every month to ensure business as usual	I = 3 L = 3 9 	Person Responsible: To be implemented by:	I = 3 L = 3 9 = =

SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
CR 2	Failure to ensure financial sustainability.	Neil Wilcox	<p>Description The revenue support grant is declining whilst the population in the Borough is growing. In addition there is an increasing demand for the Council's Services. Efficiency savings still need to be made to reduce expenditure, whilst the financial sustainability of the Council in the longer term is reliant on increased levels of income being generated by attracting new businesses to the area. There is limited ability to increase income due to uncertainties over BREXIT and the impact this may have on the Council's ability to raise income.</p> <p>Consequence Failures or delays in the Slough Urban Regeneration programme is likely to produce an extended period of lower than expected income which will in turn impact the quality of services that can be delivered and result in a failure to meet the corporate objectives. Failures or delays in the Slough Urban Regeneration programme is likely to produce an extended period of lower than expected income which will in turn impact the quality of services that can be delivered and result in a failure to meet the corporate objectives. Reputational Damage</p>	I = 4 L = 4 16 	Assessment of the impact of Brexit on Council finances Budget Monitoring Reports to Members, Corporate Management Team, Departmental Management External experts used to carry out financial analysis. 5 Year Plan in place Medium term financial strategy	I = 4 L = 2 8 	Person Responsible: To be implemented by:	I = 4 L = 2 8 

SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
CR 11	Ensuring the Council's internal control environment is fit for future.	Neil Wilcox	<p>Description Continued changes in personnel / vacancy / service change have resulted in loss of corporate memory and deterioration in the control framework including adherence with policy, systems, process and procedures. This can result in decisions being made without a firm policy footing or decisions being made often late or without sufficient due process etc. This is applicable to both officers and members.</p> <p>Consequence The Council is therefore at greater risk of being challenged or making a poor decision with sub optimal outcomes.</p>	I = 3 L = 5 15 = =	Reviewed Code of Conduct for 2018 Reviewed Constitution RSM Internal Audit provides assurance Implementation of Agresso has increased controls There is a programme of reviewing HR policies Updated financial procedure rules	I = 3 L = 3 9 = =	Complete the review of the constitution. Person Responsible: Sushil Thobhani To be implemented by: 31 Jul 2019	I = 2 L = 2 4 = =
A&C 8	Ensuring that the Frimley Integrated Care System (ICS) reaches a satisfactory agreement between all the partners.	Alan Sinclair	<p>Description Slough needs to deliver a sustainable Health & Care system</p> <p>There are 13 partners on the Board including acute hospital trusts, community trusts and CCGs.</p> <p>Consequence Failure of sufficient funds to be transferred to the Council to provide the social care will result in the Council not agreeing with the consequential reputational damage or the Council being put under greater financial pressure.</p> <p>Slough does not get enough focus to deliver what it needs to deliver</p>	I = 3 L = 4 12 = =	A voting member of the board Reports are sent to the Wellbeing board and to Scrutiny Panel There is a Wellbeing Board alliance	I = 2 L = 3 6 = =	Person Responsible: To be implemented by:	I = 2 L = 3 6 = =

SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
38	information Governance and GDPR	Simon Pallett	<p>Description GDPR comes in May 2018. At present there appears to be no clear pathway to implementation.</p> <p>There needs to be a corporate and local response to the implementation of GDPR</p> <p>The section that deal with Information Governance lacks resource</p> <p>As the "go-live" date for GDPR approaches this has meant that workers who understand GDPR and how to mitigate the effects are becoming more valuable to all sectors, making it harder to fill posts with responsibility for GDPR</p> <p>Consequence If there is not an adequate response to GDPR there is a chance that there may fines, criticism from the information Commissioner</p> <p>Damage to reputations</p> <p>Civil Claims for damages</p>	I = 3 L = 4 12 = =	Initial data mapping completed by RSM The Corporate Addendum has been accepted.	I = 3 L = 3 9 = =	advertise Data Protection officer post Person Responsible: Simon Pallett To be implemented by: 30 Jun 2019	I = 3 L = 2 6 = =

Appendix 1 SBC Corporate Risk Register

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
78	Health & Safety in Properties	Colin Moone	<p>Description if Properties are not being checked e.g. Gas Certs etc., then there could be a detrimental effect to the department as well as the organisation.</p> <p>Currently in the process of checking/inspecting safety risks of buildings. May be a high risk of fires as we SBC are still investigating.</p> <p>Consequence Reputational damage Injury to clients/users</p>	I = 4 L = 2 8 =	<p>Ensure that regular safety risks are being conducted and that we are liaising with the correct departments. Also monitoring this regularly and putting the customers first if there are any safety issues. Making sure that we understand the procedure and that it is consistent when dealing with Emergency Planning.</p> <p>Having a dedicated Supply Manager/Property Acquisitions who will be responsible to these checks. They will conduct checks on a regular basis.</p>	I = 2 L = 2 4 =	<p>Coordinate whose responsibility it is to conduct these checks - and follow up</p> <p>Person Responsible: Colin Moone</p> <p>To be implemented by: 31 Jul 2019</p>	I = 2 L = 1 2 =

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Risk Management Board Terms of Reference

Purpose

To ensure that the Council is proactively managing strategic risk
To ensure that there is a clear process in place to allow CMT, Audit & Corporate Governance, and Cabinet to have assurance that Risk is being robustly managed within the authority

Overview the process for Risk and Audit Management

Work-programme

- To ensure that the Strategic Risk Register reflects known service risks and is reviewed and updated on a monthly basis
- Review and comment on a rolling basis one departmental risk register
- Investigate risks and issues associated with Project and Programme management identified by the Programme Management Office through their oversight of Projects on the Portfolio and other programmes.
- Consider relevant recommendations and actions arising from inspections, reviews etc. so that concerns are adequately reflected in risk registers.
- To act as forum to engage with Directorate SMT representatives
- Annually review, :
 - the risk management strategy and policy
 - terms of reference for the Risk Management and Audit Group

Membership

- The meetings will be chaired by Director of Finance & Resources

And will consist of:

- Service Lead Governance
- Service Lead Finance

And

- A Service Lead from each department
- Risk & Insurance Officer
- Strategic Programme Management Office (PMO) Manager

Quorum will be at least 1 of the following members:

- Director of Finance & Resources
- Service Lead Governance
- Service Lead Finance

It is expected for the Service Leads to nominate deputies in their absence

Meetings

Meetings will be held on a monthly basis. Minutes will be taken by the PA to Director of Finance & Resources

Below is a table that details the meetings and their primary focus.

Outputs

CMT will receive:

- Copies of all minutes
- Quarterly Internal Audit Recommendation Tracking Report
- Quarterly summary report of Risk register challenge

Audit and Corporate Governance Committee will receive:

- Quarterly Internal Audit Recommendation Tracking Report
- Quarterly Summary report of Risk register challenge
- Reviewed Risk Management Policy and Strategy
- Internal Audit Plan for the year ahead
- External Audit Reports
- The Corporate Risk Register
- Twice yearly updates from the Information Governance Board, including;
 - Policy Changes
 - Details of any breaches, and “near misses”



SLOUGH BOROUGH COUNCIL

Annual internal audit report 2018/2019

July 2019

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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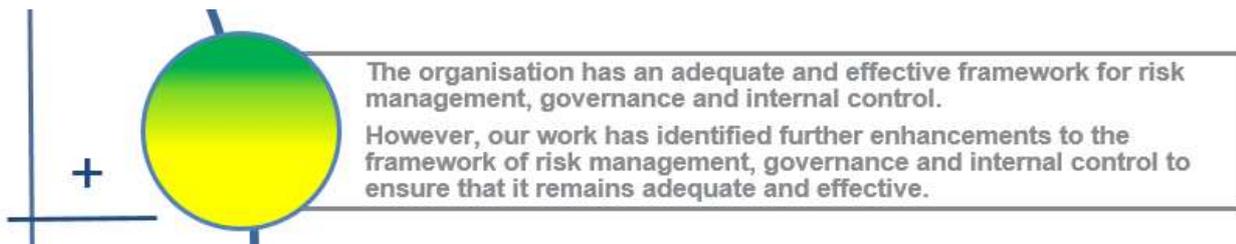
1 THE HEAD OF INTERNAL AUDIT OPINION

In accordance with Public Sector Internal Audit Standards, the head of internal audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance statement.

1.1 The opinion

For the 12 months ended 31 March 2019, the head of internal audit opinion for Slough Borough Council is as follows:

Head of internal audit opinion 2018/19



Please see appendix A for the full range of annual opinions available to us in preparing this report and opinion.

1.2 Scope and limitations of our work

The formation of our opinion is achieved through a risk-based plan of work, agreed with management and approved by the audit committee, our opinion is subject to inherent limitations, as detailed below:

- the opinion does not imply that internal audit has reviewed all risks and assurances relating to the organisation;
- the opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. As such, the assurance framework is one component that the board takes into account in making its annual governance statement (AGS);
- the opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management
- the opinion is based on the testing we have undertaken, which was limited to the area being audited, as detailed in the agreed audit scope;
- where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance;
- due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to attention; and

- it remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be seen as a substitute for management responsibility around the design and effective operation of these systems.

1.3 Factors and findings which have informed our opinion

Risk Management: Our audit undertaken in 2018/19 concluded that the Council can take reasonable assurance over the effectiveness of systems in place for risk management and that the procedures put in place by the Council for risk management were generally well designed and effectively implemented. We found a few weaknesses including the lack of an agreed risk appetite statement, the failure to update the target implementation date of overdue actions and the lack of the inclusion of prior implementation dates to monitor slippage.

Governance: Two reviews of governance arrangements were undertaken during 2018/19, focussing on the Overview and Scrutiny Committee and Sub-Committee Effectiveness. For both of these audits the Council was able to take reasonable assurance over the effectiveness of controls in place for the areas reviewed and whilst some weaknesses in control were identified these were not considered sufficiently significant to impact on the overall effectiveness of controls in place for these areas.

Internal Control: We have issued 39 internal audit reports for the 2018/19 financial year. Of these, 32 were issued with assurance opinions, 4 were follow ups of progress made to implement previously agreed management actions and 3 were advisory reviews. We issued positive assurance opinions for 23 of the 32 assurance reviews (note one was a split opinion).

The following audits resulted in the Council being able to take no assurance over the effectiveness of controls in place to manage the risks associated with the area;

Debtors Management: We identified weaknesses in relation to monitoring of training provided to staff, processing of credit notes and the significant amount of 'parked' invoices which (60% of our sample) had limited or no explanation for why they had not been chased or paid evidenced on Agresso.

Council Buy Backs (Draft): We found there was no comprehensive and authorised framework for the buying back of properties regarding what this process should entail and the current process does not incorporate changes which have occurred within the Council. This in turn has led to issues relating to the receipt of offers, departmental communication / involvement and the reporting of the buy-back process. In addition, we found that the appraisal process did not allow for effective scrutiny of decisions to buy back properties. Our findings identified that buy-backs are potentially being approved for purchase below the levels identified in the Financial Procedure Rules as part of the Council's Constitution, which stipulate that expenditure above £250,000 should be approved by the Chief Executive. In addition, we identified a lack of a strategy to align the buy-backs to the Council's objectives, outlined within the HRA Business Plan and Asset Management Strategy.

In addition to the above, for the following audits the Council can take only partial assurance over the effectiveness of controls in place;

Contract Procedure Rules (CPR): Our testing identified several instances of potential non-compliance with CPR, and a number of instances where the cumulative expenditure for a sample of suppliers were beyond OJEU limits, but in some cases, had not been advertised. Underlying these issues were a lack of up-to date procedures for staff to follow in the procurement process.

We also identified issues that could indicate duplicate payments were being made for invoices as a result of a lack of control over the supplier creation and amendment process, and a potential lack of an appropriate segregation of duties with Agresso for staff within arvato.

Temporary Accommodation (TA) Strategy: Issues were identified with the TA team not receiving assurance from other Council departments that Council owned properties used for TA were compliant with Health and Safety requirements, and the same issue applied to Bed and Breakfast Accommodation not owned by the Council. In addition, due to resource issues within the department and a significant increase in demand, tenant visits were not being undertaken at 3- and 6-month intervals as documented in policies and procedures. Additionally, issues were identified in relation to a lack of timely follow up where Notifications to Quit were issued, and a lack of clear procedures between the Housing Demand Team and TA team where licenses were breached by tenants.

Health and Safety: The Corporate Codes of Practice were still undergoing update and there was not a plan in place for the completion of this exercise. We also identified that risk assessments and self-audits within directorates were not routinely undertaken and regular directorate health and safety meetings were not taking place within the Children, Learning and Skills and Finance directorates. In addition, we noted that only 518/ 1169 employees had completed all four mandatory health and safety training modules within the last three years at the time of the audit, all of which could impact the Council's ability to manage corporate Health and Safety effectively.

School Reviews – Claycots: We identified areas for improvement such as formally recording exit interviews for staff who have resigned and the scoring of candidates within interviews not being recorded consistently. Other issues identified relate to the lack of audit trail for the Executive Headmasters Pay Review, lack of scrutiny from the Resources Committee of recruitment trips abroad and potentially not following tender requirements when relocating back office functions.

Conflicts of Interest (Draft): Declarations of interest were not routinely updated each year and the declaration of interest form did not include a field to capture the details of any directorships held. Additionally, we noted that where declarations were made at meetings, there was a lack of evidence within the minutes to suggest that individuals were withdrawn from meetings where a conflict was identified, and it was also not documented in the minutes that the potential conflict had been reviewed for impact.

Creditors: We identified a number of weaknesses in the operation of key controls particularly in relation to changes to the supplier Masterfile. Our testing identified that appropriate verification checks were not being undertaken and as a consequence the Council cannot be assured that inappropriate changes to supplier data had not been made. In addition, our testing of invoice and credit note processing identified that these were not always taking place in a timely manner.

Budgetary Control: Whilst the Council can take reasonable assurance over the controls in place for managing the delivery of the overall budget, due to demand pressures the Council are currently forecasting an overspend against the revenue budget for the year (with the balance to be addressed through reserves), in terms of the overall effectiveness of the system in place the Council can take only partial assurance over the effectiveness of controls for this area.

In addition to the above audits, all of our four **follow up** audits undertaken during the year concluded that **little progress** had been made by the Council in implementing previous management actions. A number of medium and high priority actions remained not implemented beyond their planned implementation date.

It should also be noted that there were a number (24) of audits where we concluded that either a substantial (three) or reasonable assurance (21) could be taken. These areas are listed in full within appendix B of this report and include the following significant systems;

- Governance – Overview and Scrutiny Committee and Sub-Committee Effectiveness
- Children's Centres

- Policies and Procedures
- Treasury Management
- Capital
- Contract Management – Buoygues
- Contract Management – Osborne Property Services Limited
- Rent Accounts
- Risk Management
- Payroll
- Asset Register
- Business Rates
- Housing Benefit
- Adult Educations Service – Ofsted Inspection
- Budgetary Control (Control)

Contract Management: Two audits on contract management arrangements were undertaken during 2018/19 in respect of recently appointed contractors, Osborne Property Services Ltd and Buoygues. For both of these contracts the council were able to take reasonable assurance over the effectiveness of controls in place with no significant control weaknesses identified. The Council has received a number of critical audit reports in the previous five years on the area of contract management and it is therefore positive to note that improvements in internal controls were identified in the area of contract management.

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

1.4 Topics judged relevant for consideration as part of the annual governance statement

Although the Head of Internal Audit Opinion is an unqualified one, there were a number of areas, as detailed in section 1.3 above where only partial assurance, and two where no assurance could be taken, over the effectiveness of controls in place.

The Annual Governance Statement should therefore include appropriate detail regarding the weaknesses identified within our Debtors, Council Buy Backs, Contract Procedures Rules, Creditors, Health and Safety, Conflicts of Interest and Temporary Accommodation Strategy audits together with the actions that have been taken by the Council to address these.

2 THE BASIS OF OUR INTERNAL AUDIT OPINION

As well as those headlines discussed at paragraph 1.3, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

2.1 Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2018/2019. At the time of the production of this report 4 reports remain in draft, and we have been provided with assurances by management as part of the debrief meeting process that the management actions have been accepted.

Although a number of these reports were issued only recently to the Council some of these have been outstanding for a significant period of time.

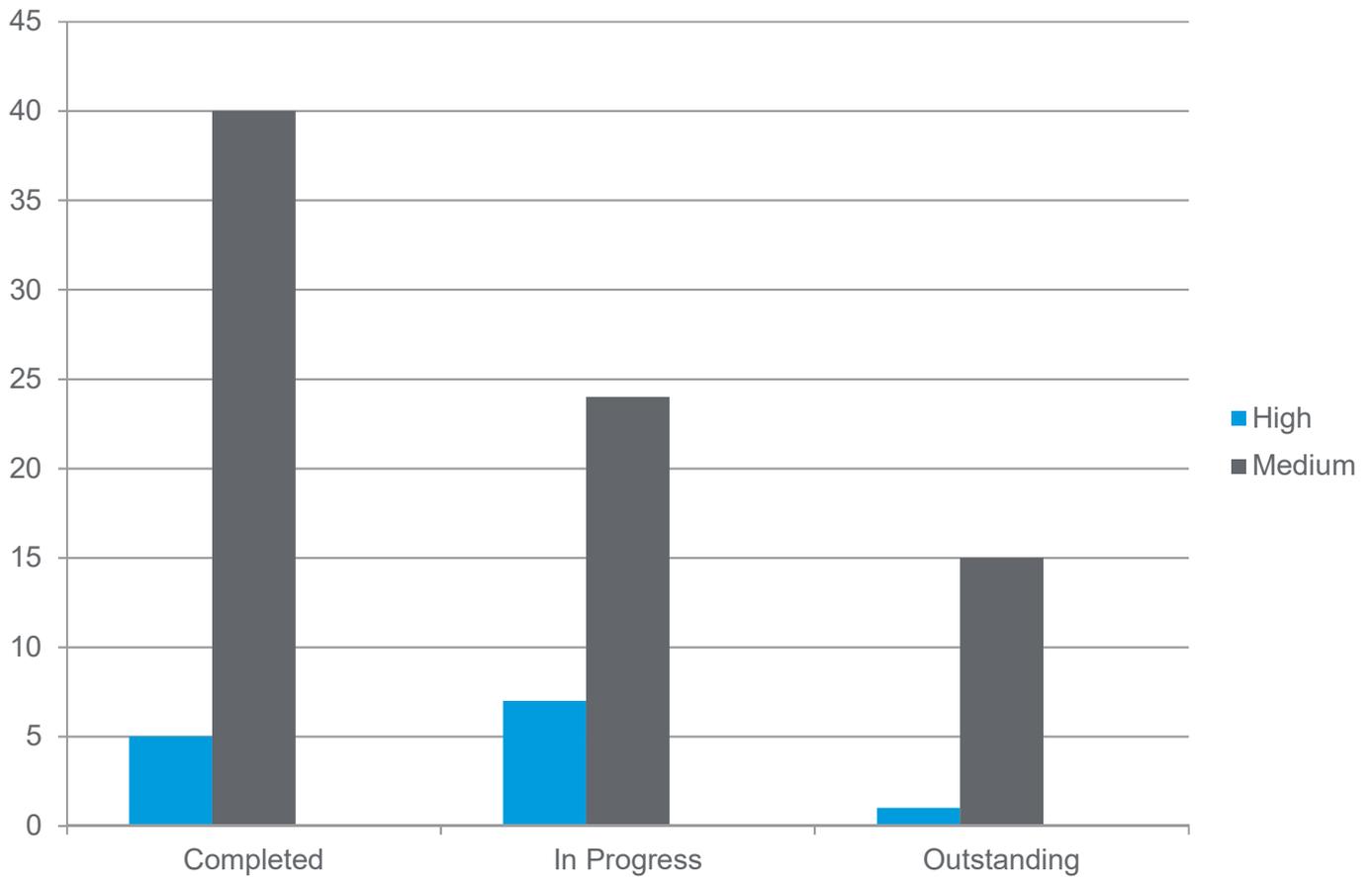
2.2 Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management through the action tracking process in place which is managed by the Risk and Insurance Officer. During the year progress has been reported to each Audit and Corporate Governance Committee meeting, and quarterly validation of a sample of high and medium priority actions has been undertaken by Internal Audit.

For the four reviews undertaken during the year, all of these demonstrated that the Council had made **little progress**, in addressing agreed actions, with a number of high and medium priority actions outstanding beyond their due date. A summary of the implementation rate of the actions followed up is detailed below;

Implementation status by management action priority	Number of actions agreed	Status of management actions					
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)	Not yet due (5)	Completed or no longer necessary (1)+(4)
Medium	79	37	24	15	3	0	40
High	13	4	7	1	1	0	5
Totals	92	41	31	16	4	0	45

Of the 92 actions reviewed, we found that whilst 41 (44.5%) had been implemented, 16 actions (17.4%) were not implemented, including one high priority action relating to the Neighbourhood ASB enforcement audit.



2.3 Working with other assurance providers

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

3 OUR PERFORMANCE

3.1 Wider value adding delivery

- Issued briefings relating to the sector within our progress reports presented to the Audit and Corporate Governance Committee to assist officers and committee members in being informed on the latest developments within the sector.
- Provided support to the Council in the development of its business continuity arrangements.
- Utilised our Fraud Risk Services specialists to review the Council's whistleblowing arrangements to ensure that they have been developed in accordance with best practice and that cases are being investigated in a timely manner.
- We have provided benchmarking within our reports where possible on the number and category of actions and assurance opinions across organisations similar to yourselves.
- We have made suggestions throughout our audit reports based on our knowledge and experience in the public sector to provide areas for consideration.
- We attend the Risk and Audit Board meetings with a view to helping the council embed Risk Management, as part of this meeting we review actions taken by the Council to address risks identified within Internal Audits. This has included updating the Group on significant findings from Internal Audit work together with providing independent challenge on the content and quality of the risk registers.
- Through our Council Procedures rules audit we have utilised data analytics to identify a number of instances where procedure rules have not been complied with and this has led to the development of a number of additional processes to strengthen this area within the Council.

3.2 Conflicts of interest

We have undertaken work in the 2018/19 financial year covering the following areas;

- Business Continuity: We have continued to provide support to the Council during the year to support the development of its business continuity plans.
- Health and Safety: We have undertaken a number of assignments at the request of the Council to support them with a review of Health and Safety risks for the environmental services function.
- Contract Management: we have undertaken an Open Book review on one of the Council's significant suppliers and have continued to support the Council in developing in contract management arrangements and procedure rules.
- Gender Pay Gap: we have provided support to the Council in the production of their Gender Pay Gap assessment and action plan.

All of this work was undertaken via separate letters of engagements, led by independent engagement partners and delivered by specialist staff separate from the core Internal Audit Team. We have considered as part of all of these additional engagements the safeguards required to be in place and are satisfied that these have been met. We have kept the Director of Finance and Resources sighted and informed throughout the year of potential conflicts and advised how these have been managed.

3.3 Conformance with internal auditing standards

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

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

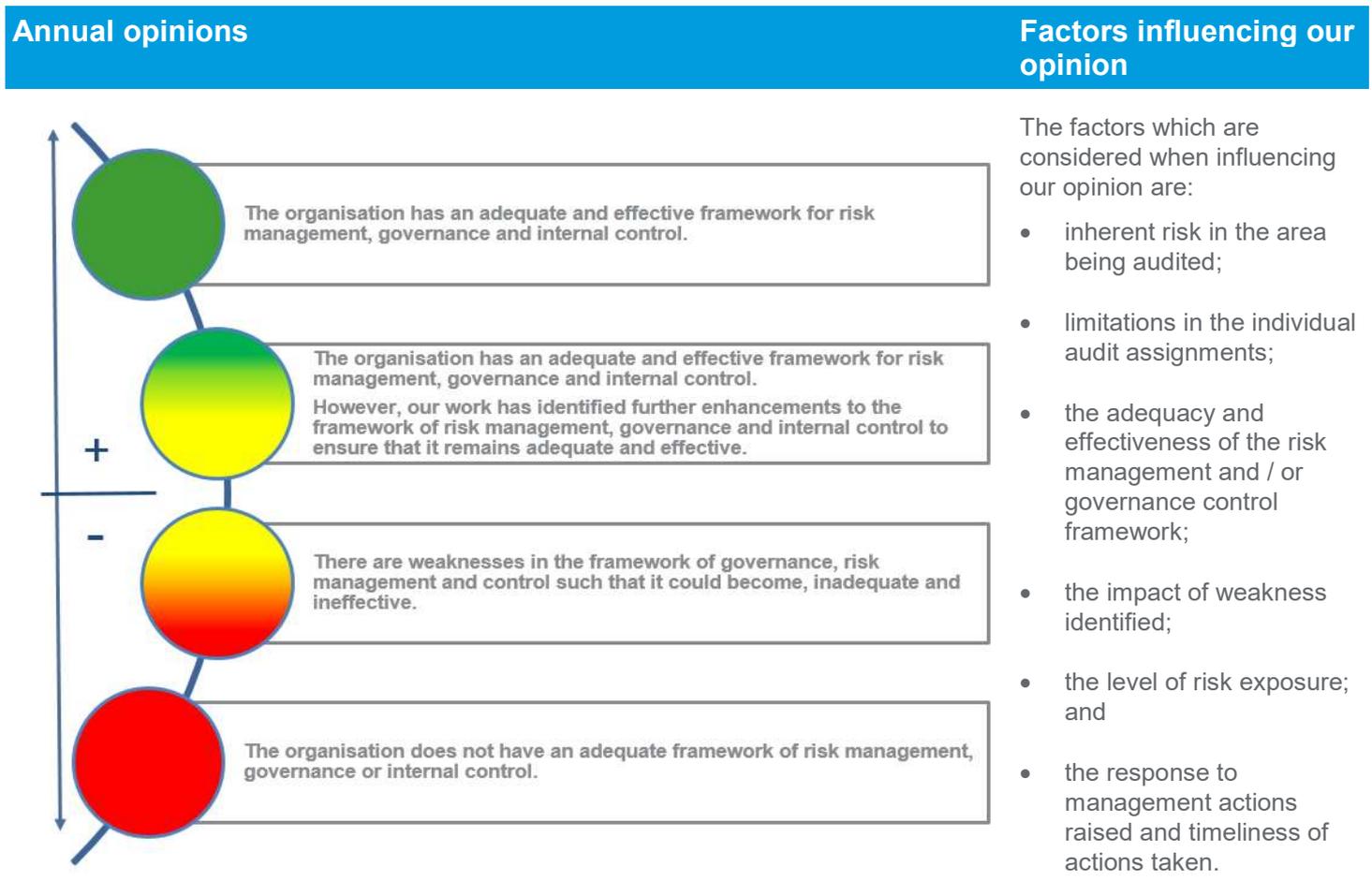
3.4 Quality assurance and continual improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

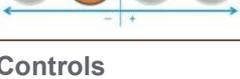
This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.



APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2018/2019

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
Debtors	Neil Wilcox – Director of Finance and Resources		1	6	0
Council Buy Backs (DRAFT)	Joe Carter - Director of Regeneration		1	8	1
Contract Procedure Rules	Neil Wilcox – Director of Finance and Resources		0	5	3
Temporary Accommodation Strategy	Joe Carter - Director of Regeneration		4	3	1
School Reviews – Claycots	Cate Duffy - Director, Children, Learning and Skills		2	4	1
Health & Safety	Neil Wilcox – Director of Finance and Resources		2	4	1
Conflicts of Interest (DRAFT)	Neil Wilcox – Director of Finance and Resources		1	6	1
Creditors	Neil Wilcox – Director of Finance and Resources		3	3	1
Budgetary Control	Neil Wilcox – Director of Finance and Resources	Effectiveness 	1	1	0
		Controls 			
Follow Up Q1	Neil Wilcox – Director of Finance and Resources	Little Progress			
Follow Up Q2	Neil Wilcox – Director of Finance and Resources	Little Progress			

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
Follow Up Q3	Neil Wilcox – Director of Finance and Resources	Little Progress			
Follow Up Q4	Neil Wilcox – Director of Finance and Resources	Little Progress			
Schools Financial Value Standard	Neil Wilcox – Director of Finance and Resources		1	3	0
Governance – Overview and Scrutiny Committee	Neil Wilcox – Director of Finance and Resources		0	3	0
Children's Centres	Cate Duffy - Director, Children, Learning and Skills		5	2	0
School Reviews - Baylis Court Nursery	Cate Duffy - Director, Children, Learning and Skills		11	0	0
Policies and Procedures	Neil Wilcox – Director of Finance and Resources		5	4	0
School Reviews - St Bernard's	Cate Duffy - Director, Children, Learning and Skills		4	2	0
Treasury Management	Neil Wilcox – Director of Finance and Resources		5	3	0
Slough Urban Renewal	Joe Carter - Director of Regeneration		5	2	0
Contracts Management - Buoygues	Joe Carter – Director of Regeneration		1	3	0
Capital	Neil Wilcox – Director of Finance and Resources		6	3	0
Rent Accounts	Neil Wilcox – Director of Finance and Resources		2	1	0
Risk Management	Neil Wilcox – Director of Finance and Resources		5	3	0

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
Payroll	Neil Wilcox - Director of Finance and Resources		4	3	0
Asset Register	Neil Wilcox – Director of Finance and Resources		4	3	0
General Ledger	Neil Wilcox – Director of Finance and Resources		2	2	0
Governance – Sub Committee Effectiveness	Neil Wilcox – Director of Finance and Resources		8	0	0
Contract Management - Osborne Property Services Limited	Joe Carter – Director of Regeneration		4	2	0
Council Tax (Draft)	Neil Wilcox – Director of Finance and Resources		0	2	0
Agresso Self-Service	Neil Wilcox – Director of Finance and Resources		4	2	0
Adult Education Service – Ofsted Inspection	Alan Sinclair - Director of Adults and Communities		5	0	0
Cash Collection and Management	Neil Wilcox – Director of Finance and Resources		2	0	0
Housing Benefit	Neil Wilcox – Director of Finance and Resources		3	0	0
Business Rates	Neil Wilcox – Director of Finance and Resources		0	0	0
Whistleblowing (DRAFT)	Neil Wilcox – Director of Finance and Resources	ADVISORY	6	2	2
Parish Council Governance	Neil Wilcox – Director of Finance and Resources	ADVISORY	13 actions agreed		
Adult Social Care - Management of Income	Alan Sinclair - Director of Adults and Communities	ADVISORY	11 actions agreed		

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual Assignment Report.

We use the following levels of opinion classification within our internal audit reports. Reflecting the level of assurance the board can take:

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

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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. Actions for improvements should be assessed by you for their full impact. 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.

Our report is prepared solely for the confidential use of Slough Borough Council and solely for the purposes set out herein. 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 third party which obtains access to this report or a copy and chooses to rely on it (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 you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

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

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.



SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

**For the Audit and Corporate Governance
Committee on 30th July 2019**

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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1 INTRODUCTION

The Internal Audit Plan for 2018/19 was approved by the Audit and Corporate Governance Committee on 8th March 2018. This report provides a summary update on progress against that plan as at the 17th July 2019.

2018/19 Internal Audit Plan

We have finalised **14** 2018/19 reports since the previous Audit and Corporate Governance Committee meeting held in March 2019.

- Business Rates – (**Substantial assurance**)
- Housing Benefits (**Substantial assurance**)
- Risk Management – (**Reasonable assurance**)
- Payroll – (**Reasonable assurance**)
- Asset Register (**Reasonable assurance**)
- Governance – Sub Committee Effectiveness (**Reasonable assurance**)
- Agresso HR – Self Service (**Reasonable assurance**)
- Adult Education Service OFSTED Inspection – (**Reasonable assurance**)
- Contract Management Osborne Property Services Ltd – (**Reasonable assurance**)
- General Ledger – (**Reasonable assurance**)
- Follow Up Q4 – (**Little Progress**)
- Creditors (**Partial assurance**)
- Debtors - (**No assurance**)
- Budgetary Control – (**Partial / Reasonable assurance**)

Of the above audits, both Creditors and Debtors resulted in negative opinions, and the issues identified in these reports were largely reflective of issues identified in previous years, including the timely completion of reconciliations by both arvato and the Council and issues with the processes for setting up and amending new suppliers. In addition, the Council's position in relation to parked invoices had worsened, year on year, however with the insourcing of the arvato contract, there is an opportunity to use these reports to ensure all control weaknesses and compliance issues are addressed. A summary of the high and medium actions is provided below in the appendices.

For the budgetary control review, while we found that the control framework in place was adequate, allowing the Council to take reasonable assurance over the controls for this area, the effectiveness of the controls, combined with challenges to achieve a balanced budget, resulted in the Council being only able to take partial assurance over the effectiveness of controls in place for this area.

In addition, Follow Up Q4 resulted in a Little Progress opinion, similar to the other three follow up audits issued in 2018/19, indicating the need for management to investigate issues with implementing Internal Audit actions. Audits included as part of this review where evidence of implementation was lacking include:

- Information Governance
- Voids
- Contract Procedure Rules

A summary including medium and high priority management actions agreed from finalised 2018/19 reports, which resulted in a negative opinion (partial assurance / no assurance or little / poor progress), has been included within Appendix A below.

In addition, we have issued the following four reports in draft as part of the Internal Audit Plan for 2018/19:

- Conflicts of Interest (**Partial assurance**)– issued 28th September 2018
- Whistleblowing – (**Advisory**) – 21st December 2018
- Housing Revenue Account - (**Partial assurance**) – issued 23rd May 2019
- Council Buy Backs – (**No assurance**) – issued 23rd May 2019

2019/20 Internal Audit Plan

The Internal Audit Plan for 2019/20 was approved by the Audit and Corporate Governance Committee on 7th March 2019. This report also provides a summary update on progress against that plan as at the 17th July 2019.

We have finalised one 2019/20 report since the previous Audit and Corporate Governance Committee meeting held in March 2019:

- School Audits - Penn Wood School – (**Substantial Assurance**)

In addition, we have issued the following three reports in draft as part of the Internal Audit Plan for 2019/20:

- School Audits – Slough Centre Nursery (issued 27th June 2019)
- Follow Up Q1 (issued 10th July 2019)
- Allotment Charges (issued 14th June 2019)

2 SUMMARY OF PROGRESS TO DATE 2018/19

Reports shown in bold have been finalised. The table below is a summarised version of the audits reported to this committee and the remaining audits.

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
Debtors Management	Q3	Final Report	7th April 2019	30th April 2019		0	6	1
Follow Up Q4	Q4	Final Report	28th March 2019	10th April 2019	Little Progress			
Creditors	Q4	Final Report	7th April 2019	29th May 2019		3	3	1
Budgetary Control	Q3	Final Report	23rd May 2019	16th July 2019	 	1	1	0
Risk Management	Q3	Final Report	22nd January 2019	1st March 2019		5	3	0
Payroll	Q3	Final Report	10th April 2019	15th April 2019		4	3	0
Assets	Q4	Final Report	12th April 2019	24th April 2019		4	3	0
OFSTED Preparedness	Q4	Final Report	25th May 2019	8th July 2019		5	0	0

Governance – Sub Committee Effectiveness	Q4	Final Report	11th April 2019	8th July 2019		8	0	0
General Ledger	Q3	Final Report	3rd January 2019	17th July 2019		2	2	0
Housing Benefit	Q3	Final Report	9th December 2018	20th March 2019		3	0	0
Business Rates	Q3	Final Report	14th April 2019	14th April 2019		0	0	0
Conflicts of Interest	Q2	Draft Report	27 th September 2018					
Whistleblowing	Q2	Draft Report	21 st December 2018					
Contract Management – Osbornes	Q4	Draft Report	30 th April 2019					
Agresso Self Service	Q4	Draft Report	1 st May 2019					
Council Buy Backs	Q4	Draft Report	23 rd May 2019					
Housing Revenue Account	Q4	Draft Report	23 rd May 2019					
Council Tax	Q3	Draft Report	19 th July 2019					
Business Continuity and Disaster Recovery	Q4	Undertaken as advisory work by our Consulting Team.						
Buildings Compliance Management	Q4	Undertaken as advisory work by our Consulting Team.						

* Please note change from agreed plan, see details below.

2019/20 Internal Audit Plan

Assignment area	Timing Per Approved IA Plan	Fieldwork date/status	Draft report	Final report	Opinion	Actions		
						L	M	H
School Reviews (Penn Wood school)	Q1	Final Report	27th June 2019	8th July 2019		0	0	0
Allotments	Q1	Draft Issued	14 th June 2019					
School Reviews (Slough Centre Nursery)	Q1	Draft Issued	27 th June 2019					
Follow Up - Q1	Q1	Draft Issued	10 th July 2019					
Major Infrastructure Projects	Q1	In Progress						
Risk Management	Q1	In Progress						
Safety Advisory Group	Q1	In QA						
Fire Safety	Q1	In QA						
Governance - James Elliman Homes	Q1	In QA						
Regulatory Services - Cash Handling Arrangements	Q2	In QA						
Health & Safety	Q2	In Progress						
Workforce Planning	Q2	In progress through our employer solutions team						
Temporary Accommodation Strategy	Q2	Scoped						

Assurance Mapping	Q2	Dates Agreed
Follow Up - Q2	Q2	Dates Agreed
Rent Arrears Recovery	Q2	Dates Agreed
Budgetary Control & Financial Reporting	Q3	Dates Agreed
Creditors	Q3	Dates Agreed
School Reviews	Q3	Dates Agreed
Debtors Management	Q3	Dates Agreed
Payroll	Q3	Dates Agreed
School Reviews	Q3	Dates Agreed
Treasury Management	Q3	Dates Agreed
Council Tax	Q3	Dates Agreed
Capital	Q3	Dates Agreed
Rent Accounts	Q3	Dates Agreed
General Ledger	Q3	Dates Agreed
Cash Handling	Q3	Dates Agreed
Housing Benefit	Q3	Dates Agreed

Business Rates	Q3	Dates Agreed
Follow Up - Q3	Q3	Dates Agreed
Assets	Q4	Dates Agreed
Continuing HealthCare	Q4	Dates Agreed
Matrix	Q4	Dates Agreed
Governance	Q4	Dates Agreed
Follow Up - Q4	Q4	Dates Agreed
Delivery of the Transformation Programme Board	Q4	Dates Agreed
Heathrow Strategic Planning Group (HSPG)	TBC	
Direct Services Organisation	TBC	To be undertaken by Consulting Team
Contract Management - Everyone Active Leisure Contract	TBC	
Emergency Planning / BCP Support	In Progress	

3 OTHER MATTERS

3.1 Changes to the 2019/20 audit plan

Auditable area	Reason for change
2019/20 Internal Audit Plan	There have been no proposed changes to the Internal Audit Plan

3.2 Impact of our work to date on year end opinion

The assurances given in our audit assignments are included within our Annual Report which is presented as a separate agenda item to this committee meeting. In particular, the Committee should note that any negative assurance opinions ('No Assurance' or 'Partial Assurance' opinions, or poor or little progress on follow ups) will need to be noted in the annual report and may result in a qualified or negative annual opinion.

Where we have issued any negative opinions, ie 'no assurance' (red), 'partial assurance' (amber / red) or 'little or poor' progress follow up reports, these opinions will impact our 2019/20 Head of Internal Audit Opinion for the Council. To date we have not issued any partial assurance opinions for the 2019/20 financial year.

3.3 Added value specialist support

Area of work	How this has added value
Business Continuity	We were requested by the Director of Finance and Resources to undertake support work to assist the council with the implementation and roll out of business continuity arrangements across the Council.
Whistleblowing	Due to the nature of the review and the skills within the firm, we have involved our Fraud Risk Services team to undertake this review and the report has currently been issued in draft form to the Council, and we are still awaiting the Council to finalise this report.
Health and Safety Compliance Support	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. 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. To date three phases of this work have been completed and the reports provided to the Council.

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 March 2019:

£5.3bn EU cash countdown

The Local Government Association (LGA) has called for the government to work with local areas to set out a firm plan to replace the European Structural and Investment Fund (ESIF) 2014 to 2020 programme when it comes to an end in December next year. The LGA notes that local areas are at risk of losing out on £5.3bn in just 18 months should the government not replace the funding arrangements once the UK leaves the EU. Cllr Kevin Bentley, Chairman of the LGA's Brexit Taskforce, stated 'with national funding for regeneration increasingly being depleted, all local areas have become increasingly reliant on EU money and local areas are desperate to get on with creating jobs, building infrastructure and boosting growth.'

Audit quality of councils will face examination in new independent review

James Brokenshire, Communities Secretary, has launched a review into the quality of local authority audits and whether they are spotting warning signs early enough. The review will examine the effectiveness of local authority financial reporting and audit regime. Local authorities in England are responsible for 22 per cent of total UK public sector expenditure so the way local authorities report their accounts must be of the highest level of transparency and quality. The review will also look at how councils publish their annual accounts and if their financial reporting system is sufficiently transparent to be held to account. The review will be led by the former President of the Chartered Institute of Public Finance Sir Tony Redmond.

Local government workforce survey 2017/18

The Local Government Authority (LGA) has published a report providing information on key elements of the workforce within local authorities. The survey was available to complete online between February and April 2019. The final overall response rate from the workforce survey was 50 per cent (174 councils). Key findings from the survey include:

- the median gross training expenditure per full time equivalent employee was £143 and 60 per cent of councils planned to maintain current levels of spending during 2018/19;
- the median gross training expenditure on member development per councillor was £76 and just 52 per cent of respondents planned to maintain current levels of spending during 2018/19;
- in 2017/18 there was a median of 14 apprentices, nine work experience placements and one graduate placement per council;
- 78 per cent of respondents noted that their council was currently experiencing recruitment and retention difficulties;
- 75 per cent of councils used targeted recruitment campaigns to correct the difficulties they were having with recruitment and retention;
- 99 per cent of councils said they encourage staff to work flexibly and 93 per cent stated that flexible working is available to employees at all levels and across all departments within the organisation, where it is operationally feasible; and
- the most frequently reported cause of sickness absence was stress, depression, anxiety, mental health and fatigue.

Changes to the local valuation cycle and management of employer risk

The Ministry of Housing, Communities and Local Government (MHCLG) has launched a consultation seeking views on policy proposals to amend the rules of the local government pension scheme in England and Wales. The consultation covers the following areas:

- amendments to the local fund valuations from the current 3-year (triennial) to a 4-year (quadrennial) cycle;
- a number of measures aimed at mitigating the risks of moving from a triennial to a quadrennial cycle;
- proposals for flexibility on exit payments;
- proposals for further policy changes to exit credits; and
- proposals for changes to the employers required to offer local government pension scheme membership.

The consultation closes on 31 July 2019

Government review confirms local authorities will continue to commission public health services

Following its review on public health services, the Department for Health and Social Care (DHSC) has concluded that services will be more joined-up if local authorities and NHS work more closely together on public health. The DHSC also added that prevention must also be embedded in a wide range of health services. Matt Hancock, Health and Social Care Secretary, stated 'we are committed to supporting and encouraging joined-up commissioning of these services by local government and the NHS. Our prevention green paper, which we will publish soon, will give people an opportunity to let us know their views on how we achieve this and build on the excellent local practice happening across the country.'

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Communities to benefit from new housing infrastructure rules

The Ministry of Housing, Communities and Local Government (MHCLG) has confirmed that new rules will be put in place which will make the way housing developers 'stump up money' for infrastructure simpler and more transparent. Councils will be required to report the deals done with developers and set out ways in which the money will be spent allowing residents to see every step taken to secure their area is ready for new housing. Kit Malthouse stated, 'the reforms not only ensure developers and councils don't shirk their responsibilities, allowing residents to hold them to account - but also free up councillors to fund bigger and more complicated projects over the line.'

Council Tax levels set by local authorities in England 2019 to 2020

The Ministry of Housing, Communities and Local Government (MHCLG) has published revised versions of Council Tax levels set by local authorities in England 2019 to 2020. The publication published provides information derived from the council tax requirement (CTR) returns submitted by all 317 billing authorities and all 98 major precepting authorities in England during February and March 2019

Paying the right level of Council Tax

The MHCLG has published a guide to how the Council Tax system operates in England and highlights the discounts and exemptions available to ensure families are not paying more than they should. Rishi Sunak, Local Government Minister stated, 'Council Tax is a vital source of funding for local government, supporting most of the day-to-day services we all use and rely on. However, no one should be paying more than their fair share. We want to help people keep more of what they earn which is why we've produced this easily-accessible guide explaining the discounts and exemptions available – many of which people may never even knew existed.'

Schools staying with their council more likely to remain good/outstanding

Angel Solutions has published a [report](#) commissioned by the Local Government Association (LGA) looking at primary and secondary schools Ofsted grades over the past five years and compares those which remained council-maintained to those that are academies.

Local Government Governance and Accountability

The Public Accounts Committee (PAC) has published a report on 'Local Government Governance and Accountability.' The report follows an inquiry into governance and accountability of local government which heard examples of audit committees not providing sufficient assurance, ineffective internal audit and weak arrangements for the management of risk in commercial investments. The PAC concluded that;

- the Ministry of Housing, Communities & Local Government (MHCLG) is not yet providing effective leadership of the local governance system;
- the MHCLG does not know why some local authorities are raising concerns that external audit is not meeting their needs;
- the MHCLG lacks reliable information on key governance risks, or relies on weak sources of information, meaning it has no way of pinpointing the at-risk councils;
- the MHCLG's monitoring is not focused on long-term risks to council finances and therefore to services; and
- there is a complete lack of transparency over both the MHCLG's informal interventions in local authorities with financial or governance problems and the results of its formal interventions.

The PAC sets out several recommendations in their report. Recommendations include:

- the MHCLG should write to the PAC within the next six months, setting out: its overall plan for improving its oversights and its progress in working more effectively with other government departments to understand overall pressures on service sustainability;
- the MHCLG's proposed review of the work of independent auditors should be conducted independently and should ensure that concerns from some local authorities over current fee levels and the contribution of external audit are examined fully and rigorously. The review should assess whether external audit is providing an effective service and meeting the needs of local authorities;
- the MHCLG should assess the governance evidence base available to it currently and write to the PAC by November 2019 setting out how it will address gaps it has identified;
- the MHCLG should assess and monitor the scale of long-term risk that authorities might have exposed themselves to through their commercial investments and ventures; and
- the MHCLG should set out how it will improve transparency over its engagement on governance issues with individual local authorities.

Guidance for new councillors 2019/20

The Local Government Association (LGA) has published its 'guidance for new councillors 2019/20'. The guide is designed to provide councillors with the essential information needed as a new councillor and is a useful addition to the support and guidance councillors will receive from their own council. The guidance explores some of the main issues and challenges facing local government today and includes hints and tips from experienced councillors.

Resident satisfaction with councils

LGA has published a report entitled 'polling on resident satisfaction with councils' outlining the 22nd set of results in a series of regular public polls on resident satisfaction with local councils, conducted every four months. Key findings from the report include:

- 81 per cent of respondents were satisfied overall with their local area as a place to live;
- 60 per cent of respondents were satisfied overall with the way their local council runs things;
- 59 per cent of respondents said their council keeps residents informed about the services and benefits it provides;
- 60 per cent of respondents said they trusted their council either 'a great deal' or 'a fair amount';
- 58 per cent of respondents replied positively when asked if their council acts on the concerns of local residents; and
- 44 per cent of respondents said they 'strongly agreed' or 'tended to agree' that their council provides value for money with a further 31 per cent giving a neutral response.

Embrace the benefits of public scrutiny, councils told

The MHCLG has published new guidance for local and combined authorities stressing the role of their scrutiny committees in holding them to account over local decision-making. Developed by the government in consultation with the public sector, the guidance outlines what effective scrutiny looks like and the positives it can bring to local authorities. Rishi Sunak, Minister for Local Government stated, 'scrutiny committees form an integral part of the work of councils in delivering services by acting on behalf of residents to hold councillors and staff to account for the important decisions they make.'

NLGN leadership index

The New Local Government Network (NLGN) has published findings from its quarterly 'leadership index' survey of chief executive, leaders and council mayors from local authorities across the UK. It asks their level of confidence in key service areas as well as wider indicators of community wellbeing. Key points from the report include:

- 41 per cent of councils think they are unlikely to eliminate rough sleeping by 2027;
- 26 per cent of councils chiefs say they are unable to halve rough sleeping by 2022;
- 67 per cent of councils think they do not have sufficient funding to fulfil their statutory duty to prevent homelessness;
- 9 per cent of council chiefs state that they do have adequate funding to meet new requirements;
- 65 per cent of council chiefs think Universal Credit is increasing homelessness in their areas, with only 2 per cent saying it has led to a decrease; and
- 78 per cent of council chief executives, leaders and mayors of predominately urban areas state that universal credit has prompted a rise in homelessness.

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

Creditors (38.18/19) – PARTIAL ASSURANCE				3 - Low 2 - Medium 1 - High
<p>We identified issues in the following areas which led to actions being agreed:</p> <p>Amendments to Supplier Accounts</p> <p>We found that no verification checks had been undertaken for eight of our sample of 10 supplier changes tested. Without verification checks, there is the risk that inappropriate and unauthorised changes may be made to supplier account details. We have agreed a management action in this regard, relating to the maintenance of an amendment tracker. (High)</p> <p>Through review of a sample of ten amendments, we found that there was no detail regarding the type of amendment made within the workflow and so supporting documentation had to be consulted to identify this. We noted that our management action to introduce supplier amendment forms made as part of the previous audit had not been implemented, nor had the amendment logging issue been rectified.</p> <p>Without a clear audit trail, the Council cannot provide themselves with assurance that amendments made to supplier accounts has been done so appropriately. If amendments are inappropriately made, there is a risk of reputational damage where inappropriate payments are made in error or due to fraud (Medium)</p> <p>Processing of Invoices and Credit Notes</p> <p>For our sample of 20 invoices, we confirmed a three-way match with the relevant purchase order number and goods received note. We noted that although invoices were processed in a timely manner upon receipt by arvato, we identified late payment (payment after 30 days) for eight of our sample which had been caused by delays in Council staff forwarding documentation to the P2P team.</p> <p>We selected a sample of 20 credit notes processed in the current financial year and tested for timeliness and the accuracy of processing. We identified for two credit notes delays in processing due to the reason described above.</p> <p>If accounts payable documentation is not sent to the P2P team in a timely manner, there is a risk of reputational damage and potential interest charges where late payments are made. (Medium)</p>				
Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible

1	<p>The Council will implement an amendment tracker, which details the following:</p> <ul style="list-style-type: none"> • The supplier; • The date on which an amendment was requested; • The individual requesting the amendment; • The method of contact (requesting the amendment); • The date on which verification checks were undertaken; • The method of verification check and individual responsible; • The details of the amendment (including type and date of); and • The individuals responsible for amending the account and checking the amendment entry. • All relevant staff will be informed of the method for the recording of supplier details amendments. <p>The tracker will be made accessible to all relevant staff.</p>	High	30 th July 2019	Simon Pallett – Service Lead, Digital and IT
2	<p>The process of inputting bank details for new suppliers will be subject to a verification check by a more senior manager via workflow, ensuring that the correct details have been entered onto the Agresso system.</p>	Medium	30 th July 2019	Simon Pallett – Service Lead, Digital and IT
3	<p>SBC staff will be reminded of the requirement to forward any relevant accounts payable documentation, including invoices and credit notes, to arvato as soon as possible.</p>	Medium	30 th July 2019	Barry Stratfull – Service Lead, Finance

<p>Debtors (31.18/19) – NO ASSURANCE</p>		<p>0 - Low 6 - Medium 1 - High</p>
<p>We identified the following weaknesses which resulted in six medium priority management actions and one high priority management action being agreed:</p> <p>Raising of Invoices</p> <p>Where invoices are raised, the Council does not require invoices to be independently reviewed prior to being sent to Debtors as a preventative control to stop inappropriately raised invoices to being distributed. Instead, the Council provides training via the Council's e-learning pool to ensure invoices are raised as appropriate.</p> <p>We obtained the training materials provided and confirmed these to be appropriate with guidance provided over access and use of the Agresso self-service system in relation to raising invoices. We confirmed through discussion with the Head of Organisational Development that monitoring of mandatory e-learning modules takes place however, the module concerning guidance on raising invoices is not mandatory. As such, no monitoring of training completion is undertaken.</p>		

To quantify the extent to which invoices were inappropriately raised, we obtained a report of all credit notes since April 2018 and performed a key word search including words such as 'error' and 'incorrect' to identify where invoices had been inappropriately raised.

We identified that 170 of the 790 credit notes raised (22%) between April 2018 and November 2018 had been raised due to an error in the invoicing thus indicating a potential training need. Actions regarding monitoring of training undertaken has been agreed as part of 2016/17 and 2017/18 Debtors Management reviews. This action has not been implemented. If training is not monitored there is a risk that users will not undertake required training, and could lead to incorrect processes being followed, or invoices being inappropriately raised. **(Medium)**

Credit Notes

We reviewed the workflow evident on Agresso for a sample of 20 credit notes raised since April 2018. We noted two instances where the credit note had not been approved in a timely manner. Most notably, one of the credit notes had been approved 178 days after the request had been made. Through discussion with the Agresso Consultant, we were advised that this delay was caused by the credit note being incorrectly completed, causing it to bounce back to the requester.

An action had been raised as part of the Debtors Management 2017/18 review, whereby the Council would undertake monthly review of credit notes awaiting approval, however we identified that this has not yet been implemented. Had the action been implemented, it is likely that the credit note awaiting approval 178 days may have been identified and addressed accordingly. If credit notes are not processed in a timely manner, there is a risk of the Council suffering reputational damage where debtors have not had their accounts credited.

We also noted that none of our sampled credit notes had any supporting documentation retained via Agresso. By not providing supporting documentation, there is a risk of a loss of income if credit notes are inappropriately approved without supporting documentation. **(Medium)**

Parked Debt

Through review of the October 2018 parked debt report, we identified that the Council's level of 'parked' debt was currently at £4,725,100. As part of our 2017/18 Debtors Management review, we identified as at September 2017, the level of parked invoices was at £2,993,187 and debt could be 'parked' without Council approval.

Through discussion with the Agresso Consultant, we identified that the Council had initially turned off the function within Agresso to enable debt to be 'parked', however this function has since been turned back on and thus causing the increasing levels of debt. We additionally identified that Agresso has not since been amended to include a workflow for the approval of 'parked' debt. Without appropriate controls around authorisation for invoices to be parked, there is a risk that debts that are recoverable being inappropriately deemed irrecoverable, which could result in financial loss and impact cash management as the amount of available cash is reduced.

Through review of a sample of ten parked debts, in five instances, no note or audit trail had been added to the system detailing when the debt had been parked and the reason for this. If reasons for parking invoices are not documented, there is a risk that the Council will not be able to evaluate the appropriateness of the invoices being parked. **(High)**

Debt Recovery

The Council does not currently have a Debt Recovery Policy that is reflective of current practice or utilised by debt recovery staff. The Council are in the process of defining a policy and are aiming for it to be in place by January 2019. However, without a clearly defined debt recovery policy, there is a risk that practices administered with regards to debt recovery are not consistently applied. This may lead to inadequate chasing of debt leading to financial losses where debt cannot be recovered. **(Medium)**

Additionally, we performed sample testing for 20 invoices present on the October 2018 Aged Debt report. Through our testing, we confirmed in 18 instances, a first reminder and final warning letter had been sent out to the debtor, however in two instances, this had not occurred. We also identified exceptions with the procedures followed by Accounts Receivable staff with regards to no clear, consistent procedure being followed with regards to debt recovery following the final warning letter. We also noted that staff inconsistently leave notes on the system and thus do not provide a sufficient audit trail to explain changes to the status of the debt (for example, if the debt has been parked or the debtor has been contacted).

Without consistent practice being administered with regards to debt recovery, there is a risk that debts may not be recovered in a timely manner. **(Medium)**

Write Offs

We were advised by the Head of Transactional Finance that the Council are currently unable to process write off's on Agresso and this is due operational staff not being aware of how to process a write off proposal report. We identified that the individual who had historically run write off request reports is currently on sick leave and, in their absence, no procedural guidance is in place. Without procedural guidance in place, there is a risk that the continuity of various practices administered across to the arvato team may be compromised where key staff are absent. **(Medium)**

Reconciliations

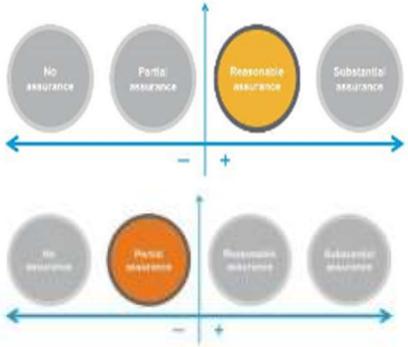
The Finance Team perform accounts receivable cash and control account reconciliations on a monthly basis. We obtained the reconciliations undertaken between April and October 2018 and identified that for five of the accounts receivable cash reconciliations and four of the control account reconciliations, there was no evidence of a reviewer's signature present on the reconciliation top sheet. We also noted that the reconciliations were presented in an unorthodox format for six of the seven months sampled, with only the October 2018 reconciliation providing information of total balances on the cover sheet. Furthermore, the control account reconciliation undertaken for May 2018 had been completed 35 business days after the month end.

If reconciliations are not completed and reviewed in a timely manner with any differences clearly documented, there is a risk that these differences may not be identified in a timely manner in order to ensure that these can be rectified ensuring the integrity of the financial systems. **(Medium)**

Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
1	The Finance Team at the Council will conduct a review of all parked invoices, to establish whether there are valid reasons for these invoices not being chased. All invoices where there are no valid reasons for parking will be chased through the Council's debt management process.	High	30 th June 2019	Barry Stratfull – Service Lead - Finance

	As part of this, guidance will be provided to Council staff requesting them to only park invoices had it been approved by the Service Lead – Finance and where debts are parked, an audit trail will be maintained on Agresso to support the reasons for parking the debt as well as approval from the Council.			
2	<p>The Council will ensure that all staff responsible for raising invoices and credit notes on Agresso undertake training and training records thereof will be maintained. Exception reports of staff who have not taken training will be forwarded to responsible line managers with an instruction for relevant staff members to complete the training.</p> <p>As part of this action the content of the training provided will be reviewed by Finance to ensure that the content adequately describes the process to be followed.</p>	Medium	30 th June 2019	Barry Stratfull – Service Lead, Finance
3	<p>The Council will send out guidance to staff to advise them to attach supporting documentation to all credit notes requests.</p> <p>Following this, where credit notes are raised, supporting documentation will be uploaded to Agresso to substantiate the request for raising a credit notes in all cases.</p>	Medium	30 th June 2019	Barry Stratfull – Service Lead, Finance
4	<p>The Council will produce a revised Debt Recovery Policy. The Policy will be reviewed and approved via appropriate forums which include the Operations Board as to ensure oversight from arvato.</p> <p>The policy will be designed to provide guidance to staff chase debt in a systematic manner.</p>	Medium	30 th June 2019	Barry Stratfull – Service Lead - Finance
5	<p>The Accounts Receivable team will enquire with the Agresso Support Team as to how the faulty reminder run may have occurred. The outcomes of this enquiry will be used to provide the team with assurance that reminder runs distribute reminders to all relevant debtors.</p> <p>Following the production of a Debt Recovery Policy, the Head of Transactional Finance, will undertake monthly spot checks to confirm compliance against the stipulated debt recovery procedures.</p>	Medium	30 th June 2019	Barry Stratfull – Service Lead - Finance
6	<p>arvato will enquire with the Agresso Support Team to identify how write offs can be processed on Agresso.</p> <p>Following this, procedural guidance, (including succession planning) will be developed and will be made accessible to operational staff.</p> <p>The implementation of this action will be monitored by the Council to ensure compliance.</p>	Medium	30 th June 2019	Vijay McGuire – Service Lead Customer and Communications

7	We will ensure that reconciliations are completed in a timely manner and stored electronically, with evidence of a review taking place once completed to ensure a segregation of duties.	Medium	31 st May 2019	Kim Bryant – Group Accountant Financial Reporting
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<p>Budgetary Control (41.18/19) – PARTIAL / REASONABLE ASSURANCE</p>		<p>1 - Low 1 - Medium 0 - High</p>
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Adequacy of Controls (Reasonable Assurance)

Through our review, we found that generally the control framework around Budgetary Control was well designed. We have however identified some weaknesses related to the reporting and oversight of the budget information, in particularly the lack of reporting to the Audit and Corporate Governance Committee.

Effectiveness Opinion (Partial Assurance)

Whilst the Council can take reasonable assurance over the design and operation of controls in place for the monitoring of the delivery of the financial plan, due to demand led activity pressures the Council are forecasting a £3.326m overspend against budget for the financial year. Whilst this overspend will be covered by reserves, this will place further pressures on the amounts left in reserves and may leave the Council with a reduced ability to respond to any future levels of budget overspends or unexpected financial pressures and demand.

Our key finding was as follows:

Audit and Corporate Governance Committee

We were informed that the Audit and Corporate Governance Committee only receive the end of year financial statements and do not receive any finance and performance update reports. The purpose of this Committee is to advise and review the Council's processes for internal audit, internal control, risk management, financial management, standards and corporate governance, as well as independently scrutinising the Council's financial and non-financial performance. Whilst there is no requirement for the Committee to receive finance reports at each meeting it should be kept aware of any significant financial issues that impact on the financial management of the Council. Given that the Council has experienced an overspend for the majority of the year and therefore may fail to achieve its statutory breakeven duty then this could be considered a financial management issue that should have been formally notified to the Committee. If the Committee

are not receiving update reports, they are unable to undertake these functions and the consequences of this may include ineffective and inappropriate review and challenge of performance. **(Medium)**

Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
1	The quarterly finance report will be sent to audit committee in the next available meeting following the end of the quarter.	Medium	30 th September 2019	Barry Stratfull – Service Lead, Finance and Audit

Follow Up Q4 (30.18/19) – LITTLE PROGRESS

Little Progress

**0 - Low
8 - Medium
2 - High**

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion Slough Borough Council has demonstrated **poor progress** in implementing agreed management actions.

We identified through our fieldwork that from the 13 **medium** and four **high** priority management actions sampled, five of these (29%), had been fully implemented with a further one action superseded. However, we noted that of the remaining 11 actions, seven had been partially implemented whilst four were not implemented. Of those not implemented one related to a high priority management action on the Neighbourhood ASB enforcement audit (with the other three high priority management actions being partially implemented).

Actions predominantly not implemented mainly related to Contract Procedure Rules, Fixed Penalty Enforcement and Neighbourhood Anti-Social Behaviour (ASB) Enforcement.

Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
Contract Procedure Rules Review				
1	All duplicate payments identified for 2017/18 will be reviewed to establish the root cause and corrective action will be taken to reclaim incorrect payments where these are validated.	High	30 th April 2019	Barry Stratfull- Service Lead, Finance
2	The Council will review all expenditure incurred over the OJEU limits ensuring these reviews are evidenced appropriately with a log of management checks being maintained and will take appropriate action where necessary.	Medium	30 th September 2019	Fred Narmh- Head of Procurement

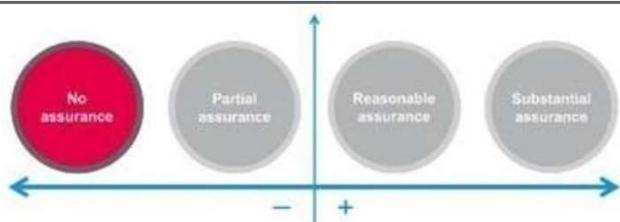
3	Expenditure between the £50,000 and the OJEU limits will be periodically checked to ensure compliance with the Contract Procedure Rules and Council's Constitution.	Medium	30 th June 2019	Frederick Narmh - Head of Procurement
4	Following further consultation HB Public Law, the Council will complete their review of the Procurement Operating Procedure notes. Upon completion, the notes will be formally reviewed and approved at the Finance DMT meetings and formally communicated to all staff.	Medium	31 st May 2019	Frederick Narmh - Head of Procurement
Fixed Penalty Enforcement – 17/18				
5	The Council will circulate the latest Fixed Penalty Notice (FPN) templates to relevant staff for use and ensure that dated versions are removed. Once implemented, evidence of this will be forwarded to the Risk and Insurance Officer for review.	Medium	28th February 2019	Ginny de Haan- Service Lead, Regulatory Services
Information Governance – 17/18				
6	Training reports will be discussed at monthly DMT meetings and CMT half-yearly and details of the discussion will be recorded in the minutes. Where poor training compliance is observed, actions will be devised in attempt to improve levels of training completed.	Medium	28th February 2019	Surjit Nagra – Service Lead, HR
7	The Information Security Awareness course will be reviewed and updated to ensure it includes reference to the Caldicott Principles. In addition, the Council will consider merging the Information Security Awareness and Data Protection Awareness courses to provide a single course covering data protection and information governance.	Medium	31 st March 2019	Alexander Cowen- IT & Business Relationship Manager
Neighbourhood ASB Enforcement - 17/18				
8	The Council will review the current structure and resources within Neighbourhood Enforcement teams and assess whether additional resources are required to ensure ASB cases are responded to in a timely manner. As part of this, the role of the Resilience and Enforcement Team in coordinating ASB activity will be reinforced.	High	30 th June 2019	Colin Moone- Service Lead, Housing Services
Voids – 17/18				

9	<p>The Capita system will record where recharges have been made and collected to enable sufficient oversight and to enable effective management over the recharges process.</p> <p>The Council will receive regular reports from Osborne in order to raise notification and issue of recharges to tenants and leaseholders.</p>	Medium	31 st March 2019	Trevor Costello - IT & Systems Project Manager
10	<p>Where possible, Pre-inspections will be carried out prior to the tenant moving out, where notice is given with the outcomes of this recorded on the CAPITA system.</p> <p>Housing Officers will also ensure that 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 pre-termination inspection visit will be sent confirming identified reports to be completed before vacation, which will be recorded on the CAPITA system.</p>	Medium	31 st March 2019	Liz Jones - Neighbourhoods Manager

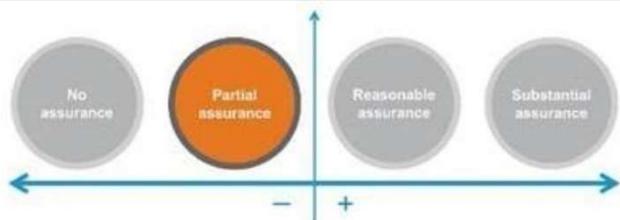
APPENDIX B: 2019/20 ASSURANCE OPINIONS

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.

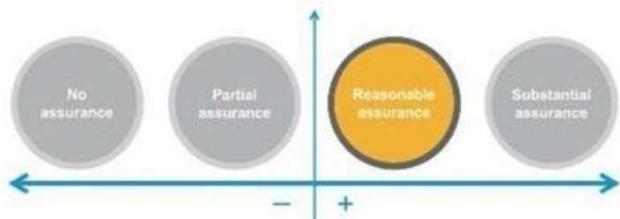
We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the Council can take:



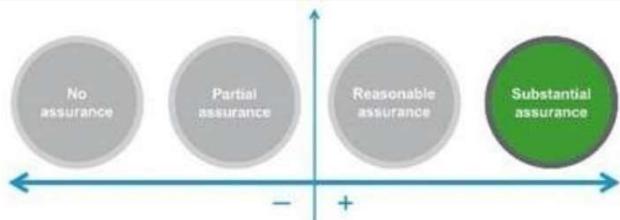
Taking account of the issues identified, the Council **cannot take assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).



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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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Corporate Governance Committee **DATE:** 30th July 2019

CONTACT OFFICER: Barry Stratfull, Service Lead Finance
(For all Enquiries) (01753) 875748

WARD(S): All

PART I
FOR DECISION**FINANCIAL STATEMENTS 2018/19**1. **Purpose of Report**

The purpose of this report is for Members to approve Slough's 2018/19 Statement of Accounts so that they can be published before the 31 July deadline.

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

That the Audit & Corporate Governance Committee comment on and approve the statements for publication.

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 strategic priorities.

Priorities:

- Protecting vulnerable children
- Increasing life expectancy by focussing on inequalities
- Improving mental health and wellbeing
- Housing

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 this report.

(b) Risk Management

<i>Recommendation</i>	<i>Risk/Threat/Opportunity</i>	<i>Mitigation(s)</i>
<i>That Audit & Corporate Governance Committee is requested to comment on and note the attached report</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 **Background**

- 5.1.1 Members of the Audit and Corporate Governance Committee would normally have the opportunity to receive and question the Council's external auditors at this meeting regarding the audit of the 2018/19 financial statements. The Committee would also be asked to approve the audited financial statements.
- 5.1.2 Like other audit firms Grant Thornton have experienced considerable shortfalls in experienced resources during the peak local government audit season. To ensure that they are able to provide the quality of work expected of them they have decided that they would be unable to complete this years audit by the end of July 2019. They have therefore deferred Slough's audit.
- 5.1.3 Grant Thornton have already reported the position to Public Sector Audit Appointments (PSAA) citing their resource constraints as the reason for the delay and have made it clear that they are taking full responsibility for the deferral.
- 5.1.4 Grant Thornton is working hard to ensure that the resource issues are resolved on a longer term basis. The audit began on the 16th July 2019 and it is expected that the audit report will be presented to the September meeting
- 5.1.5 Slough's position under the Accounts and Audit Regulations 2015 is to publish its statements of Accounts by 31 July. Where these are not audited, this must also include an explanation of why the audited accounts are not available by 31 July. Provided we do this we will not be in breach of our requirements under the Audit and Accountability Act 2014. The accounts are still required to be presented and approved by the Audit and Governance committee at this meeting to meet the statutory requirements prior to publication.
- 5.1.6 Local electors have been given full opportunity to inspect the accounts in line with the regulations.

5.1.7 The financial statements have been included as an appendix to this report.

6. **Comments of Other Committees**

There are no comments from other Committees

7. **Conclusion**

That the 2018/19 financial statements are approved for publication.

8. **Appendices Attached**

Statement of Accounts 2018/19 (Please see separate Appendix pack)

9. **Background Papers**

None.

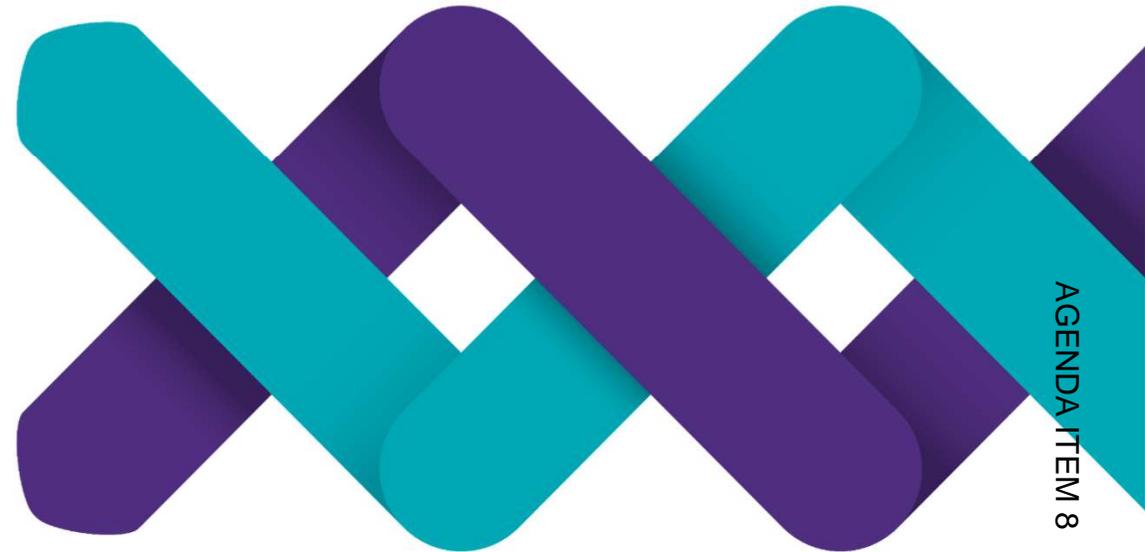
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Audit Progress Report and Sector Update

Slough Borough Council
Year ending 31 March 2019

July 2019

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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 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 www.grantthornton.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 July 2019

Financial Statements Audit

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

We commenced our interim audit in February 2019. Our interim fieldwork included:

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

In this context, we note that we have experienced some delays in respect of the opening balances for Property, Plant and Equipment during the course of the interim audit.

We understand that the Council are proposing a material Prior Period Adjustment to the 2018/19 opening balances which is subject to audit. We arranged with Officers that the testing of the balances would take place in January 2019 however we have experienced a number of delays in respect of this testing.

We are not able to confirm the opening balance position to date, and we are in discussions with management regarding this.

As set in more detail on page 8, the delivery of the 2018-19 audit has been delayed due to constraints in our audit resources. The statutory deadline for the publication of the Council's accounts remains unchanged at 31 July 2019. We are discussing our plan and timetable with officers to complete the audit as soon as possible after this date, with the intention of presenting our audit findings report and opinion to the September 2019 committee meeting.

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

Details of our initial risk assessment to determine our approach were included in our Audit Plan. We identified three significant Value for Money Risks – Medium Term Financial Strategy, Principles and Values of Sound Governance and Internal Control; and Children's Social Care services – and are currently carrying out our audit work on this.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion at the next Audit & Corporate Governance Committee meeting.

Other areas

Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. The certification work for the 2018/19 has not yet started. We will agree our overall project plan for completing this work with officers.

Meetings

We met regularly with Finance Officers and your Section 151 Officer, as part of our quarterly liaison meetings. We continue to discuss with finance staff emerging developments and issues, such as the McCloud pension issue, to ensure the audit process is smooth and effective. We also meet with your Chief Executive periodically to discuss the Council's strategic priorities and plans.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. We sent officers an invitation to our Financial Reporting Workshop in February 2019, which helps to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts. The Council's Officers attended this session.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Deliverables

2018/19 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2018/19.	April 2018	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit & Corporate Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2018/19 financial statements.	January 2019	Complete
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	July 2019	Presented
Audit Findings Report The Audit Findings Report will be reported to the next Audit & Corporate Governance Committee.	September 2019	Not yet due (Rescheduled)
Auditors Report This is the opinion on your financial statements, annual governance statement and value for money conclusion.	September 2019	Not yet due (Rescheduled)
Annual Audit Letter This letter communicates the key issues arising from our work.	October 2019	Not yet due (Rescheduled)

Audit Deliverables

Financial Statements Audit

As your auditors, we work very hard to conduct our work in as timely a manner as possible, and to provide the best service that we can. As you know, we resource our audits with specialist public sector auditors, steeped in local government audit and local experience. Our auditors are passionate about their work and are committed to doing a great job for the authorities they audit.

Unfortunately, such high performing and talented people can sometimes be in short supply, and we have noticed particular recent pressures which will impact the audit of the Council. To ensure we provide the quality of work that we all expect and to avoid untenable pressures on our auditors as well as your finance team, we have come to the decision that we will be unable to complete this year's audit by the end of July 2019. We have discussed this with your Section 151 Officer and we know that this will be a disappointment to you. We can confirm that this was not an easy decision to take and all alternatives were considered before taking this action, we can also reassure you that we are doing all we can to resolve this issue on a longer term basis.

In terms of the statutory position, the following will apply:

- The Council's responsibility under the Accounts and Audit Regulations 2015 is to publish an explanation of why the audited accounts are not available by 31 July 2019. The Regulations do not require the audit to be completed by this date.
- Provided it does this, the Council will not be in breach of its requirements under the Audit and Accountability Act 2014.
- We have reported the position to PSAA citing our resource constraints as the reason for the delay, and making it clear that the firm is taking full responsibility for the deferral. PSAA has since written to the Council to acknowledge this matter and the actions being taken to address this issue in the future.

The specific wording that you use to explain the delayed opinion is a matter for the Council for determine.

Once again, please accept our apologies that we will be unable to complete the audit by the end of July 2019. We would be happy to discuss further with you and your members the work that Grant Thornton is doing to influence various sector stakeholders to improve the future of local government financial reporting and external audit, including our ongoing commitment to the active recruitment of CIPFA trainees as well as experienced hires. We remain strongly committed to the local government sector and to wider public services.

Sector Update

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.

Page 95

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, the wider Local Government 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 & 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 by clicking on the logos below:



Public Sector



Local
government

Public Sector Audit Appointments – Report on the results of auditors’ work 2017/18

This is the fourth report published by Public Sector Audit Appointments (PSAA) and summarises the results of auditors’ work at 495 principal local government and police bodies for 2017/18. This will be the final report under the statutory functions from the Audit Commission Act 1998 that were delegated to PSAA on a transitional basis.

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.

For 2017/18, the statutory accounts publication deadline came forward by two months to 31 July 2018. This was challenging for bodies and auditors and it is encouraging that 431 (87 per cent) audited bodies received an audit opinion by the new deadline.

The most common reasons for delays in issuing the opinion on the 2017/18 accounts were:

- technical accounting/audit issues;
- various errors identified during the audit;
- insufficient availability of staff at the audited body to support the audit;
- problems with the quality of supporting working papers; and
- draft accounts submitted late for audit.

All the opinions issued to date in relation to bodies’ financial statements are unqualified, as was the case for the 2016/17 accounts. Auditors have made statutory recommendations to three bodies, compared to two such cases in respect of 2016/17, and issued an advisory notice to one body.

The number of qualified conclusions on value for money arrangements looks set to remain relatively constant. It currently stands at 7 per cent (32 councils, 1 fire and rescue authority, 1 police body and 2 other local government bodies) compared to 8 per cent for 2016/17, with a further 30 conclusions for 2017/18 still to be issued.

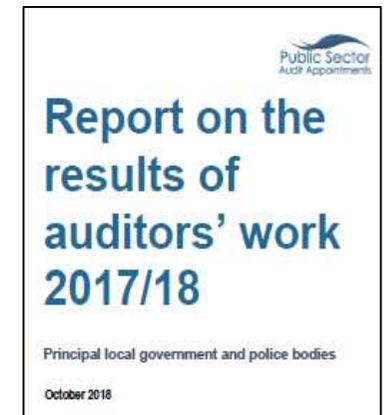
The most common reasons for auditors issuing qualified VFM conclusions for 2017/18 were:

- the impact of issues identified in the reports of statutory inspectorates, for example Ofsted;
- corporate governance issues;
- financial sustainability concerns; and
- procurement/contract management issues.

All the opinions issued to date in relation to bodies’ financial statements are unqualified, as was the case for the 2016/17 accounts.

The report is available on the PSAA website:

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



National Audit Office – Local auditor reporting in England 2018

The report describes the roles and responsibilities of local auditors and relevant national bodies in relation to the local audit framework and summarises the main findings reported by local auditors in 2017-18. It also considers how the quantity and nature of the issues reported have changed since the Comptroller & Auditor General (C&AG) took up his new responsibilities in 2015, and highlights differences between the local government and NHS sectors.

Given increasing financial and demand pressures on local bodies, they need strong arrangements to manage finances and secure value for money. External auditors have a key role in determining whether these arrangements are strong enough. The fact that only three of the bodies (5%) the NAO contacted in connection with this study were able to confirm that they had fully implemented their plans to address the weaknesses reported suggests that while auditors are increasingly raising red flags, some of these are met with inadequate or complacent responses.

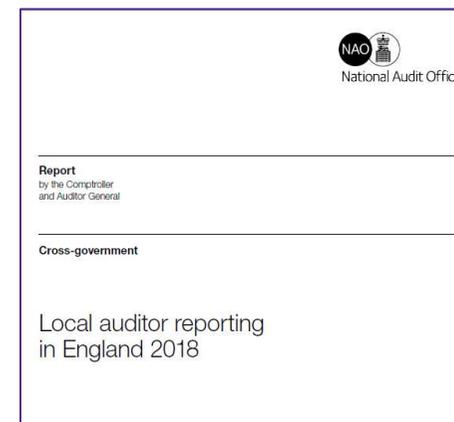
Qualified conclusions on arrangements to secure value for money locally are both unacceptably high and increasing. Auditors qualified their conclusions on arrangements to secure value for money at an increasing number of local public bodies: up from 170 (18%) in 2015-16 to 208 (22%) in 2017-18. As at 17 December 2018, auditors have yet to issue 20 conclusions on arrangements to secure value for money, so this number may increase further for 2017-18.

The proportion of local public bodies whose plans for keeping spending within budget are not fit-for-purpose, or who have significant weaknesses in their governance, is too high. This is a risk to public money and undermines confidence in how well local services are managed. Local bodies need to demonstrate to the wider public that they are managing their organisations effectively, and take local auditor reports seriously. Those charged with governance need to hold their executives to account for taking prompt and effective action. Local public bodies need to do more to strengthen their arrangements and improve their performance.

Local auditors need to exercise the full range of their additional reporting powers, where this is the most effective way of highlighting concerns, especially where they consider that local bodies are not taking sufficient action. Departments need to continue monitoring the level and nature of non-standard reporting, and formalise their processes where informal arrangements are in place. The current situation is serious, with trend lines pointing downwards.

The report is available on the NAO website:

<https://www.nao.org.uk/report/local-auditor-reporting-in-england-2018/>



National Audit Office – Local authority governance

The report examines whether local governance arrangements provide local taxpayers and Parliament with assurance that local authority spending achieves value for money and that authorities are financially sustainable.

Local government has faced considerable funding and demand challenges since 2010-11. This raises questions as to whether the local government governance system remains effective. As demonstrated by Northamptonshire County Council, poor governance can make the difference between coping and not coping with financial and service pressures. The Department (Ministry of Housing, Communities and Local Government) places great weight on local arrangements in relation to value for money and financial sustainability, with limited engagement expected from government. For this to be effective, the Department needs to know that the governance arrangements that support local decision-making function as intended. In order to mitigate the growing risks to value for money in the sector the Department needs to improve its system-wide oversight, be more transparent in its engagement with the sector, and adopt a stronger leadership role across the governance network

Not only are the risks from poor governance greater in the current context as the stakes are higher, but the process of governance itself is more challenging and complex. Governance arrangements have to be effective in a riskier, more time-pressured and less well-resourced context. For instance, authorities need to:

- maintain tight budgetary control and scrutiny to ensure overall financial sustainability at a time when potentially contentious savings decisions have to be taken and resources for corporate support are more limited; and
- ensure that they have robust risk management arrangements in place when making commercial investments to generate new income, and that oversight and accountability is clear when entering into shared service or outsourced arrangements in order to deliver savings.

Risk profiles have increased in many local authorities as they have reduced spending and sought to generate new income in response to funding and demand pressures. Local authorities have seen a real-terms reduction in spending power (government grant and council tax) of 28.6% between 2010-11 and 2017-18. Demand in key service areas has also increased, including a 15.1% increase in the number of looked after children from 2010-11 to 2017-18. These pressures create risks to authorities' core objectives of remaining financially sustainable and meeting statutory service obligations. Furthermore, to mitigate these fundamental risks, many authorities have pursued strategies such as large-scale transformations or commercial investments that in themselves carry a risk of failure or under-performance.

The report is available on the NAO website:

<https://www.nao.org.uk/report/local-authority-governance-2/>



National Audit Office – Planning for new homes

The National Audit Office (NAO) has recently published a report on *Planning for new homes*. This report is part of a series on housing in England, including *Housing in England: overview (2017)* and *Homelessness (2017)*. The latest report focuses on the Ministry of Housing, Communities and Local Government's (MHCLG's) objective for housing in England to deliver a million homes by the end of 2020; half a million by the end of 2022; and to deliver 300,000 net additional homes a year on average.

The report recognises that increasing the supply of new homes is a complex task and one of the measures MHCLG has introduced to help achieve the objective is reforming the planning system. The report notes that the planning system is fundamental to providing new homes and it assesses how effectively MHCLG supports the planning regime to provide the right homes in the right places through:

- supporting local authorities to produce plans for how the supply of new homes will meet need in their area;
- supporting local authorities and the Planning Inspectorate in having effective and sufficiently resourced planning processes and teams to deal with planning applications and appeals; and
- working effectively with local authorities, other government departments and developers to ensure infrastructure to support new homes is planned and funded.

The report finds that at present, the system is not providing value for money and that the supply of new homes has failed to meet demand. It notes that a number of factors have contributed to the planning system not working and some of these include:

- the process of setting the need for new homes;
- the reductions in local authority capability;
- the under-performing Planning Inspectorate; and
- failures in the system to ensure adequate contributions for infrastructure.

The report recognises that MHCLG's new National Planning Policy Framework is an important step, but it is too early to tell whether the changes it introduces will be effective. The report also makes a number of recommendations for MHCLG to implement alongside the framework to help the planning systems work more effectively.

The report concludes that the Department and government more widely need to take this much more seriously and bring about improvement if they are to meet their ambition of 300,000 new homes per year by the mid-2020s.

The report is available on the NAO website:

<https://www.nao.org.uk/report/planning-for-new-homes/#>



CIPFA – Financial Resilience Index plans revised

The Chartered Institute of Public Finance and Accountancy (CIPFA) has refined its plans for a financial resilience index for councils and is poised to rate bodies on a “suite of indicators” following a consultation with the sector.

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 put forward in the consultation by the 24 August.

CIPFA has also responded to concerns about the initial choice of indicators, updating the selection and will offer authorities an advanced viewing of results.

Plans for a financial resilience index were put forward by CIPFA in the summer. It is being designed to offer the sector some external guidance on their financial position.

CIPFA hailed the “unprecedented level of interest” in the consultation.

Responses were received from 189 parties, including individual local authorities, umbrella groups and auditors. Some respondents called for a more “forward-looking” assessment and raised fears over the possibility of “naming and shaming” councils.

CIPFA chief executive Rob Whiteman said with local government facing “unprecedented financial challenges” and weaknesses in public audit systems, the institute was stepping in to provide a leadership role in the public interest.

“Following the feedback we have received, we have modified and strengthened the tool so it will be even more helpful for local authorities with deteriorating financial positions,” he said.

“The tool will sit alongside CIPFA’s planned Financial Management Code, which aims to support good practice in the planning and execution of sustainable finances.”

CIPFA is now planning to introduce a “reserves depletion time” category as one of the indicators. This shows the length of time a council’s reserves will last if they deplete their reserves at the same rate as over the past three years.

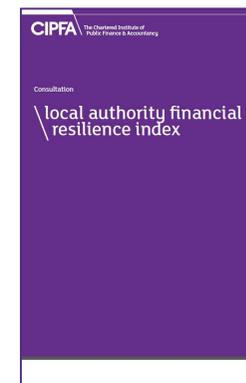
The consultation response document said this new category showed that “generally most councils have either not depleted their reserves or their depletion has been low”.

“The tool will not now provide, as originally envisaged, a composite weighted index but within the suite of indicators it will include a red, amber, green (RAG) alert of specific proximity to insufficient reserve given recent trajectories,” it said.

It also highlighted the broad support from the sector for the creation of the index. “There was little dissent over the fact that CIPFA is doing the right thing in drawing attention to a matter of high national concern,” it said.

“Most respondents agreed to the need for transparency – but a sizable number had concerns over the possibly negative impacts of adverse indicators and many councils wanted to see their results prior to publication.”

As such, CIPFA plans to provide resilience measurements first to the local authorities and their auditors via the section 151 officer rather than publishing openly.



ICAEW Report: expectations gap

The Institute of Chartered Accountants in England and Wales (ICAEW) has published a paper on the 'expectation gap' in the external audit of public bodies.

Context:

The expectation gap is the difference between what an auditor actually does, and what stakeholders and commentators think the auditors obligations might be and what they might do. Greater debate being whether greater education and communication between auditors and stakeholders should occur rather than substantial changes in role and remit of audit.

What's the problem?

• Short-term solvency vs. Longer-term value:

LG & NHS: Facing financial pressures, oversight & governance pressures

- **Limited usefulness of auditors reports:** 'The VFM conclusion is helpful, but it is more about the system/arrangements in place rather than the actual effectiveness of value for money'
- **Other powers and duties:** implementing public interest reports in addition to VFM
- **Restricted role of questions and objections:** Misunderstanding over any objections/and or question should be resolved by the local public auditor. Lack of understanding that auditors have discretion in the use of their powers.
- **Audit qualification not always acted on by those charged with governance:** 'if independent public audit is to have the impact that it needs, it has to be taken seriously by those charged with governance'
- **Audit & Corporate Governance Committees not consistently effective:** Local government struggles to recruit external members for their Audit & Corporate Governance Committees, they do not always have the required competencies and independence.
- **Decreased audit fees:** firms choose not to participate because considered that the margins were too tight to enable them to carry out a sufficient amount of work within the fee scales.
- **Impact of audit independence rules:** new independence rules don't allow for external auditors to take on additional work that could compromise their external audit role
- **Other stakeholders expectations not aligned with audit standards**

- **Increased auditor liability:** an auditor considering reporting outside of the main audit engagement would need to bill their client separately and expect the client to pay.

Future financial viability of local public bodies

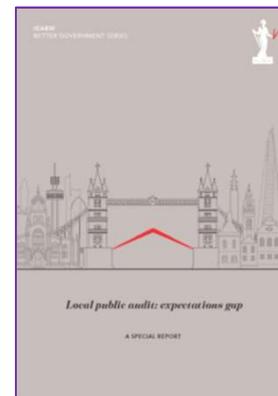
Local public bodies are being asked to deliver more with less and be more innovative and commercial. CFOs are, of course, nervous at taking risks in the current environment and therefore would like more involvement by their auditors. They want auditors to challenge their forward-looking plans and assumptions and comment on the financial resilience of the organisation..

The ICAEW puts forward two solutions:

Solution a) If CFOs want additional advisory work, rather than just the audit, they can separately hire consultants (either accountancy firms not providing the statutory audit or other business advisory organisations with the required competencies) to work alongside them in their financial resilience work and challenging budget assumptions.

Solution b) Wider profession (IFAC, IAASB, accountancy bodies) should consider whether audit, in its current form, is sustainable and fit for purpose. Stakeholders want greater assurance, through greater depth of testing, analysis and more detailed reporting of financial matters. It is perhaps, time to look at the wider scope of audit. For example, could there be more value in auditors providing assurance reports on key risk indicators which have a greater future-looking focus, albeit focused on historic data?

More information can be found in the link below (click on the cover page)



Brexit Room - Increasing readiness and resilience within your locality

Local authorities have always navigated uncertainty and faced challenges on behalf of communities and this role has never been more important than now. Whilst the outcome of Brexit remains uncertain at a national level, it is essential for councils to set a path to ensure the continued delivery of vital services and the best possible outcomes for their local communities and economies. Whatever happens over the coming weeks and months, it is important that councils identify key Brexit scenarios and use these to frame robust local contingency plans.

From our conversations with the sector we know that local authorities are at different stages in their preparation for this big change.

Here's a brief summary of the issues that we are seeing:

Organisations

- Engaging non-EEA nationals within the workforce to ensure they understand their residency rights and are not receiving incorrect information from other sources
- Loss of access to key EU databases on policing and trading standards and changes to data sharing arrangements
- Uncertainty around continuation of EU funding beyond 2020 and the implementation of the UK Shared Prosperity Fund.

Services and suppliers

- Engaging with key suppliers to assess their risk profiles and resilience
- Dealing with the immediate strain on key services such as social care and trading standards
- Potential disruption to live procurement activities and uncertainty around the national procurement rulebook post OJEU.

Place

- Considering scenarios for economic shock, the associated social impact in the short, medium and long-term and the potential impact on local authority financial resilience
- Potential impacts on major local employers, key infrastructure investment programmes and transport improvements
- Civil contingencies and providing reassurance and support to residents and businesses.

Our approach

The Brexit Room is a flexible and interactive half-day workshop designed to sharpen your thinking on the impact Brexit could have on:

Your organisation – including considerations on workforce, funding, and changes to legislation

Your services and suppliers – ensuring that critical services are protected and building resilience within supply chains

Your place – using our proprietary Place Analytics tools we will help you to understand potential impacts on your local communities and economy and develop a place-based response, working with partners where appropriate.

We can work with you to identify key risks and opportunities in each of these areas whilst building consensus on the priority actions to be taken forward. You will receive a concise and focused write-up of the discussion and action plan to help shape the next stages of your work on Brexit.

For more information, follow the link below:

<https://www.grantthornton.co.uk/insights/brexit-local-leadership-on-the-front-line/>

Links

Grant Thornton

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

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

National Audit Office

<https://www.nao.org.uk/report/local-auditor-reporting-in-england-2018/>

<https://www.nao.org.uk/report/local-authority-governance-2/>

<https://www.nao.org.uk/report/planning-for-new-homes/#>

Ministry of Housing, Communities and Local Government

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf

Institute for Fiscal Studies

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

Public Sector Audit Appointments

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

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SLOUGH BOROUGH COUNCIL**REPORT TO:** Audit & Corporate Governance Committee**DATE:** 30 July 2019**CONTACT OFFICER:** Sushil Thobhani, Service Lead Governance & Deputy Monitoring Officer**(For all enquiries)** (01753) 875036**WARD(S):** All**PART I**
FOR DECISION**REVISION OF THE CONSTITUTION****1 Purpose of Report**

The purpose of this report is to seek the approval of the Committee to revisions of the Council's Constitution and the agreement of the Committee to place these revisions before the Council for approval.

2 Recommendation to Council

That the revisions to the Council's Constitution as set out in this report be approved.

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 adoption of the revisions to the Council's Constitution recommended in this report will serve to enhance the delivery of these priorities through good governance procedures.

4 Other Implications**(a) Financial**

There are no direct financial implications arising from this report.

(b) Human Rights Act and Other Legal Implications

There are no Human Rights Acts implications arising from this report. Local Authorities have a statutory duty to prepare, keep up to date and publicise a constitution, whose contents are partly prescribed by statute and partly matters of local content, within a statutory framework.

Equalities Impact Assessment

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

5 **Supporting Information**

5.1 **Proposed New Contract Procedure Rules**

- 5.1.1 The Council's current contract procedure rules are contained in the Financial Procedure Rules in Part 4.6 of the Constitution. They constitute paragraphs 16.1 to 16.81 inclusive of those Financial Procedure Rules.
- 5.1.2 It is proposed that these contract procedure rules be revised in order to update and modernise them to accord with current best practice and to make them more easily understood and operated.
- 5.1.3 a draft set of new contract procedure rules have been prepared and are appended to this Report.
- 5.1.4 The Committee are asked to consider and approve these new set of rules to be place before full Council for adoption.

5.2 **Proposed amendments to the Constitution which seek to take account of the recommendations made by the Council's internal auditors, following their audit of the Council's processes and procedures relating to declarations of interest by Members and Officers.**

- 5.2.1 At their meeting on 7 March 2019 the Committee approved the Monitoring Officer's revisions to the sections of the Councillors Code of Conduct in Part 5.1 of the Constitution dealing with Members' interests and the declaration of such interests.
- 5.2.2 Concurrently with the Monitoring Officer's revision of the provisions in the Constitution relating to Members' interests, The Council's internal auditors were carrying out an audit of the Council's processes and procedures relating to the declaration of interests by Members and Officers.
- 5.2.3 The recommendations of the internal auditors relating to declarations of interests by Officers relate principally to revision of the Council's policies in this area and do not raise any matters requiring revisions to the Constitution.
- 5.2.4 The recommendations relating to declarations of Members' interests raised the following issues which could be addressed by way of revisions to the Constitution:
- search of public databases revealing company directorships held by Members not being declared in the Members' Registers of Interests;
 - the finding that the Council's Confidential Whistleblowing Code in Part 5.5 of the Constitution does not include specific guidance on the process of identifying and raising concerns relating to conflicts of interests and the anonymised publication of the details of breaches.
- 5.2.5 With regard to declarations of company directorships there can be legitimate reasons for directorships appearing on public databases not being declared in the register of Members' interests. Principally this could be because these directorships are not "carried on for profit or gain" as referred to in the definition of disclosable pecuniary interests in Appendix 2 to the Councillors'

Code of Conduct. It is conceivable; however, that Members might not appreciate that the reference to the term “office” in the definition of disclosable pecuniary interests in Appendix 2 includes company directorships. **It is suggested, therefore, in order to remove any doubt, that after the word “office” wherever it occurs in the first and second columns of the table in Appendix 2 to the Councillors’ Code of Conduct in Part 5.1 of the Constitution, the expression “(which includes directorship of any company)” be inserted immediately after the word “office” in those columns.**

5.2.6 With regard to the findings in relation to the Confidential Whistleblowing Code it is **suggested that paragraph 2.2 of the Code in Part 5.5 of the Constitution is amended by including an additional sub-clause 2.2.4 in the following terms:**

“2.2.4. Councillors and Officers, by nature of working in the public sphere, are always likely to face a conflict between their own personal interest and the public interest. That is why the Council has codes of conduct for Councillors and Officers which require each of them to act in the public interest rather than in their own personal interest. Councillors are subject to the Councillors’ Code of Conduct in part 5.1 of the Constitution and Officers are subject to the Officers are subject to the Local Code of Conduct for Employees in Part 5.3 of the Constitution. These codes guide Councillors and Officers on how to act in the public interest in certain circumstances where this conflicts with their own personal interest. Any breach of these codes could in extreme circumstances lead to the disqualification of a Councillor or the dismissal of the Officer. If you become aware of any breach of these codes by a Councillor or another Officer you must report this to the Monitoring Officer.”

6 Comments of other Committees

The changes to the Constitution proposed in this Report have been formally considered and approved by the Member Panel on the Constitution at its meeting held on 20th June 2019.

7 Conclusion

The revisions to the Council’s Constitution recommended by this Report will enhance good governance by providing an updated, clearer and more robust guide for Members and Officers in the conduct of the Council’s affairs.

8 Appendices

A) Draft revised contract procedure rules.

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SLOUGH BOROUGH COUNCIL

CONTRACT PROCEDURE RULES¹

As approved by the Council on **[INSERT DATE]**

Operative with effect from **[INSERT DATE]**

EU Thresholds from 1 January to 31 December 2018²	
Works Contracts	£4,551,413
Light Touch Regime Services	£615,278
Supplies Contracts	£181,302
Services Contracts	£181,302

¹ Legal Status of these Contract Procedure Rules

Slough Borough Council is required by section 135 of the Local Government Act 1972 to maintain Contract Procedure Rules.

The Head of Procurement is the custodian of these Contract Procedure Rules and is responsible for keeping them under review. If the EU Directives or any other Law is changed in a way that affects these Contract Procedure Rules then the Head of Procurement will issue a notice and the change must be observed until the Contract Procedure Rules can be revised.

² The EU Thresholds will need to be updated in line with relevant Crown Commercial Service Procurement Policy Notes.

Document Control

Version	Date	Lead Author	Main Changes
1.0	18 October 2018	Karen King (HB Public Law)	Initial Draft after Meeting with head of Procurement
1.1	13 November 2018	Karen King (HB Public Law)	Revisions following meeting with Procurement Team
1.2	5 February 2019	Karen King	Revised Draft following meeting with F Narmh and C Portsmouth on 29/1/19
1.3	26 February 2019	Karen King	Revised Draft following meeting with C Portsmouth on 26/2/19
1.4	21 March 2019	Karen King	Amendments made to include 16.67 from Constitution.
1.5	14 June 2019	Sushil Thobhani	Amendments made to include 16.74 and 16.75 from Constitution.

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Slough Borough Council Procurement Application and Authorisation Table³

Total Aggregate Contract Value⁴	How many quotes are required?	How should SBC approach the market?	Who leads the procurement?	Should the Contract be formally advertised?	What type of Contract is required?	Governance Process	Who must approve contract award? This is in line with the Governance Scheme of Delegation⁵
Less than £2,500	Obtain and retain a minimum of 3 quotes if possible.	Obtain and retain a minimum of 3 quotes if possible. Authorised Officer to complete Procurement Proforma.	Authorised Officer in the Service Area	No	Purchase Order Standard Terms and Conditions	NO WAIVER REQUIRED Completed Procurement Proforma to be provided to Procurement within 5 Working Days following appointment.	Service Lead

³ All procurements and transactions must fall within the powers delegated to the relevant officer and must have been approved by a decision (in accordance with the Council's Constitution) of the Executive, the Council or one of its committees or sub-committees. No contract, agreement or other document shall be signed or sealed unless it gives effect to a decision or resolution (in accordance with the Council's Constitution) of the Cabinet, or one of its committees or sub committees or in accordance with the Scheme of Delegation.

⁴ Contracts should not be artificially underestimated or disaggregated into two or more separate Contracts where the intent is to avoid the application of the Contract Procedure Rules or Public Procurement Regulations.

⁵ Scheme of Delegation, Part 3.6.2 of the Slough Borough Council Constitution.

Total Aggregate Contract Value ⁴	How many quotes are required?	How should SBC approach the market?	Who leads the procurement?	Should the Contract be formally advertised?	What type of Contract is required?	Governance Process	Who must approve contract award? This is in line with the Governance Scheme of Delegation ⁵
£2,500 - £49,999	Obtain and retain a minimum of 3 quotes. OR Consider accessing local/national framework agreements where permitted and running mini competitions or call offs.	Obtain and retain a minimum of three quotes. These quotes must be obtained through the SE Shared Services E-portal. The SBC RFQ document should be used for all procurements in this value band. Please seek advice from the Procurement Team.	Authorised Officer in the Service Area	All Contract Values over £2,500 are published on the SE Shared Services E-portal. Contract Values over £25,000 must also be advertised on Contracts Finder.	The Council's Low Value Service Contact. Please seek advice from the Procurement Team. The contract used will depend upon the value and complexity of the procurement.	Short Form Business Case to be approved by Head of Procurement OR WAIVER REQUIRED IT Board Approval required for IT projects with a contract value in this value band. Capital Monitoring Board Approval required for all capital projects that fall within this value band.	Short Form Business Case to be signed by the Service Lead and the Head of Procurement and Reported to the Procurement Review Board at every subsequent meeting.
£50,000 – EU Threshold for supplies and services £181,302 £50,000 – EU Threshold for Works £4,551,413	A minimum of three tenders to be evaluated. Formal tender process using SE Shared Services E-portal required. OR Consider accessing local/national	Most economically advantageous tender must be selected, achieving Best Value and Value for Money for Council. The Procurement Team must be	Authorised Officer in the Service Area	Use of SE Shared Services E-portal procurement system is mandatory. Procurement Must be advertised on Contracts	Services: The Council's Low Value Service Contact for Contracts under £100,000. The Council's High Value Service Contact for Contracts over	Business Case to be Approved by Head of Procurement, Procurement Review Board and Director of Service. OR WAIVER REQUIRED	Service Lead, Procurement Review Board and Director of Service All Contracts to be Sealed.

Total Aggregate Contract Value ⁴	How many quotes are required?	How should SBC approach the market?	Who leads the procurement?	Should the Contract be formally advertised?	What type of Contract is required?	Governance Process	Who must approve contract award? This is in line with the Governance Scheme of Delegation ⁵
	framework agreements where permitted and running mini competitions or call offs.	contacted for guidance and support. Slough Template Procurement Documents to be Used. Use of SE Shared Services E-portal system is mandatory. Principles of fair access to public contracts must be followed, ensuring that local, SME and other suppliers have opportunity to compete.		Finder.	£100,000. Please seek advice from the HB Public Law and the Procurement Team. Works For Construction / Works Contracts, please seek advice from the HB Public Law and the Procurement Team. An appropriate model form contract such as JCT or NEC should be used. All Contracts to be sealed.	IT Board Approval required for IT projects with a contract value in this value band. Capital Monitoring Board Approval required for all capital projects that fall within this value band.	
Light-Touch Regime	Mandatory for minimum three tenders to be	The Procurement Team must be contacted for	Authorised Officer in the Service Area with	Use of SE Shared Services E-	The Council's Low Value Service Contact for	Business Case to be Approved by Head of	Service Lead, Procurement Review Board and Director of

Total Aggregate Contract Value ⁴	How many quotes are required?	How should SBC approach the market?	Who leads the procurement?	Should the Contract be formally advertised?	What type of Contract is required?	Governance Process	Who must approve contract award? This is in line with the Governance Scheme of Delegation ⁵
Services ⁶ Value below EU Threshold of £615,278	evaluated. Formal tender process using SE Shared Services E-portal required. OR Consider accessing local/national framework agreements where permitted and running mini competitions or call offs.	guidance and support. Slough Template Procurement Documents to be adapted and used where possible. Use of SE Shared Services E-portal system is mandatory.	support from the Procurement Team.	portal procurement system is mandatory. Procurement must be advertised on Contracts Finder.	Contracts under £100,000. The Council's High Value Service Contact for Contracts over £100,000. The contracts must be adapted and approved by HB Public Law for the Procurement.	Procurement, Procurement Review Board and Director of Service. OR WAIVER REQUIRED IT Board Approval required for IT projects with a contract value in this value band. Capital Monitoring Board Approval required for all capital projects that fall within this value band.	Service All Contracts to be Sealed over £50,000.
Over EU Thresholds ⁷	Formal tender OJEU process	Most economically	Authorised Officer in the	Yes	Services:	Cabinet Approval to be sought prior	Cabinet approval is required.

⁶ *Procurement activity for Contracts for certain health, social, community, educational and cultural related services, "Light-Touch Regime Services", whose value is equal to or over the threshold of £615,278 must be tendered and awarded in compliance with the Public Procurement Regulations 2015. For the avoidance of doubt, procurements for such Light-Touch Regime Services below the threshold of £615,278 must still be conducted in accordance with the principles of these Contract Procedure Rules. The Procurement Team must be contacted for guidance and support on such procurements.

⁷ The EU Thresholds will need to be updated annually in line with the relevant Crown Commercial Service Procurement Policy Note.

Total Aggregate Contract Value ⁴	How many quotes are required?	How should SBC approach the market?	Who leads the procurement?	Should the Contract be formally advertised?	What type of Contract is required?	Governance Process	Who must approve contract award? This is in line with the Governance Scheme of Delegation ⁵
For supplies and services over £181,302 For Works £4,551,413	required and tendered in accordance with PCRs. Most economically advantageous tender must be selected, achieving Best Value and value for money for Council. OR Consider accessing national framework agreements where permitted and running mini competitions or call offs. Principles of fair access to public contracts must be followed, ensuring that local, SME and other suppliers have opportunity to compete.	advantageous tender must be selected, achieving Best Value and value for money for Council. The Procurement Team must be contacted for guidance and support. Slough Template Procurement Documents to be Used. Use of SE Shared Services E-portal system is mandatory. Principles of fair access to public contracts must be followed, ensuring that local, SME and other suppliers have opportunity to compete.	Service Area with support from the Procurement Team.	Formal OJEU tender process required. Use of SE Shared Services E-portal system is mandatory. Procurement must also be advertised on Contracts Finder.	The Council's High Value Service Contact must be used. The contract must be adapted and approved by HB Public Law for the Procurement. Works For Construction / Works Contracts, please seek advice from the HB Public Law and the Procurement Team. An appropriate model form contract such as JCT or NEC should be used. All Contracts to be sealed.	to going to the market and post tender report with recommendation to award. For contracts over £180,000 - Cabinet approval in April prior to tender. Significant decision to be declared to cabinet on award. IT Board Approval required for IT projects with a contract values in this value band. Capital Monitoring Board Approval required for all capital projects that fall within this value band.	Service Lead, Procurement Review Board and Director of Service. All contracts to be sealed.
Light-Touch Regime	Formal OJEU tender process required and	The Procurement Team must be contacted for	Authorised Officer in the Service Area with	Yes Formal OJEU	The Council's High Value Service Contact must be	Cabinet Approval to be sought prior to going to the	Cabinet approval is required.

Total Aggregate Contract Value ⁴	How many quotes are required?	How should SBC approach the market?	Who leads the procurement?	Should the Contract be formally advertised?	What type of Contract is required?	Governance Process	Who must approve contract award? This is in line with the Governance Scheme of Delegation ⁵
Services ⁸ Value equal to or over the EU threshold of £615,278	tendered in accordance with PCRs Light Tough Regime. OR Consider accessing national framework agreements where permitted and running mini competitions or call offs. Principles of fair access to public contracts must be followed, ensuring that local, SME and other suppliers have opportunity to compete.	guidance and support. Slough Template Procurement Documents should be adapted and used where possible. Use of SE Shared Services E-portal system is mandatory.	support from the Procurement Team.	tender process required. Use of SE Shared Services E-portal system is mandatory. Procurement must also be advertised on Contracts Finder.	used. The contract must be adapted and approved by HB Public Law for the Procurement.	market and post tender report with recommendation to award. For contracts over £180,000 - Cabinet approval in April prior to tender. Significant decision to be declared to cabinet on award. IT Board Approval required for IT projects with a contract value in this value band. Capital Monitoring Board Approval required for all capital projects that fall within this value band.	Service Lead, Procurement Review Board and Director of Service. All contracts to be sealed.

⁸ See footnote 7 above.

1. SCOPE

- 1.1 These Contract Procedure Rules provide the governance structure for the Council to procure works, goods and services.
- 1.2 The Contract Procedure Rules are designed to ensure that Authorised Officers obtain Best Value Services and Value for Money from purchasing arrangements. The Council has a responsibility to do this in a transparent way that offers best value for residents.
- 1.3 These **mandatory** Contract Procedure Rules apply to everyone who commissions or procures contracts on behalf of the Council, including external consultants and third party providers.
- 1.4 These Contract Procedure Rules should be read in conjunction with the Council's Financial Procedure Rules which set out mandatory financial procedures to be followed. These can be found by following the link.
- 1.5 All procurement activity must be undertaken with regard to high standards of probity and in accordance with the relevant provisions of the ethical framework contained in Part 5 of the Council's Constitution.
- 1.6 All Officers must ensure that the Council's approved processes and standards for Procurement, as set out in these Contract Procedure Rules and the accompanying Procurement Operating Procedures are adhered to. Failure to comply with the requirements in these Contract Procedure Rules may result in disciplinary action in accordance with the Officers Code of Conduct.
- 1.7 All information governance, insurance, safeguarding, social value, conflict of interest and business continuity requirements must also be adhered to in line with the Procurement Operating Procedures and the Council's Information Governance Policies.
- 1.8 These Contract Procedure Rules are designed to ensure compliance with the Council's Constitution, the Council's Financial Procedure Rules, Council policies, the Public Procurement Regulations 2015 (PCR15) and English law.
- 1.9 The Procurement Application and Authorisation Table set out within these Contract Procedure Rules provides a summary of the key requirements that must be adhered to for all procurements. However, all Council Officers are strongly advised to read the rest of these Contract Procedure Rules for further guidance and to seek the advice and support of the Procurement Team and HB Public Law as appropriate.
- 1.10 Where the Council is entering into a Contract as an agent and/or in collaboration with another public body or organisation, these Contract Procedure Rules apply only in so far as they are consistent with the requirements of the organisation with whom the Council is collaborating. Where the Council is acting as principal in such collaboration, then these Contract Procedure Rules will take precedence.
- 1.11 Framework Agreements that have been established by other Public Sector Bodies that are lawfully accessible to the Council should be used strictly in accordance with the terms and conditions of the relevant Framework Agreement. Please consult with the Procurement Team when procuring from a Framework Agreement.

1.12 The following are out of scope of the Contract Procedure Rules:

- 1.12.1 Any purchase or sale of a property, interest in land, transaction in land and or lease transaction is excluded from the Contract Procedure Rules but must be authorised in accordance with the requirements set out in the Constitution;
- 1.12.2 Inter-authority and Inter-agency payments;
- 1.12.3 Subscriptions/memberships;
- 1.12.4 Emergency temporary accommodation for vulnerable people;
- 1.12.5 Procurement of Services from other public bodies where it can be evidenced that the body is the only supplier of the goods or service; and
- 1.12.6 The awarding of grants. However, Council Officers should always ensure the principles of openness, fairness, non discrimination and Value for Money applies.

2. APPLICATION

- 2.1 The Contract Procedure Rules provide the governance structure within which the Council may procure Supplies, Services and Works. The aims of these Contract Procedure Rules are to ensure:
 - 2.1.1 Commitment to the principles of transparency, fairness, proportionality and equal treatment within the procurement process;
 - 2.1.2 Value for Money and propriety in the spending of public money;
 - 2.1.3 Supplies, services and works are delivered effectively and efficiently without compromising the Council's ability to take strategic decisions;
 - 2.1.4 The Council is not exposed to unnecessary risk or challenge arising from non-compliant procurement activity;
 - 2.1.5 Compliance with legislation, and relevant guidance including Procurement Policy Notes issued by the Crown Commercial Service; and
 - 2.1.6 The delivery of economic, environmental and social value through Procurement.
- 2.2 Changes to the Council's financial thresholds set out in these Contract Procedure Rules which are below the EU Thresholds may, from time to time, be recommended by the Head of Procurement to the Monitoring Officer. Following consideration by the Monitoring Officer, such changes would need approval from (1) the Senior Leadership Team; and (2) the Constitution Committee.
- 2.3 These Contract Procedure Rules should be subject to an annual refresh to ensure the appropriateness of the financial thresholds, any changes required as a result of a change in law and all non material changes. Minor changes to these Contract Procedure Rules can be considered and approved by the Director of Finance and Resources. For the avoidance of doubt, "Minor Changes" include the annual

adjustment to EU Thresholds for Works, Supplies, Services and Light Touch Regime Services as issued annually by the Crown Commercial Service in a Procurement Policy Note.

- 2.4 Should the annual refresh result in material changes being required, then such material changes shall be presented for approval to (1) the Senior Leadership Team; and (2) the Constitution Committee
- 2.5 The Head of Procurement and the Monitoring Officer shall maintain and issue the Contract Procedure Rules and the Procurement Operating Procedures. The Contract Procedure Rules take precedence over the Procurement Operating Procedures. Please report any inconsistencies in writing to the Head of Procurement.
- 2.6 The Procurement Operating Procedures provides a more detailed explanation of Procurement best practice, procedures, processes, associated Council policies and required Contract terms.
- 2.7 Unrestricted and full direct on line access free of charge to the procurement documents must be available from the date of the publication in the Official Journal of a Contract Notice or the date on which an invitation to confirm interest is sent.
- 2.8 Where there is inconsistency between these Contract Procedure Rules and the Financial Procedure Rules, the latter take precedence. Please report any inconsistencies in writing to the Monitoring Officer.

3. COMPLIANCE WITH CONFIDENTIALITY AND CONFLICTS OF INTEREST REQUIREMENTS

- 3.1 All officers must take appropriate measures to protect confidentiality and effectively prevent, identify and remedy conflicts of interest arising in the conduct of Procurement procedures so as to avoid any distortion of competition and to ensure equal treatment of all suppliers. They should also comply with the Code of Conduct for Officers. If a conflict of interest is suspected or identified, such conflict should be immediately notified to the Monitoring Officer.
- 3.2 If an Officer is involved in procurement project estimated at £180,000 and above, all such officers must ensure they sign a confidentiality agreement and a declaration of interest. This must then be returned to the Head of Procurement prior to commencement of the procurement. A declaration does not automatically exclude anyone from the procurement process; it alerts the procurement lead and allows them to manage the procurement accordingly.
- 3.3 Should an Officer identify any actual or potential breach of the requirements of the Officers Code of Conduct in connection with the formulation, procurement or administration of a contract (whether in relation to that of their own role or that of any other Officer) the Officer shall immediately notify the Monitoring Officer in writing. The Monitoring Officer will investigate the matter and recommend what action should be taken in consequence in connection with the contract concerned.
- 3.4 Where a Supplier or an undertaking related to a Supplier, has advised the Council, or has otherwise been involved in the preparation of the procurement process, the Council must take appropriate measures to ensure that competition is not distorted by the participation of that Supplier in the Procurement.

4. BREXIT

When these Contract Procedure Rules were published, the outcome of Brexit was still unclear. In the event that these Contract Procedure Rules need to change post-Brexit, the Head of Procurement will issue a notification to all Departments.

5. ROLES AND RESPONSIBILITIES

Each Director of Service and Service Lead is accountable for all Procurement activity in their respective departments. **Their role is to ensure:**

- 5.1 Compliance with the Constitution, Financial Procedure Rules, Contract Procedure Rules and the Procurement Operating Procedures;
- 5.2 Compliance with the Public Contract Regulations 2015 (the “**PCR**”);
- 5.3 Compliance with the Local Government Transparency Code October 2015 issued by the Department for Communities and Local Government;
- 5.4 That no commitment to enter into a Contract with a Supplier over £2,500 is made without the required Authorisation as set out in the Procurement Application and Authorisation Table in these Contract Procedure Rules;
- 5.5 That the 10 day Standstill Period between the Contract award decision and Contract signature/sealing is observed where required to do so. Please seek advice from the Procurement Team;
- 5.6 That the appropriate Council template contract has been used in the Procurement, or where such template contract is not applicable, that the alternative terms and conditions have been approved by the Monitoring Officer. If it is deemed necessary to sign up to third party terms and conditions of contract the prior approval of the Monitoring Officer must be received in writing. Input from Procurement must be sought for contracts over £2,500 to determine if legal advice is required from HB Public Law. (For the avoidance of doubt, the proper use of Framework Agreements is permitted under the Contract Procedure Rules in accordance with the Procurement Application and Authorisation Table.)
- 5.7 That no contract commences prior to the terms and conditions of contract being signed and, where necessary, sealed;
- 5.8 That all master copies of Contracts are delivered to the Monitoring Officer for safekeeping;
- 5.9 That all Key Decisions as defined in the Constitution are minuted and published on the Council’s website;
- 5.10 That all Contracts are awarded on the basis of the *Most Economically Advantageous Tender (MEAT)*. The MEAT shall be assessed from the Council’s point of view, namely that a tender shall be identified on the basis of the price or cost, using a cost-effectiveness approach, such as Life-Cycle Costing, and may include the best price-quality ratio, which shall be assessed on the basis of criteria, such as qualitative, environmental and/or social aspects, linked to the subject-matter of the Contract;
- 5.11 All risks have been identified, evaluated, recorded and appropriately mitigated (e.g. provision of performance bond, parent company guarantee and appropriate payment provisions and termination clauses within Contracts);

- 5.12 That all Invitation to Tender documents clearly describe the Evaluation Criteria, sub criteria and weighting and that the tender evaluation is based strictly on the published criteria and weighting;
- 5.13 That Evaluation Criteria require the bidders to state how they will meet social value considerations which are clearly linked to the subject matter of the contract (i.e. employment, training, apprenticeships, use of SME's and local Suppliers);
- 5.14 Immediate corrective action is taken in the event of a breach of the Contract Procedure Rules and that any such breach is reported immediately to the Procurement Team; and
- 5.15 That Contracts are not artificially underestimated or disaggregated into two or more separate Contracts where the intent is to avoid the application of the Contract Procedure Rules or Public Procurement Regulations.

6. AUTHORISATION

- 6.1 Please refer to the Procurement Application and Authorisation Table contained within these Contract Procedure Rules.
- 6.2 Any planned procurements with an anticipated value in excess of £180,000, must be submitted for approval to the April Cabinet each year. In the event that a procurement with an anticipated value in excess of £180,000 arises which was not submitted for approval to the April Cabinet, such procurement will need to obtain separate Cabinet approval before proceeding.
- 6.3 For procurements with an anticipated value above £50,000, a detailed business case should be prepared and submitted for approval to the Procurement Review Board.
- 6.4 All transactions must fall within the powers delegated to the relevant officer and must have been approved by a decision (in accordance with the Council's Constitution) of the Executive, the Council or one of its committees or sub- committees.
- 6.5 No contract, agreement or other document shall be signed or sealed unless it gives effect to a decision or resolution (in accordance with the Council's Constitution) of the Cabinet, or one of its committees or sub committees or in accordance with the Scheme of Delegation.
- 6.6 The Procurement Team should be involved and engaged on the Procurement strategy/approach to be adopted for all purchases over £2,500.
- 6.7 Any Procurement must be authorised in accordance with the Scheme of Delegation as published within Part 3.6.2 of the Constitution.
- 6.8 A Member shall not enter, either orally or in writing, into any contract on behalf of the Council
- 6.9 A member shall not negotiate personally on behalf of the Council for the purchase of goods or services or the sale of any land, property, plant rights, or commodities or for any lease or tenancy. All such negotiations shall be conducted by an Officer authorised by the Council except that, at the request of the Leader or Deputy Leader a Cabinet Lead Member and, at the request of the Scrutiny and Overview Committee, a Scrutiny Member may attend any personal interview in the course of negotiations. In matters of special importance, the cabinet may instruct one or more of its members together with the Officer concerned to conduct negotiations.

- 6.10 Where appropriate, an Equalities Impact Assessment should be completed. Please refer to the Procurement Team for guidance.
- 6.11 The Council is a Regulated Activity Provider. The Council has ultimate responsibility for the management and control of Regulated Activities provided under Contracts procured pursuant to these Contract Procedure Rules for the purposes of the Safeguarding Vulnerable Groups Act 2006. The Relevant Officer must consider whether there are any Safeguarding aspects to their procurement and, if so, consult with the Safeguarding Lead for input.
- 6.12 A partnership arrangement must not be used as a means of avoiding the Contract Procedure Rules or Public Procurement Regulations. All new partnership arrangements are required to be reported as required by the Financial Procedure Rules. This clause is not applicable to the award of grant payments.

7. PROCUREMENT METHOD

- 7.1 Authorised Officers must treat Suppliers equally and without discrimination and must act in a transparent and proportionate manner.
- 7.2 Before commencing a Procurement procedure Authorised Officers may conduct market consultations with a view to preparing the Procurement and informing Suppliers of their Procurement plans and requirements provided that it does not have the effect of distorting competition and does not result in a violation of the principles of non-discrimination and transparency. Officers may, for example, seek or accept advice from independent experts or authorities or from market participants. Please consult with the Procurement Team before commencing market consultation.
- 7.3 The default position in acquiring Supplies, Services and Works should always be open competition through competitive tendering. Please refer to the Procurement Application and Authorisation Table set out within these Contract Procedure Rules to determine the Procurement process that should be used.
- 7.4 The Procurement Team must be consulted on promoting opportunities to local companies through Business Newsletters and Supplier Events.
- 7.5 All tender opportunities for Supplies, Services and Works over £2,500 will be advertised on the SE Shared Services E-portal system in accordance with the Procurement Application and Authorisation Table. In addition, all tender opportunities for Supplies, Services and Works over £25,000 must be advertised on Contracts Finder. Procurement over the EU financial threshold must be advertised in the OJEU and on Contracts Finder. A Contract Award Notice must also be published on Contracts Finder. Please consult with the Procurement Team.
- 7.6 The use of Selection Questionnaires (“**SQs**”) can only be used for contract values above the EU Threshold. Suitability Assessment Questions may be asked as appropriate for contract values below the EU Threshold. Please contact the Procurement Team for the appropriate procurement document template.
- 7.7 The Procurement Team must approve accessing externally established Framework Agreements. Approval for subsequent call-offs from the approved Framework Agreements will be subject to the requirements of these Contract Procedure Rules and compliance with the rules for call-off set out in the Framework Agreement.
- 7.8 Procurement activity for Contracts for certain health, social, community, educational

and cultural related services, “Light-Touch Regime Services”, whose value is equal to or over the threshold of £615,278 must be tendered and awarded in compliance with the PCR. Please seek input from the Procurement Team in connection with the procurement and award of Light-Touch Regime Services Contracts. For the avoidance of doubt, procurements for such Light-Touch Regime Services below the threshold of £615,278 must still be conducted in accordance with the principles of these Contract Procedure Rules. The Procurement Team must be contacted for guidance and support on such procurements.

- 7.9 Authorised Officers may decide to award a Contract in the form of separate lots and may determine the size and subject-matter of such lots. The Authorised Officer must document the main reasons for their decision not to subdivide into lots.

8. ENGAGEMENT OF CONSULTANTS

- 8.1 An Authorised Officer may only appoint an external consultancy or advisory firm providing professional or consulting services if such services are not available within the Council or if Council officers providing them do not have the resources to meet the needs of the service.
- 8.2 Appointment of individual consultants and individual advisors must be procured through the Council’s corporate contract for temporary agency resources where appropriate.
- 8.3 Subject to the corporate contract not meeting the service needs, and the resources not being available across the Council, the Authorised Officer shall seek to procure an external consultancy or advisory firm providing professional or consulting services. Such procurement shall comply with the appropriate threshold/process as set out in the Procurement Application and Authorisation Table contained within these Contract Procedure Rules.

9. SINGLE TENDER ACTION

- 9.1 A Single Tender Action is the awarding of a Contract to a Supplier without undertaking a competitive tendering exercise. This is permitted only in exceptional circumstances and should be approved in advance by Cabinet and the Procurement Review Board. Procurement advice should be sought in all cases from the Procurement Team. Exceptional circumstances may include where the works, supplies or services can only be supplied by a particular Supplier.
- 9.2 Where a competition has been undertaken and only a single bid has been received the Procurement Review Board can approve the award of a Contract, subject to an appropriate review being undertaken and an audit trail being available for inspection.

10. CONCESSION CONTRACTS

- 10.1 Concession Contracts are contracts under which the Council outsources works or services to a Supplier, who then has the right to commercially exploit those works or services in order to recoup its investment and make a return. The key feature is that the Supplier bears the operating risk of the arrangement and so has no guarantee of recouping its investment or operating costs.
- 10.2 Concession Contracts must meet certain requirements and advice should be sought

from the Procurement Team and HB Public Law.

11. INFORMATION GOVERNANCE

- 11.1 When procuring, the responsible Officer must ensure Due Diligence checks are carried out to provide sufficient guarantees that the Supplier's technical and organisational security measures for handling and protecting information and data are appropriate, suitable and lawful. This is a requirement under Data Protection Legislation⁹.
- 11.2 Evidence of these checks, copies of policies and guarantees provided by the Supplier must be retained by the Officer responsible for management of the Contract and be regularly reviewed throughout the life of the Contract. Please refer to the Procurement Operating Procedures for more detailed guidance or contact the Information Governance Officer.
- 11.3 Contract managers must ensure appropriate security measures are applied to prevent the unauthorised or unlawful processing of personal data or accidental loss or destruction of, or damage to, personal data.
- 11.4 Officers must ensure that contracts with providers that involve the processing of personal data contain clauses as required by the Data Protection Legislation. The Council's Standard Contracts contain these clauses.

12. ACCEPTANCE

- 12.1 Acceptance of Contracts must be in accordance with the Constitution, and in all cases is subject to:
 - 12.1.1 Confirmation of budgetary provision as initially identified and allocated prior to any Procurement activity;
 - 12.1.2 A compliant Procurement process having been carried out; and
 - 12.1.3 Confirmation of the acceptable financial status of the contractor.
- 12.2 All contracts entered into by the Council must be in writing in a form approved by HB Public Law. Where a Council template contract is used, or such template contract is to be amended, this shall be prepared and/or ratified by HB Public Law.
- 12.3 The Monitoring Officer shall retain all relevant contract documents.
- 12.4 Acceptance thresholds for Contract extensions and variations of all values are subject to further conditions as set out in Section 14 (Extensions and Variations) of these Contract Procedure Rules.

13. CONTRACT SIGNING AND SEALING

- 13.1 Every Contract must be in the contract form specified in the Procurement Application and Authorisation Table set out within these Contract Procedure Rules.
- 13.2 Every contract novation, contract extension or contract variation must use the

⁹ Data Protection Legislation means (i) the Data Protection Act 2018; (ii) the GDPR, the Law Enforcement Directive and any applicable national implementing Laws as amended from time to time; and (iii) all applicable Law about the processing of Personal Data and privacy.

appropriate SBC template. Please refer to the Procurement Team for such templates and seek advice from HB Public Law.

- 13.3 Contracts with an Estimated Procurement Value greater than £50,000 must be sealed on behalf of the Council, unless the Monitoring Officer or delegated officer directs otherwise. Legal input from HB Public Law should be sought on such Contracts.
- 13.4 In exceptional circumstances, where an IT Contract term is not fixed, the Estimated Procurement Value is calculated by multiplying the monthly spend value by 48 in accordance with Regulation 6 of the Public Contracts Regulations 2015. Please refer to the Procurement Team for advice on any such IT Contracts.
- 13.5 In the case of Framework Agreements or Dynamic Purchasing Systems the Estimated Procurement Value is calculated to include the total estimated value, net of VAT, of all the individual contracts envisaged for the total term of the Framework Agreement or the Dynamic Purchasing System.
- 13.6 Where the Monitoring Officer or delegated officer considers it desirable that a Contract should be sealed other than as specified above, then such Contract must be sealed.
- 13.7 All Contracts should have a clear start and end date and detail any extension options permissible.

14. EXTENSIONS AND VARIATIONS

- 14.1 Contracts may only be extended if the following provisions are met:
 - 14.1.1 The original Contract was awarded on a Contract Procedure Rules compliant competitive tender or quotation process and includes an option to extend ;
 - 14.1.2 The extension or variation is in accordance with the terms and conditions of the existing Contract. Input from the Procurement Team should be sought to confirm this is the case and to support the drafting of the extension and/or variation documents;
 - 14.1.3 If the initial Contract was subject to the EU tender procedure, that the extension option was declared within the OJEU Contract Notice;
 - 14.1.4 The Contract has not been extended beyond the approved extension period; and
 - 14.1.5 Approval has been sought and obtained from the Procurement Review Board following submission of a Business Case detailing the Contract Extension requirements.
- 14.2 In the event that the provisions of 14.1.1 to 14.1.5 are not met then an Exemption must be sought in accordance with section 15 (Exemptions) or alternatively a new Procurement must commence.
- 14.3 Regulation 72 of the Public Contracts Regulations 2015 permits an amendment, extension or renewal of an existing Contract without triggering a new Procurement exercise in the following cases:
 - 14.3.1 The original Contract includes a “clear, precise and unequivocal review clause”. The overall nature of the Contract must not be altered as a result of

the change;

- 14.3.2 New Services, Supplies and Works need to be purchased from the Supplier and a change of Supplier cannot be realistically made for economic or technical reasons and would cause significant inconvenience or substantial duplication of the Council's costs. This is subject to the provision that each change does not increase the Contract's value by more than 50 per cent as a result;
- 14.3.3 Circumstances have arisen that the Council could not reasonably have foreseen and that require an amendment to the existing Contract. The Contract's overall nature must not be altered and the Contract's value must not increase by more than 50 per cent as a result of any change;
- 14.3.4 A new Supplier is required to replace the Supplier originally party to the Contract, either because this is the result of corporate restructuring, including takeover, merger, acquisition or insolvency leading to a universal or partial succession of the original Supplier, or because this change was envisaged in a review clause in the original Contract. This provision cannot be relied on if the Supplier is being replaced for a different reason;
- 14.3.5 The value of the modification is both below the EU Procurement Thresholds and is less than 10 per cent of the initial Contract value (where the contract is for Supplies or Services) or less than 15 per cent of the initial Contract value, in the case of a Works Contract. More than one change can be made under this provision provided the cumulative value of the modifications does not exceed EU Procurement Thresholds.
- 14.3.6 The proposed modifications are insubstantial. This does not include any modifications that result in any of the following:
- i. The Contract would become materially different;
 - ii. The scope of the Contract would extend considerably;
 - iii. The outcome of the initial Procurement procedure would have been different had the modification been implemented at that time. For example, other tenders would have been accepted or other candidates would have been admitted;
 - iv. The economic balance would shift in favour of the Supplier; or
 - v. A new Supplier would replace the original Supplier in a circumstance not provided for in paragraph 14.3.4 above.
- 14.4 Officers must consult with the Procurement Team to confirm if any of the circumstances set out in section 14.3 above apply, permitting a Contract amendment, extension or renewal and must also comply with the Procurement Application and Authorisation Table.
- 14.5 A Contract Variation Notice needs to be sent to OJEU in the case of Contract variations permitted and made in accordance with paragraphs 14.3.2 and 14.3.3 above.

- 14.6 In the event that the provisions of paragraph 14.3 are not met then an exemption must be sought in accordance with section 15 (Exemptions) or alternatively a new Procurement must commence.

15. EXEMPTIONS

- 15.1 Circumstances may arise where permission is required to waive one or more of the Contract Procedure Rules. Exemptions are reserved for exceptional circumstances and will only be approved where good and sufficient reason has been demonstrated. An Exemption will not be granted simply on the grounds of convenience or because of inadequate forward planning.
- 15.2 The Council can only waive the rules established by the Council. The Council cannot waive UK law or EU Procurement Regulations.
- 15.3 Exemptions (in whole or in part) from the requirements set out in these Contract Procedure Rules may only be obtained by completing an Exemption Business Case which is available from the Procurement Team.
- 15.4 The Exemption Business Case must be submitted to the Procurement Team for initial consideration. If the Procurement Team is satisfied that the Exemption Business Case meets the requirements of this section of the Contract Procedure Rules, the Exemption Business Case shall be submitted to the Procurement Review Board for review.
- 15.5 The Procurement Review Board must be satisfied that special circumstances exist which warrant an exemption being permitted. Such Exemption Business Case must set out in detail the terms of any exemption from the requirements set out in these Contract Procedure Rules.
- 15.6 Exemptions to any of the Council's rules must be sought in advance of any contractual agreement, order placement, use of Works, Services or purchase of Supplies.
- 15.7 Any Exemption can only be granted for a maximum period of 12 (twelve) months unless it can be demonstrated that any longer period is in the best interest of the Council.
- 15.8 Any Exemption can only be granted where the value of the exemption is below the relevant EU Threshold.
- 15.9 The circumstances under which an Exemption can be agreed are limited to the following circumstances:
- a) **Sole Supplier:** It can be proven that there is only one Supplier who can deliver the Supplies or Services. (It is considered better practice to issue a tender to evidence that there is only one Supplier capable of delivering such Supplies or Services);
 - b) **Demonstrable Best Interest:** It can be demonstrated that it is in the Council's

best interest and this is clearly demonstrated in the Exemption report. (For example, the Council is seeking to redesign service provision or exploring internal / external collaboration opportunities and therefore direct award to the incumbent provider is required for intervening period only);

- c) **Emergency:** There is a clear need to provide a service or a product immediately in the instance of a sudden unforeseen crisis; the immediate risk is to health, life, property or environment (for example, Natural Disaster; Civil Unrest; Provider going into administration);
- d) **Service Imperative: Demonstrable circumstance that is exceptional:** For example, an unanticipated delay during the tender process or Strategy and / or Spec and service design not completed when tender needed to begin for unforeseen reasons. For the avoidance of doubt, an Exemption will not be granted simply on the grounds of convenience or because of inadequate forward planning; and/or
- e) **Extension as an Exemption:** Where an extension to a Contract is being sought but it is not possible under the current terms and conditions of the Contract.

For any queries not covered within these Contract Procedure Rules, please contact the Procurement Team.

14 June 2019

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SLOUGH BOROUGH COUNCIL**REPORT TO:** Audit & Corporate Governance Committee **DATE:** 30 July 2019**CONTACT OFFICER:** Sushil Thobhani, Service Lead (Governance) & Deputy Monitoring Officer**(For all enquiries)** (01753) 875036**WARD(S):** All**PART I**
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 20 September 2018 received a report on the number and status of recent and current whistleblowing complaints and investigations. That report identified two complaints which remained undetermined at that date of that report. Since that date two further complaints have been received. The position on these complaints is summarised below in paragraph 5.4.
- 5.2 “Whistleblowing” is the term 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 on whistleblowing complaints since the last report to the Committee on this matter on 20 September 2018, their subject matter, actions taken and the outcome.

Ref	Complainant	Subject Matter	Action	Outcome
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 after enquiries was satisfied that no police enquiries were being pursued. Assurance was also obtained that the Council’s external Solicitors acting on the purchase had carried out due diligence on the vendors and no matters of concern had been found.	Determination that no further action to be taken.
2018/E	Member of the Council	Verbal allegation that a payment was offered to another Member with the implication that the person who offered the payment would secure a	Investigation by the Monitoring Officer that established that there was no cause for concern.	Determination that no further action to be taken.

		favourable decision from the Council on a planning matter.		
2018/F	Former employee of the Council in an educational setting who resigned their position.	The complaint alleged wrongful concerted action on the part of officers responsible for overseeing performance issues in the educational setting to procure the complainant's dismissal, based upon allegedly unjustified complaints about the performance of the complainant in their role.	The Monitoring Officer invited the complainant to provide specific evidence of conduct by officers which would constitute conduct meriting investigation within the terms of the Whistleblowing Code. The complainant failed to do so and indicated that the matter would be pursued by alternative means.	Determination that no further action was merited.
2019/A	Former employee of the Slough Children's Services Trust	A former employee of the Slough Children's Services Trust alleged to the Chief Executive, through Solicitors, that they were unfairly dismissed by the Trust because they were wrongly identified as the source of an anonymous complaint about critical discussions amongst staff about the work culture at the Trust. The complainant	Chief Executive advised to respond to say that as the complainant was an employee of the Trust and not of the Council any claim for unfair dismissal could only properly be made to the Trust and not to the Council. Chief Executive and Director for Children, Learning &	Follow up to be tabled to obtain assurance about soundness of processes at Slough Children's Services Trust for dealing with whistleblowing complaints.

		threatened an unfair dismissal claim against the Council.	Skills advised of allegation by the former employee that they were told by Management that the reason for their dismissal was for whistleblowing Chief Executive and Director for Children, Learning & Skills advised to seek assurance that processes for dealing with Whistleblowing complaints at the Trust are sound.	
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6. **Conclusion**

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

7. **Background Papers**

None.

SLOUGH BOROUGH COUNCIL**REPORT TO:** Audit & Corporate Governance Committee **DATE:** 30 July 2019**CONTACT OFFICER:** Sushil Thobhani, Service Lead (Governance) & Deputy Monitoring Officer**(For all enquiries)** (01753) 875036**WARD(S):** All**PART I**
FOR INFORMATION**LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN – COMPLAINTS, FINDINGS AND RECCOMENDATIONS****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 20 September 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 20 September 2018. Item 1 in this table updates the Committee on a complaint where the Ombudsman exceptionally withdrew his previous determination and agreed to issue a new one. The subsequent items relate to new complaints. There was 9 other complaints to the Ombudsman which were closed by the Ombudsman and not pursued by him following initial enquiries.

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	Children's Services	The Local Government and Social Care Ombudsman has not issued a new determination as at the date of this Report.

	<p>worker was not appointed, that an EHC Plan (Education, Health & Social Care Plan) was initially not issued and then a poor EHC Plan 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 withdrew his previous decision.</p>		
2	<p>The Complainant related to the activities of the Council's Food Hygiene Inspectorate. The complainants' complaints were about the way they were treated by Council staff during an inspection, that they were not informed of the result of an internal investigation into their complaint about staff behaviour and about the manner in which the outcome of the inspection</p>	Regulatory Services	<p>The Ombudsman determined that the Council dealt appropriately with the complaint about the conduct of staff in accordance with its policy and that it informed the complainants that the consequences to staff would not be disclosed to them in order to protect</p>

	<p>was publicised by the Council on social media, which they alleged cost them business and caused them distress.</p>		<p>confidentiality in accordance with its policy. The ombudsman found that he had no power to procure the consequences for staff that the complainants desired and he did not therefore pursue this matter further.</p> <p>The ombudsman found that the Council were entitled to publicise its decision to close the business but found that the Council overstated the level of problems found which was not supported by the Council's records of the inspection. The Council's publicity was, therefore inaccurate. The Ombudsman recommended that the Council apologise for this inaccuracy and that it should develop a social media policy to ensure their social media posts are appropriate accurate and fair.</p> <p>The Council will comply with these recommendations</p>
3	<p>The complaint in this case was that the Council failed to consider parents' application for home to school transport for their child properly as the Council had not taken</p>	<p>Education Services</p>	<p>The Ombudsman determined that the council was at fault in the manner in which it considered the application and subsequent appeal</p>

	<p>proper account of the child's disability and family circumstances and this was causing the child to be late to school and was causing stress to the parents.</p>		<p>and that the Council's school transport policy was flawed. He recommended that the council arrange a fresh appeal hearing and review and revise its school transport policy.</p> <p>In the event, the Council have granted the parent's application before the hearing of the fresh appeal and are in the process of seeking legal advice and reviewing revising their school transport policy.</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.

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