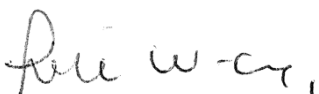


Date of issue: Wednesday, 1 December 2021

MEETING:	AUDIT AND CORPORATE GOVERNANCE COMMITTEE (Councillors Sabah (Chair), Wright (Vice Chair), Ali, Brooker, J Davis, Grewal and Hussain) CO-OPTED INDEPENDENT MEMBERS: Iqbal Zafar PARISH COUNCIL MEMBERS: Parish Councillor Sean Wright (Britwell) Parish Councillor Andrea Escott (Colnbrook with Poyle) Parish Councillor Iftakhar Ahmed (Wexham Court) INDEPENDENT PERSON Dr Louis Lee
DATE AND TIME:	THURSDAY, 9TH DECEMBER, 2021 AT 6.30 PM
VENUE:	COUNCIL CHAMBER - OBSERVATORY HOUSE, 25 WINDSOR ROAD, SL1 2EL
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	SHABANA KAUSER 07821 811 259

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

AGENDA
ITEM

REPORT TITLE

PAGE

WARD

Apologies for absence.



sustainable
forest

<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 9 and Appendix B of the Councillors' Code of Conduct, leave the meeting while the matter is discussed.</i>		
2.	Minutes of the Last Meeting held on 30th September 2021	1 - 6	All
3.	Action Progress Report	7 - 12	All
	GOVERNANCE ISSUES		
4.	Revised Terms of Reference	13 - 54	All
5.	Appointment of External Auditors for 2023/24 to 2027/28	55 - 64	All
6.	Local Government and Social Care Ombudsman - Complaints, Findings and Outcomes	65 - 70	All
7.	Member Training Programme	71 - 166	All
	AUDIT ISSUES		
8.	Internal Audit Update Report Quarter 3 2021/22	167 - 210	All
9.	Risk Management Update Quarter 3 2021/22	211 - 242	All
10.	Internal Audit Progress Report Quarter 3 2021/22	243 - 262	All
11.	Members Attendance Record 2021/22	263 - 264	All
12.	Date of Next Meeting - 1 March 2022	-	-
13.	Exclusion of the Press and Public	-	-

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

PART II

14.	Structure of Internal Audit Options Appraisal	265 - 298	All
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Press and Public

Attendance and accessibility: 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 any items in the Part II agenda are considered. For those hard of hearing an Induction Loop System is available in the Council Chamber.

Webcasting and recording: The public part of the meeting will be filmed by the Council for live and/or subsequent broadcast on the Council's website. The footage will remain on our website for 12 months. A copy of the recording will also be retained in accordance with the Council's data retention policy. 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.

In addition, the law allows members of the public to take photographs, film, audio-record or tweet the proceedings at public meetings. Anyone proposing to do so 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.

Emergency procedures: The fire alarm is a continuous siren. If the alarm sounds Immediately vacate the premises by the nearest available exit at either the front or rear of the Chamber and proceed to the assembly point: The pavement of the service road outside of Westminster House, 31 Windsor Road.

Covid-19: To accommodate social distancing there is significantly restricted capacity of the Council Chamber and places for the public are very limited. We would encourage those wishing to observe the meeting to view the live stream. Any members of the public who do wish to attend in person are encouraged to contact the Democratic Services Officer.

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Audit and Corporate Governance Committee – Meeting held on Thursday, 30th September, 2021.

Present:- Councillors Sabah (Chair), Wright (Vice-Chair), Ali, Brooker and J Davis.

Co-Opted Independent Member - Iqbal Zafar

Parish Council Representative - Andrea Escott (Colnbrook with Poyle)

Also present under Rule 30:- Councillor Gahir

Apologies for Absence:- Councillors Grewal and Hussain
Dr Louis Lee (Independent Person)

PART 1

20. Declarations of Interest

None received.

21. Minutes of the Meetings held on 29th July 2021 and 14th September 2021

Resolved - That the minutes of the meetings held on 29th July 2021 and 14th September 2021 be approved as a correct record.

22. Action Progress Report

The Committee considered details of the Action Progress Report and requested that the following updates be provided at the next meeting:

- Details of Member DBS checks carried out to date
- Update on the implementation of Flood Action Plan
- Details of the amount of monies recouped in relation to the 20% of staff expense payments made without relevant receipts
- Clarification on the role of tracing agents and enforcement agents to be circulated to the Committee

Members sought clarification on the Section 106 funds, specifically the position on the 50 agreements not yet invoiced which totalled £6.75m. It was explained that data had been extensively reviewed and 15 invoices were outstanding totalling £1.35m; £80k of which had been received and the remainder invoiced. Concern was expressed with regard to the disparity in the number of outstanding invoices previously reported in comparison to the 15 now confirmed by officers. The Director of Finance explained that whilst he was unable to comment on why a figure of 50 outstanding invoices had been previously reported, in depth work by the finance team had verified that there were currently 15 outstanding invoices.

Resolved – That details of the Action Progress Report be noted.

23. Members Performance Report 2020/21

The Committee considered details of the Members Performance report 2020/21 which included details of Members meeting and training attendance and number of casework submitted. Following the comments of the Committee on this report at the meetings in March and June 2021, the report included:

- Members' Attendance – a record the committees each councillor was on and a full update for the 2020/21 municipal year
- Casework / Complaints – a breakdown of casework and complaints by service/issue.

The total % attendance figure for councillors attending formal Council, Cabinet and committee meetings in 2020/21 was 90% which was the highest average figure over the past six years.

Referring to casework submitted, it was noted that the majority related to issues regarding fly-tipping. Members stated that the same issue could be logged multiple times and enforcement in this area was poor. The Executive Director of Customer and Community explained the difficulties associated in successfully prosecuting for fly-tipping. The Chair requested details of the number of enforcement officers in this area and vacant posts and it was agreed that this would be provided. The Committee emphasised the importance of ensuring the reporting process for fly-tipping was prominent and easily accessible on the council's website and the Executive Director of Customer and Community undertook to look into the matter.

A Member asked whether outcomes on submitted casework could be provided to the Committee and it was agreed that the Corporate Complaints Manager would be contacted to see whether this was feasible.

Resolved - That Members' attendance details at meetings and casework submitted for the period 2020/21 be noted

24. Risk Management Update - Quarter 2 2021/22

The Director of Finance summarised details of the revised Corporate Risk Register, which had been amended to ensure that the Council developed a strategic risk register which encompassed tracking of the risk scores over time, allowing different types to be directly compared and assessed.

Committee Members were invited to comment on the revised risk register and the following points were raised:

- Subsidiary Companies to be included as a new risk on the Corporate Risk Register.
- Disposal of assets and ensuring that value for money was obtained. It was explained that all disposals would require the approval of the Director of Finance and Director of Place and Community. It was anticipated that conveyancing for the sale of assets would be

undertaken by HB Law, with the option to seek specialist expertise advice if required.

- Member training details to be included as part of Risk 5 - Financial Sustainability, accounting and processes - and Committee Members informed.
- Speaking under Rule 30, Councillor Gahir asked about the process of disposal of assets and the manner in which Members would be informed. The Committee were informed that the Asset Register was currently being updated and sale of assets over £1m would be reported to Cabinet and those below this value would be circulated to members for information. Independent valuations would be sought, with the option of selling assets via auction; however there was no requirement to sell should sales close to the valuation of the assets not be obtained or achievable.
- Details of the number of sales at the Moxy Hotel site / SBC percentage partnership at the site would be circulated to the Committee.
- Referring to the Our Futures Programme, the Director of Finance stated that the programme had come to a natural conclusion and that the consultants overseeing the programme had left at the end of September. Looking ahead, it was key that development and implementation of performance management of staff was managed properly.
- The Chair asked whether the vacant GDPR post had been filled and if not, what the risks to the authority were by not having a dedicated officer. It was outlined that the statutory requirements stated that as a public authority the Council would need a named and nominated person to act as Data Protection Officer and an interim DPO was currently in post. Officers explained that DPO was a function and not a role and would typically also have another function within SBC. The Committee were assured that GDPR responsibilities were being covered. The interim Group Manager addressed the Committee, explaining that he was experienced in GDPR and had fulfilled the role of Data Protection Officer previously in other organisations. Work was currently being carried out on a new structure for the IT, which would include a DPO. It was anticipated that the consultation would be carried out late October/November and the new structure in place by early 2022.

Resolved – That details of the report, including improvements to the risk register, be noted.

25. Internal Audit Update - Quarter 2 2021/22

The Director of Finance introduced the Internal Audit Update Quarter 2 report, outlining progress of the implementation of internal audit management actions. All internal audit reports from 2020/21 had been finalised, with action owners and target dates being assigned to all internal audit reports for that year. 65 outstanding actions had been completed and to ensure tracking of progress against remaining actions, target dates were being reviewed and assigned with achievable completion dates and assigned to appropriate

individuals. Actions would be monitored by frequent liaison with Executive Directors and Associate Directors. Evidence of actions completed would be obtained and quality assured by the Group Manager, Commercial.

Details of the high and medium rated outstanding actions were discussed. It was noted that a further update on parked invoices would be provided at the next Committee meeting, following an analysis of over 4,000 invoices which it was anticipated would be completed by the end of October. Responding to a Member query on Council Tax, the Director of Finance explained that an investigation into the £2,516,195 unreconciled difference identified via the council tax direct debit reconciliations was being addressed; with a full plan being developed by December to address the discrepancies and improve processes.

Referring to when treasury management training would be provided, it was explained that this was currently being developed and Members would be informed in due course.

A Member raised that the rating for DBS checks at schools should be rated as high risk and it was agreed that the Appendix would be updated to reflect this for Our Lady of Peace Catholic Primary School.

Clarity regarding the completion dates for recommendations relating to Holy Family Catholic School (30.09.17) and SEN Funding (31.12.17) would be provided at the next meeting, in addition to information relating to the role and responsibilities of Members appointed to DISH.

Resolved – That details of the report, including improvements to the outstanding actions, be noted.

26. Internal Audit Progress Report

The Assistant Internal Audit Manager introduced the Internal Audit Progress Report, highlighting that since the July Committee meeting, a further five final reports had been issued. A number of changes to the agreed audits had been made, including GDPR and Business Continuity audits; which was to aide the Council in dealing with the impacts of the Pandemic, S114 notice and effects of the restructure resulting in numerous vacancies that the Council was attempting to fill.

Key findings from the finalised audits relating to Children Missing Education, Rent Arrears Recovery and IT Business Continuity were highlighted as detailed in Appendix A to the report. Following a series of questions relating to the implementation of recommendations, it was agreed that the following information would be sent to the Committee or an update provided at the next meeting.

- **Children Missing Education** - Update on recommendation 8 to be provided at the December meeting.

Audit and Corporate Governance Committee - 30.09.21

- **Rent Arrears Recovery** –Confirmation whether recommendations had been completed given that the target date for implementation was 30.09.21.
- **IT Business Continuity** – Update on whether the Disaster Recovery Plan was in place.

Resolved – That details of the report be noted.

27. Members Attendance Record 2021/22

Resolved – That details of the Members Attendance Record 2021/22 be noted.

28. Date of Next Meeting - 9th December 2021

Chair

(Note: The Meeting opened at 6.32 pm and closed at 8.29 pm)

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SLOUGH BOROUGH COUNCIL
AUDIT & CORPORATE GOVERNANCE COMMITTEE
ACTION PROGRESS REPORT

Actions Arising from Meetings

30th September 2021

Minute:	Agenda item and Action:	For:	Status / Comment
22	<p>Action Progress Report</p> <p>Details of Member DBS checks carried out to date to be reported to December meeting.</p> <p>Committee to be provided with an update on the implementation of Flood Action Plan to December meeting.</p> <p>Clarification on the role of tracing agents and enforcement agents to be circulated to the Committee</p>	<p>Associate Director, Customer</p> <p>Director of Finance</p> <p>Director of Finance</p>	<p>DBS checks are in progress, as at 10/11/2021 10 clearances out of 42 have been received. Awaiting documentation from all other members to progress.</p> <p>Order raised with the Environment Agency on 9th November to undertake the assessment. Awaiting timeline from them for completion - the Environment Agency have some resource constraints and we expect this to be complete within the next 6 months</p> <p>The 2020/21 Audit relating to Rent Arrears recovery referred to Debt Collection Agencies, it was clarified at the last meeting that the Council uses external tracing agents and enforcement agents. Tracing agents are used to gain information on debtors current address so that collection action</p>

	<p>Details of the amount of monies recouped in relation to the 20% of staff expense payments made without relevant receipts to be reported to the December meeting.</p>	<p>Associate Director, Customer</p>	<p>can be taken at the correct address. This is then passed to the Enforcement agents who are used to pursue debt collection from residents and businesses that have defaulted and been subject to court action and an order issued against them. Their actions are governed by specific legislation which also specifies the level of fees they can charge debtors</p> <p>No monies have been recouped as the two items were required for Council business and had been separately approved by the line managers of the officers claiming the expenses outside of the agreed procedures. The officers and managers have been reminded of the need to obtain valid receipts and to record these on the system.</p> <p>In addition, guidance was issued to staff on 1 July 2021 regarding the procedures for obtaining and recording expenses payments. A further reminder was sent to all staff on 22nd November.</p>
23	<p>Members Performance Report 2020/21</p> <p>Officers to explore whether outcomes on submitted casework could be provided to the Committee.</p>	<p>Corporate Complaints Manager</p>	<p>Finbar McSweeney has made contact with Councillor Jemma Davis who raised the query at the committee to show her what</p>

	<p>Fly-tipping: Number of enforcement officers / vacant posts to be provided. To ensure the reporting process for fly-tipping was prominent and easily accessible on the council's website</p>	<p>Executive Director, Customer & Community.</p>	<p>information can be provided from the casework system. The Councillor was unable to attend the meeting arranged. Following Finbar McSweeney's attendance at a recent Executive Leadership Team it has been proposed that reports will now be provided quarterly for members.</p> <p>1 level 8 team lead 4 level 7 supervisors 6 level 6 senior officers No vacant posts Reporting process is prominent and can be found on our website</p>
24	<p>Risk Management Update Quarter 2 2021/22</p> <p>Subsidiary Companies to be included as a new risk on the Corporate Risk Register.</p> <p>Member training details to be circulated to the Committee.</p> <p>Details of the number of sales at the Moxy Hotel site / SBC percentage partnership at the site</p>	<p>Director of Finance</p> <p>Director of Finance</p> <p>Executive Director, Customer & Community.</p>	<p>On the agenda for 09.12.21</p> <p>On the agenda for 09.12.21</p> <p>There have been 10 sales out of 64 units at the Old Library Site (called Novus Apartments). The development is within SUR which is a 50:50 joint venture with Muse and the Council.</p>

25	<p>Internal Audit Update Quarter 2 2021/22</p> <p>Appendix 1:</p> <p>Our Lady of Peace Catholic Primary School – rating to be changed from medium to high risk</p> <p>Clarity regarding the completion dates for recommendations relating to Holy Family Catholic School (30.09.17) and SEN Funding (31.12.17)</p> <p>DISH - Details provided outlining role and responsibilities of Members appointed to DISH.</p>	<p>Director of Finance</p> <p>Director of Finance</p> <p>Director of Finance</p>	<p>The action rating was changed and the recommendation has been completed and confirmed as closed by the school and noted as such on the revised tracker</p> <p>Actions related to Holy Family Catholic School were confirmed as closed on 22nd October and SEN Funding was confirmed as closed on 8th October. , Evidence of completion was received for all of these recommendations.</p> <p>The roles and responsibilities of the Directors of DISH are set out in the Memorandum and Articles of Association signed in 1988 which can be viewed via the Companies House website.</p>
26	<p>Internal Audit Progress Report</p> <p>Children Missing Education Audit - Update on recommendation 8 to be provided at the December meeting.</p>	<p>Associate Director, Education & Inclusion</p>	<p>The new admission code was implemented in September 2021. This stipulates the processes and timescales within which schools and the LA action school admissions procedures. Reporting systems have been developed and implemented on the Capita system within which all admissions related data can be collated.</p>

	<p>Rent Arrears Recovery Audit – Completion target date 30.09.21. Confirmation whether recommendations completed and if not, further details to be provided.</p> <p>IT Business Continuity Audit – Update on whether the Disaster Recovery Plan was in place.</p>	<p>Executive Director, Customer & Communities</p> <p>Director of Finance / Group Manager IT</p>	<p>Actions relating to the Former Tenants procedure and Housing Recovery Team meetings have been implemented and are now closed on the action tracker.</p> <p>The Council is aiming to implement its formal approach for the testing of business continuity and disaster recovery in line with the original target date of 31 /3/2022. In the interim and in order to manage the risks, priority has been given to ensuring data backups are tested. A programme of work is being designed and procured for testing during January and February 2022.</p>
	<p>ANY OTHER BUSINESS</p> <p>LGA Governance Review Working Group – The Chair to be provided with an update on establishment of the WG</p>	<p>Director of Finance</p>	<p>The need for a working group on this specific topic has been superseded by the publication of the Grant Thornton report, CIPFA report and DLUHC Governance Review, as well as the Secretary of State’s “minded to” letter. Work to address all of the action points identified in those reports is being closely monitored and reported to each Council meeting. Council is therefore performing the role which it had been envisaged would be carried out by the working group.</p>

Note: Actions to be removed from the log after being reported as ‘completed’ to the Committee.

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SLOUGH BOROUGH COUNCIL**REPORT TO:** Audit & Corporate Governance Committee **DATE:** 9th December 2021**CONTACT OFFICER:** Angela Wakefield, Monitoring Officer**(For all Enquiries)** 07749 723013**WARD(S):** All**PART I**
FOR COMMENT & CONSIDERATION**REVISED TERMS OF REFERENCE FOR THE AUDIT & CORPORATE GOVERNANCE COMMITTEE****1. Purpose of Report**

To advise the Committee on the proposed revised Terms of Reference attached at Appendix A; and to give the Committee the opportunity to consider the proposals, informed by the table at Appendix B. The proposals are intended to give effect to recommendations from the LGA; CIPFA; and DLUHC, as referred to at section 5 below, and they are also aimed at improving the Committee's Terms of Reference in line with CIPFA best practice guidance.

2. Recommendation(s)/Proposed Action

The Committee is requested:

- (a) To consider and comment on the revised Terms of Reference: and
- (b) To recommend that Council approves the revised Terms of Reference at its next meeting.

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

Good governance arrangements will support all of the Slough Wellbeing Strategy Priorities and the JSNA.

3b. Five Year Plan Outcomes

Revising the Committee's Terms of Reference will support delivery of all five priority outcomes of the Five Year Plan.

- Outcome 1: Slough children will grow up to be happy, healthy and successful
- Outcome 2: Our people will be healthier and manage their own care needs
- Outcome 3: Slough will be an attractive place where people choose to live, work and stay
- Outcome 4: Our residents will live in good quality homes
- Outcome 5: Slough will attract, retain and grow businesses and investment to provide opportunities for our residents

4. **Other Implications**

(a) Financial

There are no direct financial implications of the proposed action, although the revised Terms of reference will support the council’s financial control mechanisms and help ensure it meets its best value duty.

(b) Risk Management

Recommendation from section 2 above	Risks/Threats/ Opportunities	Current Controls	Using the Risk Management Matrix Score the risk	Future Controls
To consider and comment on the revised Terms of Reference and to recommend that Council approves an amended Article 9	Political, Legal & Regulatory risks associated with maintaining the status quo	Existing Terms of Reference	Likelihood – Very Low – 2 Impact – Negligible – 2 Risk Score - 4	Enhanced and strengthened Terms of Reference.

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act implications arising from this report.

Under Section 37 of the Local Government Act 2000, the Council is required to prepare and keep up to date a document, referred to as the Constitution, which contains as a minimum:

- (i) The Council’s Standing Orders
- (ii) The Council’s Code of Conduct for Members; and
- (iii) Such other information as the Secretary of State directs – under the Local Government Act 2000 (Constitutions)(England) Direction 2000 this information includes the membership, terms of reference and functions of the Council’s Committees and Sub-Committees, and any rules governing the conduct and proceedings of those Committees and Sub-Committees.

Subject to those provisions, it is for the Council to decide what information its Constitution should contain. SBC’s constitution contains a large number of rules and procedures and is broadly split up in the following way:

1. The Articles
2. Responsibility for functions
3. Procedure rules
4. Ethical framework
5. Members’ allowances

This phase of the review focuses on Article 9 at Part 2 of the Constitution.

(d) Equalities Impact Assessment

There is no identified need for an EIA at this stage.

5. **Supporting Information**

- 5.1 The LGA governance review published in June 2020 recommended among other things that the Audit and Corporate Governance Committee Terms of Reference should be reviewed.
- 5.2 The DLUHC (formerly MHCLG) Governance Review published on 25th October 2021 recommended, as a matter of priority, a review of the Terms of Reference of the Audit and Corporate Governance Committee as outlined in the LGA governance review in 2020.
- 5.3 The Secretary of State's "minded to" letter dated 25th October 2021 contains Proposed Directions to the Authority, setting out actions "*which the Authority must undertake in order to effect the changes which are needed ... to include ... a revised term of reference for the Audit and Corporate Governance Committee...*".

6. **Comments of Other Committees**

There are no comments from other Committees.

7. **Conclusion**

Adoption of the revised Terms of Reference for the Audit and Corporate Governance Committee will secure compliance with the recommendations of the LGA governance review and the DLUHC Governance Review, as well as with the Secretary of States Proposed Directions. In addition, it will equip the Audit and Corporate Governance committee to provide an independent and high-level resource to support good governance and strong public financial management. The Committee is therefore asked to consider and comment on the revisions and to recommend that council approves a revised Article 9 at its next meeting.

8. **Appendices Attached**

'A' Proposed Revised Article 9

'B' Table of changes

9. **Background Papers**

1. LGA Governance Review June 2020
2. DLUHC (formerly MHCLG) Governance Review dated September 2021, published 25th October 2021
3. DLUHC "minded to" letter dated 25th October 2021

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ARTICLE 9 – AUDIT AND CORPORATE GOVERNANCE COMMITTEE

The Council will appoint an Audit and Corporate Governance Committee

1. Statement of Purpose

~~The purpose of this Committee is to~~

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

The purpose of this Committee is to provide an independent and high-level resource to support good governance and strong public financial management.

Terms of Reference

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

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

The core functions of the Committee are:

- To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements
- To be satisfied that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives
- In relation to the authority's internal audit functions:
 - Oversee its independence, objectivity, performance and professionalism
 - Support the effectiveness of the internal audit process
 - Promote the effectiveness of the internal audit process
 - Promote the effective use of internal audit within the assurance framework
- To consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk - related issues, including partnerships and collaborations with other organisations

- To mMonitor the effectiveness of the control environment, including supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption
- To cConsider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control
- To sSupport effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process
- To rReview the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
- -To cConsidering governance, risk and control matters at the request of cabinet, full Council and other committees or statutory officers
- To pPromoting and maintaining high standards of conduct, including:
 - Reviewing the Code of Conduct for Members and wider ethical framework
 - Promoting high standards of conduct by elected members, co -opted members and parish councillors
 - Advising the Council on the adoption or revision of the Council's Ethical Framework, including the codes of conduct, whistleblowing code, corporate anti-fraud arrangements and policy statement on corporate governance
- To establish a sub-committee to decide whether to take action against a member for breaches of the Code of Conduct
- To rReviewing and monitoring treasury management arrangements in accordance with best practice and CIPFA guidance

3. Membership

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

4 The Committee will comprise*:

- Seven councillors

The councillors should not be members of the executive, the chairs or vice chairs of planning or licensing committee, group leaders or chairs of overview and scrutiny committees/panels. The cross over of membership between overview and scrutiny committee/panels members and this committee should be limited to two. The councillors should be selected following a skills audit of the committee and the following skills and knowledge should be represented where possible:

- Financial management
 - Audit
 - Accountancy
 - Regulatory work
 - Corporate governance, including company board representation
- Up to four co-opted (non voting) independent members (there must be a minimum of one independent member appointed to the committee). The

independent members should have suitable experience and be selected following a fair and open process. Skills and knowledge to include:

- Demonstrated ability to support good governance principles
- Public sector financial management
- Corporate governance, including company board representations
- Financial management
- Accountancy
- Auditing
- Regulatory work
- Risk management

~~(politically balanced) (not the Leader, Mayor and Deputy Mayor, Chairs and Vice Chairs of Planning and Licensing Committee and Group Leaders*)~~

~~Up to four co-opted (non-voting) independent members from outside the Council with suitable experience~~

~~The Council's Independent Person (as an observer).~~

~~* executive members limited to one~~

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

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

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

4. Working Arrangements

~~5~~ That Committee will meet four or more times per year.

~~6~~ The quorum of the Committee shall be a minimum of three voting members of the committee.

~~7~~ The Committee may require Members of the Council, Chief Officers and the Statutory Governance Officers to attend before it to answer questions. The Committee may request the attendance of another officer. Such a request should be made to the relevant Chief Officer. The Chief Officer may decide whether to send that officer or to attend instead. Chief Officers may send substitutes to answer questions instead of attending in person, however the Committee may require the attendance of the Statutory Governance Officers upon providing at least 7 days notice. If an officer is unable to attend, the Committee may adjourn the matter to a future meeting when the officer is able to attend. will be subject to the statutory access to information provisions. The press and public may be excluded and papers withheld from access only if they meet statutory definitions of exempt or confidential information.

~~8~~ All Members of the Council and members of the press and public can attend the Committee when it is discussing business in Part I of the agenda. When the Committee is discussing exempt or confidential information (Part II) only Members

~~of the Committee and Members of the Council (with the consent of the Committee given by majority resolution) can attend.~~

~~0 The Committee will appoint a Standards and Determination Sub-Committee to~~

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

~~10 The Committee and its Sub-Committee may require Members of the Council and Officers of the Authority to attend before it to answer questions.~~

~~20 The Committee and its Sub-Committee may require the production of any document or record in the possession of the Council to be submitted to it, unless to do so would involve a breach of data protection or other statutory provisions.~~

~~The Committee may request ~~it~~ that one of the Statutory Governance Officers investigate any concerns of impropriety, financial mismanagement or system failures and ask for a report to be brought back to the Committee at a future date. ~~the Monitoring Officer or his/her nominee to investigate on its behalf allegations of impropriety referred to the Committee.~~~~

Standards and Determination Sub-Committee

~~The Committee will appoint members to this sub-committee if this is not undertaken by annual council.~~

~~24 The sub-committee will determine complaints following an investigation.~~

Specific Functions

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

~~13 External Audit~~

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

~~14 Internal Audit~~

- ~~• To consider the Chief Internal Auditor's annual audit opinion and the level of assurance given over the Council's corporate governance, risk management and control arrangements~~

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

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24 ~~Internal Control~~

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

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29 ~~Risk Management~~

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

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15 ~~Governance~~

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

Standards and Ethical Framework

- ~~(y) — To promote and maintain high standards of conduct by Members, (i.e. Elected and Co-opted).~~
- ~~(aa) — To assist Members to observe the Council's Ethical Framework including the Code of Conduct.~~
- ~~(cc) — To advise the Council on the adoption or revision of the Council's Ethical Framework including the Code of Conduct.~~
- ~~(ee) — To monitor the operation of the Council's Ethical Framework including the Code of Conduct.~~
- ~~(gg) — To advise, train or arrange to train Members on matters relating to the Council's Ethical Framework including the Code of Conduct.~~
- ~~(ii) — To determine written complaints made against a Member (including a Parish Council Member) alleging a breach of the Code of Conduct and taking any action that is deemed appropriate and permitted under the Localism Act 2011 and Regulations thereunder.~~
- ~~(kk) — To exercise of (a) to (f) above in relation to the Parish Councils wholly or mainly in its area and the Members of those Parish Councils.~~
- ~~(mm) — To keep under review and make recommendations to the Council on the Whistle-Blowing Policy and Procedure.~~
- ~~(oo) — To put in place and keep under review arrangements for monitoring Members' performance.~~
- ~~(qq) — To receive and consider reports on individual Members' performance.~~
- ~~(ss) — To decide any requests from a Member or Officer for indemnity as set out in the Council's adopted Policy on Terms of Indemnity.~~

47 Other

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

57 ~~The terms of reference of the Committee shall be reviewed annually.~~

Standards Determination Sub-Committee

1. Terms of Reference

The Sub-Committee is established to

- Determine complaints that an elected member or co -opted member has breached the Council's Code of Conduct for Members, following an investigation and referral by the Monitoring Officer
- Determine complaints that a parish councillor has breached the relevant Parish Council's Code of Conduct for Members, following an investigation and referral by the Monitoring Officer

2. Appointment and Composition of the Sub-Committee

- (a) The sub-committee will be convened as necessary from members of the Audit and Corporate Governance Committee on a case by case basis.
- (b) The sub-committee shall comprise of five members, a minimum of three of which should be elected members drawn on a politically proportionate basis wherever possible. At least one member should be a co-opted independent member.
- (c) The Chair should be elected by the subcommittee members and should be an elected member
- (d) The appointment and composition of the subcommittee shall increase to include a parish councillor (as co-opted member) where the subcommittee is considering a complaint against a parish councillor. There is no requirement for the parish councillor to come from the same parish council as the councillor about whom the complaint is made.
- (e) The quorum for the meeting should be three members, two of whom must be elected members and at least one independent member must be present. When considering a complaint against a parish councillor, at least one parish councillor representative should be present.

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

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

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

- ~~3. If the Sub-Committee makes a finding under paragraph 2(c) in respect of a person who is no longer a Member of any authority that the Committee has responsibility for it shall censure that person.~~
- ~~4. If the Sub-Committee makes a finding under paragraph 2(c) in respect of a person who is a serving Member of any authority that the Committee has responsibility for, it shall impose any of, or a combination of, the following sanctions:
 - ~~(a) censure of that Member~~
 - ~~(b) restriction for a period not exceeding six months of that Member's access to the premises of the relevant Authority or the resources of the relevant Authority provided that those restrictions:
 - ~~i. are reasonable and proportionate to the nature of the breach;~~
 - ~~ii. do not unduly restrict the person's ability to perform the functions of a Member.~~~~
 - ~~(c) that the Member submits a written apology in a form specified by the Sub-Committee;~~
 - ~~(d) that the Member undertakes such training as the Sub-Committee specifies;~~
 - ~~(e) that the Member participate in such conciliation as the Sub-Committee specifies.~~~~

~~5. Appointment and Composition of the Sub-Committee~~

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

~~(b) The Sub-Committee shall comprise five Members, of whom a maximum of three shall be elected members **drawn on a politically proportionate basis, wherever possible. If an opposition Member is not available, the three Members will be appointed from the same political party.** No more than two should be Co-Opted Independent Members of the Audit and Corporate Governance Committee.~~

~~(c) The Sub-Committee shall elect a Chair at each hearing/meeting. The Chair will be an elected Councillor.~~

~~(d) The appointment and composition of the Sub-Committee shall increase to include a Parish Member (observer) of the Audit and Corporate Governance Committee where the Sub-Committee is considering a report or recommendations that relate to a Parish Council Member.~~

~~6. Quorum~~

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

~~7. Frequency of Meetings~~

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

Proposals for Amendments

APPENDIX B

Current Wording	Proposal	Best Practice	Comments/Reason
<p>Statement of Purpose</p> <p>1. Statement of Purpose The purpose of this Committee is to</p> <ul style="list-style-type: none"> <input type="checkbox"/> promote and maintain high standards of conduct by Members <input type="checkbox"/> provide independent assurance of the adequacy of the risk management framework and the associated control environment <input type="checkbox"/> independently scrutinise the authority’s financial and non-financial performance, to the extent that it affects the authority’s exposure to risk and weakens the control environment and to oversee the financial reporting process <input type="checkbox"/> approve the financial statements <input type="checkbox"/> approve the Annual Governance Statement. 	<p>Statement of Purpose:</p> <p>The purpose of this Committee is to provide an independent and high-level resource to support good governance and strong public financial management.</p>	<p>The wording reflects CIPFA’s Position Statement for Audit Committees.</p> <p>The CIPFA Guidance does have a longer form of words:</p> <p>1 Our audit committee is a key component of [name of authority]’s corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.</p> <p>2 The purpose of our audit committee is to provide independent assurance to the members [or identify others charged with governance in your authority] of the adequacy of the risk management framework and the internal control environment. It provides independent review of [name of authority]’s governance, risk management and control</p>	<p>It is preferable to have a high level and succinct statement of purpose and more detail in the ToR.</p> <p>In addition, it rightly emphasises the Committee’s key role in reviewing strong public financial management.</p> <p>The other matters referred to in the current wording are still covered in the overarching reference to good governance eg. Risk management, internal controls, AGS.</p>

		frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.	
<p>Terms of Reference</p> <p>2. Within the Terms of Reference of the Committee it will be</p> <ul style="list-style-type: none"> <input type="checkbox"/> the member forum for external audit matters, approving the financial statements on behalf of the full Council <input type="checkbox"/> the member forum for ethical framework matters <input type="checkbox"/> the member forum for internal audit matters <input type="checkbox"/> a key element of the internal control framework for the Council and take responsibility for the approval of the Annual Governance Statement on behalf of the full Council <input type="checkbox"/> be the member forum for risk management matters <input type="checkbox"/> be the member forum for corporate governance matters. 	<p>Terms of Reference:</p> <p>The core functions of the Committee are:</p> <ul style="list-style-type: none"> • To consider the Council’s arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements • To be satisfied that the authority’s assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority’s objectives 	<p>The terms of reference reflect the recommended core functions set out in the CIPFA guidance, with the addition of functions in relation to Standards and the ethical framework and treasury management review.</p>	<p>The ToR should not try to state every item that the Committee may wish to deal with, it should be an overarching set of core functions, giving the committee the freedom to set a forward plan that focuses on the strategic risks.</p> <p>The CIPFA guidance should be consulted to set a work programme for the Committee.</p> <p>The changes are recommended for the following reasons:</p> <ul style="list-style-type: none"> • It provides more clarity on the Committee’s role in relation to external audit. Previously the

	<ul style="list-style-type: none"> • In relation to the authority’s internal audit functions: <ul style="list-style-type: none"> ○ Oversee its independence, objectivity, performance and professionalism ○ Support the effectiveness of the internal audit process ○ Promote the effectiveness of the internal audit process ○ Promote the effective use of internal audit within the assurance framework • Consider the effectiveness of the authority’s risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including 		<p>ToR referred to the committee being the “member forum” for external audit matters. However this does not reflect the statutory framework, which requires full council to consider some matters raised by external auditors.</p> <ul style="list-style-type: none"> • It provides more detail on the role in relation to internal audit, emphasising the independent nature of this function. • In relation to assurance, the amended wording makes clear the role is wider than approving the AGS • In relation to risk, there is explicit reference to the Committee’s role in relation to partnerships and collaborative arrangements - this picks up from the
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	<p>partnerships and collaborations with other organisations</p> <ul style="list-style-type: none"> • Monitor the effectiveness of the control environment, including supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption • Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control • Support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process • Review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the 		<p>external auditors' recommendation in relation to connected companies, but also allows the Committee to seek assurance for other partnership arrangements and collaborations, for example shared services.</p> <ul style="list-style-type: none"> • In relation to corporate governance, the previous wording could be interpreted as this committee being the only member forum for corporate governance. Clearly all member forums have a role in good governance, however this Committee has a specific role in relation to the Standards regime and the ethical framework. With the increased focus on corporate governance, it is important for the Council to ensure that
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	<p>issues raised by external audit.</p> <ul style="list-style-type: none"> • Considering governance, risk and control matters at the request of cabinet, full Council and other committees or statutory officers • Promoting and maintaining high standards of conduct, including: <ul style="list-style-type: none"> ○ Reviewing the Code of Conduct for Members and wider ethical framework ○ Promoting high standards of conduct by elected members, co-opted members and parish councillors ○ Advising the Council on the adoption or revision of the Council's Ethical Framework, including the codes of conduct, 		<p>this is seen as the responsibility of all elected members and all officers, rather than solely sitting with an individual Committee.</p> <ul style="list-style-type: none"> • The amended wording explicitly allows the statutory officers and other committees to request that this Committee consider specific matters. The wording has been amended from that in the CIPFA Position Statement to add in reference to cabinet and full council. This will replace the section on the link between O&S Committee, but make it clear that any committee, cabinet or full council can request that a matter is considered, again emphasising that corporate governance is everyone's responsibility.
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	<p>whistleblowing code, corporate anti-fraud arrangements and policy statement on corporate governance</p> <ul style="list-style-type: none"> • To establish a sub-committee to decide whether to take action against a member for breaches of the Code of Conduct • Reviewing and monitoring treasury management arrangements in accordance with best practice and CIPFA guidance 		
<p>Membership The Committee is subject to the provisions of the Local Government Access to Information Act 1985.</p> <p>The Committee will comprise*: Seven councillors (politically balanced) (not the Leader, Mayor and Deputy Mayor,</p>	<p>The Committee will comprise: Seven councillors</p> <p>The councillors should not be members of the executive, the vice chairs or planning or licensing committee, group leaders or chairs of overview and scrutiny committees/panels. The cross over of membership</p>	<p>The CIPFA position statement states:</p> <p>Good membership is characterised by:</p> <ul style="list-style-type: none"> • A balanced, objective, independent of mind, knowledgeable and properly trained membership 	<p>The role of the independent members is to strengthen the knowledge and skills of the committee and to provide an independent voice. This does not require them to be voting members.</p> <p>There should be a protocol for co-opted members ensuring they are bound by</p>

<p>Chairs and Vice Chairs of Planning and Licensing Committee and Group Leaders*)</p> <p>Up to four co-opted (non-voting) independent members from outside the Council with suitable experience The Council's Independent Person (as an observer).</p> <p>* executive members limited to one</p> <p>* one Member from each of the three Parish Councils in the Borough to be invited to attend and speak at the Committee if it is considering a report relating to material changes to the Code of Conduct In order to promote the independence of the Committee there should be limited cross membership between Overview and Scrutiny Committee and the Audit and Corporate Governance Committee limited to a maximum of 2 members. Also Cabinet membership of the</p>	<p>between overview and scrutiny committee/panels members and this committee should be limited to two.</p> <p>The councillors should be selected following a skills audit of the committee and the following skills and knowledge should be represented where possible:</p> <ul style="list-style-type: none"> • Financial management • Audit • Accountancy • Regulatory work • Corporate governance, including company board representation <p>Up to four co-opted (non voting) independent members (there must be a minimum of one independent member appointed to the committee). The independent members should have suitable experience and be selected following a fair and open process. Skills and knowledge to include:</p>	<ul style="list-style-type: none"> • The committee should be politically balanced, whilst also achieving the right apolitical expertise • A strong independently minded chair, displaying a depth of knowledge, skills and interest. An effective chair should promote apolitical open discussion, manage meetings to cover all business and encourage a candid approach from all participants, demonstrate an interest in and knowledge of financial and risk management, audit, accounting concepts and standards and the regulatory regime. • Unbiased attitudes – treating auditors, the executive and management fairly • The ability to challenge the executive and senior managers when required <p>CIPFA Guidance recommends:</p>	<p>the code of conduct for members and that they have the ability to raise matters of concern with the Monitoring Officer. Therefore if the independent members had concerns about the operation of the committee, this could be addressed by the Monitoring Officer.</p> <p>Job description for independent member should be drawn up and vacancies publicly advertised. Independent members should be appointed for 3 years, but this can be extended if insufficient alternative candidates. Therefore the Council should conduct a recruitment exercise at least every 3 years, but can do this on a rolling programme if it prefers.</p>
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<p>Committee is limited to one member. The Chair of the Committee will be an elected Member of the Council</p>	<ul style="list-style-type: none"> • Demonstrated ability to support good governance principles • Public sector financial management • Corporate governance, including company board representations • Financial management • Accountancy • Auditing • Regulatory work • Risk management <p>The Chairman of the Committee should be an elected member.</p>	<p>Discourages executive members sitting on the committee as it could deter the ability to challenge or hold to account the executive on governance, risk and control matters. The committee should have the ability to invite cabinet members to attend.</p> <p>Recommendation to have independent co-opted members, however potential pitfalls are:</p> <ul style="list-style-type: none"> • Over-reliance on the independent members by other committee members can lead to lack of engagement • Lack of organisational knowledge when considering risk registers or audit reports • Effort is required from independent members and staff to establish a working relationship and protocols for briefings and access to information. 	
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		<p>Voting Where the committee is operating as an advisory committee, then all members of the committee should be able to vote. If the council wishes to delegate decisions to the committee, for example the adoption of financial statements, then the independent members will not be able to vote.</p> <p>Job descriptions should be drawn up.</p>	
<p>Working Arrangements</p> <p>5 That Committee will meet four or more times per year.</p> <p>6 The quorum of the Committee shall be a minimum of three voting members of the committee.</p> <p>9 The Committee will appoint a Standards and Determination Sub Committee to</p>	<p>Working Arrangements</p> <p>5. The Committee will meet four or more times per year</p> <p>6. The quorum of the Committee shall be a minimum of three voting members of the committee</p> <p>7. The Committee may require Members of the Council, Chief Officers and the Statutory Governance Officers to attend before it to answer questions. The Committee may request the attendance of another officer.</p>		<p>The ability for the sub-committee to review the code of conduct should sit with the main committee, unless a decision is made to set up a stand alone committee.</p> <p>The guidance does refer to the committees ability to require officers to attend, however, it is common practise to limit this to senior officers. Junior officers would not normally be required to attend a council committee and may find the process of being questioned</p>

<p><input type="checkbox"/> determine complaints following an investigation; and</p> <p><input type="checkbox"/> give detailed consideration to revisions to the Code of Conduct as necessary for recommendation to the Committee.</p> <p>10 The Committee and its Sub Committee may require Members of the Council and Officers of the Authority to attend before it to answer questions.</p> <p>11 The Committee and its Sub Committee may require the production of any document or record in the possession of the Council to be submitted to it, unless to do so would involve a breach of data protection or other statutory provisions.</p> <p>12 The Committee may require the Monitoring Officer or his/her nominee to investigate on its behalf</p>	<p>Such a request should be made to the Chief Officer. The Chief Officer may decide whether to send that officer or to attend instead. Chief Officers may send substitutes to answer questions instead of attending in person, however the Committee may require the attendance of the Statutory Governance Officers, upon providing at least 7 days notice. If an officer is unable to attend, the Committee may adjourn the matter to a future meeting when the officer is able to attend.</p> <p>8. The Committee may require the production of any document or record in the possession of the Council to be submitted to it, unless to do so would involve a breach of data protection or other statutory provision.</p> <p>9. The Committee may request that the Monitoring Officer, s.151 Officer or Head of Paid Service to investigate any concerns of impropriety, financial mismanagement or system failures and ask for a report to</p>		<p>in a formal committee setting intimidating. Whilst the Chief Officers may send a substitute, the Committee can require the attendance of the three statutory governance officers (HoPS, s.151, MO), although notice should be provided and the matter can be adjourned if the officer is unable to attend.</p> <p>The investigation of impropriety is not carried out on behalf of the committee, as the committee does not have a role in determining impropriety issues. This section has also been widened to include other systemic issues.</p>
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<p>allegations of impropriety referred to the Committee.</p>	<p>be brought back to the Committee at a future date.</p> <p>Standards and Determination Sub-Committee</p> <p>7. The Committee will appoint members to this sub-committee if this is not undertaken by annual council.</p> <p>8. The sub-committee will determine complaints following an investigation.</p>		
<p>Specific Functions</p>			
<p>External Audit</p> <p>To consider the external audit report to those charged with governance on issues arising from the audit of the accounts, and ensure that appropriate action is taken in relation to the issues raised</p> <p><input type="checkbox"/> To consider the external auditor's annual letter and ensure that appropriate action is taken in relation to the issues raised</p>	<p>Suggest removal.</p>	<p>CIPFA Guidance</p> <p>26 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.</p> <p>27 To consider the external auditor's annual letter, relevant</p>	

<ul style="list-style-type: none"> <input type="checkbox"/> To consider and comment on any plans of the external auditors <input type="checkbox"/> To comment on the scope and depth of the external audit work and to ensure it gives value for money <input type="checkbox"/> To consider any other reports by the external auditors <input type="checkbox"/> To liaise with the appointed body over the appointment of the Council's external auditor. 		<p>reports and the report to those charged with governance.</p> <p>28 To consider specific reports as agreed with the external auditor.</p> <p>29 To comment on the scope and depth of external audit work and to ensure it gives value for money.</p> <p>30 To commission work from internal and external audit.</p> <p>31 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.</p>	
<p>14 Internal Audit</p> <ul style="list-style-type: none"> <input type="checkbox"/> To consider the Chief Internal Auditor's annual audit opinion and the level of assurance given over the Councils corporate governance, risk management and control arrangements 	<p>To remove</p>	<p>CIPFA Guidance</p> <p>13 To approve the internal audit charter.</p> <p>14 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.</p>	

<ul style="list-style-type: none"> □ To consider regular reports, including statistics, abstracts and performance of the work of internal audit as presented by the Chief Internal Auditor □ To consider and approve the annual Internal Audit plan ensuring that there is sufficient and appropriate coverage □ To consider reports from Internal Audit on agreed recommendations not implemented in accordance within the agreed timescale □ To contribute to the annual audit plan □ To comment on the scope and depth of the internal audit work and to ensure it gives value for money □ To consider any other reports the Chief Internal Auditor may make to the Committee. 		<p>15 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.</p> <p>16 To approve significant interim changes to the risk-based internal audit plan and resource requirements.</p> <p>17 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.</p> <p>18 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.</p> <p>19 To consider reports from the head of internal audit on internal</p>	
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		<p>audit's performance during the year, including the performance of external providers of internal audit services. These will include:</p> <ul style="list-style-type: none">a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit workb) regular reports on the results of the QAIPc) reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS. <p>20 To consider the head of internal audit's annual report:</p> <ul style="list-style-type: none">a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the	
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		<p>reliability of the conclusions of internal audit.</p> <p>b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.</p> <p>21 To consider summaries of specific internal audit reports as requested.</p> <p>22 To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.</p> <p>23 To contribute to the QAIP and in particular, to the external quality assessment of internal</p>	
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		<p>audit that takes place at least once every five years.</p> <p>24 To consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations (see Appendix A).</p> <p>25 To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.</p>	
<p>15 Internal Control</p> <p><input type="checkbox"/> To approve the adoption of the Annual Governance Statement to the Council</p> <p><input type="checkbox"/> To ensure that an appropriate action is taken with respect the issues raised in the Annual Governance Statement.</p>	To remove	<p>Governance, risk and control</p> <p>3 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.</p> <p>4 To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the</p>	<p>Internal Control should be far wider than the AGS and the wording in the draft ToR reflects this, referring to assurance statements, including the AGS. The proposed ToR also refers to the wider ethical framework.</p> <p>Reference to partnerships and collaborative arrangements have been included in ToR.</p>

		<p>overall adequacy and effectiveness of the council's framework of governance, risk management and control.</p> <p>5 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.</p> <p>6 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.</p> <p>7 To monitor the effective development and operation of risk management in the council. 8 To monitor progress in addressing risk-related issues reported to the committee.</p> <p>9 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</p> <p>10 To review the assessment of fraud risks and potential harm to</p>	
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		<p>the council from fraud and corruption.</p> <p>11 To monitor the counter-fraud strategy, actions and resources. 12 To review the governance and assurance arrangements for significant partnerships or collaborations</p>	
<p>16 Risk Management</p> <p><input type="checkbox"/> To approve the risk management strategy and review the effectiveness of risk management arrangements, the control environment and associated antifraud and anti-corruption arrangements and seek assurances that action is being taken on risk related issues</p> <p><input type="checkbox"/> To ensure that assurance statements, including the Annual Governance Statement properly reflect the risk environment</p> <p><input type="checkbox"/> To review the Council's risk register.</p>	To remove		This is adequately covered in the revised ToR,
17 Governance	To remove		

<ul style="list-style-type: none"> □ To consider the arrangements for corporate governance and to make appropriate recommendations to ensure corporate governance meets appropriate standards □ To consider the Council's compliance with its own and other published standards and controls □ To review any issues of governance referred to the Committee by internal or external audit □ To take ownership of the Protocol on referring Matters to the External Auditor □ To review the Anti-Fraud and Corruption policy. 			
<p>Standards and Ethical Framework</p> <p>(a) To promote and maintain high standards of conduct by Members, (i.e. Elected and Co-opted).</p>	<p>To remove</p>		<p>Whistleblowing policy is referred to under ethical framework, so already covered.</p>

(b) To assist Members to observe the Council's Ethical Framework including the Code of Conduct.

(c) To advise the Council on the adoption or revision of the Council's Ethical Framework including the Code of Conduct.

(d) To monitor the operation of the Council's Ethical Framework including the Code of Conduct.

(e) To advise, train or arrange to train Members on matters relating to the Council's Ethical Framework including the Code of Conduct.

(f) To determine written complaints made against a Member (including a Parish Council Member) alleging a breach of the Code of Conduct and taking any action that is deemed appropriate and permitted

<p>under the Localism Act 2011 and Regulations thereunder.</p> <p>(g) To exercise of (a) to (f) above in relation to the Parish Councils wholly or mainly in its area and the Members of those Parish Councils.</p> <p>(h) To keep under review and make recommendations to the Council on the Whistle-Blowing Policy and Procedure.</p> <p>(i) To put in place and keep under review arrangements for monitoring Members' performance.</p> <p>(j) To receive and consider reports on individual Members' performance.</p> <p>(k) To decide any requests from a Member or Officer for indemnity as set out in the Council's adopted Policy on Terms of Indemnity.</p>			
<p>18 Other</p>	<p>To remove.</p>		

<p>(a) To liaise with the Overview and Scrutiny Committee to ensure that the work of the two committees is complementary.</p> <p>(b) To promote effective relationships between external audit, internal audit, inspection agencies and other relevant bodies to ensure that the value of the audit and inspection processes are enhanced and actively promoted.</p> <p>(c) To consider financial and non-financial performance issues to the extent that this impacts upon financial management and governance.</p> <p>(d) The Committee shall, in conjunction with the Monitoring Officer and Director of Finance & Resources, produce an Annual Review of work completed and proposed and report on an exception basis</p>			<p>The need for an annual report will be picked up in the Committee's work programme.</p> <p>Relationships between audit and inspection bodies is covered above.</p>
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through the Performance Report for Cabinet.			
<p>Determination Sub-Committee</p> <p>Terms of Reference</p> <p>The Sub-Committee is established to</p> <ul style="list-style-type: none"> • determine complaints following an investigation. • give detailed consideration to revisions to the Code of Conduct as necessary for recommendation to the Committee. <p>2. Following a hearing the Sub-Committee will make one of the following findings: (a) That the Member who was the subject of the hearing had not failed to comply with the Code of Conduct of the relevant Authority concerned; (b) That the Member who was the subject of the hearing had failed to comply with the Code of Conduct of the relevant Authority concerned,</p>	<p>Standards Determination Sub-Committee</p> <p>Terms of Reference</p> <p>The Sub-Committee is established to:</p> <ul style="list-style-type: none"> • Determine complaints that an elected members or co-opted members has breached the Council's Code of Conduct for Members, following an investigation and referral by the Monitoring Officer • Determine complaints that a parish councillors has breached the relevant Parish Council's Code of Conduct for Members, following an investigation and referral by the Monitoring Officer 		<p>The revised title is as referred to in the Code of Conduct for Members</p> <p>Removed reference to consideration of revisions to the Code of Conduct as this is the role of the main committee.</p> <p>Paragraph 2 is recommended to be removed as it duplicates the Code of Conduct, which sets out options, but also allows the sub-committee to depart from the arrangements where expedient to do so and allows the MO to vary the arrangements. This allows for more flexibility to take account of changes in best practise and where appropriate in an individual case.</p>

<p>but that no action needs to be taken in respect of the matters which were considered at the hearing; or (c) That the Member who was the subject of the hearing had failed to comply with the Code of Conduct of the relevant Authority concerned and that a sanction should be imposed. 3. If the Sub-Committee makes a finding under paragraph 2(c) in respect of a person who is no longer a Member of any authority that the Committee has responsibility for it shall censure that person. 4. If the Sub-Committee makes a finding under paragraph 2(c) in respect of a person who is a serving Member of any authority that the Committee has responsibility for, it shall impose any of, or a combination of, the following sanctions: (a) censure of that Member (b) restriction for a period not exceeding six months of that Member's access to the premises of the</p>			
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<p>relevant Authority or the resources of the relevant Authority provided that those restrictions: i. are reasonable and proportionate to the nature of the breach; ii. do not unduly restrict the person's ability to perform the functions of a Member. (c) that the Member submits a written apology in a form specified by the SubCommittee; (d) that the Member undertakes such training as the Sub-Committee specifies; (e) that the Member participate in such conciliation as the Sub-Committee specifies</p>			
<p>5. Appointment and Composition of the Sub-Committee</p> <p>(a) The Sub Committee will be convened as necessary from the membership of the Audit and Corporate Governance Committee. The Sub-Committee will therefore not have a fixed membership.</p>	<p>Appointment and Composition of the Sub-Committee</p> <p>(a) The sub-committee will be convened as necessary from members of the Audit and Corporate Governance Committee on a case by case basis.</p> <p>(b) The sub-committee shall comprise of five members, a minimum of three of which should be</p>		

<p>(b) The Sub-Committee shall comprise five Members, of whom a maximum of three shall be elected members drawn on a politically proportionate basis, wherever possible. If an opposition Member is not available, the three Members will be appointed from the same political party. No more than two should be Co-Opted Independent Members of the Audit and Corporate Governance Committee.</p> <p>(c) The Sub-Committee shall elect a Chair at each hearing/meeting. The Chair will be an elected Councillor.</p> <p>(d) The appointment and composition of the Sub-Committee shall increase to include a Parish Member (observer) of the Audit and Corporate Governance Committee where the Sub-Committee is considering a report or recommendations that relate to a Parish Council Member.</p>	<p>elected members drawn on a politically proportionate basis wherever possible. At least one member should be a co-opted independent member.</p> <p>(c) The Chair should be elected by the sub-committee members and should be an elected member</p> <p>(d) The appointment and composition of the sub-committee shall increase to include a parish councillor (as co-opted member) where the sub-committee is considering a complaint against a parish councillor. There is no requirement for the parish councillor to come from the same parish council as the councillor about whom the complaint is made.</p> <p>(e) The quorum for the meeting should be three members, two of whom must be elected members and at least one</p>		
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	independent member must be present. When considering a complaint against a parish councillor, at least one parish councillor representative should be present.		

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Corporate Governance Committee

DATE: 9th December 2021

CONTACT OFFICER: Steven Mair, Director of Finance (Section 151 Officer)
(For all Enquiries) (01753) 875368

WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

APPOINTMENT OF EXTERNAL AUDITORS FOR 2023/24 TO 2027/28**1. Purpose of Report**

This report explores the options available to the Council in appointing external auditors for the five-year period from 2023/24.

2. Recommendation(s)/Proposed Action

The Audit and Corporate Governance Committee are asked to note and comment on the recommendation to Council that the Council accepts the Public Sector Audit Appointments' (PSAA) invitation to opt into the sector-led option for the appointment of external auditors for the five-year period from 2023/24.

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 emerging Community Strategy Priorities.

3a. Slough 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 Slough Wellbeing Strategy Priorities.

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**

The proposed fees cannot be fully known until the procurement process has been completed, as the costs will depend on proposals from the audit firms. Given the widespread prevalence of fee variations, market uncertainty and the

revision to an 80% quality weighting within the procurement, it is almost certain that the fee payable by the Council will rise.

If the changes that relate to audit fees, proposed in MHCLG’s recent consultation on the Appointing Person Regulations, are ultimately approved and implemented, PSAA will be able to manage the scale of fees and fee variations more flexibly. This will enable scale fees to be determined by taking into account the outcome of more recently completed audits, and fee variations to be managed depending on whether they are driven by national or local factors.

Opting-in to a national scheme provides an opportunity to leverage economies of scale to ensure fees are as low as possible, whilst ensuring the quality of audit is maintained by entering into a large-scale collective procurement arrangement.

If the national scheme is not used some additional resource may be needed to establish an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state what, if any, additional resource may be required for audit fees for 2023/24.

(b) Risk Management

Recommendation from section 2 above	Risks/Threats / Opportunities	Current Controls	Using the Risk Management Matrix Score the risk	Future Controls
opt into sector-led option for appointment of external auditors	The key risks are that the Council may fail to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or the Council is not able to achieve value for money in the appointment process	The Council has previously opted in the scheme during the last appointing period to mitigate against these risks	8 (Financial and Regulatory risk – Marginal impact, significant probability)	It is recommended that the Council opt into the sector-led option for this appointing period to mitigate against these risks

(c) Human Rights Act and Other Legal Implications

Section 7 of the Local Audit and Accountability Act 2014 requires a relevant Council to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.

Section 8 governs the procedure for appointment including that the Council must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant Council is a local Council operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the Council under those arrangements.

Section 12 makes provision for the failure to appoint a local auditor: the Council must immediately inform the Secretary of State, who may direct the Council to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council.

Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to accept the formal invitation to opt in to PSAA for the appointment of the Council's external auditors must be made by a meeting of the Council (meeting as a whole).

(d) Equalities Impact Assessment

There are no direct equalities implications in this report.

5. **Supporting Information**

2.1 Introduction

- 2.1.1 The Council opted into the national arrangement for the procurement of external audit led by PSAA. The arrangement was for a period of five years starting from 2018/19 and is due to end in 2022/23.
- 2.1.2 The process for retendering for external audit in local authorities in England, for contracts due to start from 2023/24, is now underway and the Council will need to decide whether to procure its own external auditor or opt into the national procurement framework again.
- 2.1.3 Legislation requires a resolution of Full Council if a local authority wishes to opt into the national arrangement. The deadline for this decision is 11th of March 2022. If the Council doesn't make such a decision, the legislation assumes that the Council will procure its own external audit, with all the extra work and administration that comes with it.

2.2 Background

- 2.2.1 The Local Audit and Accountability Act 2014 (the Act) brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting

of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.

2.2.2 The Act also set out the arrangements for the appointment of auditors for subsequent years, with the opportunity for authorities to make their own decisions about how and by whom their auditors are appointed. Regulations made under the Act allow authorities to 'opt in' for their auditor to be appointed by an 'appointing person'.

2.2.3 In July 2016, Public Sector Audit Appointments Limited (PSAA)¹ were specified by the Secretary of State as an appointing person under Regulation 3 of the Local Audit (Appointing Person) Regulations 2015. The appointing person is sometimes referred to as the sector led body and PSAA has wide support across local government. PSAA was originally established to operate the transitional arrangements following the closure of the Audit Commission under powers delegated by the Secretary of State.

2.2.4 Acting in accordance with this role, PSAA is responsible for appointing auditors and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme, overseeing issues of auditor independence and monitoring compliance by the auditor with the contracts they enter into with the audit firms.

2.3 Current audit arrangements

2.3.1 In 2017, PSAA invited the Council, along with all other authorities, to opt into the national procurement scheme so that they could enter into contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council's auditor.

2.3.2 The Council, along with 98% of local authorities invited, opted into the national arrangement and Grant Thornton were appointed as the Councils external auditors for the five-year period from 2018/19 to 2022/23.

2.4 Sector issues

2.4.1 Much has changed in the local audit market since audit contracts were last awarded in 2017. At that time the audit market was relatively stable, there had been few changes in audit requirements, and local audit fees had been reducing.

2.4.2 Since the contracts were awarded, a series of financial crises and failures in the private sector led to questions about the role of auditors and the focus and value of their work. In rapid succession we have then had the results of four independent reviews commissioned by Government:

¹ PSAA is an independent, not-for-profit company limited by guarantee and established by the Local Government Association in August 2014.

- Sir John Kingman’s review of the Financial Reporting Council (FRC), the audit regulator.
- the Competition and Markets Authority review of the audit market.
- Sir Donald Brydon’s review of the quality and effectiveness of audit; and
- Sir Tony Redmond’s review of local authority financial reporting and external audit.

2.4.3 The four reviews set out more than 170 recommendations which are now in various stages of consideration by Government with the clear implication that a series of significant reforms will follow. Indeed, in some cases where new legislation is not required, significant change is already underway. A particular case in point concerns the FRC, where the Kingman Review has inspired an urgent drive to deliver rapid, measurable improvements in audit quality. This has already created a major pressure for firms and an imperative to ensure full compliance with regulatory requirements and expectations in every audit they undertake.

2.4.4 By the time firms were conducting 2018/19 local audits, the measures which they were putting in place to respond to a more focused regulator, determined to achieve change, were clearly visible. In order to deliver the necessary improvements in audit quality, firms required their audit teams to undertake additional work to gain higher levels of assurance.

2.4.5 However, additional work requires more time, posing a threat to a firms’ ability to complete all of their audits by the target date for publication of audited accounts (then 31 July) – a threat exacerbated by growing recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as local authorities explored innovative ways of developing new or enhanced income streams to help fund services for taxpayers.

2.4.6 This risk to the delivery of timely audit opinions first emerged in April 2019 when one of PSAA’s contracted firms flagged the possible delayed completion of approximately 20 audits. Less than four months later, all firms were reporting similar difficulties, resulting in only 57% of audits being completed by the target date of 31 July 2019.

2.4.7 2019/20 and 2020/21 audits have faced even greater challenges. With Covid-19 also impacting, unprecedented challenges faced by the sector. Only 45% of 2019/20 audits were completed by the target date of 30 November 2020 and 9% of 2020/21 audits completed by the target date of 30 September 2021.

- 2.4.8 Delayed opinions are not the only consequence of the FRC's drive to improve audit quality. The additional work has resulted in more fee variation claims being received than in previous years and therefore additional costs incurred by individual local authorities. However, regardless of the additional costs incurred by individual local authorities by way of fee variations, the PSAA led scheme has significantly reduced the cost of local audits on a national level.
- 2.4.9 None of these problems are unique to local government audit. Similar challenges have played out in other sectors, where increased fees and disappointing responses to tender invitations have been experienced during the past two years.

2.5 Options for future audit arrangements

- 2.5.1 With the current audit arrangements coming to an end, the Council has three options:
- i. **Individual procurement** – to undertake a complete procurement process itself and appoint its own auditor, or
 - ii. **Joint procurement** – undertake a joint procurement with other bodies, or
 - iii. **National scheme** – to opt into a national collective scheme that PSAA is developing.

Option 1 – Individual procurement

- 2.5.2 The option to undertake an individual procurement will require the time, effort and skill of having to undertake a procurement and appointment process. It will also involve specifying the service required, inviting tenders, evaluating tenders.
- 2.5.3 There would also be a need to establish an independent auditor panel. In order to make a stand-alone appointment the auditor panel would need to be set up by the Council itself. The members of the panel must be wholly, or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former elected members (or officers) and their close family and friends.

Advantages

- Provides the Council with the independence to select a supplier itself.

Disadvantages

- Will not benefit from the opportunities that may be available through joint or national procurement to significantly influence quality and price

- Elected members will not have a majority input to assessing bids and choosing which audit firm to award a contract for the Council's external audit
- The costs of recruitment and servicing of the Auditor Panel, running the procurement exercise and negotiating and managing the external audit contract would be borne by the Council
- There are only nine accredited local audit firms, so we would be drawing from the same limited supply of audit resources as PSAA's national procurement.

Option 2 – Joint procurement

2.5.4 The Council would be able to join with other authorities to establish a joint Auditor Panel. As stated above, this will need to be constituted of wholly or a majority of independent appointees (members). At this stage it is unclear whether many of our local neighbouring boroughs are likely or not to opt in to the PSAA collective arrangement and would thus be inclined to join a smaller local joint procurement.

Advantages

- The costs of recruitment and servicing of the Auditor Panel, running the procurement exercise and negotiating and managing the external audit contract shared between the participating authorities
- Greater opportunity for achieving economies of scale by being able to offer a larger combined contract value to the firms.
- Would give the authorities a more direct relationship with the audit firm

Disadvantages

- The Panel will be appointed by all partner authorities not just by the Council thus reducing local input.
- Appointing an auditor could be complicated where the preferred auditor has a conflict of interest in relation to one of the appointing councils but not the others.
- There are only nine accredited local audit firms, so we would be drawing from the same limited supply of audit resources as PSAA's national procurement.

Option 3 – National scheme

2.5.5 The Council could opt into the PSAA led national procurement

Advantages

- There will be no need for the Council to establish alternative appointment processes locally, including the need to set up and manage an auditor panel.
- It is expected that the large-scale contracts procured through PSAA will bring economies of scale and attract more competitive prices from the market than a smaller scale procurement, although it is widely expected that audit fees at their current level are not sustainable and therefore will increase.
- The overall procurement costs would be expected to be lower than an individual smaller scale local procurement.
- The overhead costs for managing the contracts will be minimised through a smaller number of large contracts across the sector.
- PSAA will monitor contract delivery and ensure compliance with contractual requirements, audit quality and independence requirements; and
- Any auditor conflicts at individual authorities would be managed by PSAA who would have a number of contracted firms to call upon;

Disadvantages

- Elected members will have little or no opportunity for direct involvement in the appointment process other than through the LGA and the stakeholder representative groups.
- In order for PSAA to be in the strongest possible negotiating position they will need Councils to indicate their intention to opt-in before final contract prices are known

6. Comments of Other Committees

There are no comments from other Committees

7. Conclusion

This report has explored the options available to the Council in appointing an external auditor for the five-year period from 2023/24 and concludes that a sector-wide procurement led by PSAA would produce better outcomes and will be less burdensome for the Council than an individual or joint procurement on the basis that:

- Collective procurement would reduce costs for the sector and for individual Councils compared to smaller local procurements.

- PSAA provides the best opportunity to secure the appointment of a qualified, registered auditor as there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of audit resources as PSAA's national procurement.

8. **Background Papers**

None

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Corporate Governance Committee **DATE:** 9 December 2021

CONTACT OFFICER: Angela Wakefield – Monitoring Officer
(For all enquiries) 07749 723013

WARD(S): All

PART I
FOR INFORMATION

LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN – COMPLAINTS, FINDINGS, OUTCOMES & LESSONS LEARNED

1 **Purpose of Report**

The purpose of this report is to update the Committee on complaints to the Local Government and Social Care Ombudsman (“the Ombudsman”) published by the Ombudsman, since the last report to the Committee on this subject on 10 December 2020.

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

The Committee is requested to note the contents of 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. 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. The payment to the complainant detailed in the table at section 5 was made in the financial year 2020/2021

(b) **Risk Management**

Recommendation from section 2 above	Risks/Threats / Opportunities	Current Controls	Using the Risk Management Matrix Score the risk	Future Controls
Request to note the report	Reputational damage to the Council of findings of maladministrati	Receipt of reports from the Ombudsman by the Chief	Legal & Regulatory Risk. Likelihood is	No further controls

	on by the Ombudsman and risk of payment of compensation pursuant to his recommendations.	Executive, oversight by Audit & Corporate Governance Committee and Monitoring Officer consent to any payment of compensation pursuant to a recommendation of the Ombudsman.	and very low and the impact is negligible. The Risk Score is 2.	
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(c) 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.

Under the Local Government Act 1974, as amended, the 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.

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.

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.

(d) Equalities Impact Assessment

The matters contained in this Report do not identify a need to conduct an Equality Impact Assessment.

(e) Workforce

There are no workforce implications arising from this Report.

5 **Supporting Information**

The following table summarises the complaints, findings, recommendations, outcomes, and lessons learned in relation to complaints made to the Ombudsman about the Council since the last published findings reported to the Committee on 10 December 2020. The Ombudsman did not accept new complaints and stopped investigating existing cases between March and June 2020. This reduced the number of complaints received and decided by the Ombudsman in 2020-21 and this should be taken into consideration when comparing data from previous years.

No.	Council Function Involved	Nature of complaint	Findings, recommendations, outcome, and lessons learnt
1	Planning and Development	<p>Ms C complained about how the Council dealt with matters relating to a development close to her property, in particular:</p> <ul style="list-style-type: none"> • When the Council approved the planning application, it failed to consider the impact it would have on her amenity; and • When it became clear the development did not conform to the approved plans, the Council did not take appropriate enforcement action 	<p>Findings: The Ombudsman's finding was one of maladministration with injustice.</p> <p>Recommendations: The Ombudsman recommended that within 3 months of the date of the Council's planning application decision, the Council should carry out an assessment of the impact its fault had on Ms C's amenity.</p> <p>Outcome: The Council acted upon the Ombudsman's recommendation and agreed to pay Ms C £2,150. The Ombudsman has</p>

			<p>confirmed he is satisfied that the Council has complied with recommendations and that his file is closed.</p> <p>Lessons Learnt:</p> <p style="padding-left: 40px;">Planning – Learning from complaints</p> <p>Induction Review and update department / team induction process to inform / remind existing staff and new staff of expected standards, behaviours. Draft section on standards and behaviours to include in updated induction taking account of office move to Observatory House. Planning Manager to draft section on standards and behaviours by 27 September. Induction for staff updated by 11 October</p> <p>Training Ensure the team is fully aware of the issues leading to complaints and how individuals and working together can do to reduce and prevent future complaints. Share complaints at various stages with officers involved in the case leading to the complaint. DM leads to use Planning Surgery sessions every Thursday to share learning from examples with the team and 1-1 with individuals on fortnightly basis.</p>
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			<p>Language, tone, and style. Too much professional jargon responding to some customers and members; arrange session with comms team to be smarter with our communication to customers and comms. Likely to be part of team meeting in November or December.</p> <p>Learning from current and past complaints; reminder of corporate complaints procedure</p> <p>Session held 20 August with Development Management team sharing areas where complaints have been made. Team made aware of financial goodwill gestures in 2 stage 3 responses. Planning Manager emphasised the impact of complaints on customer and SBC resources. Arrange further session before end of October when team has embedded at Observatory House. Share final stage 3 complaint responses with team.</p> <p>Management to share two stage 3 complaint responses with team. Planning Manager to ask corporate complaints manager to attend next team meeting at OH to help explain how complaints can be reduced; complaints procedure and share ideas to how we can improve our customer focus.</p> <p>Responding to</p>
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			Complaints in future ownership, responsibility, and accountability by all staff.
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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 notice.

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Corporate Governance Committee **DATE:** 9th December 2021

CONTACT OFFICER: Angela Wakefield, Monitoring Officer

(For all Enquiries) 07749 723013

WARD(S): All

PART I
FOR DECISION

MEMBER TRAINING PROGRAMME FOR THE AUDIT & CORPORATE GOVERNANCE COMMITTEE

1. **Purpose of Report**

To inform the Committee about the proposed training programme and to request Members to approve the programme.

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

The Committee is requested:

- (a) To approve the training programme set out in section 5; and
- (b) To agree that the programme should be delivered to the timetable agreed by the Chair.

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

3a. **Slough Wellbeing Strategy Priorities**

Training for Members will support the work of the Committee, which in turn will support all of the Slough Wellbeing Strategy Priorities and the JSNA.

3b. **Five Year Plan Outcomes**

Equipping the Committee to function well will support delivery of all five priority outcomes of the Five Year Plan.

- Outcome 1: Slough children will grow up to be happy, healthy and successful
- Outcome 2: Our people will be healthier and manage their own care needs
- Outcome 3: Slough will be an attractive place where people choose to live, work and stay
- Outcome 4: Our residents will live in good quality homes
- Outcome 5: Slough will attract, retain and grow businesses and investment to provide opportunities for our residents

4. **Other Implications**

(a) Financial

There are no direct financial implications of the proposed action, although a good Member training programme will support the council's financial control mechanisms and help ensure it meets its best value duty.

(b) Risk Management

Recommendation from section 2 above	Risks/Threats/Opportunities	Current Controls	Using the Risk Management Matrix Score the risk	Future Controls
To approve a Member training programme	Political, Legal & Regulatory risks associated with maintaining the status quo	Existing levels of expertise	Likelihood – Very Low – 2 Impact – Negligible – 2 Risk Score - 4	Enhanced and developed levels of expertise for Committee Members

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act implications or other legal implications arising from this report.

(d) Equalities Impact Assessment

There is no identified need for an EIA at this stage.

5. **Supporting Information**

- 5.1 The LGA governance review published in June 2020 recommended among other things that the Council should establish a comprehensive Member training programme.
- 5.2 The CIPFA review published on 25 October 2021 recommended that “*specific further training is provided to members of Audit Committee [sic] to raise awareness of their governance role and that this training is repeated as part of the induction process for all members when they join*”.
- 5.3 Between December 2021 and March 2022, officers will begin what is intended to be a rolling programme of training for the Members of Audit & Corporate Governance Committee. To help design a programme which will be of maximum benefit, Members are asked to complete the self-assessment form at Appendix A in advance of the first session. The information gathered from the completed forms will be used to identify training needs and Members are also invited to advise officers of any specific topics they would like to be included in the future training programme.
- 5.4 The following three preliminary training sessions will be delivered in the period between January and March 2022 to the Chair's preferred timescale for delivery of these sessions.

Session 1: Introduction to Local Government Finance

- ✓ Overview of Council cash flows
- ✓ Why is local government finance so complicated?
- ✓ Council Tax, Business Rates and the Collection Fund
- ✓ Setting and Managing the Council Budget
- ✓ Capital investment and Treasury Management

Session 2: Role of Members on the Audit Committee

- ✓ Overview of Council Structure
- ✓ Terms of reference
- ✓ Remit and accountability
- ✓ Key work areas
- ✓ Skills and Training

Session 3: Understanding the Statement of Accounts

- ✓ Members' role
- ✓ Statutory framework
- ✓ What the accounts look like
- ✓ Key differences between local government accounts and those of other organisations
- ✓ Comprehensive Income and Expenditure Statement
- ✓ Cash Flow Statements
- ✓ Ring Fences Accounts
- ✓ Movement in Reserves Statement
- ✓ Statutory adjustments and overrides
- ✓ Group accounts

6. **Comments of Other Committees**

There are no comments from other Committees.

7. **Conclusion**

Approval of the Member training programme will secure compliance with the recommendations of the LGA governance review and the CIPFA review. In addition, it will assist Members of the Audit and Corporate Governance Committee to provide an independent and high-level resource to support good governance and strong public financial management. The Committee is therefore asked to approve the Member training programme.

8. **Appendices Attached**

- 'A' Self-assessment form
- 'B' CIPFA Position statement

9. **Background Papers**

1. LGA Governance Review, June 2020
2. CIPFA Review, October 2021

Good Practice Questions

Audit committee purpose and governance

- 1 Does the authority have a dedicated audit committee?
- 2 Does the audit committee report directly to full council? (applicable to local government only)
- 3 Do the terms of reference clearly set out the purpose of the committee in accordance with [CIPFA's Position Statement](#)?
- 4 Is the role and purpose of the audit committee understood and accepted across the authority?
- 5 Does the audit committee provide support to the authority in meeting the requirements of good governance?
- 6 Are the arrangements to hold the committee to account for its performance operating satisfactorily?

Functions of the committee

- 7 Do the committee's terms of reference explicitly address all the core areas identified in [CIPFA's Position Statement](#)?
 - good governance
 - assurance framework, including partnerships and collaboration arrangements
 - internal audit
 - external audit
 - financial reporting
 - risk management
 - value for money or best value
 - counter fraud and corruption
 - supporting the ethical framework

8 Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?

9 Has the audit committee considered the wider areas identified in [CIPFA's Position Statement](#) and whether it would be appropriate for the committee to undertake them?

10 Where coverage of core areas has been found to be limited, are plans in place to address this?

11 Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?

Membership and support

12 Has an effective audit committee structure and composition of the committee been selected? This should include:

- separation from the executive
- an appropriate mix of knowledge and skills among the membership
- a size of committee that is not unwieldy
- consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)

13 Have independent members appointed to the committee been recruited in an open and transparent way and approved by full council?

14 Does the chair of the committee have appropriate knowledge and skills?

15 Are arrangements in place to support the committee with briefings and training?

16 Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?

17 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?

18 Is adequate secretariat and administrative support to the committee provided?

19 Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?

20 Are meetings effective with a good level of discussion and engagement from all the members?

21 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?

22 Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?

23 Has the committee evaluated whether and how it is adding value to the organisation?

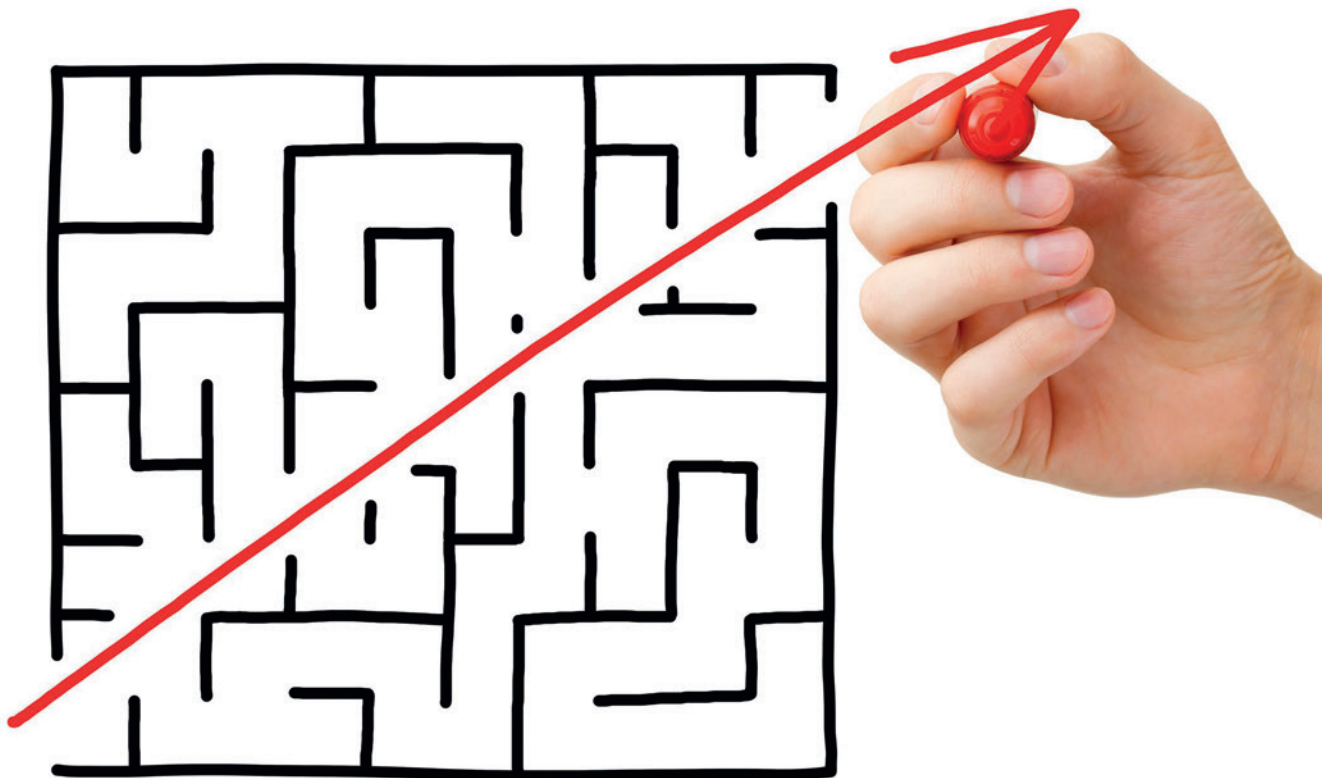
24 Does the committee have an action plan to improve any areas of weakness?

25 Does the committee publish an annual report to account for its performance and explain its work?

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audit committees

Practical Guidance for
Local Authorities and Police
2018 Edition



CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed. As the world's only professional accountancy body to specialise in public services, CIPFA's qualifications are the foundation for a career in public finance. We also champion high performance in public services, translating our experience and insight into clear advice and practical services. Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance.

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audit committees

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Local Authorities and Police
2018 Edition

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Diana Melville

Governance Advisor, CIPFA

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CHAPTER 1

Introduction

This publication sets out CIPFA's guidance on the function and operation of audit committees in local authorities and police bodies, and represents best practice for audit committees in local authorities throughout the UK and for police audit committees in England and Wales.

This publication incorporates *CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2018)* ('the Position Statement'), which sets out CIPFA's view of the role and functions of an audit committee and replaces the previous 2013 Position Statement. Throughout the Position Statement the terms 'authority' and 'authorities' are used to include police and crime commissioners (PCCs) and chief constables as well as local authorities and fire and rescue authorities.

The Position Statement emphasises the importance of audit committees being in place in all principal local authorities and police bodies. It also recognises that audit committees are a key component of governance.

The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. In police bodies 'those charged with governance' are the PCC and the chief constable.

Audit committees are an important source of assurance about an organisation's arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance. The way in which an audit committee is organised will vary depending on the specific political and management arrangements in place in any organisation. This guidance therefore explores how audit committees relate to organisations' different arrangements for managing and governing themselves.

Audit committees in local authorities and police bodies are necessary to satisfy the wider requirements for sound financial management and internal control. For example in England, the [Accounts and Audit \(England\) Regulations 2015](#) state that a local authority is responsible "for a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk". In addition, in England, Section 151 of the [Local Government Act 1972](#) requires every local authority to "make arrangements for the proper administration of its financial affairs".

Regardless of the specific legislative or regulatory framework, the chief financial officer (CFO) has overarching responsibility for discharging the requirement for sound financial management. To be truly effective, the CFO requires an effective audit committee to provide support and challenge. An essential role for the audit committee is to oversee internal audit,

helping to ensure that it is adequate and effective. Both these elements are now enshrined in the [Public Sector Internal Audit Standards \(PSIAS\)](#) and the supporting [Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards \(LGAN\)](#).

There have been a number of significant developments in governance and audit practice since 2013 which have emphasised the importance of the audit committee. Key developments include:

- the new [Delivering Good Governance in Local Government: Framework](#) (CIPFA/Solace, 2016)
- updates to the PSIAS in 2016 and 2017
- the [Code of Practice on Managing the Risk of Fraud and Corruption](#) (CIPFA, 2014).

Legislation has also had an impact, in particular the [Local Audit and Accountability Act 2014](#), which introduced changes to the appointment of external auditors. The new combined authorities must also establish an audit committee in accordance with statutory regulations. For police bodies, the operation of joint audit committees supporting both the PCC and the chief constable have now completed a full term and further changes are on the horizon.

The [Policing and Crime Act 2017](#) enables a PCC (following local consultation and approval from the secretary of state) to take on the governance of its local fire and rescue service(s) to become the fire and rescue authority, known as a police and crime commissioner fire and rescue authority (PCC FRA). This would be a separate legal entity from the PCC.

The PCC FRA would be a corporation sole and a fire and rescue authority. There would therefore be the need for appropriate audit committee arrangements. Guidance on this is expected to be included in the [Financial Management Code of Practice for the Police Forces of England and Wales](#) (Home Office, 2013 – due to be updated in 2018). The aim of this publication is to support fire and rescue authority and police audit committees in performing effectively.

Best practice dictates that governance, risk management and strong financial controls be embedded in the daily and regular business of an organisation. The existence of an audit committee does not remove responsibility from senior managers, members and leaders, but provides an opportunity and resource to focus on these issues. For police audit committees, there is a requirement to have independent members on the audit committee and Welsh authorities and English combined authorities must also include at least one independent member. CIPFA considers that this is in line with good practice. In establishing their audit committees, other authorities should recognise the need to demonstrate good governance principles and independence from the executive and other political allegiances.

This guidance is applicable to all principal local authorities and fire and rescue authorities in the UK, and to the independent audit committees established to support PCCs and chief constables. Where there is specific legislation or guidance relevant for one sector or devolved government, this has been highlighted in the publication.

CIPFA's Position Statement: Audit Committees in Local Authorities and Police

The scope of this Position Statement includes all principal local authorities in the UK, the audit committees for PCCs and chief constables in England and Wales, and the audit committees of fire and rescue authorities.

- 1** Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
- 2** The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.
- 3** Authorities and police audit committees should adopt a model that establishes the committee as independent and effective. The committee should:
 - act as the principal non-executive, advisory function supporting those charged with governance
 - in local authorities, be independent of both the executive and the scrutiny functions and include an independent member where not already required to do so by legislation
 - in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
 - have clear rights of access to other committees/functions, for example, scrutiny and service committees, corporate risk management boards and other strategic groups
 - be directly accountable to the authority's governing body or the PCC and chief constable.
- 4** The core functions of an audit committee are to:
 - be satisfied that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives
 - in relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and professionalism
 - support the effectiveness of the internal audit process

- promote the effective use of internal audit within the assurance framework
 - consider the effectiveness of the authority’s risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations
 - monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority’s exposure to the risks of fraud and corruption
 - consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control
 - support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.
 - review the financial statements, external auditor’s opinion and reports to members, and monitor management action in response to the issues raised by external audit.
- 5 An audit committee can also support its authority by undertaking a wider role in other areas including:
- considering governance, risk or control matters at the request of other committees or statutory officers
 - working with local standards and ethics committees to support ethical values
 - reviewing and monitoring treasury management arrangements in accordance with [Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes](#) (CIPFA, 2017)
 - providing oversight of other public reports, such as the annual report.
- 6 Good audit committees are characterised by:
- a membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role. The political balance of a formal committee of a council will reflect the political balance of the council, however, it is important to achieve the right mix of apolitical expertise
 - a membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
 - a strong independently minded chair – displaying a depth of knowledge, skills and interest. There are many personal qualities needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion
 - managing meetings to cover all business and encouraging a candid approach from all participants
 - an interest in and knowledge of financial and risk management, audit, accounting concepts and standards, and the regulatory regime
 - unbiased attitudes – treating auditors, the executive and management fairly
 - the ability to challenge the executive and senior managers when required.

- 7 To discharge its responsibilities effectively the committee should:
- meet regularly – at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
 - be able to meet privately and separately with the external auditor and with the head of internal audit
 - include, as regular attendees, the CFO(s), the chief executive, the head of internal audit and the appointed external auditor. Other attendees may include the monitoring officer (for standards issues) and the head of resources (where such a post exists). These officers should also be able to access the committee, or the chair, as required
 - have the right to call any other officers or agencies of the authority as required, while recognising the independence of the chief constable in relation to operational policing matters
 - report regularly on its work to those charged with governance, and at least annually report an assessment of their performance. An annual public report should demonstrate how the committee has discharged its responsibilities.

The purpose of audit committees

Extract from the Position Statement

- 1 Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high level resource to support good governance and strong public financial management.
- 2 The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

The overall aim of good governance is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities
- there is sound and inclusive decision making
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

Governance is defined in [Delivering Good Governance in Local Government: Framework](#) (CIPFA/Solace, 2016) as follows:

- *Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.*
- *To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.*

Good governance is ultimately the responsibility of the governing body, as well as those with leadership roles and statutory responsibilities in the organisation, including the chief executive, the CFO and the monitoring officer. In local government, the governing body is the full council or authority and both the PCC and chief constable are responsible as a corporation sole.

The audit committee should play a key role in supporting the discharge of those responsibilities by providing a high-level focus on audit, assurance and reporting. In local government, this committee may be delegated some governance responsibilities by the council; the police audit committee must remain an advisory body to the PCC and the chief constable. New policing arrangements were established by the [Police Reform and Social Responsibility Act 2011](#). Guidance for police audit committees is contained in the [Financial](#)

Management Code of Practice for the Police Forces of England and Wales (Home Office, 2013 – due to be updated in 2018).

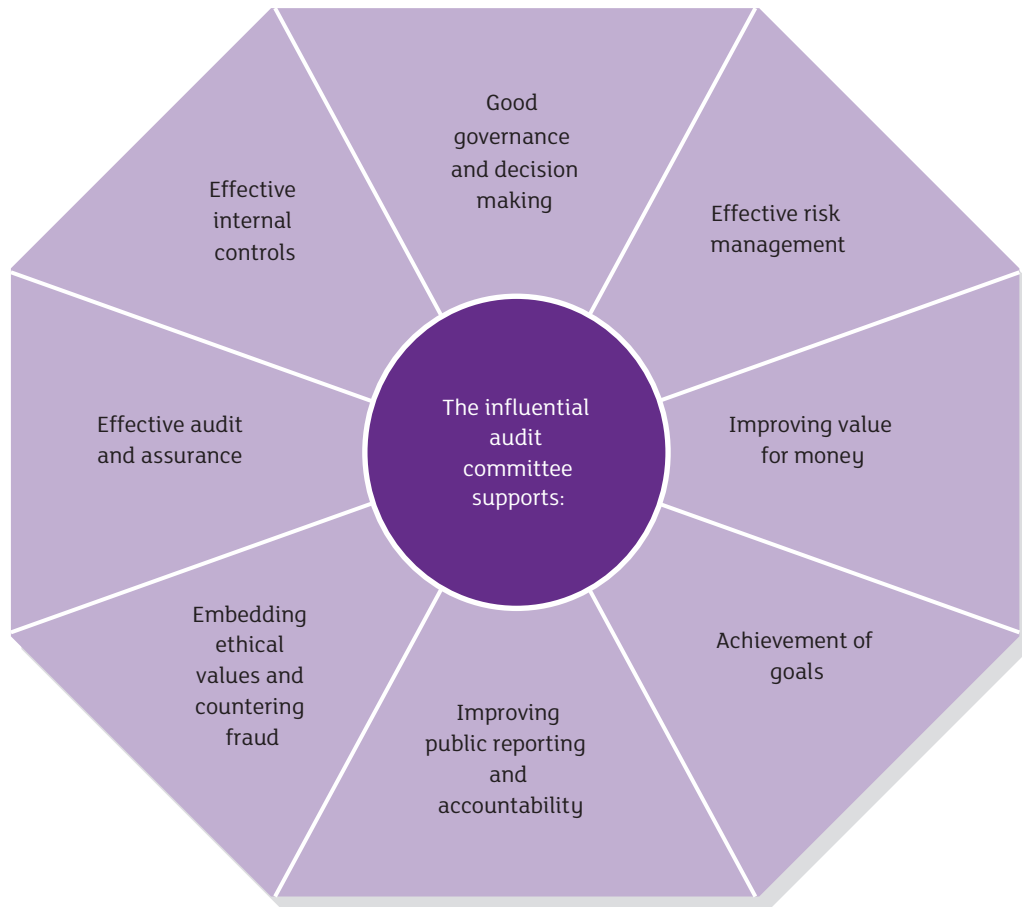
As a key component of an organisation’s governance arrangements, the audit committee has the potential to be a valuable resource to the whole authority. Where it operates effectively, an audit committee adds value to its authority by supporting improvement across a range of objectives. To achieve wide-ranging influence, an audit committee will need commitment and energy from the membership together with support and openness from the authority.

The principal areas where the committee can influence and add value are:

- promoting the principles of good governance and their application to decision making
- raising awareness of the need for sound internal control and contributing to the development of an effective control environment
- supporting arrangements for the governance of risk and for effective arrangements to manage risks
- advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively
- reinforcing the objectivity, importance and independence of internal audit and external audit and therefore the effectiveness of the audit functions
- aiding the achievement of the authority’s goals and objectives through helping ensure appropriate governance, risk, control and assurance arrangements
- supporting the development of robust arrangements for ensuring value for money
- helping the authority to implement the values of ethical governance, including effective arrangements for countering risks of fraud and corruption
- promoting measures to improve transparency and accountability and effective public reporting to the authority’s stakeholders and the local community.

The influence that an effective audit committee is able to have in these areas is set out in Figure 3.1 below.

Figure 3.1: The influential audit committee



Source: Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013)

CIPFA's view is that audit committee functions can be most effectively delivered by a dedicated audit committee. Such a committee provides a key resource to support the implementation of good governance standards. It is possible for the functions of an audit committee to be undertaken by other bodies, but a dedicated resource is likely to be more knowledgeable and effective, having more time to focus on these important issues.

The core functions of an audit committee

Extract from the Position Statement

- 4 The core functions of an audit committee are to:
- be satisfied that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives
 - in relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and professionalism
 - support the effectiveness of the internal audit process
 - promote the effective use of internal audit within the assurance framework
 - consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations
 - monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption
 - consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control
 - support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process
 - review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

INTRODUCTION

The core functions that audit committees should undertake reflect both standard practice for audit committees across all sectors and specific legislative and professional standards requirements for the local authority and the police sectors. Reconciling these sometimes different requirements leads to audit committees in local authorities and police bodies having the distinctive features outlined in this guidance.

Principal regulations affecting the functions of the audit committee are outlined in Appendix A, and a suggested terms of reference for the committee is included in Appendix B. The remainder of this chapter provides further background and explanation for the audit committee's core functions.

GOOD GOVERNANCE AND THE ANNUAL GOVERNANCE STATEMENT

Audit committees provide essential support for the approval of the annual governance statement (AGS) and for ensuring that good governance is embedded throughout the authority's day-to-day activities rather than being limited to a once-a-year reporting process. The audit committee is able to support this approach by addressing governance principles in the course of its regular business.

[Delivering Good Governance in Local Government: Framework](#) (CIPFA/Solace, 2016) ('the Framework') sets the standard for governance in UK local government bodies. The Framework is supported by guidance notes for each sector as follows:

- [Delivering Good Governance in Local Government: Guidance Notes for English Authorities](#) (CIPFA/Solace, 2016)
- [Delivering Good Governance in Local Government: Guidance Notes for Scottish Authorities](#) (CIPFA/Solace, 2016)
- [Delivering Good Governance in Local Government: Guidance Notes for Welsh Authorities](#) (CIPFA/Solace, 2016).
- [Delivering Good Governance: Guidance Notes for Policing Bodies in England and Wales](#) (CIPFA, 2016).

The Framework is principles based and informs the approach to good governance adopted by PCCs and chief constables as well as local authorities and fire and rescue authorities. CIPFA recommends that each authority develops a local code of governance setting out how it applies the principles.

Legislation requires local authorities, fire and rescue authorities and police bodies to prepare an AGS and to report publicly on the effectiveness of governance and control (see Appendix A for details of the legislative requirements). The AGS should be reviewed and then approved by a body of the authority prior to being signed by the leading member and the chief executive of an authority and by the PCC and chief constable. Typically, audit committees undertake the role of reviewing the AGS prior to approval. Police audit committees should review the AGS of both the PCC and the chief constable.

Statutory and professional guidelines will determine when the AGS goes before the audit committee for review. For example, English local authorities under the [Accounts and Audit Regulations 2015](#) must approve and publish the AGS by 31 July at the latest for the financial year starting 2017 and thereafter. CIPFA recommends that the AGS is first reviewed by members of the audit committee at an earlier stage to allow comments and contributions to be made. The AGS must be current at the time it is published, so the audit committee should review it before final approval.

To provide a meaningful review of the AGS, the audit committee should be in a position to draw on knowledge of the governance arrangements as they are established and on

assurances of how they have operated in practice during the course of the year. The audit committee should undertake the following activities to discharge their responsibilities:

- review the local code of governance and any changes to the arrangements in the year (note it is not the responsibility of the audit committee to establish any local code, but it should be consulted)
- ensure that the AGS is underpinned by a framework of assurance (see later section for more details on assurance planning)
- over the course of the year, receive reports and assurances over the application of the governance arrangements in practice
- monitor implementation of action plans or recommendations to improve governance arrangements
- consider how the organisation applies governance principles in practice during the committee's review of other agenda items.

Given its role in overseeing the local code of governance and the AGS, the audit committee has an opportunity to promote the implementation of the principles of good governance across the authority: to make things better in the future, not just reviewing what happened in the past. For example, the committee may make recommendations for action to senior management or refer matters to other committees. The limits to the decision-making powers of audit committees are considered in more depth in Chapter 6.

INTERNAL AUDIT

The audit committee has a clear role in relation to oversight of the authority's internal audit function. From 1 April 2013, internal auditors throughout local and central government and health have had to follow the PSIAS and the LGAN. All principal local authorities and other relevant bodies subject to the [Accounts and Audit Regulations 2015](#), the [Accounts and Audit \(Wales\) Regulations 2014](#), the [Local Authority Accounts \(Scotland\) Regulations 2014](#) and the [Local Government \(Accounts and Audit\) Regulations \(Northern Ireland\) 2015](#) must make provision for internal audit in accordance with the PSIAS and LGAN.

The PSIAS include the Mission of Internal Audit, Code of Ethics, Definition of Internal Auditing and the Core Principles for the Professional Practice of Internal Auditing, and together these highlight the importance of effective internal audit to those in the organisation who are responsible for governance.

In its adoption of the PSIAS and LGAN, each authority or police body should consider which committee or individual is the most appropriate to fulfil the role of the board in relation to internal audit. In determining the functional reporting arrangements of internal audit, the authority will need to bear in mind the need to preserve the independence and objectivity of internal audit as required by the PSIAS. It is for these reasons that in the LGAN, CIPFA expressed an expectation that the audit committee would fulfil the role of the board in the majority of instances. Since police audit committees must remain advisory bodies, their role will be to support and review the functional reporting arrangements.

It is a requirement of the PSIAS that the terms of reference of the audit committee should reflect the functional reporting arrangements of internal audit to the audit committee as set

out in the internal audit charter, which is the formal document that defines internal audit's purpose, authority and responsibility.

The role of the audit committee in relation to internal audit is to:

1. oversee its independence, objectivity, performance and professionalism
2. support the effectiveness of the internal audit process
3. promote the effective use of internal audit within the assurance framework.

Within police bodies this is an advisory role for the audit committee.

The specific activities that these three objectives lead to are considered below.

Oversee independence, objectivity, performance and professionalism

The following activities are the functional reporting arrangements set out in the PSIAS to ensure the organisational independence of internal audit. According to the specific internal audit charter of the authority, the audit committee could have a role to:

- review or approve the following:
 - the internal audit charter
 - the risk-based internal audit plan
 - the internal audit budget and resource plan
- receive confirmation of the organisational independence of the internal audit activity
- consider the appointment and removal of the head of internal audit or the award of a contract for internal audit services
- make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations
- approve and periodically review any safeguards put in place to limit impairments to independence and objectivity where the head of internal audit has been asked to undertake any additional roles/responsibilities outside of internal auditing
- receive the annual report, which includes:
 - the annual opinion on the overall adequacy and effectiveness of governance, risk management and control
 - a summary of the work on which internal audit has based the opinion
 - a statement on conformance with the PSIAS and the LGAN
 - the results of the quality assurance and improvement programme, including specific detail as required in the PSIAS
- discuss with the head of internal audit the form of the external assessment of internal audit and the qualifications and independence of the assessor.

The head of internal audit or chief internal auditor (referred to in the PSIAS and the LGAN as 'chief audit executive') must have free and unfettered access to the chair of the audit committee. In addition, the chair of the audit committee may serve as sponsor for the external assessment, which forms part of the quality assurance and improvement programme (QAIP) at least once every five years.

Support the effectiveness of the internal audit process

The audit committee has an important role to play in supporting the process of internal audit and outputs from audit work. The following activities form a core part of this:

- receiving updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
- receiving communications from the head of internal audit on the internal audit activity's performance relative to its plan and other matters
- giving approval to internal audit for any significant additional consulting services not already included in the audit plan, prior to internal audit accepting an engagement
- receiving reports on instances where the internal audit function does not conform to the PSIAS or LGAN and considering whether the non-conformance is sufficiently significant that it must be included in the AGS
- overseeing the relationship of internal audit with other assurance providers and with external audit and any inspectorates
- receiving regular reports on the results of the QAIP, including the external assessment.

Promote the effective use of internal audit within the assurance framework

The audit committee should make best use of the internal audit resource within the assurance framework. In particular, the audit committee should seek confirmation from internal audit that the audit plan takes into account the requirement to produce an annual internal audit opinion that can be used to inform the AGS. Specific activities will include:

- approving (but not directing) the risk-based plan, considering the use made of other sources of assurance
- receiving reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority
- when considering the AGS, taking into account internal audit's opinion on the overall adequacy and effectiveness of the authority's framework of governance, risk management and control.

Those audit committees that operate under the Local Authority Accounts (Scotland) Regulations 2014 and the Accounts and Audit (Wales) Regulations 2014 must conduct a review of the effectiveness of their internal audit annually (Appendix A includes details of the relevant regulations). The audit committee should take into account internal audit's QAIP when conducting such a review.

The [CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations](#) (CIPFA, 2010 – due to be updated in 2018) states that engagement between the head of internal audit and the audit committee is a crucial component of delivering an effective internal audit service.

Audit committee members should keep up to date with changes affecting the professional practices and expectations of internal auditors so that they can provide the necessary support.

RISK MANAGEMENT

In determining the audit committee's responsibilities towards risk management, authorities should have regard to the responsibilities of other committees such as scrutiny committees and the specific responsibilities of those charged with governance in relation to risk management. Where a local authority establishes a separate risk committee, then its roles and responsibilities need to be taken into account in determining the role of the audit committee. Police audit committees are directed in the [Financial Management Code of Practice for the Police Forces of England and Wales](#) (Home Office, 2013 – due to be updated in 2018) to advise the PCC and the chief constable on the adoption of appropriate risk management arrangements. Welsh local authority and English combined authority audit committees are required to review and assess risk management arrangements.

Assurance over risk management will be a key element underpinning the AGS. The audit committee also needs a good understanding of the level of assurance risk management provides when it reviews the risk-based internal audit plan or reviews other assurances on areas of risk.

The role of the audit committee in relation to risk management covers three major areas:

- First, assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top level ownership and accountability for risks. The specific actions this requires include:
 - overseeing the authority's risk management policy and strategy and their implementation in practice
 - overseeing the integration of risk management into the governance and decision-making processes of the organisation
 - ensuring that the AGS is an adequate reflection of the risk environment.
- Second, keeping up to date with the risk profile and the effectiveness of risk management actions by:
 - reviewing arrangements to co-ordinate and lead risk management. An example of such an arrangement is the existence of a group to examine, challenge and support the risk assessment process to ensure consistency
 - reviewing the risk profile and keeping up to date with significant areas of strategic risks and major operational or major project risks and seeking assurance that these risks are managed effectively and owned appropriately
 - seeking assurance that strategies and policies are supported by adequate risk assessments and that risks are being actively managed and monitored
 - following up risks identified by auditors and inspectors to ensure they are integrated into the risk management process.
- Third, monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management by:
 - overseeing any evaluation or assessment such as a risk maturity assessment or risk benchmarking
 - reviewing evaluation or assurance reports on risk management and monitoring progress on improvement plans

- monitoring action plans and development work in the field of risk management practice.

Flexibility in the audit committee agenda to adapt to new or heightened risks will ensure that the committee is responsive and focused on priority issues.

ASSURANCE FRAMEWORKS AND ASSURANCE PLANNING

Authorities may have developed a description or diagram explaining what assurances exist and who is responsible for them. Such descriptions may be described as an assurance framework or assurance map. Typically, they outline key areas of the assurances required by the audit committee, such as on governance, risks and controls, and they identify the assurance providers. These may include internal audit, risk management advisors and management. The audit committee should support initiatives to identify and evaluate assurance in this way.

Whether or not there is a formally set-down assurance framework, the audit committee has a responsibility to understand what assurance is available to support the AGS and to enable the committee to meet its terms of reference. The committee should be seeking to ensure that assurance is planned and delivered with the following objectives in mind:

- clarity of what assurance is required
- clear allocation of responsibility for providing assurance
- avoiding duplication, bearing in mind the differing objectives of assurance activities
- improving the efficiency and cost effectiveness of assurance
- obtaining assurance of appropriate rigour and independence across a range of assurance providers.

Having a clear assurance framework in place will assist the committee in a number of areas. It supports the annual review of effectiveness for the AGS. It also supports the approval of the internal audit risk-based plan as it enables the committee to identify the extent to which it will rely on internal audit for its assurance requirements. In reviewing assurance arrangements, the committee should bear in mind that the assurance process has a cost to the organisation and it should therefore be proportional to the risk.

VALUE FOR MONEY AND BEST VALUE

Making best use of resources is a key objective for all local authorities and it is part of the Framework. One of the behaviours and actions that underpin Principle C of the Framework is “delivering defined outcomes on a sustainable basis within the resources that will be available”.

Under Sections 2, 3 and 35 of the [Police Reform and Social Responsibility Act 2011](#), the chief constable has statutory responsibility to secure value for money (VfM) and the PCC to hold the chief constable to account for this duty. The audit committee’s role is to support both the PCC and chief constable to fulfil their responsibilities through the assurance process.

Assurance should focus on both the arrangements to ensure and the progress in achieving VfM. An authority should have in place arrangements to obtain assurance over its performance

against VfM objectives and strategies. The role of the audit committee will need to be determined in the context of what other committees may be doing. For example, a scrutiny committee may oversee service reviews that consider performance against VfM objectives.

The role of the audit committee is most likely to focus on whether the authority's overall approach to VfM is in line with governance objectives and to receive assurances on this to underpin the AGS. The Framework emphasises that the AGS should be focused on outcomes and VfM.

One specific area of activity for the committee will be consideration of the external auditor's wider work as set out in the codes of audit practice and other guidance adopted by national audit bodies as follows:

- **England** – statutory value for money conclusion as defined by the National Audit Office
- **Scotland** – periodic reviews of best value
- **Wales** – Wales Audit Office annual improvement reports
- **Northern Ireland** – review of arrangements for the use of resources.

Where the external auditor has issued a qualified conclusion on VfM, the audit committee should ensure there is a robust action plan to address the issues raised. In addition, the audit committee should consider what other assurances are available in relation to identified VfM risks and highlight areas for improvement.

COUNTERING FRAUD AND CORRUPTION

Local authorities have responsibilities for the effective stewardship of public money and for safeguarding against losses due to fraud and corruption. Effective counter fraud arrangements also link to the ethical standards for members and officers that the public expects.

The audit committee should have oversight of the authority's counter fraud strategy, assessing whether it meets recommended practice and governance standards and complies with legislation such as the [Bribery Act 2010](#).

The [Code of Practice on Managing the Risk of Fraud and Corruption](#) (CIPFA, 2014) ('the Code') sets out the counter fraud standards for public sector organisations; sector-specific strategies such as [Fighting Fraud and Corruption Locally](#) should also be considered, along with the [CIPFA Fraud and Corruption Tracker](#) (CFaCT) and [Integrity Matters](#) (HMIC, 2015). The committee should understand the level of fraud risk to which the authority is exposed and the implications for the wider control environment.

Oversight of counter fraud plans, resources and their effectiveness are key areas for obtaining assurance. Specific actions should include:

- reviewing the counter fraud strategy and considering whether it meets recommended practices
- championing good counter fraud and anti-corruption practice to the wider organisation
- reviewing the fraud risk profile and estimate of fraud losses or potential harm to the organisation and its local community

- reviewing the annual counter fraud plan of activity and resources, seeking assurance that it is in line with the strategy and fraud risk profile
- monitoring the performance of the counter fraud function
- overseeing any major areas of fraud identified and monitoring action plans to address control weaknesses.

The CIPFA guidance on the AGS included in the Framework recommends that the adequacy of counter fraud arrangements are evaluated and reported on in the AGS with reference to the Code. The audit committee should have sight of the assurances underpinning this assessment and can play an important role in supporting the development of effective counter fraud and corruption practice. The audit committee may also refer to the Internal Audit Standards Advisory Board's guidance [Internal Audit's Role in Counter Fraud](#) (2017), which sets out internal audit's responsibility to provide assurance to the organisation on how it manages fraud risk.

EXTERNAL AUDIT

Appointment of auditors

Audit committees have a role to play in relation to the appointment of external auditors. This role varies between England, Scotland, Wales and Northern Ireland, primarily due to the change in appointment procedures for English authorities with the closure of the Audit Commission and the introduction of new local audit arrangements under the [Local Audit and Accountability Act 2014](#).

In Scotland, Wales and Northern Ireland, national audit agencies are responsible for the audits of local bodies. In England, authorities have the option to appoint auditors themselves via means of an auditor panel (individually or jointly with other bodies) or through Public Sector Audit Appointments (PSAA), which has been established by the Local Government Association (LGA) and specified as an 'appointing person' under the 2014 Act. For further information on auditor panels and the role of the audit committee, see [Guide to Auditor Panels](#) (CIPFA, 2015).

The audit committee's role in appointment is generally to express an opinion on the selection and rotation of the external auditor through whichever method is applicable for the organisation. The audit committee's objective is to support auditor independence and effective arrangements and relationships with the auditors.

In England, for all opted-in bodies, PSAA appoints the auditor following consultation with the body. Otherwise, the audit committee will work alongside the auditor panel which will oversee the local appointment process. Where the audit committee members meet the requirements of an auditor panel, as defined in regulations supporting the 2014 Act, then the committee is able to operate as an auditor panel itself and make recommendations on the appointment of the local auditor. Regard must be had for the 2014 Act and regulations if the committee is nominated as an auditor panel.

Monitoring the external audit process

The audit committee's role in relation to the external audit process has three principal aspects:

1. providing assurance that the external auditor team maintains independence following its appointment
2. receiving and considering the work of external audit
3. supporting the quality and effectiveness of the external audit process.

Supporting independence

The independence of auditors is critical for confidence in the audit opinion and audit process. For this reason, there is extensive [guidance](#) from the Financial Reporting Council (FRC) to external auditors on the need to safeguard independence and objectivity. These rules apply to all auditors across all sectors. In addition, the national audit bodies issue guidance to auditors on safeguarding integrity, objectivity and independence. It is an important role for an audit committee to help guard against threats to independence and to satisfy itself that the external auditor's independence is safeguarded. The critical issue of independence will be considered when the external auditor is appointed but the audit committee's role will be to monitor on an annual basis or more often when required.

Each year the external auditor will disclose to the committee an assessment of whether it is independent. This disclosure should include any significant facts that could impact, or be seen to impact, on independence and objectivity, together with any safeguards put in place. Usually this disclosure is included in the audit plan. The audit committee should use this opportunity to discuss with the external auditor their assessment of threats to independence and any safeguards.

Understanding the potential threats to external independence

Self-interest threat

Where there are or perceived to be financial or other interests that could impact on the actions of the external auditor. The potential fees from provision of non-audit or additional services to the audited body could fall within this category.

Self-review threat

Where the audit could include review of work performed, services or advice provided by the same firm or team.

Management threat

Where the auditor has become involved in or associated with decision making of the audited body.

Advocacy threat

Where the auditor has taken on an advocacy role for the audited body or supports the management in an adversarial or promotional context.

Familiarity (or trust) threat

Where familiarity or close personal relationships mean that the external auditor is insufficiently questioning or accepting in forming audit judgements.

Intimidation threat

When the conduct of the external auditor is influenced by fear or threats by individuals in the audited body.

Full details of the threats are set out in the [Revised Ethical Standard 2016](#) (FRC, 2016).

The audit committee should seek information from the external auditor on its policies and processes for maintaining independence and monitoring compliance. It should also satisfy itself that no issues with compliance with the ethical standard have been raised by the contract monitoring undertaken by PSAA or the auditor panel (in England) or from audit quality reviews by the FRC. With regard to non-audit services, audit committees should monitor the approval of non-audit work and, in England, take into account the oversight of either PSAA or the auditor panel as appropriate.

Receiving and considering the work of external audit

The committee should receive the planned work programme to support the opinion and receive reports following the completion of external audit work. Where external audit make recommendations, the audit committee should discuss the action to be taken with the appropriate managers and monitor the agreed action plan. The committee should contribute to the authority's response to the annual audit letter.

Supporting the quality and effectiveness of the external audit process

The audit committee should support the quality and effectiveness of the external audit process through:

- understanding and commenting on external audit plans, assessment of risks and proposed areas of focus, and deployment of audit effort in response to identified risks
- considering the effectiveness of the external audit process, including:
 - whether the external auditor has a good understanding of the authority
 - how the external auditor has responded to areas of audit risk
 - actions taken to safeguard independence and objectivity
 - feedback from key people such as the responsible financial officer and the head of internal audit
- reporting to the full council, or the PCC, or the chief constable or other body as appropriate on the results of its considerations.

In monitoring the quality of the external audit provision, the audit committee should be briefed on any relevant issues around quality that emerge from the regulation of external audit, for example, the quality reports from PSAA and the FRC.

There should be an opportunity for the audit committee to meet privately and separately with the external auditor, independent of the presence of those officers with whom the auditor must retain a working relationship.

Inspection reports

Reports from inspection agencies can be a useful source of assurance about the authority's financial management and governance. The audit committee should have access to inspection reports as a source of assurance and compare the findings with any relevant internal audit and external audit reports. Inspection reports will need to be actioned by the corporate or appropriate departmental management team, but the audit committee has a role in monitoring such action to ensure that a consistent approach is adopted and that the various agencies have one recognisable point of entry into the authority.

FINANCIAL REPORTING

Local authority financial statements should follow the professional practices set down in the *Code of Practice on Local Authority Accounting in the United Kingdom* (CIPFA/LASAAC). The responsible financial officer must sign the statements to confirm that they have been properly prepared and are ready for audit prior to the commencement of the period for the exercise of public rights. For English authorities and policing bodies, the latest date by which the statements must be signed off is likely to be 31 May, as the 30 working day period for the exercise of public rights must include the first ten days in June.

Under the current regulations, Scottish, Welsh and Northern Irish authorities must all ensure that the financial statements are signed off by the CFO by 30 June. The [Accounts and Audit \(Wales\) \(Amendment\) Regulations 2018](#) require preparation and publication to be completed to an earlier timetable with effect from years ending 31 March 2019 onwards. Authorities will formally approve the financial statements after the completion of the external audit.

The date by which the statements must be published is set down by government regulations. For 2017/18 onwards, the latest date for publication is 31 July for English authorities. Scottish and Welsh authorities must publish by 30 September and Northern Irish authorities must

publish by 31 October. CIPFA recommends that it is good practice for the accounts and the AGS to be reviewed by the audit committee prior to the commencement of the external audit.

Audit committees may undertake a review of the statements and satisfy themselves that appropriate steps have been taken to meet statutory and recommended professional practices. Their work could include:

- reviewing the narrative report to ensure consistency with the statements and the financial challenges and risks facing the authority in the future
- reviewing whether the narrative report is readable and understandable by a lay person
- identifying the key messages from each of the financial statements and evaluating what that means for the authority in future years
- monitoring trends and reviewing for consistency with what is known about financial performance over the course of the year
- reviewing the suitability of accounting policies and treatments
- seeking explanations for changes in accounting policies and treatments
- reviewing major judgemental areas, eg provisions or reserves
- seeking assurances that preparations are in place to facilitate the external audit.

[Understanding Local Authority Financial Statements](#) (CIPFA/LASAAC, 2016) includes a checklist of questions to ask about a local authority's statements that audit committee members may find particularly helpful. In keeping with its role as an advisory body, the audit committee should review the financial statements prior to approval.

Other committees in the governance structure might also scrutinise the authority's financial performance. Care should be taken to avoid duplication and maintain the focus of the audit committee on financial reporting and financial governance rather than on wider issues of performance and spending priorities.

PARTNERSHIP GOVERNANCE AND COLLABORATION AGREEMENTS

Authorities commonly have a wide range of partnership and collaborative arrangements, including strategic relationships with other public sector organisations, shared service arrangements, commercial relationships with private sector partners and a range of service delivery arrangements with community groups or social enterprises.

Authorities may also be the accountable body for local enterprise partnerships (LEPs). PCCs may be considering options for collaboration with other relevant emergency services under the [Policing and Crime Act 2017](#). Ensuring the adequacy of governance and risk management over such arrangements can be complicated, but it is very important as accountability for performance and stewardship of the public funds involved remains with the authority. For these reasons, the role of the audit committee in relation to these arrangements should be clearly defined.

The audit committee's role should be to consider the assurance available on whether the partnership or collaboration arrangements are satisfactorily established and are operating effectively. The committee should satisfy itself that the principles of good governance underpin the partnership arrangements. For example, the audit committee should seek

assurance that the authority has appropriate arrangements to identify and manage risks, ensure good governance and obtain assurance on compliance. The committee may also want to know what arrangements have been put in place to maintain accountability to stakeholders and ensure transparency of decision making and standards of probity are maintained.

Where an authority is developing new partnership or collaboration arrangements, the audit committee may wish to receive assurance over governance matters at the project stage and seek clarity over its own responsibilities in relation to the governance arrangements of the new service delivery organisation.

The audit committee should consider the coverage of assurances that underpin the AGS to make sure that partnerships are adequately covered. Where an organisation of which the authority is a partner does not have its own audit committee, then the audit committee could be nominated to undertake this role. This is most likely for the audit committee of the accountable body in order to support the CFO.

In addition to reviewing assurances over partnerships, the committee may choose to develop its own partnership arrangements with the audit committees of partner organisations. This could involve planning and co-ordinating agendas, or developing forums to share ideas or briefings. More established partnerships could lead to the development of a shared audit committee between partner authorities or a joint committee. Chapter 6 considers the implications of partnerships for audit committee independence and accountability.

GOVERNANCE AND ETHICAL VALUES

Public sector entities are accountable not only for how much they spend but also for the ways they use the resources with which they have been entrusted. This is at the heart of Principle A of the Framework:

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

With its core role in supporting good governance, support for the ethical framework of the authority is also important for the audit committee. In addition, public sector organisations have an overarching mission to serve the public interest in adhering to the requirements of legislation and government policies. This makes it essential that the entire entity can demonstrate the integrity of all its actions and has mechanisms in place that encourage and enforce a strong commitment to ethical values and legal compliance at all levels. As part of its review of governance arrangements, the audit committee should be satisfied that there are adequate arrangements to achieve this.

All authorities should have regard to the Seven Principles of Public Life, known as the Nolan Principles. To promote high standards of conduct, the Committee on Standards in Public Life has recommended that:

Ethical standards issues should be included as regular items on board agendas or formally delegated to audit and risk committees for referral to the board as appropriate. Risks associated with poor standards should be included in risk assessments, and, where appropriate, risk registers. Mitigating strategies should be developed and monitored.

Source: Standards Matter: A Review of Best Practice in Promoting Good Behaviour in Public Life (Committee on Standards in Public Life, 2013)

As part of the annual governance review, the audit committee should consider how effectively the Seven Principles of Public Life are supported.

Whistleblowing arrangements support the development of ethical conduct and greater transparency, and also help authorities ensure compliance with the [Public Interest Disclosure Act 1998](#). As part of the audit committee's oversight of the governance framework and assurances underpinning the AGS, the audit committee may wish to review the effectiveness of the whistleblowing arrangements.

Possible wider functions of an audit committee

Extract from the Position Statement

- 5** An audit committee can also support its authority by undertaking a wider role in other areas including:
- considering governance, risk or control matters at the request of other committees or statutory officers
 - working with local standards and ethics committees to support ethical values
 - reviewing and monitoring treasury management arrangements in accordance with [Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes](#) (CIPFA, 2017)
 - providing oversight of other public reports, such as the annual report.

CONSIDERING MATTERS AT THE REQUEST OF STATUTORY OFFICERS OR OTHER COMMITTEES

Occasionally the audit committee may be requested to consider a review of a service, a proposed policy or other similar matters. Such requests could come from another committee of the organisation or from one of the statutory officers. In scoping the terms of reference for a review, the committee should avoid taking on a scrutiny or policy role and ensure the matter relates to governance, risk or control. Examples where it may be helpful for the audit committee to assist could include:

- reviewing whether adequate governance, risk management or audit processes are in place in relation to a specific service or new policy area
- providing advice to the executive on possible risks or implications for good governance arising from a proposed course of action or decision.

In each case, the aim of the committee should be to make recommendations in line with its role set out in the Position Statement – advocating the principles of good governance and helping to ensure that there are appropriate governance, risk, control and assurance arrangements in place. Audit committee recommendations may support the advice or recommendations of the statutory officers but cannot override that advice.

ETHICS COMMITTEE AND STANDARDS COMMITTEE ROLES

The audit committee's primary role in relation to standards and ethical conduct is to satisfy itself that there are appropriate arrangements in place, particularly in support of the AGS. Under the [Localism Act 2011](#), English local authorities have a statutory duty to promote and maintain high standards of conduct and the audit committee should consider assurances on the discharge of this responsibility and be satisfied that there are arrangements in place. Occasionally the committee takes on a wider role, in the place of other committees. Specifically, there should be regard for the role and responsibilities of a standards committee, where there is one.

Where the local authority does have a standards committee, the lead on promoting high standards of conduct may be taken by that committee, and the most appropriate role for the audit committee would be to consider the effectiveness of the standards committee as part of the annual governance review. Where the audit committee takes on the responsibilities of the standards committee, there should be a clear distinction between the two roles and responsibilities in the terms of reference and meeting agendas.

Ethics in policing has received a lot of attention in the last few years with a number of reviews and new standards, including:

- the [Code of Ethics](#) (College of Policing, 2014)
- [Tone from the Top: Leadership, Ethics and Accountability in Policing](#) (Committee on Standards in Public Life, 2015)
- [Integrity Matters](#) (HMIC, 2016).

The establishment of an ethics committee to take the lead on this important area and to review and monitor practice is now regarded as best practice. In some policing areas these are separate committees, but in some areas the audit committees have taken on this responsibility.

There is no specific guidance on the operation of the ethics committee, but it is important to distinguish between the roles of the two committees. For the audit committee's governance responsibilities, it is appropriate for the committee to have an understanding of any current ethical risks and any initiatives to improve ethical behaviour within the force or PCC's office.

The audit committee should be satisfied that there are appropriate arrangements in place to support the committee's overview of governance and the AGS. The ethics committee's role will be to help establish and monitor those arrangements in practice, ensuring that the PCC and chief constable fulfill their statutory obligations. Where the audit committee is taking on wider ethics committee roles, then it should be clear within its terms of reference and meeting agendas how it separates the two roles.

TREASURY MANAGEMENT

[Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes](#) (CIPFA, 2017) requires all local authorities to make arrangements for the scrutiny of treasury management. CIPFA does not require the audit committee to undertake that role and a local authority may nominate another committee instead. CIPFA is aware, however,

that many authorities have nominated the audit committee to do this, and it is therefore appropriate to consider this activity as part of this guidance. The following clause from the Code should have been adopted by all local authorities and the appropriate body responsible for providing scrutiny nominated:

This organisation nominates (name of responsible body/committee) to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Where the audit committee has been nominated, then it should be aware that it needs to undertake a scrutiny role in accordance with the Code, in addition to any oversight of governance, risks and assurance matters relating to treasury management it would consider as an audit committee. It is not appropriate for the audit committee to undertake any of the other roles outlined in the Code clauses as these are executive and decision-making roles rather than a scrutiny role.

Where the committee is undertaking scrutiny then this is likely to involve the following actions:

- developing greater awareness and understanding of treasury matters among the committee members
- reviewing the treasury management policy and procedures to be satisfied that controls are satisfactory
- receiving regular reports on activities, issues and trends to support the committee's understanding of treasury management activities. Note that the committee is not responsible for the regular monitoring of activity under clause 3 of the Code so the purpose of receiving regular reports should be clear
- reviewing the treasury risk profile and adequacy of treasury risk management processes
- reviewing assurances on treasury management (for example, an internal audit report, external audit or other review).

Treasury management is a specialist area so it is likely that committee members will require training, guidance and support when undertaking scrutiny. Specific areas of knowledge and skills are identified in Appendix C.

Independence and accountability

Extract from the Position Statement

- 3** Authorities and police audit committees should adopt a model that establishes the committee as independent and effective. The committee should:
- act as the principal non-executive, advisory function supporting those charged with governance
 - in local authorities, be independent of both the executive and the scrutiny functions and include an independent member where not already required to do so by legislation
 - in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
 - have clear rights of access to other committees/functions, for example, scrutiny and service committees, corporate risk management boards and other strategic groups
 - be directly accountable to the authority's governing body or the PCC and chief constable.
- 7** To discharge its responsibilities effectively the committee should:
- meet regularly – at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
 - include, as regular attendees, the CFO(s), the chief executive, the head of internal audit and the appointed external auditor. Other attendees may include the monitoring officer (for standards issues) and the head of resources (where such a post exists). These officers should also be able to access the committee, or the chair, as required
 - have the right to call any other officers or agencies of the authority as required, while recognising the independence of the chief constable in relation to operational policing matters
 - report regularly on its work to those charged with governance, and at least annually report an assessment of their performance. An annual public report should demonstrate how the committee has discharged its responsibilities.

INTRODUCTION

CIPFA is keen that each local authority or police body adopts an audit committee model that achieves its purpose and functions successfully. CIPFA's recommended best practice is intended to support the development of effective arrangements and should not be regarded merely as a compliance checklist.

For a local authority, in CIPFA's view, it is best practice for the audit committee to report directly to council rather than to another committee, as the council itself most closely matches the body of 'those charged with governance'. In the police sector, both the PCC and chief constable are separate corporations sole and so each will fulfil the role of 'those charged with governance'.

In establishing the audit committee within the governance structure of the authority, three key elements should be considered:

1. any statutory guidance applicable to the sector
2. independence from the executive and political allegiances
3. a practical assessment of 'what works' in the local context.

Each of these elements is considered in more detail in the following sections.

SECTOR AND DEVOLVED GOVERNMENT GUIDANCE

The local authority and police sectors are subject to differing regulations according to both sector and devolved national governments. Those affecting audit committees are set out in Appendix A. While there is broad similarity in the guidance across the UK, there are differences as a result of specific statutory guidance and regulations including:

- statutory requirements for audit committees in Wales
- statutory requirements for combined authorities to establish an audit committee
- statutory guidance underpinning the operation of police audit committees in England and Wales.

Local authorities in Wales have a clear statutory role established by the [Local Government \(Wales\) Measure 2011](#). The Welsh Government has provided [statutory guidance](#) on the implementation of the measure's requirements, and local authorities in Wales must have regard to this guidance. The [Cities and Local Government Devolution Act 2016](#) requires combined authorities to establish an audit committee of which at least one member must be appointed as an independent member. The Home Office's [Financial Management Code of Practice for the Police Forces of England and Wales](#) (2013 – due to be updated in 2018) (the 'FMCP') requires PCCs and chief constables to establish an independent audit committee. This is an advisory committee to both the PCC and the chief constable, both of whom are established as a corporation sole.

The [Policing and Crime Act 2017](#) enables a PCC in England (following local consultation and approval from the secretary of state) to take on the governance of their local fire and rescue service(s) to become a PCC FRA. The 2018 edition of the FMCP is likely to include guidance concerning audit committees in this event.

Other regulations include the appropriate accounts and audit regulations for England, Scotland, Wales and Northern Ireland, which regulate functions such as internal audit, the review of the AGS and the accounts. These functions can be undertaken by the audit committee and where it does so, the committee should have regard to the regulations.

Impact of other legislation

The standards committee's role has been affected by the [Localism Act 2011](#) in England, and some authorities have chosen to transfer responsibility for looking at ethical governance matters to the audit committee, while retaining a standards panel to oversee investigations.

Other relevant recommendations

The [Exercise by Local Government Auditors of Their Functions in the Year to 31 March 2015](#), a report produced by the Chief Local Government Auditor of the Northern Ireland Audit Office, commented that in a small number of councils the audit committee was not operating as a full committee. The Chief Local Government Auditor has recommended that audit committees should be a full committee reporting directly to council.

STRUCTURE AND INDEPENDENCE

Local authorities

For local authorities, stand-alone audit committees reporting to full council are the most common arrangement in the UK. The [CIPFA Survey on Audit Committees in Local Authorities and Police 2016](#) found that, across the UK, 85% of councils had audit committees that reported to full council, leaving only 15% that reported via cabinet or other committee. The survey also showed that the number of stand-alone audit committees had declined from 58% to 47% alongside a rise in the number of joint committees. Some joint committees' responsibilities were audit and risk or audit and governance, however, others included responsibilities such as procurement or health and safety. There had also been a small rise in the number of joint audit and standards committees. Another arrangement, more common in Scotland, was the integration of audit committee functions into a policy committee.

Reporting to the executive may appear to be advantageous if it increases the prospect of audit committee recommendations being addressed. However, there are two disadvantages from a wider governance perspective: first, by not reporting to full council ('those charged with governance'), the audit committee may not be supporting that body in discharging its governance responsibilities; and, second, members and citizens may see the audit committee as not being independent of the executive.

Combining audit with other committees may appear to be an attractive arrangement, but there is always a danger either that audit committee functions become diluted by the pressure of other business or that the proper functions of these bodies become less clear. Having a group of members bearing the name 'audit committee' will add weight when considering audit and related issues. Extending the remit of the audit committee to other matters could create confusion about the role of the audit committee and ultimately undermine its effectiveness.

Financial scrutiny is a different role from that fulfilled by the audit committee. Financial scrutiny committees are likely to undertake reviews of the council's budget proposals and financial performance. The audit committee should not seek to replicate scrutiny undertaken but should focus on the oversight of governance, risk and control and the audit process.

However the audit committee is constituted, all members should be aware that the work of the audit committee is non-political. Chapter 7 includes a section on the composition of the audit committee.

Combined authorities

The [Cities and Local Government Devolution Act 2016](#) requires combined authorities to have an audit committee, but there are no requirements about where the committee fits into the overall governance structure of the authority. If the combined authority brings together the functions of the PCC with the local authority functions, and in time those of the fire authority as well, then it might be expected that there would be a single audit committee.

Police

Police audit committees are recommended by the FMCP to be joint committees, reporting both to the PCC and the chief constable. To date, all police audit committees operate in this way.

SHARED AUDIT COMMITTEES

Where authorities or policing bodies have entered into significant levels of partnership, a shared audit committee may be a practical way forward. This will be particularly appropriate where there is a shared management team and single functions for finance, audit and risk. In establishing the committee, consideration will need to be given to achieving a balance of representation between the partners and how the chair is to be selected.

AUDIT COMMITTEES IN PARTNERSHIP

Where an authority has major areas of governance and risk shared with other public bodies in a partnership, it may be appropriate to set up formal arrangements between the respective audit committees. This could involve one audit committee being nominated to take the lead on matters relating to the partnership. Alternatively, the audit committees could nominate representatives to a shared audit committee to oversee the partnership.

DECISION-MAKING POWERS AND DELEGATIONS

All audit committees are non-executive bodies whose role is to make recommendations rather than to decide policies directly. The impact of the committee is through influence and persuasion rather than direct decision making. The committee's effectiveness does not depend on the delegation of powers.

The constitution of a local authority may include direct delegations to its audit committee, for example to approve the AGS or financial statements on behalf of the authority, as well as undertaking the review. In establishing whether the audit committee is to have any delegated

decision-making powers, the local authority should take into account the number and role of independent members on the committee. In doing this, it will need to take into account the issue of voting rights outlined in Chapter 7. CIPFA recommends that delegation of decision-making powers on matters not directly related to the work of the audit committee should be avoided.

Police audit committees in England and Wales can never be delegated decision-making or approval powers by the PCC or the chief constable.

ADMINISTRATIVE AND OPERATIONAL ARRANGEMENTS

Agenda management and frequency of meetings

The frequency and timing of meetings is a matter for each authority to determine, based on its corporate governance arrangements, together with consideration of how the committee can operate effectively and fulfil its purpose. To fit with planning, monitoring and annual reporting arrangements, most organisations will find they will require at least four meetings a year. Aspects of the audit committee agenda will be determined by statutory requirements related to the accounts and matters related to the financial year. Outside these agenda items, the audit committee should aim to manage its agenda according to its assurance needs to fulfil its terms of reference.

Where an audit committee is addressing the full range of governance, risk, control and audit functions, care should be taken to balance the frequency of meetings against the need to give the business of the committee sufficient focused attention without lengthy and unproductive meetings. Equally, the audit committee should review whether the inclusion of each item on its agenda results in added value and whether some time-consuming aspects of audit committee business could be more effectively addressed elsewhere. In making these judgements, the audit committee should operate at a resolutely strategic level. Care should be taken to avoid straying into matters of operational detail that should be resolved by service managers. The skilful chairing of meetings with well-planned agendas should provide the final mechanism for avoiding this danger.

Supporting the audit committee and key relationships

Effective administrative support for the audit committee will clearly be important as for any committee of the authority. If the committee is to take an active part in the authority's business, it should be administered as effectively as any other committee meeting. The regular attendance of key senior management figures is important – both to maintain the credibility of the committee and to ensure that members are adequately supported by appropriate professionals.

[The Role of the Chief Financial Officer in Local Government](#) (CIPFA, 2016) and the [CIPFA Statement on the Role of Chief Financial Officers in Policing](#) (2018) emphasise the importance of having an effective audit committee to support the CFO. Police audit committees will need to work with the CFO of both the PCC and the chief constable. The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

The CFO should therefore be a key point of contact for audit committee members and it is essential that the CFO has direct access to the committee. It is also a responsibility of the CFO to support the authority's internal audit arrangements and ensure that the audit committee receives any necessary advice and information, so that both functions can operate effectively. The audit committee should then be in a position to provide effective support to the CFO.

The head of internal audit should also have a good relationship with the committee and be a key point of contact. Internal audit reports or updates will be a regular feature of audit committee agendas, so the head of internal audit should be expected to attend all meetings.

A public sector requirement within the PSIAS states:

The chief audit executive must also establish effective communication with, and have free and unfettered access to, the chief executive (or equivalent) and the chair of the audit committee.

The head of internal audit's relationship with the audit committee, especially the chair, is crucial. They should be mutually supportive in their aim to be objective and to provide challenge and support across the organisation and improve governance, risk management and internal control. The head of internal audit must work closely with the audit committee chair so that they are clear about their respective roles and make best use of the available resources.

To be effective, an audit committee will need to engage with a wider range of officers than representatives of finance and internal audit, essential though they are. While it is for each audit committee to determine who attends its meetings, the following examples demonstrate the wide range of officers who can attend and add value to audit committee meetings:

- chief executive or equivalent – for the AGS and other governance-related issues
- monitoring officer – for the AGS and ethical governance issues
- risk management officer – for discussions around the risk registers and risk reports
- head of counter fraud – for agenda items on fraud risks and counter fraud activity
- service senior managers – for audit, risk, or governance discussions on their service areas (while recognising the operational independence of the chief constable on operational policing matters)
- scrutiny, ethics or standards committee representatives – it may be helpful to invite representatives along to explain their work programme or recent reports.

Consideration should also be given to supporting the audit committee outside formal meetings. There may be a need to keep committee members briefed on issues that are on the agenda, and other matters may be too detailed for inclusion on the agenda. For example, internal audit reports may be provided in full to committee members but may be included on the meeting agenda only where there are significant risks to be discussed. This issue may be of particular importance for police audit committees where the members are not routinely involved in other meetings and do not have the same rights of access to information as do local authority councillors. Arrangements to provide the members with an appropriate level of information and updates and a protocol for managing information requests should be discussed and agreed.

Private meetings with external auditors and with internal auditors are a common feature of audit committees in the private sector and in other parts of the public sector. The aim of this

is to ensure that there are opportunities to raise any concerns. In local authorities this has proved difficult to replicate because of the requirements for committee meetings to be held in public. Some authorities have approached this by specifying that such meetings are informal. Authorities should aim to provide full opportunities for auditors, external and internal, to have access to the chair of the audit committee.

ACCOUNTABILITY

Given its role in the governance structure and in promoting the principles of good governance, the audit committee should be clear how it supports one of the key principles: accountability. It is also important that the audit committee is, in its turn, held to account on the extent to which it has fulfilled its purpose. For an audit committee, accountability has to be considered under three aspects, each of which is considered below:

1. supporting the authority's accountability to the public and stakeholders
2. supporting accountability within the authority
3. holding the audit committee to account.

Supporting the authority's accountability to the public and stakeholders

The committee has a key role in reviewing the public reports of the authority and in helping the authority to discharge its responsibilities in this area. Committee meetings will normally be held in public, with the exception of exempt items, so this also contributes to the accountability of the authority to the public and stakeholders.

The Home Office publishes an [Accountability System Statement for Policing and Crime Reduction](#) which identifies the formal accountability relationships of policing bodies. The statement does not identify a formal accountability role for the police audit committee, which reflects its role as an advisory body supporting the PCC and chief constable. For police audit committees, therefore, the committee provides support for accountability to the public and other stakeholders but does not directly discharge that responsibility itself.

A wider group of stakeholders, such as partner organisations or the police and crime panel, may have an interest in the work of the committee, although there is no direct accountability relationship between the panel and the audit committee. Holding open meetings and publishing agendas and minutes will support wider communication and transparency.

Supporting accountability within the authority

Through review of internal and external audit reports, monitoring of risk registers and other key strategies, the audit committee will hold to account those responsible for the implementation of recommendations and action plans. In addition, by overseeing the process of evaluating and improving governance, risk management and control, the audit committee helps those responsible for governance to ensure that accountability throughout the authority is working well.

The audit committee is most effective in supporting internal accountability when it discusses governance, risk or control issues with the responsible managers directly. In the most recent

CIPFA survey, this was an area that heads of internal audit identified for improvement in their audit committees.

Holding the audit committee to account

The audit committee should be held to account on a regular basis by the group to which it is accountable. For a local authority audit committee, this will be the council. For a police audit committee, it will be both the PCC and the chief constable. The aspects that should be specifically considered include:

- whether the committee has fulfilled its agreed terms of reference
- whether the committee has adopted recommended practice
- whether the development needs of committee members have been assessed and whether committee members are accessing briefing and training opportunities
- whether the committee has assessed its own effectiveness or been the subject of a review and the conclusions and actions from that review
- what impact the committee has on the improvement of governance, risk and control within the authority.

The preparation of an annual report by the committee can be a helpful way to address the key areas where the committee should be held to account. The annual report should be presented to those charged with governance: council or PCC and chief constable as appropriate. In addition, publication of the report will assist other stakeholders to understand the work of the committee.

It can be difficult to ensure that those not directly involved in the work of the committee achieve an understanding of its role. Where there is a lack of understanding about the work of the committee, then the process of holding the committee to account may not operate effectively. This is considered further in Chapter 7.

Membership and effectiveness

Extract from the Position Statement

- 6** Good audit committees are characterised by:
- a membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role. The political balance of a formal committee of an authority will reflect the political balance of the council, however, it is important to achieve the right mix of apolitical expertise
 - a membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
 - a strong independently minded chair – displaying a depth of knowledge, skills and interest. There are many personal qualities needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion
 - managing meetings to cover all business and encouraging a candid approach from all participants
 - an interest in and knowledge of financial and risk management, audit, accounting concepts and standards, and the regulatory regime
 - unbiased attitudes – treating auditors, the executive and management fairly
 - the ability to challenge the executive and senior managers when required.

COMPOSITION AND OPERATION OF THE COMMITTEE

The composition of the committee will be a key factor in achieving the characteristics of a good audit committee.

Audit committees in Welsh local authorities and combined authorities in England and in police audit committees in England and Wales are subject to specific rules on the composition of the audit committee as follows:

- The composition of the audit committee for Welsh local authorities is subject to the [Local Government \(Wales\) Measure 2011](#), which requires local authority audit committees to have at least one lay member. Up to one-third of the committee membership may be lay members. Only one of the committee's members may be from the council's executive and this must not be the leader or the elected mayor.
- Police audit committees should comprise between three and five members who are independent of the PCC and the force as required by the [Financial Management Code of Practice for the Police Forces of England and Wales](#) (Home Office, 2013 – due to be updated in 2018).

- Combined authorities in England are required to establish an audit committee by the [Cities and Local Government Devolution Act 2016](#). The Act and the subsequent [Combined Authorities \(Overview and Scrutiny Committees, Access to Information and Audit Committees\) Order 2017](#) require combined authority audit committees to include at least one independent member. The definition of independent is set out in the statutory guidance.

In other parts of the local authority sector there are no statutory requirements that determine the composition of the audit committee. In Northern Ireland, the Chief Local Government Auditor has recommended that suitable independent members are appointed to all local authority audit committees. In the most recent [report](#), ten out of eleven local authority committees had appointed at least one independent member to the committee.

CIPFA endorses the approach of mandating the inclusion of a lay or independent member and recommends that those authorities, for whom it is not a requirement, actively explore the appointment of an independent member to the committee.

In other sectors, the audit committee can be small – fewer than six members. [Guidance on Audit Committees](#) (FRC, 2016) says that an audit committee should have at least three non-executive directors. The [Audit and Risk Assurance Committee Handbook](#) (HM Treasury, 2016) states that a committee should have at least three members of which there should be two non-executive board members, one of whom will chair the committee; executive members are explicitly excluded.

In the local authority sector where membership of the committee is drawn from elected representatives, the depth of knowledge and experience that is desirable may be harder to achieve with a small number, however, there is a risk that creating a large committee will mean that it is harder to create the necessary focus. There is no consistency in the local government sector on the size of the committee. [CIPFA's 2016 survey](#) of audit committees found that size of the committee ranged from five to fifteen or more, although 47% had between six and eight members, with 2% having fewer and 50% having more. The survey showed that the average size of the committee had increased since CIPFA's 2011 survey.

Elected members of local authorities are members of the council and thus are part of the body charged with governance. Elected members bring knowledge of the organisation, its objectives and policies to the audit committee. Members who are also involved in scrutiny or standards offer additional knowledge of activity, risks and challenges affecting those areas.

Having executive members on the committee is discouraged as it could deter the committee from being able to challenge or hold to account the executive on governance, risk and control matters. This approach is consistent with audit committee practice in other parts of the public sector and in the private sector. Inviting an executive member onto the committee should be avoided unless the committee has other compensating arrangements to ensure independence, for example, a majority of independent members or an independent chair. The executive member should not chair the committee. The leader of the cabinet, administration or the elected mayor should not be a member of the audit committee. However, the audit committee can invite members of the executive to attend to discuss issues within its remit and to brief the committee on the actions they are taking.

Any audit committee that is a properly constituted committee of the council will need to abide by the rules concerning political balance, as outlined in Section 15 of the [Local Government and Housing Act 1989](#). Under the statutory guidance, combined authorities are required to reflect the political balance of the constituent authorities as far as is practicable. One factor that is important for the success of the committee is ensuring a non-political approach to meetings and discussions. When establishing a joint audit committee, the political balance of both authorities will need to be considered.

Good practice shows that co-option of independent members is beneficial to the audit committee. It is a requirement for police audit committees, English combined authorities and for local authorities in Wales, and it is usual practice for non-executives to be committee members in health and central government audit committees. The injection of an external view can often bring a new approach to committee discussions. Authorities that have chosen to recruit independent members have done so for a number of reasons:

- to bring additional knowledge and expertise to the committee
- to reinforce the political neutrality and independence of the committee
- to maintain continuity of committee membership where membership is affected by the electoral cycle.

There are some potential pitfalls to the use of independent members which should also be borne in mind:

- over-reliance on the independent members by other committee members can lead to a lack of engagement across the full committee
- lack of organisational knowledge or ‘context’ among the independent members when considering risk registers or audit reports
- effort is required from both independent members and officers/staff to establish an effective working relationship and establish appropriate protocols for briefings and access to information.

These factors should be taken into account when developing the committee structure and plans put in place to provide an appropriate level of support to the audit committee member.

Voting rights of independent members

Local authorities should have regard to Section 13 of the [Local Government and Housing Act 1989](#) which relates to the voting rights of non-elected committee members. Where the audit committee is operating as an advisory committee under the [Local Government Act 1972](#), making recommendations rather than policy, then all members of the committee should be able to vote on that recommendation. If the council wishes to delegate decisions to the committee, for example the adoption of the financial statements, then the independent member will not be able to vote on those matters for decision. The minutes of the meeting should make clear in what capacity the committee is voting.

Recruitment process

The job description of the independent member should be drawn up and agreed before commencing recruitment. The requirement for relevant knowledge or expertise should be

clearly determined. Vacancies should be publicly advertised, as is good practice for any public appointment. Candidates should be able to demonstrate their political independence and their suitability should be checked. Only the independent members for combined authorities have to satisfy specific definitions of their independence. Appropriate enquiries will need to be made as part of the recruitment process to ensure that any applicants satisfy the requirements, and continuation of compliance should be monitored during the term of appointment.

Independent members' appointments should be for a fixed term and be formally approved by the local authority's council or the PCC and the chief constable. Provision should be made for early termination and extension to avoid lack of clarity in the future. While operating as a member of the audit committee, the independent member should follow the same code of conduct as elected members and a register of interests should be maintained.

The primary considerations when considering audit committee membership should be maximising the committee's knowledge base and skills, being able to demonstrate objectivity and independence, and having a membership that will work together.

KNOWLEDGE AND EXPERIENCE

There is a range of knowledge and experience that audit committee members can bring to the committee and which will enable it to perform effectively. No one committee member would be expected to be expert in all areas, but there are some core areas of knowledge that committee members will need to acquire. There will also be a need for regular briefings or training to help committee members keep up to date or extend their knowledge.

Appendix C sets out a knowledge and skills framework for audit committee members and the committee chair. This can be used to guide members on their training needs and to evaluate the overall knowledge and skills of the committee. It can also be used when recruiting independent members. A distinction is made between core areas of knowledge that all audit committee members should seek to acquire and a range of specialisms that can add value to the committee.

The audit committee should review risks, controls and assurances that cover the whole operation of the authority so knowledge of specific service areas will be helpful. Other areas of specialist knowledge and experience, for example in accountancy, audit, governance and risk management, will add value to the committee.

Skills and competencies

A number of skills are beneficial for the audit committee member to have. There are also specific skills that the audit committee chair will need. Many of these skills are not unique to the role of audit committee member and experience in other member or non-executive roles will have helped to build these skills. Many authorities have training and development plans for elected members, which may include similar skill or competency training opportunities. Evidence of appropriate skills and knowledge should also be sought where independent members are being recruited to the committee.

Self-assessment and training

Audit committee members should be willing to review their knowledge and skills, for example, as part of a self-assessment process or training needs analysis. Regardless of the knowledge and skills a member has when joining the committee, there needs to be a commitment to participate in training and development to ensure that knowledge is kept up to date. The authority should establish a programme of support that involves induction training, regular briefings and updates as well as formal training programmes. This may require the allocation of a budget to provide appropriate support.

Role of the chair

Police audit committees and some authority audit committees may advertise specifically for an independent chair. Following appointment, it would be expected that the person would remain as chair for their appointed period. Where the chair is an elected councilor, the appointment is likely to be made during the annual council and may only be for that committee cycle. Whether undertaken during recruitment or the annual committee cycle, ideally the selection of the chair will take into account the characteristics required of an effective chair. These include:

- an ability to plan the work of the committee over the year and beyond
- skills of managing meetings
- an ability to bring an objective, apolitical attitude
- a core knowledge and skills required of audit committee members
- a clear focus on the role of the committee and ambition to lead the committee in line with good governance principles
- a focus on improvement and securing agreement on actions.

The tenure of the audit committee chair remains a matter for the authority. In making this decision, it should be recognised that a period of continuity can be helpful, particularly for the development of greater knowledge and expertise, while rotation also helps to deliver a new perspective.

DEVELOPING AUDIT COMMITTEE EFFECTIVENESS

An audit committee's effectiveness should be judged by the contribution it makes to, and the beneficial impact it has on, the authority's business. Since it is primarily an advisory body, it can be more difficult to identify how the audit committee has made a difference. Evidence of effectiveness will usually be characterised as 'influence', 'persuasion' and 'support'. A good standard of performance against recommended practice, together with a knowledgeable and experienced membership, are essential requirements for delivering effectiveness.

Using the recommended practice in this publication should help the authority to achieve a good standard of performance. The evaluation at Appendix D will support an assessment against recommended practice to inform and support the audit committee. Authorities are encouraged not to regard meeting recommended practice as a tick-box activity, and they should recognise that achieving recommended practice does not mean necessarily that the committee is effective.

The selection of audit committee members, their knowledge, skills and experience are an essential component of an effective committee. Regular briefings and training are essential to keep members up to date in their role. Members will become more effective with experience so it is helpful to have some continuity of membership on the committee.

The approach and priorities of the audit committee will need to adapt to the risks and challenges facing the authority and reflect the maturity of its governance, risk and control arrangements. For example, in a new authority or one that has gone through significant structural change, there may be little continuity of governance and control arrangements. As a result, the audit committee will focus on the establishment of appropriate arrangements.

Where an authority has been found to have significant weaknesses in its governance or control arrangements, perhaps identified through an inspection or audit, then the audit committee will support the implementation of recommendations or action plans. Where there are barriers to that improvement, the committee may need to adopt a more questioning or challenging role to help break down those barriers. In those authorities where governance, risk and control are satisfactory overall, the audit committee may give greater focus to new risks and developments, but will also want to seek assurance that satisfactory performance does not lead to complacency and lack of innovation.

COMMON AREAS OF DIFFICULTY FOR AUDIT COMMITTEES

It is not uncommon for audit committees to face difficulties or barriers to fulfilling their potential effectiveness. CIPFA's survey of audit committees in 2016 identified the principal barriers faced by both local authority and police audit committees. For local authorities, the top three were:

1. limited knowledge and experience of the members
2. the committee not being seen as a priority by other members
3. the intrusion of political interests.

For police audit committees, the top three barriers were:

1. the committee was not considered a priority by the PCC and chief constable
2. the committee was not considered a priority by senior management
3. poor relationships between committee members and staff.

The barriers reflect the different make-up of local authority and police committees.

Some of these may be common issues that audit committees in any sector may face; others may be unique to the local authority or police setting. The following assessment may be of value in helping audit committee members or those supporting the committee to recognise and address the challenges.

Areas of difficulty	Possible causes	Possible improvement options
Lack of experience and continuity of knowledge among audit committee members	<ul style="list-style-type: none"> ■ Where turnover of membership is very frequent, it will be difficult for the committee to build up experience 	<ul style="list-style-type: none"> ■ Enhanced level of support and training to members will be required ■ To enhance continuity the authority could consider recruitment of independent members
Audit committee members do not feel confident in their knowledge of particular areas	<ul style="list-style-type: none"> ■ Lack of training and support 	<ul style="list-style-type: none"> ■ Enhanced level of support and training to members
Independent members lack knowledge of the organisation and lack connections with key managers	<ul style="list-style-type: none"> ■ Poor induction ■ Limited opportunities to engage with the organisation outside formal meetings 	<ul style="list-style-type: none"> ■ Improve induction ■ Identify appropriate meetings, briefings or other opportunities that independent members could attend to help develop better understanding
Poor management of audit committee meetings means that work is unfocused or fails to reach a clear conclusion	<ul style="list-style-type: none"> ■ Lack of experience or skill in managing meetings by the chair ■ Committee members are unsure about their role ■ Poor support from the committee secretary 	<ul style="list-style-type: none"> ■ Training and support ■ Develop a mentoring/ coaching programme ■ Chair seeks feedback from meeting participants ■ Consider skills and experience in the selection of the chair ■ Provide training and guidance to committee members on their role ■ Improve committee support
The audit committee spends too much time on minor areas rather than strategic or wide-ranging issues	<ul style="list-style-type: none"> ■ Agenda management fails to prioritise key areas ■ The chair does not intervene to keep focus at an appropriate level 	<ul style="list-style-type: none"> ■ Review the process of agenda development ■ Review the terms of reference and provide training ■ The chair seeks feedback from meeting participants ■ Provide the chair with committee management training
The audit committee is little known or understood in many parts of the authority	<ul style="list-style-type: none"> ■ The audit committee fails to engage with many parts of the authority ■ Attendance is often limited to the CFO and the head of internal audit 	<ul style="list-style-type: none"> ■ Expand attendance at audit committee meetings. For example, invite heads of service when major risks or control issues are being discussed

Areas of difficulty	Possible causes	Possible improvement options
The audit committee is little known or understood by those not on the committee	<ul style="list-style-type: none"> ■ Lack of feedback or reporting arrangements 	<ul style="list-style-type: none"> ■ Invite newly elected members to attend audit committee meetings ■ Review reporting arrangements ■ Consider an annual report that sets out how the committee has fulfilled its responsibilities
Recommendations made by the audit committee are not actioned	<ul style="list-style-type: none"> ■ Poor relationship between the committee and the executive or senior officers ■ The audit committee's recommendations are not adequately aligned to organisational objectives 	<ul style="list-style-type: none"> ■ A senior officer provides internal facilitation to support improved relationships ■ Improve knowledge and skills among audit committee members ■ Ensure better engagement with appropriate managers or the executive at an earlier stage
The audit committee fails to make recommendations or follow up on issues of concern	<ul style="list-style-type: none"> ■ A weak or inexperienced chair ■ Members are inexperienced or do not fully understand their role ■ Poor briefing arrangements prior to meetings ■ Committee reports fail to adequately identify the action required by the committee 	<ul style="list-style-type: none"> ■ Provide guidance and support ■ Improve briefing to the chair prior to the meeting ■ Ensure reports contain clear recommendations
The audit committee strays beyond its terms of reference, for example undertaking a scrutiny role	<ul style="list-style-type: none"> ■ The terms of reference do not adequately scope the work of the committee ■ Misunderstanding about the role of the committee ■ Inadequate guidance from committee secretary to the chair on its role 	<ul style="list-style-type: none"> ■ Review the terms of reference and provide training and guidance

Areas of difficulty	Possible causes	Possible improvement options
Political points of view interfere with the work of the audit committee	<ul style="list-style-type: none"> ■ Lack of understanding about the role of the committee 	<ul style="list-style-type: none"> ■ Seek feedback from those interacting with the committee or external assessment ■ Provide support for or training for the chair ■ Consider the inclusion or role of independent members
A breakdown in the relationship between committee members and the executive, PCC or chief constable or with senior management	<ul style="list-style-type: none"> ■ Lack of understanding about the role of the committee ■ Differing perceptions on the value of the committee ■ Personality clashes 	<ul style="list-style-type: none"> ■ Review the terms of reference and provide training and guidance ■ A senior officer provides internal facilitation to support improved relationships ■ Seek an external assessment or facilitation ■ Change the chair or membership, if the constitution or opportunity arises

APPROACHES TO IMPROVEMENT AND EVALUATING EFFECTIVENESS

The areas included on audit committee agendas are regularly impacted by new legislation, professional guidance and research, so even knowledgeable and experienced audit committee members need access to briefings or training to remain effective. Where areas for development have been identified in the operation of the committee, then a more comprehensive action plan may be required.

Seeking feedback on the operation of the committee may be helpful to supplement a self-assessment. Those interacting regularly with the committee or relying on its output would be the principal sources of feedback. Where the committee is struggling, an external assessment may be an appropriate way to evaluate the committee and to develop an action plan for improvement.

Appendix E contains an assessment tool to help audit committee members to consider where it is most effective and where there may be scope to do more. To be considered effective, the audit committee should be able to identify evidence of its impact or influence linked to specific improvements.

APPENDIX A

Sector and devolved government guidance

PART 1 – COMPARISON OF SECTOR AND DEVOLVED GOVERNMENT REGULATIONS AND GUIDANCE ON KEY AREAS RELATED TO AUDIT COMMITTEES

Guidance area	England Combined authorities	Wales Local authorities	England and Wales Police	England, Northern Ireland and Scotland Local authorities
Establishment of audit committee	<ul style="list-style-type: none"> Required 	<ul style="list-style-type: none"> Required 	<ul style="list-style-type: none"> Required It is recommended that this should be a combined body for both PCC and chief constable 	<ul style="list-style-type: none"> No guidance
Composition of the audit committee	<ul style="list-style-type: none"> Committees must have at least one independent person as defined by guidance The committee should reflect the political balance of the constituent authorities, as far as is reasonably practical The committee may not include an officer of the combined authority or a constituent council 	<ul style="list-style-type: none"> Committees must have at least one lay member. Up to one-third of the committee membership may be lay members. Only one of the committee's members may be from the council's executive and this must not be the leader or the elected mayor 	<ul style="list-style-type: none"> Police audit committees should comprise between three and five members who are independent of the PCC and the force (where applicable) 	<ul style="list-style-type: none"> No guidance

Guidance area	England Combined authorities	Wales Local authorities	England and Wales Police	England, Northern Ireland and Scotland Local authorities
Specified functions of the audit committee	<p>a) Review and scrutinise the authority's financial affairs</p> <p>b) Review and assess the authority's risk management, internal control and corporate governance arrangements</p> <p>c) Review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the authority's functions</p> <p>d) Make reports and recommendations to the combined authority</p>	<p>a) Review and scrutinise the authority's financial affairs</p> <p>b) Make reports and recommendations in relation to the authority's financial affairs</p> <p>c) Review and assess the risk management, internal control and corporate governance arrangements of the authority</p> <p>d) Make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements</p> <p>e) Oversee the authority's internal and external audit arrangements</p> <p>f) Review the financial statements prepared by the authority</p>	<p>Consider the internal and external audit reports of both the PCC and the chief constable</p> <p>Advise the PCC and the chief constable according to good governance principles and adopt appropriate risk management arrangements in accordance with proper practices</p>	No guidance
Responsibilities of the audit committee in relation to external audit	<p>■ No guidance</p>	<p>■ Oversee external audit arrangements</p>	<p>■ Review external audit reports</p>	No guidance

Guidance area	England Combined authorities	Wales Local authorities	England and Wales Police	England, Northern Ireland and Scotland Local authorities
Specific guidance	<ul style="list-style-type: none"> ■ Cities and Local Government Devolution Act 2016 ■ Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016 	<ul style="list-style-type: none"> ■ Local Government (Wales) Measure 2011 Statutory Guidance from the Local Government Measure 2011 	Financial Management Code of Practice for the Police Forces of England and Wales (Home Office, 2013 – due to be updated in 2018)	N/A

PART 2 – GOVERNMENT GUIDANCE BY SECTOR AND DEVOLVED GOVERNMENT ON MATTERS THAT MAY BE INCLUDED IN AUDIT COMMITTEE TERMS OF REFERENCE

Accounts and Audit Regulations are statutory instruments issued by the UK or the devolved governments. The various regulations impose requirements on ‘relevant bodies’, eg a local authority, a fire and rescue authority or police body, in relation to governance, internal control, financial reporting and internal audit.

The Accounts and Audit Regulations do not specify that these requirements must be met by an audit committee. However, where it is the audit committee of a relevant body that undertakes or reviews the specified task, the audit committee must meet the requirements of the regulations and take them into account in agreeing their terms of reference.

The following is a summary for each sector and/or region of the sets of regulations affecting them, highlighting key regulations. The regulations are subject to periodic update by the appropriate government body and audit committee members should be made aware of any changes by their organisation.

Local authorities in England (including combined authorities and fire and rescue authorities)

Relevant government guidance	Accounts and Audit (England) Regulations 2015
Governance and risk management arrangements	Regulation 3 requires that: <i>A relevant authority must ensure that it has a sound system of internal control which –</i> <i>(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;</i> <i>(b) ensures that the financial and operational management of the authority is effective; and</i> <i>(c) includes effective arrangements for the management of risk</i>
Authority’s financial affairs and financial statements	Regulation 4 relates to accounting records and control systems Regulations 7, 8, 9 and 10 relate to the statement of accounts
Review of effectiveness of system of internal control	Regulation 6 requires members of the body to consider the findings of the review of the effectiveness of the body’s system of internal control
Approval of annual governance statements	Regulation 6 relates to the approval of an AGS prepared in accordance with proper practices in relation to accounts
Internal audit	Regulation 5 requires a relevant body to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance

Local authorities in Wales

Relevant government guidance	Accounts and Audit Regulations (Wales) 2014 and the Accounts and Audit (Wales) (Amendment) Regulations 2018
Governance and risk management arrangements	Regulation 5 requires the following: <i>5.—(1) The relevant body must ensure that there is a sound system of internal control which facilitates the effective exercise of that body's functions and which includes—</i> <i>a) arrangements for the management of risk, and</i> <i>b) adequate and effective financial management</i>
Financial affairs and financial statements	Regulation 6 relates to accounting records and control systems Regulations 8 and 10 relate to the statement of accounts
Review of effectiveness of system of internal control	Regulation 5 requires the body to conduct a review at least once in a year of the effectiveness of its system of internal control and consider the findings of the review
Approval of annual governance statements	Regulation 5 requires the body to approve a statement on internal control prepared in accordance with proper practices
Internal audit	Regulation 7 requires a local government body to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control
Review of effectiveness of internal audit	Regulation 7 requires that a larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit In addition, the Local Government Measure (Wales) 2011 has an explicit requirement for the audit committee to oversee the authority's internal audit arrangements

Local authorities in Scotland

Relevant government guidance	Local Authority Accounts (Scotland) Regulations 2014
Governance and risk management arrangements	Regulation 5 requires the following: <i>A local authority is responsible for ensuring that the authority has a sound system of internal control which –</i> <i>(a) facilitates the effective exercise of the authority's functions; and</i> <i>(b) includes arrangements for the management of risk</i>
Financial affairs and financial statements	Regulation 5 requires the following: <i>A local authority is responsible for ensuring that the financial management of the authority is adequate and effective</i> Regulation 6 relates to accounting records and control systems Regulations 8, 10 and 11 relate to the statement of accounts
Review of effectiveness of system of internal control	Regulation 5 requires the authority to: <i>conduct a review at least once in each financial year of the effectiveness of its system of internal control.</i>

Approval of annual governance statements	Regulation 5 relates to the approval of an AGS prepared in accordance with proper practices in relation to internal control
Internal audit	Regulation 7 requires a local authority to operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing
Review of effectiveness of internal audit	Regulation 7 requires a local authority to assess the efficiency and effectiveness of its internal auditing in accordance with the recognised standards and practices

Local authorities in Northern Ireland

Relevant government guidance	Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015
Governance and risk management arrangements	Regulation 4 requires a local government body to ensure that the financial management of the local government body is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk
Authority's financial affairs and financial statements	Regulation 5 relates to accounting records and control systems Regulations 7 and 8 relate to the statement of accounts
Review of effectiveness of system of internal control	Regulation 4 requires a review of the effectiveness of the body's system of internal control and to approve a statement on internal control, prepared in accordance with proper practices in relation to internal control
Approval of annual governance statements	Regulation 4 requires the body to approve a statement on internal control, prepared in accordance with proper practices in relation to internal control The accompanying guidance from the Department of the Environment identifies the CIPFA/Solace 2007 Framework and 2012 Addendum as proper practices – these have now been replaced by the 2016 Framework
Internal audit	Regulation 6 requires the local government body to undertake an adequate and effective internal audit of its accounting records and of its system of risk management, internal control and governance processes using internal auditing standards in force from time to time The accompanying guidance from the Department of the Environment identifies the PSIAS as the appropriate internal audit standard

Police in England

Relevant government guidance	Accounts and Audit (England) Regulations 2015 – see also the statutory guidance Financial Management Code of Practice for the Police Forces of England and Wales (FMCP) (Home Office, 2013 – due to be updated in 2018)
Governance and risk management arrangements	Regulation 3 requires the following: <i>A relevant authority must ensure that it has a sound system of internal control which –</i> <i>(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;</i> <i>(b) ensures that the financial and operational management of the authority is effective; and</i> <i>(c) includes effective arrangements for the management of risk.</i>
Authority’s financial affairs and financial statements	Regulation 4 relates to accounting records and control systems Regulations 7, 8, 9 and 10 relate to the statement of accounts
Review of effectiveness of system of internal control	Regulation 6 requires members of the body to consider the findings of the review of the effectiveness of the body’s system of internal control
Approval of annual governance statements	Regulation 6 relates to the approval of an AGS prepared in accordance with proper practices in relation to accounts
Internal audit	Regulation 5 requires a relevant body to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance

Police in Wales

Relevant government guidance	Accounts and Audit Regulations (Wales) 2014 and the Accounts and Audit (Wales) (Amendment) Regulations 2018 – see also the FMCP
Governance and risk management arrangements	Regulation 5 requires the following: <i>A local authority is responsible for ensuring that the authority has a sound system of internal control which –</i> <i>(a) facilitates the effective exercise of the authority’s functions; and</i> <i>(b) includes arrangements for the management of risk.</i>
Financial affairs and financial statements	Regulation 6 relates to accounting records and control systems Regulations 8 and 10 relate to the statement of accounts
Review of effectiveness of system of internal control	Regulation 5 requires that the body to conduct a review at least once in a year of the effectiveness of its system of internal control and consider the findings of the review
Approval of annual governance statements	Regulation 5 requires the body to approve a statement on internal control prepared in accordance with proper practices

Internal audit	Regulation 7 requires a local government body to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control
Review of effectiveness of internal audit	Regulation 7 requires that a larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit In addition, the Local Government (Wales) Measure 2011 has an explicit requirement for the audit committee to oversee the authority's internal audit arrangements

Suggested terms of reference – local authorities and police

INTRODUCTION

This appendix contains two sets of suggested terms of reference, one for local authorities and one for police. The principal difference between them is that the police audit committee must ensure that its terms of reference are in accordance with the [Financial Management Code of Practice for the Police Forces of England and Wales](#) (Home Office, 2013 – due to be updated in 2018) and remain an advisory body.

In developing the terms of reference for an organisation, care should be taken to ensure that the specific regulations appropriate for the authority are taken into account. Appendix A sets out these requirements. In addition, where the terms of reference refer to internal audit, regard should be had for how the internal audit charter has allocated responsibilities to the committee. Some of the internal audit responsibilities identified in the terms of reference may not be carried out by the audit committee but by others.

SUGGESTED TERMS OF REFERENCE – LOCAL AUTHORITIES

Governance

The terms of reference should set out the committee's position in the governance structure of the authority.

Statement of purpose

- 1 Our audit committee is a key component of [name of authority]'s corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 2 The purpose of our audit committee is to provide independent assurance to the members [or identify others charged with governance in your authority] of the adequacy of the risk management framework and the internal control environment. It provides independent review of [name of authority]'s governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, risk and control

- 3 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 4 To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
- 5 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 6 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- 7 To monitor the effective development and operation of risk management in the council.
- 8 To monitor progress in addressing risk-related issues reported to the committee.
- 9 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 10 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 11 To monitor the counter-fraud strategy, actions and resources.
- 12 To review the governance and assurance arrangements for significant partnerships or collaborations.

To fulfil the requirements of the Local Authority Measure within their terms of reference, local authorities in Wales should identify those aspects which are specified in the Measure. See Appendix A for details. CIPFA considers that the requirement to review and make recommendations on the authority's financial affairs will be fulfilled by reference to items 5, 9 and 10 in these suggested terms of reference as well as those under financial reporting.

Internal audit

- 13 To approve the internal audit charter.
- 14 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- 15 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 16 To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 17 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 18 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.

- 19 To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
 - b) regular reports on the results of the QAIP
 - c) reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- 20 To consider the head of internal audit's annual report:
 - a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
 - b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.
- 21 To consider summaries of specific internal audit reports as requested.
- 22 To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- 23 To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 24 To consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations (see Appendix A).
- 25 To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

External audit

- 26 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- 27 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 28 To consider specific reports as agreed with the external auditor.
- 29 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 30 To commission work from internal and external audit.
- 31 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial reporting

- 32 To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 33 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

- 34 To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
- 35 To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- 36 To publish an annual report on the work of the committee.

SUGGESTED TERMS OF REFERENCE – POLICE

There is no formal requirement as to how the audit committee relates to the governance structures of the PCC and the chief constable, but it is recommended that this is clearly set out in the terms of reference.

Statement of purpose

- 1 Our [audit] [joint audit] committee is a key component of [name of body]'s corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 2 The purpose of our [audit] [joint audit] committee is to provide independent advice and recommendation to [select from 'the police and crime commissioner' (or name), 'the chief constable' (or name)] on the adequacy of the governance and risk management frameworks, the internal control environment, and financial reporting, thereby helping to ensure efficient and effective assurance arrangements are in place. To this end the committee is enabled and required to have oversight of, and to provide independent review of, the effectiveness of [name of body]'s governance, risk management and control frameworks, its financial reporting and annual governance processes, and internal audit and external audit.
- 3 These terms of reference will summarise the core functions of the committee in relation to the office of the police and crime commissioner (OPCC) and to the constabulary and describe the protocols in place to enable it to operate independently, robustly and effectively.

Governance, risk and control

The committee will provide advice and recommendations to the PCC or chief constable in relation to the following areas:

- 4 Review the corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 5 Review the annual governance statement[s] prior to approval and consider whether [it] [they] properly [reflects] [reflect] the governance, risk and control environment and supporting assurances and identify any actions required for improvement.
- 6 Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 7 Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC/the constabulary.
- 8 Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the PCC/the chief constable in addressing risk-related issues reported to them.
- 9 Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 10 Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter fraud strategy, actions and resources.
- 11 To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal audit

The committee will provide advice and recommendations to the PCC or chief constable in relation to the following areas:

- 12 Annually review the internal audit charter and resources.
- 13 Review the internal audit plan and any proposed revisions to the internal audit plan.
- 14 Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence.
- 15 Consider the head of internal audit's annual report and opinion, and a regular summary of the progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements.
- 16 To consider the head of internal audit's statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
- 17 Consider summaries of internal audit reports and such detailed reports as the committee may request from the PCC/the chief constable, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions.
- 18 Consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the [Accounts and Audit Regulations \(Wales\) 2014](#) (see Appendix A).

- 19 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To make recommendations on safeguards to limit such impairments and periodically review their operation.

External audit

The committee will provide advice and recommendations to the PCC or chief constable in relation to the following areas:

- 20 Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by either PSAA or the auditor panel as appropriate.
- 21 Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money.
- 22 Consider the external auditor's annual management letter, relevant reports and the report to those charged with governance.
- 23 Consider specific reports as agreed with the external auditor.
- 24 Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial reporting

The committee will provide advice and recommendations to the PCC or chief constable in relation to the following areas:

- 25 Review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the PCC and/or the chief constable.
- 26 Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.

Accountability arrangements

The committee will do the following:

- 27 On a timely basis report to the PCC and the chief constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management.
- 28 Report to the PCC and the chief constable on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
- 29 Review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the PCC and the chief constable.
- 30 Publish an annual report on the work of the committee.

Audit committee members – knowledge and skills framework

CORE AREAS OF KNOWLEDGE

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Organisational knowledge	<ul style="list-style-type: none"> ■ An overview of the governance structures of the authority and decision-making processes ■ Knowledge of the organisational objectives and major functions of the authority 	<ul style="list-style-type: none"> ■ This knowledge will be core to most activities of the audit committee including review of the AGS, internal and external audit reports and risk registers
Audit committee role and functions (Chapters 3 and 6)	<ul style="list-style-type: none"> ■ An understanding of the audit committee’s role and place within the governance structures. Familiarity with the committee’s terms of reference and accountability arrangements ■ Knowledge of the purpose and role of the audit committee 	<ul style="list-style-type: none"> ■ This knowledge will enable the audit committee to prioritise its work in order to ensure it discharges its responsibilities under its terms of reference and to avoid overlapping the work of others
Governance (Chapter 4)	<ul style="list-style-type: none"> ■ Knowledge of the seven principles of the CIPFA/Solace Framework and the requirements of the AGS ■ Knowledge of the local code of governance 	<ul style="list-style-type: none"> ■ The committee will review the local code of governance and consider how governance arrangements align to the principles in the framework ■ The committee will plan the assurances it is to receive in order to adequately support the AGS ■ The committee will review the AGS and consider how the authority is meeting the principles of good governance

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Internal audit (Chapter 4)	<ul style="list-style-type: none"> ■ An awareness of the key principles of the PSIAS and the LGAN ■ Knowledge of the arrangements for delivery of the internal audit service in the authority and how the role of the head of internal audit is fulfilled 	<ul style="list-style-type: none"> ■ The audit committee has oversight of the internal audit function and will monitor its adherence to professional internal audit standards ■ The audit committee will review the assurances from internal audit work and will review the risk-based audit plan. The committee will also receive the annual report, including an opinion and information on conformance with professional standards ■ In relying on the work of internal audit, the committee will need to be confident that professional standards are being followed ■ The audit committee chair is likely to be interviewed as part of the external quality assessment and the committee will receive the outcome of the assessment and action plan
Financial management and accounting (Chapter 4)	<ul style="list-style-type: none"> ■ Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them ■ Understanding of good financial management principles ■ Knowledge of how the organisation meets the requirements of the role of the CFO, as required by The Role of the Chief Financial Officer in Local Government (CIPFA, 2016) and the CIPFA Statement on the Role of Chief Financial Officers in Policing (2018) 	<ul style="list-style-type: none"> ■ Reviewing the financial statements prior to publication, asking questions ■ Receiving the external audit report and opinion on the financial audit ■ Reviewing both external and internal audit recommendations relating to financial management and controls ■ The audit committee should consider the role of the CFO and how this is met when reviewing the AGS
External audit (Chapter 4)	<ul style="list-style-type: none"> ■ Knowledge of the role and functions of the external auditor and who currently undertakes this role ■ Knowledge of the key reports and assurances that external audit will provide ■ Knowledge about arrangements for the appointment of auditors and quality monitoring undertaken 	<ul style="list-style-type: none"> ■ The audit committee should meet with the external auditor regularly and receive their reports and opinions ■ Monitoring external audit recommendations and maximising benefit from audit process ■ The audit committee should monitor the relationship between the external auditor and the authority and support the delivery of an effective service

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Risk management (Chapter 4)	<ul style="list-style-type: none"> ■ Understanding of the principles of risk management, including linkage to good governance and decision making ■ Knowledge of the risk management policy and strategy of the organisation ■ Understanding of risk governance arrangements, including the role of members and of the audit committee 	<ul style="list-style-type: none"> ■ In reviewing the AGS, the committee will consider the robustness of the authority’s risk management arrangements and should also have awareness of the major risks the authority faces ■ Keeping up to date with the risk profile is necessary to support the review of a number of audit committee agenda items, including the risk-based internal audit plan, external audit plans and the explanatory foreword of the accounts. Typically, risk registers will be used to inform the committee ■ The committee should also review reports and action plans to develop the application of risk management practice
Counter fraud (Chapter 4)	<ul style="list-style-type: none"> ■ An understanding of the main areas of fraud and corruption risk to which the organisation is exposed ■ Knowledge of the principles of good fraud risk management practice in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014) ■ Knowledge of the organisation’s arrangements for tackling fraud 	<ul style="list-style-type: none"> ■ Knowledge of fraud risks and good fraud risk management practice will be helpful when the committee reviews the organisation’s fraud strategy and receives reports on the effectiveness of that strategy ■ An assessment of arrangements should support the AGS and knowledge of good fraud risk management practice will support the audit committee member in reviewing that assessment
Values of good governance (Chapter 5)	<ul style="list-style-type: none"> ■ Knowledge of the Seven Principles of Public Life ■ Knowledge of the authority’s key arrangements to uphold ethical standards for both members and staff ■ Knowledge of the whistleblowing arrangements in the authority 	<ul style="list-style-type: none"> ■ The audit committee member will draw on this knowledge when reviewing governance issues and the AGS ■ Oversight of the effectiveness of whistleblowing will be considered as part of the AGS. The audit committee member should know to whom concerns should be reported

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<p>Treasury management (only if it is within the terms of reference of the committee to provide scrutiny) (Chapter 5)</p>	<ul style="list-style-type: none"> ■ Effective Scrutiny of Treasury Management is an assessment tool for reviewing the arrangements for undertaking scrutiny of treasury management. The key knowledge areas identified are: <ul style="list-style-type: none"> – regulatory requirements – treasury risks – the organisation’s treasury management strategy – the organisation’s policies and procedures in relation to treasury management ■ See also Treasure Your Assets (CfPS, 2017) 	<ul style="list-style-type: none"> ■ Core knowledge on treasury management is essential for the committee undertaking the role of scrutiny

SPECIALIST KNOWLEDGE THAT ADDS VALUE TO THE AUDIT COMMITTEE

This section may be of particular benefit when recruiting independent members.

Knowledge area	Details of supplementary knowledge	How the audit committee member is able to add value to the committee
Accountancy	<ul style="list-style-type: none"> Professional qualification in accountancy 	<ul style="list-style-type: none"> More able to engage with the review of the accounts and financial management issues coming before the committee Having an understanding of the professional requirements and standards that the finance function must meet will provide helpful context for discussion of risks and resource issues More able to engage with the external auditors and understand the results of audit work
Internal audit	<ul style="list-style-type: none"> Professional qualification in internal audit 	<ul style="list-style-type: none"> This would offer in-depth knowledge of professional standards of internal audit and good practice in internal auditing The committee would be more able to provide oversight of internal audit and review the output of audit reports
Risk management	<ul style="list-style-type: none"> Risk management qualification Practical experience of applying risk management Knowledge of risks and opportunities associated with major areas of activity 	<ul style="list-style-type: none"> Enhanced knowledge of risk management will inform the committee's oversight of the development of risk management practice Enhanced knowledge of risks and opportunities will be helpful when reviewing risk registers
Governance and legal	<ul style="list-style-type: none"> Legal qualification and knowledge of specific areas of interest to the committee, for example constitutional arrangements, data protection or contract law 	<ul style="list-style-type: none"> Legal knowledge may add value when the committee considers areas of legal risk or governance issues
Service knowledge relevant to the functions of the organisation	<ul style="list-style-type: none"> Direct experience of managing or working in a service area similar to that operated by the authority Previous scrutiny committee experience 	<ul style="list-style-type: none"> Knowledge of relevant legislation, risks and challenges associated with major service areas will help the audit committee to understand the operational context

Knowledge area	Details of supplementary knowledge	How the audit committee member is able to add value to the committee
Programme and project management	<ul style="list-style-type: none"> Project management qualifications or practical knowledge of project management principles 	<ul style="list-style-type: none"> Expert knowledge in this area will be helpful when considering project risk management or internal audit reviews
IT systems and IT governance	<ul style="list-style-type: none"> Knowledge gained from management or development work in IT 	<ul style="list-style-type: none"> Knowledge in this area will be helpful when considering IT governance arrangements or audit reviews of risks and controls

CORE SKILLS

Skills	Key elements	How the audit committee member is able to apply the skill
Strategic thinking and understanding of materiality	<ul style="list-style-type: none"> Able to focus on material issues and overall position, rather than being side tracked by detail 	<ul style="list-style-type: none"> When reviewing audit reports, findings will include areas of higher risk or materiality to the organisation, but may also highlight more minor errors or control failures. The audit committee member will need to pitch their review at an appropriate level to avoid spending too much time on detail
Questioning and constructive challenge	<ul style="list-style-type: none"> Able to frame questions that draw out relevant facts and explanations Challenging performance and seeking explanations while avoiding hostility or grandstanding 	<ul style="list-style-type: none"> The audit committee will review reports and recommendations to address weaknesses in internal control. The audit committee member will seek to understand the reasons for weaknesses and ensure a solution is found
Focus on improvement	<ul style="list-style-type: none"> Ensuring there is a clear plan of action and allocation of responsibility 	<ul style="list-style-type: none"> The outcome of the audit committee will be to secure improvements to the governance, risk management or control of the organisation, including clearly defined actions and responsibilities Where errors or control failures have occurred, then the audit committee should seek assurances that appropriate action has been taken
Able to balance practicality against theory	<ul style="list-style-type: none"> Able to understand the practical implications of recommendations to understand how they might work in practice 	<ul style="list-style-type: none"> The audit committee should seek assurances that planned actions are practical and realistic

Skills	Key elements	How the audit committee member is able to apply the skill
Clear communication skills and focus on the needs of users	<ul style="list-style-type: none"> ■ Support the use of plain English in communications, avoiding jargon, acronyms, etc 	<ul style="list-style-type: none"> ■ The audit committee will seek to ensure that external documents such as the AGS and the narrative report in the accounts are well written for a non-expert audience
Objectivity	<ul style="list-style-type: none"> ■ Evaluate information on the basis of evidence presented and avoiding bias or subjectivity 	<ul style="list-style-type: none"> ■ The audit committee will receive assurance reports and review risk registers. There may be differences of opinion about the significance of risk and the appropriate control responses and the committee member will need to weigh up differing views
Meeting management skills	<ul style="list-style-type: none"> ■ Chair the meetings effectively: summarise issues raised, ensure all participants are able to contribute, focus on the outcome and actions from the meeting 	<ul style="list-style-type: none"> ■ These skills are essential for the audit committee chair to help ensure that meetings stay on track and address the items on the agenda. The skills are desirable for all other members

Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

Good practice questions		Yes	Partly	No
Audit committee purpose and governance				
1	Does the authority have a dedicated audit committee?			
2	Does the audit committee report directly to full council? (applicable to local government only)			
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?			
4	Is the role and purpose of the audit committee understood and accepted across the authority?			
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?			
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?			
Functions of the committee				
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?			
	■ good governance			
	■ assurance framework, including partnerships and collaboration arrangements			
	■ internal audit			
	■ external audit			
	■ financial reporting			
	■ risk management			
	■ value for money or best value			

Good practice questions		Yes	Partly	No
	<ul style="list-style-type: none"> ■ counter fraud and corruption 			
	<ul style="list-style-type: none"> ■ supporting the ethical framework 			
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?			
9	Has the audit committee considered the wider areas identified in CIPFA’s Position Statement and whether it would be appropriate for the committee to undertake them?			
10	Where coverage of core areas has been found to be limited, are plans in place to address this?			
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?			

Membership and support

12	<p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> ■ separation from the executive ■ an appropriate mix of knowledge and skills among the membership ■ a size of committee that is not unwieldy ■ consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement) 			
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council or the PCC and chief constable as appropriate for the organisation?			
14	Does the chair of the committee have appropriate knowledge and skills?			
15	Are arrangements in place to support the committee with briefings and training?			
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?			
18	Is adequate secretariat and administrative support to the committee provided?			

Good practice questions		Yes	Partly	No
Effectiveness of the committee				
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			
20	Are meetings effective with a good level of discussion and engagement from all the members?			
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?			
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?			
23	Has the committee evaluated whether and how it is adding value to the organisation?			
24	Does the committee have an action plan to improve any areas of weakness?			
25	Does the committee publish an annual report to account for its performance and explain its work?			

Evaluating the effectiveness of the audit committee

Assessment key

5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
3	The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the audit committee has supported improvements in this area.

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
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Promoting the principles of good governance and their application to decision making	<ul style="list-style-type: none"> ■ Supporting the development of a local code of governance ■ Providing robust review of the AGS and the assurances underpinning it ■ Working with key members/PCC and chief constable to improve their understanding of the AGS and their contribution to it ■ Supporting reviews/audits of governance arrangements ■ Participating in self-assessments of governance arrangements ■ Working with partner audit committees to review governance arrangements in partnerships 		
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Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
Contributing to the development of an effective control environment	<ul style="list-style-type: none"> ■ Actively monitoring the implementation of recommendations from auditors ■ Encouraging ownership of the internal control framework by appropriate managers ■ Raising significant concerns over controls with appropriate senior managers 		
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	<ul style="list-style-type: none"> ■ Reviewing risk management arrangements and their effectiveness, eg risk management benchmarking ■ Monitoring improvements ■ Holding risk owners to account for major/strategic risks 		
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	<ul style="list-style-type: none"> ■ Specifying its assurance needs, identifying gaps or overlaps in assurance ■ Seeking to streamline assurance gathering and reporting ■ Reviewing the effectiveness of assurance providers, eg internal audit, risk management, external audit 		
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	<ul style="list-style-type: none"> ■ Reviewing the audit charter and functional reporting arrangements ■ Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements ■ Actively supporting the quality assurance and improvement programme of internal audit 		

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	<ul style="list-style-type: none"> ■ Reviewing how the governance arrangements support the achievement of sustainable outcomes ■ Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place ■ Reviewing the effectiveness of performance management arrangements 		
Supporting the development of robust arrangements for ensuring value for money	<ul style="list-style-type: none"> ■ Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee ■ Considering how performance in value for money is evaluated as part of the AGS 		
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks	<ul style="list-style-type: none"> ■ Reviewing arrangements against the standards set out in the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014) ■ Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks ■ Assessing the effectiveness of ethical governance arrangements for both staff and governors 		

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
Promoting effective public reporting to the authority’s stakeholders and local community and measures to improve transparency and accountability	<ul style="list-style-type: none"> ■ Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English ■ Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency ■ Publishing an annual report from the committee 		

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Corporate Governance Committee

DATE: 9th December 2021

CONTACT OFFICER: Steven Mair, Director of Finance/Section 151 Officer
(For all Enquiries) (01753) 875368

WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

INTERNAL AUDIT UPDATE – QUARTER 3 2021/22**1 Purpose of Report**

The purpose of this report is to Report to the Audit and Corporate Governance committee on:

- the progress of the implementation of internal audit management actions

2 Recommendations

This report recommends that the Audit and Corporate Governance Committee notes the ongoing improvements to the outstanding actions and comments on the report.

3a The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan Slough Joint Wellbeing Strategy Priorities –

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

Priorities:

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

3b. Five Year Plan Outcomes

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

4. **Other Implications**

(a) **Financial**

There are no direct financial implications of the updates on the actions but resolution of the queries/issues will improve the Council's processes which underpins sound financial management, by way of example the Council's accounts and budget.

(b) **Risk Management**

Risk	RAG Before Mitigation	Mitigation	RAG After Mitigation
Failure to follow up on internal audit recommendation indicates poor governance and potentially exposes the Council to a wide variety of risks.	Red	<p>Pro active officer risk and audit board meets monthly.</p> <p>Pro active management of internal audit</p> <p>Pro active management of responses to audit recommendations</p> <p>Additional short term support being engaged to strengthen the process even further.</p>	Red/Amber (currently, work over the coming months will improve this to Green)

(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 **Improvements to the monitoring and completion of internal audit actions.**

The Council's response to agreed internal audit actions should lead to the strengthening of internal controls and the control environment. In turn this should contribute to the achievement of the organisation's objectives and assist the Council in managing its risks. Officers have continued to strengthen the arrangements for monitoring and verifying completion of audit actions and since the last Audit and Corporate Governance Committee have focused attention on:

5.1.1 **Finalising 2021/22 Audits**

There are 34 internal audit projects planned for 2021/22.

- To date eight internal audit reports have been finalised this financial year.
- Seven internal audit reports have been received in draft (as at 30 November) and are being considered by management;
- Council officers are working with internal audit to ensure that reports are finalised within two weeks of issuing the draft report.
- 63 new recommendations have been made in 2021/22 reports. 29 have been completed, 31 actions are not yet due and 3 are overdue. 25 actions are not due until 2022, the remaining actions need to be completed by the end of the financial year

There are a further 26 internal audit projects within the IA plan that need to be completed before the year end. Officers continue to have regular dialogue with IA regarding the content and scope of these audits. Any changes to the plan will be shared with the Committee.

5.1.2 **Completion of Internal Audit actions**

Considerable progress has been made in completing actions since the last meeting of the Committee.

The process for monitoring and evidencing closure of recommendations has been strengthened by prioritising the closure of actions that are due or overdue, and receiving appropriate documentation as evidence of an action being completed. The key changes to note are:

- All actions have been added to an overarching monitoring spreadsheet and are being monitored by the Group Manager – Commercial who:
 - Obtains regular updates from action owners
 - Meets with executive directors and associate directors on a regular basis to obtain responses
 - Escalates items through the officer risk and audit board where appropriate
 - Liaises with schools in collaboration with the group manager for schools effectiveness

- Evidence of actions completed is being obtained and quality assured by group manager commercial, and retained for use in follow up audits.
- The status of internal audit actions is being monitored weekly and is showing significant progress in terms of completion.
- There are now 179 actions or 70 per cent (including 13 actions deemed to be no longer relevant) completed from a total of 254 recommendations due for completion.
- The number of completed actions has more than doubled since the September meeting from 65 to 179.
- 57 per cent of high risk actions due have been completed and 47 per cent of medium risk actions due have been completed. In addition, 57 per cent of low risk actions due have also been completed.
- Concerted efforts are being made by officers to further reduce the number of outstanding recommendations.

In order to prioritise and manage progress the status is now being reported by the year the audit was undertaken, rather than when the management action is due to be completed.

Overall Position as at 1 December 2021

Status	Total Actions	High	Medium	Low
Not Due	85	10	48	27
Overdue	75	4	35	36
TBC	0	0	0	0
Complete	179*	19	76*	84*
Total	339	33	159	147

*includes no longer relevant

Analysis by Year

Status	2021/22			Previous years		
	Total Actions	High	Medium	Total Actions	High	Medium
Not Due	31	2	19	54	8	29
Overdue	3	1	2	72	3	33
TBC	0	0	0	0	0	0
Complete	29	2	11	150*	17	65*
Total	63	5	32	276	28	127

*includes no longer relevant

5.1.3 Governance and monitoring of management actions

- The risk and audit board monitors outstanding internal audit actions and has representation across directorates who take responsibility for ensuring actions are implemented and closed in a timely way.
- Attached at Appendix 1 is a list of the 'medium' and 'high' management actions that are classified as still open against the new target dates and remain outstanding past the target date.

5.2 Outstanding Management Actions

5.2.1 Progress on the implementation of all management actions made is regularly monitored, priority is focussed on high and medium rated actions, as well as those audits where a partial or no assurance opinion was given.

5.2.2 The committee should note that work to clear actions from previous financial years is also being given priority, and should also note that there are some management actions that relate to some key improvements that will take some time to implement, for example, the actions associated with the council's commercial companies.

6. Comments of Other Committees

There are no comments from other Committees

7. Conclusion

Members note the reports

8. Appendices Attached

Appendix 1 – Details of outstanding Medium and High agreed management actions

9. Background Papers

None

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2021/22 High and Medium rated actions outstanding

APPENDIX A

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
21/22	Medium	2.21/22 - Children Missing Education - Minimal	Upon update of the Elective Home Education webpage, the Council will additionally include consideration over: <ul style="list-style-type: none"> •Exams. •Guidance around curriculum building. •Reintegration into schools and college. 	Anjli Sidhu	31/01/2022	Not due	To be reviewed and implemented by January 2022- contents for webpage will be extracted from approved Elective Home Education Policy and Guidance documents
21/22	High	2.21/22 - Children Missing Education - Minimal	The Team will develop a comprehensive list of children not receiving suitable education, with this monitored by an appropriate individual/forum. This will include active monitoring over how the Council ensure that the education provision is improved.	Anjli Sidhu	30/11/2021	Overdue	Recording and reporting mechanisms have been revised on the Capita system in order to generate EHE reports i.e.. Elective Home Education (EHE) Register, Education Provision RAG status etc. Education Teachers commissioned to undertake assessment of education provision for EHE children- SLA in place with Littledown RAG status established to measure suitability of education (adequate/inadequate) The EHE process checklist and flowchart provides detailed staff guidance on action required in response to the outcome of education provision. All action taken will be evidenced within staff's communication and activity log on Capita

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
21/22	Medium	2.21/22 - Children Missing Education - Minimal	<p>The CME Team will complete a review of the Attendance Service's webpage to ensure comprehensive information and guidance is in place for stakeholders. This will include:</p> <ul style="list-style-type: none"> •Clear information around how a referral can be made and the instances where referrals should be made. •How CMEs can be defined (for example, CME, tracked and home educated). •The responsibilities of local authorities, parents, safeguarding partners and schools in relation to CME. •References to relevant legislation and guidance; and •Updated points of contact. 	Anjali Sidhu	31/01/2022	Not due	<p>Recording and reporting mechanisms have been revised on the Capita system in order to generate EHE reports i.e.. Elective Home Education (EHE) Register, Education Provision RAG status etc.</p> <p>Education Teachers commissioned to undertake assessment of education provision for EHE children- SLA in place with Littledown</p> <p>RAG status established to measure suitability of education (adequate/inadequate)</p> <p>The EHE process checklist and flowchart provides detailed staff guidance on action required in response to the outcome of education provision. All action taken will be evidenced within staff's communication and activity log on Capita</p>
21/22	Medium	4.21/22 - Rent Arrears Recovery - partial	<p>Following the exercise to review the reports prepared detailing housing services performance, a decision will be made as to how and where these reports will be presented and scrutinised. This will include consideration for the monthly housing</p>	Chris Boylett	31/03/2022	Not due	<p>Actions re-assigned to Chris Boylett</p>

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			performance and rents reports.				
21/22	Medium	5.21/22- IT Business Continuity - Advisory* Critical	The Council will update the Business Impact Analysis template to cover areas such as: <ul style="list-style-type: none"> •Recovery Point Objective (RPO); •Maximum Tolerable Periods of Disruption (MTPD); •quantitative/qualitative impacts; and •process prioritisation in the event of an incident. Following this, it will be ensured that BIA's are fully completed prior to sign off.	Anthony-Mario Montana	31/12/2021	Not due	
21/22	Medium	5.21/22- IT Business Continuity - Advisory* Critical	The Council will document a formal “lessons learnt” process for IT business continuity and disaster recovery. This will include the use of a template report and action plan.	Alexander Cowen	31/12/2021	Not due	
21/22	Medium	5.21/22- IT Business Continuity - Advisory* Critical	The Digital & Strategic IT Business Continuity Plan will be updated to cover areas such as: <ul style="list-style-type: none"> •backup staff for staff in key roles; •task lists according to scenario with timeframes, responsible staff and backup staff; •arrangements in place for diverting telephone calls 	Alexander Cowen	31/3/2022	Not due	

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			<p>as required;</p> <ul style="list-style-type: none"> •contact details of department specific contractors and suppliers; •critical periods/dates; •minimum equipment and supplies required to carry on functioning; •logging of decision making (time, what the decision was, who made this etc.); <p>As part of this update, the Council will also review the Recovery Plan for Digital and Strategic IT to ensure consistency and prevent overlap.</p>				
21/22	Medium	5.21/22- IT Business Continuity - Advisory* Critical	The Council will outline the key responsibilities of each area of The Incident Hub as part of the IT Business Continuity Plan. In addition, roles and responsibilities will be formally defined in relation to Disaster Recovery and training will be introduced for relevant staff accordingly.	Alexander Cowen	31/3/2022	Not due	
21/22	High	5.21/22- IT Business Continuity - Advisory* Critical	<p>The Council will document a Disaster Recovery (DR) Policy, independent of the DR Plan, covering areas such as:</p> <ul style="list-style-type: none"> •aims/objectives/principles; •relevant legal and regulatory requirements (if 	Alexander Cowen	31/3/2022	Not due	

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			<p>relevant);</p> <ul style="list-style-type: none"> •roles and responsibilities and ownership of the policy, including who can declare and escalate/de-escalate a disaster; •what constitutes a disaster; •governance arrangements (including a dedicated forum for overseeing disaster recovery arrangements); •testing requirements i.e. how often the plan is to be tested (should be at least annually), and what will actually be tested as a minimum (or a schedule of tests). This should include testing of backups; •training requirements; •the use of an applications list, including prioritising applications in terms of order of recovery following a disaster; •process for carrying out and approving Business Impact Analyses (BIA)s which include RTO's (Recovery Time Objectives) and RPO's (Recovery Point Objectives) for each application. This should inform backup arrangements; 				

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			<ul style="list-style-type: none"> •multiple contact details of relevant staff; and •where the plan and emergency contact information is to be made available (on-site, off-site, online, offline etc.); and •review frequency and version control (the policy should be reviewed at least annually, and each time there is a major change or incident at the organisation). 				
21/22	Medium	5.21/22- IT Business Continuity - Advisory* Critical	The Council will ensure that a central register of all applications is retained with priority of recovery for applications, either individually or by group.	Alexander Cowen	31/3/2022	Not due	
21/22	Medium	5.21/22- IT Business Continuity - Advisory* Critical	The Council will implement a formal approach/schedule for the testing of IT business continuity and disaster recovery, including the testing of data backups. This will be undertaken on at least an annual basis.	Alexander Cowen	31/3/2022	Not due	
21/22	Medium	6.21/22 - Schools Audit - Pippins School - Partial	We will liaise with the Council's finance and procurement teams to identify the specific rules and expectations for schools when procuring high value goods/services. The manual will then be	Katie O'Dwyer - School Business Manager	30/11/2021	Overdue	Action is in progress - manual is being updated - due for completion by March 2022

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			updated with clear guidance based on the Council's response. The School Business Manager will review high value expenditures. when placing orders and paying invoices to ensure appropriate approvals have been obtained				
21/22	Medium	6.21/22 - Schools Audit - Pippins School - Partial	The School Business Manager will ensure that timely approval for purchase orders is obtained prior to the placing of orders. This will include ensuring approval from the Headteacher is obtained for any orders exceeding £3,000	Katie O'Dwyer - School Business Manager	30/11/2021	Overdue	Approval for orders over £3,000 is obtained, process for the purchase order being generated is being developed and will be implemented by March 2022
21/22	Medium	6.21/22 - Schools Audit - Pippins School - Partial	The School Business Manager will ensure that the asset register is fully updated and completed following the inventory check to be completed by the IT contractor. This will be checked on an annual basis	Katie O'Dwyer - School Business Manager	31/05/2022	Not due	
21/22	Medium	6.21/22 - Schools Audit - Pippins School - Partial	The School Business Manager will ensure that an annual inventory check is completed once the asset register is fully updated. This will include maintaining a record of the checker, reviewer,	Katie O'Dwyer - School Business Manager	30/07/2022	Not due	

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			completion date and outcomes of investigations for identified discrepancies				
21/22	Medium	6.21/22 - Schools Audit - Pippins School - Partial	We will investigate whether the suite of performance management related policies have been updated by the former Headteacher and that these can be accessed. The policies (either the existing policies or those accessed from the previous Headteacher) will then be subject to review and update, in line with current practice, expectations and regulations. Once reviewed, the policies will be formally approved for use and shared with staff	Maninder Jalaf - Headteacher/Governors	30/07/2022	Not due	
21/22	Medium	6.21/22 - Schools Audit - Pippins School - Partial	We will implement a practical and consistent process for performance management appraisals, beginning with identifying, agreeing and setting SMART objectives/targets for individual staff	Maninder Jalaf - Headteacher/Governors	30/07/2022	Not due	
21/22	Medium	8.21/22 Business Continuity and Disaster Recovery - Minimal	Testing schedules will be agreed upon for emergency incidents and included as part of the Major Incident Plan. Once the plan has been	Anthony-Mario Montana	31/12/2021	Not due	Once the plan has been finalised and agreed, testing of the plan and its protocols will commence after which the testing schedule would be drawn out. This will include <ul style="list-style-type: none"> • Communication Testing

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			finalised and agreed, testing of expected processes will commence in-line with the schedule. Outcomes of tests will be noted, and appropriate updates made to the plan				<ul style="list-style-type: none"> • Table Top Testing • Live Exercise • Performance, resilience, flexibility and ease of use of the Plan during an emergency, would routinely be utilised as a testing mechanism.
21/22	Medium	8.21/22 Business Continuity and Disaster Recovery - Minimal	The Emergency Planning and Business Continuity Lead will complete an exercise to update BIAs in conjunction with area leads to ensure these are reflective of the Council's corporate structure.	Anthony-Mario Montana	31/3/2022	Not due	Dependent on completion of IT disaster recovery plan to inform the BIA for each service
21/22	Medium	8.21/22 Business Continuity and Disaster Recovery - Minimal	Once the roles and responsibilities for emergency planning and business continuity matters have been formally agreed and assigned, the Council will review the current skills and knowledge of its workforce in light of these expectations. Where training needs are identified, the Council will ensure that training is administered to relevant individuals to ensure that staff have the necessary understanding and capability to appropriately undertake their duties.	Anthony-Mario Montana	31/3/2022	Not due	

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
21/22	Medium	8.21/22 Business Continuity and Disaster Recovery - Minimal	<p>The Council will develop, agree and implement a testing schedule in order to assess the effectiveness and robustness of the preparations outlined in the plan for ensuring business continuity. The following will be considered as part of the development of testing schedules:</p> <ul style="list-style-type: none"> •Paper walk-through testing, which involves working through the plans and identifying areas that have been overlooked or processes that may not work; •Component testing, which involves testing different sections or stages of the plan for practicableness, such as restore procedures, backup procedures and contacting stakeholder; •Full testing, which involves running through the plan in its entirety so as to assess its effectiveness in recovering lost information and continuing business as usual; •The intervals at which the above types of testing will 	Anthony-Mario Montana	31/12/2021	Not due	Updated in draft plan

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			be conducted; and •The reporting of outcomes and lessons learned.				
21/22	Medium	8.21/22 Business Continuity and Disaster Recovery - Minimal	The draft major incident plan will be completed, with all updates made including the finalisation of the 'Contact Lists', the 'Cascade call out' and the addition of contact numbers for individuals/ teams involved in the major incident response process. The plan will also include consideration over the debrief process when the plan is enacted. The plan will then be subject to appropriate formal review, followed by the Executive Management Team. Review will occur at least every two years. This plan will be shared with relevant staff members via the Resilience Direct Portal, digitally and in hard copy.	Surjit Nagra	31/12/2021	Not due	<ul style="list-style-type: none"> • The debrief document has been completed, • Other report forms that would inform the cold debrief and corporate debrief have also been completed • The forms will be submitted as evidence of completion
21/22	High	8.21/22 Business Continuity and Disaster Recovery - Minimal	The Council's Business Continuity Plan will be updated to reflect the Council's restructure, the Council's relationship with Slough Children First, with all sections of the plan	Anthony-Mario Montana	28/2/2022	Not due	The contract with the Slough Children's First will be reviewed and actions implemented accordingly

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			<p>completed. Following update, the plan will be submitted for formal approval, before being made available to relevant members of staff.</p>				

2020/21 High and Medium rated actions outstanding

Issue	ISSUE	Rating	Who	When	Status	Latest Status update
Debtors Management (25.20/21)	The new finance training manual will be introduced in April 2021 and all staff using Agresso self service finance functions are to undertake relevant training, with completion rates reported to an appropriate forum. Exception reports of staff who have not completed the training will be forwarded onto managers with an instruction for relevant staff to complete the trainings.	Medium	A Adewumi	31/10/2021	Overdue	<p>Work on the medium to long term review of Agresso Finance Related items has been pushed back to allow the current external Agresso Support consultants to finalise a project plan for HR & Payroll Development, Documentation & Knowledge Transfer to SBC.</p> <p>This is being reviewed by the AD – People Services with a view to it being commissioned by the end of November with a worst-case scenario completion date of 31st January 2022.</p> <p>Once this project is commissioned it will only require weekly milestone monitoring thereby freeing up resources to work on the framework for systems review and development of the Finance module of Agresso and this will be incorporated.</p> <p>It will be sub optimal to deal with this item individually as it could give rise to duplication of resources and effort.</p> <p>A more feasible end date will be 31st March 2021 with monthly updates on items as they are dealt with as part of the overall plan.</p>
Debtors Management (25.20/21)	The Council will complete a review of parked invoices on a periodic basis, validating the reasons for	Medium	A Adewumi	31/10/2021	Overdue	The detail per the response on Debtors Management (28.19/20) covers this point per the new

Issue	ISSUE	Rating	Who	When	Status	Latest Status update
Page 890	parking amounts through the issuing of a parked debt report to relevant cost centre managers. The outcome of the reviews will be reported to the Service Lead Finance and escalated as appropriate.					<p>process.as highlighted.</p> <p>The review of the data has commenced but due to staff changes its proven difficult to validate the balances by cost centre so the emphasis will now be on confirming invoices that are still required to be parked with a valid basis.</p> <p>The current procedure will also be centralised so that the parking of invoices is work flowed to be approved by the AR Manager.</p> <p>This position will then have the responsibility for the monitoring & periodic reporting on the outstanding balance on Parked invoices.</p>
Debtors Management (25.20/21)	The Council will complete the Income Collection and Debt Recovery Policy which will be subject to formal review and disseminated to relevant staff, including the Accounts Receivable team.	Medium	A Adewumi	31/10/2021	Overdue	The document is being reviewed and the process will be completed with the finalised document disseminated to all by the 31st of December 2021
Debtors Management (25.20/21)	The dates that reconciliations have been reviewed by the Group Accountant will be recorded within the reconciliation spreadsheet. In addition to this, where hard copy reconciliations are unable to be signed off a digital signature will be applied to the reconciliation spreadsheet once it has been reviewed by the Group Accountant.	Medium	A Adewumi	31/10/2021	Overdue	This is work in progress due to staff changes in the Corporate Finance function, a more realistic date for finalising this process will be 31st December 2021
Treasury Management (33.20/21)	The Group Accountant-Corporate (Capital, Treasury & SUR) will liaise with Logotech to produce a report including	Medium	K Ind	31/10/2021	Overdue	Report commissioned from Logotech wef 1/12/21

Issue	ISSUE	Rating	Who	When	Status	Latest Status update
	forecasted and actual cashflows. This report will then be monitored to identify significant variances.					
Treasury Management (33.20/21)	We will review the level of training offered to Councillors with regards to treasury management, with a focus on ensuring this is provided to members of the Cabinet Commercial Sub-Committee as a minimum requirement.	Medium	K Ind	31/10/2021	Overdue	Treasury Management training to be provided to Councillors Jan/Feb 2022, and included as part of a programme of regular training for Members.
Temporary Accommodation Strategy (29.20/21)	In line with current plans, the Council will ensure that an up to date Housing Strategy is created. Additionally, progress against the action plan will be periodically monitored by an appropriate forum.	Medium	Richard West – Executive Director Customer and Community	01/09/2022	Not Due	Action to be led by Associate Director - Place Strategy and Infrastructure. Periodic monitoring could be by the Customer & Community Scrutiny Panel
Temporary Accommodation Strategy (29.20/21)	Following completion of the corporate restructure, a new performance mechanism will be developed to reflect the new service. This will include periodic consideration of Temporary Accommodation related performance indicators.	Medium	Ian Blake - Group Manager - Accommodation	30/09/2022	Not Due	Directorate restructure is taking place Feb/Mar 2022. Interim line management arrangements currently exist. TA service is being rebuilt from the bottom up to include determination of performance mechanism and KPIs
Temporary Accommodation Strategy (29.20/21)	The timeliness of homelessness decisions will be included within the monthly Housing performance reports. Time periods exceeding 56 days will be highlighted and appropriately reviewed by either the TA Team or the Housing Demand Team.	High	Ian Blake - Group Manager - Accommodation	31/12/2021	Not Due	Report is generated. GM Accommodation monitors report and intervenes as necessary. Evidenced in monthly 1 to 1s
Health & Safety (22.20/21)	Directorates will ensure that health and safety self-audits are completed across all service lines on an annual basis. The completion of these audits will be reported to the health and safety team and a log of self-audits completed will be maintained	Medium	Vicki Swift - Health & Safety Professional Vijay McGuire - Associate Director - Business Services	31/12/2022	Not Due	Audits are not currently occurring due to COVID as team risk assessments are the priority for highlighting the change of operation. Risk assessments are being reviewed by the Health & Safety (H&S) team as part of Workforce Safety Group. H&S

Issue	ISSUE	Rating	Who	When	Status	Latest Status update
						Team looking at an alternative format to auditing Health & Safety.
Asset Management (19.20/21)	The Principle Asset Manager will ensure periodic reconciliations are performed around: <ul style="list-style-type: none"> • The reconciliation between the Land Registry and the Asset Register; and • Legal notices and the Asset Register. 	High	Stuart Aislabie – Principal Asset Manager	31/12/2021	Not Due	In progress - 80% complete
Asset Management (19.20/21)	The Group Accountant Corporate will fully document the verification / valuation process performed on Council assets. This will include documentation around the frequency with which various asset classes are verified / revalued, roles and responsibilities of key individuals as well as any other asset verification processes.	Medium	Peter Worth	31/01/2022	Not Due	This will be progressed as part of the work related to the Council's Statement of Accounts
Section 106 Funds (38.20/21)	A terms of reference will be developed for the monitoring group to document the remit of the group, including details such as; <ul style="list-style-type: none"> • Required members of the group • Roles and responsibilities of the group (including the review and assessment of the s106 process, receiving reports of all new developments and assess these against the legislated criteria and development of SMART remedial actions) • Required meeting frequencies • Reporting requirements of the group (including updates on the level of funds and key fund movements). 	Medium	Daniel Ray - Group Manager - Planning	31/12/2021	Not Due	The terms of reference are in progress, and will encompass a greater amount of information to assist in other audit actions including a fuller protocol on how s106 should be managed from start to finish.

Issue	ISSUE	Rating	Who	When	Status	Latest Status update
Section 106 Funds (38.20/21)	The Planning Department will review the developer guidance documents made available on the SBC website and update where required taking account of recent changes in requirements as a result of the Covid-19 pandemic and the Infrastructure Funding Statement, with updates reported to the Planning Committee.	Medium	Pippa Hopkins – Group Manager – Place Strategy	31/03/2022	Not Due	<p>An action from a recent S106 meeting : I have booked in a meeting for Education spaces specialist to talk with inhouse risk specialist about how to plan for education standards against Slough Central; update to Transport and highways elements is in progress.</p> <p>Development Manager GM produced a paper setting out the evidence base process needed should Members or officers want to realign current S106 contributions. More discussion about that needed once current work pressures from finances and restructure have eased.</p> <p>e.g. A request to increase changes to affordable housing will need investment in an independent viability study to show there is affordability to provide affordable housing at lower thresholds (e.g. in line with NPPF), and respond to new requirement to deliver subsidised housing 'First Homes' on new housing development.</p> <p>Noted re IFS and reports to Planning Committee</p>
Section 106 Funds (38.20/21)	We will ensure that a timeframe is developed for the invoicing of s106 funds following completion of agreements and a formal s106 monitoring officer will be assigned with the responsibility of overseeing the s106 function.	High	Pippa Hopkins – Group Manager – Place Strategy	31/12/2021	Not Due	<p>With Development Management GM or AD to negotiate a member of staff in the DM team to establish a monitoring officer.</p> <p>At present the role is carried out by a Special Projects Planner as extra to</p>

Issue	ISSUE	Rating	Who	When	Status	Latest Status update
						<p>the role, in regular contact with specialist Finance officer.</p> <p>The staff time is not funded or recharged at present.</p> <p>Agreement at S106 meeting that cost efficient/can make savings on staff if move this to DM Validation officer team, and fund from S106.</p> <p>Discussion needed how to re allocate action to Development Management GM or AD but Policy team can continue to support in interim.</p>
<p>Section 106 Funds (38.20/21)</p> <p>Page 190</p>	<p>Discussions will be held between Finance and Planning to agree how the monitoring function will operate, however this will include in-year reporting of the total number of invoices expected to be sent and the total number of invoices that have been sent, as well as the monetary values associated with both. (This will be incorporated into the review of Funding Statements as per action six).</p>	<p>Medium</p>	<p>Pippa Hopkins – Group Manager – Place Strategy</p>	<p>31/12/2021</p>	<p>Not Due</p>	<p>Regular S106 meeting set up to address action.</p> <p>Monitoring and review happens at present with officer team between Planning Policy and finance.</p> <p>Agreement at S106 meeting that cost efficient to move this to DM Validation officer team.</p> <p>Discussion needed how to re allocate action to Development Management GM or AD but Policy team can continue to support in interim.</p>
<p>Section 106 Funds (38.20/21)</p>	<p>We will ensure that guidance is reviewed within Infrastructure Funding statements and the Council will take appropriate action to ensure the level of funds are kept under regular review and the Funding</p>	<p>Medium</p>	<p>Pippa Hopkins – Group Manager – Place Strategy</p>	<p>31/03/2022</p>	<p>Not Due</p>	<p>Regular S106 meeting set up.</p> <p>Development Management GM or AD to negotiate how this can operate within the DM team. Discussion needed if/how to re allocate to</p>

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	Statements will be reviewed by the Planning committee. This will include monitoring of invoices expected to be sent and those actually sent for the year.					Development Management as decision was to hold S106 in DM and Validation officer team, and withdraw input from Planning Policy team. Policy team can continue to support in interim. Noted re IFS and reports to Planning Committee
Follow Up Quarter 3	Conflicts of Interest - The establishment list utilised within the Declarations of Interest Monitoring spreadsheet will be escalated to CMT where responses are not received.	Medium	Surjit Nagra - Service Lead People	31/03/2022	Not Due	
Council Subsidiary Companies Review- James Elliman Homes - JEH	Gross Rental Income - Conduct a budget profiling exercise to ensure accurate alignment between budget and actual outturn.	High	C Booth	31/10/2021	Overdue	Information to support all rental income is provided by the Council to JEH. The performance of the SLA (between the Council and JEH) is being reviewed by the Council's team.
Council Subsidiary Companies Review- James Elliman Homes - JEH	SLA For Support Staff - Conduct a budget profiling exercise to ensure accurate alignment between budget and actual outturn.	Medium	C Booth	31/10/2021	Overdue	The JEH Board meeting to sign a new SLA was postponed until new Directors have been appointed. This will be signed at the next meeting scheduled for December/January
Council Subsidiary Companies Review- James Elliman Homes - JEH	Review all properties rented to ensure that rental income is maximised, and rates are in line with the Business Plan, and where a shortfall is identified, consideration should be given for additional funding requirements from the Council to meet the plans.	High	C Booth	31/03/2022	Not Due	All rental rates for JEH properties are agreed with the Council in advance - these rates are not in line with the original Business Plan. There are more rentals below market rates than originally anticipated in 2018 which is due to the demand profile for properties. An Options Review has been commissioned which will consider the future strategy for JEH – this is due

Issue	ISSUE	Rating	Who	When	Status	Latest Status update
						to report back at the end of January 2022. An Options Review has been commissioned which will consider the future strategy for JEH – this is due to report back at the end of January 2022.
Council Subsidiary Companies Review- James Elliman Homes - JEH	Review the bad debt provisions to ensure these are in line with forecasts within the business plan and undertake corrective action to align with the plan.	High	C Booth	31/12/2021	Not Due	The Council provides a range of services to JEH (as set out in a SLA agreement). The Council is undertaking a review of its services including tenancy management, debt recovery, maintenance and other key services to improve the efficiency and effectiveness of its services. An update is expected in Q4. It is anticipated that some of the key findings may also be incorporated into the Options Review. Issues in relation to the SLA may have an impact on the ability to dispose of all/part of JEH's properties.
Council Subsidiary Companies Review- James Elliman Homes - JEH	Management should develop a Scheme of Delegation and accompanying set of Standing Financial Instructions based upon information contained within the ToR's, SLA, Articles of Association and Financial Procedure Note.	Medium	C Booth	31/03/2022	Not Due	Not prioritised now – to be considered after the Options Review. The majority of transactions are processed via the Council's housing mgt system.
Council Subsidiary Companies Review- James Elliman Homes - JEH	Management should update the risk register to ensure this is reflective of current operating conditions to enhance risk assessment and mitigation.	Medium	C Booth	31/12/2021	Not Due	To be discussed with the JEH Directors – two new directors appointed. These risks are primarily in relation to services provided by the Council – to be discussed with the

Issue	ISSUE	Rating	Who	When	Status	Latest Status update
						Council's team (part of the SLA review outlined above).
Council Subsidiary Companies Review- James Elliman Homes - JEH	Review the current reporting arrangement to ensure this remains reflective of the Councils information needs.	High	C Booth	31/12/2021	Not Due	All Company reporting to be reviewed and updated – following the outcome of the Options Review.
Subsidiary Companies Review - DISH (Development Initiative for Slough Housing Company)	Tenant Bad Debt Provision - Review bad debt provision and increase if necessary – JEH set at 2% per annum.	Medium	C Booth	31/10/2021	Overdue	The collection of all DISH rents, the management of tenancies, and the calculation and setting of the bad debt provision is all managed by SBC and should follow the same policies as applied to the Council's HRA properties.
Subsidiary Companies Review - DISH (Development Initiative for Slough Housing Company)	COVID Bad Debt provision - Review bad debt provision and increase if necessary – JEH set at 2% per annum.	Medium	C Booth	31/10/2021	Overdue	
Subsidiary Companies Review - DISH (Development Initiative for Slough Housing Company)	Management should develop a Scheme of Delegation to clarify the financial authority delegated to key members of DISH such as the Company Secretary and Board of Directors.	Medium	C Booth	31/12/2021	Not Due	Local Partnerships undertook a review of all housing companies and identified a series of common themes across all companies in relation to decision making, role of directors, SLAs and risks. These have not been prioritised for DISH in Quarter 2 but will be followed up with Directors and management in Q3/4. This will also include closing down dormant DISH companies.
Subsidiary Companies Review - DISH (Development Initiative for Slough Housing Company)	Management should develop a set of Standing Financial Instructions to complement the Scheme of Delegation and to ensure financial transactions are compliant with the Councils objectives regarding DISH.	Medium	C Booth	31/12/2021	Not Due	

Issue	ISSUE	Rating	Who	When	Status	Latest Status update
Subsidiary Companies Review - DISH (Development Initiative for Slough Housing Company)	The Council would benefit from a formal risk register to identify specific risks, assess, prioritise and develop corresponding responses / mitigations associated with the 54 properties.	Medium	C Booth	31/10/2021	Overdue	
Subsidiary Companies Review - DISH (Development Initiative for Slough Housing Company)	The Council should develop an SLA which includes the support services provided to DISH and the methodology for attributing cost.	Medium	C Booth	31/12/2021	Not Due	
Subsidiary Companies Review - DISH (Development Initiative for Slough Housing Company)	The Council must identify a suitable replacement for the role of DISH Company Secretary to ensure governance activities are carried out in line with the Articles of Association.	Medium	C Booth	31/12/2021	Not Due	

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
20/21	Medium	Business Continuity and Emergency Planning (8.20/21)	The business continuity plan will consider the following for Slough Children's Services Trust: <ul style="list-style-type: none"> •The process for contacting and communicating with key personnel upon the occurrence of an event; •The provision of resources upon the 	Surjit Nagra	31/07/2021	Overdue	This has been superseded with the formation of Slough Children First – currently the SLA is being signed off as part of the new contract

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			occurrence of an event; and •The impact scores for the Trust's services, ensuring that these are ranked with Council services rather than separate.				
20/21	Medium	Business Continuity and Emergency Planning (8.20/21)	The Council will develop/finalise a disaster recovery plan to include the following: •The recovery time objective and recovery point objective; •An inventory of all hardware and software and identification of sensitive/essential data; •The back-up solutions for all data; •Disaster recovery key contacts and staff communication plan; •The disaster recovery sites; •A third-party contact list, including hardware vendors, software vendors and data centres; and •Network diagrams and directions, including standard procedures to be adhered to in emergency instances. The coverage of the plan will extend to the Slough Children's Service Trust and will be reviewed and approved by an appropriate forum.	Alexander Cowen	31/03/2022	Not due	A draft Business Continuity /Disaster Recovery (BC/DR) audit was signed off 7/9/21 which has provided up to date timescales for the actions here relating to BC/DR. IT currently engaging with GM's and service managers to update business impact assessments relating to IT requirements.
20/21	Medium	Business Continuity and Emergency Planning (8.20/21)	All parts of the business continuity plan will be updated and finalised following the return of all service business impact assessments, the return of all service recovery plans and the management restructure. The plan will then be subject to appropriate formal review and approval, both when first finalised and as per an agreed frequency.	Surjit Nagra	31/03/2021	Overdue	Due to the pandemic and ongoing impacts of restriction, a revised target completion date is being developed

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
20/21	Medium	Business Continuity and Emergency Planning (8.20/21)	<p>The Council will develop, agree and implement a testing schedule in order to assess the effectiveness and robustness of the preparations outlined in the plan for ensuring business continuity. The following will be considered as part of the development of testing schedules:</p> <ul style="list-style-type: none"> •Paper walk-through testing, which involves working through the plans and identifying areas that have been overlooked or processes that may not work; •Component testing, which involves testing different sections or stages of the plan for practicableness, such as restore procedures, backup procedures and contacting stakeholder; •Full testing, which involves running through the plan in its entirety so as to assess its effectiveness in recovering lost information and continuing business as usual; •The intervals at which the above types of testing will be conducted; and •The reporting of outcomes and lessons learned. 	Surjit Nagra	31/07/2021	Overdue	<p>A new plan is being developed and it will contain a testing procedure.</p> <p>Two incidents have occurred during the last year – floods and evacuation of a building with COVID implications – both managed well with no issues.</p>
20/21	Medium	Business Continuity and Emergency Planning (8.20/21)	<p>The draft major incident plan will be completed, with all updates made including the finalisation of the 'Contact Lists' (section four of the document). The plan will then be subject to appropriate formal review, first by the Health and Safety Manager/Emergency Planning and Business Continuity Manager, followed by CMT. Review will occur at least every two years. This plan will replace the outdated plan and be shared with relevant staff</p>	Surjit Nagra	31/07/2021	Overdue	<p>Currently the Major Incident Plan is being revised and updated. On completion, sign off and exercising the plan, this and all other aspects will be addressed.</p> <ul style="list-style-type: none"> • The update of the Draft plan has started and various aspects are being worked on. • The roles and responsibilities for emergency planning and business continuity would be

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			members either via the Resilience Direct Portal, digitally or hard copy.				fleshed out in the under review Major Incident Plan. <ul style="list-style-type: none"> After the each service have completed their BC Plans then the roles and responsibilities will be identified.
20/21	Medium	Council Tax (17.20/21)	The Revenues Manager will undertake a review of current Council Tax arrears cases in order to identify cases where debts cannot be chased. These cases will be recommended for write off.	Jacqueline Adams	31/03/2022	Not due	A project has commenced to complete this activity once this is done the service will be in a position to complete this review
20/21	Medium	Creditors - 23.20/21	The Council will introduce a process for logging amendments made to supplier accounts. This may include: <ul style="list-style-type: none"> Maintaining a separate record of changes made; Enabling the amendment logging function on Agresso; Restricting supplier account changes to specific individuals; or Requiring evidence to be uploaded onto Agresso for all changes made. 	A Adewumi	31/10/2021	Overdue	Work on the medium to long term review of Agresso Finance Related items has been pushed back to allow the current external Agresso Support consultants to finalise a project plan for HR & Payroll Development, Documentation & Knowledge Transfer to SBC. This is being reviewed by the AD – People Services with a view to it being commissioned by the end of November with a worst-case scenario completion date of 31st January 2022. Once this project is commissioned it will only require weekly milestone monitoring thereby freeing up resources to work on the framework for systems review and development of the Finance module of Agresso and this will be incorporated. It will be sub optimal to deal with this item individually as it could give rise to duplication of resources and effort.

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20/21	High	Council Tax (17.20/21)	The Council will undertake an investigation into the £2,516,195 unreconciled difference identified via the Council Tax Direct Debit reconciliations, in order to identify reasoning for this. The Council will also ensure that all variances are completed and investigated within a timely manner and completed reconciliations are shared with Finance.	A Adewumi	31/12/2021	Not due	<p>This account has not been reconciled since 2017 due to the inadequate handover and transition of the process from the previous outsourced team to the inhouse team.</p> <p>The entire process is being reviewed with the aim of fully documenting the current systems workflows to establish effective controls in the current financial year.</p> <p>This will then provide an efficient basis for reconciling balances that relate to previous accounting years.</p> <p>A realistic completion date is the 31st of March 2022.</p>
20/21	Medium	Our Lady of Peace Catholic Primary School (12.20/21)	The Business Manager will ensure that an annual inventory check is completed via the 'scan and trace' method, with a record maintained of the checker, reviewer and date of completion. The outcomes of the inventory checks will then be included within the Premises Report to be shared at the Leadership and Management Committee.	Linda Shoard	31/03/2021	Overdue	Ongoing - Experienced a technical problem with the Asset Management software; unable to complete the check. Full annual check to be undertaken by 30/11/2021 with report update emailed to the F&P committee and reported to the FGB 02/12/2021
20/21	Medium	Risk Management (6.20/21)	<p>Training sessions will be provided to SMT (made up of Directors and Service Leads) periodically. The sessions will focus on the following areas:</p> <ul style="list-style-type: none"> •Risk descriptions and consequences; and •Residual and target risk scoring. 	Clare Priest	30/11/2021	Overdue	Review of training options has been undertaken and a report went to Risk and Audit board on 9th September. Agreed to implement solution on Cornerstone which has been purchased and installed. Work with HR/OD is being undertaken to ensure it aligns with the Council's risk management strategy. Module is being quality reviewed in December for launch in January

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20/21	Medium	9.20/21 - Safety Advisory Group	Following the review of core membership (Action 1), members will be reminded of their duty to attend/send representation to all SAG meetings. In instances of unavoidable absence, members will be asked to submit points for consideration to the Chair. Where continuous non-attendance is noted, the Chair of the group will liaise directly with the core member to resolve the issue.	Kate Pratt	31/03/2021	Overdue	Due to the reorganisation and the lack of events taking place due to Covid this action was put on hold but has now been resurrected.
20/21	Medium	9.20/21 - Safety Advisory Group	The information provided on the Slough Borough Council website will be updated to cover the following: <ul style="list-style-type: none"> •The process of organising events, including the advanced notice to be provided to the Council and the timescale of the SAG process; •Links to the SAG Policy; and •Access to event booking form, event plan and risk assessment templates. 	Kate Pratt	31/03/2021	Overdue	SAG and all events were cancelled in 2020 due to COVID and is now being restarted to respond to requests to hold community events. Further updates will be received once the group re-forms
20/21	High	31.20/21 - Discretionary Business Grants	In the event that the LADGF is reopened, the Council will devise a points-based system to prioritise applicants and fairly disseminate available funds based on a formally agreed criteria.	Karen Ind	31/03/2022	Not due	
20/21	Medium	31.20/21 - Discretionary Business Grants	Owners of active grant funds will be reminded of their responsibilities in relation to compliance with the corporate standard. In particular, to respond to communications within ten working days.	Karen Ind	31/12/2021	Not due	
20/21	Medium	Creditors - 23.20/21	An exercise will be completed to review and remove all potential duplicate supplier accounts as identified via our data analytics testing.	A Adewumi	31/10/2021	Overdue	This will be incorporated in the medium-term review of Agresso Finance which will be addressed once the Payroll & HR development projects are agreed.

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
20/21	Medium	Creditors - 23.20/21	<p>The Council will ensure that the handbook is updated to reflect current processes by the Agresso Team and to provide step-by-step instruction for raising requisitions and receipting goods.</p> <p>This will be then be uploaded onto the intranet and staff informed of its location via all staff email.</p>	A Adewumi	31/10/2021	Overdue	<p>Work on the medium to long term review of Agresso Finance Related items has been pushed back to allow the current external Agresso Support consultants to finalise a project plan for HR & Payroll Development, Documentation & Knowledge Transfer to SBC.</p> <p>This is being reviewed by the AD – People Services with a view to it being commissioned by the end of November with a worst-case scenario completion date of 31st January 2022.</p> <p>Once this project is commissioned it will only require weekly milestone monitoring thereby freeing up resources to work on the framework for systems review and development of the Finance module of Agresso and this will be incorporated.</p> <p>It will be sub optimal to deal with this item individually as it could give rise to duplication of resources and effort.</p> <p>A more feasible end date will be 31st March 2021 with monthly updates on items as they are dealt with as part of the overall plan.</p>
20/21	Medium	Creditors - 23.20/21	<p>Slough Borough Council will ensure that the Agresso Finance and Procurement training is updated and made available to staff.</p> <p>Furthermore, a training register will be introduced to monitor all Agresso training completed. Where training is overdue, this will be communicated to</p>	A Adewumi	31/10/2021	Overdue	<p>Work on the medium to long term review of Agresso Finance Related items has been pushed back to allow the current external Agresso Support consultants to finalise a project plan for HR & Payroll Development, Documentation & Knowledge Transfer to SBC.</p>

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			line management to ensure training is completed by staff.				<p>This is being reviewed by the AD – People Services with a view to it being commissioned by the end of November with a worst-case scenario completion date of 31st January 2022.</p> <p>Once this project is commissioned it will only require weekly milestone monitoring thereby freeing up resources to work on the framework for systems review and development of the Finance module of Agresso and this will be incorporated.</p> <p>It will be sub optimal to deal with this item individually as it could give rise to duplication of resources and effort.</p> <p>A more feasible end date will be 31st March 2021 with monthly updates on items as they are dealt with as part of the overall plan.</p>
20/21	Medium	General Ledger (21.20/21)	<p>The Council will review the password functions within Agresso to ensure that they:</p> <ul style="list-style-type: none"> •Require changing on a periodic basis; and •Acceptable passwords will be subject to rules (certain lengths and unique characters to strengthen them and minimise the possibility of a security breach. 	A Adewumi	31/10/2021	Overdue	<p>This has been delayed by the Single Sign on Project which is part of the ongoing Agresso Project Development.</p> <p>Capita the vendor that's responsible for hosting the Agresso environment has held up the process by not providing a project manager to facilitate the process.</p>
20/21	Medium	General Ledger (21.20/21)	<p>The Group Accountant will date and sign the Control Account Reconciliations (including the clearing of the suspense account) within the reconciliation spreadsheet to evidence that they have been reviewed.</p> <p>The reconciler, the Accountancy</p>	A Adewumi	31/10/2021	Overdue	<p>This is work in progress due to staff changes in the Corporate Finance function, a more realistic date for finalising this process will be 31st December 2021</p>

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			Assistant, will also sign and correctly date the reconciliations. A digital signature will be applied when hard copy reconciliations are not possible.				
20/21	Medium	General Ledger (21.20/21)	The Financial Systems Accountant will correct erroneous journals identified as part of this audit, where both capital and revenues codes have been used for the same transaction. Following this, on a monthly basis a report of such journals will be produced, with these rectified in a timely manner. This activity will also be included within the Month-end Closedown Timetable.	A Adewumi	31/10/2021	Overdue	<p>Work on the medium to long term review of Agresso Finance Related items has been pushed back to allow the current external Agresso Support consultants to finalise a project plan for HR & Payroll Development, Documentation & Knowledge Transfer to SBC.</p> <p>This is being reviewed by the AD – People Services with a view to it being commissioned by the end of November with a worst-case scenario completion date of 31st January 2022.</p> <p>Once this project is commissioned it will only require weekly milestone monitoring thereby freeing up resources to work on the framework for systems review and development of the Finance module of Agresso and this will be incorporated.</p> <p>It will be sub optimal to deal with this item individually as it could give rise to duplication of resources and effort.</p> <p>A more feasible end date will be 31st March 2021 with monthly updates on items as they are dealt with as part of the overall plan.</p>
20/21	Medium	General Ledger (21.20/21)	The Agresso Project Team will agree the timescales regarding the General Accounting Handbook's review and will monitor the progress of this.	A Adewumi	31/10/2021	Overdue	Work on the medium to long term review of Agresso Finance Related items has been pushed back to allow the current external Agresso Support consultants to finalise a

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update	
Page 203			<p>The Handbook will be updated to remove outdated references to arvato, outdated positions (following the restructure) and will include the process and rules relating to the setup, amendment and removal of budget codes</p> <p>After completion, the handbook will become available to staff via the Council's e-learning site and its location will be communicated to all staff.</p>				<p>project plan for HR & Payroll Development, Documentation & Knowledge Transfer to SBC.</p> <p>This is being reviewed by the AD – People Services with a view to it being commissioned by the end of November with a worst-case scenario completion date of 31st January 2022.</p> <p>Once this project is commissioned it will only require weekly milestone monitoring thereby freeing up resources to work on the framework for systems review and development of the Finance module of Agresso and this will be incorporated. It will be sub optimal to deal with this item individually as it could give rise to duplication of resources and effort.</p> <p>A more feasible end date will be 31st March 2021 with monthly updates on items as they are dealt with as part of the overall plan.</p>	
	20/21	Medium	James Elliman Homes (11.20/21)	The chair of the JEH Board will ensure that the SLA is formally signed by authorised representatives from the company and the Council.	C Booth	31/12/2021	Not due	The SLA has been produced and is operational – it has not been signed by a Director. The SLA will be reviewed and updated as part of the forthcoming Options Review.
	20/21	Medium	James Elliman Homes (11.20/21)	Where JEH Directors are unable to attend Board meetings, they will provide any opinions or comments to attendees via email before the meeting dates.	C Booth	31/12/2021	Not due	Will be communicated to Directors and will form a part of the new Director specification/responsibilities.
	20/21	Medium	Leaseholder Service Charges (16.20/21)	The Council will complete an exercise to ascertain whether costs associated with major works to leasehold properties are recharged to leaseholders.	Liz Jones	31/03/2022	Not due	This will be considered as part of the Options Review. The original Business Plan refers to the requirement for Council

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
							"top-up" payments to JEH (to be reviewed).
20/21	Medium	Leaseholder Service Charges (16.20/21)	The Council will establish an accurate and reliable means of identifying costs associated with grounds maintenance.	Liz Jones	31/03/2022	Not due	This will be considered as part of the Options Review. The original Business Plan refers to the requirement for Council "top-up" payments to JEH (to be reviewed).
20/21	Medium	Leaseholder Service Charges (16.20/21)	A formal policy with regards to the apportionment of service charges will be developed. This will include a clear methodology for the apportionment methods to be utilised and when they should be used.	Liz Jones	31/03/2022	Not due	This will be considered as part of the Options Review. The original Business Plan refers to the requirement for Council "top-up" payments to JEH (to be reviewed).
20/21	Medium	Leaseholder Service Charges (16.20/21)	The Council will agree a means of monitoring levels of service charge recovery. This will include periodic review of recovery levels, with action taken as appropriate to rectify any issues identified.	Liz Jones	31/03/2022	Not due	This will be considered as part of the Options Review. The original Business Plan refers to the requirement for Council "top-up" payments to JEH (to be reviewed).
20/21	Medium	Leaseholder Service Charges (16.20/21)	As part of the annual billing process (September 20), an exercise will be performed to ensure that all costs incurred relating to leaseholders are billed through service charges.	Liz Jones	31/03/2022	Not due	This will be considered as part of the Options Review. The original Business Plan refers to the requirement for Council "top-up" payments to JEH (to be reviewed).
20/21	Medium	Planning – Statutory Response Times (36.20/21)	Guidance will be issued to the Planning Department, advising them of what correspondence and information should be retained via the shared network drive. Sample checking of retained files will also be carried out by the Group Manager – Planning periodically, with evidence of this maintained.	Daniel Ray	31-Dec	Not due	Advice has been given to all planning officers on what information should be stored and where, periodic checking is yet to take place so the action is not yet closed down.
20/21	Medium	Planning – Statutory Response	The Council will complete a review of their planning consultation methodology, with this including consideration over the	Daniel Ray	30-Sep	Overdue	This has not taken place as of yet, the Council has continued to fulfil its consultation exercise in accordance with government and legal requirements

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
		Times (36.20/21)	communication lines in place between internal and external consultees.				however as restructuring is currently taking place with teams being moved (e.g. highways in to planning) this needs to be completed. Due to be complete by March 2022 in line with the restructure
20/21	Medium	Planning – Statutory Response Times (36.20/21)	The Planning Team will develop a register of EoT usage. This will be used to track where EoTs are utilised, including an explanation over why the EoT was used.	Daniel Ray	28/02/2022	Not due	A report has been established that identifies the number of EOT's and this is reported to the planning manager each month. The reason for almost every EOT (following discussion with team leaders) is due to needing to amend schemes to make them acceptable or officer workload. This needs to be formalised as an audit action
20/21	Medium	Planning Performance Agreements (28.20/21)	<p>A procedure document will be prepared to outline the expected processes to be followed when preparing PPAs and resourcing agreements. This will include, but not be limited to, the following guidance:</p> <ul style="list-style-type: none"> •The information required from applicants in order to prepare agreements; •The Council services that may need to be contacted and involved, including example situations; •External consultants that may need to be contacted and involved, including example situations; •The agreement of fees and meeting schedules; and •The process for making amendments to agreed terms, including bringing forward or pushing back planned presentation at the Planning Committee. <p>Once finalised the document will be shared with the Planning Team.</p>	Daniel Ray	30-Sep	Overdue	This is delayed, a new template has already been completed that simplifies the process with the first ones using this template awaiting AD sign off. Once signed off the procedure document shall take its cue from the new template. To be completed by 1st Feb 2022

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
20/21	Medium	Rent Accounts (30.20/21)	The Group Accountant will ensure that an investigation is completed to identify the reason for the stock reconciliation variance. The relevant system(s) will be updated to reflect the outcome of the investigation.	Benedict Falegan	31/03/2022	Not due	Stock variance to be reported on Monthly Housing Report and any variance pursued by the Group Manager Accommodation.
20/21	Medium	Rent Accounts (30.20/21)	The Tenancy Commencement and Sign-Up Policy will be subject to review and update, including the removal of out-dated references and processes. This review will also incorporate any significant amendments made to the 'Fact Sheets' (as per finding two). The updated policy will then be approved by an appropriate committee following the restructure and then disseminated to all relevant staff, including the Rent Accounts team.	Liz Jones	31/03/2022	Not due	Reassigned to Liz Jones
20/21	Medium	Rent Arrears Recovery (14.20/21)	Periodic updates will be made to both CMT and the Neighbourhoods and Community Services Scrutiny Panel with these outlining levels of current and former arrears, supporting narrative as well as relevant KPIs.	Jacqueline Adams	31/10/2021	Overdue	Reporting to the Customer and Community Scrutiny panel with further clarification on the information being reported - meeting planned for January 2022
20/21	Medium	Rent Arrears Recovery (14.20/21)	The Council will develop an approach to monitoring and managing former tenant arrears case which are below £3,000 in value.	Jackie Adams/David Asquith	30/11/2021	Overdue	The team have been systematically going through all pre 2017 tenancy end cases , and those over six months old where death was the reason and assess the chances of getting repayment and put for `write off` those with little chance of success. This was partially successful in reducing cases and debt. The Service lead monitors all arrears over £2500`s while the FTA officer (30 hours) concentrates on the lower debt. The process of write offs is also under review - see benefits and Council Tax

Year	Rating	Issue	Way Forward	<u>Who</u>	When	Status	Latest Status update
							<p>above and a process will be in place in the next 6-8 weeks</p> <p>There are a number of issues around temporary housing, given the large turnover of occupants many of whom do not go on to permanent housing , arrears for a much smaller group of properties are disproportionately high.</p>

Previous years High and Medium outstanding actions

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
16/17	High	Business Continuity Planning Arrangements	<p>The Council will establish and maintain a documented process for undertaking business impact analysis and risk assessments at Service, Directorate and Council-wide level that;</p> <ul style="list-style-type: none"> • Establishes the context of the assessment and defines the criteria for evaluating the potential impact of a disruptive incident; • Takes into account legal and other commitments; • Includes systematic analysis and prioritisation of risk treatments; • Defines the required output from the business impact analysis and risk assessment; and • Specifies the requirements for this information to be kept up-to-date. <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, 	Surjit Nagra	31/07/2021	Overdue	This action will be addressed by the most recent Business Continuity and Emergency Planning audit in 2021/22

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			<p>including suppliers and outsource partners.</p> <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 Continuity Management Policy.</p> <p>risk appetite.</p> <p>The processes will be documented within the Council's overarching Business Continuity Management Policy.</p>				
16/17	High	Business Continuity Planning Arrangements	<p>The Council will develop an overarching Business Continuity Management (BCM) Policy covering the framework for BCM in the organisation. The policy will set out;</p> <ul style="list-style-type: none"> •Scope, aims and objectives of BCM in the Council; •The Council's commitment to BCM; •The activities that will be required to deliver these; and •Roles and responsibilities of staff in relation to BCM. •Version control to state approval details and next planned review date. 	Surjit Nagra	31/07/2021	Overdue	This action will be addressed by the most recent Business Continuity and Emergency Planning audit in 2021/22

Year	Rating	Issue	Way Forward	Who	When	Status	Latest Status update
			Once finalised, the policy will be subject to ratification by CMT and communicated to staff.				
17/18	Medium	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.	Liz Jones	31/03/2017	Overdue	Tenancy Strategy and Policy as been revised and will be ratified by March 2022
18/19	Medium	Housing Revenue Account (40.18/19)	The Council will ensure that a review of the HRA Business Plan is undertaken to review current practices, including reference to the HRA Asset Management Strategy. Following review, the business plan will be presented to Cabinet for formal review and approval	Benedict Falegan	31/03/2021	Overdue	The review of the HRA business plan is taking place to take effect from 2022/23
19/20	Medium	Debtors Management (28.19/20)	The Council will explore the possibility of adding approval requirements to the Agresso system when parking and unparking invoices. In lieu of this, access to park invoices will be the sole responsibility of the Accounts Receivable team. Staff requiring invoices to be parked will contact the team and a decision will be made as to whether this is a valid request or if additional information/approval is required.	A Adewumi	31/10/2021	Overdue	<p>The review of the data has commenced but due to staff changes its proven difficult to validate the balances by cost centre so the emphasis will now be on confirming invoices that are still required to be parked with a valid basis.</p> <p>The current procedure will also be centralised so that the parking of invoices is work flowed to be approved by the AR Manager.</p> <p>This position will then have the responsibility for the monitoring & periodic reporting on the outstanding balance on Parked invoices.</p>

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Corporate Governance Committee

DATE: 9th December 2021

CONTACT OFFICER: Steven Mair, Director of Finance/Section 151 Officer
(For all Enquiries) (01753) 875368

WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

RISK MANAGEMENT UPDATE – QUARTER 3 2021/22**1 Purpose of Report**

- 1.1 The purpose of this report is to report to the Audit and Corporate Governance committee on the corporate risk register with the opportunity to comment and amend it, as shown in Appendix 1
- 1.2 This is the second revision of the risk register which is being reviewed on a monthly basis. This is to ensure that the Council continues its development of a proper strategic risk register.

2 Recommendations

- 2.1 This report recommends that the Audit and Corporate Governance Committee notes the revisions to the risk register and comments on the report.

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:

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

3b. Five Year Plan Outcomes

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

4. **Other Implications**

(a) Financial

There are no direct financial implications of the updates on the actions but resolution of the queries/issues will improve the Council's processes which underpins sound financial management, by way of example the Council's accounts and budget

(b) Risk Management

Risk	RAG Before Mitigation	Mitigation	RAG After Mitigation
<p>Failure to operate an adequate strategic risk register exposes the Council to risk across a wide variety of services because:</p> <p>Risks are not identified</p> <p>Actions are not planned and progress reported</p> <p>Members are not made aware of the serious risks facing the Council</p>	Red	<p>Pro active officer risk and audit board</p> <p>Pro active management of the risk register</p> <p>Risk register that encompasses strategic risks with actions, milestones</p> <p>Reporting that shows trends, update on actions, impact of actions</p>	Amber – to reflect the continuing work to develop management of strategic risk (currently, work over the coming months will improve this to Green)

(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 **Further Improvements to the Corporate Risk Register**

5.1.1 Risk management is a critical part of good governance and it is needed to effectively deliver the Council's priorities.

5.1.2 The council is routinely reviewing all strategic level risks to ensure their ongoing relevance to the needs of the Council. This is done through the officer risk and audit board on a monthly basis, as well as review by executive board quarterly.

5.1.3 Further improvements include updating mitigating actions to note those that have been completed as well as new actions that respond to changing circumstances and events.

5.1.4 Internal Audit are conducting an audit of risk management, the findings will be considered to help further strengthen risk management processes and procedures.

5.2 **Revised Risk Register**

5.2.1 Identification of new and emerging corporate risks that are on our horizon is being identified on a regular basis and revisions to the register reflect comments from September's Audit and Corporate Governance Committee and the officer risk and audit board.

5.2.2 Risks that are already on the register have been reviewed to ensure they reflect the current risks the Council is facing, and take into account any mitigating actions that have been implemented and new actions required to further mitigate the risk. Risk scores have also been reviewed to reflect the mitigating actions in place and comply with the council's risk management strategy.

5.3 **Changes to note**

5.3.1 The following risks are new to the Corporate Risk Register:

- council companies – residual risk score 12
- staffing risks within Slough Borough Council and Slough Children First – residual risk score 15

5.3.2 The following risks have been substantially updated to reflect the current situation in the Council:

- financial sustainability – more detail related to the consequences of the risk materialising. Reference to member and officer training as a mitigation.

- recovery and renewal plan – more detail related to the consequences of the risk materialising. Implementation of governance recommendations as a mitigation.

6. **Comments of Other Committees**

There are no comments from other Committees

7. **Conclusion**

Members note the reports

8. **Appendices Attached**

Appendix 1 – Corporate Risk Register

9. **Background Papers**

None

Risk 1: Delivery of the Adults Social Care (ASC) Transformation Programme		Risk Owner: Executive Director of People (Adults)
<p>Description:</p> <p>If the adults social care transformation programme fails to deliver changes in a timely and effective way there will be a negative impact on quality of service with residents directly affected and a balanced budget will not be delivered.</p> <p>Consequence:</p> <p>Increasing number of people waiting for assessment, service or review. Increasing number of safeguarding cases. Provider failures and reduced quality. Demand increasing. Use of agency increasing.</p> <p>Budget not balanced, savings not delivered, cost and price increasing.</p> <p>Health funding to support the changes may be withdrawn</p>	<p>Current Controls:</p> <ul style="list-style-type: none"> ➤ Adults social care business case and implementation plans ➤ Adults social care transformation board – reporting into recovery and renewal board ➤ Tracking of actions and savings ➤ Support and challenge from People Too consultant partners ➤ Better Care Fund (BCF) additional contribution to ASC confirmed. Additional income of £0.75m for 21/22 and £0.46m for 22/23 <p>Actions Required:</p> <ul style="list-style-type: none"> ➤ Manage increased income from client contributions – by end of March 22 by Marc Gadsby Based on the Financial Assessment and Charging Workstream, live from July: New Client invoices raised to the value of £275,000 Backdated invoices raised the value of £775,000 Debt collected to the value of £382,000 Our target linked to this workstream is £300k for this year. ➤ Deliver the workstream actions in the adults social care transformation programme by end of March 23 by Marc Gadsby and Jane Senior - Good progress being made – monthly reporting of progress to ASC transformation programme board, monthly project report to Exec Board 	

and weekly financial tracking progress to lead members and directors.

Inherent Risk		Residual Risk		Target Risk	
Likelihood	6	Likelihood	5	Likelihood	4
Impact	3	Impact	3	Impact	2
Score	18	Score	15	Score	8

Date Last updated: 22nd November 2021

Risk 2: Covid Pandemic				Risk Owner: Executive Board	
<p>Description:</p> <p>Further waves of covid infections overwhelm our ability and /or our partners ability to provide services to required standards.</p> <p>Consequence:</p> <p>Increased demand on health and care systems. resulting in system pressures that impact ability to transform services or provide value for money and service quality.</p> <p>Increase in death rate and long term conditions arise which increasing demand on council services</p> <p>Significant impact on workforce availability due to illness</p> <p>Schools and local businesses impacted – closures</p> <p>Stretched council resources to manage the work</p> <p>Additional unforeseen costs arise due to continuing impact of pandemic.</p>			<p>Current Controls:</p> <ul style="list-style-type: none"> ➤ Slough Local Outbreak Management Plan ➤ Weekly covid silver ➤ 3 x weekly outbreak meeting ➤ 1 x weekly partner outbreak meeting ➤ Local contact tracing in place ➤ Use of covid grants ➤ Continue efforts to increase vaccination rates ➤ Revision of local covid plan ➤ Revised contact tracing plan <p>Actions Required:</p> <ul style="list-style-type: none"> ➤ Agreement on priority use of covid grants -Silver command ➤ Priority areas for spend confirmed in revised Local Outbreak Management Plan – regular monitoring of covid grants and expenditure ongoing. 		
Inherent Risk		Residual Risk		Target Risk	
Likelihood	5	Likelihood	4	Likelihood	3
Impact	3	Impact	3	Impact	3
Score	15	Score	12	Score	9
Date Last updated: 12 th November 2021					

Risk 3: Temporary Accommodation				Risk Owner: Executive Director of Place and Community	
<p>Description:</p> <p>If we fail to manage the increasing demand for temporary accommodation it will cost us financially and damage our reputation.</p> <p>There are financial and reputational risks arising from the increasing demand for temporary accommodation. We have increasing numbers of UK nationals presenting as homeless now that evictions are being allowed. We have pressure to receive asylum seekers – currently 300 asylum seekers are in the borough awaiting immigration status and further to this the UK has specific commitments to Hong Kong and to Afghanistan and has “bridge head” infrastructure in place in Slough as a result of our existing cohort of asylum seekers</p> <p>Consequence:</p> <p>Budget pressure</p>			<p>Current Controls:</p> <ul style="list-style-type: none"> ➤ Housing Needs officers are being supported in taking an appropriate approach when assessing eligibility for temporary accommodation (number of units) ➤ Temporary Accommodation officers are being supported in negotiating better rates (cost/unit) with landlords and other housing providers <p>Actions Required:</p> <ul style="list-style-type: none"> ➤ Ensure our approach seeks out and replicates best practice. ➤ Additional landlords to be found to increase supply and force down cost/unit 		
Inherent Risk		Residual Risk		Target Risk	
Likelihood	6	Likelihood	4	Likelihood	3
Impact	3	Impact	3	Impact	2
Score	18	Score	12	Score	6
Date Last updated: 12 th November 2021					

Risk 4: Disposal of Assets				Risk Owner: Executive Director Place and Community and Director of Finance	
<p>Description:</p> <p>If we don't dispose of sufficient assets to realise capital receipts we will be unable to:</p> <ul style="list-style-type: none"> ➤ finance the anticipated capitalisation direction and ➤ to allow the Council's external borrowings and debt charges to be reduced <p>Consequence:</p> <p>Without a programme of asset disposals to finance reduction of external debt, the Council's external borrowing per head of population will remain one of the highest in the UK and debt charges will increase to a significant proportion of the net revenue budget.</p> <p>Without significant asset disposals the Councils long term financial position is not sustainable and will compromise the Council's ability to:</p> <ul style="list-style-type: none"> ➤ set a balanced budget and ➤ provide existing levels of services in the future. 			<p>Current Controls:</p> <p>Assets Disposal Programme Board meets weekly to identify assets for potential disposal</p> <p>Cabinet report 20 September 2021 sought permission to (1) progress with an orderly asset disposal programme (2) use receipts generated from these disposals to minimise new external borrowing and where possible repay existing short-term loans (3) obtain external support in terms of capacity and expertise to manage the programme of asset disposals</p> <p>Actions Required:</p> <p>(1) Procurement of external support following Cabinet approval.</p> <p>(2) Executive Director of Place and Community to identify initial options</p> <p>(3) Initial option appraisal to be undertaken by 31 December 2021, to assess priorities for 1st tranche of disposals</p>		
Inherent Risk		Residual Risk		Target Risk	
Likelihood	6	Likelihood	5	Likelihood	4
Impact	4	Impact	4	Impact	4
Score	24	Score	20	Score	16
Date Last updated: 18 th November 2021					

Risk 5: Financial sustainability, accounting, processes, commercial and other matters		Risk Owner: Director of Finance
<p>Description:</p> <p>Failure to improve the Council's financial and contract management and reporting will leave it in breach of its statutory responsibilities and acting illegally.</p> <p>The Council faces a financial situation of an extremely serious nature: with a significant estimated unfunded financial deficit forecast.</p> <p>The approach to:</p> <ul style="list-style-type: none"> ➤ financial decision-making ➤ leadership and management ➤ processes ➤ quality assurance and review ➤ financial governance ➤ accounts preparation and completion <p>that has been adopted by the Council over a number of years was not robust and consequently highly detrimental to the Council.</p> <p>Contract Management also needs to be much improved</p> <p>Consequence: Breach of statutory duties Section 114 notice Government appoint Commissioners to take over running of the Financial affairs of the council</p>		<p>Current Controls:</p> <p>The Council has recently appointed a new Section 151 officer.</p> <p>Additional specialist resources have been brought in to understand the nature and scale of the problems, which has culminated in the issuing of a section 114 Report on 2nd July.</p> <p>The Council has agreed to invest additional resource into the finance service as recommended by the external auditors and agreed by Council</p> <p>Finance action plan reported to full Council for each meeting starting September</p> <p>Finance and Commercial service business plan being developed to ensure future sustainability of the service.</p> <p>Actions Required:</p> <p>The Section 114 notice and accompanying report sets out areas and measures in relation to the Council's finances and governance which require urgent attention. These measures are underpinned by a detailed action plan, and the Section 151 officer, working with colleagues, is leading on its implementation.</p> <p>The immediate actions include:</p>

Failure to act would have rendered the Council unable to fulfil its statutory duties and acting illegally		<ul style="list-style-type: none"> ➤ Aiming for accounts from 2016/17 to 2020/21 by 31/3/22 ➤ Verifying and identifying savings for 2021/22 and 2022/23 by January 2022 and beyond ➤ Companies review – continuous work through to March 2023 and beyond ➤ Finance staffing structure designed by October 2021 and worked through thereafter into the new year ➤ Agresso project plan for December 2021 ➤ Continuous programme of designing and embedding good financial practise ➤ Medium Term Financial Strategy for May 2022 ➤ Identification of long term financial savings by May 2022 among others <p>Training: Programme of officer training has commenced Development of member training programme and support on financial matters</p>			
Inherent Risk		Residual Risk		Target Risk	
Likelihood	4	Likelihood	4	Likelihood	1
Impact	6	Impact	5	Impact	4
Score	24	Score	20	Score	4
Date Last updated: 12 th November 2021					

Risk 6: The Council does not take adequate mitigation to reduce the risk of injury or death from incidents within the Council		Risk Owner: Director of Finance
<p>Description:</p> <p>If the Council does not meet its wide range of Health & Safety requirements then there could be a risk to the safety of staff and citizens</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> ➤ Lack of understanding of roles and responsibilities ➤ Insufficient staff numbers to carry out work plans in a safe way. ➤ Budget pressures resulting in inability to provide correct equipment ➤ Lack of appropriate training. ➤ Lack of oversight and control by local management. ➤ Lack of information on the potential or known risks i.e. through lack of reporting ➤ Lack of learning from previous lessons ➤ Inadequate contract management arrangements. ➤ Lack of effective processes and systems consistently being applied. ➤ Policies are not kept up to date. ➤ Lack of accountability and governance arrangements <p>The risk of injury or death is from high risk activities:</p> <ul style="list-style-type: none"> ➤ lone working and violence ➤ use of machinery ➤ inadequately managed buildings ➤ inadequate contract management <p>Consequence:</p>		<p>Current Controls:</p> <ul style="list-style-type: none"> ➤ Health & Safety professionals and advisers in post ➤ A health and safety management system (policy and codes of practice) in place. These are regularly reviewed and updated and clearly communicated. ➤ Corporate health & safety strategy (2018-2021) in place with directorate plans dovetailing ➤ Accident reporting system and procedure in place and communicated. Investigations occur and are reported. ➤ Health & safety training programs in place, available face to face and on line. Mandatory training identified and in place. ➤ Lone worker In-check and personal safety devices in place ➤ Monitoring of health & safety indicators at Health & Safety Committees (bimonthly) and Health & Safety Board (quarterly). ➤ Trade Union consultation with health and safety trained representatives present ➤ Compliance monitoring 'Building Compliance Group' (monthly) and 'Operations Leadership Team' (monthly) ➤ Audit program <p>Actions Required:</p> <ul style="list-style-type: none"> ➤ Online accident reporting for accurate monitoring and tracking. Business case has been submitted. ➤ Monitoring of actions from risk assessments, accidents and audits to ensure lessons are learnt and actions are

Death/injury to individuals and/or non-compliance with relevant legislation resulting in prosecution and civil claims.

implemented through an online system. Business case has been submitted.

- Health & safety team auditing high risk areas of the council: asset management, environmental services, strategy and infrastructure and lone workers. Lower risk areas to self audit post Transformation Executive Board approved new audit format in November 21 following report from Health & Safety Board. Self-audits to be completed by Dec 21.
- Gap analysis of training needs, provision and uptake. Work commenced with Workforce Development in identifying risk assessment and accident investigation training. All managers and staff encouraged to complete mandatory H&S on line training via communications issued to all staff and managers. All managers have been provided with instructions on how to determine the compliance status of staff.
- New corporate strategy to be developed for 2022 onwards and directorate plans to be developed – This will be developed for Jan 2022

Inherent Risk		Residual Risk		Target Risk	
Likelihood	5	Likelihood	3	Likelihood	3
Impact	4	Impact	4	Impact	2
Score	20	Score	12	Score	6

Date Last updated: 15th November 2021

Risk 7: Elections and Electoral Registration				Risk Owner: Monitoring Officer	
Description: Failure to deliver elections and maintain the electoral register leads to a challenge of an electoral outcome:		Current Controls:			
<ul style="list-style-type: none"> ➤ Insufficient resources provided to Electoral Registration officer (ERO) to deliver a comprehensive canvass & the Returning Officer to deliver the elections. ➤ Failure of IT systems to maintain the electoral management system ➤ Failure to follow legislative and regulatory requirements. 		<ul style="list-style-type: none"> ➤ Project plan including detailed risk register ➤ Documented internal procedures ➤ Monitoring by Electoral Commission through appropriate performance standards & surveying ➤ Adequate insurance (Returning officer - personal liability) ➤ IT reserve high level on-call 			
Consequence:		Actions Required:			
<ul style="list-style-type: none"> ➤ Disenfranchisement of local residents. ➤ Potential to challenge any election which relies on an incomplete or inaccurate register. ➤ Failure of local authority in its duty to provide sufficient resources & funding to the Returning officer/Electoral Registration officer. ➤ Loss of polling places & count venue ➤ Reputational damage. ➤ 		<ul style="list-style-type: none"> ➤ Adequate staffing to ensure canvass is completed in the Autumn. (Electoral staff & canvassers). ➤ Follow the guidance and steps provided by the Electoral Commission to maintain the register. ➤ Provide reporting & statistics on the management of the register for accuracy and completeness. ➤ Ensure plans are in place early to manage the delivery of any election and adequate resourcing. ➤ Core staff put in place to deliver the elections. ➤ Staffing the election - resources need to be put in place early to ensure staffing for all aspects of the election. ➤ Polling places booked early. 			
Inherent Risk		Residual Risk		Target Risk	
Likelihood	4	Likelihood	3	Likelihood	2
Impact	4	Impact	4	Impact	3
Score	16	Score	12	Score	6

Risk 8: Recovery and Renewal Plan	Risk Owner: Executive Board
<p>Description:</p> <p>The Council's Recovery and Renewal Plan does not deliver the Council's priorities thus failing to meet its statutory duties</p> <p>Consequence:</p> <ul style="list-style-type: none"> ➤ Risk to service quality, continuity and delivery ➤ Risk to statutory obligations ➤ Risk to safeguarding ➤ Non-compliance with Best Value Duty ➤ Failure to achieve a balanced budget in 2021/22, 2022/23 and beyond ➤ Not becoming a Right sized council and therefore continuing to stretch resources too thinly ➤ Our core enablers (ICT, data and insight, finance, and governance) do not provide for a sustainable and cost effective long term solution 	<p>Current Controls:</p> <ul style="list-style-type: none"> ➤ Initial work to develop a right sized model for the Council ➤ Draft of the Council's core offer ➤ Improved companies governance ➤ Review of core enablers (ICT, data and insight, finance, and governance) to ensure fit for purpose <p>Actions Required:</p> <ul style="list-style-type: none"> ➤ Focus on statutory minimum services ➤ Develop programme of work based on the Five Case Model approach ➤ Sale of assets ➤ Downsizing of the Council ➤ Investment in services that allow the Council to function safely ➤ Zero based budgeting ➤ Reprioritised digital and ICT improvement programme ➤ Data and Insight to support service delivery and decision making ➤ Implement Governance recommendations from MHCLG <ul style="list-style-type: none"> ○ Service reform; particularly data and insight, revenues and benefits and corporate functions such as finance , IT and HR. ○ Governance (democratic services and scrutiny)

- Financial decisions and processes.
- Corporate governance (including commercial activity)

Inherent Risk		Residual Risk		Target Risk	
Likelihood	6	Likelihood	5	Likelihood	3
Impact	4	Impact	3	Impact	2
Score	24	Score	15	Score	6

Date Last updated: 12th November 2021

Risk 9: Business Continuity and Emergency Planning				Risk Owner: Director of Finance	
<p>Description:</p> <ul style="list-style-type: none"> ➤ The Council's Business continuity plan for key locations and services is not up to date and there is not an effective plan in place should an emergency occur <p>Consequence:</p> <ul style="list-style-type: none"> ➤ Failure to have an up to date business continuity plan places the Council at risk of being unable to continue its business should a serious event cause disruption. 			<p>Current Controls:</p> <ul style="list-style-type: none"> ➤ Emergency planning and business continuity lead in place ➤ Emergency planning and business continuity awareness programme delivered to managers ➤ External assistance to help develop the plan ➤ There is a documented process for undertaking business impact analysis and risk assessments at service, directorate and Council-wide level <p>Actions Required:</p> <ul style="list-style-type: none"> ➤ To implement a plan to review business continuity management in response to the organisation restructure and availability of IT disaster recovery - ➤ Training for managers is booked. Awaiting to get e learning package online. ➤ Training programme to be rolled out in 2022 in line with IT Disaster Recovery Plan. 		
Inherent Risk		Residual Risk		Target Risk	
Likelihood	6	Likelihood	3	Likelihood	3
Impact	4	Impact	54	Impact	2
Score	24	Score	15	Score	6
Date Last updated: 19 th November 2021					

Risk 10: Workforce recruitment and retention				Risk Owner: Director of Finance	
<p>Description:</p> <p>If the Council is unable to recruit and retain the required workforce of the right calibre then this will impact service quality and delivery.</p> <p>Consequence:</p> <ul style="list-style-type: none"> ➤ Higher costs due to cost of recruitment to replace staff who have left ➤ High level of absenteeism and poor wellbeing – staff’s wellbeing will be affected by taking on work of absent colleagues leading to fatigue. ➤ Employee disengagement leading to reduced productivity ➤ Failure to maintain required levels of service delivery affecting our residents 			<p>Current Controls:</p> <ul style="list-style-type: none"> ➤ Tracking of staff turnover rates to Executive board monthly ➤ Engagement with the workforce through regular communications and briefings; and also with trade union colleagues Communications to staff with leadership directly through “Ask me anything” sessions ➤ Appraisals and performance management of staff <p>Actions Required:</p> <ul style="list-style-type: none"> ➤ Tracking of specific issues through analysis of exit interviews 		
Inherent Risk		Residual Risk		Target Risk	
Likelihood	4	Likelihood	3	Likelihood	2
Impact	4	Impact	4	Impact	3
Score	16	Score	12	Score	6
Date Last updated: 12 th November 2021					

Risk 11: Special Educational Needs and Disability (SEND) Local Area Inspection				Risk Owner: Executive Director People (Children)	
<p>Description:</p> <ul style="list-style-type: none"> ➤ The SEND Local Area Inspection took place in September 2021. The report highlighted significant areas of weakness. ➤ The local area includes the local authority SEND services, Children’s Social Care and Health partners. ➤ The area is required to produce a Written Statement of Action (WSOA), which needs to highlight how we will address the areas of concern. This will need to be submitted to the Department for Education and approved by Ofsted and CQC. ➤ There is an approximate timeline of 18 months for improvements to be demonstrated in which Ofsted are likely to be back for inspection again. <p>Consequence:</p> <ul style="list-style-type: none"> ➤ Reputational risk ➤ Failure to carry out statutory duties ➤ Vulnerable children not getting the full support they are entitled. 			<p>Current Controls:</p> <ul style="list-style-type: none"> ➤ Self-Evaluation Form needs updating in light of inspection findings ➤ Rapid Action Plan created by the LA will be replaced by the WSOA developed with all relevant partners ➤ Strategic oversight strengthened - Strategic board now meets every 6 weeks <p>Actions Required:</p> <ul style="list-style-type: none"> ➤ Review of current SEND staffing resources and plans to improve functioning of the team ➤ Implement, with all relevant partners, the WSOA when completed ➤ Implement Dedicated Schools Grant (DSG) recovery plan in partnership with the Department for Education (DfE) 		
Inherent Risk		Residual Risk		Target Risk	
Likelihood	6	Likelihood	5	Likelihood	2
Impact	4	Impact	3	Impact	2
Score	24	Score	15	Score	4
Date Last updated: 25 th November 2021					

Risk 12: Cyber Security		Risk Owner: Director of Finance
<p>Description:</p> <p>Failure to adequately protect our information and technology assets against an attack specifically and deliberately (targeted), collectively as part of a wider attack or inadvertently by an internal actor breaching policy and procedures.</p> <p>Consequence:</p> <p><i>Worst case:</i> Temporary or permanent loss of access to some or all of SBC data and / or IT systems.</p> <p><i>Likely case:</i> (some of) loss of reputation in handling personal data, removal of access to PSN and DWP direct data connections, removal or penalties for bank payment handling and processing. Short term loss of access to data or systems.</p> <p><i>Best case:</i> Isolated incident with minimal or no data loss and no loss of access to IT systems.</p>	<p>Current Controls:</p> <ul style="list-style-type: none"> • Procured membership of SEGWARP and other government alert agencies This provides regional alerting on vulnerabilities that SBC needs to be aware of / intelligence sharing / threats / policy development SBC have also registered with the Cyber Resilience Service for the south east to enable a regional approach to cyber alerting. • Ensure security patching is up to date and continues regularly. An interim resource has been engaged to check and apply security patching. • Periodic and regular 3rd party penetration testing. SBC procure the services of multiple security vendors to perform at least annual security testing and health check scans to ensure any exposed system is identified and rectified. The test for 2021 is approaching and is currently being commissioned and the scope for the test is being set. • Cyber Security support from market leading 3rd party. Softcat are contracted to provide additional cyber security support. This covers the following <ul style="list-style-type: none"> ○ Quarterly Security Controls Assessment ○ Breach Assessment annually ○ Security Improvement Programme Leadership 	

				<p>Organisation and Execution of cyber essentials audit action plan. Actions to complete before the end of 2021</p> <p>Actions Required:</p> <ul style="list-style-type: none"> • Improve security awareness in general staff. • Document detailed security procedures for patching, testing, incident handling and test that these work • Fund a continuous improvement programme for IT security hardware and software 	
Inherent Risk		Residual Risk		Target Risk	
Likelihood	5	Likelihood	4	Likelihood	3
Impact	3	Impact	3	Impact	3
Score	15	Score	12	Score	9
Date Last updated: 18 th November 2021					

Risk 13: Information Governance and General Data Protection Regulations (GDPR)		Risk Owner: Director of Finance
<p>Description:</p> <p>Failure to resource our ability to respond to GDPR legislation can incur significant fines and reputational damage.</p> <p>GDPR came into force in May 2018. There needs to be a corporate and local response to the implementation of GDPR</p> <p>The team that manages information governance lacks sufficient resource.</p> <p>GDPR 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:</p> <p>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 corporate reputation</p> <p>Civil claims for damages</p>	<p>Current Controls:</p> <p>There is an interim Data Protection Officer (DPO) assigned. The Act DPA2018 / GDPR only states that as a public authority SBC would need a named and nominated person to act as DPO. SBC has that person (IT business development manager)</p> <p>The interim group manager for IT is also experienced in GDPR and has fulfilled the role of Data Protection Officer previously in other organisations.</p> <p>GDPR training for new starters to minimise breaches of GDPR</p> <p>External review of compliance by Internal Audit</p> <p>Initial data mapping completed by SBC supported by RSM</p> <p>Actions Required:</p> <p>Draw together all aspects and issues of GDPR into one place, and establish a programme to confirm compliance or implement required controls where necessary.</p> <p>Ensure appropriate funding is provided to enable a permanent DPO to be recruited though it should be noted the DPO is a function and not a role. The DPO would typically also have another function within SBC. This role will be addressed in the IT restructure providing the funding for the post is made available.</p> <p>Internal Audit for GDPR planned in November 2021.</p>	
Inherent Risk	Residual Risk	Target Risk

Likelihood	4	Likelihood	3	Likelihood	1
Impact	3	Impact	3	Impact	3
Score	12	Score	9	Score	3
Date Last updated: 12 th November 2021					

Risk 14: Council Companies		Risk Owner: Director of Finance
<p>Description:</p> <p>If we fail to review the relevance and rationale for each of the Council's Companies, we open the Council up to potential financial losses, reputational damage and legal challenge.</p> <p>The Council has a number of subsidiaries and joint ventures to deliver a range of services or address specific issues. Given the Council's current financial and operational circumstances, and issues that have been identified to date, the rationale for continuing to have these companies needs to reviewed.</p> <p>In addition, a wide range of governance, management, operational and financial issues have been identified over a number of years and not been addressed. These need to be (a) reassessed to reflect the latest available information relevant to the companies and (b) revised actions implemented. There is a risk of poor service delivery, ineffective decision making, poor oversight, poor value for money and additional reputational and financial risk for the Council (e.g. additional costs, non-repayment of loans, grant clawback)</p> <p>Consequence:</p> <ul style="list-style-type: none"> ➤ Additional financial pressure on existing Council budgets that are not within plan ➤ Poor service delivery, especially in relation to housing, due to poor contract management and controls 	<p>Current Controls:</p> <ul style="list-style-type: none"> ➤ Establishment of corporate oversight board for Slough Urban Renewal which may be expanded to include other companies ➤ Appointment of new directors and senior responsible owners with clarity on roles and reporting ➤ Establishment of monthly financial reporting from key companies into the Council ➤ Internal audit tracker for key issues <p>Actions Required:</p> <p>A wide range of workstreams are underway with the immediate actions focused on:</p> <ul style="list-style-type: none"> ➤ Closing down all dormant companies ➤ Ground Rent Estates 5 – execution of loan and new financial arrangements; revised financial modelling and financial exposure review; resolution on main works programme; continue to support litigation proceedings; development of exit strategy; establish shareholder oversight group ➤ James Elliman Homes – complete options review (led by Local Partnerships); Council-led review of service level agreement arrangements including operations, management and finances and implementation of improvements, debt repayment plan; resolve grant allocation and council accounting matters re top-up 	

<ul style="list-style-type: none"> ➤ Potential grant clawback across a range of companies which will have implications for the Council. e.g. James Elliman Homes, Ground Rents Estates 5 ➤ Reputational damage to the Council as a result of the failure of a number of high profile initiatives with a national interest. e.g. Nova House ➤ Key strategic sites are not developed – failure to achieve the Council’s strategic objectives and key outcomes. e.g. Slough Urban Renewal 		<p>payments; and appoint new directors and establish shareholder oversight group</p> <ul style="list-style-type: none"> ➤ Slough Urban Renewal – Restructure the Council’s commercial relationship including de-risking and minimising cash outlay. Complete North West Quadrant due diligence/negotiations with Homes England and complete transaction/disposal; Slough Urban Renewal sites – agree revised relationship/investment principles, agree revised heads of terms, approve updated business cases for Montem/Wexham, execute transactional requirements/disposal; reinstate key governance required under the terms of the partnership agreement and obtain approvals for revised business cases/plans 			
Inherent Risk		Residual Risk		Target Risk	
Likelihood	5	Likelihood	4	Likelihood	3
Impact	4	Impact	3	Impact	2
Score	20	Score	12	Score	6
Date Last updated: 10 th November 2021					

Risk 15: Staffing Risks within Slough Borough Council and Slough Children First		Risk Owner: Executive Board and Slough Children First Executive Leadership Team
<p>Description:</p> <p>Inability to recruit and retain staff is impacting the Council's and Slough Children First's ability to deliver its objectives.</p> <p>Consequence:</p> <p>Reduced staffing levels are impacting the quality of service being provided to the children, young people and families of Slough.</p> <p>A higher reliance on agency staff for the Slough Children First (though also difficult to recruit) has a direct impact on budgetary pressures.</p> <p>Vacancies within the Finance and Commercial services department have resulted in a backlog of work building up in some areas which impact the Council's ability to raise invoices and collect income or taxes.</p> <p>The statutory scrutiny post is vacant impacting on the delivery of an effective scrutiny function.</p> <p>High levels of vacancy and turnover leads to inefficiencies due to lack of continuity and impacts staff morale and well-being.</p>	<p>Current Controls:</p> <p>Slough Children First continue to invest to recruit a permanent workforce including:</p> <ul style="list-style-type: none"> • Overseas recruitment campaign in place • Non-qualified staff being supported to achieve their professional qualifications through Apprenticeship programmes. • Innovate teams are in place to reduce pressure on teams – though these are an expensive resource • On-going review of the 'offer' to staff <p>Finance and Commercial Services:</p> <p>Review of structure of finance team taking place as part of Departmental business planning post organisational re-structuring.</p> <p>Interim staff brought in to cover key roles e.g. IT, Revenues & Benefits, Finance.</p> <p>Actions Required:</p> <p>Awareness of pressures to be at Executive Board level</p>	

Identification of the gaps in capacity and capability in service areas and allocate resource accordingly. Prioritise finance, revenue and benefits, IT and democratic services, including scrutiny.

Permanent recruitment and/or longer-term contract status of all relevant interim positions. In particular, the section.151 officer, Director of Public Health and the Director of Children's Services.

Slough Children First are implementing a number of measures to improve recruitment and retention of staff including:

- Further cohort of international workers
- Additional cohort of workers on the Assessed and Supported Year in Employment (ASYE)
- Supporting the step up programme
- Apprenticeship programme – 3 individuals part of this at the moment
- Review of marketing strategy, with a greater focus on place and through targeted approaches
- Engagement with Department for Education and Local Government Association with regards to alternative approaches/options
- Increased employee regiment activity
- Review of career development pathways
- Review of recruitment process to ensure expedience and compliance
- Review of current agency master vendor contract to ensure value for money

- Increased agencies on preferred supplier list
- Investment in current staff e.g. Staff college programme
- Benchmarking of current offer in comparison to local and statistical neighbours

Inherent Risk		Residual Risk		Target Risk	
Likelihood	6	Likelihood	5	Likelihood	3
Impact	4	Impact	3	Impact	1
Score	24	Score	15	Score	4
Date Last updated: 19 th November 2021					

6X4 Matrix guidance

Likelihood	Very High	6	12	18	24
	High	5	10	15	20
	Significant	4	8	12	16
	Low	3	6	9	12
	Very Low	2	4	6	8
	Almost impossible	1	2	3	4
		Negligible	Marginal	Critical	Catastrophic
		Impact			

Assessing the SEVERITY/ IMPACT of a risk

Severity is assessed on a scale of Negligible to Catastrophic indicating increasing seriousness. The impact is assessed looking at credible scenarios (taking prevailing circumstances into consideration) and looking forward to the risks that arise from these scenarios.

The **examples** against each category are for your guidance and should be thought of as the consequences that would be likely to occur if things were left to go out of control.

The **examples** detailed below will help ensure a consistent approach.

	Negligible 1	Marginal 2	Critical 3	Catastrophic 4
Economic /Financial	Financial impact up to £50,000 requiring virement or additional funds	Financial impact between £50,000 and £500,00 requiring virement or additional funds	Financial impact between £500,000 and £1,000,000 requiring virement or additional funds	Financial impact in excess of £1m requiring virement or additional funds

	Negligible 1	Marginal 2	Critical 3	Catastrophic 4
Political	Could have a major impact one departmental objective but no impact on a Council strategic objective	Could have a major impact on a Departments objective with some impact on a Council strategic objective	Council severely impact the delivery of a Council strategic objective	Council would not be able to meet multiple strategic objectives.
Health & Safety	Reduced safety regime which if left unresolved may result in minor injury	Minor injuries	1 death or multiple serious injuries	Multiple deaths
Environment	Minimal short-term/temporary environmental damage	Borough-wide environmental damage	Major long term environmental damage	Very severe long term environmental damage.
Legal/Regulatory	Minor breach resulting in small fines and minor disruption for an short period	Regulatory breach resulting in small fines and short term disruption for an short period	Minimal CMT but major departmental management effort required	Very severe regulatory impact that threatens the strategic objectives of the Council
Management inc Contractual	Minimal contract management required	Minimal departmental but major contract management required	Minimal CMT but major departmental management effort required	Major CMT management effort would be required

Assessing the LIKELIHOOD of a risk occurring

The LIKELIHOOD of the risk occurring is estimated on the basis of historic evidence or experience that such situations have materialised or are likely to.

The table gives example details of how the likelihood is assessed.

The likelihood needs to be assessed in terms of has it happened before and is it expected to happen in the near future

Almost Impossible	Very Low	Low	Significant	High	Very High
1	2	3	4	5	6
Less than 10%	10 – 30%	30 -50%	50-70%	70 – 90%	More than 90%
Event may occur only in exceptional circumstances	Event will occur in exception circumstances	Event should occur at sometime	Event will occur at sometime	Event may occur only in most circumstances	Event will occur only in most circumstances



SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

For the Audit and Corporate Governance
Committee meeting on 9 December 2021

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

1 KEY MESSAGES

The internal audit plan for 2021/22 was approved by the Audit and Corporate Governance Committee at the March 2021 meeting, with the revised plan being approved at the July 2021 meeting. This section provides an update on the key messages relating to the progress of the 2021/22 plans.



2021/22 Internal Audit Plan

We have issued a further three final reports since the September 2021 Audit and Corporate Governance Committee meeting. Of these, one has resulted in a **'Minimal'** assurance opinion, one resulted in a **'Partial'** assurance opinion and the remaining review resulted in a **'Reasonable'** assurance opinion. Further details on these reports are documented below. [\[To note\]](#)

Impact on 2021/22 Head of Internal Audit Opinion

The Committee should note that any negative assurance opinions ('Minimal Assurance' or 'Partial Assurance' opinions, or poor or little progress in relation to follow up reviews) and any advisory reviews where significant issues are identified will be noted in the annual report and may result in a qualified / negative annual opinion.

To date, we have issued four negative assurance opinions relating to reports that have been finalised, **Children Missing Education** (Minimal Assurance), **Business Continuity and Disaster Recovery** (Minimal Assurance), **Schools Audit – Pippins School** (Partial Assurance) and **Rent Arrears Recovery** (Partial Assurance). Furthermore, the **IT Business Continuity** (advisory) review also identified significant weaknesses which will impact the Head of Internal Audit opinion.



The Committee will also recall our overall negative opinion issued in 2020/21, including a number of individual negative opinions which are due to be re-audited in the coming weeks.

We are therefore advising the Committee we may be issuing another negative Head of Internal Audit opinion for 2021/22, given the outcomes of our audits to date, the potential for weaknesses to still be present in the upcoming audits, the Section 114 notice and the outcomes of the other external reviews. We will provide further updates to the S151 officer at our monthly meetings and provide a further update to the Committee in March 2022. [\[To note\]](#)

The Committee will need to continue carefully monitor the progress made by Officers to implement the management actions agreed from the 2021/22 and previous years Internal Audit reviews. We understand management have introduced a new action tracking process and we will review this process in Quarter 4 as part of our follow up review. [\[To note\]](#)

Please note that historically, the Risk and Audit board, audit sponsor, S151 Officer, Chief Executive and Chair of this Committee received a copy of all final reports issued throughout the year as they were finalised (as in previous years). This process has been revised during 21/22 and the Director of Finance (S151) provides copies of the final reports to the Chair of this committee. [\[To note\]](#)



2 INTRODUCTION

This report provides a summary update on progress against the remaining audits from the 2020/21 internal audit plan and progress against the 2021/22 plan. The report is based on the position as at the 19th November 2021

2020/21 Internal Audit Plan

Since the last audit committee in September 2021, one report remains in draft relating to the 2020/21 audit plan:

- Follow Up Q4 – Little progress – responses have been received from the Council, we have amended the draft report and we are liaising with officers to Finalise this report.

2021/22 Internal Audit Plan

The Internal Audit Plan for 2021/22 was approved by the Audit and Corporate Governance Committee initially on 4th March 2021, and a revised plan was subsequently approved on 29th July 2021. Since the last update provided in September 2021, the following 3 reports have been finalised:

- Schools Audit Claycots – Reasonable Assurance
- Schools Audit – Pippins – Partial Assurance
- Business Continuity and Emergency Planning – Minimal Assurance

In addition, we have issued the following 8 reports in draft from the Internal Audit Plan for 2021/22. It should be noted that these reviews are still in draft and are with management for comment.

- Follow Up of Previous Management Actions Quarter 1 – Issued 8th September 2021
- Follow Up of Previous Management Actions Quarter 2 – Issued 24th September 2021
- Supplier Duplicate Payments – Issued 9th November 2021
- Payroll – Issued – Issued 9th November 2021
- Council Tax – Issued 10th November 2021
- Whistleblowing – Issued 16th November 2021
- Housing Benefits – Issued 19th November 2021
- General Ledger – Issued 23rd November 2021

We also have six further reviews in progress.

3 OTHER MATTERS

3.1 Impact of findings to date on the 2021/22-year end opinion

The Committee should note that the assurances given in our audit assignments are included within our Annual Assurance Report. In particular, the Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion (this includes follow up reviews, assurance opinions and advisory reviews with any significant weaknesses).

To date we have issued a total of four final reports with negative opinions. We have also issued one 2021/22 advisory review with significant weakness identified in the final report. The Committee will also recall our overall negative opinion issued in 2020/21, including a number of individual negative opinions which are due to be re-audited in the coming weeks. We are therefore advising the Committee we are likely to be issuing another negative Head of Internal Audit opinion for 2021/22, given the outcomes of our audits to date and the potential for additional weaknesses to still be present in the upcoming audits. We will provide further updates to the S151 officer at our monthly meetings and provide a further update to the Committee in March 2022.

3.2 Changes to the plan

The following changes were agreed since the last meeting:

Note	Auditable area	Reason for change
1	GDPR	At the request of the General Manager, ICT we have pushed back the date of the review from September 2021 to November 2021.
2	Business Continuity	At the request of the Associate Director, Business Services, while this review was originally planned for Quarter 1, this review was undertaken in Q2 due to the restructure and availability of staff.
3	Capital Projects – Tower and Ashbourne	At the request of the Director of Finance, we have agreed not to review this area due to the project not progressing and we have agreed another capital project to replace this coverage (Britwell GP Hub expansion).
4	Our Futures	The Council has received very recent external scrutiny of the Our Future programme through the CIPFA and DLUHC reports in October 2021. The Our Futures plan has also been replaced with the Council's recovery plan and therefore we have agreed with the Director of Finance to consider other alternative areas of coverage. Discussions are ongoing regarding what other area may be subject to review in the 2021/22 plan and we will provide a further update at the next meeting.

5 Multiple Audits

We have, at the request of various officers within the Council, pushed back the timing audits into Q4, to aid the Council in dealing with the impacts of the Pandemic, S114 notice and the restructure (which has resulted in numerous vacancies that the Council are attempting to fill and a number of these posts are crucial to support the delivery of these audits).

3.3 Sector Update

[£200m boost to help level up communities across the UK](#)

The Department for Levelling Up, Housing and Communities (DLUHC) has announced 477 projects set that will receive a share of £200m. It is the latest round of funding for Levelling Up following the Budget which saw £1.7bn from the first round of the UK-wide Levelling Up Fund backing 105 projects, and the first 21 projects benefitting from the £150m Community Ownership Fund.

[What's happened and what's next for Councils?](#)

The Institute for Fiscal Studies (IFS) has published a report examining what's happened and what's next for councils in England and Wales, focusing on the short-term financial impact of the coronavirus pandemic, the medium-term financial outlook, and planned and potential financial and service reforms over the next few years. Key findings include:


- overall, the £10.4bn in additional funding provided by the UK government more than compensated English councils for their estimated in-year coronavirus-related financial pressures in 2020/21. However, most funding was provided on the basis of relatively rough, up-front needs assessments, and councils were only partly compensated for losses in their incomes, which varied widely;
- additional funding is also being provided to councils in 2021/22 to help address the pandemic. The IFS notes that the government will likely have to provide English councils with additional funding for the second half of this financial year.; and
- the pandemic is likely to continue to affect councils' spending and income-generating capacity over the next few years. The IFS project that English councils would need a £10bn increase in revenues between 2019/20 and 2024/25 to maintain service levels.

[Cabinet Reshuffle](#)

Following the cabinet reshuffle, Michael Gove has been appointed as the Housing, Communities and Local Government Secretary, replacing Robert Jenrick.

APPENDIX A - KEY FINDINGS FROM FINALISED 2021/22 INTERNAL AUDIT REPORTS

Detailed below are the High and Medium Priority Management Actions from negative opinion reports i.e. **Partial or Minimal Assurance reports** (or **Poor or Little progress** for follow up reports) and any **advisory reviews where significant issues were identified** (in the exception format previously agreed by the Committee):

<p>Business Continuity and Emergency Planning – 8.21/22</p>		<p>1 High 7 Medium 3 Low</p>
<p>Emergency Planning</p> <p>Major Incident Plan</p> <p>Our review identified that the Major Incident Plan (MIP) has been reviewed, updated and presented to CMT in April 2021. We did however identify that the MIP remains in draft with a number of sections (including contact lists and the cascade call out) being incomplete. The Emergency Planning and Business Continuity Lead advised that the completion of the plan has been delayed owing to a lack of clarity over whether there will be further changes to the Council’s structure.</p> <p>If the Council does not have a formally agreed and shared emergency response plan there is a risk that responses to other incidents are not undertaken in a consistent manner. (Medium)</p> <p>Roles, Responsibilities and Training</p> <p>Roles and responsibilities were outlined in the draft major incident plan but as this had not yet been finalised, training needs had not been assessed, formally agreed and assigned.</p> <p>Without ensuring that staff members with roles in responding to emergencies have received adequate training, there is a risk that these individuals take action which is not consistent with the requirements of the plan when events occur. (Medium)</p>		

Emergency Resources

The draft major incident plan referred to facilities and equipment requirements for staff and rest centres, however we noted that there was no detail provided for the specific equipment required nor was there any detail on who required what equipment. We also identified that an inventory check had not been completed in the past 18 months (with this owing to safety precautions taken in light of Covid-19).

Without ensuring that the Council has considered current and/or expected resources, there is a risk that the Council is ill-equipped to manage a major incident. Although it is noted that the Council has been able to provide resources where required during the COVID-19 outbreak, there is no confirmation that a similar approach will be successful for other incidents. **(Medium)**

Emergency Plan Testing

Our review identified that a formal testing programme had not been designed and included within the draft MIP. We also noted that whilst the MIP had been enacted twice in the last 12 months, we identified issues with the consistency with which the actions taken were assessed against the plan and whether changes to the plan were necessary.

Without ensuring that responses to emergencies and major incidents are tested (including cascade callouts), there is a risk that when actioned these do not proceed as expected. This in turn increases the risk that the Council is unable to effectively respond to emergency events. Furthermore, where incidents do occur and the plan is enacted, this should be formally documented to ensure that actions are assigned and implemented in a timely manner. **(Medium)**

Business Continuity

Business Continuity Plan

Since our last review, we identified that no progress has been made in relation to updating the Business Continuity Plan (dated 2019). We identified that the plan included a number of incomplete sections, reference to the Council's former structure, previous office building and the Slough Children's Services Trust (which has been since replaced by a subsidiary Slough Children First).

We were advised by the Emergency Planning and Business Continuity Lead that the Business Continuity Plan has not been updated given that the Council is also in the process of developing an IT Disaster Recovery Plan (with this lead by the IT Business Development Manager) which would subsequently inform the development of the Business Continuity Plan.

In addition to this, the Emergency Planning and Business Continuity Lead advised that they are awaiting confirmation that the contract between the Council and the Slough Children First subsidiary has been agreed which will highlight the relationship between the two and more specifically the Council's responsibilities around the business continuity arrangements,

Without a finalised business continuity plan that is reflective of current practice, processes, locations and staffing, there is a risk that the Council does not have appropriate guidance to follow in the event of a serious incident or disaster. There is therefore a risk that where incidents do occur, the Council is unable to suitably respond. **(High)**

Business Impact Assessments (BIAs)

We were advised by the Emergency Planning and Business Continuity Lead that the previously drafted BIAs, completed for each service line, has not been updated to reflect the Council's restructure. The Emergency Planning and Business Continuity Lead also advised that the previous BIAs would be inaccurate given that the Council does not have an agreed Disaster Recovery Plan in place.

Whilst we noted that the Emergency Planning and Business Continuity Team have started an exercise to update the Council's BIAs, the vast majority of this work is still yet to be undertaken. Failure to have up to date BIAs in place increases the risk that the Council are unaware of the extent of business disruption in the event of emergencies. **(Medium)**

Business Continuity Plan Testing

Through our review of the Business Continuity Plan, we identified that there was a testing schedule in place, owing to the plan itself being in draft and requiring significant update.

Without ensuring regular testing of business continuity processes, the Council is unable to assurance itself that in the event of a serious incident or disaster expected actions will be practical and effective. There is therefore a risk that where incidents do occur, the Council is unable to appropriately respond. This is caveated by the 'live-testing' of the business continuity arrangements during the COVID-19 outbreak, where processes were actioned, assessed and updated/amended in real time. **(Medium)**

Risk and Audit Board

We obtained the papers of the February, March and July 2021 identifying that a formal paper around business continuity had not been reported to the Board. We were however advised by the Emergency Planning and Business Continuity Lead (in absence of minutes) that a verbal update was provided in the July 2021 meeting and that a written paper would be provided at the next meeting (September 2021).


Additionally, whilst we confirmed that business continuity was a standing agenda item across these three meetings, from our attendance at these meetings, we identified that there was limited information around business continuity provided and scrutinised at these meetings.

Without ensuring that business continuity updates/progress are being suitably discussed and questioned, there is a risk that this area is not subject to appropriate monitoring and oversight. The board and the wider Council are therefore unable to take assurance regarding business continuity arrangements within the organisation. **(Medium)**

1	<p>The Council's Business Continuity Plan will be updated to reflect the Council's restructure, the Council's relationship with Slough Children First, with all sections of the plan completed.</p> <p>Following update, the plan will be submitted for formal approval, before being made available to relevant members of staff.</p>	High	28 th February 2022	Dean Trussler – Emergency Planning and Business Continuity Lead
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2	<p>The draft major incident plan will be completed, with all updates made including the finalisation of the 'Contact Lists', the 'Cascade call out' and the addition of contact numbers for individuals/ teams involved in the major incident response process. The plan will also include consideration over the debrief process when the plan is enacted.</p> <p>The plan will then be subject to appropriate formal review, followed by the Executive Management Team. Review will occur at least every two years.</p> <p>This plan will be shared with relevant staff members via the Resilience Direct Portal, digitally and in hard copy.</p>	Medium	31st December 2021	<p>Surjit Nagra – Associate Director and</p> <p>Dean Trussler – Emergency Planning and Business Continuity Lead</p>
3	<p>Once the roles and responsibilities for emergency planning and business continuity matters have been formally agreed and assigned, the Council will review the current skills and knowledge of its workforce in light of these expectations.</p> <p>Where training needs are identified, the Council will ensure that training is administered to relevant individuals to ensure that staff have the necessary understanding and capability to appropriately undertake their duties.</p>	Medium	31 st March 2022	Dean Trussler – Emergency Planning and Business Continuity Lead
4	<p>Where resources are physically held by the Council, the frequencies of inventory checks will be agreed and completed.</p> <p>The checks will cover the number and condition of resources.</p>	Medium	30 th November 2021	Dean Trussler – Emergency Planning and Business Continuity Lead
5	<p>Testing schedules will be agreed upon for emergency incidents and included as part of the Major Incident Plan.</p> <p>Once the plan has been finalised and agreed, testing of expected processes will commence in-line with the schedule.</p> <p>Outcomes of tests will be noted, and appropriate updates made to the plan</p>	Medium	30 th October 2021	Dean Trussler – Emergency Planning and Business Continuity Lead
6	<p>The Emergency Planning and Business Continuity Lead will complete an exercise to update BIAs in conjunction with area leads to ensure these are reflective of the Council's corporate structure.</p>	Medium	31 st March 2022	Dean Trussler – Emergency Planning and Business Continuity Lead

7	<p>Once the terms of reference for the Risk and Audit Board are updated to reflect the responsibilities in relation to business continuity (see action 9), the board will fulfil these duties by ensuring:</p> <ul style="list-style-type: none"> • Business continuity updates and reports are provided; • Updates/reports are suitably discussed and questioned; and • Actions relating to improvements, progress or tasks are monitored until completion. 	Medium	31 st December 2021	Steven Mair –Director Finance
8	<p>The Council will develop, agree and implement a testing schedule in order to assess the effectiveness and robustness of the preparations outlined in the plan for ensuring business continuity.</p> <p>The following will be considered as part of the development of testing schedules:</p> <ul style="list-style-type: none"> • Paper walk-through testing, which involves working through the plans and identifying areas that have been overlooked or processes that may not work; • Component testing, which involves testing different sections or stages of the plan for practicableness, such as restore procedures, backup procedures and contacting stakeholder; • Full testing, which involves running through the plan in its entirety so as to assess its effectiveness in recovering lost information and continuing business as usual; • The intervals at which the above types of testing will be conducted; and • The reporting of outcomes and lessons learned. 	High	31 st December 2021	Dean Trussler – Emergency Planning and Business Continuity Lead

<p>Schools Audit – Pippins School 6.21/22</p>		<p>0 High 6 Medium 8 Low</p>
<p>We identified the following weaknesses, resulting in six medium priority management actions being agreed:</p> <p>High Value Purchases</p> <p>High value invoices require specific actions, such as obtaining quotes and approvals based on the order costs. We selected a sample of four purchases exceeding £1,000 and tested these along with the one purchase exceeding £10,000 (total sample of five). We confirmed that three quotes had been obtained for four purchases exceeding £1,000, in line with the School’s best practice process. We also confirmed three quotes had been obtained for the purchase exceeding £10,000, which was for £16,595 (£19,914 including VAT). However, we found inconsistencies in the approvals authorising the purchase order and payment and the previous Financial Controls Manual (which was in place at the time).</p>		

We further noted that the revised manual provided limited guidance on the processes to be followed for high value purchases. Where high value purchases are not subject to suitable procurement and approval processes, there is a risk that the School is not obtaining value for money. **(Medium)**

Purchase Orders

Purchase orders are to be raised and approved in line with the delegated financial limits prior to orders being placed with suppliers. For a sample of ten invoices paid since July 2020, we identified three instances where purchase orders had been raised following the receipt of goods. In addition, we also identified one instance where an order costing £3,838 had been approved by the School Business Manager, despite this individual only being authorised to approve up to £3,000. Where purchase orders are not raised and suitably approved prior to the receipt of goods, there is a risk that the School is committed to expenditure that is not authorised, resulting in a misuse of funds and impacting funds available for other matters. **(Medium)**

Asset Register and Inventory Checks

Equipment and capital items with a minimum value of £150 are recorded on the School's asset register. An annual exercise is completed to verify all items on the register. At the time of our review, the asset register remained a work in progress, with missing information including purchase dates, costs and values. In addition, the register did not fully capture computer suite desktops which were to be checked by the School's IT contractors. Without a comprehensive asset register, there is a risk that the School is unable to identify loss, theft or asset misappropriation. **(Medium)**

In the absence of a complete asset register, the School is unable to complete a full inventory check. We obtained evidence to confirm partial checks were completed across March 2021, however we noted issues with the consistency, completeness, signing off and reviewing of these. Where inventory checks are not carried out, there is a risk that asset records are inaccurate and therefore the school may suffer asset loss, theft and misappropriation without this being identified. **(Medium)**

Performance Management Reviews (Appraisals)

Performance management reviews are completed on an annual basis for all staff, with interim mid-year meetings also held to review performance. We obtained the three policies in relation to performance management ('Teachers', 'Support/Non-Teachers' and 'Pay'), however we noted these had not been reviewed since 2010, 2014 and 2018 respectively. We found the contents were inconsistent with expected practices and included out of date references. Without suitable guidance materials for performance management, there is a risk that the associated appraisal process is impacted, which in turn may impact staff motivation. **(Medium)**

For a sample of nine current staff (based on our sample of five existing staff and four starters, one of which had since left), we confirmed that there was evidence of interim appraisals across May and June 2021. Through review of these appraisals, we found coverage included the work environment, targets for 2020/21, previous performance management meetings and how the School can become a better place. Notably, these interim appraisals captured issues such as no/limited individual targets and no/limited previous performance management meetings.

<p>Records of the annual appraisals were believed to be held locally by the Headteacher, who had been on sick leave before leaving over the course of our review. We did obtain examples of some appraisals retained in personnel files, carried out across 2015-2018 but we did not find appropriate annual appraisals for our sample of nine staff. For those obtained, through review, we identified there was no consistent approach, limited evidence of appraisee input and vague objectives, targets and actions. Without a suitable performance management process for staff, there are risks relating to staff engagement, motivation, satisfaction and retention, all of which could lead to a risk of impact on student performance. (Medium)</p>				
1	<p>We will liaise with the Council's finance and procurement teams to identify the specific rules and expectations for schools when procuring high value goods/services.</p> <p>The manual will then be updated with clear guidance based on the Council's response.</p> <p>The School Business Manager will review high value expenditures when placing orders and paying invoices to ensure appropriate approvals have been obtained.</p>	Medium	30 th November 2021	Katie O'Dwyer – School Business Manager
2	<p>The School Business Manager will ensure that timely approval for purchase orders is obtained prior to the placing of orders. This will include ensuring approval from the Headteacher is obtained for any orders exceeding £3,000.</p>	Medium	30 th November 2021	Katie O'Dwyer – School Business Manager
3	<p>The School Business Manager will ensure that the asset register is fully updated and completed following the inventory check to be completed by the IT contractor. This will be checked on an annual basis.</p>	Medium	31 st May 2021	Katie O'Dwyer – School Business Manager
4	<p>The School Business Manager will ensure that an annual inventory check is completed once the asset register is fully updated.</p> <p>This will include maintaining a record of the checker, reviewer, completion date and outcomes of investigations for identified discrepancies.</p> <p>Confirmation of the completion of the check and its outcomes will be shared at the Resources Committee.</p>	Medium	30 th July 2022	Katie O'Dwyer – School Business Manager
5	<p>We will investigate whether the suite of performance management related policies have been updated by the former Headteacher and that these can be accessed.</p> <p>The policies (either the existing policies or those accessed from the previous Headteacher) will then be subject to review and update, in line with current practice, expectations and regulations.</p> <p>Once reviewed, the policies will be formally approved for use and shared with staff.</p>	Medium	30 th July 2022	Maninder Jalaf - Headteacher



6	We will implement a practical and consistent process for performance management appraisals, beginning with identifying, agreeing and setting SMART objectives/targets for individual staff	Medium	30 th July 202	Maninder Jalaf - Headteacher
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APPENDIX B - SUMMARY OF PROGRESS TO DATE

The tables below provides a status update on the summary of progress with the 2021/22 internal audit plan to date.

2021/22 Internal Audit Plan

Assignment area	Fieldwork date/status	Draft report	Final report	Opinion	Actions		
					L	M	H
Travel Demand Management Grant	Final Report	14 May 2021	14 May 2021	Advisory	0	0	0
Children Missing Education (CME)	Final Report	1 July 2021	25 August 2021		3	5	3
Rent Arrears Recovery	Final Report	14 July 2021	10 August 2021		5	3	0
School Reviews - Cippenham	Final Report	5 July 2021	20 August 2021		3	1	0
IT Business Continuity	Final Report	15 July 2021	17 September 2021	Advisory (significant weaknesses)	2	6	1
School Reviews - Pippins	Final Report	23 July 2021	8 October 2021		8	6	0



Schools Review – Claycots School	Final Report	29 September 2021	20 October 2021		3	3	0
Business Continuity and Disaster Recovery	Final Report	8 September 2021	22 October 2021		3	7	1
Follow Up Q1	Draft Report	8 September 2021					
Follow Up Q2	Draft Report	24 September 2021					
Supplier Duplicate Payments (IDEA)	Draft Report	9 November 2021					
Payroll	Draft Report	10 November 2021					
Council Tax	Draft Report	10 November 2021					
Whistleblowing	Draft Report	16 November 2021					
Housing Benefit	Draft Report	19 November 2021					
General Ledger	Draft Report	23 November 2021					
Rent Accounts	In QA						
Risk Management	In progress						
Capital Expenditure	In progress						



Temporary Accommodation Strategy	In progress
Debtors	In progress
GDPR	In progress
Creditors	07/12/2021
Assets	08/12/2021
Treasury Management	17/12/2021
Business Rates	07/01/2022
Follow Up Q3	17/01/2022
Budget Setting and Control	17/01/2022
Slough Children First (1)	24/01/2022
Leasehold Service Charges	01/02/2022
Slough Children First (2)	02/02/2022
Cyber Essentials	10/02/2022
Slough Children First (3)	17/02/2022
Schools Audit – Priory	21/02/2022
RMI Contract Management	21/02/2022



Matrix	22/02/2022
Subsidiary Company Governance	28/02/2022
Corporate Health and Safety	01/03/2022
Medium Term Financial Planning	08/03/2022
Slough Children First (4)	15/03/2022
Follow Up Q4	28/03/2022
Capital Projects – Britwell GP Hub*	TBC
Our Futures*	TBC
Grants	TBC

* Please refer to section 3.3 above for details on these reviews

APPENDIX C: 2021/22 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:



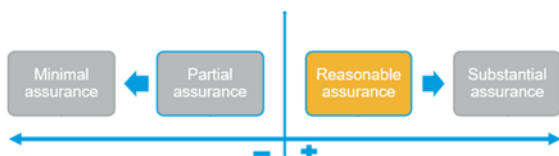
Taking account of the issues identified, the Council can take minimal assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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 upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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 upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

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 this risk are suitably designed, consistently applied and effective.

FOR FURTHER INFORMATION CONTACT

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MEMBERS' ATTENDANCE RECORD 2021/22

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

COUNCILLOR	29/07/21	14/09/21 (Extraordinary)	30/09/21	09/12/21	01/03/22
Ali	P	P	P		
Brooker	P	P	P		
J Davis	P	Ap	P		
Grewal	P	Ap	Ap		
Hussain	P	Ap	Ap		
Sabah	P	P	P		
Wright	Ap	P	P		
CO-OPTED INDEPENDENT MEMBER					
Iqbal Zafar	P	P	P		

P = Present for whole meeting
Ap = Apologies given

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

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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