

Date of issue: Wednesday, 20 July 2022

MEETING:	AUDIT AND CORPORATE GOVERNANCE COMMITTEE (Councillors Kelly (Chair), Brooker (Vice Chair), Ali, Carter, J. Davis, Grewal and Gill)
	CO-OPTED INDEPENDENT MEMBERS: Naira Bukhari and Stefana Moldovan
DATE AND TIME:	THURSDAY, 28TH JULY, 2022 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.



GAVIN JONES
Chief Executive

AGENDA

PART I

<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
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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.

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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.

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Audit and Corporate Governance Committee – Meeting held on Tuesday, 1st March, 2022.

Present:- Councillors Sabah (Chair), Brooker and Grewal

Also present under Rule 30:- Councillors Gahir and Strutton

Apologies for Absence:- Councillors Wright, Ali and Hussain.
Co-Opted Member Mr Iqbal Zafar

PART 1

47. Declarations of Interest

Councillor Brooker declared that he was Finance Committee Chair at Ryvers Primary School and remained and participated in the meeting.

48. Minutes of the Meetings held on 9th December 2021 and 18th January 2022

Resolved – That the minutes of the meetings held on 9th December 2021 and 18th January 2022 be approved as a correct record.

49. Action Progress Report

Details of the Action Progress report were considered and the Committee raised the following comments:

- Revised terms of reference (membership of Audit and Standards) to be discussed at extraordinary meeting in April 2022.
- S106 funds – details of why £313k (of £1.35m) owed still remained outstanding and information on what the trigger points for payment were.
- Update on completed number of Member DBS checks.
- Monitoring Officer to liaise with the Chair on implementation of the members training programme.
- R30 Member Councillor Gahir to be sent minutes of previous meetings clarifying queries raised regarding Parked Invoices.
- Fly tipping – further details regarding why Fixed Penalty Notices (7) were withdrawn and details of amount payable for a FPN.
- Bulky items removal charges to be referred to the relevant Scrutiny Panel to consider adding to the work programme/discussion.

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

50. Risk Management Update Quarter 4 2021/22

The Committee received an update on risk management activity, which included revisions to the Corporate Risk Register (CRR). It was noted that existing risks on the register – workforce recruitment and retention (risk 10) and staffing risks within SBC and Slough Children First were merged into one risk entitled Service delivery risk due to workforce recruitment and retention issues.

Members raised a number of issues during the course of the discussion, which included:

- Delivery of Adult Social Care (ASC) Transformation Programme and whether an Equality Impact Assessment (EIA) had been carried out to identify those groups likely to be affected. The Executive Director of People (Adults) confirmed that an EIA had been conducted and that this would be circulated to Members. It was agreed that the Lead Member and Executive Director of People (Adults) would be requested to attend the next ordinary meeting to provide an update on the delivery of the ASC transformation programme.
- An update on progress of the Disposal of Assets was provided. A Member expressed concern that there was no start date for commencing disposals. The Director of Finance reminded the Committee that following approval by Cabinet in September 2021 – to appoint external support to advise and manage the programme of asset disposals; the final stages of procurement process was underway with work due to start March 2022. It was essential that due diligence was carried out and that the Council secured best value possible. Speaking under Rule 30, Councillor Strutton sought clarification regarding any assets that had been sold, referring specifically to the town centre Moxy Apartments. The Executive Director, Place and Community that whilst there had been sales at the referred development, these were separate to the Asset Disposals Strategy.
- Members sought details regarding the costs associated with Temporary Accommodation (TA) for the current financial year and forecast for the next year, and the average duration for length of stay in TA. It was noted that details would be included in the next Committee report. The Chair raised the current conflict in Ukraine and asked what impact this had had on demands for TA. It was explained that the Council was monitoring the situation closely and respond as necessary and that the CRR would be updated to reflect the potential impact on TA as a result of the conflict in Ukraine.
- Financial Sustainability – details to be provided outside of the meeting on training arrangements for Members and that the risk associated with £20m p/a savings be updated. A number of questions were asked relating to progress on the recruitment of a permanent financial team to both reduce the reliance on agency/interim staff and ensure long term stability. Work was ongoing to recruit and retain staff within the finance department, including the right calibre of staff in specialist roles and appointing to trainee roles with a long term aim of developing such roles in an effort to retain individuals in the long term.

- Elections and Electoral registration – it was noted that the risks identified related to the May 2022 local elections and that the CRR would be updated accordingly ahead of the local elections in 2023.

The Chair requested that an extraordinary meeting be scheduled for mid/late April to allow the Committee to receive a further update on the issues raised.

Resolved – That details of the report, including revisions to the risk register, be noted and an extraordinary meeting be arranged for mid/late April 2022.

51. Internal Audit Update Quarter 4 2021/22

The Committee considered details on the progress of the implementation of internal audit management actions. Arrangements for monitoring and verifying completion of audit actions had been strengthened. The overall position as at 15th February 2022 was 59% of total actions completed.

The Chair welcomed the report, noting that the format in which the information was presented was much easier to understand. It was noted that a number of actions, specifically housing benefits, council tax audit, general ledger, rent accounts and debtors management had a completion date of 31 March 2022. The Committee agreed that an update to be provided at the extraordinary meeting in April 2022.

The Chair asked for a status update with regard to Business Continuity and Disaster Recovery that had a completion date of 28th February 2022. The Director of Finance informed the meeting that whilst good progress had been made, there had been some slippage as a result of the staff member leaving. However, it was anticipated that this action would be finalised by May 2022 and relevant training scheduled for June 2022.

Resolved – That details of the report be noted.

52. Structure of Internal Audit Options Appraisal

The Committee at its meeting in December 2021 had indicated that an inhouse Internal Audit function be established but Members be updated on details of the proposed timeline for implementation.

Details of the timeline were outlined as set out in the report, noting that successful candidates would be in place by mid-June and September 2022. It was highlighted that the current internal audit contract expired on 31 March 2022 which would leave the Council without an Internal Audit service - which was a statutory requirement for the S151 Officer. To address this, a report would be submitted to Cabinet requesting the extension of the contract with the current Internal Auditors, RSM Risk Assurance Services for one year.

Members welcomed details of the report and agreed that establishing an inhouse Internal Audit function was the preferred option.

Resolved –

- a) That Option E as the preferred option in establishing an In-House Internal Audit function be approved.
- b) That the timetable established for the recruitment of the In-House team be noted.
- c) That the recommendation to Cabinet requesting the extension of the Internal Audit Contract with RSM Risk Assurance Services for 1 year to cover the work needed to complete the Head of Internal Audit Opinion for 2022/23 and with an option for a further extension of 1 further year to provide flexibility should recruitment of an in-house team take longer than expected or be unsuccessful be noted.

53. Update on Council Subsidiary Companies

The Committee received an update on the current position on the Council's subsidiary companies and proposed actions for 2022/23.

The Council had acquired or established various companies over several years and excluding Slough Children First Ltd, the Council currently had ten companies that were wholly owned, partly owned, or considered to undertake activities related to the Council. Four companies (GRE5, JEH, SUR and DISH) were operational and six were dormant and had never traded. Of the six dormant companies, five were already in the process of being closed with Companies House and this process was expected to be completed for the start of the 22/23 financial year. It was noted that this would significantly simplify the Council's corporate structure, reduce administration and focus resources on core operations only.

The Chair welcomed the comprehensive report and asked Julie Masci, External Audit, whether having subsidiary companies and the risk associated with them was typical for local authorities. Ms Masci explained that any involvement with a commercial organisation carried an element of risk and whilst such arrangements were not unique to Slough; the Council had failed to understand key risks and exposure. It was essential good governance arrangements were in place to minimise risks.

Members raised a number of points in relation to James Elliman Homes (JEH) Limited which included what the total value of the loan given by the Council to JEH was, details of the decisions made to loan the funds and information on arrangements in place to address losses made by JEH. Referring specifically to the approval of bailouts provided to JEH, the Committee asked whether this decision was made by council/cabinet or whether it was within delegated authority given to the Section 151 Officer at that time and it was noted that this information would be provided.

Councillor Strutton addressed the meeting under Rule 30, stating that he had raised a number of concerns regarding the Council's asset and procurement teams and stressed the importance of implementing procedures and processes to ensure the Council received best value for money.

Resolved – That details of the report be noted.

54. Internal Audit Progress Report

The Committee received an update on the key messages relating to the progress of the internal audit 2021/22 plan. Since the last meeting, a further seven final reports had been issued of which six were given a negative opinion and one positive opinion. An overview was provided on the negative assurance opinions as set out in the appendix to the report. Members were advised that a negative Head of Internal Audit Opinion for 2021/22 would be issued based on the outcome of audits to date, the potential for weaknesses to still be present in upcoming audits, the Section 114 notice and the outcomes of other external reviews.

The Chair asked what measures were in place to monitor implementation of internal audit recommendations and ensure accountability for lack of progress. The Director of Finance explained that the Audit and Risk Board had a standing item relating to progress of implementation of internal audit recommendations and procedures had been strengthened including the introduction of an action tracking process.

Referring specifically to council tax account markers, a Member queried why this process had been delayed. It was explained that the reconciliation process has been hindered by a number of factors, including the impact of Covid-19, the Council's Our Futures Transformation Programme, limited knowledge within the remaining staff members and missing historical data.

The Committee was informed that processes were being reviewed and the improvement plan included cleansing data and undertaking reconciliations. It was initially thought that the control account reconciliations could be completed in isolation but on delving into the income based reconciliations per Council Tax & Business Rates it was established that the daily funds flow analysis journals that allocate SBC income across board had not been done since May 2021 due to staff departures. It was highlighted that the process was now fully up to date, and had been fully documented including potential time saving enhancements that will aid efficiency across the council.

Resolved – That details of the report be noted.

55. Internal Audit Plan 2022/23

Prior to introducing the report, it was brought to the Committee's attention that the report contained an inaccuracy in that Internal Audit had been unable to meet with the Interim Executive Director of People (Children) in relation to the audit in connection with staffing risks within Slough Children First. It was

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noted that meetings had taken place and that the report had not been updated. The Executive Director (Children) placed on record that the comment was inaccurate and misleading.

The Head of Internal Audit presented details of the Internal Audit Plan 2022/23, stating that the programme had been developed which remained mindful of the continuing developments and financial challenges facing the council. The 2022/23 internal audit activity priorities were based on the corporate objectives and included risk based coverage on a number of areas including the Recovery and Renewal Plan, Workforce Recruitment and Retention and Budget Setting and Control.

Details of further areas of potential coverage not included in the 2022/23 plan but which could potentially be looked at in a three year strategy were also outlined.

The Chair referred to the red status (minimal assurance/poor progress) for audits relating to debtors and was informed that actions had been agreed which would show improvement in this area.

Resolved – That details of the Internal Audit Plan 2022/23 be noted.

56. Members Attendance Record 2022/23

Resolved – That details of the Members Attendance Record 2022/23 be noted.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.52 pm)

Audit and Corporate Governance Committee – Extraordinary Meeting held on Thursday, 21st April, 2022.

Present:- Councillors Sabah (Chair), Ali, Brooker and Grewal

Also present under Rule 30:- Councillors Gahir

Apologies for Absence:- Councillor Hussain

PART 1

57. Declarations of Interest

Councillor Brooker declared that he was Finance Committee Chair at Ryvers Primary School and remained and participated in the meeting.

58. Risk Management Update - End of Quarter 4 2021/22

In introducing the report, the Director of Finance highlighted that to ensure that the Council continued its development of a proper strategic risk register, this was the fourth revision of the risk register and that it was being reviewed on a monthly basis; and reported on a quarterly basis to the Corporate Leadership Team.

It was brought to Members attention that two new risks had been added to the register as a result of the impact of the conflict in Ukraine - the increase in energy prices and impact on housing, education and supply chains.

A Member asked for an update on the Disposal of Assets and was reminded that following Cabinet approval in September 2021, to appoint external support to advise and manage the programme of asset disposals; Avison Young had been selected as the preferred supplier for Phase 1 – Development of Asset Disposals Strategy which was expected to be completed in July 2022. Addressing the Committee under Rule 30, Councillor Gahir sought clarification regarding the disposal of commercial assets. The Director of Finance explained that assets above £1m would be considered by Cabinet and those below this value would be referred to the relevant Lead Member (LM) and Director. It was noted that the threshold for decisions to be taken by the LM in conjunction with Director had not yet been finalised but likely to be for assets below £500k.

Referring to the sign off of the accounts 2018/19 to 2020/21 the Committee was informed that extensive work had taken place, with a number of issues that had been identified for 2018/19 and once these had been addressed; it was anticipated that accounts for subsequent years would be completed relatively swiftly. Concern was expressed that the majority of staff currently in the finance team were interim appointments and could leave prior to closing the accounts. The Director of Finance stated that a verbal commitment had

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been obtained that staff would remain until March 2023 and that work was ongoing to develop a new finance team structure and recruit permanent staff.

A Member referred to the Special Education Needs and Disability Local Area Inspection which took place in September/October 2021 that had highlighted significant areas of weaknesses and whether a risk assessment had been carried out to address these. The Assistant Director, Education and Inclusion explained that a Written Statement of Action had been produced which detailed how the areas of concern would be addressed. However, staff turnover and absence was significantly impacting on the delivery of SEND services and additional resources were required. The current position was that a business case was being compiled to ensure the service had the capacity to deliver on the improvements required to provide young people with the support they needed. Members stressed that the service had been inadequate for a significant period and it was vital that the needs of young people were met.

Addressing the Committee under Rule 30 Councillor Gahir queried whether the Right to Buy council properties had been discontinued. It was explained that although the scheme was still available, a backlog of requests were waiting to be processed. It was agreed that officers would be reminded that the right to buy scheme had not been suspended and that this message was also being conveyed to residents.

A Member queried why Slough Children's Trust was not on the corporate risk register. It was noted that it would be reviewed if it fell within the remit of Risk 14 Council Companies and consideration would be given as to whether it should be listed as a separate risk on the register.

Referring to Temporary Accommodation, the Chair asked whether living costs were taken into consideration and requested further details relating to the number of placements the authority made in temporary accommodation outside of the borough. The Committee were informed that temporary accommodation was a growing pressure and that further details would be provided.

Concern was expressed relating to Risk 10 (service delivery risks due to workforce recruitment and retention) and that current levels of service across a number of departments was extremely poor. The Director of Finance explained that this was a consequence of the Our Futures Transformation programme whereby savings were made without the digital infrastructure in place to support services. Resources had been put in for the short term to ensure continuity of service but further investment was required, including IT investment to ensure an integrated approach to quality delivery of services. Referring specifically to issues that had arisen in the planning department with

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planning application notices not being sent out due to an upgrade of the system, it was agreed that the matter would be raised with the Planning Manager. The Chair asked what measures had been implemented to mitigate the risk to the delivery of the Adult Social Care Transformation Programme as a result of the current Executive Director of People (Adults) leaving. Members were informed that an Associate Director would be acting up whilst a long term solution was found.

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

59. Internal Audit Update Report - End of Quarter 4 2021/22

The Committee considered details of progress made on the implementation of internal audit management actions for the end of Quarter 4 2021/22. 15 internal audit reports had been finalised in the financial year and officers were working with internal audit to ensure that reports were finalised within two weeks of the draft being issued.

Referring to the two council tax actions with a completion date of 21 December 2021 and why these remained outstanding, it was explained that capacity within the revenue and benefits team meant that these had not been completed. A revised target date of September 2022 had been agreed and it would be explored further if this date could be brought forward.

Speaking under Rule 30 Councillor Gahir raised the issue of parked invoices and was informed that Cabinet were due to consider a report on these. It was agreed that officers would check that all payments on the Arvato IT contract had been made.

Resolved – That details of the report be noted.

60. Chair's Remarks

Councillor Sabah addressed the Committee in his last capacity as Chair, stating that the level of scrutiny by Members had been unprecedented but necessary given the seriousness of the issues facing the Council following the issuing of the Section 114 Notice in July 2021.

Despite deadlines not met, the stability and continuance the Committee provided to pursue answers and accountability, for the benefit of the residents of the town was to be commended. It was deeply disappointing that the Committee was unable to sign off any accounts over a three year tenure.

However, a number of changes have been implemented during the past year, including enhanced member training for all members on financial and governance matters, introduction of DBS checks for all members, establishment of a Standards Committee and revised terms of reference for the Audit and Corporate Governance Committee. It was envisaged that these changes would provide greater clarity and accountability, whilst also maintaining the momentum for continuous improvement.

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The Chair placed on record his thanks to the committee members over the 3 year period for their outstanding level of commitment and tireless scrutiny and also the valued assistance of independent members and external audit.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 7.19 pm)

SLOUGH BOROUGH COUNCIL
AUDIT & CORPORATE GOVERNANCE COMMITTEE
ACTION PROGRESS REPORT

Actions Arising from Meetings

1 March 2022

Agenda item and Action Required	Lead Officer	Status / Comment
<p>Action Progress Report</p> <p>Revised terms of reference (membership of Audit and Standards) to be discussed at extraordinary meeting in April.</p> <p>S106 funds – details why £313k (of £1.35m) owed still remained outstanding and information on what the trigger points for payment were.</p> <p>Member DBS checks – update on latest figures</p> <p>Members training programme – liaise with the Chair on implementation of programme</p>	<p>Monitoring Officer</p> <p>Democratic Services</p> <p>Director of Finance</p> <p>Associate Director Customer.</p> <p>Monitoring Officer</p>	<p>There should be an alteration to the Standards Committee’s ToR, which A&CG are not empowered to do.</p> <p>Extraordinary meeting arranged 21/04/2022</p> <p>Two invoices are outstanding totally £9,000 (£6,000 and £3,000) and are being tracked by accounts receivable</p> <p>As at 20/06/2022 6 DBS checks are outstanding and are being followed up with members.</p> <p>Followed up with chair on 22/03/2022 regarding his views on the training programme and liaising with Peter Worth on its implementation, first session took place in mid-April and two further sessions to be arranged including one for the role of the audit committee by 28th July facilitated by SBC or LGA</p>

	<p>R30 Member Councillor Gahir - to be sent minutes of previous meetings clarifying queries raised regarding Parked Invoices.</p> <p>Fly tipping – further details regarding why Fixed Penalty Notices (7) were withdrawn and amount payable for a FPN.</p>	<p>Democratic Services to action.</p> <p>Executive Director Place & Community</p>	<p>Action completed and information sent to Cllr Gahir on 17/06/2022</p> <p>On the 7 FPN's withdrawn.</p> <p>017236 - Insufficient evidence. 017366 – After discussion with the investigating officer, it was agreed that as the offender had cleared and then disposed of the waste in the correct manner and that he was struggling financially due to his wife leaving him and he was left to look after their 3 children. He was advised that on this occasion the fpn will be withdrawn and if there was a next time then straight to prosecution. 017567 – Insufficient evidence. 017623 and 017625 newly appointed officer served incorrect fpn's. (This has been addressed). 17669 – Payment not pursued by the investigating officer. 17675 – Reminder letters sent, offender not known at the address.</p> <p>The legislation sets out a default payment level of £200 with a lesser amount of £120 being due if payment is made within 10 days, which SBC have set. Councils can set their own levels of charge between £150 and £400 and the discounted penalty for early payment to a minimum of £120.</p>
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	<p>Bulky items removal charges – refer to Customer & Community Panel to consider adding to the work programme/discussion.</p>	<p>Democratic Services to action.</p>	<p>Completed. Confirmed on 22/03/2022 that it would be added onto the work programme in the next municipal year</p>
	<p>Risk Management Update Quarter 4 2021/22 Resolved</p> <p>Risk 1 – Delivery of ASC Transformation Programme: EIA to be circulated to Committee Members</p> <p>Lead Member and Executive Director of People (Adults) to attend next ordinary meeting to provide update on delivery of ASC transformation programme</p> <p>Risk 3 -Temporary accommodation: cost this financial year and forecast for next year, average duration for length of stay in TA, risk to be updated to reflect potential impact of current situation in Ukraine</p> <p>Risk 5a – financial stability: come back outside of meeting on training arrangements for Members and update risk associated with £20m p/a savings.</p> <p>Risk 7 – Elections and Electoral registration – impact on boundary changes needs to be fed into the risk register for the all-out elections next year.</p>	<p>Executive Director People (Adults)</p> <p>Executive Director People (Adults)</p> <p>Executive Director Place & Community</p> <p>Director of Finance.</p> <p>Monitoring Officer</p>	<p>Completed –circulated on 09/03/2022</p> <p>Completed - update to 28.07.22 meeting.</p> <p>Completed. The Temporary Accommodation risk has been updated to reflect the potential impact of the conflict in Ukraine. The TA service cost £5.5m in 2021/22, and the budget is the same this financial year. Take up of TA is being closely monitored. Further information on waiting times for permanent accommodation (council stock) is available in the newsletter sent to all members</p> <p>Completed. Risk has been updated see agenda item at 28/07/2022 committee</p> <p>Completed. Risk 7 has been reviewed and updated see agenda item at 28/07/2022 committee</p>

	Updated report scheduled to extraordinary meeting in April.	Democratic Services	Completed. Considered at 21.04.22 meeting.
	<p>Internal Audit Update Quarter 4 2021/22</p> <p>Update on outstanding actions with a completion date of 31.03.22, and progress on council tax audit, to extraordinary meeting in April.</p> <p>Status update on General ledger, rent accounts and debtors management outstanding actions.</p>	<p>Director of Finance.</p> <p>Director of Finance</p>	<p>Completed. Included in report for the committee in April</p> <p>Further update in Internal Audit update report for 28/07/2022 committee</p>
	<p>Update on Council Subsidiary Companies</p> <p>JEH (p139) – value of the loan to be ascertained (assume it was the value of the properties at the time?) and how was it decided to loan money at the time</p> <p>JEH losses – details of how these are addressed ie what arrangements are in place with the company</p> <p>Approval of bailouts – did this have approval of council/cabinet or whether within delegated authority to S151 at the time</p>	<p>Director of Finance.</p>	<p>Loan value – the original loan value was based on the 2016 JEH Business Plan prepared by Savills, which assumed that 225 properties would be acquired over a five-year period. The total loan value was based on the assumed value of the properties, with an allowance for inflation. The initial capital expenditure and the authority to enter into a loan facility with James Elliman Homes (formerly Slough Homes) was the subject of a Cabinet report 19th December 2016. Capital commitments have then been included in the annual capital programmes approved by Cabinet in February of each relevant year. The Company has drawn down against the loan facility as it has acquired properties. All property acquisitions were stopped in April 2021 and JEH has not drawn down against the loan</p>

			<p>facility since this date. JEH does not have a loan repayment strategy.</p> <p>Operating losses – James Elliman Homes is currently reporting operating losses as a result of lower rental income levels than were foreseen in the Business Plan. The original Business Plan assumed that JEH would acquire properties over a five-year period and that properties would be rented at a mix of market rents (60% of properties) and Local Housing Allowance (“LHA”) rent (40% of properties). On this basis, the business plan was financially viable. However, the proportion of properties rented at a discounted rent level is higher than the 40% envisaged in the business plan, which has had an impact on the financial viability of the company. It should be noted that JEH has no staff and all services are provided by the Council by way of a Service Level Agreement, this includes tenancy management on behalf of JEH.</p> <p>The operating losses reported by James Elliman Homes are stated after interest payable to the Council under the loan facility. The budget for 2022/23 is forecasting a loss of £0.1m (2021/22: £0.2m) after interest payable of £1.5m (2021/22: £1.5m).</p>
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			<p>Local Partnerships were commissioned to complete an Options Review on the future strategy for James Elliman Homes and their final report was received in March 2022. The outcomes of this review are being used to inform a revised Business Plan, which will be completed by the end of 2022/23. This will include a consideration of the company's property portfolio, repayment of loans, rental mix strategy and future activities.</p> <p>Approval of bail outs – In previous years, the s151 Officer has approved “top -up” payments to JEH which represent the difference between the rental levels as per the Business Plan and actual rent levels. The approval of these top up payments was understood to be within the delegated authority of the Housing Services Lead, and this was checked with Democratic Services at the time. The s151 Officer was also made aware of the proposed payments as it involved a Council owned company. The justification for the top-up payments was that it reflected savings made by the Council from sourcing temporary accommodation in the private marketplace. The payments were stopped in April 2021 to ensure that JEH financial performance and reporting is transparent and reflects the actual revenues of the business.</p>
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	<p>Internal Audit Plan 2022/23</p> <p>Minutes to include Executive Director's (Children) comment regarding inaccuracies in the report associated with engaging with Executive director on drafting of plan</p>	<p>Democratic Services</p>	<p>Completed. See minutes from the meeting on 01.03.2022</p>
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21 April 2022 – Extraordinary Meeting

	<p>Risk Management Update – End of Quarter 4 2021/22</p> <p>Ensure officers are aware that right to buy scheme has not been suspended and the right message is being conveyed to residents.</p> <p>Slough Children First – check covered in council companies risk and consider if it should be listed as a separate risk</p> <p>Temporary Accommodation risk – cost of living to be factored in, offer of out of borough placements to be included as a mitigating action and details of how many placements made in TA outside of the borough.</p> <p>Issue of planning application notice not being sent out due to upgrade of planning system to be raised with the Planning Manager.</p>	<p>Director of Place & Community.</p> <p>Director of Finance</p> <p>Director of Place & Community.</p> <p>Director of Place & Community.</p>	<p>Completed. Right to buy team are now fully staffed – three officers are dealing with a volume of activity now the scheme has restarted</p> <p>Completed. Risk drafted – see agenda for 28/07/2022 committee</p> <p>Completed. Risk register updated – see agenda for 28/07/2022 committee As at 04/07/2002 there are 43 out of borough placements</p> <p>Confirmed with Daniel Ray – Group Manager – Planning that the upgrade to the system that Planning and Building Control use to administer, store and utilise for case management has been upgraded from an old version into a cloud base system. The migration took place over a number of delays which resulted in a short delay to the validation of some applications and therefore a short delay in some site notices being put up. The upgrade has since been completed and there is now no longer a backlog. Any delays in any case would not lead to any one being disadvantaged as the Consultation period would have</p>
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			been extended accordingly to allow the correct processes and reviews to take place.
	<p>Internal Audit Update End of Quarter 4 2021/22</p> <p>Council Tax (first two actions) – investigate if September 2022 target date can be brought forward.</p> <p>Parked Invoice Arvato IT contract and others – check that all payments on arvato invoice were made</p>	<p>Director of Finance</p> <p>Director of Finance</p>	<p>Progress is being made with dealing with priority cases first, authorisation to recruit resources is in place to move the actions on but the council has been unable to find suitably qualified staff, therefore the September 22 date is a realistic one</p> <p>All outstanding liabilities were paid to Arvato in May 2021.</p>

	Agenda item and Action:	For:	Status / Comment
	<p>Action Progress Report</p> <p>Committee to be provided with an update on the implementation of Flood Action Plan to December meeting.</p>	<p>Director of Finance</p>	<p>Awaiting timeline from Environment Agency. Order raised with the Environment Agency on 9th November to undertake the assessment. The Environment Agency have some resource constraints and we expect this to be complete within the next 6 months</p>
	<p>Internal Audit Progress Report</p> <p>IT Business Continuity Audit – Update on whether the Disaster Recovery Plan was in place.</p>	<p>Director of Finance / Group Manager IT</p>	<p>See Corporate Risk Register (Risk 9) for further details.</p>

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

ARTICLE 9 – AUDIT AND CORPORATE GOVERNANCE COMMITTEE

The Council will appoint an Audit and Corporate Governance Committee.

Statement of Purpose

1. This Committee is a key component of the Council'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 the Committee is to provide independent assurance to Members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the Council'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.

Terms of Reference

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 Annual Governance Statement (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.

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 actions in hand as a result of internal audit work
 - b) regular reports on the results of the quality assurance and improvement plan (QAIP)
 - c) reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards (LGAN), considering whether that 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 include 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.
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 any issues raised by Public Sector Audit Appointments (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.

32. To provide free and unfettered access to the audit committee chair for the external auditor, including the opportunity for a private meeting with the Committee.

Financial reporting

33. 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 statement or from the audit that need to be brought to the attention of the Council.

34. To consider the external auditor's annual report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

35. To report to those charged with governance (including Cabinet) 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.

36. To report to Full Council on a regular basis (and no less than once per annum) on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

37. To publish an annual report on the work of the Committee.

Membership

38. The Committee will comprise:

a) Seven Councillors, who 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 crossover of membership between Overview and Scrutiny Committee/Panels and this Committee should be limited to two. The Councillors should be selected following a skills audit of the committee and must complete the CIPFA self-assessment, as well as training on the work of the committee before they sit on the committee. The following skills and knowledge should be represented where possible:

- Financial management
- Audit
- Accountancy
- Regulatory work
- Corporate governance, including company board representation

b) 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

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

Working Arrangements

39. The Committee will meet four or more times per year.

40. The quorum of the Committee shall be a minimum of three voting members of the Committee.

41. 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.

42. 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.

43. The Committee may request 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.

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Corporate Governance Committee

DATE: 28th July 2022

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 1 2022/23**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 fourth revision of the risk register which is being reviewed on a monthly basis. This is to ensure that the Council maintains 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. 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 operate an adequate strategic risk register exposes the Council to	Red	Pro active officer risk and audit board	Amber – to reflect the continuing work to develop

<p>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>		<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>	<p>management of strategic risk (currently, work over the coming months will improve this to Green)</p>
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(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

4. Supporting Information

4.1. Further Improvements to the Corporate Risk Register

- 4.1.1. Risk management is a critical part of good governance and it is needed to effectively deliver the Council's priorities.
- 4.1.2. As part of the risk and audit board's continuing work to routinely review all strategic level risks, further improvements have been made to the corporate risk register.
- 4.1.3. Actions to further strengthen risk management processes and procedures have been completed including:
 - A review of the risk management strategy, which went to July cabinet and will be presented to the July committee for comment and amendment

- Review of mitigating actions
- Roll out of risk management training to council staff and colleagues in HB law
- Completion of departmental risk registers

4.1.4. The Corporate risk register will be reported on a monthly basis to Corporate Leadership Team in advance of the Audit and Corporate Governance committee.

4.1.5. On a quarterly basis Corporate Leadership will run risk workshops to ensure that the key strategic risks the council faces is properly reviewed.

4.2. **Revised Risk Register**

4.2.1. Risks that are already on the register have been reviewed to ensure they reflect the current risks the Council is facing, a review into staff related risks has been undertaken to consider mitigating actions being taken council- wide.

4.3. **Changes to note**

4.3.1. The format of the register has been reviewed to ensure that the mitigating actions have assigned actionees and deadlines

4.3.2. The following risks has been reviewed in depth by the Risk and Audit board to ensure the risk, controls and mitigating actions are current:

- Risks 5a, 5b, and 5C: Financial sustainability, accounting and financial processes – these were reviewed in response the action from the March committee and notes progress regarding training and the agreement of the budget on 9 March
- Risk 11: Special Educational Needs and Disability (SEND) Local Area Inspection risk - It was timely to review this risk, as it was discussed at the extraordinary Audit and Corporate governance committee on 21st April, and has since attracted some local media attention.

4.3.3. There are three new risks on the register:

- Risk 17: Cost of living/inflation – impact on residents and the local authority
- Risk 18: Failure to meet statutory service levels/new legislation requirements
- Risk 19: Slough Children First – this has been added in response to the action from the March committee

4.3.4. In addition, the following risks have been substantially reviewed:

- Risk 1: Delivery of the Adult Social Care (ASC) Transformation Programme- updated with information on client income contributions
- Risk 2: Pandemics – updated to reflect changes in personnel, end of Covid grant and return to the workplace
- Risk 3: Temporary Accommodation – referenced recruitment to vacant posts
- Risk 4: Disposal of Assets –includes update on work of assets disposals group and references need to set a balanced budget/ have long term financial sustainability
- Risk 5a: Financial sustainability –Risk of further S114 notices included and update on 23/24 financial position
- Risk 5b: Accounting – Comprehensive update on accounts closure included
- Risk 5c: Financial processes – progress on the finance action plan and business plan
- Risk 6: The Council does not take adequate mitigation to reduce the risk of injury or death from incidents within the Council –includes investigation of system for reporting accidents
- Risk 7: Elections and Electoral Registration –updated following election
- Risk 8: Recovery and Renewal Plan – update on functional capability assessments and how they are being turned into costed plans and the development of the corporate plan
- Risk 9: Business Continuity and Emergency Planning – extensive review of the risk, including description, consequences, mitigation and action deadlines
- Risk 10: Service delivery risk due to workforce recruitment and retention issues – actions updated and risks associated with statutory roles and project delivery included
- Risk 11: Special Educational Needs and Disability (SEND) Local Area Inspection – impact on council and residents updated
- Risk 12: Cyber Security – references risks associated with Ukraine conflict and ICT restructure to support this area
- Risk 13: Information Governance and General Data Protection Regulations (GDPR) – updated to reflect recruitment of DPO as part of restructure of ICT services
- Risk 14: Council Companies – Update on completion of actions, including dissolution of dormant companies
- Risk 15: Energy Costs – impact of energy cost increases updated and mitigating actions updated to include actionees and target dates

- Risk 16: Impact of the conflict in Ukraine – updated to include risks around data and current controls extensively reviewed
- Risk 17: Cost of living/inflation – impact on residents and the local authority. Update on the implementation of the household support fund and local insight - new risk see above
- Risk 18: Failure to meet statutory service levels/new legislation requirements - new risk see above
- Risk 19: Slough Children First – new risk see above

5. Comments of Other Committees

5.1. There are no comments from other Committees

6. Conclusion

6.1. Members note the report.

7. Appendices Attached

7.1. Appendix 1 – Corporate Risk Register

8. Background Papers

8.1. None

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Corporate Risk Register
Updated July 2022

Risk	Inherent Risk	Current Risk	Target Risk	Direction of Travel
Risk 1: Delivery of the Adult Social Care (ASC) Transformation Programme	18	15	8	↔
Risk 2: Covid Pandemic	20	16	9	↔
Risk 3: Temporary Accommodation	18	12	6	↔
Risk 4: Disposal of Assets	24	12	8	↑
Risk 5a: Financial sustainability	24	20	4	↔
Risk 5b: Accounting	24	8	4	↑
Risk 5c: Financial processes	24	15	4	↔
Risk 6: The Council does not take adequate mitigation to reduce the risk of injury or death from incidents within the Council	20	12	6	↔
Risk 7: Elections and Electoral Registration	16	8	6	↑
Risk 8: Recovery and Renewal Plan	24	15	6	↔
Risk 9: Business Continuity and Emergency Planning	24	20	6	↔
Risk 10: Service delivery risk due to workforce recruitment and retention issues	16	16	6	↔

Risk 11: Special Educational Needs and Disability (SEND) Local Area Inspection	24	20	4	↓
Risk 12: Cyber Security	15	9	6	↑
Risk 13: Information Governance and General Data Protection Regulations (GDPR)	12	9	3	↔
Risk 14: Council Companies	20	9	6	↑
Risk 15: Energy	24	24	12	↓
Risk 16: Impact of the conflict in Ukraine	24	18	6	↔
Risk 17: Cost of living/inflation – impact on residents and the local authority	24	18	6	↔
Risk 18: Failure to meet statutory service levels/new legislation requirements	20	15	6	↔
Risk 19: Slough Children First	20	16	9	↔
Risk 20: Digital	16	12	8	↔

Risk 1: Delivery of the Adult Social Care (ASC) Transformation Programme

Risk Owner: Executive Director of People (Adults)

Direction of Travel: ⇄

Description:

- If the adult social care transformation programme does not deliver changes in a timely and effective way there will be a negative impact on quality of service with residents directly affected, savings will not be achieved and a balanced budget will not be delivered.

Consequence:

- 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.
- Budget not balanced, savings not delivered, cost and price increasing.
- Health funding to support the changes may be withdrawn

Current Controls:

- Adult Social Care business case and implementation plans
- Adult Social Care Transformation Board – reporting into Recovery and Renewal board
- Tracking of actions and savings
- Support and challenge from People Too consultant partners
- 22/23 Funding for Transformation partner agreed at 21/03/22 Cabinet

Actions Required:

- Manage additional income from client contributions. Based on the Financial Assessment and Charging Workstream,:
 - Backdated invoices raised the value of **£889k last financial year**
 - Target for this year £560k - £130k already achieved
 - This is considered additional income over and above that budgeted Actionee: Marc Gadsby
 - Target Date: 31/03/2023
 - Latest Update: Progress continues to be made – Provider Services now closed - 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.

- Deliver the workstream actions in the adult social care transformation programme. Good progress is 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. Cashable savings delivered for provider services, client contributions and virtual review team in 2022/23 of £1.5m.
 - Actionee: Marc Gadsby / Jane Senior
 - Target date: 31/03/2023
 - Latest update: Progress continues to be made – Provider Services now closed - 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	Current Risk	Target Risk
Likelihood	6	5	4
Impact	3	3	2
Score	18	15	8

Date last updated: 11th July 2022

Risk 2: Pandemics

Risk Owner: Deputy Director Public Health

Direction of Travel: ⇔

Description:

- Further pandemics overwhelm our ability and /or our partners ability to provide services to required standards and staff continue to work under this pressure.

Consequence:

- 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.
- Increase in death rate and long-term conditions arise which increasing demand on council services
- Significant impact on workforce availability due to illness
- Schools and local businesses impacted – closures
- Stretched council resources to manage the work
- Staff wellbeing and health deteriorates
- Additional unforeseen costs arise due to the impact of pandemics.

Current Controls:

- Maintaining resilience: ongoing surveillance, contingency planning and the ability to reintroduce key capabilities such as surge testing and testing in an emergency.
- Response Capabilities: Retain contingency measures to respond to unexpected events and the maintenance of the activation framework and protocol in the event of a resurgence of Covid-19 to a pandemic state or any other viral pandemic (Flu). Current Operation's Room Framework is in place and ready for activation if and when require.
- Being prepared to respond to a resurgence of Covid-19 and its variance between 24 - 48hrs

- Continuous Specific Horizon Scanning: Carrying out an ongoing daily specific infectious disease surveillance as part of Emergency Planning's Daily Horizon Scan.
- Working Partnerships: Continuing working partnership with the Council Public Health and being part of the Local Outbreak Management Plan & Berkshire Outbreak Management Plan meetings
- Working closely with the Health & Safety Department.
- Keeping up to date with the National Policy and Guidelines
- Working the Risk Board to look at impacts, consequence and mitigation.

Actions Required:

Priority areas for spend confirmed in revised Local Outbreak Management Plan – regular monitoring of covid grants and expenditure ongoing.

- Actionee: Jonathan Lewney
 - Target date: From July 2022
 - Latest Update: Local Outbreak Management plans for COVID have now reverted to general outbreak plans
 - A robust contingency plan for any remaining outbreak control funding, with regular financial monitoring of expenditure against that plan, will mitigate the financial risk to the council of surges in cases, or of the reintroduction of COVID Local Outbreak Management Plans.
-
- Return to workplace hybrid working policy – consider in light of the council's asset disposal programme
 - Actionee: Surjit Nagra
 - Target date: 30/10/2022
 - Latest Update: We have been returning staff back to the office space following the Covid unlock announcement. The building was reframed to allow greater access to the working space and has been kitted to accommodate a greater flexibility of its use especially encourage no fixed desk arrangements. We are now reviewing our |SMART working policy so ensure it meets the greater flexibility that has resulted in service delivery over the last two years.

	Inherent Risk	Current Risk	Target Risk
Likelihood	5	4	3
Impact	4	4	3
Score	20	16	9

Date last updated: 11th July 2022

Risk 3: Temporary Accommodation

Risk Owner: Executive Director of Place and Community

Direction of Travel: ⇄

Description:

- If we fail to manage the increasing demand for temporary accommodation it will cost us financially and damage our reputation.
- 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
- The conflict in Ukraine is also likely to impact the demand for housing, particularly after scheme to host families ends after 6 months

Consequence:

- Budget pressure
- People do not have a safe and secure home

Current Controls:

- 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
- DLUHC review being undertaken

Actions Required:

- Address staffing shortages in the Temporary Accommodation team – temporary staffing
 - Actionee: Ian Blake
 - Target date: 31st July 2022
 - Latest update: Temporary staff are starting in mid July

- Address staffing shortages in the Temporary Accommodation team – temporary staffing Actionee: Ian Blake
 - Target date: 31st October 2022
 - Latest Update: Advertising for permanent staff from September 2022 with a view to having permanent resources in place by end of October

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	4	3
Impact	3	3	2
Score	18	12	6

Date last updated: 25th May 2022

Risk 4: Disposal of Assets

Risk Owner: Executive Director Place and Community and Executive Director – Finance and Commercial (S151)
Direction of Travel: ↑

Description:

- If we do not dispose of sufficient assets to realise capital receipts we will be unable to set a balanced budget or deliver long-term financial sustainability:

Consequence:

- 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.
- Without significant asset disposals the Council's long-term financial position is not sustainable and will compromise the Council's ability to:
 - finance the anticipated capitalisation direction and
 - to allow the Council's external borrowings and debt charges to be reduced
 - provide existing levels of services in the future.

Current Controls:

- Appointment of external support to advise and manage the programme of asset disposals as approved by the Cabinet report on 20 September 2021.
- 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.
- Avison Young have been selected as the preferred supplier and being appointed for the Phase I (Development of Asset Disposals Strategy) to be completed by early July.
- Further cleansing of the asset management data is continuing and unregistered properties are being processed by HB Law.

Report to Cabinet on 18th July recommending disposal of three SUR opted sites which will bring in capital receipts

Actions Required:

- A strategic overview of the council’s asset portfolio to identify assets suitable for disposal, whilst maintaining the council’s ability to deliver services. Recommend packaging of assets into disposal lots so the council can obtain best consideration
 - Actionee: Avison Young with input from Asset Disposals Programme Team and Asset Disposals Working Group
 - Target date: 1st July 2022
 - Latest update: Project Work on track. Early instruction issued to carry out due diligence and to market 4 No. Out of Borough Assets. Also, preliminary priority list of assets for disposal in 22/23 has been developed.

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	3	2
Impact	4	4	4
Score	24	12	8

Date last updated: 31st May 2022

Risk 5a: Financial sustainability

Risk Owner: Executive Director – Finance and Commercial (S151)

Direction of Travel: ⇄

Description:

If the Government does not provide significant financial support in the medium to longer-term the Council cannot become a financially self-sustaining council.

Background

In March 2021 the Council requested Exceptional Financial Support from the Department for Levelling Up, Housing & Communities (DLUHC) in respect of the financial year 2021/22 to help it balance its budget. DLUHC agreed in-principle to provide support and commissioned CIPFA to undertake an independent and detailed financial assurance review of Slough Borough Council (the Council). Since the original capitalisation request for 2021/22 of up to £15.2m, the Council has identified further very substantial liabilities for previous years, which the Council is unable to meet from its reserves. These past liabilities also impact substantially on the financial position for the Council in the current financial year and beyond

The S151 officer issued a statutory S114 notice in July 2021, outlining then estimated total potential liabilities across the Council of some £174m up to 2024/25, which had not been accounted for hitherto. As recognised by CIPFA in its [report](#) in October 2021, there was a high likelihood that this figure could grow, and this has proven to be the case. The latest forecast is that the Council will need an unprecedented level of support of a capitalisation direction of a base case of circa £223m to 31 March 2022, with a further £84m for 2022/23 in order to sustain it for this period and allow it to set a balanced budget for 2022/23. Initial forward planning indicates that a further £172m will be needed for the period to 2028/29. These figures assume that the Council can deliver circa £20m per annum of recurrent incremental savings. The budget was approved by Cabinet on the 9th March

The Council's financial position has been the subject of regular briefings to members and DLUHC throughout 2021/22. The seriousness of the financial situation and how the Council found itself in this position remain of significant concern. This has been acknowledged and a financial recovery plan agreed. Whilst the current request of Government is unprecedented it has to be noted that the accounts and audits of the 2018/19 (including eight prior period adjustments), 2019/20, 2020/21 and 2021/22 accounts are

yet to be completed, further prior period issues have since been unearthed and it is very likely that more may be uncovered during the continuing closure of the accounts process.

The availability of significant future support is a key assumption underpinning the 2022/23 budget and will be for several future years.

Consequence:

The Council will be unable to set a legal budget with a consequential impact on the Council's ability to provide services to residents.

The Section 151 officer will be required to consider issuing further s 114 notices

Current Controls:

The Council approved a series of budget reports at its meeting on the 10th March including:

- Revenue budget
- Capital programme
- Treasury management
- S25
- DSG
- Council Tax Support

These reports included a wide range of proposals that will set a new start for the Council moving forward on its ambition for financial sustainability.

Expenditure controls in place throughout 2022/23 financial year

Actions Required:

The Council needs to balance its immediate budgets for: 2021/22 and 2022/23 and prepare its budget for 2023/24 by May 2022. Following approval of the 2022-23 budget attention has turned to delivery of the 2023-24 budget.

The immediate actions include:

- Continue to manage 21/22 budget and outturn position
 - Actionees: Steve Mair, Liton Rahman, Steve Muldoon
 - Target date: 31/7/2022
 - Latest update: Indicative outturn not yet estimated , year-end closedown process is currently ongoing. Accounts will not be produced until March 2023

- Ensure 22/23 budget savings can be delivered – a detailed review of all savings options is being undertaken
 - Actionee: Steve Mair, Steve Muldoon, Liton Rahman
 - Target date: 30/9/2022
 - Latest update: A list of potential savings risks and budget pressures (energy costs, lack of rent income re OH, scf placements) relating to the delivery of the 22/23 budget has been drafted and regularly reported to Lead Members and Executive Directors. This will subsequently form part of the monthly monitoring pack from July 2022 onwards

- Work up options for 23/24 savings – a schedule of savings options has been identified and further work is required to meet the overall target.
 - Actionee: Exec Directors, Steve Mair, Steve Muldoon
 - Target date: 30/9/2022
 - Latest update: 22/23 net budget shortfall £3.482m 23/24 £8.036m shortfall - overspend £4.4m and savings target not achieved £3.6m

Training:

- Programme of officer training has commenced
 - Actionee: Peter Worth
 - Target date: 31 March 2022 and on-going per schedule of matters

- Latest update: First session took place in mid April and two further sessions to be arranged including one for the role of the audit committee by 28th July facilitated by SBC or LGA
- Development of member training programme and support on financial matters – first training session is scheduled for 14th April
 - Actionee: Peter Worth
 - Target date: 31 March 2022 and on-going per needs identified
 - Latest update: Finance training delivered in late March 2022, other sessions timetabled during 2022
- Regular communications to officers and members continue on the financial situation
 - Actionee: Steve Mair
 - Target date: ongoing
 - Latest update: Weekly reports have been provided during 2021/22, moving to monthly from July 2023

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	5	1
Impact	4	4	4
Score	24	20	4

Date last updated: 11th July 2022

Risk 5b: Accounting
Risk Owner: Executive Director – Finance and Commercial (S151)
Direction of Travel: ↑

Description:

If the Council continues to fail to produce its annual accounts then the Council and s151 will be in breach of their responsibilities to provide proper financial stewardship and control.

Background

The accounts for 2018/19 have been completed. Those for 2019/20, 2020/21 and 2021/22 accounts will be completed during 2022/23

The key actions for 2022/23 are the delivery of each of the outstanding sets of accounts following the completion of the audit of the 2018/19 accounts. The Council has now completed its 2018/19 accounts and submitted them to the auditors for them to complete their audit. As a result of the investigations by the new Finance team there have been significant amendments made to the 2018/19 accounts plus many working papers, figures and narrative statements have had to be fundamentally corrected. Three versions of these accounts were provided to the auditors between July 2019 and May 2021 before the audit process was halted. In total there have been 24 material errors made that have affected over 60 per cent of the figures in the core statements and 80 per cent of the disclosure notes. Of these changes 15 changes relate to previous financial years, 8 changes correct earlier versions of the 2018/19 accounts and 1 further change has been made as a result of the Capitalisation Direction obtained in March 2022. Material changes are:

	£m	Affecting Balance Sheet	Affecting General Fund balances
Land and buildings incorrectly valued	41	41	
Infrastructure not depreciated	40	40	
MRP not charged in line with Regulations	33		33
Staff costs incorrectly capitalised	22	22	22
Investment income incorrectly recognised	10	10	10
Inadequate provisions for bad debts and rating appeals	32	33	
Liabilities not included in Balance Sheet	8	8	
TOTAL	186	154	65

The changes made have impacted the General Fund balances available to the Council and the Balance Sheet. The changes have decreased the net value of the balance sheet by nearly 40 per cent. The changes to property, plant and equipment reflect inaccurate asset records and incorrect capitalisation of staff costs. These main changes are shown in summary below:

	1st draft June 2019	3rd draft May 2021	Revised May 2022
	£m	£m	£m
Property, plant and equipment	1,046	969	943
Other non-current assets	142	156	127
Cash and short-term investments	70	69	69
Other current assets	48	36	24
Current liabilities	(272)	(276)	(279)
Long-term liabilities	(631)	(617)	(635)
NET ASSETS	403	337	249
Usable Reserves	(81)	(71)	(70)
Unusable Reserves	(322)	(266)	(179)
TOTAL RESERVES	(403)	(337)	(249)

In addition, the errors have impacted the Council reserves position. The table below shows the position with and without the capitalisation and direction.

	General Fund Balance with CD	General Fund Balance without CD
GF Balance at 31 March 2017	£8m	£28m in deficit
GF Balance at 31 March 2018	£4m	£46m in deficit
GF Balance at 31 March 2019	£1m	£64M in deficit

Having an accurate assessment of General Fund and HRA balances is essential for setting future years budgets. Many of the Council's financial problems would have been highlighted sooner if its accounts had been produced earlier and to the standard required.

Following detailed discussions between the new finance team and the external auditors, it was decided that the Council will prepare and then the auditors will audit the 2018/19 accounts and then move onto subsequent years. It is intended that a set of accounts will be completed and made available for audit every quarter during 2022/23. If this happens then the Council will be back on track as regards the external audit process. The 2019/20 accounts will be prepared by end of September 2022, the 2020/21 accounts by the end of December 2022, the 2021/22 accounts by the end of March and the 2022/23 by the end of June 2023. These deadlines are subject to the outcome of the 2018/19 audit which set the baseline for the future years.

In order to embed the improvements for the future a number of process changes have been made including the following:

- amending the format and presentation of the Council's Statement of Accounts
- introducing a "whole team" approach which is upskilling numerous members of staff as well as spreading the workload.
- adopting a "right first time" approach to ensure that all year end work is completed to the expected standard before submission to audit
- standardising the preparation and filing of supporting information
- providing comprehensive technical guidance and training to all staff involved in closedown work
- establishing regular liaison meetings with external audit, and a systematic process for managing and responding to audit queries
- improving bank reconciliation processes
- regular review of creditor and debtor balances
- monthly reconciliation between ledger balances and supporting information
- clearance of suspense and holding on a regular basis
- more effective use of the ledger and coding structure to obtain efficiencies

Consequence:

- The Council has no properly prepared or audited financial base line since 1 April 2018 and thus has challenges preparing its budgets and financial planning going forward.
- It has also not fulfilled its requirements to properly account for its stewardship of public monies.
- It will face increased external audit fees and is having to have its staff spend a great deal of time “looking backwards” rather than planning forwards.
- The Council faces significant reputational damage which may impact its ability to borrow money and secure adequate insurance

Current Controls:

The Council has implemented a structured and well tested method for preparing its accounts using a whole team approach involving as many of the existing finance team as possible in order to upskill permanent members of staff and to spread the workload. This reflects that a number of key finance staff are likely to be heavily involved in other tasks such as the expenditure control panels. The 2018/19 accounts have now been completed and are in the process of being presented to the auditors for completion of the audit during June and July 2022. The remaining accounts for 2019/20, 2020/21 and 2021/22 will be completed during 2022 with the audits following thereafter.

The standard approach is that individual officers have been assigned a disclosure note to prepare (the preparer) and that each disclosure note will be subject to first line QA review by a reviewer. Given that some staff assigned a review role may be unfamiliar with undertaking QA review, then all work be subject to second line QA review. This will ensure that both the quality is maintained and the first line reviewer and the preparer understand the standard that the Council is aiming for.

For the 2019/20 and 2020/21 accounts standard closing folders for both years have been set up with folders for each core statement and disclosure note

All working papers are being filed on these folders so that there is a clear trail back from the accounts to centrally filed working papers rather than information filed on personal folders which seems to have been the experience in the past
For each core statement and disclosure note standard template workbooks are being used to collate information and produce the relevant disclosure. The purpose of using the standard template workbooks is to ensure there is a clear audit trail between the

information reported in the accounts back to source documentation, and to provide clear evidence of quality assurance in the accounts preparation process

Each accounts workbook is structured with the following: a) summary sheet to collate and summarise the work done and containing hyperlinks to supporting information b) QA checklist – a standard checklist to evidence the QA, each checklist is tailored to the individual disclosure note c) review sheet for the reviewer to document their review and the preparer to use to respond to queries raised through the review process d) disclosure checklist – an extract from the CIPFA Accounts Disclosure checklist to ensure that the disclosure meets Code requirements e) analytical review to compare the current year with the previous one and seek explanations for variances over £1m; f) Grant Thornton (GT) expected paper checklist – an extract from GT's expected working paper list relevant to the disclosure or core statement linked to the information requested; g) disclosure note; h) supporting working papers – which may be in the same workbook or hyperlinked files

For 2018/19, the standard working paper filing system has been used and populated with the existing working papers. Discussions with external audit highlighted that although GT had provided an expected working paper checklist for the 2018/19 audit, the Council's finance team did not complete this. Consequently, most of the working papers used to support the final accounts for 2018/19 had to be requested individually by GT and were supplied to them via GT's audit software – Inflo

A review of the 2018/19 working papers on the Council's X: drive did not readily show a suite of working papers pulled together for GT. A copy of the working papers provided to GT has been requested from them so that the Council has a record and can see what was provided, and from what source

For all three years main accounts, the Council will be moving away from the Big Red Button approach which the Council had been using in previous years. Instead, the Council will use a model with in-built validation checks which has been used before. The format will be A4 landscape and thus easier to view on-screen which is the way most users of the accounts view the annual statement of accounts

Clearly this will mean restating the draft 2018/19 Statement of Accounts into the new format, but the 2018/19 accounts will be subject to triage to provide assurance for the s.151 officer. Restating the accounts will form part of that triage and enable us to draw out underlying issues

Actions Required:

The immediate actions are to prepare and have audited accounts from 2018/19 to 2020/21 and then 2021/22

- The 2018/19 accounts have been completed and made available for audit as at the end of June 2022, Further sets of accounts for the following years will then become available on a quarterly basis during the rest of the year.
 - Actionee: Liton Rahman
 - Target date: 31/3/2023
 - Latest update: 2018/19 accounts completed and available for audit from June 2022. Others to follow
- To feed the outcome of these accounts into the Council's forward financial planning
 - Actionee: Liton Rahman
 - Target date: Post audit completion estimated as December 2022
 - Latest Update: Awaiting audit completion
- To design a structure for the permanent Slough finance team. A restructure proposal has been developed which includes a core financial reporting team reporting to a Chief Accountant.
 - Actionee: Steve Mair, Mike Thomas
 - Target date: Restructure to be completed by November 2022
- Latest Update: There is a very large amount of work to do to rectify previous weaknesses and put the Council on a sound financial footing. The external auditors and others have recommended that the Council invests significantly in its financial capacity and capability if it is to be able to provide an adequate level of service. The finance function has to secure more permanent employees as it is currently heavily dependent on senior interim support. It is envisaged that the restructure will go some way to solving this problem.

A new staffing structure has been designed and went out for consultation with staff and the Trade Unions from the 28 June 2022. Once the consultation is complete there will be an internal and external recruitment campaign during August and September to recruit to all vacant posts. The team are currently securing external support to assist with the recruitment and assessment process.

The restructure will bring the commercial services function and the internal audit function back-in-house after a period of being outsourced. It will also bring Revenues and Benefits into Finance as well as moving the Counter fraud and Investigations team from business services to finance.

- Proposals completed and shared with Trade Unions and HR with a consultation date of 28 June 2022.

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	4	1
Impact	4	2	4
Score	24	8	4

Date last updated: 11th July 2022

Risk 5c: Financial processes
Risk Owner: Executive Director – Finance and Commercial (S151)
Direction of Travel: ⇄

Description:

If the Council fails to improve its basic financial systems and processes then it will continue to have poor financial management and control leading to financial error and inefficiency.

Background

Many of the Council's financial processes are not fit for purpose. These include by way of example:

- financial systems – the Agresso system is not fully used or documented
- financial capacity and skills – the number and skills of permanent staff in the team have in some cases considerable room for improvement
- financial processes – basic processes such as reconciliations are not documented or up to date
- insurance and other provisions were inadequate

Consequence:

- Breach of statutory duties
- Section 114 notice
- No recent accounts
- Challenges setting budgets

Current Controls:

- Specialist resources have been brought in to understand the nature and scale of the problems and to address them
- Finance action plan reported to full Council for each meeting (with the exception of March when the budget papers will be tabled)

- Finance and Commercial service business plan has been developed to ensure future sustainability of the service.

Actions Required:

- The finance action plan which is reported to Council as noted above sets out in detail the current position at each meeting on these issues and the actions being taken. This has been updated on a monthly basis and reported to Cabinet. The report shows the significant progress that has been made in all areas during 2021/22.
 - Actionee: Steve Mair, Mike Thomas
 - Target date: Bi-monthly update
 - Latest update: Last update provided in revised format for May Council
- A business plan has been developed for the service for 2022-23 which includes a range of key performance indicators and targets for delivery of key change initiatives.
 - Actionee: Steve Mair, Mike Thomas
 - Target date: Business Plan completed and now being implemented
 - Latest Update: Formal launch needed once departmental restructure has taken place in November 2022

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	5	1
Impact	4	3	4
Score	24	15	4

Date last updated: 31st May 2022

Risk 6: The Council does not take adequate mitigation to reduce the risk of injury or death from incidents within the Council

Risk Owner: Executive Director – Finance and Commercial (S151)

Direction of Travel: ⇔

Description:

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

Key potential causes are:

- 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. H&S legislation states you are still liable even if contractors undertake work.
- Lack of effective processes and systems consistently being applied.
- Health and Safety Policies are not kept up to date.
- Lack of accountability and governance arrangements

The risk of injury or death is from high-risk activities:

- lone working and violence
- use of machinery
- inadequately managed buildings
- inadequate contract management

Consequence:

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

Current Controls:

- Health & Safety (H&S) professional and advisers in post
- A health and safety management system (policy and codes of practice) in place. These are regularly reviewed and updated, clearly communicated and placed on SBC insite
- 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 online. 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 (bi-monthly) and Health & Safety Board (bi-monthly).
- Trade Union consultation with health and safety trained representatives present (Corporate Consultative Forum)
- Compliance monitoring 'Building Compliance Group' (monthly)
- Audit program for 2022-2023

Actions Required:

- Online accident reporting for accurate monitoring and tracking.
 - Actionee: Surjit Nagra
 - Target date: 30 September 2022
 - Latest update: Options appraisal underway to determine if an existing in-house system can be used.
- Monitoring of actions from accidents and audits to ensure lessons are learnt and actions are implemented through an online system.
 - Actionee: Surjit Nagra
 - Target date: 31st March 2023
 - Latest Update: Options appraisal underway to determine if an in-house system can be used which will include monitoring of actions

- Health & safety team will be auditing high risk areas of the council: asset management, environmental services, strategy and infrastructure and lone workers. Lower risk areas to conduct self-audits . Responsibility of AD/GM's. Corporate Leadership Team approved new audit format in November 21 following report from Health & Safety Board. Self-audits approved by Corporate Consultative Forum meeting on March 7th 2022.
 - Actionee: Surjit Nagra
 - Target date: 31/03/2023
 - Latest Update: Health & safety team auditing high risk areas of the council. Lower risk areas to self-audit post Transformation. Executive Board approved new audit format in November 2021 following report from Health & Safety Board. Self-audits were issued in January 2022 –and are being undertaken by service areas in conjunction with Health & Safety.. CLT have been requested to issue the self-audit to their relevant areas. Deadline for submission of self audits to Health and Safety is end of September 2022. H&S will monitor and chase remaining services. A high risk audit has been scheduled for July and August to be undertaken at the DSO over 2 days. A draft high risk audit schedule is being devised for 2022-2023 and once live, will be communicated via H&S Board and Directorate Committee Meetings. **Note:** There is an extensive list of high risk areas as identified by Directorates therefore the schedule will be devised on a risk based approach. Services that are not audited this financial year will form part of the schedule for next year. There has been a delay to finalise the schedule due to workload pressures.

- 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 online 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.
 - Actionee: Surjit Nagra
 - Target date: 31/03/2023
 - Latest Update: Training: Training sessions took place throughout 2021/22 and a draft Training schedule is being devised for 2022-2023. Risk Assessment and Accident Investigation Training sessions will form part of the schedule. Training take up is being monitored by managers to ensure staff complete mandatory courses.

- New corporate strategy to be developed for 2023 onwards and directorate plans to be developed H & S Board has requested a new strategy and this will be presented to Corporate Leadership Team (CLT) in March 2023
 - Actionee: Surjit Nagra
 - Target date: 31st March 2023

- Latest Update: New corporate strategy to be developed for 2023, to be approved by Corporate Leadership Team.. .

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

Date last updated: 13th July 2022

Risk 7: Elections and Electoral Registration

Risk Owner: Monitoring Officer

Direction of Travel: ↑

Description:

Failure to deliver elections and maintain the electoral register leads to a challenge of an electoral outcome:

- 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.

Consequence:

- Disenfranchisement of local residents.
- Potential to challenge any election which relies on an incomplete or inaccurate register.
- Potential for electoral fraud
- 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.
- All matters pertaining to elections are the personal responsibility of the RO and any failings would give rise to personal liability

Current Controls:

- Project plan including detailed risk register
- Weekly project meetings

- Documented internal procedures
- Monitoring by Electoral Commission through appropriate performance standards & surveying
- Strong counter fraud measures in place which are used as an exemplar in other local authorities
- Adequate insurance (Returning officer - personal liability)
- IT reserve high level on-call
- Adequate insurance cover is in place for the RO, with a nil excess
- Specialist resources in place to provide resilience to deliver the elections
- Statutory review of polling places completed
- Count venue identified

Actions Required:

- Adequate staffing to ensure canvass is completed in the Autumn. (Electoral staff & canvassers).
 - Actionee: Fiona Ahern
 - Target date: November 2022
 - Latest update: Completed 01/12/2021
- Follow the guidance and steps provided by the Electoral Commission to maintain the register.
 - Actionee: Fiona Ahern
 - Target date: December 2022
 - Latest Update: on -going throughout year
- Bespoke project plan for Slough to tailor to local circumstances
 - Actionee: Fiona Ahern
 - Target date: November 2022 & February 2023
 - Latest Update: Canvass reform and election project plan
- Provide reporting & statistics on the management of the register for accuracy and completeness.
 - Actionee: Fiona Ahern
 - Target date: December 2022
 - Latest Update: on -going throughout year

- Ensure plans are in place early to manage the delivery of any election and adequate resourcing.
 - Actionee: Fiona Ahern
 - Target date: October 2022
 - Latest Update: Preparation for all out four yearly local elections in May 2023

- Core staff put in place to deliver the elections.
 - Actionee: Fiona Ahern
 - Target date: November 2022
 - Latest Update: confirmed for May 2023

- Staffing the election - resources need to be put in place early to ensure staffing for all aspects of the election.
 - Actionee: Fiona Ahern
 - Target date: February 2023
 - Latest Update: will start recruitment early to ensure staff in place for local May 2023 elections

- Polling places booked early.
 - Actionee: Fiona Ahern
 - Target date: March 2023
 - Latest Update: As part of the electoral review there will be a polling district and polling place review which will need to take place before March 2023

- Post-election lessons learned review and reported back to electoral commission
 - Actionee: Fiona Ahern
 - Target date: 18 May 2022
 - Latest Update: Post feedback session completed

	Inherent Risk	Current Risk	Target Risk
Likelihood	4	2	2
Impact	4	4	3
Score	16	8	6

Date last updated: 23rd May 2022

Risk 8: Recovery and Renewal Plan
Risk Owner: Corporate Leadership Team
Direction of Travel: ⇄

Description:

The Council has a wide range of recovery and renewal actions to undertake arising from the various reports it received

The requirement was in the first three months to prepare and agree an Improvement Plan to the satisfaction of the Commissioners (which may include or draw upon improvement or action plans prepared before the date of these Directions), with resource allocated accordingly and, as a minimum, the following components:

An outline action plan to achieve deliver financial sustainability and to close the long-term budget gap identified by the Authority across the period of its medium-term financial strategy (MTFS) – this is dealt with the capitalisation direction, the completion of the first and subsequent set of accounts and the ongoing work on the budget

An action plan to achieve improvements in relation to the proper functioning of democratic services has been developed. A restructure of the democratic services function has been agreed and costed and staff are soon to be recruited. This will include rapid training for council officers, A revised term of reference for the Audit and Corporate Governance Committee was approved at its meeting on 19 January 2022. A template for the Annual Governance Statement for 2020-21 and earlier years has been approved by the Corporate Leadership Team and will be re-visited and finalised once the 2021/22 financial statements are ready for approval.

An action plan to achieve improvements in relation to the proper functioning of the scrutiny function will be implemented once recruitment has taken place. In the interim and in the absence of a Corporate Scrutiny Officer the Monitoring Officer and the Executive Director Finance and Commercial are providing support and capacity to ensure the Council statutory responsibilities are

implemented. A review of the Council's strategic risk register has been undertaken to make it fit for purpose alongside the broader development and agreement of a revised risk management strategy.

An action plan to achieve improvements in relation to the proper functioning of internal audit, which addresses outstanding management actions and includes the commissioning of an independent review of the internal audit contract and a fully costed plan for establishing an internal audit function that reflects best practice – completed through the finance restructure and through a separate report to the Audit and Corporate Governance Committee

An action plan to achieve improvements in relation to the proper functioning of the procurement and contract management function, which includes an independent review is now in place. A functional capability assessment and plan is also in place and recommended sizing of in-house team has been built into the finance and commercial restructure.

An action plan to achieve improvements in relation to the proper functioning of the Authority's IT – initially reported to Cabinet in December, restructure at Cabinet on the 18/7/22

A restructure of the senior management team was announced in early July. A number of departments are also in the process of restructuring most notably Finance and Commercial, IT, Libraries and Public Health. Once the various changes have been finalised this will be reflected in the scheme of delegation for the Authority and revised Financial Procedure Rules. Additional senior resource has been employed to ensure that the recently developed Improvement and Recovery Plan can be managed and monitored in an effective manner. The aim of the various restructure exercises is to move to a more permanent workforce with significantly less reliance on interim staff. Plans are being developed to stabilise the current position of the Council and then to transition to a more sustainable and cost-effective future position.

A major focus at that time across the Council was the completion of functional assessments by all services identifying gaps in capacity and capability to inform the construction of then costed plan action plans

Services produced costed action plans to address gaps in capacity and capability identified in the Functional Capability Assessments that were previously undertaken.

Cabinet received a report on 29th March outlining an initial structure for a Recovery Plan, to replace the Corporate Plan. Graeme McDonald, Chief Executive, Solace has been brought in to draft the plan, and the Chief Executive has established a working

group to support this process. The working group has been developing new strategic priorities for the council, based on data and insight, internal and external reviews, and known political priorities. The group has also been further developing a set of seven key themes, which will provide the framework for the council's recovery.

The Commissioners' Improvement and Recovery Board received an update on the progress with the Plan on 27th April.

The aim now is to ensure that delivery plans are produced to ensure the actions within the Corporate Plan are taken forward.

Full Council received and approved the revised Corporate Plan 2022-25 on 19 May 2022. The Plan 'Doing Right by Slough' also acts as the Councils Improvement and Recovery Plan. Systems are being set up to manage, monitor and report on progress in implementing the plan.

An integrated approach to monitoring Finance, Performance, and Risk is being developed for rollout in August 2022.

Consequence:

The recovery plan has been reviewed and accepted subject to the under-pinning delivery plans by the lead commissioner to DHLUC to provide assurance that the council is addressing the government direction.

Preparing these plans will enable the Council to set its strategic direction and set the Council on its way to recovery.

Current Controls:

A master document is being produced to track all improvement actions arising from the costed action plans corporately. Services have been asked to liaise with the IT, HR and Comms teams to identify co-dependencies.

A Recovery Programme Team has been formed to provide programme management assurance for the Recovery Plan.

Actions Required:

➤ Preparation of relevant delivery plans

- Actionee: All EDs
- Target date: 31/8/22
- Latest Update: Work has commenced on these

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	4	3
Impact	4	3	2
Score	24	12	6

Date last updated: 11th July 2022

Risk 9: Business Continuity and Emergency Planning
Risk Owner: Executive Director – Finance and Commercial (S151)
Direction of Travel: ⇔

Description:

Failure to deliver and maintain emergency planning and business continuity arrangements will lead to the Council at risk of being unable to continue its business should a serious event cause disruption or an emergency occurs.

Failure to have a permanent qualified and experienced Emergency Planning Team in place to respond to incidents and disruption, the Council will lose its resilience to respond to these situations.

- Failure to have a Major Incident Plan (MIP) in place
- Failure to have a Business Continuity Plan in place
- Lack of Exercising Emergency Response Arrangements & Plans -the lack of Exercising (Testing) the Arrangements (Actions, Process and Protocols) and the Plans (MIP) means we do not reveal gaps, or points of failure.
- Lack of Exercising Business Continuity Plan the lack of Exercising (Testing) the Arrangements (Actions, Process and Protocols) and the Plans (MIP) means we do not reveal gaps, or points of failure.

Consequence:

- Unavailability of Council offices / depots due to explosion, fire, flood or police cordons around Council buildings
- Operational emergencies due to severe weather conditions, fire, or any other major incident.
- Availability of staff to deliver key services if trained volunteers are taken away to deal with a major incident (the Council is a Category 1 responder under the Civil Contingencies Act).
- Loss of key business systems due to power problems or system failure.
- Sustained industrial action affecting key services.
- Adequacy of contractor's business continuity plans.
- Shortage of staff to deliver key services in the event of any viral pandemic, flu pandemic or similar

- Inadequate IT disaster recovery arrangements leading to dislocation of Council services. (ICT Owned)
- Significantly prolonged service disruptions
- Loss of access to key systems
- Normal service takes longer to resume
- Increased costs to rectify disruptions
- Harm / Injury / Death to Staff or the wider public
- Failure to achieve the Council's current strategic priorities.
- Liable with non-compliance with relevant legislation resulting in prosecution and civil claims.
- Reputational damage / loss of credibility

Current Controls:

- Draft Business Continuity (BC) Plans
- Emergency Planning procedures
- Emergency planning and business continuity lead in place on an acting up arrangement
- A secondee in place to backfill the above acting up arrangement
- Sufficient Response Officers (Local Authority Liaison Officer (LALO) & Rest Centre Managers (RCM)) who can be utilised in the event of an emergency.
- Arrangements and links in place with TVLRF & Partner Organisations
- Utilising lessons learnt from Covid.

Actions Required:

- Currently reviewing the Major Incident Plan & Emergency Arrangements
 - Actionee: Anthony-Mario Montana
 - Target date: 31/07/2022
- Latest update: In progress, – policies are being reviewed and will be with CLT by the end of July.
 -
- Currently reviewing the Business Continuity Plans & Business Continuity Management in response to the organisation restructure and the availability of the IT disaster Recovery will assist and support this process.
 - Actionee: Anthony-Mario Montana

- Target date: 30/06/2022
- Latest Update: To be signed off by CLT by the end of July
- Exercising of Emergency Response Arrangements & Plans
 - Actionee: Anthony-Mario Montana
 - Target date: 31/07/2022
 - Latest Update: To be signed off by CLT by the end of July
 -
- Exercising of Business Continuity management & Plan
 - Actionee: Anthony-Mario Montana
 - Target date: 31/07/2022
 - Latest Update: To be signed off by CLT by the end of July
 -
- In person, one to one and online training to be completed for Gold, Duty Gold Officers, Duty Sliver Officer/EOC Managers, LALOs & RCMs
 - Actionee: Anthony-Mario Montana
 - Target date: 31/07/2022
 - Latest Update: Gold and LALO training is underway
- Securing more LALOs, RCMs
 - Actionee: Anthony-Mario Montana
 - Target date: 31/07/2022
 - Latest Update: Work on this will not start until after both plans are completed and embedded – individuals are being identified
- A crucial necessity recruit Volunteer Response Support Staff to staff and run the Emergency Rest Centres and the Emergency Operation Centre.
 - Actionee: Anthony-Mario Montana
 - Target date: No date set as of yet
 - Latest Update: Work on this will not start until after both plans are completed and embedded

Note:

- Emergency Planning (The Council) has a dynamic framework that can be utilised by the emergency planning team to respond to both a major incidents and business continuity interruption while the Major Incident Plan (MIP) & BC plans undergo the current review.
- The risk currently identified here is if there was no permanent Emergency Planning team in place to respond then the Council will lose its resilience to respond dynamically to the emergency while the plans undergo the current review.

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	5	3
Impact	4	4	2
Score	24	20	6

Date last updated: 11th July 2022

Risk 10: Service delivery risk due to workforce recruitment and retention issues

Risk Owner: Executive Director – Finance and Commercial (S151)

Direction of Travel: ⇄

Description:

The Council is challenged in delivering high quality services in all areas for residents because of the inability to recruit and retain staff, including the right calibre of staff in specialist roles. This is also applicable to Slough Children First.

Consequence:

- A higher reliance on agency staff has a direct impact on budgetary pressures
- Significant numbers of interims in leadership roles leads to staff uncertainty about future sustainability and continuity of management
- Higher costs due to cost of recruitment to replace staff who have left
- Loss of corporate memory leads to inefficiencies and additional costs
- Staff turnover includes hard to fill posts which has an impact on workloads in teams and increases staff absences, wellbeing and resilience
- Employee disengagement leading to reduced productivity
- Failure to maintain required levels of service delivery affecting our residents, especially statutory obligations
- Reduced staffing levels will impact the quality of service being provided
- Statutory roles are not permanently filled e.g. Returning Officer, Monitoring Officer
- Council is unable to delivery key improvement projects

Current Controls:

- Engagement with the workforce through regular communications and briefings to provide reassurance to staff of the development and then progress of the recovery process, including trade union colleagues.
- Process in place to fill vacancies in transitional structure where risk areas have been identified

- Slough Children First continue to invest to recruit a permanent workforce including overseas recruitment and apprenticeships
- Functional capability assessments to identify Workforce profile gap analysis to understand where gaps exist, and consider the affordability of the future operating model.
- Development of functional capability action plans
- Development of communications plan for staff briefings
-

Actions Required:

- Development of a recruitment and retention strategy, to align with the future operating model
 - Actionee: Surjit Nagra
 - Target date: 30th September 2022
 - Latest Update: Data is being collated to support the introduction of a strategy i.e. analysing current recruitment episodes to ascertain the response rates, reviewing recruitment documentation; assessing the social media platforms to analysing the leaver information. HRBP Team reviewing monthly agency spend with Directorates; Request for DLT's to review monthly agency spend
- Tracking of staff turnover rates to Corporate Leadership Team and to workforce committee and Board within Slough Children First - monthly
 - Actionee: Surjit Nagra
 - Target date: July 2022
 - Latest Update: Working on producing this data on a regular basis and review existing process from the Agresso system to ensure data accuracy.
- Appraisals and performance management of staff
 - Actionee: Surjit Nagra
 - Target date: 1st October 2022

- Latest Update: Currently a report has been prepared for CLT to discuss the strategic approach and to ensure objectives align with the recovery and the new corporate plans. This will ensure all employees understand their role and contribution in the recovery process of the Council
- Review of current pay and reward structure of the council
 - Actionee: Surjit Nagra
 - Target date: Ongoing from June 2022
 - Latest Update: Council has legal requirement to comply, on equal pay and the National Minimum Wage, as well as reporting on the organisation's gender pay gap and including chief executive pay ratio. Compliance on HMRC payroll compliance. The council has recently reported on gender pay gap and senior officer pay for 2021 – 2022, currently preparing a report on 2022 to 2023. The Council has begun review of pay as part of recent structure reviews – 3 completed to date
- Tracking of specific issues through analysis of exit interviews
 - Actionee: Surjit Nagra
 - Target date: July 2022
 - Latest Update: Putting in place a system to capture this information. Working with Agresso HR reports are being updated to review analysis of exit interviews, reported to EAC committee on an annual basis
- Slough Children First are implementing a recruitment and retention measures as per the business plan
 - Actionee: Kate McCorriston
 - Target date: TBC – dependent on business plan sign off
 - Latest Update: In the process of writing the business plan and all supporting business cases for approval. Once these have been submitted and approved then SCF will be able to move forward with the recruitment and retention initiatives.

	Inherent Risk	Current Risk	Target Risk
Likelihood	4	4	2
Impact	4	4	3
Score	16	16	6

Date last updated: 11th July 2022

Risk 11: Special Educational Needs and Disability (SEND) Local Area Inspection

Risk Owner: Executive Director People (Children)

Direction of Travel: ⇄

Description:

If we fail to provide a fit for purpose SEND service then it puts service users at risk and provides poor value for money.

- The SEND Local Area Inspection took place in September/October 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 was required to produce a Written Statement of Action (WSOA), which highlights how we will address the areas of concern. This was produced and sent to Ofsted/CQC on 18th February. It was approved by Ofsted and CQC as fit for purpose but with a letter of recommendations to add to the WSOA.
- There is an approximate timeline of 12-18 months for improvements to be demonstrated in which Ofsted are likely to be back for inspection again.
- Staff turnover and absence is impacting significantly on delivery of SEND services
- Current SEND service is not fit for purpose and additional resources are required.

Consequence:

- Reputational risk
- Failure to carry out statutory duties
- Vulnerable children not getting the full support they are entitled.
- Failure to reduce High Needs Block overspend
- Potential DfE intervention
- Negative Ofsted re-inspection outcome
- Deterioration of relationship with stakeholders/resident and partners
- Financial risk

Current Controls:

- Current controls are limited as the LA team lacks capacity.
- Monthly SEND strategic board meetings
- Slough Children First and the Clinical Commissioning Group have put in additional resources to address the areas highlighted in the Ofsted inspection
- Regular meetings are being held with the DfE – there are Slough specific advisors – monitoring and challenge the implementation of the WSOA

Actions Required:

- Exploring specific resources to implement the WSOA. Additional SEND staffing resources are needed to improve functioning of the team and secure improvement
 - Actionee: Johnny Kyriacou
 - Target date: 31st May 2022
 - Latest update: Business case has been developed for the recruitment of SEND officers and to expand resources in the SEND team to implement the improvement plan and get the service to good. Chief Executive has agreed additional resources for the service
- Implement the WSOA with all relevant partners, the WSOA
 - Actionee: Johnny Kyriacou
 - Target date: 31st October 2023
 - Latest Update: Implementation of the WSAO is predicated on securing resources as described above
- Implement Dedicated Schools Grant (DSG) recovery plan in partnership with the Department for Education (DfE)
 - Actionee: Johnny Kyriacou
 - Target date: 31st October 2023
 - Latest Update: Progress is being made with regular meetings with the DfE

	Inherent Risk	Current Risk	Target Risk
Likelihood	5	4	3
Impact	4	4	3
Score	20	16	9

Date last updated: 11th July 2022

Risk 12: Cyber Security
Risk Owner: Executive Director – Finance and Commercial (S151)
Direction of Travel: ↑

Description:

- 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.
- Heightened risk of cyber attacks in relation to the Ukraine conflict.

Consequence:

- *Worst case:* Temporary or permanent loss of access to some or all of SBC data and / or IT systems leading to not being able to deliver business critical or statutory functions e.g. elections
- *Likely case:* (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.
- *Best case:* Isolated incident with minimal or no data loss and no loss of access to IT systems.

Current Controls:

- 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.
ICT are commissioning a test to be undertaken in summer 2022
- Cyber Security support from market leading 3rd party.
Softcat are contracted to provide additional cyber security support. This covers the following
 - Quarterly Security Controls Assessment

- Breach Assessment annually
 - Security Improvement Programme Leadership
- Organisation and Execution of cyber essentials audit action plan. Actions to complete before the end of 2021
- Communications to staff has been increased through councils Newsround and subject specific emails in particular awareness on cyber security issues, including phishing emails, scam calls & data protection responsibilities.
 - Documented and detailed security procedures have now been put in place for patching, testing and incident handling & testing of these is in progress
 - DLUCH Funding obtained following application and workshops - £200k
 - Cabinet approval for a continuous improvement programme for IT security hardware and software, for 3 years.
 - Remedial / Modernisation programme has targeted security improvements under emergency funding and agreed

Actions Required:

- Compliance - fortnightly monitoring audit actions
 - Actionee: Alex Cowen
 - Target date: 31st March 2023
 - Latest update: Newly appointed infrastructure manager and Data Protection officer are supporting on finalising Cyber 2022 audit and monitoring of actions
- Implement security solutions as per the IT modernisation programme
 - Actionee: Alex Cowen
 - Target date: 30th June 2023
 - Latest Update: Programme established and recruitment to programme manager, two project managers and three business analysts. Programme board established and highlight reporting being finalised

	Inherent Risk	Current Risk	Target Risk
Likelihood	5	3	2
Impact	3	3	3
Score	15	9	6

Date last updated: 31st March 2022

Risk 13: Information Governance and General Data Protection Regulations (GDPR)

Risk Owner: Executive Director – Finance and Commercial (S151)

Direction of Travel: ⇄

Description:

Failure to resource our ability to respond to GDPR legislation can incur significant fines and reputational damage.

GDPR came into force in May 2018. Policies and processes developed as our corporate and local response to the implementation of GDPR. A full data flow analysis was undertaken across the organisation and is being refreshed as part of the 2022 audit.

The team that manages information governance lacks sufficient resource which is being addressed by an interim recruitment to the DPO (previously covered by Group Manager -IT). ICT restructure is going to Cabinet on 18th July which includes the appointment of a permanent DPO and a Cyber security officer.

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

Consequence:

If there is not an adequate response to GDPR there is a chance that the following may arise:

- fines
- criticism from the information Commissioner
- damage to corporate reputation
- civil claims for damages

Current Controls:

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)

The interim group manager for IT is also experienced in GDPR and has fulfilled the role of Data Protection Officer previously in other organisations.

GDPR training for new starters to minimise breaches of GDPR

External review of compliance by Internal Audit

Initial data mapping completed by SBC supported by RSM

The council has updated its information governance policy in November 21 and this has been signed off by the IG board, the updated policy supports the process by which an organisation obtains and provides assurance that it is complying with its legal, policy and moral responsibilities in relation to the processing of information. Alongside this an IG Improvement plan has been developed and will be monitored through the Information governance board moving forward.

All aspects and issues of GDPR have been drawn into one place, a programme to confirm compliance or implement required controls where necessary is being developed and will report into the council's information governance board.

Actions Required:

- The DPO role has been identified in the revised ICT restructure which is at Cabinet on the 18/7/22 and funding has been agreed.. The function of DPO is still held on an interim basis by the group manager – IT Internal Audit for GDPR undertaken in November 2021- actions are being implemented
 - Actionee: Chief Digital Information Officer
 - Target date: 31st December 2022
 - Latest update: Report to Cabinet on 18th July, consultation opens on 25th July for 30 days.

	Inherent Risk	Current Risk	Target Risk
Likelihood	4	3	1
Impact	3	3	3
Score	12	9	3

Date last updated: 31st March 2022

Risk 14: Council Companies

Risk Owner: Executive Director – Finance and Commercial (S151)

Direction of Travel: ↑

Description:

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.

Background

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 be reviewed.

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)

Consequence:

- 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
- 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

Current Controls:

- Establishment of corporate oversight board for Slough Urban Renewal

- Appointment of new directors and senior responsible owners with clarity on roles and reporting
- Regular Board meetings established at all active companies
- Establishment of shareholder oversight group for GRE5
- Improved performance reporting to company Boards
- Establishment of monthly financial reporting from key companies into the Council
- Internal audit tracker for key issues to monitor progress through to issues getting closed down
-

Actions Required:

A wide range of workstreams are underway with the immediate actions focused on:

- Closing down all dormant companies – five out of six companies have been dissolved. One is in the process of being closed down.
 - Actionee: Carmel Booth
 - Target date: 31st August 2022
 - Latest update: All to target to be closed with Companies House by 31st August 2022
- Ground Rent Estates 5 – execution of Council loan; continue to support litigation proceedings; development of exit strategy. Final draft loan agreements have been agreed by all parties with final changes required before seal in April 2022.
 - Actionee: Carmel Booth
 - Target date: 31 December 2022
 - Latest Update: Negotiations continuing
- James Elliman Homes – action recommendations from the Options Review (led by Local Partnerships); approve revised Service Level Agreement; undertake review of rental levels/tenants across the portfolio; service improvements plan, continued improvements to performance reporting and oversight.
 - Actionee: Carmel Booth
 - Target date: 31 December 2022
 - Latest Update: Negotiations continuing

- Slough Urban Renewal – in principle agreement obtained for the restructuring of the Council’s commercial relationship with Muse. Progression with negotiations and Heads of Terms for the SUR key sites (Montem, Wexham, Haymills and Stoke Wharf). Due diligence completed re NWQ for potential disposal/partnership change – transaction negotiations and heads of terms in development. Agree changes to the Partnership Agreement including revised business plan (all FY 22/23).
 - Actionee: Carmel Booth
 - Target date: 31 December 2022
 - Latest Update: Negotiations continuing

- DISH – establish regular performance reporting to the Board, commence high level options review to explore the potential of transferred DISH properties into the HRA, commercial review of DISH lease, preparation of a service level agreement to reflect the services the Council is providing (programmed for FY 2022/23).
 - Actionee: Carmel Booth
 - Target date: 31 December 2022
 - Latest Update: Developments ongoing

	Inherent Risk	Current Risk	Target Risk
Likelihood	5	3	3
Impact	4	3	2
Score	20	9	6

Date last updated: 11th July 2022

Risk 15: Energy Costs

Risk Owner: Director of Place and Community

Direction of Travel: ↓

Description:

Failure to obtain energy at competitive prices will significantly impact savings targets and ability to provide services to residents.

Significant uncontrolled escalation of energy wholesale costs directly resulting from the Russian/Ukraine war on 24th February 2022 suspended the Councils energy tenders for 2 weeks, placing the Council at risk to moving to 'out of contract rates' with Suppliers, in addition to risk of the Council being in contract with Gazprom for its gas supply.

Prior to the war the energy wholesale markets had already seen a 300% escalation in wholesale prices between (Feb 21 and Feb 22), which led to an energy Council forecast increases in 22/23 energy costs to £3m per annum being reported to Cabinet on 17th January 2022.

Following the declaration of war energy market reached 480p/therm and at all-time peak of 700p/therm on 7th March (resulting in trading being suspended) and power costs of £370/MWh against pre-war levels of 170p/therm and £170/MWh. The market has slightly retraced but wholesale prices are still significantly higher than pre-war and the cost of energy is very high.

The Council energy supply contracts were finally tendered and locked in on Friday 24th March, in total 7 contracts covering corporate assets, housing assets and street lighting (also some PFI schools). 5 of these are fixed contracts and 2 are flexi contracts.

The estimate cost of these energy supply contracts is **£5.13m in 22/23** against the (21/22 outturn of £2.1m). The budget for energy was set at £3.1m for 22/23.

There is now an estimated £2million revenue pressure overall on energy costs across the Council corporate assets, street lighting, PFI school and housing.

The breakdown is as follows:

- Housing energy costs are forecast at: £1.1m
- PFI schools' energy costs are forecast at: £1.2m

- Street lighting energy costs are forecast at: £ 0.87m
- Corporate building energy costs are forecast at £1.96m

Consequence:

- Cost of street lighting has more than doubled
- Cost of corporate assets have nearly tripled
- Cost to tenants and leaseholder energy cost has tripled
- Cost of PFI school energy costs has tripled
- Overall revenue pressure of energy costs is £2m+
- Reputational damage through potential closure of sites
- Inability to afford energy costs.
- Service provision impacted

Current Controls:

- Internal Energy group set up to monitor energy spend and consumption. Beond provide billing and metering services to ensure accurate billing. Claw back overpayments. Remove unused meters, add new/existing meters under corporate contract.
- Risk management strategy developed to determine when purchase energy volume under new flexi Gas and Energy (HH) contracts. Energy brokers Beond will advise on opportunistic purchasing (markets retrace). Assume future gas and energy volume at lower market rate during Q2, Q3 and Q4 – provisional estimate **£100k** saving but entirely dependent on market rates at time of purchase
- Housing recharge energy costs for communal heating and lighting to residents – needs a paper to determine the level of recharge and whether HRA reserve picks up some of this cost. **(currently estimated at £1.1m)**
- PFI School recharge energy costs to be negotiated and agreed **(currently estimated at £1.2m)**.

Actions Required:

- Change/amend heating/lighting/ventilation controls – for each 1% reduction in consumption across the portfolio of Corporate/community Buildings we would save approximately **est. £25k saving**
 - Actionee: Jonathan Tewson

- Target date: 31st March 2023
- Latest update: On track
- Asset disposal program will see a reducing number of buildings provided with SBC funded heat, light and power – provisionally **est. £100k saving** in 2022/23 but entirely dependent on sales programme yet to be determined
 - Actionee: Fin Garvey
 - Target date: 31st March 2023
 - Latest Update: Corporate assets are not yet included in the assets identified for disposal, within the 22/23 financial year
- Temporary or part closure of existing assets to reduced consumption (changing rooms, other community buildings, SMP, Priors Close) **est. £50k saving**
 - Actionee: Jason Newman
 - Target date: 31st March 2023
 - Latest Update: Pending a cabinet report to approve closure, in autumn 2022
- Transfer of 5 children centres to the private sector – Jan 23 **est. £10k saving**
 - Actionee: Children’s services project manager
 - Target date: 31st January 2023
 - Latest Update: Review underway

Papers/Business Cases

- Re-Fit Programme Energy efficiency measures for remaining buildings will prove effective in reducing energy costs but requires capital investment and a longer return on investment. A business case will be developed.
 - Actionee: Jason Newman
 - Target date: 30th September 2022
 - Latest Update: In progress, future savings to be identified, contingent on assets disposal programme
- Paper on HRA recharge costs will be required on agreed rates to recharge tenants for energy costs for communal heating and lighting.
 - Actionee: Jason Newman/Trevor Costello

- Target date: 30th September 2022
- Latest Update: Being scoped

➤ Street Lighting timer controls to reduce lux levels require investigating to determine the consumption reduction and potential reduction of costs

- Actionee: Jason Newman
- Target date: 1st April 2024
- Latest Update: Feasibility study being undertaken, included in 22/23 savings tracker

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	6	3
Impact	4	4	4
Score	24	24	12

Date last updated: 11th July 2022

Risk 16: Impact of the conflict in Ukraine

Risk Owner: Executive Director Place

Direction of Travel: ⇄

Description:

If we do not respond to government requests for assistance then residents of Ukraine will be subject to on-going threat and insecurity

- Like all local authorities Slough is responding to the conflict in Ukraine.
- Specifically we will be exploring the extent to which we can provide accommodation for refugees.
- There will be resource required to manage the response.
- Impact on supply chains, and service requirements, especially housing and education
- Inaccurate data and complex data relating to the scheme
- London and other authorities placing Ukrainian families in Slough without our knowledge
- Lack of Government intention after first 6 months
- Lack of specialist trauma support for guests arriving from Ukraine who have experienced extreme trauma

Consequence:

- Accommodation required and service demand
- Resource required to respond and manage
- Unaware that Ukrainian citizens have arrived in Slough and appropriate support not provided
- Inappropriate placements, exposing risk to people placed in Slough
- The conflict in Ukraine is also likely to impact the demand for housing, particularly after scheme to host families ends after 6 months

- Main pressure will come from people who present themselves homeless as a result of breakdown of relationship between sponsor and guest

Current Controls:

CLT discussion 16 March 2022

Learning from One Slough approach that proved effective during Covid

Learning from other local authorities, weekly meetings with the national scheme and local project meetings

Ketan Gandhi has been identified as the Associate Director to lead the response

Council processes have been put in place

We are part of the Berkshire group sharing information and practice across Berkshire

Internal working group established

One Slough working group established

The community safety project officers are contacting sponsors to ensure that guests have arrived and that payment can be made to sponsor and to guest, to ensure only payments are made to guests that have arrived.

Finance have set up payment systems

HR processing DBS checks

Education looking after school places

Voluntary Sector in place to provide additional support to guests and sponsors

Health in place to provide support all things health related

Actions Required:

- Identify resource to operationally co-ordinate the response through public health funding
 - Actionee: Garry Tallett
- Target date: 31/07/2022
- Latest update: Due to the low numbers of sponsors and guests in Slough it was not possible to shift public health funding to support this function. The co-ordination of the Ukraine homes scheme is being processed by the ASB co-ordinator and Food Safety administrator as an additional function to their day-to-day roles. Slough does not have the number of sponsors and guest to justify a dedicated post.

- Ensure Government funds to support demand on accommodation is safeguarded
- Actionee: Ketan Gandhi
- Target date: 01/09/2022
- Latest Update: Payments are being managed by finance to ensure they are tracked and spent appropriately.

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	6	3
Impact	4	3	2
Score	24	18	6

Date last updated: 11th July 2022

Risk 17: Cost of living/inflation – impact on residents and the local authority

Risk Owner: Corporate Leadership Team

Direction of Travel: ⇄

Description:

Rising inflation will impact the Council and residents ability to meet day to day essential needs.

UK inflation has increased to 9.1% - the highest since 1992, the bank of England is predicting further rises

Energy price cap has increased by 54%, and is expected to increase further when it is revised in October 2022

Increase in food and energy prices has led to a rise in food and fuel poverty

This has led to an increase in residents and local businesses needing council support and services

Need is likely to continue increasing

Further price increases expected in the autumn

Benefits increased in April 2022 by less than the current level – or expected level – of inflation, which will put pressure on households relying on these payments.

Consequence:

Financial difficulties impact on other areas of residents' lives (e.g., health) which could further increase pressure on services including social care services due to increase stress/mental health issues

The council and its services will also be directly affected by an increase in its own costs, including contractors increasing prices for services provided to the council

This will further increase pressure on SBC's limited finance and resources and affect the council's recovery process and response to policy changes

Delivery of budget at greater risk due to costs rising faster than commercial income, grant income, council tax and business rates

Capital budget estimates may prove to be understated, SBC cannot afford to put more money in and so there may need to be decisions about the quality/quantity/scale of what is being built/acquired

Interest rates, impacting on borrowing costs, could rise beyond the level assumed in the budget
 Residents are forced out of the private rented sector due to rent increases and into homelessness
 Inability of residents to pay council tax
 Instability of business effects collection of business rates
 Residents fall into absolute poverty and have to make difficult decisions related to personal finances and may affect their ability to pay priority debt e.g. council tax
 Greater demand on welfare teams
 Schools, already facing constrained budgets and rising deficits, will also be hit with rising energy costs and have to make decisions around energy usage and how to prioritise spend
 Unions arguing for higher pay increases for staff, increase in cost of filling essential temporary posts

Current Controls:

Government support:

- £500m new funding for the Household Support Fund, with £421 million to be distributed by local authorities in England
- A £150 non-repayable rebate for households in England in council tax bands A to D.
- Rise in the National Insurance threshold and changes in personal taxation will help those at the bottom end of the earnings scale – those under £25k will pay less in direct taxes on income
- Monitoring of monthly trends/indicators of social poverty to demonstrate the extent to which Slough residents are affected e.g. households in receipt of council tax relief, free school meals, temporary accommodation etc. This is done through the Local Insight tool to monitor trends and reporting monthly to CLT, which includes service demand indicators such as temporary accommodation.
- Council website updated to help people understand what benefits they are entitled to

Actions Required:

- Implement government relief e.g., Household Support Fund, maximise use of the fund
 - Actionee: Group manager – revenues, benefits and charges
- Target date: September 2022
- Latest update: Approach agreed for current tranche

	Inherent Risk	Current Risk	Target Risk
Likelihood	6	6	3
Impact	4	3	2
Score	24	18	6

Date last updated: 11th July 2022

Risk 18: Failure to meet statutory service levels/new legislation requirements

Risk Owner: Corporate Leadership Team

Direction of Travel: ⇄

Description:

The Council does not have appropriately qualified, skilled and experienced people to deliver necessary service levels and identify budget savings to allow the Council to live within its means

Consequence:

- Fines for non-delivery of statutory services
- Judicial review, and associated financial and reputational costs.
- Civil unrest due to inadequate / inappropriate response.
- Local and national media interest
- Failure to meet needs of service users and vulnerable residents
- Reduced quality of service delivery
- Increase in safeguarding issues, impact on quality of life

Current Controls:

- Implementation of Adults social care transformation programme to drive service improvements and efficiencies
- Appointment of chief information officer to drive forward digitisation of services
- Review of Performance Indicators to identify areas of concern
- Business plans for all services to identify service issues and drive services forward

Actions Required:

- Review of contracts to challenge and seek to verify if procurement is necessary and to identify opportunities to maximise value for money through contract rationalisation and consolidation, identification of contracts which fulfil statutory responsibilities
 - Actionee: Group Manager Commercial
 - Target date: 30 September 2022
 - Latest update: Review meetings with finance commissioner, executive directors and management team throughout May 2022

	Inherent Risk	Current Risk	Target Risk
Likelihood	5	5	3
Impact	4	3	2
Score	20	15	6

Date last updated: 11th July 2022

Risk 19: Slough Children First

Risk Owner: Chief Executive/ Executive Director Children

Direction of Travel: ⇄

Description:

If SCF becomes financially unviable then the Council will need to divert resources to continue essential services for children and their families

- Slough Children First (SCF) are a wholly owned council company that provide children's safeguarding through a service contract. A business plan and budget is agreed by cabinet each year and managed via a strategic commissioning board. There is risk that the company fails to deliver safeguarding services to children within the approved budget due to additional demands.
- The company is reporting an in year overspend of £4m and has requested a further £1.1m to invest in Early Help to reduce costs in future years. There is a risk that the company could go into liquidation if it does not mitigate the loss or receive financial support from the council.
- The Department for Education (DfE) have notified the company that it will be substantially reducing the grant it provides for annual running costs of £2.2m pa to in the region of £0.8m in 2023/24 and potentially less in future years. This loss of grant will either need to be filled from additional savings or support from the council.

Consequence:

- Safety of children – where safeguarding concerns are identified or missed
- Inability to spend within budget
- Reputational damage to the council and the company if unable to meet its statutory duties

Current Controls:

- The performance and financial position of the company is monitored on a monthly basis through the contract monitoring process and strategic commissioning board chaired by the Chief Executive.
- The financial position is reported to cabinet through the council's budget monitoring process.
- The business plan is reviewed by scrutiny and approved by strategic commission group who monitor the plan.

Actions Required:

- Resolve the in year financial position and establish the medium term position
 - Actionee: Andrew Fraser/Matt Marsden
 - Target date: 30th September 2022
 - Latest update:

	Inherent Risk	Current Risk	Target Risk
Likelihood	5	4	3
Impact	4	4	3
Score	20	16	9

Date last updated: 1st July 2022

Risk 20: Digital
Risk Owner: Executive Director – Finance and Commercial (S151)
Direction of Travel: ⇄

Description:

- There is a risk that the Council is unable to meet its ambition for more efficient digital services due to insufficient resources, poor governance and engagement across services, and poor understanding of the tools in place and the work done to-date.

Consequence:

- The Council cannot switch to lower cost transactions that are easier for residents, leading to an inability to make savings poorer quality of interactions for the public

Current Controls:

- A paper resetting the approach to Digital Customer engagement has been written and is being finalised. This will be shared with the CEO and Members.
- The ICT & Digital Team restructure is proceeding to help strengthen the responsibilities for progressing digital services.
- Remaining contract resources involved in digital services being extended to provide continuity.

Actions Required:

- Seek approval on approach to future Digital Customer Engagement
 - Actionee: Simon Sharkey Woods, Interim CDIO
 - Target date: 31/07/2022
 - Latest update: Paper being finalised – should be complete by 24th June.

- Complete ICT & Digital Team Restructure
 - Actionee: Simon Sharkey Woods, Interim CDIO
 - Target date: 31/10/2022
 - Latest Update: Structure and JDs presented and currently undergoing evaluation.

- Agree contract extension for remaining Digital Development Analyst
 - Actionee: Simon Sharkey Woods
 - Target date: 30/06/2022
 - Latest Update: Finance confirmed and extension business case submitted.

	Inherent Risk	Current Risk	Target Risk
Likelihood	4	3	2
Impact	4	4	4
Score	16	12	8

Date last updated: 16th June 2022

6X4 Matrix guidance

Likelihood	Negligible Impact	Marginal Impact	Critical Impact	Catastrophic Impact
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

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	Marginal	Critical	Catastrophic
	1	2	3	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
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

	Negligible	Marginal	Critical	Catastrophic
	1	2	3	4
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

Risk Template

Direction of Travel: ⇄

Description:



Consequence:



Current Controls:



Actions Required:



- Actionee:
- Target date:
- Latest update:



- Actionee:
- Target date:
- Latest Update:



- Actionee:
- Target date:

○ Latest Update:

	Inherent Risk	Current Risk	Target Risk
Likelihood			
Impact			
Score			

Date last updated: [Date]

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Corporate Governance Committee

DATE: 28th July 2022

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 ACTION TRACKING REPORT - QUARTER 1 2022/23**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.

3. 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	Red	Pro active officer risk and audit board meets monthly. Pro active management of internal audit	Red/Amber (currently, work over the coming months will improve this to Green)

Council to a wide variety of risks.		Pro active management of responses to audit recommendations Additional short term support being engaged to strengthen the process even further.	
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(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

4. **Supporting Information**

4.1. **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 strengthened the arrangements for monitoring and verifying completion of audit actions and since the last committee meeting have focused attention on:

4.1.1. **Internal Audit Plan 2022/23**

The internal audit plan 22/23 will be presented to the July committee. It is agile to reflect changes in circumstances, including plans develop an in house internal audit function.

4.1.2. **Finalising 2021/22 Audits**

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

- To date 18 internal audit reports have been finalised the last financial year.
- 165 new recommendations have been made in 2021/22 reports, 33 are High, 76 are medium and 56 are low. 66 have been completed, 49 actions are not yet due and 50 are overdue.
- Officers continue to have regular dialogue with Internal Audit regarding the content and scope of these audits. Any changes to the plan will be shared with the Committee.

4.1.3. Completion of Internal Audit actions

- All internal audit actions have been reviewed by actions owners and executive directors, including actions that a deemed not relevant due to changes in circumstances. Actions from previous year’s audits are also reviewed to ensure they are more relevant to the service area.
- Business Continuity and Emergency Planning actions have been extensively reviewed by a new team in place to implement the actions.
- Progress is being made closing actions on the tracker. Evidence of actions completed is obtained and quality assured by group manager commercial, and, retained for use in follow up audits.
- High rated actions are being given priority and are reviewed monthly by the council’s finance board.

4.1.4. The status of audits for the previous **financial years** is as follows:

Totals	Total	High	Medium	Low
Not Due	3	0	3	0
Overdue	60	0	31	29
Complete*	213	28	93	92
Total	276	28	127	121

*includes actions that are no longer relevant or closed as duplicates

- Progress has been made in closing down management actions from previous financial years. There are now 213 actions or 77 per cent completed from a total of 276 actions.
- There has been an improvement in this position since the last report to the committee, completed actions have increased from 205 to 213 actions.
- No high rated actions are outstanding.

4.1.5. The status of audits for the **last financial year 2021/22** is as follows:

Totals	Total	High	Medium	Low
Not Due	28	6	15	7
Overdue	59	16	27	16
Complete	78*	11	34	33*
Total	165	33	76	56

*includes actions that are no longer relevant or closed as duplicates

- There are now 78 actions or 47 per cent completed from a total of 165 actions, note 16 per cent of actions are not yet due for completion.
- The number of management actions has increased from 140 to 165 in the last financial year as audits are finalised.
- There has been an improvement in this position since the last report to the committee, completed actions have increased from 52 to 78 actions.

4.1.6. The overall position as at 7th July 2022 is as follows:

Totals	Total	High	Medium	Low
Not Due	33	6	18	7
Overdue	119	16	58	45
Complete*	291	39	127	125
Total	441	61	203	177

*includes actions that are no longer relevant or closed as duplicates

- There are now 291 actions or 65 per cent (including 26 actions deemed to be no longer relevant or duplicated) completed from a total of 441 recommendations due for completion.
- The number of completed actions has increased since the last meeting from 257 to 291.
- 63 per cent of high risk actions due have been completed and 62 per cent of medium risk actions due have been completed. In addition, 70 per cent of low risk actions due have also been completed.

4.2. **Governance and monitoring of management actions**

- Outstanding internal audit actions are being actively monitored on a regular basis including reporting into corporate leadership team.
- Attached at Appendix 1 is a list of all high rated outstanding management actions broken down by directorate and service area.

5. **Comments of Other Committees**

There are no comments from other Committees

6. **Conclusion**

Members note the report

7. **Appendices Attached**

Appendix 1 – Details of all high outstanding agreed management actions by directorate

8. **Background Papers**

None

Appendix 1 – High rated management actions

Place & Community

Issue	Way Forward	Who	When	Status	Latest Status update
21.21/22 Temporary Accommodation	In line with current plans, the Council will ensure that an up-to date Housing Strategy and Homelessness Strategy is created. Additionally, progress against the action plan will be periodically monitored by an appropriate forum.	Richard West	30/09/2022	Not due	Required as part of the Local Plan. Currently being drafted. Key reference point for the authority. New Housing Act being developed which will make Private Rented Properties licensable
21.21/22 Temporary Accommodation	The Annual Compliance Statement issued to Private Providers will be reviewed to assess whether the terms and conditions satisfies the Council's legislative duties as a housing provider. Following this, the Council will introduce a monitoring mechanism to ensure: <ul style="list-style-type: none"> • Providers are only engaged with should they have a signed Compliance Statement in place; • These Compliance Statements are reviewed and signed annually. 	Ian Blake	30/09/2022	Not due	TA Compliance Assurance of private suppliers drafted and due to go into use 1/8/22 providing TA Team staffing level permits. Temporary accommodation staff are starting on a temporary basis from mid-July. Permanent recruitment to be advertised from September.
21.21/22 Temporary Accommodation	The Council will develop a strategy to identify households which are no longer owed a duty to be accommodated under the Housing Act 1996.	Ian Blake	31/03/2023	Not due	Outstanding and will remain so until TA Team is established. Temporary accommodation staff are starting on a temporary basis from mid-July. Permanent recruitment to be advertised from September.

Corporate Operations

Issue	Way Forward	Who	When	Status	Latest Status update
13.21/22 Council Tax	The Council will restrict the ability of staff to place markers on accounts. This may include limiting such action only to relevant managers or requiring all markers to be approved by a relevant manager before being placed. As part of this, guidance and instructions will be prepared and shared with all staff with access to place markers on council tax accounts. This may form part of an existing or new procedure note and will include why, how and when markers should be used.	Chris Boylett	21/12/2021	Overdue To be completed September 2022	Processes currently being reviewed and instructions on codes being used will be issued but cannot closedown or restrict codes until review below completed. Progress is being made with dealing with priority cases first, authorisation to recruit resources is in place to move the actions on but the council has been unable to find suitably qualified staff, therefore September 22 is a realistic target date
13.21/22 Council Tax	The Council will resume the preparation of council tax reconciliations. This will include investigating and resolving the £2,516,195 variance identified in 2019/20 and retrospectively completing reconciliations for 2020/21 and 2021/22.	Ade Adewumi	31/03/2022	Overdue To be completed 31 st July 2022	A full cash account reconciliation between Agresso & Academy has been completed for 21/22 and there are no major concerns with the process. Revenues are reviewing the 21/22 reconciling items. The £2.5m entry on the reconciliation that was presented to Internal Audit was a hard cased carry forward figure with no backup on an incomplete reconciliation; cumulative variance as at end of 21/22 is £177k and work is underway to validate a definitive cumulative position by 31st July 2022
13.21/22 Council Tax	The Revenues Manager will undertake a review of current Council Tax arrears cases in order to identify cases where debts are not considered economically viable to be chased. These cases will be recommended for write off.	Chris Boylett	31/03/2022	Overdue To be completed September 2022	The service is currently trying to recruit the required resource. This is proving challenging as demand for this type of resource is very high, we have recruited 2 of the 4 resources and September is therefore a realistic target date.
14.21/22 Whistleblowing	The Council will devise a Whistleblowing Culture Improvement Plan to ensure	Sarah Wilson	31/03/2022	Overdue To be	Sufficient assurances are contained in the Whistleblowing Code at part 5.5 of the Council's Constitution. Those assurances will be reinforced by regular reminders

Issue	Way Forward	Who	When	Status	Latest Status update
	actions are taken to improve confidence around the Council's whistleblowing function. Progress against the plan will be monitored thereon by an appropriate forum (for example, the Executive Board), periodically.			completed 19 th July 2022	published in the staff bulletin that the Whistleblowing Policy exists to enable them to make protected disclosures. The Monitoring Officer will take an annual update report to the standards committee on 19 July with a formal review of the policy against national guidance and linking the whistleblowing culture plan to the wider recovery plans. The report recommends a regular staff survey. Whistleblowing Culture is part of a wider piece of work that is being undertaken as part of the Corporate Plan priorities and recovery themes.
17.21/22 Rent Accounts	The Council will assign responsibility within Finance for uploading the rental, council tax, business rates and benefits postings to Agresso. This will then be uploaded to the reconciliations documents on a daily basis for June to September 2021 and then each month thereafter, allowing the reconciliations to be completed.	Ade Adewumi	31/03/2022	Overdue To be completed 31 st August 2022	All postings have been made and a cumulative year end reconciliation for 21/22 has been completed. Once the new team is in place the process will be fully documented. Target date is 31st August 2022.
18.21/22 Debtors Management	An appropriate member of the Finance Team will be assigned to complete monthly accounts receivable reconciliations, as well as a second staff member to check and sign these off. The preparation of the accounts receivable reconciliations will resume, including retrospectively completing all for 2021/22.	Ade Adewumi	31/03/2022	Overdue To be completed 31 st March 2023	The Monthly AP & AR Control Accounts are being prepared by the Principal Systems Office and signed off by a Finance Technical Adviser. The outstanding piece of work in relation to the above is the aligning of the detailed feeder systems to the GL balances which requires liaison with Agresso Systems experts to redefine the report parameters. This will be completed as part of the overall review of the Finance module of Agresso which will commence in June 2022, with a view to overall completion by end of the financial year (31st March 2023)
16.21/22 General Ledger	The Finance Team will assign an appropriate individual to complete the monthly reconciliations of control accounts, as well as a second individual to check these.	Ade Adewumi	30/04/2022	Overdue To be completed 31 st March	The Monthly AP & AR Control Accounts are being prepared by the Principal Systems Office and signed off by a Finance Technical Adviser. The outstanding piece of work in relation to the above is the aligning of the detailed feeder systems to the GL

Issue	Way Forward	Who	When	Status	Latest Status update
	The preparation of the reconciliations will resume, including retrospectively completing all for 2021/22.			2023	balances which requires liaison with Agresso Systems experts to redefine the report parameters. This will be completed as part of the overall review of the Finance module of Agresso which will commence in June 2022, with a view to overall completion by end of the financial year (31st March 2023)
16.21/22 General Ledger	The Finance Team will assign an appropriate individual to review and manage all suspense accounts, including identifying those entries that can be cleared and action this. The clearing of suspense accounts will resume.	Ade Adewumi	30/04/2022	Overdue To be completed 31 st August 2022	There are 3 Suspense Accounts that require the intervention of a Civica Specialist to provide a link between the debits and credits that are all processed via the IKON platform. All other suspense accounts will be cleared in closing the 22/23 accounts, fully reconciled by 31st August 2022
16.21/22 General Ledger	An exercise will be completed to identify all tasks to be completed as part of the month end process. A full month end timetable will be prepared and tasks will be assigned to appropriate staff members. The completion of tasks will be confirmed each month to a relevant manager responsible for overseeing the closedown process.	Ade Adewumi	30/04/2022	Overdue To be completed 31 st March 2023	This will be reviewed as part of the revision of the Finance Function which is planned to commence in June 2022 to be completed by the end of the financial year - 31st March 2023.
16.21/22 General Ledger	The Council will review and clear the 73,629 unposted journals currently in batch input maintenance. This approach will account for transaction dates and values.	Ade Adewumi	30/04/2022	Overdue To be completed 31 st August 2022	All unposted journals to be deleted by 31st August 2022
16.21/22 General Ledger	A periodic checking mechanism will be introduced for unposted journals in batch input maintenance. This will include identifying those that need to be corrected (and communicating this	Ade Adewumi	30/04/2022	Overdue To be completed 31 st August	Journal Process to be reviewed by 31st August 2022

Issue	Way Forward	Who	When	Status	Latest Status update
	to relevant staff) and those that can be deleted.			2022	
16.21/22 General Ledger	The Council will complete an exercise to identify those roles/positions requiring access to Agresso finance functions and the access/functions required. Based on this the Council will implement a training programme covering finance functions on Agresso. Training will be a requirement before system access is granted and will focus on the processes required as part of job roles.	Ade Adewumi	30/04/2022	Overdue To be completed 31 st March 2023	This process is underway and the current ERP Support consultants are building a training plan in conjunction with HR based on all relevant functions which will be followed by a rollout plan which will be incorporated in the agresso finance review which will be completed by the end of the financial year 31st March 2023.
18.21/22 Debtors Management	The ability to park invoices will be restricted to the AR Team and the Finance Manager. Following this new control, the Finance Manager will review parked invoices on a quarterly basis and report outcomes to an appropriate finance manager.	Ade Adewumi	30/04/2022	Overdue To be completed 31 st March 2023	This has been discussed and will be implemented as part of the overall review of the Finance Module of Agresso that will now start in June 2022 which will be incorporated in the agresso finance review which will be completed by the end of the financial year 31st March 2023
18.21/22 Debtors Management	The Interim Group Manager Revenues Benefits and Charges will prepare a debt recovery policy which will be subject to formal review and approval. Once approved, the policy will be shared with and made available to all relevant staff, including the AR Team	Peter Robinson	31/05/2022	Overdue To be completed 31 st December 2022	A new debt recovery policy is being worked on with the intention of it being taken to Cabinet for approval in Q3 of the new financial year.
18.21/22 Debtors Management	The Council will implement a training programme covering accounts receivable functions on Agresso. Training will be a requirement before system access	Ade Adewumi	30/06/2022	Overdue	This will be reviewed as part of the revision of the Finance Function which commencing in June 2022

Issue	Way Forward	Who	When	Status	Latest Status update
24.21/22 GDPR Governance	is granted. The Data Flow Capture Spreadsheet will be updated to include the following areas: • name and contact details of joint controller (if applicable); • categories of individuals; • names of third countries or international organisations that personal data are transferred to (if applicable); • safeguards for exceptional transfers of personal data to third countries or international organisations (if applicable); • Data Protection Act 2018 Schedule 1 Condition for processing; • GDPR Article 6 lawful basis for processing; • link to retention and erasure policy document; and • whether personal data retained and erased in accordance with the retention policy document - reasons for not adhering to retention policy document (if applicable).	Alexander Cowen	30/09/2022	Not due	Reviewing data flow captures has commenced and additional categories identified are being included. Asset owners in each department will be contacted to fill in the gaps. On track
24.21/22 GDPR Governance	The SARS Log will be updated to include: • date request received (at the moment, only the 'Date Reported' is recorded); • staff member who received the request; • format of the request received; • description of the request; • whether the identity of the data subject (or third party) has been verified; • whether the request has been declined; • if declined, why the request has been declined; • if declined, when the data subject	Finbar McSweeney	30/06/2022	Overdue	All requests are logged on the Councils Intalex system where we also log complaints, councillor casework, MP enquiries and FOI's. The date received and the date responded to is inputted along with all communications between internal departments and the council and requester. DPO is reviewing the Right to Removal Log and the updated templates The SBC Right to Removal log falls under the Data Protection Officer's remit and is being responded to separately

Issue	Way Forward	Who	When	Status	Latest Status update
	<p>was informed of this; • whether the request has been made by a third party on behalf of a data subject; • if the request has been made by a third party, whether the authority of the third party has been established; • if the request has been made by a third party, whether the identity of the third party has been established; • the staff in the organisation that the information has been requested from; • date information requested from staff; • date information received from staff; • what information has been sent to data subject; • in what format the information has been sent to the data subject; Responsible Owner: Finbar McSweeney Complaints, Casework & FOI Lead Date: 30th June 2022 Priority: High 14 • date request is due; • whether there has been an extension to the deadline; • if there has been an extension, when the data subject was informed; and • whether the information was sent to the data subject within the required deadlines. Once updated, the Council will ensure that the SBC Right to Removal Log for other personal data requests is consistent with the updated template. Following this, the Council will ensure that all requests are complied with in line with the ICO deadlines</p>				

Issue	Way Forward	Who	When	Status	Latest Status update
23.21/22 Capital Expenditure	The Council will agree the arrangements for approving business cases and adding projects to the capital programme. This will include defined approval thresholds (based on project cost), escalation procedures (to ensure oversight of approvals/additions) and clarity regarding the evidence to be provided before projects are formally added onto the programme.	Brian Khumalo	30/09/2022	Not due	This work is in progress and it is anticipated that it will be completed as scheduled on 30/09/2022
23.21/22 Capital Expenditure	Monitoring and reporting arrangements for all capital projects included on the capital programme will be agreed and adhered to. These arrangements will cover 'on' and 'off portfolio' projects and will include ensuring progress updates are received.	Brian Khumalo	30/09/2022	Not due	This work is in progress and it is anticipated that it will be completed as scheduled on 30/09/2022

SLOUGH BOROUGH COUNCIL

REPORT TO:	Audit and Corporate Governance Committee
DATE:	28 th July 2022
CHIEF OFFICER:	Steven Mair – Executive Director Finance and Commercial (s151)
CONTACT OFFICER:	Clare Priest – Group Manager - Commercial Mike Thomas – Financial Advisor
WARD(S):	All

PART I
FOR ENDORSEMENT**RISK MANAGEMENT STRATEGY****1 Summary and Recommendation**

- 1.1 This report seeks Members comments on Slough Borough Council's proposed new Risk Management Strategy which is attached as Appendix A. The document sets out the Council's strategy and approach to the management of risk and demonstrates its intention to continue to develop the maturity of Enterprise Risk Management (ERM) across the organisation during 2022/23 and beyond to support the delivery of the Council's Strategic Priorities and Outcomes.
- 1.2 The Strategy was considered and approved at the Cabinet meeting held on 18th July 2022. Delegated authority was given to the Executive Director for Finance and Commercial, in consultation with the Cabinet Member for Financial Oversight & Council Assets, to make minor changes to the strategy, in particular to reflect any feedback from Audit and Corporate Governance Committee.

Recommendations

The Committee is recommended to:

- Comment on and endorse Slough Borough Council's Risk Management Strategy for 2022/23, and
- Note the key development activities to be undertaken during 2022/23 including risk management workshops with key stakeholders following the approval of the revised Corporate Plan

Reason

- 1.2 Risk is inherent in all activities across the Council and risk management is an integral part of the Council's corporate governance arrangements. Managing risk improves the way we do business. It plays a key role in helping achieve our strategic objectives. It helps ensure decision making is better informed, precious resources are used efficiently and effectively and helps avoid unwelcome surprises. Good risk management is a key part of our everyday business.

- 1.3 A number of external reports have made a range of recommendations indicating the need to strengthen the Council's approach to risk management.
- 1.4 It is good practice to review and update the Council's risk management strategy on a regular basis.

2 Report

Introduction

- 2.1 Risk is a part of all our lives. Slough Borough Council deals with risk every day from managing its infrastructure, delivering its services, managing its supply chains, maintaining the safety and security of its staff and residents, and delivering on a wide range of projects including its corporate objectives. Risk can cause uncertainty in achieving business objectives but can also present opportunities.
- 2.2 The Council recognises that risk management is a journey and to be effective it must be characterised by a set of consistent principles, language, framework and processes. In order to achieve its strategic outcomes and objectives. The Council is committed to proactively managing its risks in a systematic way.
- 2.3 Slough Borough Council its Members and Corporate Leadership Team are being asked to confirm their agreement to the following cultural statements regarding risk and to acknowledge the requirements that the strategy sets of them in promoting good risk management:
 - Slough Borough Council promotes a transparent 'no surprises', 'no blame' culture where well managed risk taking is encouraged, and learning from the risk management experience is key to a healthy culture
 - councillors and managers will lead by example to encourage the right behaviours and values
 - risk management behaviours and practices will be embedded into all Council activities including those with partners, contractors and arms-length organisations such as the Children's Company.
- 2.4 The strategy sets out the Council's commitment to managing risk effectively across its business, and the standard of risk management expected across the organisation.
- 2.5 In order to maximise the effectiveness of our risk management arrangements we will ensure:
 - an environment that will allow the effective management of risk to flourish
 - our people have the skills and knowledge they need to fulfil their risk management responsibilities; and
 - there is a commitment from the highest level to the consistent application of the agreed risk management approach across the organisation.
- 2.6 Effective risk management identifies what might go wrong, what the potential consequences could be, and how to stop the risk being realised, or its impact should the risk materialise. Our goal is to minimise the probability of unwelcomed events where we can, and reduce negative consequences of risk scenarios. This is achieved by developing mitigations and contingencies. Risk management also covers opportunities, defined as uncertain events where the positive impact of seizing the opportunity outweighs the status quo.

- 2.7 When implemented and maintained, the effective management of risk enables the organisation to:
- increase the likelihood of achieving its goals and delivering outcomes
 - improve the identification of opportunities and threats
 - improve governance, stakeholder confidence and trust
 - establish a reliable basis for decision making and planning
 - effectively allocate and use resources for risk treatment
 - improve organisational resilience.
- 2.8 It is the role of the Risk and Insurance Team within the Council to provide support, guidance, professional advice and the necessary tools and techniques to enable the organisation to take control of the risks that threaten delivery. It is however everybody's responsibility to manage risk wherever they work in the organisation.
- 2.9 The work of the team will be directed to implement the achievement of the following risk management objectives:
- align the organisations culture with the risk management framework
 - integrate and embed the risk management framework across the organisation
 - enable the organisation to recognise and manage the risks it faces
 - Improve risk awareness so the Council is better placed to avoid threats and take advantage of opportunities
 - minimise the cost of risk
 - anticipate and respond to emerging risks, internal and external influences and a changing operating environment
 - implement a consistent method of measuring risk.
- 2.10 The implementation of the Risk Management Strategy will assist the Council to:
- reduce risks
 - enhance our procurement processes
 - improve effectiveness of partnerships including realisation of anticipated benefits
 - maximise opportunities
 - improve governance and stakeholder trust
 - support the delivery of the Council's Recovery Plan
- 2.11 The risk management strategy will be subject to annual review by the Cabinet.

Commissioner Review

Effective risk management is essential for a local authority. The identification of risk, design of the actions to manage that risk and the monitoring and delivery of those actions is crucial to the effective running of the organisation. The Commissioners fully support this strategy.

3 Implications of the Recommendation

3.1 Financial implications

3.2 This strategy is supported by the key elements of the Council's Constitution.

3.3 Legal implications

3.3.1 The Council's Policy Statement on Corporate Governance is contained in the Constitution and emphasises the importance of effective risk management. This is particularly relevant in relation to Principle F - Managing risks and performance through robust internal control and strong public financial management.

3.4 Risk management implications

3.4.1 This strategy sets out the Council's commitment to managing risk effectively across its business, and the standard of risk management expected across the organization.

3.5 Environmental implications

3.5.1 There are no specific environmental implications arising directly from this report.

3.6 Equality implications

3.6.1 There are no specific equality implications arising directly from this report, although risks relating to Equality and diversity issues should be managed through the application of this strategy.

3.7 Procurement implications

3.7.1 There are no specific procurement implications in relation to this report, although areas such as market risk etc should be managed through the application of this strategy.

3.8 Workforce implications

Staffing challenges have been identified via the Functional Capability Assessment Process as part of the council's Recovery Plan. This includes consideration of organisational capability, capacity and resilience. The restructure of the Finance and Commercial Team takes this into account and sufficient capacity is being built into the structure to ensure there is a team to lead and manage risk. In addition, the council will undertake a risk maturity self-assessment to enable us to identify development opportunities for our approach to risk management organisation-wide.

3.9 Property implications

3.9.1 There are no specific property implications in relation to this report although risks arising from the ownership of properties should be managed through the application of this strategy.

5. Appendices

A – Risk Management Strategy

6. Background Papers

None.

Risk Management Strategy

April 2022

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- 2 Policy Statement.
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1 Introduction

What is a Risk?

Risk is a part of all our lives. Slough Borough Council deals with risk every day from managing its infrastructure, delivering its services, managing its supply chains, maintaining the safety and security of its staff and residents, and delivering on a wide range of projects including its corporate objectives. Risk can cause uncertainty in achieving business objectives but can also present opportunities.

Risk is defined as:

“The possibility of an event occurring that will have an impact on the achievement of our objectives either negatively or positively.”

Why is Risk Management important?

Risk is inherent in all activities across the Council and risk management is an integral part of the Council's corporate governance arrangements. Managing risk improves the way we do business. It plays a key role in helping achieve our strategic objectives. It helps ensure decision making is better informed, precious resources are used efficiently and effectively and helps avoid unwelcome surprises. Good risk management is a key part of our everyday business.

Slough BC's Risk Management Strategy

This document sets out the Council's strategy and approach to the management of risk and demonstrates its intention to continue to develop the maturity of Enterprise Risk Management (ERM) across the organisation to support the delivery of the Council's Strategic Priorities and Outcomes. This strategy is supported by the key elements of the Council's Constitution most notably Financial Procedural Rules and Financial Regulations.

The Council recognises that risk management is a journey and to be effective it must be characterised by a set of consistent principles, language, framework and processes. In order to achieve its strategic outcomes and objectives. The Council is committed to proactively managing its risks in a systematic way.

2 Policy Statement

Slough Borough Council its Members, Commissioners and Corporate Leadership Team have signed up to the following cultural statement regarding risk:

- Slough Borough Council promotes a transparent 'no surprises', 'no blame' culture where well managed risk taking is encouraged
- Councillors and Managers will lead by example to encourage the right behaviours and values
- Risk management behaviours and practices will be embedded into all Council activities including those with partners, contractors and arms-length organizations such as the Children's Company.

This strategy sets out the Council's commitment to managing risk effectively across its business, and the standard of risk management we expect across the organization.

In order to maximise the effectiveness of our risk management arrangements we will ensure:

- We have an environment that will allow the effective management of risk to flourish
- Our people have the skills and knowledge they need to fulfil their risk management responsibilities; and
- There is a commitment from the highest level to the consistent application of the agreed risk management approach across the organization.

Benefits of Good Risk Management

Effective risk management identifies what might go wrong, what the potential consequences could be, and how to minimise the risk materialising. Our goal is to minimise the probability of unwelcomed events and reduce negative consequences of risk scenarios. This is achieved by developing mitigations and contingencies. Risk management also covers opportunities, defined as uncertain events where the positive impact of seizing the opportunity outweighs the status quo.

When implemented and maintained, the effective management of risk enables the organisation to:

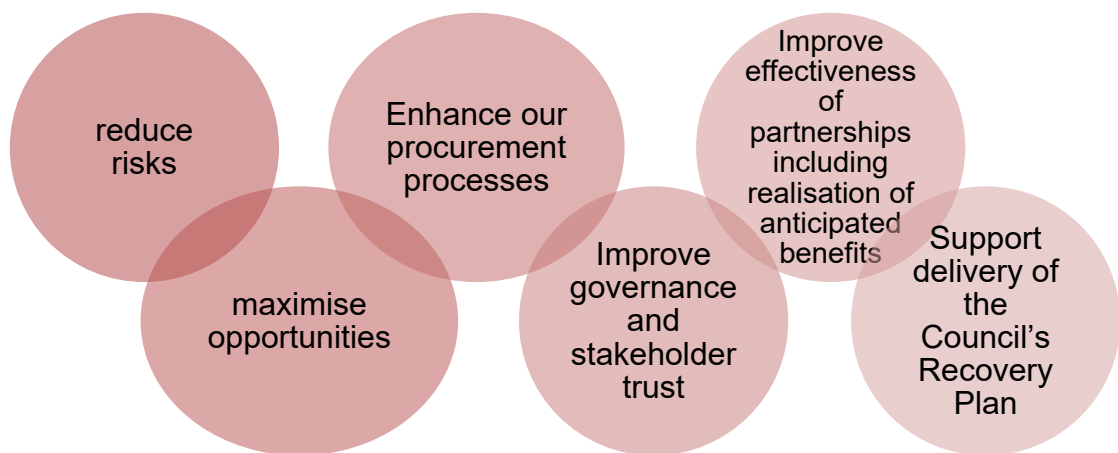
- Increase the likelihood of achieving its goals and delivering outcomes
- Improve the identification of opportunities and threats
- Improve governance, stakeholder confidence and trust
- Establish a reliable basis for decision making and planning
- Effectively allocate and use resources for risk treatment
- Improve organisational resilience.

It is the role of the Risk and Insurance Team within the Council to provide support, guidance, professional advice and the necessary tools and techniques to enable the organisation to take control of the risks that threaten delivery. It is however everybody's

responsibility to manage risk wherever they work in the organisation. The work of the team will be directed to effect the achievement of the following risk management objectives:

- Align the organisations culture with the risk management framework
- Integrate and embed the risk management framework across the organisation
- Enable the organisation to recognise and manage the risks it faces
- Improve risk awareness so the Council is better placed to avoid threats and take advantage of opportunities
- Minimise the cost of risk
- Anticipate and respond to emerging risks, internal and external influences and a changing operating environment
- Implement a consistent method of measuring risk.

The implementation of the Risk Management Strategy will assist the Council to:



3 Risk Management Framework

At Slough Borough Council, we are committed to ensuring risk management is embedded across the whole organisation. The risk management framework and the annual work and project plan of the Risk and Insurance Team follows industry best practice to provide a best-in-class risk management service helping the Council to be the most effective and efficient organisation.

For risk management to be successful, it is imperative that there is a single yet flexible approach for the management of business risk, adopted through all levels of the organisation. This strategy is one part of the overall risk framework, the essential elements of which include:

- Risk Management Policy Statement and Strategy (including governance and accountabilities)
- Risk Management Methodology
- Risk Management Tools and Guidance to support the methodology
- Risk Management Training Programme
- Risk Assurance Statement.

Our approach is to ensure that the discipline of effectively managing risk is integrated throughout the organisation and involves all key stakeholders including - but not limited to - officers, leaders, Members, partners and suppliers. Our framework is our end-to-end process of managing risk.

Primarily, Members and senior leaders of the organisation will be focussed on the strategic and business critical risks that could impact on the achievement of objectives or successful delivery of outcomes. More detailed business operations risks will be the primary concern of services and functions, where managers will be controlling and monitoring their risks and escalating these to a strategic level if they are no longer containable and manageable at a functional level.

Identified risks and mitigations are managed through the Council's corporate risk register and should be regularly discussed, reviewed and updated. Frequent risk reporting takes place across all levels of the organisation. The governance and reporting arrangements which set out what risk information is reported to which audience and when is covered in more detail in section 9 of this strategy.

The Risk and Insurance Team has a key role to play in supporting the operating principles of the Council and helping to achieve the strategic aims and priorities by providing oversight, challenge and assurance that risk is being effectively managed across the organisation; whilst delivering a high performing, customer focused service. It is the role of the Risk and Insurance Team to develop and set the risk framework for the

organisation to follow; ensuring that this adds value and is in line with the very latest industry standards and requirements. Section 11 of this strategy provides more detail on the roles and responsibilities of all stakeholders in relation to risk management.

4 Risk Appetite

Risk appetite is best summarised as "the amount of risk an organisation is willing to accept" and is about looking at both the propensity to take risk and the propensity to exercise control.

Ensuring the on-going effectiveness of risk management requires strong and sustained commitment by the Members and senior leaders of the Council as well as strategic and rigorous planning to achieve commitment at all levels. The tone set by senior management towards risk management has the greatest impact on organisational appetite.

As a large and diverse organisation it is recognised that the appetite for risk will vary according to the activity undertaken and hence different appetites and tolerances to risk apply. We are working to strengthen and clarify our definition of risk appetite to ensure it reflects the acceptable levels of risk across the services of the Council. Culture, strategy and competitive position all influence our risk appetite and defining it forces the debate and ensures our risks are made explicit.

Slough Borough Council aims to be risk aware, but not overly risk averse and to actively manage business risks to protect and grow the organisation. To deliver its strategic aims, the organisation recognises that it will have to take and manage certain business risks. Intolerable risks are those that could:

- Negatively affect the safety of employees or our customers/clients
- Have a damaging impact on our reputation
- Lead to breaches of laws and regulations
- Endanger the future operations of the Council.






5 Risk Maturity

All organisations, including Slough Borough Council, are on a risk management journey. Risk maturity refers to where the business is on that journey and how well-established risk management is as a discipline across the organisation. Risk management is currently embedded and integrated across Slough Borough Council with a low level of maturity. There is increasing complexity of risks facing the Council, public service organisations and our senior leaders recognise and actively support the driving forward of the risk management agenda. We continue to review our current risk management capability to help us direct our resources to areas that need improvement and further development, ensuring that risk management arrangements remain fit for purpose in this changing environment.

We network and share information with other Councils across Berkshire and the wider Unitary Council's network. The Council regularly engages with external risk management bodies such as Alarm (the Association of Local Authority Risk Managers) and the Institute of Risk Management. These provide additional opportunities for Slough Borough Council to compare itself with industry best practice and ensure that it continues to move forward on the risk management journey.

6 Planning to achieve our objectives

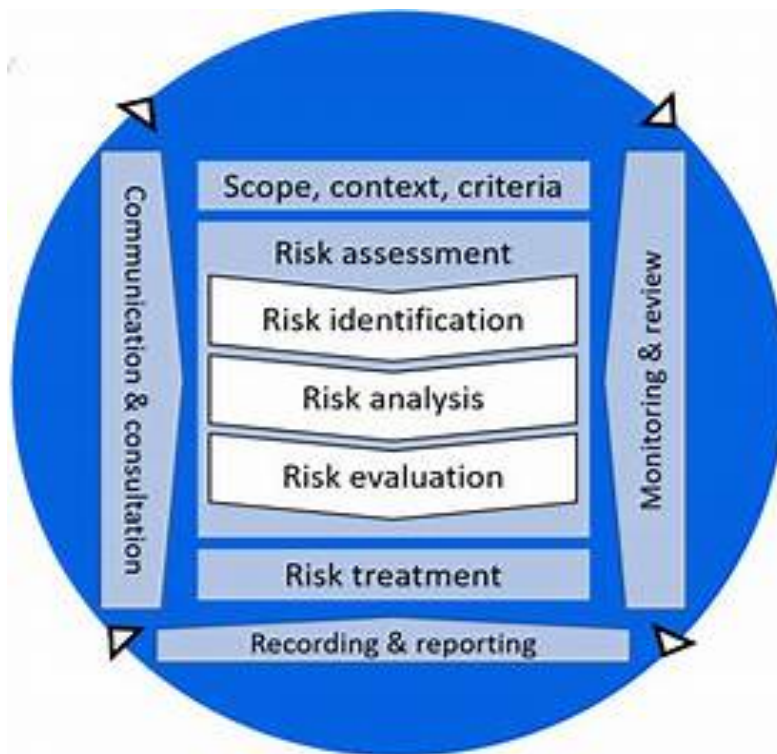
In order to improve our risk-maturity we will, during 2022-23, focus on the development of the Council's ERM framework using the framework promulgated by the Association of Local Authority Risk Managers (ALARM). As a starting point we will undertake a self-assessment of our Risk Management maturity as the basis for developing a multi-year plan for improvement. The Table below shows initial areas for inclusion in the plan but these will be refined once the maturity assessment has been concluded:

Focus Area	Plans over the next 12 months
 Risk Strategy and Governance	<p>Establish risk and insurance team as 'go to' resource for advice on risk matters.</p> <p>Formalise and embed governance structure through the currently established forums – Cabinet, CLT, Audit and CG Cttee, Risk and Audit Board – consider setting up wider Governance Group</p> <p>Agree oversight roles across all significant risk areas including partnership arrangements</p>
 Risk Culture	<p>Undertake risk culture exercise with CLT and Departmental Management teams</p> <p>Introduce regular risk training and refresher courses tailored to different requirements</p>
 Risk Enabled process	<p>Unified risk methodology, consistent language and assessment criteria used across the Council</p> <p>Improved clarity on risk ownership, development and implementation of mitigating actions to enable greater accountability</p> <p>Single Corporate Risk Register that is single source of the truth and builds on departmental risk registers</p>
 Risk Appetite	<p>Formal expression of risk appetite that is reflected in strategic and departmental plans</p> <p>Structured mechanism to monitor and flag risk appetite exceptions</p>
 Technology Enablement	<p>Embed risk management reporting then consider move away from Word based risk registers to a technology-based solution by the end of 2022-23.</p> <p>Introduce and embed risk management training and ethos across the organisation starting with the Members and Senior Managers.</p>

7 Risk Management Process

The risk management process is a series of logical steps which are carried out in sequence to progress through each stage of managing a risk. The process is cyclical and it is often necessary to revisit earlier steps and carry them out again to ensure you have a complete picture of the risks to the activity/outcome being assessed. Whilst we advocate there being less focus on following a rigid process and there being greater concentration on quality risk identification and action, there is a need to provide the organisation with risk management methodology.

There are many variations of the 'Risk Management Process' and at Slough Borough Council, the risk management process adopted is in line with the International Standard in Risk Management - ISO31000. The Risk and Insurance Team has developed detailed guidance and accompanying training to take users through completion of the process step by step.



The risk management process begins by establishing **the context** around which you want to identify and assess risks. This could relate to an activity, objective or outcome.

Risk identification sets out to identify an organisation's exposure to uncertainty. This requires knowledge of the organisation, the market in which it operates, the legal, social, political and cultural environment in which it exists, as well as the development of a sound understanding of its strategic and operational objectives, including factors critical to its success and the threats and opportunities related to the achievement of these objectives. The Council is exposed to a wide range of risks. These risks can be grouped in different ways, to help with the assessment and evaluation of the risks. The Council has categorised these risks to provide a simplified method to manage, respond to and report on risks in the Table overleaf:

Risk Type	Definition
Financial	Risks that a weakness in financial controls could result in a failure to safeguard assets, impacting adversely on the Council's financial viability and capability for providing services. Financial risks include fraud, corruption, and money-laundering.
Service Delivery	Risks that threaten the day-to-day delivery of services. Examples include: procurement issues; supply chain; maintenance of property/systems and IT, and others such as geopolitical (e.g. Brexit) and pandemic (e.g. Covid-19).
Reputational	Risks that the Council receives negative publicity which impacts on service user and public confidence in the Council (e.g. CIPFA and DLUHC reports, adverse inspection reports).
Legal / Regulatory	Risks which may impact on the ability of the Council to deliver high quality services in accordance with the requirements of regulators and national standards. This can include information governance (e.g. GDPR/Data protection, Planning Law, Health & Safety at Work Law, Procurement regulations)
People/ EH&S	Impact on the health, well-being or health and safety of the Councils employees or the public. Failure to invest in people and culture of the organisation. Examples include: stress in the workplace, lack of training and development opportunities, exposure to hazardous substances, investment in planned maintenance, safe working, lack of PPE.
Economic	Direct impact on the economy of Slough. For example, loss of revenue due to Covid-19 and potential loss of major sectors (e.g. finance, hospitality, fisheries), changes in growth of Heathrow airport.
Environmental / Social	Relating to the environmental consequences of progressing the Council's strategic objectives (e.g. in terms of energy, efficiency, pollution, recycling, landfill requirements, emissions etc.). This could include not investing in environmental and sustainable projects as a result of pressures on finances.

Risk Analysis and Evaluation - Once identified, each risks needs to be **assessed and assigned a score for both their impact and probability** - the combined outcome of this produces the risk rating. To ensure consistency and the ability to compare and report on the various levels of risk; Slough Borough Council has adopted a 6x4 risk matrix to be used when determining the risk rating. This is detailed further in Appendix A.

Each risk identified will initially be examined for its inherent (gross) level of risk. That is assuming the absence of any controls. Its significance will be judged in relation to its impact and likelihood. The risk will then be re-evaluated for its residual (net) level of risk using the same factors, but taking into account controls and mitigations already in place which affect the likelihood and impact.

A 6x 4 point scale (impact x likelihood) model is shown in Appendix A and will be used to evaluate risks. Both gross and net risks scores will be in the range of 1-25. Each risk will be plotted against a Risk Scoring Model.

The model defines overall levels of risk as Negligible; Marginal, Major and Catastrophic. It will show graphically the risks that require most urgent management attention and will also

include a line of tolerance. Any risk above the tolerance lines will be escalated to the next level as described below. Those risks which normally score between 16 and 24 will be regarded as strategically significant (or Principal) risks and will be included in the Corporate Risk Register which is considered by the Corporate Leadership Team .

However other risks with an impact (consequence) score of 3, 4, or 5 may be recommended by a Directorate Leadership Team (with advice from the Risk and Audit Board) or proposed by the CLT for inclusion on the Corporate Risk Register on the basis that the nature of the impact (consequence) of the risks means that the CLT should have continued oversight – even though a high level of controls / mitigation are in place.

Risk Treatment and Control- Following identification and assessment, a decision must be taken on **how best to respond** to the risk and if accepted then control measures need to be determined to manage the risk. Actions will be developed to ‘manage down’ those risks to the Council’s tolerance threshold. The options available will be one or more of the following:

Tolerate – Where our ability to take effective action is limited or where the cost of mitigating the risk outweighs the potential benefit.

Treat – Take action to control the risk to an acceptable level by means of containment (before the risk materialises) or contingent actions (once the risk has happened).

Transfer – Pass some aspects of the risk to another party. This can take the form of a conventional insurance transaction or paying a third party to take on risk in another way (for example through outsourcing services). The Council acknowledge that service and reputation risk cannot be transferred and that contracting can raise a range of other risks that need managing.

Terminate – Where feasible we will, by doing things differently, remove certain risks. Most risks can be managed by ‘treating’ them. Relatively few risks have to be transferred. Any proposals to address risks must identify the resources required to deliver the improvements, the individual responsible for their implementation and the key date(s) involved. They will be incorporated into service and project plans and recorded in each risk register.

Communication and Consultation - There should be communication and consultation throughout the process and the need for continual monitoring and review of the risk(s) throughout the lifecycle of the activity/objective/outcome. Each risk at the strategic and function levels needs to have a **clear link to one or more of the strategic aims that are in the Slough Recovery and Improvement Plan**. The relevant strategic aim is included as part of the captured risk information providing increased assurance that there is effective identification and management of risk.

8 RISK MONITORING AND REVIEW

Our ambition is for the Council to have one Corporate Risk Register which is populated from the risk assessments carried out at all levels within the organisation whilst enabling directorates, service areas, functions and project leads the ability to access information that is relevant to them (in supporting risk registers) in order to allow them to manage their part of the business. The Council's risk profile will be articulated using a 3-tier hierarchy.

Community – emergency risks dealt with through resilience forum and joint planning

Strategic – those that could materially affect the Council's business model

Operational / Projects – those that impact day to day activities and projects

Each tier refers to a dedicated risk register or set of risk registers. We set out later in this report the criteria for escalation and / or aggregation of risks. Further information will be contained within a Risk Management Toolkit. Once a risk has been identified, analysed, prioritised and further control actions agreed, it will be recorded in the relevant risk register. The total risk score will be used to measure performance in managing that risk and will be reviewed by the risk owner. High scoring risks will be subject to more frequent review.

9 Recording and reporting

Regular reporting on the status of strategic and emerging risks and of the measures of success will support two outcomes:

- Increased accountability for delivery upon the actions, and
- Communications to the Cabinet, Corporate Leadership Team and the Audit and Corporate Governance Committee that demonstrates the Council's commitment to risk management.

Having complete and current risk information available is vital to the Council, as this information drives business performance through the ability to make informed and calculated decisions. The table below outlines **the type of risks that the Council will report on its Corporate Risk Register:**

Types of risk	Description
Strategic Risks	Significant or strategic risks to the achievement of the Council's priorities. These risks are maintained by the Risk and Insurance Team and reviewed at least quarterly by the CLT.
Operational Risks	Report focused on common risks identified across the Departments. Risk Analysis on a regular basis through the Risk and Audit Board will allow for the identification of efficiencies and synergies in how the risk is managed.
New and Emerging Risks	New and emerging risks provide an opportunity to highlight emerging risk trends that could potentially impact the achievement of the Council's objectives. These are usually external risks e.g. new regulations or geopolitical relations. CLT will determine whether the new or emerging risks warrant inclusion in the Council's Corporate Risk Register.

Risks by exception	<p>These are risks specific to one or more Departments that are escalated for review, potentially by theme, and consideration because of one or a number of the following reasons:</p> <ul style="list-style-type: none"> • the risk rating cannot be controlled / contained at the current level • the risk remains very high even after mitigations are implemented • action/ support is required from the relevant oversight body • the risk will impact on more than one public service / functions <p>If the risk rating decreases significantly, these will be moved lower to the Departmental level once approval is obtained from the CLT.</p>
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The Council will adopt the following frequency of risk reporting requirements:

	Risk Type			
Recipient	Strategic Risks	Operational Risks	New and Emerging Risks	Risks by exception
Council and Executive Board	Annually	Annually	As required	On an ad-hoc basis at the discretion of the Head of Financial Governance, Risk, Counter Fraud and Audit
Audit and Corporate Governance Cttee	Quarterly	Quarterly	As required	
Corporate Leadership Team	Quarterly	Quarterly	As required	
Risk and Audit Board	Monthly	Monthly	Monthly	
Departmental Leadership Teams	Monthly	Monthly	As identified	

10 Risk Management - Escalation of Risks

Our approach to risk management is founded upon ensuring risk is effectively and consistently managed across all levels of the organisation. The risk culture that emanates from the Executive Board throughout the organisation is essential in ensuring all levels buy into and adhere to the corporate risk process.

The Levels:

Service/Unit Level: The day-to-day management activities provide reasonable assurance that the main tactical and operational risks arising from service operations are identified, assessed, managed and monitored. Close links between the service risk coordinators and the Risk and Insurance Team strengthen the process and ensure consistency in the risk messages delivered within the services.

Programme/Project Level: The identification of risks from the initial business case stage in a programme/project and continued risk management throughout the project lifecycle to ensure the objectives can be achieved. Where there is a programme/project risk register in place consideration should be made as to the inclusion of an overarching risk on the relevant function level risk register. There is regular reporting of the significant programmes and projects to the Delivery Board.

Function Level: The function complies with the risk management strategy and ensures key risks are identified against the delivery of the annual service plan. This level is the key lever for escalation of risks through to a strategic level where they are no longer containable by the function alone. Risk reviews, facilitated by the Risk and Insurance Team, take place regularly.

Leadership/Strategic Level: The highest level of risk is managed at this level. Reports on the top business critical risks are reviewed by the Corporate Leadership Team and discussed at the Cabinet meetings on a quarterly basis. This level sets the tone for effective risk management across the whole organisation. At this level, the risk management strategy is agreed and endorsed and its principles championed by the strategic leaders of the Council. In the event that a single risk or group of risks exceed a pre agreed tolerance threshold then the risk(s) should be escalated to a senior level via the pre agreed procedure. The risk owner will initially be responsible for either deciding on a course of action or escalating the information to a more senior level.

Similarly it should also be clear where a risk can be delegated to a lower level for action.

Process If a risk owner identifies that the risk needs to be moved because it fits into one of the categories as stated above the advice of the relevant Risk Coordinator or the Risk and Insurance Team should be sought regarding moving the risk. If this results in a change of risk owner, the potential new risk owner must be contacted for handover. If a risk is multi service or organisation wide the risk owner should consult with other relevant stakeholders before recommending a change of level.

Connections between the levels of risks:

A risk may need to be escalated to a higher level if:

- the risk becomes too unwieldy to manage at the current level
- the risk rating cannot be controlled contained within its current level

- the risk remains very high even after mitigations are implemented
- the risk will impact on more than one service project or function if
- the risk event materialises
- the risk moves outside the appetite boundaries I comfort zone.

A risk may need to be moved to a lower level if:

- the risk can be controlled and managed at a lower level
- the risk rating decreases significantly and the risk event will only affect one function 1 service area or 1 team, and
- the impact will be limited then this should be controlled more locally at a lower level.

If a risk owner identifies that the risk needs to be moved because it fits into one of the categories as stated above the advice of the relevant Risk Coordinator or the Risk and Insurance Team should be sought regarding moving the risk. If this results in a change of risk owner, the potential new risk owner must be contacted for handover.

If a risk is multi service or organisation wide the risk owner should consult with other relevant parties before recommending a change of level.

Strategic Level - If the risk is to be moved to the Strategic Level then the Risk and Insurance Team will need to be consulted so this can be considered by Corporate Leadership Team (CLT) for inclusion on the Strategic Risk Register. If CLT endorse the inclusion of this risk then the Risk and Insurance Team will ensure the risk features in the Corporate Risk Register and falls within the standard monitoring and review cycle.

Function Level - If the risk is to be escalated to the Function level then, in conjunction with the Risk Coordinator, the risk owner needs to consult with senior management regarding inclusion to the function risk register. This ideally should be raised with the function leadership team either at the next available meeting or remotely. Similarly to the escalation process if the risk is considered to be moved down a level then the appropriate Risk Coordinator should be involved to assist in the process

11 Roles, responsibilities , expectations

All Members, senior leaders, employees and partner organisations have a role to play in ensuring that risk is effectively managed. The risk management framework has been fully endorsed and supported by the Leaders of the Council who set the organisational tone for risk management and champion the benefits through all levels of the business. Risk management is only considered to be truly embedded when it functions as part of the Council's day-to-day operations. In order for this to be achieved it is vital that clarity exists to determine the various roles and responsibilities of individuals involved throughout the Council in the risk management process and this strategy formalises those responsibilities. The table below outlines the key responsibilities for each group/stakeholder.

Group/Stakeholder	Role Description
Cabinet	<ul style="list-style-type: none"> Oversee delivery of the Risk Management Strategy Team Review progress of the management of strategic risks Ensure consideration of risk in agreeing the organisations direction of travel.
Audit and Corporate Governance Committee	<ul style="list-style-type: none"> Review the effectiveness of risk management arrangements Provide comment and challenge on risk management activity and progress.
Corporate Leadership Team	<ul style="list-style-type: none"> Overall accountability for risk management across the business including ensuring the Management Board strategic risk register is a live and up to date record of the current risk exposure Members Set the tone for risk management, promote the benefits of effective risk management and lead by example in embedding the risk management framework Establish a control environment and culture where risk can be effectively assessed and managed Regularly discuss and review the strategic risk register and associated risk reports.
Risk and Audit Board	<ul style="list-style-type: none"> To ensure that the Council is proactively managing strategic risk To ensure that there is a clear process in place to allow Corporate Leadership Team, Audit & Corporate Governance Committee and Cabinet to have assurance that risk is being robustly managed within the authority Consider and challenge the management of risk to provide assurance that a strong control framework and good governance arrangements are in place Ensure any emerging risks identified through governance reporting are escalated in accordance with the risk management framework.
Section 151 Officer, Monitoring Officer and Head of Paid Service (statutory)	<ul style="list-style-type: none"> Overall accountability for the effective delivery of the organisation's risk management function in accordance with industry best practice

governance officers)	<ul style="list-style-type: none"> • Ensure risk management features as part of the organisations proper administration to protect the authority from financial and reputational risk.
Departmental Leadership Teams	<ul style="list-style-type: none"> • Ensure adherence with the risk management strategy and framework Teams • Champion the benefits of effective risk management • Take ownership for risks within their function and ensure risk registers are regularly discussed, reviewed, updated and escalated as appropriate • To appoint a risk coordinator to drive forward the risk management framework within their function.
Heads of Service	<ul style="list-style-type: none"> • Record and manage risks effectively in their service area, in accordance with the risk management framework • Where necessary escalate risks to Function Leadership Teams • Ensure their staff have appropriate understanding and training on risk management • Champion the benefits of risk management across their service and communicate the corporate approach to managing risk.
Employees	<ul style="list-style-type: none"> • Manage risk as part of their role and report risks to their managers • Develop understanding of risk management in SBC • Maintain awareness of risks, their impact, including costs, and feed these through the adopted risk management process.
Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance	<ul style="list-style-type: none"> • Overall leadership for the effective delivery of the organisation's risk management Assurance function in accordance with industry best practice. • Establish and embed the risk management framework across the Council • Provide oversight, challenge and assurance that risk is being effectively managed.
Risk and Insurance Team	<ul style="list-style-type: none"> • Develop guidance, tools and training to support the business to manage risk effectively in Team accordance with the risk management framework • Embed the risk management strategy and process to drive consistency in its application • Provide support and training on the risk register system • Provide assurance, support and challenge to the business on all areas of risk management.

12 Integrating with the control and assurance framework

Risk management complements Slough Borough Council's internal control environment, alongside other financial, operational and compliance controls. The UK Corporate Governance Code (2016) dictates that –

"The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems".

Sections 11 and 12 of this strategy outline the roles and responsibilities, and governance framework for risk management within Slough Borough Council, demonstrating our arrangements for dispersing accountability and responsibility for risk management throughout the organisation. With particular focus on internal control, the Audit and Corporate Governance Committee are the organisation's oversight body for risk management, providing check and challenge to the risk management strategy, process and delivery.

The Risk and Insurance Team work closely with the Risk and Audit Board, internal audit and governance colleagues to ensure the principles of good governance are adopted. Auditing of the business risk management framework is undertaken by the Council's internal audit team in accordance with their audit plan and recommendations arising are fed back through the risk management framework to ensure continual improvement.

The Institute of Internal Audit issued a report entitled "the three lines of defence in effective risk management and control". This provides a model for clarifying response at both an operational and strategic level and this has been adopted for Risk Management at Slough Borough Council as a 'Three Lines of Assurance' model.

First Line of Assurance	Second Line of Assurance	Third Line of Assurance
Managers in Functions and Service Areas	Risk Management Health and Safety Business Continuity Emergency Planning Information Data Security Insurance	Internal Audit

Within this model, management control is seen as the first line of assurance; this shows how each function area complies with risk management sources of assurance. The second line of assurance shows the oversight functions of Assurance Services. The third line of assurance provides Internal Audit's assessment of the risk management sources of assurance. Assurance is also offered from external sources such as external audit. This model provides active scrutiny and challenge to ensure assurance is achieved.

13 Risk register system (to be introduced 2022-23)

As part of good governance, the Council manages and maintains a register of its key strategic and operational business risks - assigning named individuals as responsible officers for ensuring the risks and their control measures are monitored and effectively managed. The risk register is a critical tool for capturing and reporting on risk activity and the organisations risk profile.

The various risk registers are currently maintained in Word documents. This is cumbersome and a move to an electronic solution utilising a live database where new risks are captured, others are managed to extinction and some require close and regular monitoring will be introduced during 2022-23.

The data within the register is used to inform the business of the threats it faces in delivering outcomes and services to the council. It is part of the Councils internal governance and performance frameworks and is used to ensure the organisation operates effectively. The current system in use is Word based and a potential alternative is to make broader use of the insurance software JCAD LACHS by utilising the risk management module JCAD CORE. This could be administered by the Risk and Insurance Team, managed out in the organisation by the service risk coordinators and able to be reviewed and updated by individuals as appropriate. The Risk and Insurance Team would need to promote self-service by delivering system training across all services which embraces the Council's digital aspiration. System enhancements are part of the development plans as we continue to meet the demand to be able to access risk management data quickly and effectively when most convenient for the individual or group.

14 Guidance, education and training

The Risk and Insurance Team is responsible for developing workforce risk management capability across the organisation, through the provision of guidance, education, training and support. Guidance materials are under regular review to ensure they reflect the needs of the organisation and are compatible with the organisations structure having the flexibility to adapt to new and changing structures. New ways to engage with officers and leaders to help with the understanding and embedding of effective risk management is under regular review, with the options for digital learning and development high on the agenda. The risk management intranet pages are continually being improved.

New training with accompanying companion guidance has been and will continue to be developed and rolled out. The risk management strategy, guidance and training materials are reviewed on a regular basis to ensure they continue to meet the needs of the organisation and incorporate the very latest industry best practice. The most recent training programme is now on the Cornerstone site.

15 Quality assurance and review procedures

To ensure the risk management framework remains fit for purpose, we continually seek to review and improve our risk management methodology and embrace new initiatives and industry practices that suit the needs of our organisation. We adapt to our changing operating environment and economic conditions and have a risk framework with sufficient flexibility to cope with these changes.

We aim to improvise, innovate and experiment in addressing challenges and exploiting opportunities learning from both success and failure, which strengthens the organization and its dependent networks. Members of the Risk and Insurance Team have the necessary skills, professional knowledge and relevant qualifications in their field and are members of external risk forums, working groups and related risk education and learning industry groups.

Risk skills and knowledge from these are fed back into our day-to-day practices at Slough Borough Council to ensure we are at the forefront of enterprise risk management. The risk management policy & strategy, guidance and associated tools are regularly reviewed to ensure the impact of new legislation, government guidance or internal changes in practice are captured and reflected. Risk management is subject to the Councils internal audit practices and as such, is audited in line with the timetabling set by the Internal Audit Plan. Any recommendations arising from audit activity is channelled back through our annual work plans to ensure they are addressed.

16 Evaluating success

In order to determine whether the risk strategy has delivered its anticipated benefits the following measures will be developed and monitored to assess the success of the strategy.

Expected Benefit	Measure
Effective decision making through better understanding of risk exposures	Improved current risk ratings / reduction in level of risk exposure across the Council Documented evidence of 'risk consideration' in approvals of strategic decisions e.g. Recovery and Improvement Plan, business plans, project plans etc.
Effective use of the Councils' resources to deliver outcomes for residents	Improved risk reporting / decision making (e.g. hours saved by risk function, number of risk related advice information requested)
Compliance with legal and regulatory requirements	Reduction in number of breaches and size of penalties / fines Reduction in number of exemptions
Improved confidence and proactivity to manage risk	Positive stakeholder feedback Improved ratings from internal and external audits e.g. Scrutiny, External Audit, Internal Audit
Capitalising on opportunities	Increased number of opportunities recognised and realised

	Costs saved / profit made through successful opportunities
Increased organisational risk maturity	Improving risk maturity score against ERM maturity model
Confidence and trust of stakeholders	Positive stakeholder feedback through risk surveys
Accountability for risk	All risks and treatments with named owners % of 'active' risks with mitigating activities taking place
Enhancement of the Councils' reputation	Number of external audit findings addressed in a timely manner and meeting / exceeding customer expectations

APPENDIX A – RISK ANALYSIS AND EVALUATION SCORING

Risks are scored using a 6x4 matrix which scores the likelihood and impact of the risk. The risk score is calculated as *(impact) x (likelihood) = risk score*

The opening risk score is determined by assuming no control measures are in place.

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			

Measuring Impact

Risk Category	Impact Category	Marginal	Critical	Catastrophic
	Negligible			
Risk Score	1	2	3	4
Economic/ Financial	Financial impact up to £50,000 requiring virement or additional funds	Financial impact of £50,000 and £500,000 requiring virement or additional funds	Financial impact of £500,000 to £1,000,000 requiring virement or additional funds	Financial impact in excess of £1,000,000 requiring virement or additional funds
Strategic	Could have a major impact on one departmental objective - no impact on a Council strategic objective	Could have a major impact on a Departments' objectives - some impact on a Council strategic objective	Severely impact the delivery of a Council strategic objective	Council would not be able to meet multiple strategic objectives
Health & Safety	Reduced safety 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 a short period	Regulatory breach resulting in small fines and short-term disruption for a short period	Minimal CMT but major departmental management effort required	Very severe regulatory impact that threatens the strategic objectives of the Council
Operational (including 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
Programmes and Projects	Risk does not affect overall project tolerances	Risk affects delivery of a milestone, but overall project tolerances are unaffected	Risk affects project tolerances to Amber RAG rating	Risk affects project tolerances to Red RAG rating

Measuring Likelihood

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 sometime	Event will occur sometime	Event may occur only in most circumstances	Event will occur only in most circumstances

Those risks which normally score between 16 and 24 will be regarded as strategically significant risks and will be included in the Corporate Risk Register which is considered by the Corporate Leadership Team. However other risks with an impact (consequence) score of 3, 4, or 5 may be recommended by a Departmental Leadership Team (with advice from the Departmental Risk Group) or proposed by the CLT for inclusion on the Corporate Risk Register on the basis that the nature of the impact (consequence) of the risks means that the CLT should have continued oversight – even though a high level of controls / mitigation are in place.

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SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

For the Audit and Corporate Governance
Committee meeting on 28 July 2022

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 (ACGC) at the March 2021 meeting, with the revised plan being approved at the July 2021 meeting.

The 2022/23 draft internal audit plan was discussed at the March 2022 ACGC and it was agreed that some further amendments to that plan would be agreed with the Director of Finance. These discussions were held immediately after the March meeting and the amendments agreed and the revised 2022/23 plan is on the July 2022 ACGC meeting agenda.

This section provides an update on the key messages relating to the progress of the 2021/22 and 2022/23 plans.

2021/22 Internal Audit Plan



We have issued a further seven final reports since the March 2022 Audit and Corporate Governance Committee meeting. Of these, two have resulted in a 'Minimal' (negative) assurance opinion, two resulted in a 'Partial' (negative) assurance opinion and the remaining three were Advisory reports. It should be noted that significant control weaknesses were identified for all three advisory reviews and all seven of these final reports have impacted and contributed to our year end opinion. Further details on these reports are documented below. [\[To note\]](#)

We have also issued a further 15 draft reports and we are waiting for management responses to all of these before they are finalised and presented to the Committee.

2022/23 Internal Audit Plan



The 2022/23 Internal Audit Plan is underway with one report issued in draft and two reviews where the fieldwork is complete ahead of draft reports being issued. Two further reviews are currently in progress. [\[To note\]](#)

2021/22 Head of Internal Audit Opinion



We advised the Committee at the March 2022 meeting that we would be issuing a negative Head of Internal Audit opinion for 2021/22, given the outcomes of our audits at that point. We have issued a number of additional reports in draft since the last meeting with negative opinions where we have found weaknesses to still be present. We have provided further updates to the S151 officer and monitoring Officer at our regular meetings. The 2021/22 opinion is on the agenda as part of our annual report. [\[To note\]](#)

The Committee will need to continue to carefully monitor the progress made by Officers to implement the management actions agreed from the 2021/22 and previous years Internal Audit reviews. [\[To note\]](#)

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 2021/22 and we understand 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 and 2022/23 plans. The report is based on the position as at the 19th July 2022.

2020/21 Internal Audit Plan

Since the last audit committee in December 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 re-issued a revised draft 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 March 2022, the following seven reports have been finalised:

- Supplier Duplicate Payments – Advisory (but significant weaknesses)
- Temporary Accommodation – Minimal Assurance
- Risk Management – Partial Assurance
- Capital Expenditure – Partial Assurance
- General Data Protection Regulation (GDPR) Governance – Advisory (but significant weaknesses)
- Creditors – Minimal Assurance
- Cyber Essentials – Advisory (but significant weaknesses)

In addition, we have issued the following 15 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 2 – Issued 24th September 2021
- Payroll – Issued 9th November 2021
- Assets – Issued 31st January 2022
- Business Rates – Issued 21 February 2022
- Follow Up of Previous Management Actions Quarter 3 – Issued 7 March 2022
- Schools Audit – Priory School – Issued 24 March 2022
- RMI Contract Management – Osborne – Issued 11 April 2022
- Health and Safety – Issued 28 April 2022
- Matrix – Management of Agency Staff – Issued 28 April 2022
- IDEA – Supplier Duplicate Payments – Phase 2 – Issued 3 May 2022
- Follow Up of Previous Management Actions Quarter 4 – Issued 12 May 2022
- Capital Projects – Britwell Expansion – Issued 13 May 2022
- Slough Children First – Governance – Issued 16 May 2022

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- Leasehold Service Charges – Issued 18 May 2022
 - Slough Children First – Value for Money – Issued 14 June 2022

2022/23 Internal Audit Plan

At this stage the audit plan is underway with one draft issued, two reviews complete and draft reports will be issued shortly, and two reviews have fieldwork in progress. No final reports have been issued.

3 OTHER MATTERS

3.1 Changes to the plan

The following changes were agreed since the last meeting:

Note	Auditable area	Reason for change
1	Subsidiary Governance	Following discussions with the Director of Finance, we have agreed to move the Subsidiary Governance review from the 2021/22 plan to the 2022/23 plan.

Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams. The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

External reviews of quality

One of the key measures of quality is an independent third-party assessment and, as a firm we are required to conform to the requirements of the International Professional Practices Framework (IPPF) published by the Global IIA. Under the Standards, internal audit services are required to have an external quality assessment (EQA) every five years. The RSM UK Risk Assurance service line commissioned an external independent review of our internal audit services in 2021, to provide assurance as to whether our approach continues to meet the requirements.

The external review concluded that RSM 'generally conforms to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

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):

Supplier Duplicate Payments – 11.21/22	Advisory (significant weaknesses)	2 High priority actions		
<p>Through the use of data analytics, namely Alteryx software, we analysed an invoice paid transaction report covering the period February 2016 (Agresso inception date) to July 2021. The purpose of this was to identify potential duplicate supplier payments using five different tests.</p>				
<p>The transaction report included 240,793 payment transactions, which amounted to expenditure of £1,695,360,788 over the period. A total of 7,500 potential duplicate payments (9,978 transactions) were identified, valued at £13,175,192. We selected judgemental samples and investigated to ascertain whether there was a strong likelihood these were likely to be genuine duplicate payments. Investigations included reviewing monetary and supplier transactions on the Agresso system in order to determine whether there was evidence of corrections (credit notes, reversals or refunded amounts).</p>				
<p>Based on our investigations, we have identified a total of 33 payments (based on 66 individual transactions), valued at £194,467 where there is a strong likelihood duplicate payments have been made.</p>				
<p>We have not included the detail of the weaknesses due to the sensitive nature of this work, but this has been shared internally with relevant Council staff.</p>				
1	The Council will consider corroborating those payments identified in our investigations as having a strong likelihood of being duplicates (Appendix B) to confirm whether these are true duplicate payments. Where true duplicates are identified, suppliers will be contacted in order to provide repayment.	High	31 March 2022	Jasvinder Dalvair, Purchase to Pay Manager
2	Following the completion of the action above and using the Alteryx testing outcomes, the Council will extend investigations to identify other true duplicate payments that were not included in sample testing as part of this review. RSM may be commissioning to complete these further investigations or these could be undertaken internally.	High	31 May 2022	Jasvinder Dalvair, Purchase to Pay Manager



Temporary Accommodation – 21.21/22		<p style="text-align: center;"> 7 High 7 Medium 3 Low </p>
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Housing Strategy and Homelessness Strategy

As part of the 2020/21 TA Review, we identified that the Housing Strategy (2016-2021) was currently in the process of being updated, with this taking place in consultation with external consultants Campbell Tickell. Throughout the audit, we were not provided with evidence to identify the progress made in relation to updating the Housing Strategy. We also identified through review of a transaction report relating to invoices received from Campbell Tickell that the most recent invoice was dated 15 December 2020, indicating the consulting work around the Housing Strategy may have ceased.

If a Housing Strategy and Homelessness Strategy are not in place and progress against objectives / actions are not monitored, there is an increased likelihood that organisational objectives may not be achieved. Furthermore, absence of a clear strategy, increases the likelihood that coordinated action is not taken to address issues. **(High)**



Resources

As per the latest TA snapshot report (dated 8 November 2021), a total of 433 households were housed in TA, with one Officer assigned 274 households and the other 159 (average of 217 households per Officer). This is a significant increase in terms of caseload for Officers when compared against the equivalent snapshot report dated 28 December 2020 where there was a total of 357 households, across three different TA Officers (an average of 117 households per Officer). This is also a disproportionate split between the two Officers.

The above indicates a significant resource gap, meaning there is a potential risk of insufficient staffing in place to allow the Council to deliver its statutory duties with regards to the Housing Act 1996 and Homelessness act 2002. Throughout the audit, we have noted a number of issues linked to the above resourcing issues identified. **(High)**



Analysis - Timeliness of Homelessness Decisions

We were advised by the Housing Demand Manager that there remain significant issues in relation to the timeliness with which homelessness decisions are made, with this largely owing to high levels of staff shortages. To substantiate this, we obtained a report from the Principal Performance and Quality Officer which noted that across 631 decisions made between April and November 2021, 386 (63.4 per cent) were outside the 56-day target.

If there is a delay in reaching a homelessness decision, there is an increased potential for ineligible households to remain in TA properties after the relief duty period of 56 days. There is therefore an increased likelihood that new applicants cannot be accommodated within the Council's TA property portfolio and the TA Team are forced to use nightly rate shared and bed and breakfast properties which incur higher nightly rate charges (impacting value for money). **(High)**



Rent Arrears Levels

We identified that as 31 October 2021, the Council had a total of £183,340 of TA current arrears outstanding against a target of £130,000 and £553,557 of TA arrears outstanding against a target of £295,000. When compared against data presented during our previous audit (dated January 2021), we can see that the current rent arrears position (both current and former) has increased from £142,983 and £467,769 respectively.

The Housing Recovery Lead advised that the increase in arrears levels mainly lies with the Council's inability to evict tenants between March 2020 and May 2021 (in light of the COVID-19 Pandemic), which has meant that arrears levels have continued to rise.

However, if sufficient action in relation to rent recovery for households in TA is not taken, there is a risk that the level of rent arrears will continue to rise. **(High)**



Safety Assurances from Private Providers

We identified a total of 16 private providers of accommodation to households within TA across 361 households. Following investigation, we identified that seven of these providers did not have an annual compliance statement (which notes the agreement of the provider to comply with the minimum safety requirements, including gas, electric and fire safety). Further, of the remaining nine providers, only one of these had been completed in the last year.

Without receiving assurances regarding the completion of safety checks for properties, the Council cannot be assured that properties used to meet TA needs are suitable in terms of safety. **(High)**



Analysis – TA Households

We analysed the latest TA Snapshot report (dated 8 November 2021) and identified a total of 466 Homeless Applications. We analysed the date the homeless application had been completed by the above mentioned 466 and found that 37 per cent of applicants have spent more than three years in TA, with one applicant having made their application in December 2012. More information can be found within the detailed findings.

This highlights that the Council are not efficiently moving households out of TA. This was supported through discussions with both the Housing Demand Manager and the Group Manager – Accommodation, who advised that the Council currently does not have a strategy in place to progress households out of TA. In absence of a clear strategy, there is a risk that numbers of households in temporary accommodation continue to rise, expending Council resources and increasing the TA Team's reliance on the use of public-sector rented accommodation. **(High)**



Council Owned Buildings – Safety Assurances

We were advised by the Housing Demand Manager that monthly returns to the Corporate Building Compliance Group are made, detailing safety compliance performance data across Council owned stock, including TA. However, at the date of review, we were not provided with evidence to substantiate this. If the safety compliance is not effectively monitored with regards to Council-owned TA, there is a risk that safety compliance gaps are not identified and rectified in a timely manner. Therefore, if properties are not safe, there is an increased risk of reputational damage where households are placed in unsuitable accommodation. **(High)**



Reporting

We noted through discussion with the Housing Demand Manager that since the restructure, there have only been one meeting of the Community – Accommodation and Neighbour Management service line (dated 6 October 2021) where the group’s purpose was discussed (rather than Housing related KPIs, including TA).

We did identify that whilst these meetings are not taking place, monthly performance reporting had been sent to attendees of the meetings in August, September and October 2021. Across the three sampled months, we identified performance with respect to each KPI had been declining (see table above). This was also true when compared to performance data identified as part of the 2020/21 Internal Audit review.

We also noted that comments/ supporting narrative to explain the performance had not been noted within the report, nor had any remedial actions to address these issues had been documented.

In absence of monthly monitoring of KPI indicators in relation to Community - Accommodation and Neighbourhood, there is a risk that service level issues are not identified, investigated and rectified in a timely manner. **(Medium)**



Periodic TA Audits

Once the Council has a duty to accommodate persons who are not intentionally homeless (S193) and they have been accommodated, the TA Officer contact the tenant six weeks, three months and one year after, with the details of call captured on TA audit form. Through discussion with a TA Officer, we were advised that periodic TA audits are currently not being consistently completed, with this largely owing to prioritisation of other work in light of resource constraints within the team (see above).

If TA visits are not undertaken in a timely manner, or not undertaken at all, there is an increased likelihood that tenant problems and concerns may go unresolved for some time, thus negatively impacting the reputation of the Council. Furthermore, if reasons for untimely visits are not documented, the TA team cannot identify the underlying causes for delays, limiting the ability to adequately monitor the completion of household visits. **(Medium)**



Allocations

When an individual informs the Council that they are at risk of homelessness, the Housing Demand Team will undertake an initial assessment to determine whether the Council holds an interim duty to accommodate. Once a decision is made by the Team, the TA team is notified who is then responsible for identifying appropriate accommodation.

Whilst we requested evidence to substantiate whether the above processes had been appropriately followed for a sample of 20 households, at the date of review, none of the requested evidence had been provided. The Council are therefore unable to take assurance in relation to processes that are in place to identify and allocate housing based on need and available options as well as the agreement of licenses for TA and the completeness of these documents retained. **(Medium)**



Homelessness Decisions (Positive)

Once the Housing Demand Team have made their assessment (and the outcome is 'positive'), the TA Team are responsible for completing an assessment of current accommodation to ensure that these household are accommodated in line with the Council's Placement Policy. We selected a sample of 10 'positive' decisions made in the 2021/22 financial year, however, were not provided with evidence to confirm that such a reassessment of accommodation has taken place.

If a reassessment of the suitability of existing TA are not taking place, there is a risk that homeless individuals are inappropriately placed. **(Medium)**



Negative Decisions (Negative)

Once the Housing Demand Team have made their assessment (and the outcome is 'negative', the TA Team are responsible for issuing a notice to quite to evict the household from their TA. We selected a sample of 10 'negative' decisions made in the 2021/22 financial year, however, were not provided with evidence to confirm that a notice to quite had been issued and that the property had been vacated in a timely manner.

Should households who had received a negative decision not receive a notice to quit in a timely manner, there is a risk that the Council will suffer financial losses where rent arrears are increasing in these properties whilst they are not being vacated. **(Medium)**



Breach of License

We requested a report/listing of cases where a notice to quit had been issued in the current financial year, however this was not received. As such, we were unable to select a sample to complete substantive testing to confirm that due protocols are consistently taken once a household is in breach of their license agreement.

If consistent/ appropriate processes are not taken following breaches of licenses, this may result in repeat offences as well as delays in evicting such licensees. **(Medium)**



Analysis – Private Sector Providers

Through discussion with the Housing Demand Manager, we identified that the Paradigm Housing Association (the Council's largest provider) had notified the council that they were ceasing operating in the next financial year. Our analysis identified that Paradigm accounted for 23 per cent of all private rent accommodation (more than double of each provider, with the exception of Ashburn Properties) therefore meaning that these households would need to be rehomed, at significant disruption to the licensees as well as the Council's resources.

The Housing Demand Manager advised that the Council has not agreed, nor considered a strategic approach to utilising private rented accommodation, including standards by which the Council can diversify their portfolio of accommodation.

Failure to effectively diversify the Council's portfolio of private rented accommodation increases the risk of significant disruptions to Council resources should a provider collapse. This could also lead to reputational damage to the Council where households are required to move. **(Medium)**

1	In line with current plans, the Council will ensure that an up-to-date Housing Strategy and Homelessness Strategy is created. Additionally, progress against the action plan will be periodically monitored by an appropriate forum.	High	30 September 2022	Dean Tyler - Associate Director – Place Strategy and Infrastructure
2	The Council will undertake a review of workload for Officers and if deemed appropriate, create a business case to add additional resource in this area to aid the Council in meeting their Statutory responsibilities in respect of Temporary Accommodation.	High	30 September 2023	Ian Blake – Group Manager – Accommodation
3	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	31 March 2023	Ian Blake – Group Manager - Accommodation
4	The Temporary Accommodation Team will design interim measures to ensure that tenants are interacted with through periodic calls to identify any issues with their accommodation (or other related matters).	Medium	31 March 2023	Ian Blake – Group Manager - Accommodation
5	The Temporary Accommodation Team will ensure that all documentation relating to the TA allocation (including spot placements) processes are retained via DIP.	Medium	31 March 2023	Ian Blake – Group Manager - Accommodation
6	The Council will undertake a review of workload for Officers and if deemed appropriate, create a business case to increase capacity in this area to help the Council in meeting their Statutory responsibilities, in respect of Housing Decisions. Following this, the timeliness of decisions will be monitored through monthly performance reporting (as per management action five).	High	30 September 2023	Ian Blake – Group Manager - Accommodation
7	The Temporary Accommodation Team will ensure that following notification from the Housing Demand Team, a reassessment of accommodation is completed to ensure that this is suitable and in line with the Team’s Placement Policy.	Medium	31 March 2023	Ian Blake – Group Manager - Accommodation
8	The Temporary Accommodation Team will ensure that following notifications are received from the Housing Team: <ul style="list-style-type: none"> • The negative decision has been recorded on Capita; • A notice-to-quit has been issued; 	Medium	31 March 2023	Ian Blake – Group Manager - Accommodation

	Assurance is received to ensure that the accommodation had been vacated by the previous licensee.			
9	The Temporary Accommodation Team will ensure notices to Quit are served where the tenant breaches the licence agreement with the Council, with this in line with Council Policy.	Medium	31 March 2023	Ian Blake – Group Manager - Accommodation
10	The Council will take action to improve the Council's rent arrears profile for those housed in Temporary Accommodation. Collection rates will be reviewed via KPI reporting as per management action five.	High	30 September 2023	Ian Blake – Group Manager - Accommodation
11	The Annual Compliance Statement issued to Private Providers will be reviewed to assess whether the terms and conditions satisfies the Council's legislative duties as a housing provider. Following this, the Council will introduce a monitoring mechanism to ensure: <ul style="list-style-type: none"> Providers are only engaged with should they have a signed Compliance Statement in place; These Compliance Statements are reviewed and signed annually. 	High	30 September 2022	Ian Blake – Group Manager - Accommodation
12	The Temporary Accommodation Team will ensure that monthly safety compliance of Council-owned stock (relating to properties in TA) are monitored on a monthly basis.	High	31 December 2022	Ian Blake – Group Manager - Accommodation
13	The Council will develop a strategy to identify households which are no longer owed a duty to be accommodated under the Housing Act 1996.	High	31 March 2023	Ian Blake – Group Manager - Accommodation
14	The Council will develop a diversification strategy to engaging with private rented accommodation providers.	Medium	31 March 2023	Ian Blake – Group Manager - Accommodation

Risk Management – 19.21/22		2 High 6 Medium 3 Low
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Assurances against risks / controls

We noted through review of the Corporate Risk Register that assurances in relation to the effectiveness of controls in place are not currently documented (as at December 2021). This was identified in our previous Risk Management review and although the action was marked as 'implemented' and closed within the Council's action tracking software, it has not been implemented. While the Council receives third line assurance from Internal Audit through a risk based audit plan, and potentially from a range of other third line (independent) assurance providers (e.g. Ofsted, the CQC, the DLUHC, CIPFA, Information Commissioner etc) without the Risk Register documenting the assurances received against controls designed to mitigate risks, there is an increased chance of risks being realised (if controls are not operating as intended). Independent assurances can be effectively used to inform where further action may be required. **(High)**



Directorate Risk Registers

As part of the 2020/21 Risk Management review, a medium priority management action was agreed in relation to the following:

"On a monthly basis, the Senior Risk and Insurance Officer will review each of the directorate risk registers and highlight any exceptions. These exceptions will be communicated to the relevant members of the respective DMT, with remedial action taken as appropriate. The actions will be followed up on monthly and where inadequate progress has been made, this will be escalated as appropriate."

Through discussion with the Risk and Insurance Officer, we were informed that they had not been invited to all directorate meetings to discuss and review the risk registers. Subsequently the post holder left their role with the Council with the Group Manager (Commercial), picking up risk management responsibilities in the interim. We noted through review of Risk and Audit Board meetings for the 2021 calendar year, that directorate risk registers had not been regularly reviewed, part of which could be attributed to staff turnover and changes in the directorates and the Risk and Insurance Officer leaving the Council.

At the time of audit, the Council only had a Corporate Risk Register in place, and while a revised directorate structure was in place, in the absence of directorate risk registers, it was not clear how strategic and operational risks were being identified, documented, discussed and managed, increasing the chances of risks being realised within directorates, which may have an impact on the Council's ability to achieve their objectives/outcomes. **(High)**



Risk Management Training

Following the restructure, the Council's Risk and Insurance Officer left the organisation, with the risk management arrangements being led by the Group Manager - Commercial, and the Director of Finance, predominantly through the Risk Board.

An action was agreed in our 2020/21 audit to introduce risk management training, however as at November 2021, formal risk management training had not been rolled out. An options appraisal for conducting training was presented to the Risk and Audit Board in September 2021, and "the board agreed that the option to roll out online training through cornerstone would be the most effective option for the Council at this point".

However, at the time of audit this had not been rolled out to either staff or members. If relevant risk management training is not provided, there is a risk that risks may not be identified, documented and effectively and consistently managed. This increases the likelihood that risks may materialise. **(Medium)**

Following the audit, we were informed that Risk Management Training had been set up and was being delivered, however we have not reviewed the content of the training or that the Council have set compliance targets with regards to completion, and this will be tested as part of the 2022/23 Risk Management Audit.



Risk Management Strategy

We were provided with the Risk Management Strategy and confirmed through review of the document that whilst it had been updated to include a statement on the Council's risk appetite which was part of the action agreed in the 2020/21 Risk Management report, this was still inconsistent within the document and had not been amended following actions agreed in the previous report (referred to above).

We noted that while the version history section of the document stated that the strategy had been approved by the Audit and Corporate Governance Committee in June 2019, review of all minutes of the Audit and Corporate Governance Committee for both 2019 through to 2021 found no reference to the Risk Management Strategy being presented for approval, and it was last approved in December 2018.

We confirmed through review of the Audit and Corporate Governance Committee's Terms of Reference (ToR - held within the 2021 Constitution on the Council's Internet page) that the requirement to approve the Risk Management Strategy had been included, however we could not find evidence to confirm this had been done since December 2018.

Failure to clearly document the Council's risk management strategy and receive formal approval of the strategy may result in inconsistent practices in relation to risk management being adopted across the Council. **(Medium)**



Corporate Risk Register Content

We reviewed all 15 risks documented within the Corporate Risk Register and reviewed the risk scores to ensure they were consistent with the strategy and the wording of the risks, controls and actions required.

While we noted that each risk was owned by either the Executive Board or an individual Director, responsibilities for implementing the actions identified (which may be separate to the risk owners as the risks have been assigned at a strategic level) or dates for implementation were not consistently assigned for each of the actions.

While we appreciate that the revisions to the Risk Register are a work in progress, following the restructure and changes in the responsibilities for risk management, without consistently documenting the timescales and owners for actions to improve the control framework increases the risk of actions not being implemented and may contribute to risks being realised. It also reduces the visibility to readers of the risk register how and when actions will be completed. **(Medium)**



Links to Strategic Objectives

We reviewed the latest version of the Corporate Risk Register and while we noted that a total of 15 risks had been included, none of the risks documented were aligned to strategic objectives.

We were informed that the Council's five year plan is no longer in use, and a recovery plan is being developed as the council's key strategic plan. The Council will need to ensure that the Corporate Risk Register aligns to the outcomes in the Council's recovery plan in order to take assurance that it has identified all of the risks in relation to achieving its outcomes/objectives.

We noted that while some of the risks on the register are of strategic importance following the issue of a S114 notice and the restructure and subsequent reports from MHCLG (now DLUHC) and CIPFA, these risks can be seen as cross-cutting all of the Outcomes, and without documenting the relevant outcomes in the Corporate Risk Register and aligning these to the risks identified, it is difficult to conclude that the Council has identified all relevant strategic risks or that all of the risks documented are actually strategic risks. This could increase the risk of outcomes not being achieved if the Council is not aware of all relevant strategic risks. **(Medium)**



Cabinet reporting

We reviewed the agendas and papers for Cabinet meetings held since March 2021 and could not find evidence to show that, in line with the Risk Management Strategy, the Corporate Risk Register had been provided to Cabinet, or that the Cabinet had reviewed "the Council's approach to Risk Management and approve changes or improvements to key elements of its processes and procedures".

We also could not confirm that the Cabinet had set the Council's risk appetite in line with the Risk Management Strategy, nor whether the Cabinet "periodically reviewed the Council's approach to Risk Management" or how Cabinet had determined whether the Council was "risk taking or risk averse", as coverage of these areas were not in the minutes or papers provided to Cabinet. Following the review, we were informed that the role of the Audit and Corporate Governance committee and how it reports to Cabinet is being determined, as this could form part of the annual report from the committee to Cabinet.

There is a risk of poor governance if the Council does not operate risk management in line with the current strategy in place, which could lead to risks not being effectively managed or allowing the opportunity to take appropriate mitigating action. **(Medium)**



Risk and Audit Board

We noted that from July 2021, the Risk and Audit Board was reformed and the ToR reviewed, however we found that the attendance requirements for Associate Directors was not always being complied with.

We also noted that the Board was not consistently fulfilling its responsibilities, for example in terms of scrutinising previously agreed internal audit management actions, and receiving updates in relation to Business Continuity. There is a risk of insufficient scrutiny by the Risk and Audit Board which could lead to risks being realised. **(Medium)**

1	<p>The Risk Management Strategy document format will be updated to include a next review date and the contents of the strategy will be updated to include:</p> <ul style="list-style-type: none"> • the requirement for identified risks to be linked to strategic objectives; • the current responsibilities of cabinet; • the responsibilities of members of DMT meetings to scrutinise the content of risk registers 	Medium	1 August 2022	Clare Priest – Group Manager, Commercial
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	<ul style="list-style-type: none"> the responsibility of Directors to monitor the progress of overdue directorate level risk management actions. <p>Subsequently, the Policy will be communicated to all staff and approved by the Audit and Corporate Governance Committee on an annual basis.</p>			
2	The Corporate Risk Register will be updated so that all actions identified consistently have owners and implementation dates recorded.	Medium	30 September 2022	Clare Priest – Group Manager, Commercial
3	The Council will roll out risk management training and maintain a central log to show which staff have been training. In addition, the Council will develop a training matrix to identify and prioritise those staff with risk management responsibilities.	Medium	31 March 2022 / Complete	Clare Priest – Group Manager, Commercial
4	The Council will align each of the risks within the Corporate Risk Register to the outcomes of the Council's recovery plan.	Medium	30 September 2022	Clare Priest – Group Manager, Commercial
5	Risk Owners, as part of the review of the Corporate Risk Register, will review assurances against the controls in place, scrutinising the source and strength of that assurance. Where the assurances either indicate issues, or where there are a lack of assurances against controls, action will be taken to address these, and the residual risk scores for risks will be updated accordingly.	High	30 September 2022	Corporate Leadership Team
6	The ACG will report into Cabinet in line with the Audit and Corporate Governance Committee Terms of Reference paragraph 35 article 9	Medium	Complete	Angela Wakefield – Monitoring Officer
7	The Risk and Audit Board will ensure: <ul style="list-style-type: none"> Attendance is in line with the Terms of Reference (specifically Associate Directors) For all Internal Audit actions, the Risk and Audit Board should seek assurance from the GM - Commercial that sufficient evidence has been reviewed to confirm that the actions have been implemented before being closed. <p>Appropriate business continuity updates are provided which clearly link to issues identified as part of Internal Audit reviews.</p>	Medium	30 June 2022	Clare Priest – Group Manager, Commercial



8	Risk Registers will be formulated for each of the directorates and a revised schedule for the review of Directorate Risk Registers will be agreed by the Risk and Audit Board.	High	30 June 2022	Clare Priest – Group Manager, Commercial
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<p>Capital Expenditure – 23.21/22</p>		<p>2 High 7 Medium 3 Low</p>
<p>Business Case Preparation and Approval</p> <p>Business cases are prepared for capital bids, with scrutiny and approval required before being added onto the capital programme. For a sample of ten capital projects included within the programme as at September 2021, we identified that six business cases had not been internally signed off (as completed), with business cases not provided to us for another three of the sample. Evidence of business case approvals were also not provided for seven of the projects. Although the procedure for business cases was under review at the time of our audit, where business cases are not adequately prepared and approved there is a risk projects are added to the capital programme without (or with inappropriate) authorisation. (High)</p> <p>Project Monitoring and Reporting</p> <p>There is no consistent approach for monitoring and reporting all capital programme projects, with portfolio projects not reported upon since September 2021 and non-portfolio projects no longer being reviewed once completed. Part of this may be attributed to the restructure, which removed the Project Management Office (PMO) from the structure. For our sample of ten projects, we requested evidence of monitoring and reporting, however this was not provided. Without an agreed formal approach for monitoring and reporting all capital projects, there is a risk staff/Members are not informed of progress and that issues are not identified and resolved in a timely manner. (High)</p> <p>Financial Procedure Rules</p> <p>The Council’s Financial Procedure Rules (FPRs) include high-level information relating to capital expenditure processes. Through review, we found that despite the contents covering the capital strategy, budget, projects and responsibilities, there were a number of inconsistencies with current practice (including job roles, forums and directorates) and limited information on other processes such as carrying funds forward. The FPRs were due to be updated and presented for approval in January 2022, however this did not occur and instead a revised intention was stated that they would be prepared and adopted from April 2022. If the FPRs do not provide clear and accurate information, there is a risk that readers have insufficient guidance with regards to capital expenditure processes. (Medium)</p>		

Capital Guidance (including capital expenditure)



Although not available at the beginning of our audit, guidance relating to capital expenditure was prepared over the course of our fieldwork testing. Through review, we noted that this guidance focussed solely on the capitalisation of expenditure, with no information on other capital processes such as preparing bids and monitoring projects. Through discussions as part of our review and our audit findings we identified that many of the expectations and processes related to capital expenditure were unclear or unknown to staff. Without suitable guidance materials, there is a risk that capital processes are completed incorrectly, impacting the delivery of the programme. **(Medium)**

Carry Forward



Earmarked Reserve forms were completed in previous years where services wished to carry forward capital funds, however this process was undergoing review at the time of our audit due to historical issues with limited scrutiny and blanket approvals being granted as part of budget approval. The process for carrying forward capital funds should consider why amounts were not spent and the funding source, as well as ensuring requests are subject to suitable scrutiny. Without this, inappropriately carried forward amounts may be included in the capital budget, impacting opening balances and the accuracy of financial statements. **(Medium)**

In-Year Changes



There is a lack of clarity with regards to how in-year changes to the capital programme should be proposed and agreed, with a contrast between the Financial Procedure Rules and historical practice. A report brought to Cabinet in July 2021 stated there had been a failure to comply with capital spend approval, including in-year changes such as additions. Although this process was being reviewed and agreed at the time of our audit, without a robust procedure there is a risk inappropriate changes to the programme are implemented. This may impact the allocation of capital funds, delivery of projects and Council finances. **(Medium)**

Capitalised Expenditure



Expenses associated with capital projects are funded via the capital programme, with capitalised expenditure assigned a 'P' code on Agresso. Investigations following the 2018/19 external audit have highlighted significant issues with the incorrect capitalisation of revenue expenditure. At the time of our review, we confirmed that the Council had implemented interim controls to detect transactions that were incorrectly capitalised, such as the capital accountants reviewing transaction lists. However, without permanent, robust controls in this regard, there is a risk that costs will continue to be incorrectly capitalised, inflating the cost of assets which may result in financial misstatement. **(Medium)**

Internal Capital Governance



The Capital Monitoring Group (CMG) has not meet since December 2020, with its responsibilities being assumed by the Strategic Finance Board (SFB). Through review of SFB minutes ranging from May to October 2021 we found that whilst the capital programme was included as an agenda item at the meetings in May, June and July, this had not occurred at the most recent meetings (August and October). Although the capital programme was undergoing review over this time (and at the time of our audit). Without ensuring the capital programme is internally reviewed and discussed, there is a risk progress updates are not subject to suitable scrutiny. **(Medium)**



Combining the capital and procurement business cases



As part of the Capital Expenditure 2020/21 review, a management action was agreed to combine the capital and procurement business cases (into one document) and instruct staff to use this. We identified that whilst a combined business case for revenue expenditure had been prepared (although it was stated that this was also to be used for capital), this had not been finalised, approved for use, shared with staff or made accessible via the intranet. As such there remains a risk that without involvement of procurement, sufficient value for money may not be obtained for capital projects. **(Medium)**

1	As part of the FPRs review, the Council will ensure that references, processes and expectations relating to capital expenditure are updated. This will include providing clarity where required.	Medium	31 July 2022	Alison Rogers – Financial advisor
2	Comprehensive procedure guidance will be prepared covering all capital expenditure processes, ranging from capital projects to financial functions. Guidance will align to the revised processes as per the Financial Procedure Rules and be shared with relevant staff, as well as being made accessible via the intranet.	Medium	31 December 2022	Brian Khumalo – Finance Business Partner
3	The Council will agree its approach for carrying forward capital funds where these are not spent in the assigned year.	Medium	30 June 2022	Brian Khumalo – Finance Business Partner
4	The Council will agree an approach for proposing, reviewing and approving in-year changes to the capital programme. This will include the requirement for changes to first be scrutinised and approved prior to being implemented.	Medium	31 December 2022	Brian Khumalo – Finance Business Partner
5	The Council will implement permanent controls to prevent and detect the incorrect capitalisation of expenditure.	Medium	30 September 2022	Brian Khumalo – Finance Business Partner
6	The Council will agree the arrangements for approving business cases and adding projects to the capital programme. This will include defined approval thresholds (based on project cost), escalation procedures (to ensure oversight of approvals/additions) and clarity regarding the evidence to be provided before projects are formally added onto the programme.	High	30 September 2022	Brian Khumalo – Finance Business Partner
7	The capital business case template will be prepared to incorporate procurement questions/requirements (as were previously included within the separate procurement business case).	Medium	30 June 2022	Clare Priest – Group Manager Commercial



	Once prepared, the template will be made accessible to all staff and a reminder email issued advising staff of the requirement to use this going forward.			
8	Monitoring and reporting arrangements for all capital projects included on the capital programme will be agreed and adhered to. These arrangements will cover 'on' and 'off portfolio' projects and will include ensuring progress updates are received.	High	30 September 2022	Brian Khumalo – Finance Business Partner
9	There will be a standing agenda item at Finance Board meetings for capital monitoring/capital programme. This will be used to discharge the duties and responsibilities as defined within the updated terms of reference.	Medium	Action complete – following the establishment of the Finance board which has replaced SFB	NA

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General Data Protection Regulation (GDPR) Governance – 24.21/22	Advisory (significant weaknesses)	3 High 12 Medium 1 Low
<p> GDPR Action Plan Through review of the Information Governance Board (IGB) Action Trackers (used to also track GDPR actions) for July, September and October 2021, we noted that whilst all actions had an owner and status assigned, there was no due date recorded for any actions. We also noted that updates against actions were not being dated, and actions were not being regularly updated. Without effective tracking of actions, this could lead to outstanding areas of GDPR not being implemented in a timely manner. (High)</p> <p> Data Flow Mapping Through review of the Data Flow Capture spreadsheet, we noted that various fields had not been detailed, such as the 'GDPR Article 6 lawful basis for processing'. We also noted that the spreadsheet was not fully complete, for instance, fields had been left blank in the 'Detail the Business Purpose of Data Transfer' and 'Systems Data Classification' columns. If data is not appropriately mapped across the organisation, there is a risk of the organisation being unaware of the data being held, how such data is used by different departments and how it flows through the organisation. This could also lead to issues with lawfulness of processing, security and retention. (High)</p>		

Password Management



Through review of the IT Password Policy, we noted that it did not cover areas such as account lockout requirements or security monitoring to detect and alert the organisation to what may be indicators of malicious or abnormal behaviours. We also found that the actual Active Directory configuration was inconsistent with the Policy, as password expiry had been set to 180 days as opposed to the 90 days set out within the Policy.

Without a password policy that details all minimum requirements, and without adherence to this policy, there is a risk that inappropriate password settings are in place that do not adequately protect the organisation's systems against unauthorised access. **(Medium)**

Records Management



Through review of the Information and Records Management Policy, we noted that it was due for review in May 2019 and was therefore out of date. In terms of content, we noted that the Policy did not provide detailed information on managing the security of records or disciplinary information for breach of the policy.

We also found that the Policy referenced a Records Disposal Schedule and what it should cover, however, this did not align to the Corporate Retention Schedule actually in place, for instance, the Records Disposal Schedule referenced storage arrangements whereas the Corporate Retention Schedule did not.

Through review of the Corporate Retention Schedule, we noted that it was due for review in April 2019 and therefore required updating. We also noted that it did not cover areas such as format of the record or the retention trigger. Furthermore, we noted that the Schedule was not fully complete. Without a comprehensive policy and schedule in place, this could lead to an inconsistent approach to data storage and retention, potentially leading to personal data being mismanaged. **(Medium)**

Management Awareness



Through review of the IGB minutes for July, September and October 2021, we noted that data breaches were included as a standing agenda item in all cases and discussed. We noted however that other areas of GDPR, such as compliance with GDPR training or personal data requests, were not being discussed. This increases the risk of a lack of oversight of data protection requirements, resulting in data issues existing that may lead to legislative non-compliance and control weaknesses. **(Medium)**



Data Protection Policy

Through review of the Data Protection and Privacy Policy, we noted that it had not been updated since May 2018, despite requiring annual review. In terms of content, we also noted certain information was not included, such as the lawful bases for processing information. Without a comprehensive and up to date policy, this could lead to an inconsistent approach to data protection or staff being unaware of key areas, potentially leading to personal data being mismanaged. **(Medium)**



Privacy Notice

We found that the Privacy Notice was not easily accessible on the Council's website, as the 'Privacy' link on the home page did not correspond with the full Privacy Notice and only provided some brief information on privacy. On review of the content of the Privacy Notice, we noted certain areas were not covered, such as the right to lodge a complaint with a supervisory authority. Without a comprehensive and easily accessible privacy notice, this could lead to data subjects not being aware of all information required to comply with their right to be informed about their personal information. **(Medium)**

Personal Data Requests

We were advised by the Acting Data Protection Officer (DPO) that a procedure had not yet been developed to detail how the organisation will deal with data subjects exercising their rights, such as the right to rectification, data portability and erasure. This could result in an inconsistent approach by staff to dealing with personal data requests, potentially leading to rights not being met appropriately or in a timely manner. **(Medium)**



Through review of the Subject Access Requests (SARS) Log, we noted that it did not cover certain areas such as whether the identity of the data subject (or third party) has been verified. We also found that requests were not being consistently complied with within one calendar month (of the 58 closed requests, eight were late, ranging between one day and one month late). This could lead to data subjects not being aware of all information in a timely manner in order to manage their personal information appropriately.

Through review of the SBC Right to Removal Log, we noted that it was not in a consistent format with the SARS Log and was also missing certain areas, such as whether the request has been made by a third party on behalf of a data subject. This could lead to key information with respect to Personal Data Requests not being retained for analysis and investigation where required. **(High)**

Lawful Bases



Through discussion with the Acting DPO, we were advised that although the Council is aware of the lawful bases it uses to process personal information (such as contract), this had not been formally and centrally documented and agreed. If the lawful bases identified by the organisation are not documented, there is a risk that staff will be unaware of the lawful bases in which personal data is obtained, or lawful bases being inconsistently applied. **(Medium)**

Consent



We were advised by the Acting DPO that the Council did not have a policy/procedure in place for the management of consent under GDPR. If the processes for obtaining consent are not appropriately documented, there is a risk that staff will be unaware of the requirements to adhere to under GDPR to obtain consent from data subjects. **(Medium)**

Despite numerous requests, we were not provided with any template forms being utilised by the Council to capture consent under GDPR for the processing of personal data. Without appropriate forms, this could lead to the Council not informing data subjects of key information prior to obtaining their consent to process their personal data. **(Medium)**

Data Breaches



Through review of the Information Security Incident Reporting Policy, we noted that it had last been reviewed in May 2018, despite requiring annual review. In terms of content, we found certain areas not covered, such as timescales for reporting a data breach to the ICO. Without a comprehensive policy, this can lead to data breaches not being effectively and consistently managed by staff to ensure damage is minimised and further breaches are prevented. **(Medium)**

Through review of the Data Breach Log, we noted that near misses were not being recorded in addition to breaches. Moreover, further information was not being recorded, such as format of the data lost/impacted or whether the breach was notifiable to the ICO. This could lead to key data breach information not being retained to ensure sufficient audit trail and to inform thematic analysis of breaches to identify trends to be addressed. **(Medium)**



Third Parties

Despite numerous requests, we were not provided with information relating to the management of third parties with respect to GDPR (although the DPO advised that this was being managed by another department). We have therefore not carried out any further testing in this respect. Without a

third-party register, this could lead to ineffective tracking of third parties, resulting in personal data being shared without appropriate safeguards. Moreover, without appropriate templates in place, this could result in personal data being shared with third parties without appropriate safeguards. **(Medium)**

1	The Information Governance Board Action Tracker will be updated to include due dates for all actions. Following this, dated updates will be recorded against all overdue actions at each meeting.	High	30 April 2022	Alex Cowen - IT Business Development Manager (& Acting DPO)
2	The Data Flow Capture Spreadsheet will be updated to include the following areas: <ul style="list-style-type: none"> • name and contact details of joint controller (if applicable); • categories of individuals; • names of third countries or international organisations that personal data are transferred to (if applicable); • safeguards for exceptional transfers of personal data to third countries or international organisations (if applicable); • Data Protection Act 2018 Schedule 1 Condition for processing; • GDPR Article 6 lawful basis for processing; • link to retention and erasure policy document; and • whether personal data retained and erased in accordance with the retention policy document - reasons for not adhering to retention policy document (if applicable). 	High	30 September 2022	Alex Cowen - IT Business Development Manager (& Acting DPO)
3	The Council will update the IT Password Policy to include: <ul style="list-style-type: none"> • account lockout requirements (number of attempts (threshold), lockout duration and counter reset time) • where and how staff may record passwords to store and retrieve them securely; • if password management software is allowed, and if so, which; • which passwords staff really must memorise and not record anywhere; • password configuration for administrators; • dealing with the configuration of passwords within software/applications, such as firewalls and social media; • security monitoring to detect and alert the organisation to what may be indicators of malicious or abnormal behaviours, such as: login attempts that fail the second step of Multi Factor Authentication and brute forcing of account passwords; • the use of password deny lists or a process to reactively search a password database for the hashes of deny list passwords (and using this to inform training); and • disciplinary with respect to non-compliance with policy. 	Medium	31 May 2022	Alex Cowen - IT Business Development Manager (& Acting DPO)

	Following this, the Council will ensure that the password configuration in practice matches the updated Policy and that the revised Policy is circulated to staff.			
4	<p>The Information and Records Management Policy will be reviewed and updated to include details on managing the security of records and disciplinary information.</p> <p>In addition, the Corporate Retention Schedule will be updated to include:</p> <ul style="list-style-type: none"> • format of the record (electronic, paper etc.); • storage location; • record owner; • retention trigger; • action at the end of retention period (review for further retention, anonymise, destroy etc.); and • method of disposal. <p>Following this, the Schedule will be fully completed and referenced in the Information and Records Management Policy accordingly.</p>	Medium	30 September 2022	Alex Cowen - IT Business Development Manager (& Acting DPO)
5	<p>The Council will discuss the following as part of Information Governance Board meetings, with this being reflected in the Terms of Reference:</p> <ul style="list-style-type: none"> • GDPR training compliance; • compliance with personal data requests under GDPR; and • any other (GDPR) business. <p>Further thought also needs to be given to where the IGB reports / escalates issues to (ie Risk and Audit Board etc).</p>	Medium	30 April 2022	Alex Cowen - IT Business Development Manager (& Acting DPO)
6	<p>The Data Protection and Privacy Policy will be updated to cover:</p> <ul style="list-style-type: none"> • lawful bases for processing information (including additional conditions for special category data); • potential fines for non-compliance with GDPR in the event of a data breach; • the right of individuals to claim compensation for damages caused by a breach; • GDPR rights (including circumstances where they apply etc.) • dealing with transfers of data outside of the EEA; • disciplinary information for breach of the policy; • key data protection definitions/terminology; and • contact details of the DPO. <p>Following review, the policy will be communicated to all staff.</p>	Medium	30 June 2022	Alex Cowen - IT Business Development Manager (& Acting DPO)

7	<p>The Privacy Notice will be updated to cover:</p> <ul style="list-style-type: none"> • the right to object; • rights in relation to automated decision making and profiling; • the right to lodge a complaint with a supervisory authority; • the details of whether individuals are under a statutory or contractual obligation to provide the personal data; and • the details of the existence of automated decision-making, including profiling. <p>Following this, the Council will review the location of the Privacy Notice on its website to ensure it is easily accessible from the home page.</p>	Medium	31 May 2022	Alex Cowen - IT Business Development Manager (& Acting DPO)
8	<p>A procedure will be produced to detail how the Council will deal with individuals exercising each of their rights under GDPR such as the right to rectification, data portability and erasure. This will cover areas such as:</p> <ul style="list-style-type: none"> • how requests can be made (verbally, email, letter etc.); • the rights of individuals under GDPR (and therefore the types of requests that can be made); • responsibilities of key staff; • definitions (such as data subject, personal data, lawful basis etc.); • when the rights apply (as some are scenario specific); • verifying the identity of data subjects making a request (including third parties acting on behalf of data subjects); • establishing authority of a third party making a request on behalf of a data subject; • charging fees; • what information to provide the individual in addition to the data requested, in line with ICO guidance; • circumstances for refusing to act on a request; • what information to provide the data subject if a request is refused (i.e. the reason for refusal, how to make a complaint to the ICO or how to seek judicial remedy etc.); • response times and formats (such as hard copy, email, orally etc.); • what to do if there is going to be a breach of timescales for responding to the request; • circumstances when the response time can be extended; • logging of requests and retention of data received/retrieved/recorded (in case the data is challenged by the data subject); • how each data subject right is to be dealt with; • dealing with data that includes information about other individuals (for instance, a HR file which contains information identifying managers and colleagues); • dealing with requests where the organisation needs to amend the data before sending out the response; • dealing with requests for children's data (if applicable); 	Medium	31 May 2022	Alex Cowen - IT Business Development Manager (& Acting DPO)



	<ul style="list-style-type: none"> • dealing with complaints/appeals; • dealing with exemptions; • details on enforced SARs; and • response letter templates. 			
9	<p>The SARS Log will be updated to include:</p> <ul style="list-style-type: none"> • date request received (at the moment, only the 'Date Reported' is recorded); • staff member who received the request; • format of the request received; • description of the request; • whether the identity of the data subject (or third party) has been verified; • whether the request has been declined; • if declined, why the request has been declined; • if declined, when the data subject was informed of this; • whether the request has been made by a third party on behalf of a data subject; • if the request has been made by a third party, whether the authority of the third party has been established; • if the request has been made by a third party, whether the identity of the third party has been established; • the staff in the organisation that the information has been requested from; • date information requested from staff; • date information received from staff; • what information has been sent to data subject; • in what format the information has been sent to the data subject; • date request is due; • whether there has been an extension to the deadline; • if there has been an extension, when the data subject was informed; and • whether the information was sent to the data subject within the required deadlines. <p>Once updated, the Council will ensure that the SBC Right to Removal Log for other personal data requests is consistent with the updated template.</p> <p>Following this, the Council will ensure that all requests are complied with in line with the ICO deadlines.</p>	High	30 June 2022	Finbar McSweeney Complaints, Casework & FOI Lead
10	<p>The Council will formally document and agree the lawful bases for the different types of data processed by the organisation. This will include the rationale for the lawful bases as relevant. Subsequently, this will be communicated to relevant staff.</p>	Medium	30 June 2022	Alex Cowen - IT Business Development Manager (& Acting DPO)

11	<p>A Consent Policy/Procedure will be documented, approved and communicated to all staff. This will cover areas such as:</p> <ul style="list-style-type: none"> • how to consider whether consent is the most appropriate lawful basis for processing; • how a consent request should be written; • what information a consent request should detail (including reference to the relevant Privacy Notice); • what methods can be used to indicate consent; • how consent should be recorded; • how consent should be managed and refreshed where relevant; • how to manage the right to withdraw consent; • how to identify and verify the age of data subjects to ensure that parental consent is obtained where required; and • template consent forms. 	Medium	30 June 2022	Alex Cowen - IT Business Development Manager (& Acting DPO)
12	<p>The Council will ensure that all forms used to capture consent under GDPR cover:</p> <ul style="list-style-type: none"> • the name of the organisation/any third-party controllers who will rely on the consent; • a copy of the privacy notice or reference to this and where it is available; • why the organisation wants the data (the purposes of the processing); • what the organisation will do with the data (the processing activities); • whether the data will be shared with any other organisations; • the fact that data subjects can withdraw their consent at any time; and • a recording of explicit consent (rather than implied), including the date when consent was given. 	Medium	30 June 2022	Alex Cowen - IT Business Development Manager (& Acting DPO)
13	<p>The Information Security Incident Reporting Policy will be reviewed and updated to cover:</p> <ul style="list-style-type: none"> • reference to General Data Protection Regulation (GDPR); • what constitutes a data breach; • how the severity of the data breach is to be assessed; • reporting and recording of near misses in addition to actual data breaches; • how to determine whether a data breach requires reporting to the ICO; • what information a data breach notification to the ICO should contain in line with ICO guidance; • how the data breach is to be notified to the ICO; • timescales for reporting a data breach to the ICO; • what to do if all information is not available to report to the ICO within 72 hours; • the requirement to notify individual affected by the breach under certain circumstances; • what information to provide to individuals when notifying them about a data breach in line with ICO guidance; and • consequences of failing to report a data breach. 	Medium	31 May 2022	Alex Cowen - IT Business Development Manager (& Acting DPO)

14	<p>The Data Breach Log will be updated to cover:</p> <ul style="list-style-type: none"> • details of near misses in addition to breaches; • date the breach was reported internally (only the date that the breach occurred is currently recorded); • who reported the breach; • format of data lost/impacted; • source of data lost/impacted; • the categories of those affected by the breach (employees, service users etc.) and approximate number of individuals/records concerned for each category; • root cause of the breach; • whether the breach was notifiable to the ICO; • whether the breach was notified to the ICO within 72 hours (where relevant); • when the breach was notified to the individuals (where relevant); • when the breach was notified to the relevant management forum; • actions taken at the time of the breach/to respond to the breach; and • date remedial actions completed. 	Medium	31 May 2022	Alex Cowen - IT Business Development Manager (& Acting DPO)
15	<p>The Council will ensure that a register of third parties to whom 'in scope' (personal) data is transferred to is in place and records:</p> <ul style="list-style-type: none"> • name of the third party; • whether there will be sharing of personal data with the third party (if it is a general register for all third parties/contracts etc.); • whether a formal contract or other legal act is in place; • contract owner; • whether the contract contains the required contractual data confidentiality terms and conditions / clauses; • start and end dates of the contract; and • other contractual protections that have been put in place/assessed (especially where a contract is not in place), such as reviewing the third party's terms and conditions or privacy notices, or the use of a signed data/information sharing agreement. <p>In addition, the Council will ensure that any Terms and Conditions used within agreements are in line with ICO guidance, and that data sharing agreements cover:</p> <ul style="list-style-type: none"> • the purpose, or purposes, of the sharing, including aims and benefits; • the potential recipients or types of recipient of the data, the circumstances in which they will have access and their contact details; • procedures for including additional organisations in the data sharing arrangement and for dealing with cases where an organisation needs to be excluded from the sharing; 	Medium	31 March 2022	Clare Priest – Group Manager - Commercial

<ul style="list-style-type: none"> • the data to be shared, including permissions for certain data items (i.e. only to be accessed by trained staff); • basis for sharing (lawful basis); • data quality – accuracy, relevance, compatibility/usability etc.; • data security, including for the transmission of data; • retention of shared data, including procedures for dealing with cases where different organisations may have different statutory or professional retention or deletion rules; • individuals’ rights – procedures for dealing with DPA or FOIA access requests (one staff member or organisation takes overall responsibility for ensuring that the individual can gain access to all the shared data easily), including a broad outline of the types of data normally released in response to either DPA or FOIA requests and the types of information in the FOIA publication scheme; • dealing with complaints or queries, from members of the public; • periodic review of effectiveness of the data sharing initiative and of the agreement that governs it; • procedures for dealing with the termination of the data sharing initiative, including the deletion of shared data or its return to the organisation that supplied it originally; • procedures for dealing with any breach of the agreement; and • sanctions for failure to comply with the agreement or breaches by individual staff. 			
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<p>Creditors – 20.21/22</p>		<p>3 High 9 Medium 3 Low</p>
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<p>AP Training</p> <p>All staff can access basic AP functions on Agresso, including raising requisitions and confirming the receipt of goods. However, there is currently no formal training for staff, instead there is a reliance on managers to provide informal training or for support to be requested via Freshdesk.</p> <p> Without formal training there is a risk AP functions are completed incorrectly, impacting the payment of invoices. This was evidenced by our testing, where we found issues with the retrospective raising of requisitions and delays in receipting goods.</p> <p>Where requisitions are raised after orders are placed, there is a risk that the Council is committed to expenditure that has not been suitably approved or where there is no budget available. Where there are delays in receipting goods, the Council is unable to make payments for invoices (until receipted) which may lead to reputational issues with suppliers and potential interest charges. (High)</p> <p>Purchase Requisitions</p> <p> Purchase requisitions are to be raised and approved prior to placing orders with suppliers. For a sample of 20 invoices paid since April 2021, we identified that requisitions were raised and approved after invoice dates in seven instances. Further investigation found one of these was acceptable</p>

given that this was a utility bill, however requisitions should have been raised before ordering for the remaining six (totalling £916,235). Where requisitions are retrospectively raised, there is a risk that the Council is committed to unapproved expenditure and budget may not be available for this expenditure. In addition, there is a risk that payments may be delayed where requisitions are raised after invoices are received. **(High)**

New Supplier Set Up - Checks



When setting up new suppliers, checks to confirm there are no existing accounts (based on name, address and bank details) and to verify bank details should be completed as part of the workflow approval process within Agresso. For a sample of ten new suppliers set up since April 2021, we identified that there was no evidence of such checks being completed. We undertook our own checks, noting that two of the sample shared bank details with existing suppliers and a further one of the sample had the same address details. As such, duplicate supplier accounts had been set up.

Without completing verification checks for bank details, there is a risk of fraud where incorrect information is used to set up accounts. In addition, without searching against existing records, there is a risk duplicate supplier accounts are set up. Where there are duplicate accounts, duplicate payments may be made. **(High)**

Accounts Payable Handbook



At the time of our review the AP Handbook was only accessible in hard copy, having been removed from the intranet in 2020/21 to be updated. We have agreed management actions as part of the Creditors reviews in 2019/20 and 2020/21 to update the handbook content and ensure this is made accessible to staff.

Without the handbook, there is a risk staff have insufficient guidance on AP functions. This may result in processes being completed incorrectly, such as the retrospectively raising of requisitions and delays in confirming the receipt of goods identified by our audit testing. **(Medium)**

Agresso Guidance for Staff (Set up and Amendment of Suppliers)



Help cards and guidance materials can be found on the Freshdesk Knowledge Base section on the staff intranet. Through review of the available guidance in relation to supplier set up and amendments, we found that this included outdated references, did not clearly assign responsibilities for new supplier checks and did not define the process for amending supplier accounts. Without sufficient guidance for staff, there is a risk processes are delayed or completed incorrectly, as was evidenced by our testing of new and amended supplier accounts. **(Medium)**

AP Agresso Access



Access to specific Agresso functions (such as inputting invoices) is restricted to the P2P team. We were unable to confirm that access was suitably restricted given that a user access report was not provided over the course of our review. Where access is not appropriately restricted, there is a risk that inappropriate users have access to attempt unauthorised actions. **(Medium)**.

Goods Receipt and Invoice Payment



Invoices are paid following the completion of a three-way match to confirm purchase order numbers (generated once requisitions are approved), receipt of goods and invoices received. We identified that seven of our sample of 20 invoices paid since April 2021 had not been paid in a timely manner, in line with stated payment terms. Although explanations were noted for five, the remaining two payments were delayed due to the untimely receipting of goods. There is a risk that invoices not paid in line with supplier payment terms incur additional charges for the Council. **(Medium)**

Supplier Account Amendments



Supporting evidence of checks to confirm requests for supplier amendments are uploaded onto Agresso and reviewed prior to these being approved by the P2P team. For a sample of 10 supplier accounts updated since April 2021, we were unable to confirm the nature of amendments made in two instances (given the limited supporting evidence and lack of a log). We noted there was no amendment log maintained and supporting evidence was insufficient (one instance) or not uploaded (one instance). Where amendments made to accounts cannot be confirmed, there is a risk inappropriate changes are made as a result of the limited audit trail. This could result in fraudulent payments being made. **(Medium)**

Expenditure Level Approvers



The Agresso system is designed to restrict approval access permissions for expenditure based on cost centre and value (levels range from one to four). We obtained a report detailing current level one, two, three and four approvers. We identified five from a sample of ten level one, two and three approvers were former staff members, whilst one of the two level four approvers had also left the Council. The requisition approval process follows an escalation system, with approval requests escalated to the next approver after eight days. Where approvers are former staff members, there is a risk of delays in approving requisitions, which may delay placing orders or result in staff placing these without approval.

In addition, where former staff remain approvers and retain access to logon, there is a risk unauthorised access to the system and expenditure is approved. **(Medium)**



Reconciliations

Transaction reports extracted from the accounts payable ledger were previously reconciled against the general ledger to identify discrepancies, such as inaccurate remaining supplier balances. Following the restructure and turnover of finance staff, these reconciliations have not been completed since May 2021. Where AP reconciliations are not completed, there is a risk that variances are not identified and investigated in a timely manner. **(Medium)**

Duplicate Supplier Accounts



As part of the Creditors reviews in 2019/20 and 2020/21, we agreed management actions with regards to reviewing potential duplicate supplier accounts identified by data analytics testing. We were informed by the Interim Head of Transactional Finance this had not yet been done. We completed data analytics using the supplier Masterfile, identifying 528 accounts with shared names, 713 with similar names and 966 with shared bank details. Without ensuring duplicate supplier accounts are identified and removed as appropriate, there is a risk that duplicate payments may be made (as was identified by our Supplier Duplicate Payments 2021/22 review). **(Medium)**

Shared Bank Details – Supplier and Payroll Records



We completed data analytics testing to identify whether there were any supplier accounts that had the same bank details with Council staff (as per payroll records). We noted there were 27 supplier accounts set up with bank details also used to pay Council staff in 2021/22. Through review of a report of invoices paid since February 2016, we identified that payments had been made to 19 of these supplier accounts (150 payments totalling £378,687). We were unable to confirm why these accounts had been set up at the time of our audit testing. This was in part as our requests were not responded to as well as the requirement to issue this report in a timely manner due to the significant issues identified.

Where there are supplier accounts inappropriately set up with bank details shared with staff, there is a risk that fraudulent payments may be made. **(Medium)**

1	The Interim Head of Transactional Finance will agree a timeframe for updating the AP Handbook. Once updated, the handbook will be uploaded onto the intranet and staff will be informed of its location.	Medium	31 December 2022	Jasvinder Dalvair
2	The guidance available to staff relating to new suppliers will be reviewed and updated to reflect current responsibilities and expectations. Guidance will also be prepared to outline the process for making amendments to supplier accounts, including adding backing documentation, completing verification checks and approvals.	Medium	31 December 2022	Jasvinder Dalvair
3	The Council will review all users with Agresso AP access to confirm: <ul style="list-style-type: none"> • Users are current staff members; and • Access is appropriate based on job roles. Access will be removed or amended if any anomalies are identified.	Medium	31 December 2022	Jasvinder Dalvair
4	Accounts payable functions on Agresso will be included in the finance training programme to be implemented for staff. Training will be a requirement before system access is granted.	High	30 September 2022	Jasvinder Dalvair
5	The Council will prepare an exceptions list detailing those instances where it is acceptable for requisitions to be raised after invoices are received. Consideration will be made for how the timely raising of requisitions can be monitored (monthly reporting or system solution).	High	30 September 2022	Jasvinder Dalvair
6	Registered invoice lists, detailing all invoices that have been received but not yet paid owing to delays in requisitions / receipting goods, will be prepared on a periodic basis by the Interim Head of Financial Transactions. Reports will be reviewed by the P2P team and direct contact made with relevant staff to ensure required actions are completed (to allow payment).	Medium	30 September 2022	Jasvinder Dalvair
7	The Council will implement a process to ensure the following checks are completed when setting up new supplier accounts: <ul style="list-style-type: none"> • Checks for supplier names against existing supplier accounts; • Checks for supplier addresses against existing supplier accounts; • Checks for bank details against existing supplier accounts; and • Checks to verify the bank details being input for new supplier accounts. 	High	30 September 2022	Jasvinder Dalvair

	Accounts will not be set up until all checks are fully completed and a record of these checks will be retained.			
8	P2P team members will be informed that supporting documentation must be added where amendments are made to supplier accounts. Where supporting documentation does not clearly indicate the type of change, a note will be added to explain this. As part of this, P2P team members responsible for reviewing and approving amendments via the workflow will confirm sufficient supporting documentation (and notes) have been added to fully explain the nature of the change.	Medium	30 September 2022	Jasvinder Dalvair
9	The Council will implement a process to detect 'level approval rights' for departing staff members and reassign these appropriately (either to replacements or another suitable staff member). This will include removing current level approval permissions from former employees.	Medium	31 December 2022	Ade Adewumi
10	An appropriate member of the Finance Team will be assigned to complete monthly accounts payable reconciliations, as well as a second staff member to check and sign these off. The preparation of the accounts receivable reconciliations will resume, including retrospectively completing all for 2021/22.	Medium	30 November 2022	Jasvinder Dalvair
11	The Interim Head of Transactional Finance will complete a periodic exercise to review potential duplicate supplier accounts (based on names and bank details) and remove those identified as duplicates. This will include in the first instance reviewing those duplicates identified by our findings above.	Medium	30 September 2022	Jasvinder Dalvair
12	The Council will review those 27 supplier accounts which share bank details with Council staff. Appropriate action will be taken if issues are identified. Accounts will be removed as appropriate based on this review.	Medium	30 September 2022	Ade Adewumi

Cyber Essentials – 29.21/22	Advisory (significant weaknesses)	4 High 15 Medium 1 Low
Slough Borough Council completed a self-assessment questionnaire on 2 February 2022. Based upon the evidence available at the time of our fieldwork, we found that ten of the 50 requirements from the five Cyber Essentials control themes had evidence to support the self-assessment that controls are established.		



Of the remaining 40 requirements, four were self-assessed as implemented but not tested, seven were not applicable; and issues were identified in the remaining 29. For 19 of the remaining 29 cases, we agreed with the organisation's assessment that these areas had not been implemented, as noted in Appendix B of the report. For 10 of the 29 cases, we determined that the evidence provided did not fully support the self-assessment by the Council.

These issues were identified across the Office Firewalls and Internet Gateways, Secure Configuration, Security Update Management, Malware Protection and User Accounts and Administrative Accounts control themes.

We have not included the detail of the weaknesses due to the sensitive nature of this work, but this has been shared internally with relevant Council staff.

APPENDIX B - SUMMARY OF PROGRESS TO DATE

The table 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
IT Business Continuity	Final Report	15 July 2021	17 September 2021	Advisory (significant weaknesses)	2	6	1
General Ledger	Final Report	23 November 2021	5 January 2022		1	4	6
Business Continuity and Disaster Recovery	Final Report	8 September 2021	22 October 2021		3	7	1
Children Missing Education (CME)	Final Report	1 July 2021	25 August 2021		3	5	3
Debtors Management	Final Report	11 January 2022	1 February 2022		3	5	4
Follow Up Q1	Final Report	8 September 2021	20 th January 2022	Little Progress	7	2	0

Council Tax	Final Report	10 November 2021	16 December 2021		4	1	3
Rent Arrears Recovery	Final Report	14 July 2021	10 August 2021		5	3	0
School Reviews - Pippins	Final Report	23 July 2021	8 October 2021		8	6	0
Rent Accounts	Final Report	8 December 2021	21 December 2021		6	2	2
Whistleblowing	Final Report	16 November 2021	10 December 2021		2	3	1
School Reviews - Cippenham	Final Report	5 July 2021	20 August 2021		3	1	0
Schools Review – Claycots School	Final Report	29 September 2021	20 October 2021		3	3	0
Housing Benefit	Final Report	19 November 2021	16 December 2021		3	2	0

Travel Demand Management Grant	Final Report	14 May 2021	14 May 2021	Advisory	0	0	0
Follow Up Q2	Draft Report	24 September 2021					
Supplier Duplicate Payments - (Part 1)	Final Report	9 November 2021	5 April 2022	Advisory (Significant Weaknesses)	0	0	2
Payroll	Draft Report	10 November 2021					
Risk Management	Final Report	11 January 2022	5 July 2022		3	6	2
Temporary Accommodation Strategy	Final Report	18 January 2022	16 March 2022		3	7	7
Creditors	Final Report	18 January 2022	18 July 2022		3	9	3
Assets	Draft Report	31 January 2022					
Capital Expenditure	Final Report	15 February 2022	17 May 2022		3	7	2
GDPR	Final Report	15 February 2022	25 April 2022	Advisory (significant weaknesses)	1	12	3
Business Rates	Draft Report	21 February 2022					



Follow Up Q3	Draft Report	7 March 2022					
Supplier Duplicate Payments - (Part 2)	Draft Report	3 May 2022					
Cyber Essentials	Final Report	12 April 2022	18 July 2022	Advisory (significant weaknesses)	1	15	4
Schools Audit – Priory	Draft Report	24 March 2022					
Matrix	Draft Report	28 April 2022					
RMI Contract Management	Draft Report	11 April 2022					
Leasehold Service Charges	Draft Report	18 May 2022					
Slough Children First – Governance	Draft Report	16 May 2022					
Corporate Health and Safety	Draft Report	28 April 2022					
Follow Up Q4	Draft Report	12 May 2022					
Capital Projects – Britwell GP Hub	Draft Report	13 May 2022					
Treasury Management*	Defer to 22/23						
Slough Children First – VFM	Draft Report	14 June 2022					
Subsidiary Company Governance*	Defer to 22/23						
Medium Term Financial Planning	Defer to 22/23						



Budget Setting and Control

Defer to 22/23

Our Futures

Replaced with Supplier duplicate payments pt 2

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

The table below provides a status update on the summary of progress with the 2022/23 internal audit plan to date.

2022/23 Internal Audit Plan

Assignment area	Fieldwork date/status	Draft report	Final report	Opinion	Actions		
					L	M	H
Treasury Management	In progress						
Subsidiary Company Governance	Draft	14/7/22					
Medium Term Financial Strategy	In QA						
Budget Setting and Control	In QA						
Workforce - Recruitment and Retention	In progress						
Children Missing Education	27 July 2022						
Adult Social Care Transformation	16 August 2022						
Follow up Q2	30 August 2022						



IT Business Continuity	September 2022
Risk Management	5 September 2022
Payroll (inc Data Analytics)	7 September 2022
Rent Accounts	21 September 2022
Council Tax	26 September 2022
General Ledger	4 October 2022
Creditors	14 October 2022
Temporary Accommodation	25 October 2022
Housing Benefits	1 November 2022
Payroll and HR Interface	21 November 2022
Whistleblowing	5 December 2022
Rent Accounts Recovery	12 December 2022
Corporate Health and Safety	3 January 2023
Business Rates	16 January 2023
Debtors	19 January 2023



Capital Expenditure	30 January 2023
Cyber Essentials	1 February 2023
Assets	2 February 2023
Treasury Management	27 February 2023
Follow up Q4	13 March 2023
Strategic Housing Management	16 March 2023

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:



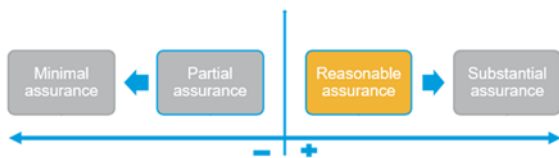
Taking account of the issues identified, the Council can take minimal assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



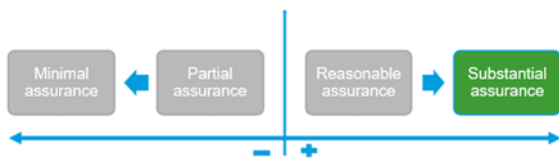
Taking account of the issues identified, the Council can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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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SLOUGH BOROUGH COUNCIL

Annual internal audit report for the year ending 31 March 2022

Draft

For presentation at the Audit and Governance Committee on 28 July 2022

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.

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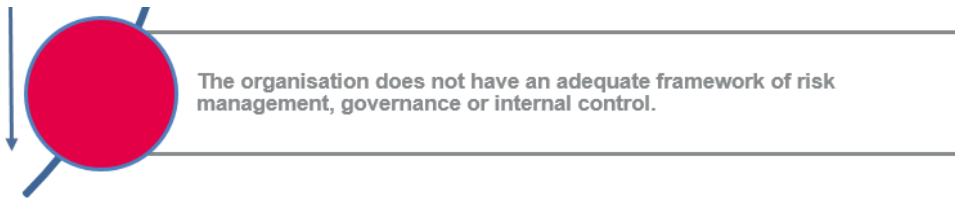


THE ANNUAL INTERNAL AUDIT OPINION

This report provides an annual internal audit opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance reporting.

The opinion

For the 12 months ended 31st March 2022, the head of internal audit opinion for Slough Borough Council is as follows:



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

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

Scope and limitations of our work

The formation of our draft opinion is achieved through a risk-based plan of work, agreed with management and approved by the Audit and Corporate Governance (ACGC) committee, our opinion is subject to inherent limitations, as detailed below:

- internal audit has not reviewed all risks and assurances relating to the organisation;
- the opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework (Corporate Risk Register). The assurance framework is one component that the Council takes into account in making its annual governance statement (AGS);
- the opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management;
- where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance;
- Internal Audit have not undertaken any work in relation to Budget Setting and Control and the Council's Medium Term Financial Strategy as part of the 2021/22 plan. While coverage was included as part of the Annual Plan for 2021/22, at the request of the Director of Finance (Section 151), this

coverage was deferred to 2022/23 due to the many competing demands on the finance team at the year end;

- The Internal Audit Plan for 2021/22 did not include specific audits on each of the Council's Subsidiary Companies, however we did include some coverage to follow up on a sample of the actions agreed as part of the 2020/21 subsidiary review. We have also not undertaken a review of the Procurement service due to the ongoing operational support provided by RSM to assist the Council during 2021/22;
- due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to our attention;

- our internal audit work for 2021/22 has continued to be undertaken through the operational disruptions caused by the Covid-19 pandemic as well as the significant financial position that the Council finds itself in following the s114 report and the Government Directions that have put the Council under the control of Commissioners. In undertaking our audit work, we recognise that there has been significant impact on both the operations of the organisation and its risk profile; and our annual opinion should be read in this context; and
- Our planned internal audit work for 2021/22 has been subject to some delays / postponements / cancellations. We are however of the view that sufficient internal audit coverage has been performed to allow the provision of the annual Head of Internal Audit Opinion for 2021/22 included in this report.

We would also note the reports published in October 2021 by CIPFA and DLUHC also provide further relevant context, as well as the recently completed Recovery and Improvement plan that explain further some of the significant challenges that the Council is facing. All of these documents provide further useful context, that we have not repeated in detail in this annual report, but these issues have impacted on the competing demands facing the Council and the workforce and we believe the outcomes of some of our reviews.

FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

Governance

Our Governance opinion has been informed by a number of different factors. Our internal audit reviews of Cyber Security (advisory but significant issues identified – four high and 15 medium priority actions agreed) GDPR Governance (advisory but significant issues identified – 12 high and 3 medium priority actions agreed) and Whistleblowing (partial assurance – negative opinion). We are advised by Officers that the plans to recruit the resources required to address the weaknesses in the Cyber Security review are now being implemented but will take up to 6-9 months to put in place, and interim resource is being put in place to manage the risk in the interim.

In addition, our Follow Up reviews, conducted on a quarterly basis, highlighted issues with the implementation of agreed management actions within the Council to ensure that governance control processes had been improved. This has been an ongoing issue identified and reported in previous financial years and action is still required to ensure a robust governance process is in place to improve the control framework, via the implementation and monitoring of agreed management actions, where both recent and historic issues and weaknesses have been identified. It is also important to ensure that actions have been embedded.

Background context - We note that the issues around recruitment and retention have impacted a number of our opinions and the Council's ability to implement previously agreed actions across the Council departments. The Council are actively working to rectify this position with the deployment of additional resource and an ongoing restructure, both within the Finance department and across other departments. The Council's previous Chief Executive was dismissed in 2021/22 for Gross Misconduct and three Commissioners have been appointed at the Council to oversee and report on the Council's recovery.

The restructure/reorganisation led to the departure of a significant number of senior finance and other professional staff, and we are advised that the resultant lack of capacity and the continuing high level of turnover, has and will continue to be a key governance weakness across not just finance but all service areas until sufficient capacity and capability is recruited.

Our opinion is also further informed by the Governance Review undertaken by Jim Taylor (*for the Secretary of State*) in 2021/22, whereby it was determined that the Council has been failing its Best Value duty under the Local Government Act, with the weaknesses a result of inadequate corporate governance and actions taken. A number of failures were noted including a failure to complete financial accounts and working papers to the required standards, annual governance statements and a poorly conceived and implemented restructure of the whole Council. We have also reviewed and taken into account the findings from the Local Government Finance Review undertaken by CIPFA for the Department for Levelling Up, Housing & Communities (DLUHC). An extract of the Executive summary from that report is shown below for context and provides an indication of the extent of the task required to get the risk, governance and control environments back to an acceptable place:

Executive Summary:

“Slough Borough Council requested Exceptional Financial Support from the DLUHC in respect of the financial year 2021-22 to help it balance its budget by raising capital borrowing to support some of its revenue expenditure. Accordingly, DLUHC agreed in-principle to provide support and commissioned CIPFA to undertake an independent and detailed financial assurance review of Slough Borough Council (the Council).

Since the original capitalisation request for 2021-22, the Council has identified further substantial liabilities for previous years, which the Council is unable to meet from its reserves. These past liabilities also impact substantially on the financial position for the Council in the current financial year and beyond.

Drawing on our experience of over 200 financial management reviews and our policy work setting financial standards for local government, the current financial challenge facing the Council is acute. The S151 officer issued a statutory S114 notice in July of this year, which set out total potential liabilities across the Council....”.

“The Council’s record in delivering substantial savings is a mixed one and many of the savings identified in the last two years’ budgets have proved to be unrealistic. The Council has also not made some of the tough financial decisions that other Councils have taken to balance their budget. This means that there is considerable uncertainty around the Council’s ability to deliver the savings it needs to deliver both in the short term and the medium term.

At this stage, we cannot provide assurance that the Council will be able to balance its budget in the medium to long term. This does not reflect any lack of commitment from the Council but instead the size and scale of the financial challenge relative to the Council budget.

We were impressed by the considerable amount of work that has been carried out to date by the recently appointed S151 Officer and his team to identify the scale of the financial challenge and the measured approach that is being taken to assess what needs to be done to both restore sound financial management and potentially to balance the Council budget over the period of the Medium-Term Financial Strategy up to 2024-25. Despite being interims, their continued engagement over the next two years is crucial if the Council is to make progress in stabilising its financial position and building resilience.

Our conclusion is that the Council will require immediate Government support in the form of a capitalisation direction.....In view of the scale of the capitalisation direction required and the fragility of the Council’s finances, we consider that there is a need for ongoing oversight of financial plans to ensure that the Council is making the progress that it needs to make in starting to rebalance its budget.”

A report from the Director of Finance (s151 Officer) to the Cabinet in March 2022 also provides some important context and highlights the scale of the challenges facing the Council which also need to be considered when writing this annual report and year end opinion:

“Prior to 2020/21, the Council as with other local authorities operated in a challenging environment where funding from Government had reduced year on year and demands for services was increasing. The Covid-19 pandemic compounded these issues and also resulted in unprecedented changes across the whole of the public sector as a means to manage the pandemic.

Since the approval of the 2021/22 capital and revenue budgets, there have been exceptional financial developments which have been extensively reported to Council. These developments, namely the S114 notice and subsequent emerging issues and others that will undoubtedly continue to be identified, will have lasting implications for 2022/23 and beyond and which will have consequences for all aspects of the Council including its finances, planning and future delivery of services.

The Council sought a capitalisation direction in February 2022 of £307.1m up to 31/3/23, although it is possible this figure will change as work continues to identify all the issues. Further capitalisation directions will be needed beyond this period. Other challenges to resolve the situation include:

- making asset sales in the region of £600m
- delivering annual additional recurrent revenue savings/income of circa £20m per annum
- carrying borrowing that has risen from £170m in 2016/17 to £760m in 2021/22
- dealing with an extensive range of further adverse financial management issues
- a large number of statutory and other audit recommendations to address
- responding to a series of recommendations from the Governance and CIPFA reviews
- responding to a large number of statutory directions from the Secretary of State which may increase over time

The cumulative impact of the above proportionately exceeds the scale of issues faced by any other Council by a considerable margin. In 2022/23 alone, the extent of the capitalisation direction means that without it, the authority would overspend by 78%. All of these issues have to be successfully dealt with, will

radically change the focus, service delivery and size of the Council's services going forward and will significantly impact on residents and staffing within the Council. Good progress is being made in many areas but there remains a great deal to be done which will take some considerable time to conclude. Page 26

The scale and severity of the challenge now facing the Council cannot therefore be understated.”

Risk Management

Our risk management opinion has been arrived at by auditing the processes in place to manage risk within the Council and through our attendance at the Risk and Audit Board in 2021/22. We have identified a number of weaknesses in the risk management process and issued a Partial Assurance (Negative) opinion.

Our audit was undertaken during quarter three of 2021/22 and found that since the restructure, while the Corporate Risk Register had been redrafted and it was clear that a large amount of work has gone into this and the re-forming of the Risk and Audit Board, the management of risk within the Council had been impacted by changes in structure and post holders. In addition, the simplified format of the Corporate Risk Register meant that some key elements were missing, and that it was not in line with best practice or with risk registers of organisations of a similar nature and size. Some other key issues include:

- The Risk Management Strategy was in need of review having not been reviewed by the Audit and Corporate Governance Committee since 2018;
- Risk management training was still not provided to staff or members;
- The Council was not using assurances received to inform the risk management process or documenting these within the Corporate Risk Register;
- Directorates did not have fully functioning risks registers in place; and
- There was no link between the Corporate Risk Register and the outcomes highlighted within the Council's Five Year Plan (While the Plan may be revised to reflect the current recovery and renewal arrangements, this is currently the overarching plan in place for the Council).

In addition, we identified some of the management actions agreed as part of previous reviews had been closed as 'implemented', such as the documenting of assurances against the risks in the Corporate Risk Register, however our review identified that there was not sufficient evidence to demonstrate that the actions had been completed, indicating a need for the Council to consider those actions closed under the previous management action tracking process to be assured that sufficient evidence exists to confirm their implementation.

Our risk management opinion has also been informed by a number of the risk-driven reviews (e.g. Business Continuity and Disaster Recovery, Temporary Accommodation, Corporate Health and Safety, IT Business Continuity, GDPR, RMI Contract and Cyber) a number of which concluded with negative assurance opinions.

Internal Control

We have undertaken a total of 37 reviews (including the risk management audit and governance coverage documented above), of which eight were undertaken on an advisory basis, four were undertaken on a follow up basis (one positive, three negative opinions in relation to progress made) and a further 25 were assurance reviews. It should be noted that significant weaknesses were identified in five of the advisory reviews, namely Cyber Security, IT Business Continuity, Supplier Duplicate Payments – both reviews and GDPR. The significant issues within these reviews have also impacted our opinion, along with the negative assurance reports listed below. Of the 25 assurance reviews:

- 7 concluded that 'minimal' assurance (negative opinion) could be taken;
- 15 concluded with 'partial' (negative opinion) assurance could be taken; and
- 3 concluded with 'reasonable' (positive) assurance could be taken.

Note - Advisory reviews are generally undertaken where there is significant change occurring in a system / process or where management identified a weakness, and directed internal audit coverage, with the goal of identifying the current risks and assisting in agreeing mitigations. Advisory reviews do not include an opinion but do include a conclusion on the findings, highlighting if the issues are significant and management actions.

The key findings from the negative opinions and the five advisory reviews with significant issues are shown below:

General Ledger (Minimal Assurance)

Our audit identified a number of significant issues and weaknesses relating to the processes and controls in place for the management of the Council's general ledger. Following the restructure and departure of key operational staff, we found that control account reconciliations were not being undertaken, suspense accounts were not being managed and month end tasks had not been assigned. There was limited guidance available to staff with regards to general ledger processes and finance training was not a requirement for new users when obtaining access to the Agresso system. In addition, there were no checking mechanisms to identify whether erroneous journals have been corrected, there was no review of general ledger access and the general ledger balance had not been rolled over since the beginning of 2019/20.

A few areas of appropriate practice were identified with regards to the samples tested. We found that journal approvals were appropriate, there was no posting to unrecognised accounts due to system controls in place, there were regular backups of Agresso, and code amendments were processed correctly with required approvals and appropriate segregation of duties.

Business Continuity (BC) and Disaster Recovery (DR) (Minimal Assurance)

We identified that whilst emergency planning and business continuity arrangements were in place, neither the Major Incident Plan, the Business Continuity Plan nor the IT Disaster Recovery Plan had been finalised at the time of our review. Whilst we noted the Council's comprehensive response to the COVID-19 outbreak in the absence of the above, the review was intended to assess the framework in place for assisting officers in dealing with emergency events and arrangements for the continuity of business in the event of major incidents. The draft emergency and business continuity plans were found to cover the key responses to incidents, define roles and responsibilities, outline expectations for reporting and provide linkage to the Civil Contingencies Act 2004. However, given that these had not been finalised we identified issues relating to the assignment of responsibilities, the provision of training and the testing of procedures. We also noted weaknesses with regards to the integration of Slough Children's First into business plans, the amendment of Business Impact Assessments to reflect the revised Corporate Structure and the level of challenge and oversight given to BC and DR matters.

Since this review (undertaken in October 2021) we are advised the Emergency Planning Manager resigned (November 2021), and an Interim has taken on the role with a focus on implementing the agreed actions. These actions have not yet been reviewed by Internal Audit.

Children Missing Education (Minimal Assurance)

We identified a series of control deficiencies and areas of non-compliance with the established controls in place. Most notably we identified a lack of management oversight of 'open' Children Missing Education (CME) / Elective Home Education (EHE) cases as well as absence of controls over case closure, resulting in a number of sampled cases not evidencing compliance with the Council's statutory duties such as ensuring that 'there are effective tracking and enquiry systems in place'. This was further underlined by a lack of comprehensive policy/procedural guidance to support the processes in place and effectively communicate with Officers their responsibilities in relation to upholding the Council's legislative duties. In addition to this, we identified issues with the quality of information available to key stakeholders via the Council's website in relation to CME and EHE referrals as well as an absence of

comprehensive performance reporting for the Service and improving the reporting capabilities of the Capita system to aide management oversight over caseloads.

We did however note some positive areas in our sample testing including appropriate Referral Guidance being issued to schools, partnership agreements in place with regards to shared responsibility between agencies and organisations to safeguard and promote the welfare of all children in a local area, mandatory training on Safeguarding Children and Adults completed by all members of the CME Team, completion of Multi-Agency Referral Forms which were appropriately stored and escalated.

Debtors Management (Minimal Assurance)

We identified several significant weaknesses with regards to the processes and controls in place for the management of the Council's accounts receivable (AR) function. It should be noted that the AR Team had limited input or involvement in many of the issues identified, rather these relate to the self-service finance functions on Agresso (accessible by all staff) and new processes to be agreed by Finance following the restructure. We identified issues with the raising of credit notes (including the approval and attaching supporting evidence) as well as an inconsistent debt recovery process in the absence of a recovery policy. Regular reviews of parked invoices and AR reconciliations were also not being completed, and there was no control in place to review invoices prior to issue to customers. Limited guidance was available relating to AR processes and there was a lack of AR Agresso finance training for staff. While the level of parked debt has reduced from £5.06m in our 2020/21 review to £2.7m at the time of audit, this still represents a high level of debt not actively being chased by the Council. Similar issues were identified in both 2020/21 and 2019/20.

A limited number of positives were identified in that there was up to date guidance available for the AR team, refunds tested were subject to segregation of duties and paid in a timely manner, and access to AR Agresso was appropriate to members of staff and their roles.

Creditors (Minimal Assurance)

Our audit identified a number of weaknesses with regards to the processes and controls in place for the management of the Council's accounts payable (AP) function. Sample testing identified issues with the raising of requisitions and receipting of goods, both of which impact the timely payment of invoices, as well as the checking process when setting up new supplier accounts and logging of supplier amendments. AR reconciliations were not being completed, former staff members remained assigned as expenditure approvers and we were unable to test whether access to AR functions on Agresso was restricted (evidence was not provided over the course of our review). We also identified that there was a lack of adequate AP Agresso finance training for staff and limited guidance was available relating to AP processes, which may have contributed to the issues identified in this audit and those in the Supplier Duplicates advisory work.

We also identified there was up to date guidance available for the AP team, and our sample of BACs payments were accurately prepared, approved, and paid.

Temporary Accommodation (Minimal Assurance)

Our audit has again (similar concerns raised in 2020/21 and 2019/20) identified significant issues within the temporary accommodation (TA) function, a number of which had not been addressed from previous years' audits. The issues identified were underpinned by resource challenges within both the TA and Housing Demand Teams, which has reduced following the restructure, in spite of increasing demand with respect to the number of homelessness applications made. In particular, we noted that the Council was lacking in strategic guidance with respect to an outdated Housing Strategy (2016-21) as well

how the TA team ensure there was an effective pathway to move households out of TA and diversify their portfolio of housing providers. We also identified weakness in relation to strategic monitoring and reporting, meaning an absence of clear and timely remedial action to address issues. Furthermore, our review identified significant performance issues with respect to the number of households within TA (which at the time of audit included 96 applicants that had remained in TA for between 3-9 years), including rent arrears levels and the timeliness with which homelessness decisions are made, contributing to the Council's non-compliance with responsibilities outlined within the Housing Act 1996. We also observed issues around how the TA Team receive assurance concerning the safety of private sector accommodation and monitor compliance of Council owned stock which was being used for TA. These assurances relate to confirmation of compliance with the minimum safety requirements, including gas, electric and fire safety.

We note that this area has been escalated to the corporate risk register (Risk 3), and were advised the service is being reviewed by DLUHC in the summer to assess what can be done to resolve the challenges being faced.

Matrix (Minimal Assurance)

Overall, our audit identified several weaknesses in the Council's processes for requesting, approving and managing agency bookings. At the time of the review, the Council had 254 active placements of agency staff through Matrix, with a total spend of £16.8m, and an average length of placement of 54 weeks, noting that our review identified agency staff that had been with the Council for over 8 years. A number of appointments through Matrix were made as part of the restructure and subsequent changes in staff within the Council, with the Council spending approximately (January 2022 data) £1.2m per month on agency staff. The Council had not yet completed a cost benchmarking exercise for its contract with Matrix, to ensure that Matrix were providing workers at rates in line with the market, and we noted that the Council did not have a defined strategy in place to attempt to move agency workers to permanent contracts.

Evidence was not provided during the audit to demonstrate that agency bookings and extensions were being consistently requested and approved in a timely manner via business cases, and the current business case process did not evidence consideration of the expected value for money which agency bookings and extensions would provide. Furthermore, agency bookings were not being periodically reviewed by Directorates and HR Business partners to identify those which could be replaced by permanent hires and those which required extensions. The Council did not have procedural guidance in place on how to request agency bookings. In addition, through sample testing of 10 agency bookings commencing since August 2021 we identified three instances where pre-employment checks were completed after the worker's start date.

For context we were informed after the review that there are a number of restructures in the pipeline which have at their core the need to switch from agency to permanent staffing, and these are scheduled to complete during 2022/23 and early 2023/24. The Council has also introduced an Expenditure Control Panel which we were advised does consider the major agency staff budgets.

Council Tax (Partial Assurance)

Our sample testing identified a number of significant issues with the controls relating to arrears recovery, arrears review and reconciliations. With regards to arrears recovery, we identified that markers could be placed on accounts to prevent recovery action, with limited guidance and no access restrictions to do so. Although raised as part of the 2019/20 and 2020/21 audits, a review of council tax arrears had not occurred, with total debt amounting to £18.5m and 99 arrears balances exceeding £10,000. Both issues impact the chasing and likelihood of debt recovery. An issue with reconciliations was also raised as part of the 2019/20 and 2020/21 audits, however these had not been completed for either 2020/21 or 2021/22. Further areas for improvement identified by this audit include ensuring write offs are processed in a timely manner, undertaking inspections of empty/unfurnished properties and the implementation of the revised approach to single person discount canvassing.

As at August 2021, the Council had a collection rate of 45.5 per cent of the expected in-year total, collecting £35.1m (of a total expected net collectable figure of £77.1m). This was a 0.12 per cent decrease compared to the same period last year, however it represented a monetary increase of £2.5m, owing to increased charges for 2021/22, which in part will be due to a number of positives identified during testing including comprehensive council tax procedural documentation being in place, timely review and approval of the annual council tax rates, for our sample of residents qualifying for exemptions of discounts we noted these were accurately billed with evidence to support the claims retained, accurate and timely refunds were issued with appropriate backing and approval for our sample, Academy records (system used to manage council tax) were being updated appropriately per the weekly Valuation Office lists, access to the Academy system was appropriately restricted, and there was regular appropriate reporting on council tax to the Director of Finance and Cabinet.

Rent Arrears Recovery (Partial Assurance)

We identified a number of weaknesses and areas requiring improvement, with many of these caused by the knock-on effects of the Council's management restructure. We noted that policy and procedure documents required updating to reflect the revised team structures, as well as key process changes (including writing off rent arrears). The reporting and governance arrangements at team, service and scrutiny level had not been confirmed at the time of our review, and as a result KPI reports were not being subject to scrutiny and review and current year targets were not being reported against.

In addition, of the six management actions agreed as part of the Rent Arrears Recovery 2020/21 review, two actions were ongoing/partially implemented (low) at the time of the review and two had not yet been implemented (medium). These have been restated/revised as part of this review.

We did note some positives through this review including current Financial Procedure Rules with high level information on rent arrears, a sample of current rent arrears had the proper recovery procedure followed with a record and evidence maintained in the Capita system, user access to the Rent Module in Capita was appropriate and restricted, one to one meetings were being regularly held by the Housing Recovery Lead with the Senior Escalated Rent Recovery Officers to discuss targets and actions to ensure progress and weekly and monthly rent performance reports were being prepared by the Principal Performance & Quality Officer and shared with relevant managers/teams. We also found a Customer and Community Scrutiny Panel was in place responsible for scrutinising information relating to Revs/Bens and Communities and Housing.

Rent Accounts (Partial Assurance)

Our review confirmed that the control framework for rent accounts was not consistently complied with in key areas, namely the Capita and Agresso rental income reconciliations which were not reconciled between June and September 2021 due to the lack of postings in Agresso. We were informed that this was in part due to the restructure and the resultant removal of the cashier's function which previously posted income received to the finance system. The rental income posted to Capita for this period was £8.5m. The housing stock reconciliation between Capita and the asset register had not been completed for 2019/20 and 2020/21. Discrepancies between the Capita system and the asset register had been highlighted in previous audits. Our review noted that it was possible that discrepancies still existed and as a result of not undertaking a stock reconciliation, the Council may have not been charging rent for all Council properties (for example where new properties have been built or brought back into Council Housing stock) or may have been charging for properties where no liability was present (for example where properties have been sold under the right to buy scheme). We were also unable to obtain evidence to show that refunds applied to rent accounts were suitably approved by Finance.

We have also agreed a number of management actions to improve efficiency and quality in relation to approval of key documentation such as tenancy agreements and the timely cessation of rent charges.

Some positive findings were identified in practice including TRAN level access on Capita system being secure and appropriate, the timely dissemination of a weekly lettings report to the Rent Accounts Team and actioning where required, weekly rent charges were agreed by Cabinet and accurately applied to all 5936 properties, new tenancies processed and set up on Capita with minor immaterial non compliance with targets, and quarterly rent statements were issued in line with the tenancy start dates.

Whistleblowing (Partial Assurance)

Our audit found weaknesses around the culture of whistleblowing at the Council. Despite our review seeing that some improvements had been made, including the implementation of two low, one medium and one high priority management actions from our 2020/21 audit we still identified a number of weaknesses relating to mandatory training compliance, awareness of the code and staff attitudes and concerns to whistleblowing. All of these are important areas that needed to be embedded to provide confidence that whistleblowing arrangements are communicated, understood and are robust. It should be noted we were unable to review the Whistleblowing function's record keeping and investigation processes in light of no records of cases being raised by staff since July 2019.

Capital Expenditure (Partial Assurance)

Overall, our audit found several weaknesses with regards to the controls in place relating to the approval and ongoing monitoring of capital project spend, with the only regular scrutiny and challenge being present at the Cabinet and full Council. We noted that the information relating to capital expenditure included within the Financial Procedure Rules was out of date, with limited other guidance available to staff. The processes for carrying forward capital balances and approving in-year changes to the capital programme were under review, having been inconsistently applied in previous years. We also noted issues with business cases (both the template used and the approval of these) and the controls for capitalising expenditure. In addition, project progress monitoring or internal capital reporting was not consistently occurring at the time of our review. We have agreed two high and seven medium priority management actions to address these issues. Our findings demonstrated that a number of key controls and processes were no longer in place.

We were after the audit that Contract procedure rules were introduced in November 2021 and management believe these should have improved the position identified during testing (however, we have not tested to confirm this).

Payroll (Partial Assurance)

Overall, our audit identified a number of weaknesses with the controls linked to payroll functions. It should be noted that a number of the processes used by the Payroll team were found to be well designed and operating effectively, however, we found that issues with regards to raising invoices by line managers for payroll overpayments and supporting evidence had not been consistently submitted on Agresso with expense claims. Whilst the overpayments and unsupported expenses were low in financial value, they represent gaps in the control framework, and the potential risk of larger financial errors. Furthermore, reconciliations were not being reviewed by a member of the finance team and regular meetings were not always occurring with budget holders to review, amongst other areas, payroll information in relation to staff in post and associated costs. This was evidenced by a recent overpayment (£6k), where a line manager did not recognise a staff member was being fully paid when on maternity leave. Other issues were also noted relating to the content of the Financial Procedure Rules and the timeliness of notifying the Payroll team of new starters.

Asset Register (Partial Assurance)

We identified several control gaps which impacted the maintenance of the Asset Management records. Most significantly, we found that the valuation methodology noted within the asset register system was not consistently accurate, and the valuation methods utilised were not in line with the CIPFA Code of Practice. The Council had not completed the reconciliation exercise to ensure that the asset register was consistent with the legal, asset management and housing databases. Although we identified the exercise was ongoing, the completion of this exercise was essential to ensure the accuracy of the Council's asset register. We noted issues in relation to the presence of procedural guidance which governs how the asset register and asset management systems are maintained, including the steps to be taken as part of the annual valuation and inspection exercises. Our review identified a lack of progress made in relation to previously agreed management actions, with none out of the four agreed previously being implemented.

We did also find that access to the CIPFA asset register is limited to authorised employees and that this had been updated annually with our sampled acquisitions and disposals correctly included.

Business Rates (Partial Assurance)

We identified several weaknesses in business rates processes. Whilst we noted that the Council had retrospectively posted its business rates income in the year to date, we identified discrepancies between income posted to Agresso, Academy, and the Council's cash management system. In addition, whilst we noted that business rates reconciliations were being completed, we noted that work was still ongoing to identify reconciling items due to the previous backlog of unposted business rates income, whilst these were also not subject to independent review and approval. Further issues were identified including vacant properties not being inspected at appropriate frequencies, staff having inappropriate and unrequired levels of access to Academy and the outcomes of the annual review of eligibility for mandatory and discretionary relief not being recorded for all properties. We noted that some of the reasons which may have affected the operation of controls in this area included changes in Council staff as a result of the restructure, particularly in the Finance and Revenues and Benefits departments.

RMI Contract Management – Osbornes (Partial Assurance)

We identified a number of weaknesses and improvements required with regards to the arrangements in place to manage the Repairs Maintenance and Investment (RMI) contract and the performance of Osborne. Specifically, we found that target dates for routine repairs were not being set in line with the expected 20 working day timeframe, whilst also noting that routine repairs were not being completed in a timely manner (based on both the set and expected target dates). Complaints were not being managed in an effective manner, with resolutions often not issued within ten working days as per the contract requirement. The Senior Management Board was not meeting quarterly as expected with no meetings since February 2021, and internal reporting requirements had not been agreed.

We did find that the Contract in place was complete and current with a recent revision in October 2021, payment applications from Osborne had been reviewed and payment certificated were issued appropriate, and monthly building compliance returns had been prepared since October 2021 and were used to prepare the overarching Health and Safety Compliance reports presented to the CLT, H&S Board and Building Compliance Group.

Corporate Health and Safety (Partial Assurance)

We identified a number of issues and weaknesses relating to the management of health and safety at the Council. Risk assessments were not being reviewed annually as expected and that health and safety 'self-audits had not taken place. Service area representatives repeatedly did not consistently attend Building Compliance Group meetings and failed to complete compliance returns. Three of the directorate health and safety committees were not meeting on a bi-monthly basis and Directorates were not submitting action returns. Mandatory training completion rates remained low (20–51 per cent). It should be noted

that many of the above weaknesses stem from cultural, directorate or individual issues, not functions of the H&S team. These include failing to attend meetings (BCG), failing to submit returns (compliance and actions) or failing to host meetings such as Directorate Health and Safety Committees.

We did note there was an approved Health and Safety Policy in place, appropriate completion of the Accident and Near Miss Report forms for reported incidents, building compliance was being reported to the H&S Board and they were discharging their responsibilities appropriately, as were the Workplace Safety Group and Corporate Consultative Forum.

Capital Projects (Britwell GP Hub) (Partial Assurance)

We identified a number of issues in relation to the governance arrangements in place to deliver the Britwell Expansion project. We found that there was no clarity with regards to how budgets were set/approved and that there was limited monitoring of expenditure against budget. The main funding agreement with the CCG was not provided (and the agreement with the GP was not fully signed). The Council also does not have an agreed approach for undertaking post implementation reviews and we found risk-related information was just being rolled over in reports.

We did identify some positive findings, for example there was a signed project contract in place with Kier Construction which contained expected responsibilities, there was stakeholder engagement in the process, the business case was complete covering expected areas and was appropriately approved by the Cabinet, there is a clear work programme in place with milestones, monthly meetings have been held with representatives of the Council, contractor, CCG and GP to discuss progress, and Early warning notices were being issued by the contractor to the Council where there are potential impacts to project delivery.

Leasehold Service Charges (Partial Assurance)

Our review identified that the Council had controls in place in relation to the calculation of estimated and actual costs, with information on service charges made available to leaseholders through the Council's website. Our review also identified accurate input of information between various sets of working papers in the development of the master spreadsheets for the 2020/21 actual service charge costs and 2022/23 estimates. However, we identified a number of issues resulting in the agreement of five 'medium' priority management actions. These include the update and development of relevant procedural documentation in light of significant changes around the delivery of the function, costs relating to grounds maintenance and management fees not being supported by verifiable data, the absence of mechanisms to ensure all costs incurred are charged as appropriate, potential losses through the lack of section 20 notices (s20 is a notice to tell a resident that the Council intend to carry out work or provide a service that leaseholders will have to pay towards) being issued to leaseholders and the absence of specific reporting around the recovery of service charges. The Council are also subject to continuity associated risks where the function is administered by a single individual (Project Manager) whilst there is an absence of comprehensive procedural guidance.

IT Business Continuity (Advisory – significant weaknesses)

During our review we confirmed that progress was being made by the Council to review Business Impact Analysis documents completed by departments in order to inform the IT business continuity and disaster recovery processes. However, issues were identified in relation to the absence of an IT Disaster Recovery Plan and the lack of an IT Business Continuity Plan leading to a lack of clarity over the roles and responsibilities, no testing of the plan, no lessons learnt process following an incident and controls over application management in a recovery scenario. We agreed one high and six medium priority actions. Further areas for improvement were noted with respect to IT BC and DR governance and ownership of plans.

GDPR Governance (Advisory – significant weaknesses)

We agreed three high and 12 medium priority management actions in relation to the following areas where significant improvements were required:

- GDPR Action Plan
- Data Flow Mapping
- Password Management
- Records Management
- Management Awareness
- Data Protection Policy
- Privacy Notices
- Personal Data Requests
- Lawful Bases
- Consent
- Data Breaches
- Third Parties

Supplier Duplicate Payments – two phased Advisory reviews (significant issues identified in both reviews)

Through the use of data analytics (Alteryx software), we analysed an invoice paid transaction report covering the period February 2016 (Agresso inception date) to July 2021.

Phase 1

A total of 7,501 potential duplicate payments (9,978 transactions) were identified, valued at £13.2m. We selected judgemental samples and investigated these to ascertain whether there was a 'strong likelihood' these were genuine duplicate payments. Investigations included reviewing monetary and supplier transactions on the Agresso system in order to determine whether there was evidence of corrections (credit notes, reversals or refunded amounts).

Based on our investigations and sample testing, we have identified a total of 33 payments (based on 66 individual transactions), valued at £194,467 where there is a strong likelihood duplicate payments had been made.

Phase 2

The objective of this review was to increase the level of sample testing (of potential duplicates) in Phase 1 to determine if there were any more potential (or strong likelihood) instances of duplicate payments where suppliers could be contacted to recoup money potentially owed to the Council. Investigations included reviewing monetary and supplier transactions on the Agresso system in collaboration with the P2P Team to determine whether there was evidence of corrections (credit notes, reversals or refunded amounts).

Based on our investigations in this part 2 review, we identified a further 77 payments (based on 152 individual transactions), valued at £194,024 where there is a 'strong likelihood' duplicate payments have been made by the Council.

As such, there is a total value of £388,491 identified across both reviews (Phase 1 and 2) where there is a strong likelihood of duplicate payments.

We understand that due to the significant changes in the finance staff and the impending finance restructure that Officers have not made progress in addressing these issues, but we were advised (July 22) Officers are in the process of contacting suppliers to obtain refunds in appropriate circumstances.

Cyber Security (Significant weaknesses)

We have agreed four 'High' and 15 'Medium' priority management actions with regards to the cyber essentials control framework. The 'High' and 'Medium' actions related to the following areas:

- Office Firewalls and Internet Gateways
- Security Update Management

- User Accounts and Administrative Accounts
- Office Firewalls and Internet Gateways
- Secure Configuration

- Security Update Management
- User Accounts and Administrative Accounts

Schools Audits

In addition to the above, we have also issued two Partial Assurance reports reviews at Pippins School and Priory School and summaries of the reports have been provided to the Audit and Corporate Governance Committee as part of the regular reporting of progress against the 21/22 plan and in full to Officers (noting Priory School remains in draft).

It should be noted that the summaries provided above have been reported pre-dominantly on an exception basis, but we have added in some of the well-designed controls, which had also been complied with.

Key Statistics

An analysis of our internal audit findings across all reports which have been conducted (including draft reports) for 2021/22 shows that a total of 340 actions (68 High, 155 Medium and 117 Low) were agreed, split between controls not designed adequately and controls not being complied with. The largest number of actions were in the Creditors, Temporary Accommodation, GDPR and Cyber Essentials reviews. We note that a number of issues raised within the individual reports which have contributed to the overall opinion covered as part of the 2021/22 Internal Audit plan were as a result of the restructure and significant staff turnover linked to the Council issue of a S114 notice in July 2021.

Over the previous three financial years (2018/19 – 2020/21) a total of 46 reports over this three year period concluded with either negative assurance opinions or significant weaknesses (advisory reviews). In 2021/22 alone, a total of 27 reports (22 Assurance reports and 5 Advisory reviews) concluded with either negative assurance opinions or significant weaknesses. A key theme identified again in 2021/22 is actions being restated as the initial action had not been implemented, therefore demonstrating a lack of progress being made to fully implement high and medium priority actions agreed, over a number of financial years in some areas, with a worsening trend in areas which have been affected by high staff turnover as a result of the restructure and S114 notice.

Topics judged relevant for consideration as part of the annual governance statement (AGS)

We have identified significant weaknesses in multiple areas of control and the control frameworks reviewed during 2021/22, as detailed in Appendix B below where minimal assurance could be taken for 7 reviews and only partial (negative opinions) assurance could be taken by the Council for a further 15 reviews over the effectiveness of the controls in place. We also undertook five advisory reviews in relation to Cyber Security, IT Business Continuity, GDPR and Supplier Duplicate Payments (two phased reviews) which identified significant weaknesses that required urgent attention. Finally, three follow up reviews to

review the progress made to implement previously agreed management actions identified that 'little' and 'poor' progress (all negative opinions) had been made to implement these actions.

The AGS should therefore include appropriate detail regarding the weaknesses identified and any actions that have already been taken by the Council to address the issues identified as part of audits where minimal assurance or partial assurance has been provided, the four advisory reviews and the three follow up reviews.

The AGS should therefore include detail regarding the reviews documented below as each contained significant issues which warrant inclusion in the AGS, along with the management action being taken to address the issues:

- IT Business Continuity
- GDPR
- Supplier Duplicate Payments
- Cyber Security
- General Ledger
- Business Continuity and Disaster Recovery
- Children Missing Education (CME)
- Debtors Management
- Temporary Accommodation Strategy
- Creditors
- Matrix
- Council Tax
- Rent Arrears Recovery
- Rent Accounts
- Whistleblowing
- Capital Expenditure
- Payroll
- Risk Management
- Asset Register
- Business Rates
- RMI Contract Management
- Corporate Health and Safety
- Follow Ups Q1, Q2 and Q3

BASIS OF OUR INTERNAL AUDIT OPINION

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

Acceptance of internal audit management actions

Management have agreed actions to address the findings reported by the internal audit service during 2021/22. A number of reports are still in draft.

Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management through their internal action tracking process in place, managed by the Group Manager - Commercial. During the year progress has been reported to the Audit & Corporate Governance Committee (ACGC), and quarterly validation of a sample of high and medium priority actions has been undertaken by Internal Audit.

For the four reviews undertaken during the year, one review (Q4) concluded that **reasonable (positive) progress** had been made, whilst the Follow ups for Q3 and Q1 provided a **little (negative) progress** opinion and the Q2 Follow up provided a **poor (negative) progress opinion**.

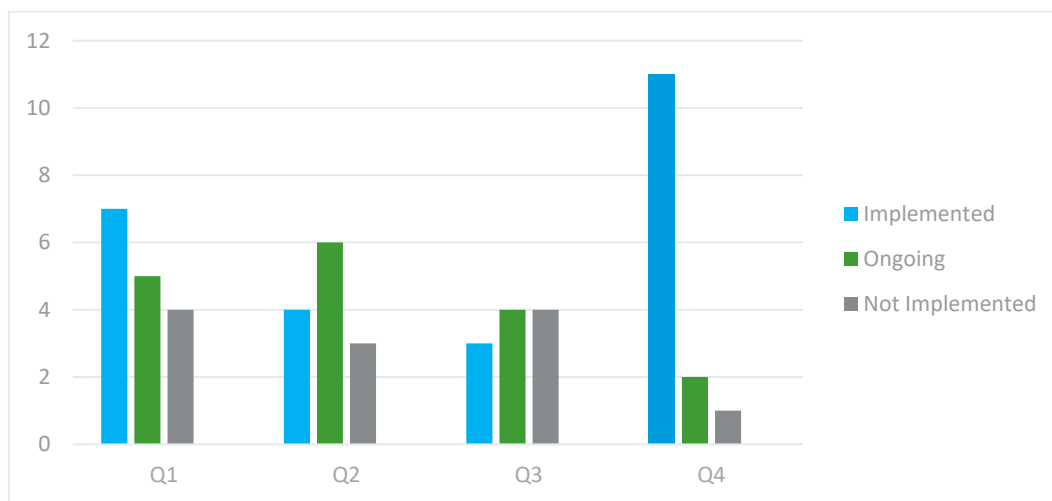
A summary of the implementation rate of the actions implemented can be found below.

The Council has previously received a number of qualified opinions in relation to the follow up reports undertaken on a quarterly basis, indicating issues with how the Council ensure that sufficient evidence is in place to be assured that control weaknesses have been addressed and actions fully implemented and embedded.

Without robust processes in place to verify and confirm that all actions have been implemented, there is a risk of inaccurate reporting to stakeholders such as the Audit and Corporate Governance Committee and control weaknesses not being addressed which could result in further weaknesses / deficiencies in controls being created.

The action tracking process was revised in year by officers following concerns raised that sufficient evidence was not being obtained to confirm that the actions agreed had been implemented, with a focus on those High and Medium priority actions from prior years which had not been closed.

However, we understand there were a number of actions closed under the previous management action tracking process that were not checked by officers to confirm that sufficient evidence was in place to confirm actions had been implemented, and we have found through our reviews conducted within 2021/22 that a number of actions have been restated as these had not been implemented.



Of the 54 actions reviewed across Quarters 1, 2, 3 and 4, we found that whilst 25 (46%) had been implemented, 17 actions (31%) were in progress and 12 actions (22%) had not been implemented

Working with other assurance providers

In forming our opinion, we have reviewed the reports produced by CIPFA (for DHULC) and the Governance review for the Secretary of State, undertaken by Jim Taylor and made reference to these in this report. We are also aware that there have been a number of other independent reviews commissioned and undertaken which the Council should take into consideration when drafting the Annual Governance Statement, but have not been referred to in this annual report, some examples include:

- Ofsted
- Special Education Needs
- Ongoing review of Slough Children's First

OUR PERFORMANCE

Wider value adding delivery

Area of work	How has this added value?
Sector Briefings	Issued briefings relating to the sector within our progress reports presented to the ACGC to assist officers and committee members in being informed on the latest developments within the sector.
Webinar invitations	Various invitations have been sent to management to attend webinars to inform of any sector and wider sector updates. Examples include VAT, Employment Tax and Change Management.
Coronavirus: Various briefings and webinars	RSM have delivered a number of webinars and client briefings in relation to Coronavirus (ranging from Government financial support for employers, fraud briefings, HR and Legal Support etc).
Audit Committee attendance	We have attended all ACGC and where appropriate contributed to the wider agenda.
Risk and Audit Board	We attend the Risk and Audit Board meetings, to provide a critical friend perspective on Risk Management information presented and as part of this meeting we review actions taken by the Council to address risks identified within Internal Audits and provide updates at each meeting on the progress of the IA plan and any significant findings and opinions issued. This has included updating the Group on significant findings from Internal Audit work together with providing independent challenge on the content and quality of the risk registers.
Data Analytics	Through the use of data analytics, we were able to analyse, amongst other areas, the aged profile of the Council's former tenant arrears and debtors which has provided the Council with an appreciation of the issues they may face around the collectability of older debts and have also used data analytics where applicable through all finance work completed during 2021/22.

Conflicts of interest

We have undertaken additional work in the 2021/22 financial year covering the following areas;

- Procurement: We have supported the Council with the provision of its procurement service
- Insight software – the provision of risk software

All this work was undertaken via separate letters of engagements, led by independent engagement partners and delivered by specialist staff separate from the core Internal Audit Team. We have considered as part of all of these additional engagements the safeguards required to be in place and are satisfied that these have been met.

When asked to undertake any additional roles / responsibilities outside of the internal audit programme, the Head of Internal Audit has discussed these areas with the Section 151 (S151) Officer and highlighted any potential or perceived impairment to our independence and objectivity. We have also reminded the S151 Officer of the safeguards we have put in place to limit impairments to independence and objectivity and how these continue to be managed.

RSM has not therefore undertaken any work or activity during 2021/2022 that would lead us to declare any conflict of interest or a self-review threat.

Conformance with internal auditing standards

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

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA, on which PSIAS is based.

The external review concluded that RSM 'generally conforms*' to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

Quality assurance and continual improvement

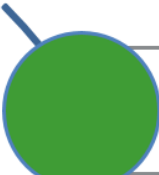
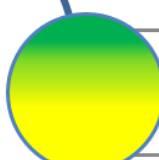

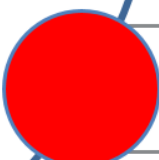
To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any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

Resulting from the programme in 2021/22, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

APPENDIX A: ANNUAL OPINIONS

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

Annual opinions	Factors influencing our opinion
 <p>The organisation has an adequate and effective framework for risk management, governance and internal control.</p>	<p>The factors which are considered when influencing our opinion are:</p> <ul style="list-style-type: none"> • inherent risk in the area being audited; • limitations in the individual audit assignments; • the adequacy and effectiveness of the risk management and / or governance control framework; • the impact of weakness identified; • the level of risk exposure; and • the response to management actions raised and timeliness of actions taken.
 <p>The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.</p>	
 <p>There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective.</p>	
 <p>The organisation does not have an adequate framework of risk management, governance or internal control.</p>	

APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 21/22

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report. Final reports are denoted in **bold**.

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
IT Business Continuity	Steven Mair – Director of Finance	Advisory – Significant weaknesses identified [●]	2	6	1
GDPR	Steven Mair – Director of Finance	Advisory – Significant weaknesses identified [●]	1	3	12
Supplier Duplicate Payments - (Part 1)	Steven Mair – Director of Finance	Advisory – Significant weaknesses identified [●]	0	0	2
Supplier Duplicate Payments - (Part 2) (DRAFT)	Steven Mair – Director of Finance	Advisory – Significant weaknesses identified [●]	0	0	0
Cyber Essentials (DRAFT)	Steven Mair – Director of Finance	Advisory – Significant weaknesses identified [●]	1	15	4
General Ledger	Steven Mair – Director of Finance	Minimal Assurance [●]	1	4	6
Business Continuity and Disaster Recovery	Steven Mair – Director of Finance	Minimal Assurance [●]	3	7	1

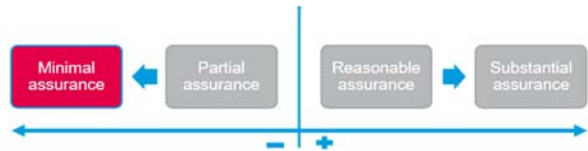
Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
Children Missing Education (CME)	Eleni Ioannides – Interim Director of People (Children)	Minimal Assurance [●]	3	5	3
Debtors Management	Steven Mair – Director of Finance	Minimal Assurance [●]	3	5	4
Temporary Accommodation Strategy	Richard West – Director of Place and Community	Minimal Assurance [●]	3	7	7
Creditors (DRAFT)	Steven Mair – Director of Finance	Minimal Assurance [●]	3	9	3
Matrix (DRAFT)	Steven Mair – Director of Finance	Minimal Assurance [●]	2	4	2
Follow Up Q2 (DRAFT)	Steven Mair – Director of Finance	Poor Progress [●]	0	3	5
Follow Up Q1	Steven Mair – Director of Finance	Little Progress [●]	7	2	0
Follow Up Q3 (DRAFT)	Steven Mair – Director of Finance	Little Progress [●]	3	5	0
Council Tax	Steven Mair – Director of Finance	Partial Assurance [●]	4	1	3
Rent Arrears Recovery	Steven Mair – Director of Finance	Partial Assurance [●]	5	3	0
School Reviews - Pippins	Eleni Ioannides – Interim Director of People (Children)	Partial Assurance [●]	8	6	0

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
Rent Accounts	Steven Mair – Director of Finance	Partial Assurance [●]	6	2	2
Whistleblowing	Angela Wakefield – Monitoring Officer	Partial Assurance [●]	2	3	1
Capital Expenditure	Steven Mair – Director of Finance	Partial Assurance [●]	2	7	3
Payroll (DRAFT)	Steven Mair – Director of Finance	Partial Assurance [●]	3	3	1
Risk Management	Steven Mair – Director of Finance	Partial Assurance [●]	3	6	2
Assets (DRAFT)	Steven Mair – Director of Finance	Partial Assurance [●]	4	6	1
Business Rates (DRAFT)	Steven Mair – Director of Finance	Partial Assurance [●]	2	3	2
Schools Audit – Priory (DRAFT)	Eleni Ioannides – Interim Director of People (Children)	Partial Assurance [●]	11	3	1
RMI Contract Management (DRAFT)	Richard West – Director of Place and Community	Partial Assurance [●]	7	5	0
Corporate Health and Safety (DRAFT)	Richard West – Director of Place and Community	Partial Assurance [●]	5	6	1
Leasehold Service Charges (DRAFT)	Richard West – Director of Place and Community	Partial Assurance [●]	2	5	0

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
Capital Projects – Britwell GP Hub (DRAFT)	Steven Mair – Director of Finance	Partial Assurance [●]	3	6	1
School Reviews – Cippenham	Eleni Ioannides – Interim Director of People (Children)	Reasonable Assurance [●]	3	1	0
Schools Review – Claycots School	Eleni Ioannides – Interim Director of People (Children)	Reasonable Assurance [●]	3	3	0
Housing Benefit	Steven Mair – Director of Finance	Reasonable Assurance [●]	3	2	0
Follow Up Q4 (DRAFT)	Steven Mair – Director of Finance	Reasonable Progress [●]	2	1	0
Slough Children First – Governance (DRAFT)	Matt Marsden – Director of Finance and Resources (SCF)	No opinion - Advisory [●]	6	3	0
Slough Children First – VFM (DRAFT)	Matt Marsden – Director of Finance and Resources (SCF)	No opinion - Advisory [●]	1	5	0
Travel Demand Management Grant	Steven Mair – Director of Finance	No opinion - Advisory [●]	0	0	0
Treasury Management	Steven Mair – Director of Finance	Deferred to 22/23			
Medium Term Financial Planning	Steven Mair – Director of Finance	Deferred to 22/23			
Budget Setting and Control	Steven Mair – Director of Finance	Deferred to 22/23			
Our Futures	Steven Mair – Director of Finance	Replaced with additional Supplier Duplicates testing			

APPENDIX C: OPINION CLASSIFICATION

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



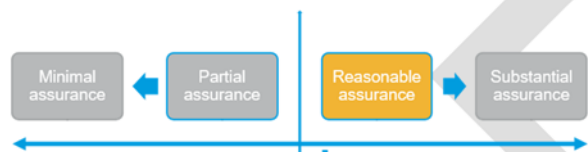
Taking account of the issues identified, the Council cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the Council can take partial assurance that the controls 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.

YOUR INTERNAL AUDIT TEAM

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

Our report is prepared solely for the confidential use of Slough Borough Council, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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

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

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

SLOUGH BOROUGH COUNCIL

Internal Audit Strategy 2022/23

Presented at the Audit and Corporate Governance Committee meetings of: 1 March 2022 and 28 July 2022

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.

EXECUTIVE SUMMARY

In preparing our Internal Audit Plan for 2022/23 we have worked with Officers and the Audit and Corporate Governance Committee (ACGC) to produce an audit programme which remains mindful of the continuing developments and challenges around Covid-19, the Council's financial position and the Council's improvement and recovery planning position. The draft 2022/23 plan was presented for consideration by the Committee in March 2022 and was further updated and refined following feedback at that meeting and a subsequent meeting with the Director of Finance and the Interim Financial Advisor. We will continue to hold regular meetings with Officers during the year, to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in these ever-changing circumstances and in consideration of the challenges facing the Council. Specifically, we have monthly meetings with the S151 Officer and quarterly meetings with the Monitoring Officer, and we will also stay in regular contact with audit sponsors to ensure the timing and coverage of the planned audits remains fit for purpose as the Councils recovery and renewal plan progresses. We also attend and provide regular updates to the Risk and Audit Board on our work programme.

The key points to note from our plan are:



2022/23 Internal Audit priorities: Internal audit activity for 2022/23 is based on analysing your corporate objectives, risk profile and Corporate Risk Register as well as other factors affecting you in the year ahead. It should however be noted that the Council did not have any Directorate risk registers in place at the time of drafting the plan, so we have used the Corporate risk register and further informed this with discussions with a range of stakeholders. For example, we have also met with a number of Executive Directors, the Finance Director and Monitoring Officer and the lead commissioner (Finance) and the External Auditor to discuss our approach to considering internal audit priorities. The approach includes changes within the sector, horizon scanning across the Local Authority Chief Internal Auditor network and reflecting on a number of the key challenges facing the Council.

Our detailed draft plan for 2022/23 is included at Section 2, but includes risk based / driven coverage (linked to your Corporate Risk Register where relevant) of the following areas: **Workforce Recruitment and Retention, Budget Setting and Control, Medium Term Financial Strategy (MTFS), the Adult Social Care Transformation Plan, Corporate Health and Safety, Cyber Security, Children Missing Education, Temporary Accommodation and IT Business Continuity.**



Level of Resource: Level of Resource: We will continue to utilise our core internal audit team to deliver our plan of work and they will continue to be supported by the use of specialists where appropriate, for example Data Analytics, Contract Management, Cyber Security and wider Technology reviews, Risk Management specialists etc.

We will continue using technology when undertaking operational audits in 2022/23. This will strengthen our sampling, increasing the level of assurance provided. Please refer to Section 2 for further detail on the nature of the reviews proposed.

It should be noted that we have removed a number of the initially scheduled reviews from the draft 2022/23 internal audit plan presented to the March 2022 Committee following discussions with the Director of Finance and Interim Financial Advisor. We appreciate that the Council is faced with a very challenged and unprecedented financial position and therefore the full range of reviews initially included in the draft plan for 2022/23 will not be delivered. Please see below re reliance on other sources of assurance to support our year end opinion.



Reliance on Other Sources of Assurance: RSM will need to rely on other sources of assurance to inform the year end opinion on risk management, governance and internal control in 2022/23 given the reduction in the number of audits being delivered in 2022/23. For example, we would like to review and use the SBC externally commissioned Procurement / Contract Management internal audit review. We may also need to review other assurance provider(s) reports and consider using these to support and inform our year end opinion for 22/23.



Core Assurance: The core assurance reviews for the 2022/23 audit plan includes reviews of: Risk Management, the Key Financial Systems (such as Accounts Payable / Accounts Receivable / Payroll / Rent Accounts / Treasury Management / General Ledger) and Key Revenues and Benefits systems (Council Tax, Business Rates and Housing Benefits). A number of these reviews received a negative assurance opinion in 2021/22 (and prior years) and we will agree the best way to approach these reviews with the Director of Finance (for example, some will include data analytics, some may require a follow up and others will be subject to a full re-audit). The approach to the review will largely depend on the progress made by management to implement previous management actions.



'Agile' approach: Our approach to working with you has always been one where we will respond to your changing assurance needs. By employing an 'agile' or a 'flexible' approach to our service delivery, we are able to change the focus of audits / audit delivery; keeping you informed of these changes in our progress papers to the ACGC during the year. For 2022/23, we recognise that this plan will be subject to an ongoing agile review and that the areas of coverage will change depending on the Council's risk profile and priority areas of coverage. To ensure that any changes are communicated appropriately to the ACGC and Corporate Leadership Team (CLT), we will be holding regular meetings with the Monitoring Officer and the S151 Officer.



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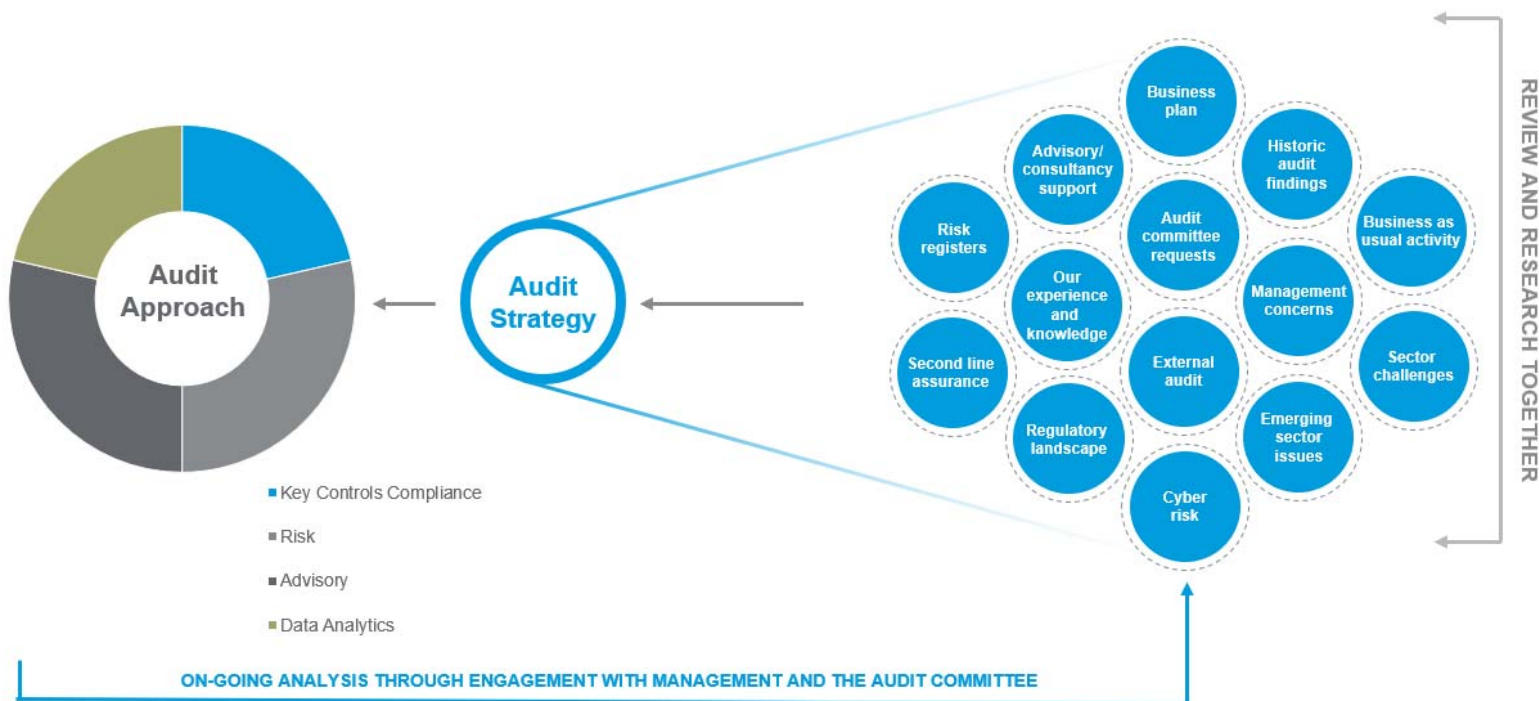
1. YOUR INTERNAL AUDIT PLAN 2022/23

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Slough Borough Council in the year ahead, including changes within the sector.

Risk management processes

We have evaluated your risk management processes in 2021/22 and consider that we cannot place full reliance on the Corporate Risk Register to inform the internal audit strategy. In the absence of Directorate risk registers we have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with the CLT, key officers and the ACGC. The Commissioners have also received a copy of the draft plan and will provide feedback as appropriate.

Figure A: Audit considerations – sources considered when developing the Internal Audit Strategy.



Based on our understanding of the organisation, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (see Section 2 and Appendix B for full details).

2. INTERNAL AUDIT PLAN 2022/23

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2022/23. The table details the strategic risks that we have linked our coverage to which may warrant internal audit coverage. This review of your risks allows us to ensure that the proposed plan will meet the organisation's assurance needs for the forthcoming and future years.

However, we appreciate that the Council is still developing its risk management framework, does not currently use sources of assurance to inform strategic risks and controls, does not currently use departmental risk registers and has a significant number of actions and recommendations to address from various reports (CIPFA, DLUHC, External Consultants etc). We have some assignments designed to provide assurance or advisory input around specific risks, the strategy also includes time for tracking the implementation of agreed management actions and an audit management allocation.

Audit Title (Directorate)	Proposed Coverage (including link to risk title / consequence where appropriate)	Rationale for coverage	Est Timing & (ACGC)
Risk Based Assurance – Split by current directorates			
People (Children)			
Children Missing Education (CME)	As part of the 2021/22 Internal Audit Plan, a 'minimal' assurance opinion had been provided in relation to the Attendance Service for CME. Significant issues were identified around case management and closure resulting in examples of the Council potentially not complying with their statutory duties. The purpose of this review will be to identify what changes have been made within the Attendance Service following our previous review and allow the Council to take assurance over the area. Risk 11: Special Educational Needs and Disability (SEND) Local Area Inspections	Linked to strategic risk 21/22 Negative opinion	Q1 (July 2022)
People (Adults)			
Adult Social Care Transformation Plan	At the request of the Executive Director - People (Adults), we will undertake a review, and considering the significant savings target associated with this plan, we propose to undertake a review to allow the Council to take assurance over the following key controls listed within the Council's Corporate Risk Register: <ul style="list-style-type: none"> • Adult Social Care Business Case and implementation plans • Adult Social care Transformation Board • Tracking of actions and savings • Support and challenge from People Too consultant partners Risk 1: Delivery of the Adults Social Care (ASC) Transformation Programme	Linked to strategic risk Requested by Director	Q2 (September 2022)

Audit Title (Directorate)	Proposed Coverage (including link to risk title / consequence where appropriate)	Rationale for coverage	Est Timing & (ACGC)
Place and Community			
Temporary Accommodation	<p>Following a 'minimal' assurance opinion provided in 2021/22, and negative opinions provided in this area since 2018/19 we will undertake a full review of the area to provide assurance that actions have been implemented to improve the robustness of the control framework in place including the monitoring of Health and Safety requirements over B&B accommodation, undertaking periodic visits to TA properties, issuing of notices to quit and procedures for breaches of licenses to allow the council to take assurance that they are not in breach of statutory responsibilities.</p> <p>Risk 3: Temporary Accommodation</p>	Linked to strategic risk Requested by Director 21/22 negative opinion	Q3 (December 2022)
Finance and Resources			
Budget Setting and Budgetary Control	<p>There has been a continued reduction to the Council's budget exacerbated by the COVID-19 pandemic and subsequent external reviews by DLUHC, CIPFA and the Council's Interim Finance Team. In addition, risks in relation to changes in personnel and the approach to budget setting and management with a significant number of vacancies and interim staff means the Council should seek assurance that the correct controls are now in place.</p> <p>The audit will review the effectiveness of arrangements in place for setting the budget for 22/23 and the systems in place to ensure effective budgetary control arrangements are in place.</p> <p>Risk 5: Financial sustainability, accounting, processes, commercial and other matters</p>	Linked to strategic risk Requested by Director Deferred from 21/22	Q1 (September 2022)
Medium Term Financial Strategy	<p>This review was initially deferred into 22/23 at the request of the Council due to ongoing work to address deficiencies in the accounts process.</p> <p>The Council must:</p> <ul style="list-style-type: none"> • Set a balanced budget each year; • Ensure it is financially sustainable in the medium term; and • Maintain adequate reserves. <p>The MTFS brings together all known factors affecting the Council's financial position and its financial sustainability into one process.</p>	Linked to strategic risk Requested by Director Deferred from 21/22	Q1 (September 2022)

Audit Title (Directorate)	Proposed Coverage (including link to risk title / consequence where appropriate)	Rationale for coverage	Est Timing & (ACGC)
	<p>We will undertake a review of the Council's MTFS to understand whether the underlying assumptions are based on robust plans.</p> <p>Risk 5: Financial sustainability, accounting, processes, commercial and other matters</p>		
Corporate Health and Safety	<p>Following 'partial' (negative) assurance opinions in 2019/20 and 2020/21 (2021/22 review to be completed) and being a key risk on the Council's Strategic Risk Register, we will undertake a review to provide assurance that actions have been implemented to improve the robustness of the control framework in place. These include the monitoring of Health and Safety Training, regular meetings of Directorate Consultative Forums, appropriate oversight from the Health and Safety Board and conducting of directorate self-audits.</p> <p>Risk 6: The Council does not take adequate mitigations to reduce the risk of injury or death from incidents within the Council</p>	Linked to strategic risk 21/22 negative opinion	Q4 (March 2023)
Workforce Recruitment and Retention	<p>This is a key risk area highlighted in the Council's Corporate Risk Register and has the potential to impact a number of the other documented strategic risks. The audit will be scoped with the relevant sponsor but could include:</p> <ul style="list-style-type: none"> • Reporting of vacancy rates to CLT and other committees • Use of the apprenticeship programmes to help 'grow your own' • Whether effective performance management and appraisal processes are in place • Recruitment and retention policies and compliance with these • Timeliness of the recruitment process (ie notification of leavers, advert, interview, through to offer) • Retention initiatives and compliance with these <p>Risk 10: Service delivery risk due to workforce recruitment and retention issues</p>	Linked to strategic risk	Q2 (December 2022)
Cyber Essentials	<p>Coverage requested from IT Business Development Manager (in the absence of Head of IT) following on from the advisory reviews completed in 2020/21 and 2021/22 where some significant issues have been identified.</p> <p>Our audit would allow the Council to understand whether a robust control framework in relation to cyber security has been put in place.</p>	Linked to strategic risk Requested by lead in IT	Q4 (March 2023)

Audit Title (Directorate)	Proposed Coverage (including link to risk title / consequence where appropriate)	Rationale for coverage	Est Timing & (ACGC)
	<p>We would utilise our Technology Risk Assurance team and the exact scope will be agreed with the Director of Finance and IT officers within the Council.</p> <p>Risk 12: Cyber Security</p> <p>Risk 13: Information Governance and GDPR</p>	21/22 negative opinion	
IT Business Continuity	<p>As part of the advisory 2021/22 review around IT Business Continuity, significant issues / gaps were identified within the existing control framework, resulting in one 'high and six 'medium' priority actions being agreed. Most notably, issues were identified around the content of both the IT Disaster Recovery and Business Continuity Plans. The audit will seek to identify actions to taken to address these issues.</p> <p>Risk 9: Business Continuity and Emergency Planning</p> <p>Risk 13: Information Governance and GDPR</p> <p>Risk 12: Cyber Security</p>	Linked to strategic risk Requested by lead in IT 21/22 negative opinion	Q2 (September 2022)
Core Assurance (split by current directorates)			
Place and Community			
Rent Accounts	The objective of this review is to assess rent accounting function and its ability to collect rental income. As part of the 2021/22 review, a 'partial' assurance opinion was provided, owing to significant issues around the receipt of rental income and the completion of stock reconciliations. Our audit will also seek to assess progress made in this area.	Requested by Director 21/22 negative opinion	Q2 (September 2022)
Rent Arrears Recovery	As part of this audit, we will review the controls in place to ensure rent arrears are effectively recovered, minimising the risk to the Council of not achieving their rent collection targets. This review will also assess the progress in addressing actions from the 2021/22 audit, where a 'partial' assurance opinion was provided.	Requested by Director 21/22 negative opinion	Q2 (September 2022)
Assets	We will assess the accuracy and recording of asset acquisitions and disposals as well as the management over the Council's Asset Register and other asset records. This review will also assess the progress in addressing actions from the 2021/22 audit, where a 'partial' assurance opinion was provided.	Linked to strategic risk	Q3 (December 2022)

Audit Title (Directorate)	Proposed Coverage (including link to risk title / consequence where appropriate)	Rationale for coverage	Est Timing & (ACGC)
	We will also seek to understand what if any coverage is required in relation to the Councils asset disposal programme. Risk 4: Disposal of Assets	Requested by Director 21/22 negative opinion	
Strategic Housing Management	With changes to the structure of the Housing service, the Council may need to obtain assurance that its housing stock is being managed appropriately. As a result, we will undertake a review of the function to establish how the housing stock (c6000 properties) and the wider service is being managed. The exact nature of the scope will be agreed with the Executive Director for Place and Communities. Risk 4: Disposal of Assets	Linked to strategic risk Requested by Director	Q4 (March 2023)
Finance and Resources			
Debtors Management	Coverage to provide assurance to the S151 Officer that robust systems of financial control are in place and being complied with. Coverage will also meet External Audit / Regulatory requirements and any management concerns. Risk 4 – Disposal of Assets Risk 5: Financial Sustainability Risk 8 – Recovery and renewal plan	Linked to strategic risks Requested by Director 21/22 various negative opinions	Q3 (Dec 2022 / March 2023)
General Ledger			
Creditors			
Payroll			
Council Tax			
Business Rates			
Treasury Management			
Capital Expenditure			
Housing Benefits			
Whistleblowing	Following an advisory review in 2018/19, and ‘partial assurance’ opinions in 2020/21 and 2021/22, and a need to ensure that the whistleblowing processes in place are working, we propose to review the effectiveness of processes for the management of whistleblowing and grievances raised within and to the Council, with a view to enabling the Council to take assurance over the processes in place. We will also cover the actions raised as part of the previous review.	Requested by Monitoring Officer 21/22 negative opinion	Q3 (December 2022)

Audit Title (Directorate)	Proposed Coverage (including link to risk title / consequence where appropriate)	Rationale for coverage	Est Timing & (ACGC)
Risk Management	<p>Following a 'partial' assurance opinion in 21/22 and the significant changes in the processes for managing risk, this review will allow the Council to take assurance over the effectiveness of risk management arrangements within the Council. This will include the use and management of both the Corporate and departmental level risk registers which have now been developed.</p> <p>Cross cutting - Strategic Risks 1 - 15</p>	<p>Drives strategic risks</p> <p>Requested by Director</p> <p>21/22 negative opinion</p>	<p>Q2 (September 2022)</p>
Payroll and HR Interface	<p>With the Council introducing a new Payroll and HR interface within Agresso, we will review the implementation and governance processes to ensure that data is appropriately migrated and sufficient training and guidance is in place to aid in the use of the new system. As part of this, we will look at on-going reconciliation control processes to make sure the systems don't get out of sync.</p>	<p>Changes to existing system</p>	<p>Q3 (December 2022)</p>
Other Internal Audit Activity			
Follow Up	<p>We will conduct two follow up audits on a six monthly basis to provide assurance that agreed actions have been implemented and that there is sufficient evidence to demonstrate their implementation.</p> <p>Cross cutting - Strategic Risks 1 - 15</p>	<p>Linked to strategic risk</p> <p>21/22 negative opinion</p>	<p>Q2 and Q4 (September 2022 and March 2023)</p>
Management Meeting Attendance	<p>This will include attendance at all meetings (Directorate / Department meetings, CLT, Risk and Audit Board, Governance meetings, ad-hoc meetings)</p>	<p>N/A</p>	<p>N/A</p>
Management	<p>This will include:</p> <ul style="list-style-type: none"> • Annual Planning meetings and draft strategy • Preparation for, and attendance at, ACGC • Attending LG Chief Auditors Network • Regular liaison and progress updates • Meetings with Chief Executive, S151 Officer, Monitoring Officer, Chair of Audit and Corporate Governance • Liaison with external audit and other assurance providers • Preparation of the annual Head of Internal Audit opinion and IA Charter • 2nd partner review process 	<p>N/A</p>	<p>N/A</p>

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

Further areas of potential coverage not included in the 22/23 plan above (Sector issues and Horizon Scanning / previous years coverage):

Please see below some additional areas that could be considered for inclusion in an internal audit strategy. None of these areas were specifically identified as priority areas of coverage for 2022/23 following our discussions with Executive Directors, however a number of areas were suggested as potential areas in a 3 year strategy or are areas that we believe could be considered and as part of the horizon scanning carried out by RSM and the Chief Internal Auditors network. However, we have stopped short of including these in a new 3 year strategy as we agreed with the Executive to produce a detailed one year plan, with areas of potential coverage with future years, and then subsequently to develop a new 3 year strategy for 2023/24 – 2025/26.

People (Adults)	Strategic Risk Ref
Adult Social Care (ASC) - Care Practice and Quality Assurance	1
ASC - Practice and CMHT	1
ASC - Financial Assessments and Charging	1
ASC Budget Management	1
ASC caseload management	1
ASC workforce planning	1
Social care placements and monitoring	1
Care Homes - Quality of Care	1
Care Homes - Deferred payments	1
Care Homes - Placement Process	1
Continuing Health Care Commissioning and Procurement	1
ASC - Data and performance information	1
People (Childrens)	
PFI Contract – Schools	5
Children Social Care (CSC) - Budget management	5

Child Safety (focus on social care assessments)	
CSC Caseload management	
CSC residential contract management	
CSC Recruitment and Retention	
SEND (Special Educational Needs & Disability) * Compliance with Time Targets * Forward plans and anticipated needs * Partnership working	11
SEND Funding	11
Dedicated Schools Grant	8, 11
Place and Community	
Gas Servicing	6
Planned and Responsive Maintenance	
Planning - Local Plan	8
Housing White Paper	
Governance of the Housing Delivery Action Plan	
Asset Disposals	4
Homelessness	
Houses of Multiple Occupation	
New Homes Bonus Scheme	
Planning Control	
Allocations	
Local Government Transparency Code	
Property Services	

Finance and Resources	
Recovery and Renewal plan	8
Insurance Service	5
Elections	7
IT Education and Awareness	12
Policies and Procedures	5
Savings Plans	5
Commercialisation	5
Investment Projects	5, 8
Income Collection - Debt Collection Management and use of Enforcement Agents	5
Workforce – Appraisals	10, 15
Workforce – Equality and Diversity	10, 15
Workforce – Wellbeing	10, 15
Workforce - Absence Management	10, 15
Workforce - Organisational Culture	10, 15
Contract Management - Everyone Active	
Capital Projects – Stoke Wharf	
Data Quality and Performance Management (KPIs)	
Other	
Counter Fraud Service	
ESG (Environmental, Social, and Governance) Maturity Assessment	5,10,15
Supply Chains and third party risk (incl Modern Slavery Act compliance)	

Domestic Violence - Strategy, Communications and awareness processes	
Domestic Violence - Multi Agency referral and Partnership Working	

As reported each year since 2019/20, RSM Internal Audit cannot review this area as RSM Consultants are assisting the Council in the Operational delivery of Procurement activity. As has been reported to the AC and S151 Officers for the previous 4 years, an independent internal audit review of Procurement services could be commissioned separately of RSM.

2.1 Working with other assurance providers

The ACGC is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM UK Risk Assurance Services LLP. The team will be led by Daniel Harris as your Head of Internal Audit, supported by Mark Jones (National Head of Internal Audit, 2nd Partner) Anna O’Keeffe as your Senior Manager and Fiona Ho as your Manager.

Core team

The delivery of the 2022/23 audit plan will be based around a core team. However, we will complement the team with additional specialist skills where required. This will include the use of our IT Specialists within the Technology Risk Assurance (TRA) team, Risk Management specialists, Programme and Project Management Specialists and wider consulting specialists.

Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA, on which PSIAS is based.

The external review concluded that RSM ‘generally conforms* to the requirements of the IIA Standards’ and that ‘RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards’.

* The rating of ‘generally conforms’ is the highest rating that can be achieved, in line with the IIA’s EQA assessment model.

Conflicts of interest

We continue to deliver operational support to the Council in relation to the Procurement Function. We also supply some software solutions to help the Council manage their policy management and risk capture although we note that these are not currently being used by the Council. All of this work is undertaken via separate engagements, led by independent engagement partners and delivered by specialist staff separate from the core Internal Audit Team. We have considered as part of all of these additional engagements the safeguards required to be in place and are satisfied that these have been met. We will continue to keep the Section 151 Officer sighted and informed throughout the year of potential conflicts and how these have been considered and managed.

APPENDIX B: INTERNAL AUDIT STRATEGY 2022/23

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1 and the Executive summary above.

		Internal Audit coverage - Third Line of Assurance					
Assurance Provided:		current (21/22) Strategic Risk Register Ref:	2018/19	2019/20	2020/21	2021/22	2022/23
	Red - Minimal Assurance / Poor Progress						
	Amber/red - Partial Assurance / Little Progress						
	Amber/green - Reasonable Assurance / Reasonable Progress						
	Green - Substantial Assurance / Good Progress						
	Advisory / AUP						
Audit Area (split by current directorates)							
People (Adults)							
Adult Social Care - Management of Income / Financial Assessments and Charging	1						
Adult Social Care - Transformation Programme	1						✓
Adult Education Service (OFSTED Inspection)							
People (Childrens)							
Children Missing Education	11						✓
Schools		✓	✓	✓	✓	✓	
Children's Centres							
SC First	15					✓	
Place and Community							
Strategic Housing Management							✓
HRA							
Housing Benefits	5						✓
Regulatory Services (Cash Handling Arrangements)							
Council Buy Backs							

Social Lettings Team							
Temporary Accommodation Strategy	3						✓
Slough Urban Renewal (SUR)	14						
DSO (refuse and recycling, fleet etc) (*Note, this was being covered by RSM Specialists in 2020/21 but work stopped at Council request)							
Matrix	5						✓
Leasehold Service Charges							✓
Contract Management – Osbornes (Repairs, Maintenance, Investment Housing Contract, including statutory safety checks, ie lifts, legionella etc)	5						✓
Contract Management – Everyone Active (Leisure Contract)*	5						
Contract Management – Bouygues (Facilities Mgmt)	5						
Fire Safety	6						
Planning Performance Agreements (PPAs)							
Planning Applications Response Times							
Rent Accounts	5						✓
Rent Arrears Recovery	5						✓
Assets	4, 5						✓
Section 106							
Allotment Charges							
Major Infrastructure Projects (LEP)							
Finance and Resources							
Capital Projects – Britwell GP Hub							✓
Corporate Health and Safety	6						✓
Conflicts of Interest							
Safety Advisory Group (SAG)	6						
Supplier Duplicate Payments	5						
Business Continuity and Emergency Planning	9						

Whistleblowing						✓
Contract Procedure Rules						
Budget Setting and Budgetary Control	5					✓
Medium Term Financial Strategy (MTFS)	5					✓
Workforce Recruitment and Retention	10					✓
Cyber Security and Cyber Risk	12				✓	✓
GDPR	13				✓	
IT Business Continuity	9, 12					✓
Data Security and Protection Toolkit (previously Information Governance)	12, 13					
Procurement *	5		*	*	*	*
Subsidiary Companies Governance	5, 14				✓	
Transformation Plan	1, 8			✓		
Business Rates	5				✓	✓
Council Tax	5					✓
Treasury Management	5				✓	✓
General Ledger	5					✓
Debtors	5					✓
Payroll	5, 10					✓
Capital Expenditure	5					✓
Creditors	5					✓
Assurance Map	All					
Risk Management	All					✓
Governance						
Governance - Overview and Scrutiny	5					
Governance - James Elliman Homes	14					

Governance – Sub Committee Effectiveness						
Agresso HR - Self-Service						
Freedom of Information						
Cash Collection & Management	13					
Payroll and HR Interface						✓
Grant audits	5	✓	✓	✓	✓	
Follow Up	All	✓	✓	✓	✓	✓

* As reported each year since 2019/20, RSM Internal Audit cannot review this area as RSM Consultants are assisting the Council in the Operational delivery of Procurement activity. As has been reported to the AC and S151 Officers for the previous 4 years, an independent internal audit review of Procurement services could be commissioned separately of RSM.

Internal Audit Charter – please note, to allow focus on the proposed coverage for 2022/23, we have not included the Internal Audit Charter in this version of our plan (The IA Charter was previously approved by the ACGC in March 2022).

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

Our report is prepared solely for the confidential use of Slough Borough Council, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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

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

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

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Slough Borough Council Value for Money Planning Memorandum

Year ending:

- **31 March 2020**
- **31 March 2021**

July 2022



Contents



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Section

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Value for money arrangements for 2020/21

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Potential types of recommendations

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Background and context

In July 2019 we began the process of completing our audit of the Council's 2018/19 financial statements and our review of the value for money arrangements in early 2020. Unfortunately this process did not complete as planned due to a number of significant matters arising from the audit of the financial statements and still remains outstanding. Since the 2018/19 Statement of Accounts was initially prepared, errors identified by both the Council's external auditors and the new Finance team have required a substantial re-write of these accounts.

Completion of the financial statements was delayed initially due to Council having difficulties in producing quality information to support the financial statements and a range of internal control deficiencies. However, as further exploration was undertaken it became evident that there were failings over a number of years to ensure there was effective and robust financial management in place. As a result the following actions have been taken:

Date	Action
9 May 2021	Four statutory recommendations issued by Grant Thornton
22 July 2021	Section 114 notice presented to the Full Council by the Council's Section 151 Officer
2 July 2021	Two statutory recommendations issued by Grant Thornton
25 October 2021	Two independent reviews published: <ul style="list-style-type: none"> • Financial review • Governance review
1 December 2021	Commissioners appointed

The Council now faces significant financial challenges to achieve financial sustainability and requires effective corporate governance to ensure action is taken to achieve the necessary change.

Combined planning memorandum

As a result of the delay in the 2018/19 financial statements and the series of actions that have followed, we have not yet been able to issue our final Value for Money conclusion in relation to the 2018-19 year. Our audit findings report presented to the Council's audit committee on 18 May 2021 proposed an adverse conclusion on our value for money work. Whilst some further work is required to bring this to its final conclusion following the issue of further outcomes from external reviews, our overall proposed conclusion for 2018-19 will remain unchanged.

We have provided a planning memorandum which combines the two financial years 2019/20 and 2020/21. Although the value for money arrangements differ for these two years, we plan to complete our review over the same period enabling us to minimise disruption to officers and deliver the work in a more efficient manner. Although it should be noted that final reports cannot be issued without completion of the financial statements audit.



Value for Money arrangements for 2019/20

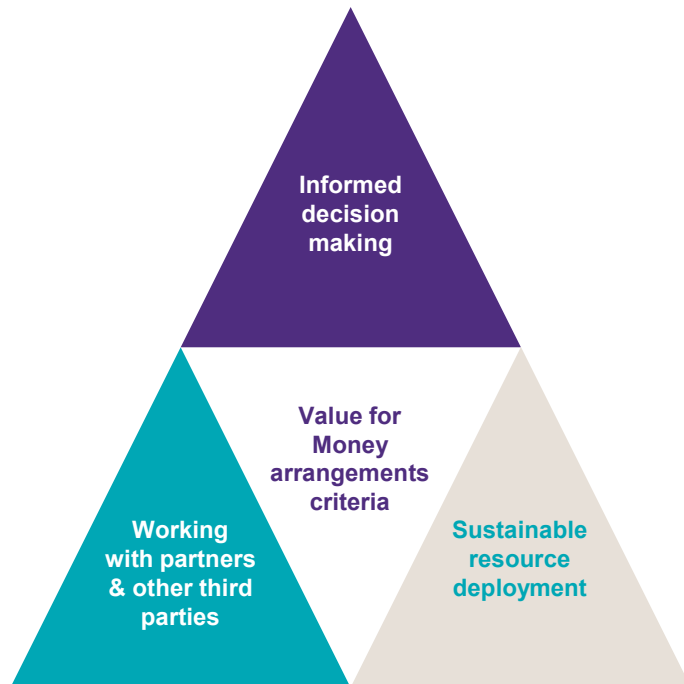
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Significant VFM risks



Sustainable resources

The Council should have financial plans that accurately budget and forecast its financial position over the short and medium term. During 2019/20 the Council agreed its Medium Term Financial Strategy and savings plans for 2020/21 onwards. However, during 2021 following both external and internal evaluation the Council became aware of the significant financial challenge it faced and the Chief Financial Officer issued a Section 114 Statement.

As a result the MTFS and proposed savings agreed during 2019/20 are not fit for purpose and as such there is no benefit in looking at these documents. Therefore we will review:

- Section 114 notice issued by the Chief Finance Officer
- the statutory recommendations issued by Grant Thornton in May 2021 and July 2021
- the level of reserves available to the Council following the issue of the revised 2018/19 financial statements and the financial statements for 2019/20 and 2020/21
- the impact of the pandemic on financial sustainability in 2019/20.

As part of the 2020/21 and 2021/22 VFM work we will consider the financial plans and measures required from 2020/2021 onwards.



Informed decision making

The audit of the 2018/19 financial statements has been hampered by a lack of appropriately skilled and qualified finance staff and a range of internal control deficiencies. In addition we and the Council have identified a range of in year and prior year adjustments which have had an impact on the reported financial position of the Council.

As part of our audit of the 2019/20 financial statements we will consider:

- the changes and improvement in internal control arrangements compared to those identified previously and the Council's governance procedures and progress in addressing the previously identified recommendations
- the quality of the working papers provided for the 2019/20 financial statements.

As part of the 2020/21 and 2021/22 VfM work we will consider the action taken to address the recommendations raised in response to the Statutory Recommendations.



Working with partners and other third parties

Throughout 2019/20 children's social care services have been delivered by Slough Children's Services Trust Limited (SCST). The Children's Trust was established by the Secretary of State in October 2015, following two Ofsted judgements of 'inadequate' since 2011.

However, the financial position of SCST has deteriorated and in August 2019 projected a deficit of £3.7m for 2019/20. This increased further in 2020/21 to £5.4m and was funded jointly by the Council and the Department for Education to avoid liquidation.

Throughout 2018/19 the Council did not have adequate arrangements in place to monitor the extent of the SCST's financial position. Although regular contact had been maintained with SCST management, neither Cabinet or the Education and Children's Scrutiny Committee were formally updated of the financial position.

We will review the internal control and governance arrangements in place to manage SCST in 2019/20. This will include:

- reporting and managing performance and action taken to address underperformance
- the reporting of the deteriorating financial position of SCST throughout 2019/20
- review of the possible options for SCST considered during 2019/20, including discussions with the Department of Education. This will include any decisions that were made in year to cease operating the Trust and to establish a council owned local authority company limited by guarantee.

Any decisions made in 2020/21 will be considered as part of our VfM review of arrangements, see page nine.

Value for Money arrangements for 2020/21

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of VfM.

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VfM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out opposite:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



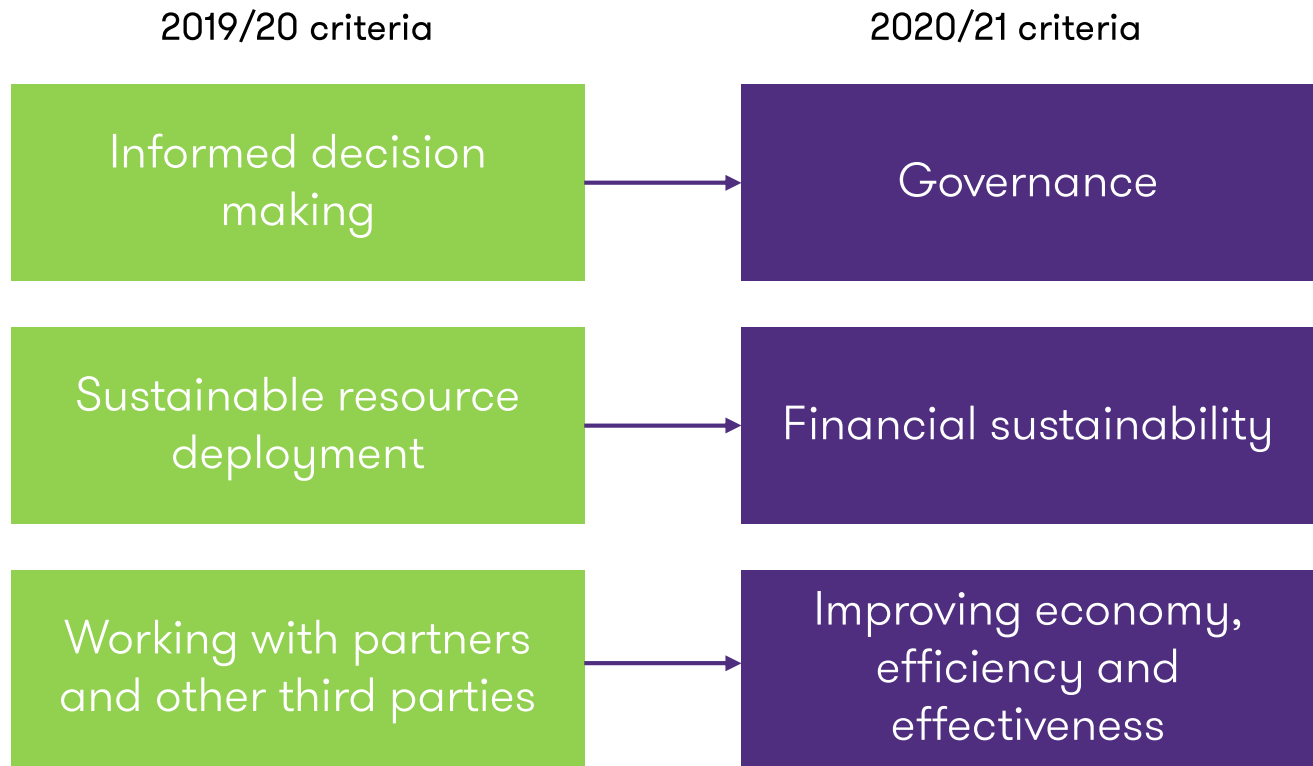
Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Comparison of the value for money arrangements, 2019/20 to 2020/21

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The criteria for 2019/20 cross over with those identified in 2020/21.

2020/21 - Risks of significant VFM weaknesses

As part of our reporting we will provide commentary on each of the three criteria:

- Governance
- Financial sustainability
- Improving economy, efficiency and effectiveness

In addition as part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are set below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out on page ten.

Risks of significant weakness

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money. The risks we have identified as part of our initial planning are considered opposite and on the next page.

Additional risks may be identified as we complete the detailed work to provide commentary on each of the criteria listed on page 6. If additional risks are identified we will inform those members charged with governance as soon as we become aware.



Financial sustainability

The Council faces significant financial challenges and issued a Section 114 notice in July 2021. The Council projected that in-year spending on services would be significantly higher than the planned budget. In addition the level of general reserves held by the Council would be significantly below the 5% minimum level of General Fund working balances recommended by CIPFA, at £1.46m.

Financial balance cannot be achieved without support from the Department for Levelling Up, Housing and Communities. A capitalisation directive has been agreed in principle to the value of £307m. This would be utilised over five years from 2018/19 to 2022/23. Further savings will also be required of £20m per annum from 2018/19 up to and including 2027/28.

We will review the:

- financial outturn position reported as at 31 March 2021, including the level of reserves
- financial and savings plans developed to achieve financial balance
- level of external borrowing and how the Council plans to manage the reduction in external borrowing
- progress made to review and prioritise its capital programme
- arrangements and action taken to achieve financial sustainability, including its asset disposal plan.

We will consider a range of documentation prepared to address the financial situation and discuss progress with the Council's financial staff and Commissioners.



Governance

The risk of significant weakness is that the Council does not have adequate governance arrangements in place to recognise and to be able to address the serious financial challenge what the Council faces. The Council needs to effectively manage the risk whilst addressing failings in its internal governance arrangements.

We will review the :

- changes made to strengthen the governance arrangements, including progress and further action required to address the statutory recommendations raised by Grant Thornton and the recommendations raised in the governance reviews undertaken on behalf of the Department for Levelling Up, Housing and Communities
- the risk management arrangements and changes made after the issue of the Section 114 notice
- decision made by the Council to set up a wholly owned company to deliver its children's services and the governance arrangements introduced to effectively manage this statutory service
- How the Council has reviewed its own arrangements to ensure it is compliant with regulatory requirements such as the CIPFA Financial Management Code and the Prudential Code.

As part of our audit of the 2020/21 financial statements we will consider:

- the changes and improvements in internal control arrangements compared to those identified in 2019/20
- the quality of the financial statement and working papers provided for the 2019/20 financial statements.



Improving economy, efficiency and effectiveness

There is a risk that the Council that the Council is not using its information on costs and performance to improve the way it manages and delivers its services. The governance review undertaken on behalf of the Department of Levelling Up, Housing and Communities in October 2021 concluded that the Council had been failing its best value duty for continuous improvement, as set out in section 3 of the Local Government Act 1999.

We will review how the Council evaluates and uses the information it receives to assess performance and improve poor performance. In order to assess arrangements we will:

- review the corporate performance management arrangements for all services and consider in further detail the arrangements for the Council's
 - Children's Services, including its improvement plans
 - active companies
 - Our Futures Transformation Programme.

Potential types of recommendations

A range of different recommendations could be made following the completion of our work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

