

Date of issue: Monday, 6 March 2023

|  |  |
|--|--|
| <b>MEETING:</b>  | <b>AUDIT AND CORPORATE GOVERNANCE COMMITTEE</b><br>(Councillors Kelly (Chair), Brooker (Vice Chair), Ali, Carter, J. Davis, Grewal and Gill) |
|  | <b>CO-OPTED INDEPENDENT MEMBER:</b><br>Naira Bukhari   |
| <b>DATE AND TIME:</b>                                      | TUESDAY, 14TH MARCH, 2023 AT 6.30 PM   |
| <b>VENUE:</b>  | COUNCIL CHAMBER - OBSERVATORY HOUSE, 25 WINDSOR ROAD, SL1 2EL  |
| <b>DEMOCRATIC SERVICES OFFICER:</b><br>(for all enquiries) | SHABANA KAUSER<br>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.



**STEPHEN BROWN**  
Chief Executive

**AGENDA**

**PART I**

| <u>AGENDA ITEM</u> | <u>REPORT TITLE</u> | <u>PAGE</u> | <u>WARD</u> |
|--------------------|---------------------|-------------|-------------|
|--------------------|---------------------|-------------|-------------|

Apologies for absence.

- |    |                          |   |   |
|----|--------------------------|---|---|
| 1. | Declarations of Interest | - | - |
|----|--------------------------|---|---|

*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.*



| <u>AGENDA<br/>ITEM</u> | <u>REPORT TITLE</u>  | <u>PAGE</u> | <u>WARD</u> |
|------------------------|--|-------------|-------------|
| 2.                     | Minutes of the Meetings held on 14th December 2022, 18th January 2023 and 22nd February 2023 | 1 - 16      | All         |
| 3.                     | Action Progress Reports  | 17 - 28     | All         |
| 4.                     | Internal Audit Action Tracking Report – Quarter 4 2022/23                                    | 29 - 44     | All         |
| 5.                     | Risk Management Update - Quarter 4 2022/23   | 45 - 96     | All         |
| 6.                     | Counter Fraud Policy   | 97 - 102    | All         |
| 7.                     | Slough Children First Governance Review - Update on Progress                                 | 103 - 134   | All         |
| 8.                     | Internal Audit Progress Report   | 135 - 166   | All         |
| 9.                     | Internal Audit Plan 2023/24  | 167 - 192   | All         |
| 10.                    | Members Attendance Record  | 193 - 194   | All         |

#### **Press and Public**

**Attendance and accessibility:** You are welcome to attend this meeting which is open to the press and public, as an observer. You will however be asked to leave before any items in the Part II agenda are considered. For those hard of hearing an Induction Loop System is available in the Council Chamber.

**Webcasting and recording:** The public part of the meeting will be filmed by the Council for live and/or subsequent broadcast on the Council's website. The footage will remain on our website for 12 months. A copy of the recording will also be retained in accordance with the Council's data retention policy. By entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings.

In addition, the law allows members of the public to take photographs, film, audio-record or tweet the proceedings at public meetings. Anyone proposing to do so is requested to advise the Democratic Services Officer before the start of the meeting. Filming or recording must be overt and persons filming should not move around the meeting room whilst filming nor should they obstruct proceedings or the public from viewing the meeting. The use of flash photography, additional lighting or any non hand held devices, including tripods, will not be allowed unless this has been discussed with the Democratic Services Officer.

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

**Audit and Corporate Governance Committee – Meeting held on Wednesday, 14th December, 2022.**

**Present:-** Councillors Kelly (Chair), Brooker (Vice-Chair), Ali, Carter and Gill

**Apologies for Absence:-** Councillor Grewal, Naira Bukhari (Co-Opted Member) and Stefana Moldovan (Co-Opted Member)

**PART 1**

**27. Declarations of Interest**

Councillor Brooker declared that he was a member of the Task & Finish Group looking at the Slough Children First Business Plan, Chair of the Finance Committee at Ryvers Primary School and Council appointee to the Foster Panel.

Councillor Carter declared that he was Chair of the Planning Committee.

Both Members remained and participated in the meeting.

**28. Minutes of the Last Meeting held on 28th September 2022**

**Resolved** – That the minutes of the meeting held on 28<sup>th</sup> September 2022 be approved as a correct record.

**29. Action Progress Report**

Details of the Action Progress report were considered and the following comments were made -

- Adult Social Care Programme - progress update be provided on outstanding invoices and amount collected to date.
- Temporary accommodation (TA) – average of 54 days in TA and what the legal position was regarding duration of stay in TA. It was noted that there was no statutory framework regarding how long an individual could stay in TA but the quicker alternative suitable accommodation was found the better it was for both the local authority and individual(s) concerned.
- Referring to three over payments that had been made to staff, it was explained that appropriate action had not been taken and that this was being followed up with managers to ensure that it did not occur again.

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

**30. Risk Management Update - Quarter 3 2022/23**

The Committee received a report which outlined updates to the Corporate Risk Register (CRR) Details of the main changes were highlighted as set out in the report and since the last meeting each of the risks had been shared

with the allocated Risk Owner and Action Owners for comment and update. In some cases a meeting was held to discuss the revised position.

Referring to children's safeguarding it was asked whether the levels of demand had increased post Covid. The Executive Director (Children) stated that there had been marked increase in service demand, which was a national issue too but an increase in the complexity of needs of young people had also been a contributing factor. It was agreed that data relating to the number of cases pre and post Covid would be circulated.

A Member asked what steps had been taken to ensure staff were aware of the risks relating to cyber security and was informed that regular training was provided and updates posted on the council's internal website. It was noted that an update would be provided in relation to backdated invoices regarding the Adult Social Care transformation and whether the service was on track to achieve its target of £560k.

The Chair commented on the reported £6m shortfall in savings target for 2023/24 and was informed that work was ongoing to close the gap and that Overview and Scrutiny Committee were due to receive a report on this. In response to when the 2018/19 accounts were likely to be finalised, the Director of Finance stated that it was anticipated that the Committee would receive these in early 2023.

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

### **31. Slough Children First Governance Review - Update on Progress**

The Committee received a report which set out a summary of the progress made on actions recommended following a governance review of Slough Children First (SCF).

There were concerns in relation to the financial cost of the services and whether the focus for support was appropriately targeted. The Council needed to ensure it was obtaining value for money and that SCF values aligned with those of the Council. The importance of adequate governance arrangements, to monitor progress made against recommendations, was highlighted. Members were informed that a Task and Finish Group had been established to specifically scrutinise and monitor the SCF Business Plan.

The Executive Director (Children) stated that the primary focus of SCF was the protection of children and delivery of a service that met their needs. The demand in service had increased significantly - nationally and locally - and managing that demand within the resources available was challenging. The latest report by the Association of Children Services Directors would be circulated to the Committee.

A Member commented that reassurance was sought from Commissioners that collaborative work was ongoing between the Council and SCF especially

given the financial position of the Council. The ED (Children) stated that there had been meetings between key individuals in the Council and the Department for Education (DfE) commissioner, as well as the establishment of close links between the DfE commissioner and the Department of Levelling Up, Housing and Communities (DLUCH) commissioners. It was agreed that DLUCH Commissioners be invited to the March meeting.

The report and progress made was welcomed but it was queried as to why no update was given on circa 30% of the recommendations set out in the appendix. The Principal Lawyer explained that progress made on certain recommendations took a little longer to evidence but that the Council had been involved in setting the objectives, as set out in the report, with SCF.

A Member expressed concern as to whether necessary measures were in place for the service to move forward and meet the needs of young people adequately, given that the service was rated as inadequate by OFSTED in 2011 and six directions issued in 2014. It was noted that Cabinet had recently approved a Business Plan which would provide the framework required to monitor progress and delivery of services.

Referring to performance management of executive directors and the chief executive it was noted that information provided by SCF suggested an annual appraisal would be completed at the end of the first year. Members were informed that the appraisal process was managed by the SCF Chairman and it was noted that the Chairman would be invited to the March meeting.

The Chair referred to the working capital loan given to SCF and requested information relating to the amount of loan given, repayment schedule and savings. It was noted two payments of £330k and £1.8m had been made and further details would be included in the next progress report.

**Resolved –**

- (a) That details of the report and progress made as set out in Appendices 1 and 2 be noted.
- (b) That the Committee receive an update on progress report at its' 14<sup>th</sup> March 2023 meeting.

**32. Forward Work Programme**

Details of forthcoming agenda items were discussed and it was agreed that the SCF Governance Review Update be scheduled for consideration at the March 2023 meeting.

**Resolved –** a) That details of the work programme be noted

- b) SCF Governance Review Update on Progress added to 14<sup>th</sup> March 2023 meeting

**33. Exception Reporting to Overview and Scrutiny Committee**

No matters were referred to Overview and Scrutiny Committee.

**34. Members Attendance Record**

**Resolved** – That details of the Members Attendance Record be noted.

**35. Date of Next Meeting - 14th March 2023**

The date of the next scheduled meeting was noted as 14<sup>th</sup> March 2023.

It was confirmed that an extraordinary meeting had been arranged for 18<sup>th</sup> January 2023.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 7.32 pm)

**Audit and Corporate Governance Committee – Extraordinary Meeting held on Wednesday, 18th January, 2023.**

**Present:-** Councillors Kelly (Chair), Brooker (Vice-Chair), Ali, Carter, J. Davis, Grewal

Co-Opted Member - Stefana Moldovan

**Also present under Rule 30:-** Councillor Strutton

**Apologies for Absence:-** Councillor Naira Bukhari (Co-Opted Member)

**PART 1**

**36. Declarations of Interest**

None received.

**37. Internal Audit Action Tracking Report Quarter 3 2022/23**

The Director of Finance set out details of the report which provided an update on progress of implementation of internal audit actions.

Members were reminded that one of the recommendations of the CIPFA and DLUHC reports was to undertake an option appraisal of the Internal Audit function with a view to bringing it back in-house. The function had been outsourced to RSM since 2016. The option appraisal recommended that the service should be brought back in house as part of a broader team covering financial governance, counter fraud, risk and insurance. Following completion of the options appraisal, recruitment of a new team commenced. It was reported that appointments were recently made for roles of Audit Manager and Senior Auditor posts and subject to notice periods this would allow new senior internal audit staff to work alongside RSM in the development of the 2023/24 audit plan.

Good progress continued to be made with regard to completion of internal audit recommendations, namely -

- Pre 2021/22 audit actions – 8 actions from a total of 257 remained outstanding - 4 of which were medium rated and 4 low rated. It was noted that this had reduced from the 41 outstanding actions previously reported.
- The 4 internal audit reports outstanding from 2021/22 had now been finalised allowing completion of the Head of Internal Audit Annual Opinion for 2021/22.
- 2021/22 actions –128 actions completed as at end of December with a further 66 not yet due.

## Audit and Corporate Governance Committee - 18.01.23

- The number of outstanding 2022/23 actions has not changed as no further reports had been finalised, although 9 reports had been issued in draft which required a management response.

A Member asked whether the Council was making progress in returning to a sound financial position and the Director of Finance stated that whilst significant progress had been made, undoubtedly challenges remained going forward given the scale of the issues that had been identified. It was requested that a narrative be provided in the report to explain why deadlines had moved or been adjusted and it was noted that this would be included in future reports.

Following a more general discussion about the recruitment of interim and or agency staff within the finance department, it was explained that recruitment to such posts was critical due to the circumstances and the process to permanently appoint to these roles was underway. A permanent Director of Finance had been appointed, who was due to start shortly and interviews for two deputies were scheduled for early February.

A Member referred to Commissioner comments on the report and specifically disappointment relating to the slowness of the implementation of the 2021/22 recommendations with 117 remaining overdue. It was explained that whilst other matters such as financial accounts had taken priority, progress was being made albeit not at the pace required. An in house internal audit function would assist in improving matters.

In response to whether there was an up to date Housing Strategy in place to address issues relating to temporary accommodation and had actions with a target date of 31.12.22 been completed, it was noted that this information would be provided to Members.

Clarification was sought in relation to the high rated internal audit action for council tax specifically the amounts outstanding and the feasibility of collecting the outstanding monies. It was agreed that details would be circulated to the Committee. With regard to write off for council tax debts, a Member asked if there were procedures in place to obtain these and whether it was realistic to pursue outstanding debts from a number of years ago. The Director of Finance stated that whilst procedures were in place, these had not been implemented as rigorously as they should have been and a write off report was due to be considered by Cabinet in February to address the historical debt. Details of the policy/procedure relating to council tax debt recovery, including at what stage the matter was referred to debt recovery agencies, would be sent to Members.

Speaking under Rule 30, Councillor Strutton raised concern about the continued use of interim and agency staff within the IT department. The Director of Finance informed the Committee that a restructure had recently been approved and a permanent Head of IT had been appointed. A reduction in costs associated with agency staff both within the finance and IT departments would materialise in the 2023/24 financial year. Councillor



Strutton also asked why the Council had written to central government with plans to increase council tax above the permitted threshold, especially given that good progress had been made with the sale of assets. Members were reminded that the scale of the financial issues identified was unprecedented and whilst significant progress had been made in reducing the capitalisation, financial challenges remained. Slough had a low council tax base and the Minister's decision was awaited. It was highlighted that the Council had put in place a Council Tax Support Scheme to assist residents most in need.

**Resolved –**

- (a) Note the progress on recruiting to an in-house team in line with the recommendations made by CIPFA and in the Jim Taylor report
- (b) Note the reduction in outstanding actions pre 2021/22 from 41 to 8
- (c) Note the completion of all outstanding reports for 2021/22 thus facilitating the issuing of the Annual Head of Internal Audit Opinion for 2021/22
- (d) Note the progress and ongoing improvements to the completion of outstanding actions and detailed responses to high rated actions in Appendix A.
- (e) Note the work on-going to finalise all 9 outstanding 2022/23 internal audit reports and the work planned for the remainder of 2022/23 audit plan
- (f) Note that a detailed review of all outstanding recommendations is being undertaken to further cleanse the data, the output from which has been shared with Departmental Leadership teams for actioning overdue and other outstanding actions during December and January.

**38. Internal Audit Quarterly Progress Report**

The Committee received an update on the key messages relating to the progress of the 2021/22 and 2022/23 internal audit plans.

Since September 2022, a further five final reports had been issued relating to the 2021/22 Internal Audit Plan of which one resulted in a minimal opinion, three partial assurance opinion and one little assurance opinion. A number of these final reports had contributed to a negative 2021/22 year end opinion as reported at the July 2022 meeting.

A further eleven draft reviews had been issued for the 2022/23 Internal Audit Plan and management responses to these were awaited and would be presented to the Committee in due course.

Concern was raised regarding the delay in reports being finalised, with a number awaiting management comments since July 2022. In addition, it was queried that action plans were not being implemented in a timely manner. The Director of Finance explained that competing priorities meant that matters

## Audit and Corporate Governance Committee - 18.01.23

hadn't been responded to as they should have been but high recommendations in reports had been prioritised and responded to. Bringing the internal audit function in house would also assist in matters.

Members asked for further details on audits relating to the Priory School and Health and Safety mandatory training and it was noted that these would be reported to the March meeting.

Referring to the appendix to the report, a number of specific issues were raised as set out below -

- Asset Management Property Records Procedure - whether management actions as part of previous audits (17/17 to 20/21) have been completed
- Processes to make agency workers permanent: medium/high actions with 31.12.22 target date and whether these were completed. A Member highlighted that it was unacceptable that weaknesses remained given the amount of funds spent on agency workers the Committee were reminded that recent restructures in the finance and IT departments had been completed and permanent appointments had been made. Whilst this would be reduce agency costs in these areas significantly, more generally across the council there would always remain an element of using agency workers for example due to specialist roles or posts that were difficult to recruit to.
- Britwell expansion budget setting & monitoring - clarification be provided on the variance in figures (total project cost £2.7m (September) and £3.2m (January) and contract sum as £3.02m) and explanation for the differential in figures.
- Britwell expansion risk management - further details to evidence project risks are being suitably monitored.
- Britwell expansion project contracts CCG & GP - details on funding agreement in place with CCG.
- Health & Safety - Directorate H&S Action Returns. Update on actions 5 and 6
- Leavers Processes: update on 27 leavers in possession of equipment and accounts remaining active after staff had left employment.

In response to whether actions recommended to make sure only authorised members of staff had access to Academy - council tax system - it was noted that an update would be provided in the next committee report.

A Member queried why there was a backlog of council tax inspections and was informed that in some instances although the required work had been carried out it hadn't been updated on the system. The Head of Revenues and Benefits was aware of the issue and as recommended in the audit, a schedule of property inspections would be developed to plan completion of inspections by the end of the financial year.

The Committee asked what continuity measures were in place following the departure of RSM as the Council's Internal Auditors. The Director of Finance informed Members that the contract with RSM had been extended to ensure

that there was continuity in the service and that there would be a minimum three month handover period. The Committee placed on record its thanks to RSM for their work and contributions at meetings over the years.

**Resolved** – That details of the internal audit progress report be noted.

**39. Internal Audit Annual Report 2021/22**

The Head of Internal Audit introduced details of the Internal Audit Annual Report 2021/22. For the 12 months ending 31 March 2022 the opinion concluded that the organisation did not have an adequate framework of risk management, governance or internal control.

A Member noted that the report referred to the Risk Management Strategy not having been reviewed by the Committee since 2018 and it was explained that findings of the annual report referred to matters from 18 months prior and that a number of actions since then had been implemented.

Committee Members made a number of comments on the report which included -

- Concern relating to £2.7m parked debt which was not actively being chased. It was noted that this referred to both business rates and council tax and accepted that the Council should be actively pursuing monies owed to it.
- Children Missing Education - further information whether lack of comprehensive policy/procedural guidance to support the processes in place translated in the Council breaching its statutory duties.
- Temporary Accommodation (96 applicants remained in TA for between 3-9 years, rent arrears levels contributing to council's non-compliance with responsibilities outlined within the Housing Act 1996) Update on revised strategy to address these issues.

**Resolved** - That details of the Internal Audit Annual Report 2021/22 be noted.

**40. Date of Next Meeting - 14th March 2023**

The date of the next scheduled meeting was noted as 14<sup>th</sup> March 2023.

The Committee were informed that an extraordinary meeting had been arranged for Monday 20<sup>th</sup> February 2023 to receive the 2018/19 accounts.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.05 pm)

This page is intentionally left blank

## **Audit and Corporate Governance Committee – Extraordinary Meeting held on Wednesday, 22nd February, 2023.**

**Present:-** Councillors Kelly (Chair), Brooker (Vice-Chair), Ali, Carter, Grewal and Gill

Naira Bukhari – Co-Opted Member

**Also present under Rule 30:-** Councillors Gahir, Hulme, Smith, Strutton and Swindlehurst

**Apologies for Absence:-** Councillor J. Davis

### **PART 1**

#### **41. Declarations of Interest**

None were received.

#### **42. Accounts and Audit Update 2018/19**

The Director of Finance presented a report on the audited Statement of Accounts for 2018-19 (subject to the issue of the audit opinion) and an update on the preparation of the Council's 2019/20, 2020/21 and 2021/22 accounts.

There had been a significant deterioration in the number of audits being completed within the prescribed deadlines and the Committee were reminded of the timeline regarding the submission of the 18/19 accounts prior to May 2021, noting that between June 2019 and May 2021, five draft versions were submitted to the external auditors. A lack of supporting working papers in many areas that had not been subject to any quality assurance, material errors in the opening balances for property, plant and equipment (PPE) and a material overstatement of income due from one of the Council's companies were some of the issues encountered by external auditors which resulted in the Audit and Corporate Governance Committee in May 2021 receiving two reports which contained extensive criticism of the Council's arrangement for preparing the accounts and related matters which set out seventeen recommendations and four statutory recommendations.

In particular, the statutory recommendations highlighted a number of key internal control deficiencies in the preparation of the five versions of the accounts presented including:

- Poor quality and incomplete financial statements presented for audit in July 2019;
- Poor quality of working papers to support the financial statements;
- Lack of audit trail to explain the link between the financial statements and the financial ledger and other supporting evidence;
- Lack of review of the accounts and working papers before submission to audit;

## Audit and Corporate Governance Committee - 22.02.23

- Inadequate arrangements for routine reconciliation and review of debtors, creditors, and other balance sheet items;
- Inadequate arrangements for bank reconciliations;
- Inadequate maintenance of the fixed asset register resulting in material errors in capital accounting entries in 2018/19 and previous years; and
- Poor governance, oversight and financial reporting in relation the Council's group accounts and group relationships.

The draft audit findings report dated 9 May 2021 also stated that the issues preventing an audit opinion at that stage were a business rates appeal which had not been provided for, impairment of a loan to Slough Children's Trust and outstanding work to support bank reconciliations and debtor and creditor system reconciliations.

A new finance team appointed at the end of May 2021 identified that the 18/19 accounts were still not fit for purpose and the Capitalisation Direction (CD) obtained in March 2022 meant further changes were required. In total, 50 changes were made which affected over 100% of figures in core statements. In addition, 80% of disclosure notes with 22 areas subject to detailed review and correction, 20 changes relating to previous financial years and 7 changes correcting earlier versions of 2018/19 accounts. A further additional change had been made as a result of the Capitalisation Direction.

Inadequate accounting records and controls systems alongside ineffective systems of internal control, risk management and governance resulted in a grossly inaccurate Annual Governance Statement and very challenging budget setting. The new finance team had for the past 18 months been reviewing the financial arrangements at the Council and overseeing the production of a revised set of accounts for 2018/19.

Many fundamental issues were uncovered, as summarised in Appendix C, and finalising the 2018/19 statement of accounts had been extremely challenging. The issues identified were of a quantum and scale rarely seen which had taken considerable time and effort to address. The corrected accounts would provide a sound financial base for the Council going forward.

It was explained that many of the Council's financial issues would have been highlighted earlier if accounts had been produced on time and to the standard required. This was of significance as levels of general fund and HRA balances affected key budget decisions for the next financial year. It was drawn to Members attention that there was a residual risk of issues arising from the previous three years unaudited accounts which adversely affected the estimated general fund and HRA balances.

The different opinions provided on the accounts was explained with approval by the Section 151 Officer and in turn Council was based on the accounts overall. External audit opinion related to a more detailed technical appraisal based on auditing standards and a line by line assessment of the accounting statements.

Details of process improvements were outlined and whilst these would take time to bed in, the aim was to produce accounts that met CIPFA requirements and were easy to audit with minimal changes required and ensure that the accounts were supported by clear and comprehensive working papers.

It was emphasized that the key focus going forward was to maintain the momentum on the work and improvements that had been implemented to manage the audit process in order that accounts could be signed off as quickly as possible.

The timetable on progress on accounts preparation for 2019/20 to 2022/23 was set out, noting that the accounts were still subject to quality assurance, amendments arising from the 2018/19 accounts audit and a new finance team being in place.

Julie Masci, from Grant Thornton the Council's external auditors, addressed the Committee, reiterating that the scale and size of issues identified on the 2018/19 accounts meant that the audit report opinion would be a Disclaimer of Opinion. It was stressed that this audit opinion was unprecedented and never before issued to any local authority but reflected the standard of record keeping and accounting at the Council at that period in time. Progress made by the current finance team was welcomed. Implementation of recommendations meant that long term improvements could be achieved and ensure that the Council exercised proper stewardship over public funds.

In the ensuing discussion a number of Members stated that they recognised the severity of a Disclaimer of Opinion being given and accepted collective responsibility for the financial position the Council was at. The Committee placed on record their appreciation to the Director of Finance and the finance team in identifying matters and getting the 2018/19 accounts presented to Committee. The accounts would provide a baseline to enable the accounts from 2019/20 onwards to be concluded.

A Member asked about the role of the Committee and was informed that challenge and scrutiny, both of senior management and external auditors was critical in maintaining the focus on council operations being carried out effectively. The role of experienced members serving on the committee and importance of ongoing continuous training was also discussed.

It was queried why issues identified had not been picked up on by external auditors earlier in the process. Ms Masci explained that in July 2019, when the Council produced its first draft statement of accounts, a number of significant matters were identified and management at that time focused on pushing to get the audit completed rather than providing appropriate audit evidence. A number of subsequent meetings were held but it was difficult to obtain supporting evidence or explanations to transactions posted in 2018/19 and prior periods.

In response to whether a Disclaimer of Opinion would also be given for the 2019/20 and 2020/21 accounts it was stated that it was likely the same

opinion would be given. Progress was being made as a result of the changes implemented by the new finance team more widely by the council but given the scale of the matters identified it would take time for these to embed.

The Chair made a number of observations including the need for accountability from the Executive leadership at the Council and specifically the Lead Member responsible for financial matters. It was critical that lessons were learnt and bespoke training provided for members who were part of the administration in charge at the Council. Responding to what the total cost for the 18/19 audit was, it was noted that the current total audit fee up to end of December 2022 was £695,195. Members were informed that although the Council was on the right trajectory to return to a sustainable financial position, there should not be an underestimation of the challenges that remained.

Speaking under Rule 30, Councillors Smith and Strutton made a number of comments and asked questions. Given the unique position the Council was in and the fact that no other local authority had been issued a Disclaimer of Opinion, it was questioned whether the Council was fit for purpose. Whilst acknowledging that this was unprecedented, it was noted that measures taken in the last two years - including appointment of an experienced finance team - meant that the Council was moving in the right direction and it was key that the momentum for the journey to financial recovery was maintained.

The Finance Commissioner stated that early identification of issues was key in enabling measures to be taken to address them before they became much bigger issues. In response to what recourse was available to the Committee to report on any serious concerns it had or uncovered, the Lead Commissioner explained that such matters could be reported to full Council.

At the conclusion of the discussion, the Committee agreed that the 2018/19 accounts be recommended to Council.

**Resolved -**

1. Recommended to full Council to:
  - (a) consider and approve the 2018/19 Statement of Accounts;
  - (b) delegate authority to the Executive Director of Finance and Commercial, following consultation with the Leader, to make any final minor amendments to the Statement of Accounts 2018-19 arising from the external audit prior to the signing by the auditor; and
  - (c) consider and approve the Addendum to the Annual Governance Statement for 2018/19 included in pages 3 to 9 of the restated accounts.
2. Refer to Cabinet the draft Audit Findings Report to note the issues arising from the preparation and audit of the statement of accounts set out in sections 2.3 to 2.9 in order to ensure that the findings are taken into



account by Cabinet when making decisions and that any recommendations made by the external auditors are addressed.

**43. Update on Objection to 2018/19 Accounts and Issuing of Statutory Recommendations- Purchase of Observatory House**

The Director of Finance introduced the report which set out details the findings of Grant Thornton, the Council's External Auditors, in response to an objection received from a member of the public in relation to the 2018/19 Accounts with regard to the purchase of Observatory House.

The objection related to the Council's acquisition, in July 2018, of a new headquarters building, Observatory House, which was purchased for £41m. The Objector had requested that Grant Thornton issue a report in the public interest and to apply to the court that there was an unlawful item of account. Following consideration of the grounds for the objection and information provided by the Council in response, Grant Thornton decided not to uphold the objection and therefore not issue a report in the public interest or apply to the court for a declaration of an unlawful item of account.

Whilst reviewing the matter, Grant Thornton concluded however that there were concerns relating to the manner in which the decision to acquire the property was taken, and in particular the limited information made available to Members at the meeting of the Cabinet on 28 May 2018 at which the decision was taken. It was concluded that this represented a significant failing in governance given the size of the transaction to which it related.

Recommendations made by Grant Thornton were outlined, as set out in the report, reminding the Council to ensure that major decisions were supported by sufficient information and that the role of informal groups, such as the Lead Members and Directors group, did not diminish the need for detailed consideration and documentation within the formal governance arrangements. The Council had put in place a number of measures to address the weaknesses identified which included constitutional changes to tighten up the Council's governance processes.

Julie Masci, the Council's external audit lead from Grant Thornton stated that issuing of statutory written recommendations was considered a proportionate response to the matters identified.

In the ensuing discussion, it was commented that any challenge and or scrutiny of the accounts was welcomed and that it was proper that the Council be held accountable for decisions it had made and agreed with the recommendations made and management response as set out in the report.

A Member stated that decisions were based on information provided to them at any given time but recognised the need to continue to maintain, embed and build upon the improvements that had been implemented.

In response to whether a potential link between the vendor and members had been looked at or would be in the future, the Committee was informed that Grant Thornton had concluded their work and issued statutory

recommendations. The Chair stated that a lack of information in the decision making process had real consequences for the residents of the town.

Councillors Smith and Strutton asked a number of questions, which included why no business case was provided and that more than one independent valuation should have been obtained prior to making such a significant purchase. It was submitted that this was the largest asset purchase made by the Council and that little or attempt had been made to check the value for money of the acquisition. The Director of Finance stated that the Council took seriously the issues raised in the statutory recommendations as demonstrated by the management response to the matters identified.

The Committee noted the statutory recommendations and the Council's proposed response and agreed that the report be referred to Council for consideration.

**Resolved** – That the statutory recommendations and the Council's proposed response be noted and

1. Recommended to Council:
  - (a) Consider and note the statutory recommendations at its meeting on 9 March 2023.
  - (b) Accept the recommendations and the management response.
  - (c) Accept the lessons learnt and proposed action as set out in the report.
2. Recommended to Standards Committee that the recommendations and action in relation to member development should be taken into account when approving a member development programme for delivery following the 2023 elections.
3. Recommended to Cabinet that the actions in relation to Cabinet reports and business cases should be adopted.

**44. Date of Next Meeting - 14th March 2023**

The date of the next meeting was noted as 14<sup>th</sup> March 2023.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.42 pm)

**SLOUGH BOROUGH COUNCIL**  
**AUDIT & CORPORATE GOVERNANCE COMMITTEE**  
**ACTION PROGRESS REPORT**

14<sup>th</sup> December 2022

| Minute reference | Agenda item and Action required   | Lead Officer  | Status / Comment  |
|------------------|---|---|---|
| 30               | <p><b>Risk Management Update Quarter 3 2022/23</b></p> <p>Risk 1 – Children’s Safeguarding: Data relating to the number of cases pre and post Covid to be circulated.</p> <p>Adult Social Care Programme - Progress update on outstanding invoices and amount collected to date and whether on track to achieve target of £560k.</p>  | <p>Executive Director People (Children)</p> <p>Executive Director People (Adults)</p>   | <p><b>Completed.</b> Details circulated in email sent 04.01.23</p> <p><b>Completed.</b> £455k.</p>  |
| 31               | <p><b>Slough Children First Governance Review - Update on Progress</b></p> <p>Commissioners be invited to attend 14<sup>th</sup> March 2023 meeting.</p> <p>Appendix 1: “No progress update” comment to be amended to “awaiting update” (or similar wording) and timescales to be attributed to actions.</p> <p>Latest report by Association of Children Services Directors to be circulated to the Committee.</p> <p>Chair of the Board be invited to attend 14<sup>th</sup> March 2023 meeting.</p> | <p>Democratic Services</p> <p>Executive Director People (Children) / Deputy Monitoring Officer</p> <p>Democratic Services</p> | <p><b>Completed.</b> Diary invites sent.</p> <p>See Agenda Item 7.</p> <p><b>Completed.</b> Report circulated in email sent 04.01.23</p> <p><b>Completed.</b> Chair of Board confirmed will attend in email 15.12.22.</p> |

| Minute reference | Agenda item and Action required   | Lead Officer   | Status / Comment   |
|------------------|---|----------------|--|
| Page 18          | SCF working capital loan - details of amount of loan given, repayment schedule and savings details to be included in the next progress report | Peter Robinson | <p>Cabinet agreed to grant SCF a £5m working capital loan at its meeting in March 2021 which formed part of the agreement to provide services. This replaced a previous loan/payment in advance of £4.025m.</p> <p>The remaining balance of £0.975m was requested and transferred to SCF in September 2021.</p> <p>The annual interest rate for the Loan is £70,500 pa based on an interest rate of 1.41% which was fixed at the time of the agreement this was the aggregate of the following:</p> <ul style="list-style-type: none"> <li>• One point one six per cent. (1.16%), being the certainty rate offered to the Lender at the date of 15 July 2021 by Public Works Loan Board for the relevant period and type of loan</li> <li>• zero point twenty-five per cent. (0.25%).</li> </ul> <p>The interest rate is low, but any charge is included in the costs of the contract that are a cost for the services paid by the Council.</p> <p>The loan is due to be repaid at the end of the contract with the Council once all payments for services have been made to the company.</p> <p>As it stands the company has an accrued deficit of over £5m so unless it agrees additional contractual payments for the Council it will be unable to repay the loan at the end of the contract.</p> |

| <b>Minute reference</b> | <b>Agenda item and Action required</b>   | <b>Lead Officer</b> | <b>Status / Comment</b>                    |
|-------------------------|--|---------------------|--|
| 32                      | <b>Forward Work Programme</b><br><br>SCF Governance Review Update on Progress added to 14 <sup>th</sup> March 2023 meeting | Democratic Services | <b>Completed.</b> Added to work programme. |

This page is intentionally left blank

**SLOUGH BOROUGH COUNCIL**  
**AUDIT & CORPORATE GOVERNANCE COMMITTEE**  
**ACTION PROGRESS REPORT**

**Actions Arising from Meetings**  
**Wednesday 18<sup>th</sup> January, 2023 (Extraordinary)**

| Minute Reference | Agenda item and Action Required   | Lead Officer  | Status / Comment  |
|------------------|---|---|---|
| 37               | <p data-bbox="445 443 1252 483"><b>Internal Audit Action Tracking Progress Report</b></p> <p data-bbox="445 520 1252 592">Narrative explaining why deadlines not met/slipped to be included in future reports.</p> <p data-bbox="445 1075 896 1115"><u>High Rated IA Actions (Appx A)</u></p> <ul data-bbox="445 1152 1252 1367" style="list-style-type: none"> <li data-bbox="445 1152 1252 1259">• Temporary Accommodation (page 15): up to date Housing Strategy in place / have actions with 31.12.22 target date been completed.</li> <li data-bbox="445 1295 1252 1367">• Council Tax (page 9): 1997 to 2007 – total amount of council tax outstanding for this period</li> </ul> | <p data-bbox="1279 520 1556 552">Director of Finance.</p> <p data-bbox="1279 1152 1594 1224">Executive Director, Housing and Property.</p> <p data-bbox="1279 1295 1547 1327">Director of Finance</p> | <p data-bbox="1632 520 2130 627"><b>Completed.</b> The deadlines are not met or slip for a whole host of reasons including:</p> <ul data-bbox="1677 671 2163 1107" style="list-style-type: none"> <li data-bbox="1677 671 2163 850">- The Council continues to have a high turnover of staff resulting in reports and responses being moved or missed;</li> <li data-bbox="1677 858 2163 965">- Historically the deadlines agreed have been over-optimistic or unachievable;</li> <li data-bbox="1677 973 2163 1107">- Considerable vacancies remain in many areas and there isn't the capacity to make the changes required.</li> </ul> <p data-bbox="1632 1152 2145 1259">No - these have been delayed whilst a fundamental review of the service takes place.</p> <p data-bbox="1632 1295 2163 1476"><b>Completed.</b> The Council Tax arrears outstanding as at the end of January 2023 for 1 April 1997 to 31 March 2008 is £2,566,467.32 gross and £2,537,112.81 net.</p> |

|  |   |                     |  |
|--|---|---------------------|--|
|  | <ul style="list-style-type: none"><li>• Policy/procedure re council tax debt recovery (including at what stage passed on to debt collection agency)</li></ul> | Director of Finance | <p><b>Completed.</b> The Council procedure on the website states the following:</p> <p>‘If you pay late we will send you a reminder, advising you to bring your instalments up to date, if you fail to do this, you will lose your right to pay by instalments and the full balance will fall due.</p> <p>We will only send you two reminders in the year, if you fail to pay on time a third time, you will lose your right to pay by instalments immediately.</p> <p>You must then pay the full balance outstanding and if you do not pay this we will send you a <u>summons</u> to appear in the Magistrates Court, for which you will incur additional costs.</p> <p>The magistrate will grant a liability order if the full amount on the summons including costs remains unpaid.</p> <p>The magistrate cannot decide whether you are the correct liable person or make any decisions about your council tax benefit or your entitlement to a discount or exemption.</p> <p>These are matters which must be dealt with via the appeal process and</p> |
|--|---|---------------------|--|



|  |  |  |   |
|--|--|--|---|
|  |  |  | <p>you must continue to pay pending resolution.</p> <p>A liability order enables us to collect the unpaid council tax from you via:</p> <ul style="list-style-type: none"><li>• deductions from your benefit: Income Support, Job Seekers Allowance, Employment Support Allowance or Pension Credit</li><li>• deductions direct from your salary from your employer</li><li>• appointing <u>enforcement agents</u> (previously known as bailiffs) to remove and sell your possessions. This may lead to additional fees being incurred, which came into effect on 6 April 2014:<ul style="list-style-type: none"><li>○ a compliance fee of £75.00 which is payable on receipt of a liability order being passed to the enforcement agents for collection.</li><li>○ an enforcement fee of £235.00 which is payable when the enforcement agent visits the property.</li><li>○ for debts above £1,500 a fee of 7.5% is applied to the value of the debt which is higher than £1,500</li></ul></li></ul> |
|--|--|--|---|

|    |  |   |  |
|----|--|---|--|
|    |  |   | <ul style="list-style-type: none"> <li>○ a sale fee is charged if goods are removed for sale.</li> <li>• commencing insolvency proceedings through the County Court to make you bankrupt.</li> <li>• applying to the County Court for a charging order on your property that enables us to force its sale or repay your council tax out of the proceeds of any future sale. This will also result in you paying additional fees.</li> <li>• as a method of last resort, we may apply for a warrant of commitment to send you to prison.</li> </ul> |
| 38 | <p><b>Internal Audit Quarterly Progress Report</b></p> <p><u>Appendix A –</u><br/>Asset Management Property Records Procedure - whether management actions as part of previous audits (17/17 to 20/21) have been completed</p> <p>Processes to make agency workers permanent: medium/high actions with 31.12.22 target date have these been completed.</p> | <p>Executive Director,<br/>Housing &amp; Property</p> <p>Associate Director, HR</p> | <p>This has been delayed due to the resignation of the officer responsible for completing the task. This will be re-assigned as a matter of urgency and new timeline agreed.</p> <p>The strategy to converting workers to permanent contractors will be undertaken in February 2023. Some work has already commenced in October 2022, following the closure of Consultations with Finance and ICT Directorates, where permanent</p>  |

|  |   |  |  |
|--|---|--|--|
|  | <p>Britwell expansion budget setting &amp; monitoring: clarification re variance in figures (total project cost £2.7m (September) and £3.2m (January) and contract sum as £3.02m) and explanation in differential in figures.</p> <p>Britwell expansion risk management: further details to evidence project risks are being suitably monitored</p> <p>Britwell expansion project contracts CCG &amp; GP: details on funding agreement in place with CCG</p> <p>Health &amp; Safety - Directorate H&amp;S Action Returns. Update on actions 5 and 6</p> | <p>Director of Finance</p> <p>Director of Finance / ED Housing &amp; Property</p> <p>Director of Finance / ED Housing &amp; Property</p> <p>Associate Director, HR</p> | <p>recruitment in these areas has begun. The HR function will be developing a recruitment and retention strategy and new recruitment policy and procedure due to be reviewed by February 2023.</p> <p>Information being worked on by project manager and finance and will be circulated once confirmed</p> <p><b>Completed.</b> This project is now complete and the risk register no longer active. However, the actions noted will be incorporated into the development of the Council's overall approach to risk management especially at the project level.</p> <p>Information being worked on by project manager and finance and will be circulated once confirmed</p> <p>The Council will ensure that all directorates submit bi-monthly action summary returns. The directorates will ensure that accuracy checks are completed to confirm the accuracy of directorate action summaries.<br/>31 July 2023</p> |
|--|---|--|--|

|    |   |   |  |
|----|---|---|--|
|    | <p>Leavers Processes: update on 27 leavers in possession of equipment and accounts remaining active</p> <p>Leavers Processes General Ledger action 6 target date 31.12.22 – has this been completed</p>   | <p>ICT &amp; Digital Service Manager</p> <p>ICT &amp; Digital Service Manager</p> | <p><b>Completed.</b> This was primarily related to the children’s company, and these have now all been resolved.</p> <p><b>Completed.</b> The original plan was to use Agresso for this but has since been updated to manage through the new ITSM system which goes live on the 31<sup>st</sup> January 2023. There was too many outside dependencies on trying to manage the equipment through Agresso. All equipment moving forward will be managed through Intune which in turn will feed into our ITSM, against the particular user.</p>                                     |
| 39 | <p><b>Internal Audit Annual Report</b></p> <p>Children Missing Education - further information whether lack of comprehensive policy/procedural guidance to support the processes in place translated in the Council breaching its statutory duties.</p> | <p>Executive Director People (Children)</p>                                       | <p><b>Completed.</b> At the time of the 2021 Audit, some of the areas of improvement were identified within the audit. i.e. ‘Lack of comprehensive policies/procedural guidance to support the procedures in place.’</p> <p><b>Point to be noted:</b> A further CME audit review has taken place in September 2022 within which the above area has been deemed with no concerns. This is due to the revised and updated polices/procedural guidance which now support the CME/EHE procedures in place. Please see statement extracted from the September 2022 Audit Findings</p> |

|  |  |  |   |
|--|--|--|---|
|  | <p>Temporary Education (96 applicants remained in TA for between 3-9 years, rent arrears levels contributing to council's non-compliance with responsibilities outlined within the Housing Act 1996) Update on revised strategy to address these issues.</p> | <p>Executive Director,<br/>Housing and Property.</p> | <p><b><i>'The Council has separate CME and EHE policies, both of which are accessible via the internal shared drive and the public website. Through review, we found that the policies covered the approaches and processes for CME and EHE, in line with statutory duties'.</i></b></p> <p>Therefore, in response to the query, the audit did not find that the LA breached any statutory duties for compliance. However, because of the audit, compliance and practice has significantly been strengthened.</p> <p>A fundamental review of the service is taking place which will include a strategy to resolve these issues.</p> |
|--|--|--|---|

This page is intentionally left blank

**Slough Borough Council**

|                         |   |
|-------------------------|---|
| <b>Report To:</b>       | Audit and Corporate Governance Committee  |
| <b>Date:</b>            | 14 <sup>th</sup> March 2023   |
| <b>Subject:</b>         | Internal Audit Tracker Update – Quarter 4 2022/23   |
| <b>Chief Officer:</b>   | Steven Mair – Director of Finance and Commercial (S151)   |
| <b>Contact Officer:</b> | Mike Thomas Interim Financial Adviser<br>Tariq Mansour, Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance |
| <b>Ward(s):</b>         | All   |
| <b>Exempt:</b>          | No<br>Appendix 'A' – Outstanding High Priority Recommendations  |
| <b>Appendices:</b>      |   |

**1. Summary and Recommendations**

1.1 This report sets out progress on

- recruitment to a new in-house Internal Audit Team and arrangements for 2023/24.
- completion of Internal Audit actions for years prior to 2021/22
- progress on the implementation of internal audit reports and actions for 2021/22, and 2022/23, and
- Actions being taken by the Corporate Leadership Team and Department Leadership Teams to respond to IA reports and outstanding actions.

**Recommendations:**

1.2 The Audit and Corporate Governance Committee is recommended to:

(a) Approve this report noting in particular:

- progress on recruiting to an in-house team with key members of the new in-house team being onboarded during February to April 2023.
- progress with development of the 2023/24 Internal Audit Plan
- the reduction in outstanding actions pre 2021/22 to 3, 2 medium and 1 low priority actions
- the completion of all outstanding reports for 2021/22 and the issuing of a 'Negative' Annual Head of Internal Audit Opinion as discussed at the last meeting of the Committee
- the progress on completing responses to the outstanding 2022/23 internal audit report
- the progress to the completion of outstanding high rated actions as detailed in Appendix A which now number 10 for actions reported in 2021/22.

- that a detailed review of all outstanding recommendations continues to be carried out in order to further cleanse the data, the output from which has been shared with the new Departmental Leadership teams for actioning overdue and other outstanding actions. Update analysis has been provided as at 28 February 2023.

#### **Reason:**

- 1.3 The recruitment of an in-house internal audit team was one of the recommendations of the reports by CIPFA and DLUHC in October 2021.
- 1.4 The Council's response to agreed internal audit reports and actions should lead to the strengthening of internal controls and the control environment.

#### **Commissioner Review**

- 1.5 The Commissioners note that there is clearly much progress but equally there are some significant items still not resolved. Commissioners would wish to see a clear commitment from management to reduce the number of overdue actions and in particular further detail on the risk impact of the 10 actions rated as high priority.

#### **Report**

##### **1.6 Internal Audit Team Developments**

- 2.1.1 The recruitment of a new in-house team has been part of the wider Finance and Commercial Services restructure. Recruitment has been successful at the senior level with offers made and accepted for the Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance (Tariq Mansour) started on 3 February, Internal Audit Manager (Sati Seehra) starts on 14 March and Senior Auditor (Inderpal Tumber) starts mid-April. Further recruitment is required to the 2 internal auditor posts and further advertising and option appraisal is taking place with one interested candidate being considered.
- 2.1.2 It should be noted that despite the recruitment process the options appraisal in March 2022 allowed for an extension to the current supplier, RSM's contract up until the end of 2023/24 if required. RSM will be involved in agreeing the IA plan for 2023/24 and have engaged with Department Leadership Teams to enable a plan to be taken to this meeting of the Audit and Corporate Governance Committee meeting. The new team will be part of the discussions regarding the planning and will begin to take over the work programme for 2023/24 with effect from early in the 2023/24 Financial Year. Transition to the new team began during February 2023 alongside RSM completing the 2022/23 internal audit plan. RSM have agreed to provide support for the new team in the early part of 2023/24 to enable the service to be continuous.



### 3.1 Response to Internal Audit Recommendations

3.1.1 Good progress continues to be made with regard to completion of internal recommendations. There have been a number of changes since the last report to the Committee:

- **Pre 2021/22 audit actions** – 3 actions from a total of 257 remain to be completed, 2 of these are medium rated and 1 is low rated.
- All internal **audit reports outstanding from 2021/22** have now been finalised allowing completion of the Head of Internal Audit Annual Opinion for 2021/22 as reported to the last meeting of this Committee.
- **2021/22 actions** – the actions completed as at end of February number 152 or 56 per cent of the total due with a further 41 or 13 per cent not yet due. A concerted effort is being made by CLT to close the remaining 120 actions that are overdue. An analysis by Directorate and by priority has been shared with DLT's for actioning.
- **2022/23 reports and actions** - The number of outstanding **2022/23 actions** has increased as the number of reports finalised has increased to from 4 to 12. There are 12 reports finalised and a further 6 reports in draft which are being considered and responded to by management. A further 75 actions have been raised for 2022/23 from these reports. Good progress is being made in responding to these matters.

3.1.2 The Council's response to agreed internal audit actions 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. The current position is as follows:

### 3.2 Pre: 2021/22 Internal Audit recommendations

3.2.1 Prior to May 2021 the internal audit recommendations were very poorly addressed. The status of audit recommendations for the years prior to 2021/22 is now as follows:

| Totals       | Total      | High      | Medium     | Low        |
|--------------|------------|-----------|------------|------------|
| Not Due      | 0          | 0         | 0          | 0          |
| Overdue      | 3          | 0         | 2          | 1          |
| Complete*    | 254        | 28        | 110        | 116        |
| <b>Total</b> | <b>257</b> | <b>28</b> | <b>112</b> | <b>117</b> |

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

- Progress has been made in closing down management actions from previous financial years, 254 actions or 99 per cent are completed.
- No high rated actions are outstanding.

- The two medium actions that remain open relate to the reporting of Conflicts of Interest; and confirmation of a scheme of delegation for JEH. Both of which are being actioned in the early part of 2023.
- Four low rated actions were previously outstanding but three of these have been overtaken by events and are included in subsequent reports, the outstanding action relates to agreement of a policy for s106 agreements.

### 3.3 2021/22 Outstanding Internal Actions

3.3.1 A total of 37 Internal audit reports were issued in 2021/22 (29 assurance and 8 advisory). All internal audit reports have now been finalised (including follow up audits).

3.3.2 The status of audits actions for the financial year 2021/22 is as follows:

| Totals              | Total      | High      | Medium     | Low        |
|---------------------|------------|-----------|------------|------------|
| Not Due             | 41         | 3         | 23         | 15         |
| Overdue             | 120        | 10        | 77         | 33         |
| Complete            | 143        | 38        | 53         | 52         |
| Closed as duplicate | 9          | 3         | 5          | 1          |
| <b>Total</b>        | <b>313</b> | <b>54</b> | <b>158</b> | <b>101</b> |

- 313 new recommendations were made in 2021/22 reports, 54 are High, 158 are medium and 101 are low rated.
- 152 actions (including closed as duplicate) or 56 per cent of actions due are complete with a further 41 or 13 per cent of actions not yet due for completion.
- However, 120 actions are now overdue the agreed date of implementation. 10 of these are rated high and are shown in Appendix A, 77 are medium and 33 low rated.
- The overdue actions have been shared with each department so Department Leadership Teams can consider the current position and respond. Work will continue with DLT's to reduce these numbers by the financial year end.

### 3.4 2022/23 Outstanding audit actions and reports

3.4.1 The internal audit plan 22/23 was presented to the July Audit and Corporate Governance committee. It is agile to reflect changes in circumstances, including plans to develop an in-house internal audit function.

3.4.2 Twelve reports have now been finalised. A further 6 reports have been issued in draft and are subject to further discussion or are awaiting a response from management. The reports at final or draft stage and the outcomes are shown in the table below :

| IA Report   | Current Position | IA Opinion        |
|-------------|------------------|-------------------|
| Council Tax | Finalised        | Partial assurance |

|  |  |                             |
|--|--|-----------------------------|
| Children Missing Education                             | Finalised  | Partial Assurance           |
| Leavers  | Finalised  | Minimal Assurance           |
| Risk Management Advisory                               | Finalised  | Some Progress               |
| Housing Benefits                                       | Finalised  | Partial Assurance           |
| Follow Up Subsidiary Companies                         | Finalised  | Some Progress               |
| Follow Up Quarter 1                                    | Finalised  | Good Progress               |
| General Ledger   | Finalised  | Minimal assurance           |
| Follow Up IT Business Continuity and Disaster recovery | Finalised  | Little Progress             |
| Medium Term Financial Planning                         | Finalised  | Reasonable Assurance        |
| Budget Setting and control                             | Revised Draft received – meeting arranged to discuss | <i>Minimal assurance</i>    |
| Adult Social Care Transformation                       | Draft Response with RSM for review                   | <i>Partial assurance</i>    |
| Workforce Recruitment and Retention                    | Finalised  | Minimal assurance           |
| Payroll (including associated financial controls)      | Response being drafted                               | <i>Partial assurance</i>    |
| Follow Up Health and Safety                            | Finalised  | Little Progress             |
| Follow Up Rent Arrears Recovery                        | Response being drafted                               | <i>Little Progress</i>      |
| Delegated authorities                                  | Response being drafted                               | <i>Commissioner request</i> |
| Whistleblowing   | Response being drafted                               | <i>Some Progress</i>        |

3.4.3 There are 11 further planned internal audit reviews scheduled to be started before 31 March 2023. The schedule is shown below:

| Review                           | Start Date              |
|----------------------------------|-------------------------|
| Payroll Review                   | 1 March 2023* Scope TBC |
| Corporate Health and Safety      | 4 January 2023          |
| Business Rates                   | 16 January 2023         |
| Rent Accounts                    | 16 January 2023         |
| Temporary Accommodation Strategy | 16 January 2023         |
| Debtors Management               | 20 January 2023         |
| Capital                          | 30 January 2023         |
| Assets                           | 3 February 2023         |
| Cyber Essentials                 | 13 March 2023           |
| Follow Up Q4                     | 22 March 2023           |
| Strategic Housing Management     | 27 March 2023           |



**3.4.4 The status of audit recommendations for the financial year 2022/23 is as follows:**

| Totals       | Total     | High      | Medium    | Low       |
|--------------|-----------|-----------|-----------|-----------|
| Not Due      | 50        | 14        | 24        | 12        |
| Overdue      | 7         | 3         | 4         | 0         |
| Complete     | 18        | 5         | 7         | 6         |
| <b>Total</b> | <b>75</b> | <b>22</b> | <b>35</b> | <b>18</b> |

- 82 new recommendations have been made in 2022/23 reports, 23 are High, 39 are Medium, 20 are low rated.

**3.4.5 The overall position across all years is as follows:**

| Totals              | Total      | High       | Medium     | Low        |
|---------------------|------------|------------|------------|------------|
| Not Due             | 91         | 17         | 47         | 27         |
| Overdue             | 130        | 13         | 83         | 34         |
| Complete*           | 415        | 71         | 170        | 174        |
| Closed as Duplicate | 9          | 3          | 5          | 1          |
| <b>Total</b>        | <b>645</b> | <b>104</b> | <b>305</b> | <b>236</b> |

- There are now 424 actions or 76 per cent (including actions deemed to be no longer relevant or duplicated) completed from a total of 645 recommendations.
- 88 per cent of high-risk actions due have been completed and 68 per cent of medium risk actions due have been completed. In addition, 84 per cent of low-risk actions due have also been completed.

### **3.5 Completion of Internal Audit actions**

3.5.1 All internal audit actions have been allocated to and reviewed by actions owners and executive directors, including actions that are deemed not relevant due to changes in circumstances. Actions from previous year's audits are also reviewed to ensure they are relevant to the service area to which they have been assigned.

3.5.2 The action tracker has been reviewed and updated to reflect the senior management restructure and the change in directorates.

3.5.3 Progress is being made on closing actions on the tracker. Evidence of actions completed is obtained and quality assured by the Head of Commercial and the Interim Financial Adviser, and, retained for use in follow up audits.

3.5.4 High rated actions are being given priority and are reviewed monthly by the council's Finance Board, CLT and Risk and Audit Board.

### **3.6 Governance and monitoring of management actions**

3.6.1 Outstanding internal audit actions are being actively monitored on a regular basis including reporting into Corporate Leadership Team, Finance Board and the Audit and Corporate Governance committee.

## **4 Implications of the Recommendation**

4.1.1 Financial implications

4.1.2 There are no direct financial implications relating to the updates to the internal audit recommendations but completion of the actions will improve the council's processes including those that underpin sound financial management, governance, risk management and internal control.

4.2.1 Legal implications

4.2.2 Failure to address those risks associated with the Directions from the Department for Levelling Up, Housing and Communities will impact the ability to secure the Authority's compliance with the requirements of Part I of Local Government Act 1999. The Council has specific legal duties in relation to certain areas, such as managing health and safety risks and civil contingency. Effective internal audit is a key part of providing assurance on the adequacy of governance, risk management and internal control.

4.3 Risk management implications

4.3.1 Having in place an adequate internal audit function is a statutory responsibility of the s151 officer. Failure to operate an adequate internal audit function heightens the risk of poor governance, internal control and risk management.

4.4 Environmental implications

4.4.1 There are no direct environmental implications in this report

4.5 Equality implications

4.5.1 Section 149 of the Equality Act 2010 requires public bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act;
- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected character.

## **5. Background Papers**

None

## High Rated Internal Audit Actions Finance and Commercial

## APPENDIX A

| Report                  | Way Forward  | Who        | When  | Status  | Latest Status update   |
|-------------------------|--|------------|---|---------|--|
| 13.21/22<br>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. | Andy Jeffs | 21/12/21<br><br>Revised Target date:<br><br>30 <sup>th</sup> April 2023 | Overdue | <p>Our starting position was to review cases with 48 different stop codes on 2,462 cases. As at 2nd March we have reviewed 40 stop codes on 2,230 cases. That leaves us with 8 codes over 232 cases to complete. This should be complete by the end of March 2023.</p> <p>From the work undertaken in the point above we have commenced the removal and amalgamation of the codes.</p> <p>How we use and manage these codes going forward including a timetable to review them will be complete by 30 April 2023 a month later than previously agreed.</p> |
| 13.21/22<br>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.   | Andy Jeffs | 31/03/22<br><br>Target date:<br><br>30th June 2023                      | Overdue | <p>We are currently working through the 1997 to 2007 debts totalling £2,211,744.28 where the account is closed and there have been no transactions in the last 180 days and it is not with an enforcement agent or on an arrangement.</p> <p>There will be two actions from this work, trace the Council Tax payer and pass for collection or put forward for write-off. This work will be complete by 31 March 2023.</p> <p>The following three years 2005 to 2007</p>  |

| Report                  | Way Forward   | Who         | When  | Status  | Latest Status update  |
|-------------------------|---|-------------|---|---------|---|
|                         |   |             |   |         | where the debt outstanding in the same position is £1,268,608.43, we will be commencing checks on 6 March 2023, and this will be complete by 30 June 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 | 30/04/22<br><br>Revised Target date: 31 <sup>st</sup> August 2023 | Overdue | A review is on-going to ensure all suspense accounts are being reviewed, reconciled and reconciling items cleared.<br><br>Members of the finance team have been assigned to completing this task and keeping it up to date on a regular basis.  |
| 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 | 30/04/22<br><br>Revised Target date: 30/9/23                      | Overdue | Within the context of the extensive financial challenges faced by the Council the continuous monitoring and month end processes have been improved. This is evidenced in section 2.17 in the Finance Action Plan presented to Cabinet on 27 February 2023.<br><br>The council is not at business as usual due to these historical challenges and other issues identified.<br><br>Whilst improvements have taken place further work is in-going to ensure the various processes run effectively including the completion of a full task list.<br><br>Improvements will continue to take place during 2023. |
| 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   | Ade Adewumi | 30/04/22<br><br>Target date:                                      | Overdue | The new hosting vendor is in place and a review of setting up users and changes in access management, role management and   |

| Report                      | Way Forward   | Who         | When   | Status  | Latest Status update  |
|-----------------------------|---|-------------|--|---------|---|
|                             | 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.   |             | 31 <sup>st</sup> March 2023                          |         | <p>Single Sign on will be addressed in with a view to rolling out robust systems administration protocols during March 2023.</p> <p>The administration protocols will form the basis for updating &amp; implementing relevant training for each user roles.</p> <p>A training plan has been developed and is scheduled to be delivered by the support provider during March 2023.</p> |
| 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 is granted.  | Ade Adewumi | 30/06/22<br>Target date: 31 <sup>st</sup> March 2023 | Overdue | This is being implemented as part of the training taking place by the support provider in March 2023.   |
| <b>2022/23 Actions</b>      |   |             |  |         |   |
| 9.22/23 General Ledger      | The Council team will phase out the legacy process of saving supporting evidence on the shared folder and start utilising the Agresso functionality to record supporting evidence directly against relevant journal entries. Supporting evidence shall continue to be stored centrally and will be readily available to all relevant users.       | Ade Adewumi | On-Going<br>Revised Target date: 30/06/23            | Overdue | At the current time the Agresso functionality is not available to the Council. New procedures have been put in place and prime evidence is being saved in a more systematic manner to support journals.   |
| 9.22/23 General Ledger      | <p>The Finance Team will assign appropriate individuals to complete all monthly reconciliations of control accounts, as well as a second individual to check these and record their check.</p> <p>(Revised but restated from 2021/22, we noted that this High priority action was reported to the Audit &amp; Corporate Committee as overdue)</p> | Ade Adewumi | Revised Target date: 30/06/23                        | Overdue | <p>Historically reconciliations were weak or non-existent. There was limited or no knowledge of processes within the existing staff.</p> <p>Manual processes led to significant time spent in preparing analysis/reconciliations</p> <p>Processes were not being completed for large periods and there was no proactivity in clearing suspense/holding accounts resulting in a</p>    |



| Report                 | Way Forward  | Who         | When                    | Status   | Latest Status update   |
|------------------------|--|-------------|-------------------------|----------|--|
|                        |  |             |                         |          | <p>build up over a number of years.</p> <p>Significant work has taken place in mapping the Council's accounts, preparing process notes to improve the overall understanding of processes, and ensuring knowledge is not lost in future.</p> <p>Following the identification of a number of reconciling items a further review is on-going to ensure control and suspense accounts focusing initially on Accounts Receivable, Accounts Payable, Bank Accounts, Housing Benefits, Council Tax, Business Rates, are being reviewed, reconciled and reconciling items cleared. Others including housing rents will be addressed during 2023/24. Processes are being tightened with a view to addressing reconciling items on a timelier basis.</p> |
| 9.22/23 General Ledger | The Council will review the password functions within Agresso to ensure that: • Password require changing on a periodic basis; and • Acceptable passwords will be subject to rules (certain lengths and unique characters to strengthen them and minimise the possibility of a security breach.  | Ade Adewumi | Target date:<br>31/3/23 | On Track | Access Control Single sign on will in place by 31 March 2023 which will be in line with the Council's overall policy.  |
| 9.22/23 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 | Ade Adewumi | Target Date:<br>31/3/23 | On Track | This process is on-track and the current ERP Support consultants have built 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  |

| <b>Report</b>                   | <b>Way Forward</b>  | <b>Who</b>     | <b>When</b>                | <b>Status</b> | <b>Latest Status update</b>   |
|---------------------------------|---|----------------|----------------------------|---------------|---|
|                                 | roles. (Restated from 2021/22, we noted that this High action was reported to the Audit Committee as overdue)   |                |                            |               | <p>Agresso finance review which will be completed by the end of the financial year 31st March 2023.</p> <p>The new hosting vendor is in place and a review of setting up users and changes in access management, role management and Single Sign on will be addressed in January 2023 with a view to rolling out robust systems administration protocols by March 2023. The administration protocols will form the basis for updating &amp; implementing relevant training for each user roles.</p> |
| 9.22/23<br>General<br>Ledger    | The Council will review and clear unposted journals currently in batch input maintenance. This approach will account for transaction dates and values. (Restated from 2021/22, we noted that this High action was reported to the Audit Committee as overdue) | Ade<br>Adewumi | Complete                   | 31/12/22      | All unposted journals up to 31/3/22 were deleted and a monthly procedure is now in place that checks unposted journals with those over three months old being deleted.  |
| 9.22/23<br>General<br>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<br>Adewumi | Complete                   | 31/12/22      | All unposted journals up to 31/3/22 were deleted and a monthly procedure is now in place that checks unposted journals with those over three months old being deleted.  |
| 12.22/23<br>Housing<br>Benefits | We will ensure the monthly reconciliations are completed and independently reviewed and authorised in a timely manner.  | Ade<br>Adewumi | Target<br>date:<br>31/3/23 | On Track      | Monthly reconciliations of the Housing Benefit system to Agresso are now on-going and independently reviewed and authorised in a timely manner.   |

## Chief Operating Officer

| Year  | Issue                           | Way Forward   | Who                      | Service         | When  | Latest Status update  |
|-------|---------------------------------|---|--------------------------|-----------------|---|---|
| 21/22 | 24.21/22<br>GDPR<br>Governance  | 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          | ICT and Digital | 30/09/22<br><br>Target date 31 <sup>st</sup> March 2023 | We are continuing to progress with the data flow activity and have identified that this aligns with the councils Storage Area Network replacement programme. We are recruiting to role of the Information Governance project officer role, in order to keep this on track.                    |
| 21/22 | 29.21/22<br>Cyber<br>Essentials | The Council will ensure that its IT estate is brought up to date in terms of patching as soon as possible   | Alex Cowen / Steven Wall | ICT and Digital | 31/10/22<br><br>Target Date:<br><br>30 Sept 2023        | Work is progressing on the implementation of new control software (called Intune) and this will be deployed across SBC over the coming months to ensure that patching on end user devices is kept up to date. We will be reviewing our server patching as we move data centres in the Summer. |

## Housing and Property

| Year  | Issue  | Way Forward  | Who               | Service | When   | Latest Status update   |
|-------|--|--|-------------------|---------|--|--|
| 21/22 | 21.21/22<br>Temporary<br>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.   | Trevor Costello   | Housing | 30/09/2022<br><br>Revised Target Date: 31 December 2023                  | 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.  |
| 21/22 | 21.21/22<br>Temporary<br>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"> <li>• Providers are only engaged with should they have a signed Compliance Statement in place;</li> <li>• These Compliance Statements are reviewed and signed annually.</li> </ul> | Ian Blake         | Housing | 30/09/2022<br><br>Revised Target Date:<br><br>30 <sup>th</sup> June 2023 | TA Compliance Assurance of private suppliers proforma has been designed and is ready for issue - capacity within the team needs to increase for this exercise to be carried out - Targeting 30 <sup>th</sup> June 2023   |
| 21/22 | 21.21/22<br>Temporary<br>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         | Housing | 31 March 2023  | TA team being rebuilt with new processes being designed. Experienced staff to be recruited.  |
| 21/22 | 9.21/22 Follow Up of Previous Management Actions - Quarter 2 | The ASB Enforcement & Transition Lead will produce monthly reports to monitor the timeliness of responses to cases on the Flare system, with the required response time noted depending on case categorisation. Any noncompliance with the required timeframes will be investigated and reasons documented.  | Michelle Isabelle | Housing | 30/09/2021<br><br>Target date<br><br>31 <sup>st</sup> March 2023         | Our version of Flare Software is very out of date and requires manual intervention / spreadsheet work in order to produce reports. This is cumbersome and hard to sustain given the small size of the team and conflicting demands.<br><br>New versions of Flare provide integrated report writing and we are working with IT to produce a business case |

| Year  | Issue  | Way Forward  | Who            | Service | When  | Latest Status update  |
|-------|--|--|----------------|---------|---|---|
|       |  |  |                |         |   | to move this forward. We are working to 31 March 2023 as a target date but there is a strong dependency on IT capacity.   |
| 21/22 | 9.21/22 Follow Up of Previous Management Actions - Quarter 2 | A clear control framework will be put in place to ensure that, in line with government guidance, income received from the serving of fixed penalty notices is spent on related functions.  | Linda Corcoran | Housing | 30/09/2021<br><br>Target Date:<br>31 March 2023 | The Directorate management team are working with Finance colleagues to ensure that all income and expenditure is correctly coded, including all FPN income, both in the future and retrospectively.<br><br>We anticipate having a much more accurate picture in P9 reporting for both the new Place & Communities directorate (of which ASB is part) and the Housing & Property directorate |
| 21/22 | 9.21/22 Follow Up of Previous Management Actions - Quarter 2 | The council will develop a formal process to systematically track income due through to collection, receipting and banking. This will include guidance for undertaking regular, formal reconciliations between income received and records maintained. | Linda Corcoran | Housing | 30/09/2021<br><br>Target Date:<br>31 March 2023 | This links to and is in part dependent upon the two actions above and is scheduled to be completed by 31st March 2023.  |

This page is intentionally left blank

**Slough Borough Council**

|                         |   |
|-------------------------|---|
| <b>Report To:</b>       | Audit and Corporate Governance Committee                |
| <b>Date:</b>            | 14 <sup>th</sup> March 2023                             |
| <b>Subject:</b>         | Risk Management Update – Quarter 4 2022/23              |
| <b>Chief Officer:</b>   | Steven Mair – Director of Finance and Commercial (S151) |
| <b>Contact Officer:</b> | Mike Thomas Interim Financial Adviser                   |
| <b>Ward(s):</b>         | All   |
| <b>Exempt:</b>          | No  |
| <b>Appendices:</b>      | Appendix ‘A’ – Corporate Risk Register                  |

**1. Summary and Recommendations**

- 1.1 This report is to update the Audit and Corporate Governance Committee on the corporate risk register with an opportunity to comment. The register is shown below at Appendix A.

**Recommendations:**

- 1.2 The Audit and Corporate Governance Committee is recommended to:
- Note the revisions to the risk register and comment on the report
  - Note the recruitment of the Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance who will be responsible for developing and taking forward the risk management strategy

**Reason:**

- 1.3 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.
- 1.4 It is good practice to review and update the Council’s corporate risk register on a regular basis.

**Commissioner Review**

The Commissioners have reviewed the report and recommend that a review of calibration of the risks is brought forward to the next meeting and advice is given on how the risk register is used by the management team including how risks are added to and removed from the register .

## 2. Report

2.1 **Recruitment to the Risk and Insurance team** – following the recent round of recruitment to the Finance and Commercial Services department a number of appointments have been made that will be the focus for taking forward the Council's risk management arrangements:

- **Tariq Mansour** has been appointed Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance – he started work with the Council on Friday 3 February 2023;
- **Naren Lathigra** has been with the council as Risk and Insurance manager since December 2021 on an interim basis and will continue on this basis during 2023.
- **Steven Lee** will join the team in May as a Risk and Insurance Officer.

2.2 The team will review current arrangements and work with key stakeholders to move the risk management arrangements forward in line with the plans outlined in the risk management strategy or revisions as they see fit.

### 2.3 Corporate Risk Register update

2.4 A review has been undertaken of the description of all risks, the consequences, current controls, actions and inherent risk score with the assistance of risk owners and action owners. In some places risk owners have been amended to reflect new job titles and officers names. The document at Appendix A is the current version of the Corporate Risk Register as at 6th February 2023. This will be updated on bi-monthly basis or as required if significant risks arise. This version was reviewed and updated by the Corporate Leadership Team at its meeting on 15 February 2023. Since the last meeting each of the risks has been shared with the allocated Risk Owner and Action Owners for comment and update.

2.2 The main points to note are as follows:

#### **Risk 1 – Children's Safeguarding**

The key elements of the risk remain the financial viability of the Children's Company, recruitment of social workers and the continuing increasing levels of demand post Covid. The risk score is likely to be re-visited and influenced by the outcome of the recent OFSTED inspection which has yet to be reported. Action plans are being progressed to mitigate the different elements of the risk. Importantly there is a Safeguarding Risk register in place and this has been used to update the corporate risk register.

#### **Risk 2 – Delivery of the Adult Social Care Transformation Programme**

The key mitigating actions are focused on delivery by 31 March 2023. CLT reviewed progress against this risk as an agenda item on the October meeting. Regular review is taking place and is reported to the ASC Transformation Board. Key deliverable in 2023 is a revised Adults Strategy that aligns to the transformation programme. This remains on track to be completed by end of February 2023 to inform 2023/24 and beyond.



### **Risk 3 – SEND Local Area Inspection**

A Written Statement of Action has been agreed with DfE and a successful resolution to the discussions with the department about Dedicated Schools Grant funding. Plan in place to reduce deficit subject to government support. Recruitment to key posts is actively taking place. Expected re-inspection in late 2023. SEND Board monitoring taking place.

### **Risk 4 - Impact of Cost-of-Living Crisis on Slough Residents**

Actions relating to contract management aspects now complete and therefore moved to business-as-usual controls. Revenues and Benefits team continue to respond to changes from Government regarding support measures and have successfully completed the first phase of payments under the Household Support Fund. A number of cost saving actions for the Council are still in train subject to disposal of council owned properties and development of various energy efficiency strategies early in 2023. This risk needs further review to articulate the risks elements that relate to the council's own business and those that arise due to pressures on the community.

### **Risk 5 – Temporary Accommodation**

This remains a key risk as it represents a failure to meet statutory responsibilities and has a direct financial impact due to loss of subsidy estimated at £1.8m in 2022/23. The key action remains the need to recruit staff on a temporary and permanent basis to enable the service to progress and manage the statutory requirements. There will be a continuing impact on clients, reputation and financial subsidy if service improvement does not happen. Government review was undertaken in Autumn 2022 and action plan is being progressed. The department is also undertaking a fundamental review of the service and its processes as part of the wider Housing Strategy review.

### **Risk 6 - Recruitment and Retention**

Minimal changes to the narrative although the risk remains significant in a number of key areas. Actions that had passed were transferred to 2023 with new completion dates. A recruitment and retention workshop was held on 9<sup>th</sup> January 2023 which was facilitated, recorded and identified further actions for improvement. The outcome of the workshop is forming changes to the process and systems to streamline the recruitment process for both managers and candidates. This includes the end-to-end recruitment process.

A new process of recruiting to Senior Managers (Tiers 1,2 and 3) is being developed in light of the recruitment direction issued by Commissioners in September 2022.

A draft of a revised recruitment and selection policy has been drafted which is currently being socialised with key stakeholders inc trade unions. A recruitment plan for SCF will follow once we have agreement of a revised business plan.

The new performance management system has been rolled out to the Council and a new process of recording one to one conversations has been devised on Cornerstone.

The financial impact of engaging temporary workers is continuing to be high which remains unsustainable.

## **Risk 7 – Health and Safety**

Progress is being made but a number of key actions remain to be completed by 31 March 2023 including development of a new corporate Health and Safety strategy; a gap analysis of training needs, provision and uptake; completion of all health and safety audit reviews and implementation of an appropriate software solution for monitoring and tracking health and safety incidents and providing information for learning for the future.

## **Risk 8 – Emergency Planning and Business Continuity**

Significant progress has been made on developing and approving key policy and strategy documents such as the Major Incident Plan and Business Continuity Plan and relationships with the Thames Valley Resilience Forum have been strengthened. Whilst recent events such as Operation London Bridge and the bus station fire have tested these arrangements there remains a recognised need to undertake a formal testing exercise across all agencies during 2023. Training for Gold Commanders ie CLT members has been completed and a rota of the team in place. Other training for Silver and Bronze is still being completed.

## **Risk 9 – Cyber Security and Data Protection**

Defences have been put in place and there is on-going review of the Council's IT security. A number of key appointments have been made to strengthen security and compliance. A key mitigation will be the implementation of the security aspects outlined in the IT modernisation programme scheduled to complete during 2023. In the interim there remains an inherent risk of an attack that could impact ability to provide services. Arrangements have been put in place through the Emergency Planning group should this threat become a reality.

## **Risk 10 – Financial Management and Sustainability**

Progress continues to be made to implement the core actions required to improve financial management, financial reporting and internal control. Actions delivered have included the completion of the accounts for 2018/19 and 2019/20, the recruitment of a range of people following the restructure with further external advertising currently happening; the 2022/23 budget is being managed and a large proportion of the savings for 2023/24 have already been identified; an improved budget monitoring and reporting process is in place; Members are kept up to date through the Finance Action Plan and regular briefings and the departmental business plan is to be refreshed alongside the Service Plan for 2023/24. The sale of assets is ahead of schedule which is beneficially impacting the scale of the overall capitalisation directive and the councils' ability to balance the budget within the medium term.

## **Risk 11 – Pace of sale and valuation of assets**

The pace and valuation of asset sales is in line or ahead of the potential identified in the Strategic Asset Review undertaken by Avison Young, £200m is forecast for 2022/23. Performance against the strategy is reported to the Cabinet and is monitored by the Asset Disposals Working Group. This is impacting the Council's Medium Term Financial position positively as it enables debt reduction to happen more quickly. Close

monitoring and delivery of the strategy over five years remains crucial to future financial sustainability.

### **Risk 12 - Governance of Council Companies**

The narrative has changed little as progress continues apace. All dormant companies have been closed and the governance and reporting arrangements for the four main companies have been greatly altered and improved. Detailed plans are in place to manage the Council's interests to achieve the best outcomes and minimise liabilities over the next 18 months.

### **Risk 13 - Improvement and Recovery Planning**

The Council has responded positively to the Directions and implemented many actions. The reporting of these improvements are now being brought together in a more holistic manner to enable a more consistent and evidenced based dialogue to take place with the Commissioners. The recruitment of a programme management support office has provided focus and challenge. Reporting to the Improvement and Recovery Board continues to evolve but is greatly improved. The alignment of the Improvement and Recovery actions with departmental service plans is taking place before the year end. The risk owner has indicated that he believes this risk has improved to a residual score of 12 at this time. The risk register has been amended to reflect this position.

### **Risk 14 – Digital Strategy**

Resourcing this area remains challenging, but the team is in talks with other areas of the council with a view to bringing skills together, and a new recruitment phase is due to start shortly. The full ICT & Digital Strategy is currently under review and going to Cabinet in March 2023. Delivery of a robust strategy that aligns to the corporate plan will unlock inefficiencies and provide better customer service and service outcomes. This will be a key risk area for 2023/24 and beyond.

## **2.5 Revised Corporate Risk Register**

- 2.5.1 The revised corporate risk register is shown as Appendix A which sets out all the actions by risk and progress against completion of all actions. The current scores attributed to the various risks are shown in Table 1 below:

| <b>Risk</b>   | <b>Inherent Risk</b> | <b>Current Risk</b> | <b>Target Risk</b> | <b>Direction of Travel</b> |
|---|----------------------|---------------------|--------------------|----------------------------|
| Risk 1: Safety of Children and Young People   | 24                   | 20                  | 9                  | ↔                          |
| Risk 2: Delivery of the Adult Social Care (ASC) Transformation Programme  | 18                   | 6                   | 6                  | ↔                          |
| Risk 3: Special Educational Needs and Disability (SEND) Local Area Inspection   | 24                   | 16                  | 4                  | ↔                          |
| Risk 4: Impact of the cost-of-living crisis on Slough's residents   | 24                   | 18                  | 6                  | ↔                          |
| Risk 5: Risk of the failure of statutory duty for provision of temporary accommodation  | 18                   | 12                  | 6                  | ↔                          |
| Risk 6: Service delivery risk due to workforce recruitment and retention issues   | 24                   | 20                  | 6                  | ↔                          |
| Risk 7: The Council does not take adequate mitigation to reduce the risk of injury or death from incidents within the Council | 20                   | 12                  | 6                  | ↔                          |
| Risk 8: Business Continuity and Emergency Planning  | 16                   | 8                   | 6                  | ↑                          |
| Risk 9: Cyber Security  | 15                   | 9                   | 6                  | ↔                          |
| Risk 10: Financial sustainability   | 24                   | 15                  | 4                  | ↑                          |
| Risk 11: Pace and evaluation of the disposal of assets  | 24                   | 12                  | 8                  | ↑                          |
| Risk 12: Governance and financial implications of the council companies   | 20                   | 9                   | 2                  | ↑                          |
| Risk 13: Recovery and Renewal Plan  | 24                   | 12                  | 6                  | ↑                          |
| Risk 14: Failure to explore opportunities for more efficient operating models   | 16                   | 12                  | 8                  | ↔                          |

Note: ↑ indicates risk assessment has improved since last review; ↓ indicates risk assessment has deteriorated since last review

### 3 Implications of the Recommendation

#### 3.1 Financial implications

3.1.1 There are no direct financial implications relating to the updates to the corporate risk register and the mitigating actions, but completion of the actions will improve the council's processes including those that underpin sound financial management, for example the council's accounts and budget. The impact of not responding to the risks could be significant for example loss of subsidy, insurance claims or failure to deliver efficiencies.

#### 3.2 Legal implications

3.2.1 Failure to address those risks associated with the Directions from the Department for Levelling Up, Housing and Communities will impact the ability to secure the Authority's compliance with the requirements of Part I of Local Government Act 1999. The Council has specific legal duties in relation to certain areas, such as managing health and safety risks and civil contingency. Effective risk management

is a key part of good governance. As stated in the Council's Policy Statement on Corporate Governance:

"Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities."

### 3.3 Risk management implications

3.3.1 Failure to operate an adequate strategic risk register exposes the Council to risk across a wide variety of services because:

- Risks are not identified
- Actions are not planned and progress reported
- Members are not made aware of the serious risks facing the Council

3.3.2 There are a number of mitigations in place that currently rates the risk Amber and reflects the continuing work to develop management of strategic risk including:

- a pro active officer risk and audit board
- pro active management of the risk register
- a risk register that encompasses strategic risks with actions, milestones
- reporting that shows trends, update on actions and impact of actions

3.3.3 The council is working to rate the risk Green in the 2023/24 financial year by implementing the following actions:

- recruit to an in house Risk and Insurance Team 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.
- implement an Enterprise Risk Management Framework and if necessary, an associated IT system to manage risk

### 3.4 Environmental implications

3.4.1 There are no direct environmental implications in this report

### 3.5 Equality implications

3.5.1 Section 149 of the Equality Act 2010 requires public bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act;
- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected character.

3.5.2 The risks highlighted above affect service users and residents in different ways. Risks to services such as children's and adult social care are more likely to impact on children and young people and vulnerable adults and older people than the wider

population. Failures in the SEND service will impact on children and young people with disabilities. Likewise failures in provision of temporary housing will affect certain population groups to a greater extent.

#### **4 Background Papers**

None

## Risk 1: Safety of Children and Young People

**Risk Owner: Executive Director Children**

**Direction of Travel: ⇔**

### Description:

Children and Young people are not kept safe through failure to meet our statutory and regulatory obligations

### Context

- If Slough Children First 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 £1.3m 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.
- Increasing demands in terms of referrals both pre and post the pandemic have put significant pressures on the Company's resources and its ability to meet agreed targets across a range of measures.
- The Company along with many service areas is finding difficulty in recruiting qualified and experienced members of staff.
- At the current time these challenges have not translated into any major child safety issues – but the increasing pressure on staff workloads and across the safeguarding partnership, more generally, means this remains a high-risk area.
- The volume of cases moving to referral is increasing as is the complexity of cases with a subsequent impact on resources.
- Inability to fund additional Early Help services increases the chance of referral and additional demand.

### Consequence:

- The risk that children's lives are being placed at greater risk due to the rising demands and not having sufficient resources to meet that demand, which could lead to risk of harm being missed.
- Inability to spend within budget
- Reputational damage to the council and the company if unable to meet its statutory duties
- If improvements to service delivery are not made in line with the Directions issued by the Department for Education there is a risk of further intervention

- The outcome of the OFSTED inspection will need managing and an appropriate response which may bring adverse publicity and increased resource implications in order to deliver against recommendations.

### **Current Controls:**

- The performance and financial position of the company is monitored on a monthly as is 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 and stand alone reports requesting in-year changes to the budget.
- The business plan is subject to a scrutiny task and finish group, which is focused on a specific area of the plan. The business plan will be approved by Cabinet as part of the budget setting process.
- The DfE have commissioned Mutual Ventures to review the SCF business plan to assess its effectiveness as a model for invest to save.
- Recruitment plan in place including overseas options
- Audits of the Front Door process show decision-making is sound
- Sustainable Early Help service business case is in development
- The Council and SCF board are working together on improvements to the governance arrangements in place and this is being monitored by the Audit and Corporate Governance Committee.

### **Strategic Objectives:**

A borough for children and young people to thrive

A council that lives within our means, balances the budget and delivers best value for taxpayers and service users

### **Actions Required:**

- Resolve the in-year financial position and establish medium term position
  - Actionee: Sue Butcher/ Matt Marsden
  - Target date: 31 March 2023
  - Latest update: Report to February Overview and Scrutiny
- Review the recruitment plan and assess further options
  - Actionee: Sue Butcher
  - Target date: 28th February 2023
  - Latest update: This is being reviewed by the People Scrutiny Task and Finish Group who will report in February
- Implement the Early Years strategy and plans and report regularly to the Safeguarding Partnership and CLT on progress.
  - Actionee: Sue Butcher
  - Target date: 28 February 2023
  - Latest update: Draft business case with delivery plan will be updated and shared at the February Cabinet

|            | Inherent Risk | Current Risk | Target Risk |
|------------|---------------|--------------|-------------|
| Likelihood | 6             | 5            | 3           |
| Impact     | 4             | 4            | 3           |
| Score      | 24            | 20           | 9           |

Date last updated: **6 February 2023**



## **Risk 2: 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.

### **Context**

- There are pressures across the adult social care service with regard to provider stability, increasing demand, partnership working and provider costs.
- The ASC Transformation Programme is on track to deliver a savings target of £9,121,000 which was set in 2021 and which was intended to be delivered over 3 years (2021-2024). Of this amount, £4,771,000 is expected to be delivered in the 2022-2023 financial year. This is being delivered through a range of improvement projects relating to adult social care. This is alongside an additional savings programme managed directly by the directorate – taking a likely minimum savings total of £14.7M being delivered over three years.
- Adult Social Care is currently experiencing a number of conflating pressures. These include the need to:
  - Implement Adult Social Care Reforms – including preparation for the new Assurance (Inspection) Regime.
  - Manage the market of social care providers within the context of inflationary pressures and a backdrop of economic uncertainty.
  - Maintain business as usual alongside improvement activity
  - Manage resourcing challenges

### **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 staffing increasing.
- Budget not balanced, savings not delivered, cost and price increasing.
- Health funding to support the changes may be withdrawn
- Damage to reputation
- Ability to recruit suitably skilled workforce and manage the welfare of the workforce

### **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 – regularly meet to monitor the programme
- 22/23 Funding for Transformation partner agreed at 21/03/22 Cabinet
- Directorate away days – to increase reliance and build relationships within the directorate

### Strategic Objectives:

- A council that lives within our means, balances the budget and delivers best value for taxpayers and service users
- An environment that helps residents live more independent, healthier and safer lives

### Actions Required:

- Manage additional income from client contributions. Based on the Financial Assessment and Charging Workstream,:
  - Backdated invoices raised to the value of **£889k last financial year**
  - Target for this year £560k - £231k 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 2022/2023 currently being ratified to the value of £2.8m.
  - 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.
  
- Agree the Adults social care strategy at Cabinet which aligns to the transformation programme
  - Actionee: Marc Gadsby
  - Target date: 28/02/2023
  - Latest update: Alignment of strategy to be launched in 2023/24

|            | Inherent Risk | Current Risk | Target Risk |
|------------|---------------|--------------|-------------|
| Likelihood | 6             | 2            | 2           |
| Impact     | 3             | 3            | 3           |
| Score      | 18            | 6            | 6           |

Date last updated: **6 February 2023**

## **Risk 3: 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.

### **Context**

- 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 18<sup>th</sup> 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.
- The High Needs Block is significantly overspent with a deficit of approximately £26 million.
- The LA is required to have a DSG (Dedicated School Grant) management programme to address this and reduce in-year spend to 0 within 4-5 years.

### **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:**

- Extra funding has been agreed to expand the SEND service by 6FTE and recruitment is taking place. Expected start dates if recruitment successful will be End of January/Beginning of February 2023.
- Monthly SEND strategic board meetings
- DSG recovery plan is in place to reduce costs over 4-5 years.
- Bi-weekly meetings with DfE regarding Safety Valve Programme. LA is forecasting a balanced budget within 4 years.

- LA looking to submit papers to join safety valve programme by February 2023.
- Monthly SEND strategic board meetings
- Monthly DSG management plan 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
- A SEND LGA review was commissioned by the DCS and took place on 20-23<sup>rd</sup> September 2022

### **Strategic Objectives:**

- A borough for children and young people to thrive

### **Actions Required:**

- Exploring specific resources to implement the WSOA. Additional SEND staffing resources are needed to improve functioning of the team and secure improvement. Update: The new roles have been graded and will be going out to advert to recruit in September 2022
  - Actionee: Sue Butcher
  - Target date: January and February 2023
  - Latest update: Interviews have taken place over October and the following have been recruited to: 4 Assistant SEND Officers, 1 SEND Officer. 4 candidate have start dates throughout December and January with one candidate to be negotiated still. Recruitment to a Compliance and Partnerships Manager was unsuccessful and will go back out to advert in January so as to maximise interest.
- Implement the WSOA with all relevant partners, the WSOA
  - Actionee: Sue Butcher
  - Target date: 31 March 2023
  - Latest Update: Monthly board meetings continue to take place with all relevant partners. A project manager has been secured via the council PMO team who will be supporting delivery of the WSOA. Note this action is led by JK in the council but is a joint delivery between education, social care and health services.
- Implement SEND LGA review recommendations with all relevant partners.
  - Actionee: Sue Butcher
  - Target date: 31 March 2023
  - Latest Update: The draft report has been reviewed and the LA will develop an action plan for implementation. A cabinet report is being prepared for January 2023.
- Implement Dedicated Schools Grant (DSG) recovery plan in partnership with the Department for Education (DfE). This is also known as the Safety Valve programme. Meetings are taking place with the DfE with two workshops in August 2022
  - Actionee: Sue Butcher

- Target date: February 2023
- Latest Update: The LA has submitted a report to the DfE in early February currently waiting on a response. The DfE have commented on positive progress in working with the LA to date.

|            | Inherent Risk | Current Risk | Target Risk |
|------------|---------------|--------------|-------------|
| Likelihood | 5             | 4            | 2           |
| Impact     | 4             | 4            | 2           |
| Score      | 20            | 16           | 4           |

Date last updated: **6 February 2023**

## **Risk 4: Impact of the cost-of-living crisis on Slough's residents**

**Risk Owner: Chief Executive**

**Direction of Travel: ⇄**

### **Description:**

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

### **Context**

- UK inflation (CPI) has increased to 9.6% - 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
- The Autumn statement announced increases in benefits and pensions of 10.1 per cent. In addition, there are changes to the Council Tax increases that can be applied by the Council and a range of other funding measures that will be built into the budget statement in March 2023.
- A number of one-off cost of living payments were announced from April 2023 as well as changes to the Governments energy support package which will be scaled back from April 2023.
- Benefits increased in April 2022 by less than the current level – or expected level – of inflation, which even with inflationary increases will put pressure on households relying on these payments.
- Failure to obtain energy at competitive prices will significantly impact savings targets and ability to provide services to residents.
- The estimate cost of energy supply contracts is now £5.24m in 22/23 against the (21/22 outturn of £3.14m). The budget for energy was set at £3.16m 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.
- There are also historic energy debts and meter data charges, disconnection costs of approximately £0.2m in 22/23

### **Consequences**

- 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
- Consequences for energy price rises include:
  - Cost of street lighting has nearly tripled
  - 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+

### **Current Controls:**

- Government support:
  - £500m new funding for the Household Support Fund (HSF), with £421 million to be distributed by local authorities in England
  - Tranche 2 of the HSF the Council received £1,177m in funding and spent £40k on administration of schemes
  - To date we have paid the following:
    - Support for food for families in receipt of Free School Meals - £681k for 6,488 children over May half term and Summer holidays
    - Support for residents have requested support - £49.3k for 251 claims
  - The guidance for latest batch of HSF funding for Oct 2022 – March 23 has been announced but not the value, once this is known we will make recommendations for the best utilisation of this funding.
  - A £150 non-repayable rebate for households in England in council tax bands A to D. The Core scheme has been completed, the final 13.7k rebates were paid onto council tax accounts on 2nd September
  - 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
- Internal Energy group set up to monitor energy spend and consumption. Eenergy provide billing and metering services to ensure accurate billing. Arrange disconnections of unused meters and supplies, add new/existing meters under the energy corporate contracts. 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 – going back to Cabinet with a revised purchase strategy in February 23.
- 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 negotiated and agreed and subject to the Government Energy Support Relief Scheme (currently estimated at £1m).
- Inflation policy agreed and communicated through staff training sessions.
- Review of contracts has been completed to challenge and seek to verify if procurement is necessary and to identify opportunities to maximise value for money through contract rationalisation and consolidation including identification of contracts which fulfil statutory responsibilities.

### Strategic Objectives:

A council that lives within our means, balances the budget and delivers best value for taxpayers and service users

### Actions Required:

- Implement government relief e.g., Household Support Fund, maximise use of the fund
  - Actionee: Group manager – revenues, benefits and charges
  - Target date: 31 March 2023
  - Latest update: Approach agreed for current tranche
- 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: 31<sup>st</sup> March 2023
  - Latest update: Working with the building management as well the FM service provider with an agreed action plan to deliver reductions in power usage (Electricity, Gas & Water), this includes removing unnecessary lighting, fine tuning programmable lighting (OH) using PIR switching systems, updating lighting LED (as & when required), constantly lowering power consumption by the way of regularly checking timeclocks on boilers & other time



monitored plant, also checking correct functionality & consumption during in regular PPMs across the SBC estate.

- 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: 31<sup>st</sup> March 2024
  - 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: Kamal Lallian
  - Target date: 31<sup>st</sup> March 2023
  - Latest Update: Improvement of greater than £50k against 2021/22 budget. Will require Buildings Management review during 23/24.
  
- 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: 30<sup>th</sup> September 2023
  - 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: 31 March 2023
  - 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: February 2023 Cabinet
  - Latest Update: Feasibility study being undertaken, included in 23/24 savings tracker

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

Date last updated: **6 February 2023**

## **Risk 5: Risk of the failure of statutory duty for provision of temporary accommodation**

**Risk Owner: Executive Director - Housing and Property**

**Direction of Travel: ⇄**

### **Description:**

If we fail to manage the increasing demand for temporary accommodation it will cost us financially and damage our reputation.

The provision of TA accommodation also carries statutory and regulatory requirements to ensure the safety and wellbeing of the occupants. The Council therefore needs to have in place and approved inspection regime in place for inspection in accordance with the Housing Health and Safety Regulations.

### **Context**

- There are financial, regulatory 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 the suitability, 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

### **Strategic Objectives:**

- An environment that helps residents live more independent, healthier and safer lives
- A borough for children and young people to thrive

### **Actions Required:**

- Address staffing shortages in the Temporary Accommodation team – temporary staffing
  - Actionee: Ian Blake
  - Target date: 31<sup>st</sup> December 2023
- Latest update: Housing Needs officers’ resources are inadequate and an approved inspection regime with subsequently regular contact established

with the more vulnerable residence needs to be established to comply specifically with housing regulatory requirements

- 
- 

Address staffing shortages in the Temporary Accommodation team – permanent staffing

- Actionee: Ian Blake
- Target date: 31<sup>st</sup> December 2023
- Latest Update: Fundamental review of the team, its structure and processes being undertaken within the context of a revised Housing Strategy
- 

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

Date last updated: **6 February 2023**

## **Risk 6: Service delivery risk due to workforce recruitment and retention issues**

**Risk Owner: Chief Executive**

**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.

### **Context**

- 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.
- There are currently significant numbers of vacancies within the Council in key support professions such as Finance, IT, and HR. This is exacerbated by significant vacancies in key service areas such as Social Workers, planners and engineers.
- The Council has massive competition for employees within Berkshire and the Greater London area. It is located on the M25 and has excellent links into London offering greater choice of employer for its own and residents within its travel to work area.
- The reputational damage caused by the section 114 notice and the appointment of Commissioners will potentially impact recruitment and retention.
- The Directions include the requirement to implement a suitable officer structure and scheme of delegation for the Authority which provides sufficient resources to deliver the Authority's functions in an effective way, including the Improvement Plan and its monitoring and reporting, prioritising permanent recruitment and/or longer-term contract status of interim positions.
- Recruitment into posts to assist with the council's recovery has not happened quickly enough and as a result, an additional Direction came into effect on 1 September 2022. The Direction permits the Commissioners to define the structure for and to recruit staff to senior positions for the period of the Directions.

### **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
- 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
- Reduced quality of service delivery
- Increase in safeguarding issues, impact on quality of life
- Securing qualified staff in the national context where resources are hard to recruit and retain

### **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. This is stronger with the appointment to Senior Management posts and the appointment of HOPS.
- Slough Children First continue to invest to recruit a permanent workforce including overseas recruitment and apprenticeships
- Development of functional capability action plans and transition into service plans
- Development of communications plan for staff briefings
- 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

### **Strategic Objectives:**

- Corporate Health: Corporate Operations

### **Actions Required:**

- Development of a recruitment and retention strategy, to align with the future operating model
  - Actionee: Surjit Nagra
  - Target date: 31<sup>st</sup> March 2023
  - Latest Update: Data is being collated to support the introduction of a retention 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. Discussions with departments delayed due to restructures and HR capacity. A new recruitment and selection policy and procedure has been drafted.
- 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: 31 March 2023
  - Latest Update: Working on producing this data on a regular basis and review existing process from the Agresso system to ensure data accuracy. Staff turnover rates are being published monthly via the performance team
- Appraisals and performance management of staff – put in place revised processes and procedures

- Actionee: Surjit Nagra
  - Target date: 31<sup>st</sup> December 2022 (Complete)
  - Latest Update: The new performance management framework was rolled out and currently monitoring of compliance is taking place.
- Review of current pay and reward structure of the council
- Actionee: Surjit Nagra
  - Target date: Ongoing to 31 March 2023
  - 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. The pay policy statement for 22/23 has been approved and updated on the website which includes an update on the annual pay increase – this included the CX Pay ratio. The Gender Pay Gap 2021 reporting has also been approved and uploaded onto our external website with an action plan. Currently working on the 2022 figures. Payroll compliance deadlines with HMRC have all been met. 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.
- Tracking of specific issues through analysis of exit interviews
- Actionee: Surjit Nagra
  - Target date: 31<sup>st</sup> March 2023
  - 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 McCorrison
  - Target date: 31 March 2023
  - 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.
  - The business plan remains under review

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

Date last updated: **6 February 2023**

# **Risk 7: The Council does not take adequate mitigation to reduce the risk of injury or death from incidents within the Council**

**Risk Owner: Executive Director Strategy and Improvement**

**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

## **Context**

The profile of health and safety matters has not been given sufficient prominence in recent years however COVID has addressed the imbalance.

Key potential causes of health and safety risks are:

- Lack of understanding of roles and responsibilities
- Insufficient staff numbers to carry out work plans in a safe way.
- 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 risk assessments, staff turnover, etc.,
- 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.
- Lack of accountability and governance arrangements

The risk of injury or death is increased in certain circumstances and for high-risk activities such as:

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

## **Consequence:**

- Corporate manslaughter charges
- Significant reputational damage
- Death/injury to individuals and/or non-compliance with relevant legislation resulting in prosecution and civil claims.
- Staff sickness through accidents/incidents/stress
- Increased insurance premiums

## **Current Controls:**

- Health and Safety Manager, Health & Safety professional and Health & Safety adviser 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. New Health and Safety Strategy to be devised to align with new organisation structure.
- 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) – this now falls under the Property and Housing Directorate.
- Health and Safety audit programme for 2022-2023

### **Strategic Objectives:**

- Corporate Health: Corporate Operations

### **Actions Required:**

- Online accident reporting for accurate monitoring and tracking.
  - Actionee: Surjit Nagra
  - Target date: 31<sup>st</sup> September 2023
  - Latest update: H&S currently working with IT Project Manager to look into possibility of utilising existing company Intec who can create several databases Council wide. Review was undertaken by IT to identify other potential teams who may use a similar/require a database. As there is no uptake, a business case will be raised for H&S to upgrade to the corporate contract which will mean unlimited licenses and several databases will be created for H&S purposes. One of these databases will include accident and incident reporting. H&S Team currently working on plan of action to migrate current Incheck database onto online portal which is scheduled to be in place by end of April 2023. Once this is complete, conversation will be held with Intec to discuss the requirements for an online cloud-based system. Subsequently a business case will be raised to upgrade to the corporate contract. Research was undertaken for a range of providers who have Accident/Incident databases however due to the cost implications and the current financial situation, H&S manager has decided not to pursue a custom/off the shelf system with a new provider.



- 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: 31<sup>st</sup> March 2023
  - Latest Update: This action is aligned to the action above and will be completed once new system is implemented.
  
- 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 7<sup>th</sup> 2022.
  - Actionee: Surjit Nagra
  - Target date: 31<sup>st</sup> March 2023
  - Latest Update: So far 22 responses have been received and H&S will be reviewing these and providing feedback. In the absence of an organisation structure detailing where each service/team sit, it is difficult to determine how many H&S self-audits should have been received. Reporting of self-returns is being communicated in H&S Committee meetings and members are being asked to review and identify missing teams who have yet to complete a self-audit. Due to current workload pressures and capacity issues within the team, health and safety internal audits are being reviewed on a weekly basis and the schedule is being realigned as required.
  
- 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<sup>st</sup> March 2023
  - Latest Update: Training: The 'Risk Assessment' and 'Accident Investigation' Training has been split into blending learning. Delegates are required to undertake the theory session on Cornerstone prior to attending a practical session which will be delivered by the H&S team. Training dates have been scheduled for the practical sessions and has been communicated to the organisation via newsround, H&S Committees and the H&S Board. Both the theory and practical are 1.5 hours each and the aim is to increase the uptake as the sessions have been split to enable delegates to attend around their work schedule. 3 more sessions are scheduled until the end of March 2023 and communications are regularly sent out to the organisation. A new training schedule will be devised for 2023/2024 with targeted training to deliver the 'Risk Assessment' and 'Accident Investigation' training sessions.

- 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: 31<sup>st</sup> March 2023
  - Latest Update: A new strategy will be devised and finalised once the new structure is in place and the services/teams are reallocated to the 7 Directorates. Once devised, the strategy will be presented to the H&S Board and CLT for approval and subsequently rolled out via H&S Committees. A draft H&S Strategy and Directorate H&S Action Plan has been submitted and presented to the H&S Board on 26/01/23. Subsequently this has been issued to CLT and will be discussed on 08/02/23. Once approved and ratified by the H&S Board and CLT, the documents will be shared and communicated to H&S Committees for roll out across the organisation.

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

○

Date last updated: **6 February 2023**

## **Risk 8: Business Continuity and Emergency Planning**

**Risk Owner: Executive Director Strategy and Improvement**

**Direction of Travel: ↑**

### **Description:**

Failure to deliver and maintain emergency planning and business continuity response 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.

### **Context**

The Council has not had in place a permanent qualified and experienced Business Continuity and Emergency Planning lead in order to enable it to respond to incidents and disruption since November 2021. However, this position has been filled by the an interim with the necessary skills, qualifications, experience and knowledge since November 2021. Some of the recent improvements include:

- Improved procedures for the response and co-ordination during an incident or disruption
- Strong links to the Thames Valley Local Resilience Forum.
- Finalisation of the Major Incident Plan (MIP)
- Business Continuity Plan now in place
- Arrangements to Exercise the Emergency Response Arrangements & Plans are being organised – a gap analysis has already been undertaken as a tabletop exercise.
- Arrangements to exercise the Business Continuity Plan are also being organised.

### **Consequences if the above was not in place:**

- No response to operational emergencies due to severe weather conditions, fire, or any other major incident.
- Council is not prepared to respond as directorate and service areas do not have an adequate or co-ordinated response in place
- 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).

### **Current Controls:**

- Business Continuity (BC) Plans in place
- Emergency Planning procedures in place
- Emergency planning and business continuity lead in place
- Sufficient Response Officers (Local Authority Liaison Officer (LALO) & Rest Centre Managers (RCM)) who can be utilised in the event of an emergency. Additional capacity in Adults would strengthen our response.
- Arrangements and links in place with TVLRF & Partner Organisations

- Utilising lessons learnt from Covid.
- Local and regional response arrangements in place

### **Strategic Objectives:**

- Corporate Health: Corporate Operations

### **Actions Required:**

- Exercising of Emergency Response Arrangements & Plans and the Business Continuity management & Plans – through tabletop testing
  - Actionee: Anthony-Mario Montana
  - Target date: 31<sup>st</sup> October 2023
  - Latest Update:
    - The Exercising of the Major Incident Plan and Emergency Response Arrangements will be undertaken by end of October 2023
    - 'Blu Nimbus' will be a live testing of the plans which is due to take place in October 2023.
  
- 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<sup>st</sup> December 2022 (complete but on-going for new recruits)
  - Latest Update:
    - Directors have all completed the Local Council Gold Group and Duty Gold training excluding two new members to CLT which training would be arranged for a later date.
    - Directors have all been scheduled to take the external Regional Strategic Coordination Group (Gold) Training due to take place by end of December 2022
    - The LALOs & RCMs have taken the JESIP Bronze Commander Training.
    - The LALOs & RCMs have completed the Risk Management Training on Cornerstone
    - Other training course will be arranged, scheduled and/or designed at later stage.
  
- Securing more Rest Centre Managers (RCMs) from Adults and Children's services
  - Actionee: Anthony-Mario Montana
  - Target date: 30<sup>th</sup> September 2023
  - Latest Update: Work with the ED's in Children and Adults to secure resources for this duty.
  
- Recruit Volunteer Response Support Staff to staff and run the Emergency Rest Centres and the Emergency Operation Centre.

- Actionee: Anthony-Mario Montana
  - Target date: 30th September 2023
  - Latest Update: Now the plans are signed off work will begin to secure these volunteers. Process in place to secure volunteers during emergencies via the MOU through the LRF.
- Develop a robust prevention programme within the council supported by emergency planning
- Actionee: Anthony-Mario Montana
  - Target date: 31<sup>st</sup> March 2023
  - Latest Update: Working with service areas to understand what prevention plans are in place, to reduce impact of risks identified. This action is with the Risk and Audit Board.

**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.

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

Date last updated: **6 February 2023**

## Risk 9: Cyber Security

Risk Owner: Executive Director Strategy and Improvement

Direction of Travel: ⇄

### Description:

- Failure to adequately protect our information and technology assets from an attack via the organisations internal network or the internet, that is either deliberate or because of non-compliance with policy and procedures.
- Failure to comply with the Data Protection Act 2018 (GDPR) legislation.

### Context

- There is a continual risk of cyber-attack from a wide range of sources which if enacted could cause significant financial, service delivery and reputational damage to the Council and its partners – recent attacks on local authorities and NHS bodies have caused significant disruption and expense in rectifying the impact.
- Heightened risk of cyber-attacks in relation to the Ukraine conflict.
- The Council has continued to invest resources in strengthening its controls in this area.
- An action plan to achieve improvements in relation to the proper functioning of the Authority's IT is in the Directions from DLUHC.
- DPA 2018/GDPR came into force in May 2018. Policies and processes developed as our corporate and local response to the implementation of DPA 2018/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 has had limited resource. The team has now recruited an interim DPO and the recently completed ICT restructure includes the proposed appointment of a permanent DPO and a Cyber security officer that will be progressed in the last quarter of 2022.
- Recruiting people with strong DPA 2018/GDPR understanding is challenging in the current market and especially difficult in the public sector.

### 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.
- If there is not an adequate response to DPA 2018/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:**

- 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 southeast 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&D are part way through a sequence of testing.
- 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 LeadershipOrganisation and Execution of cyber essentials audit action plan. Actions to complete before the end of 2022
- 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
- The recent ICT&D restructure has assigned the formal Data Protection Officer (DPO) role for SBC to the ICT&D Service Manager.
- DPA 2018/GDPR training for new starters to minimise breaches
- 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 Information Governance (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 DPA 2018/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.
- DPO role assigned to the ICT&D Services Manager

## **Strategic Objectives:**

- Corporate Health: Corporate Operations

## **Actions Required:**

- Compliance - fortnightly monitoring audit actions
  - Actionee: Alex Cowen
  - Target date: 31<sup>st</sup> 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: 30<sup>th</sup> 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: **6 February 2023**



# **Risk 10: Financial management and sustainability**

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

### **Direction of Travel: ↑**

#### **Description:**

If the Council fails to significantly improve its financial planning and management and its internal control and financial reporting in the medium to longer-term the Council will not become a financially self-sustaining council.

#### **Context**

##### **Financial Management, Planning and control**

- The S151 officer issued a statutory S114 notice in July 2021. Expenditure controls have been in place since in order to limit the Councils spend to the minimum. A capitalisation direction (CD) was approved in principle by DLUHC in March 2022 for £307m in order to enable the Council to set a balanced budget for 2022/23. Cabinet approved the budget on 9 March 2022. Initial forward planning indicated that the CD could increase to c £800m, this has since been reduced to less than £400m. The revenue budget savings have also been reduced from £20m pa for 7 years to £20m, £23m and then £12.9m pa for 5 years

The DLUHC Directions include the requirement to put in place an outline action plan to achieve financial sustainability and to close the long-term budget gap identified by the Authority across the period of its Medium-Term Financial Strategy (MTFS).

The Council has also actioned the following:

- Asset sales agreed by Cabinet Sept 21 – circa £200m planned for 2022/23, £200m planned for 23/24
  - 18/19 and 19/20 accounts submitted
  - 22/23 budget forecasting to be balanced, capital programme greatly reduced, treasury management correctly prepared
  - All revenue savings for 2023/24 identified
  - Comprehensive updates of financial recovery presented to Cabinet and every Council from September 2021
  - 6 companies closed, 3 radically reviewed, no further expenditure on them and sales being prepared, governance greatly improved
  - Internal audit recommendations now being addressed, procurement greatly improved
  - Delivering DSG in year balanced budget plan and management plan highly regarded by DfE and likely to lead to £27m write of historic debt
- 
- The seriousness of the financial situation and how the Council found itself in this position remain of significant concern. This has been acknowledged and the financial recovery strategy agreed and actioned from July 2021. The availability of significant future support is a key assumption underpinning the 2023/24 budget and will be for several future years.

##### **Financial Control**

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

- financial systems – the Agresso system is not fully used
- 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 are improving but require embedding
- insurance and other provisions were inadequate

### **Financial Reporting**

- The accounts originally provided for audit in 2019 were inadequate and contained significant errors. The 2018/19 were finally completed in September 2022. The 2019/20 were given to the auditors at the end of October 2022. The accounts for 2020/21 is imminent
- 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. In total there have been 50 material errors made that have affected 100 per cent of the figures in the core statements and 80 per cent of the disclosure notes. 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 c 40 per cent. Significant weaknesses in respect of the information to support journal entries within these statements will impact the auditor's opinion.

### **Consequence:**

- The Council is able to, but has challenges, setting a legal budget.
- The Section 151 officer could be required to consider issuing further s 114 notices should budget savings not be delivered
- If the Council continues to fail to produce its annual accounts then the Council would be in breach of their responsibilities to provide proper financial stewardship and control.
- The Council has no properly audited financial base line since 1 April 2019 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
- The Directions include the potential for Commissioners to impose their own budget in total or detail if they consider it necessary
- Reputational damage caused by an adverse audit opinion

### **Current Controls:**

#### **Financial Management and Planning**

- The Council will consider a series of budget reports at its meeting on the 9th March 2023 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 and beyond.
- Commissioners' approval for all budget changes.
- Regular budget monitoring and reporting is now in place.
- A Finance Board has now been put in place to monitor key aspects of financial management, planning, risks and controls.

### **Financial Control**

- 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.

### **Financial Reporting**

- 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.
- 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.
- 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

### **Training**

- Training sessions have taken place for Members and Officers

## Strategic Objectives:

- A council that lives within our means, balances the budget and delivers best value for taxpayers and service users

## Actions Required: The immediate actions include:

- Ensure 2022/23 budget can be delivered –
  - Actionee: Steve Mair, Steve Muldoon, Liton Rahman
  - Target date: 30<sup>th</sup> June 2023
- The P9 revenue forecast is for a balanced budget comprised of the following:
  - Service area overspends of £4.3m
  - Collection fund improved position of £2.5m
  - Treasury management and other corporate budgets of £1.3m
  - Offset by capitalisation requirement of £0.5m

For 23/24 savings a full schedule of savings options has been identified. Ensuring that budget savings can be delivered by each Directorate will be key going forward.

- Actionee: Exec Directors, Steve Mair, Steve Muldoon
- Target date: 31/3/24
- Latest update: budget in balance for 2023/24, delivery is the key issue.
- Regular communications to officers and members continue on the financial situation
  - Actionee: Steve Mair
  - Target date: ongoing
  - Latest update: Very regular reports have been provided since May 2021. Links to Culture change needed for the organisation to live within budgets.
- The 2018/19 accounts have been completed and audited. 2019/20 has been submitted for audit
  - Actionee: Liton Rahman
  - Target date: TBD
  - Latest update: 2018/19 and 2019/20 accounts completed. Others to follow during 2023.
- To feed the outcome of these accounts into the Council's forward financial planning
  - Actionee: Liton Rahman
  - Target date: Post audit completion for 2018/19 as at March 2023
  - Latest Update: 2019/20 will follow.

Recruitment to vacant posts in the restructured department.

- Actionee: Steve Mair, Mike Thomas
- Target date: 28 February 2023 (first phase complete)
- Latest update: First phase of recruitment complete with up to 20 appointments including internal promotions and transfers. Further

recruitment taking place in areas where applications were low or recruitment didn't take place.

- The finance action plan is reported to Cabinet and sets out in detail the current position on key financial matters and the actions being taken. This is updated on a bi-monthly basis and reported to Cabinet. The report shows the significant progress that has been made in all areas during 2021/22 and 2022/23.
  - Actionee: Steve Mair, Mike Thomas
  - Target date: Bi-monthly update
  - Latest update: Last update provided in revised format for March 2023 Cabinet and 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 needs refreshing under new Executive Director for 2023/24
  - Latest update: Appointment of new ED to determine way forward in line with corporate requirements.

|            | Inherent Risk | Current Risk | Target Risk |
|------------|---------------|--------------|-------------|
| Likelihood | 5             | 3            | 1           |
| Impact     | 5             | 5            | 4           |
| Score      | 25            | 15           | 4           |

Date last updated: **6 February 2023**

**Risk 11: Pace and valuation of the disposal of assets**  
**Risk Owner: Executive Director – Place and Executive Director –**  
**Finance and Commercial (S151)**  
**Direction of Travel: ↑**

**Description:**

**If the Council does not dispose of sufficient assets to realise capital receipts we will be unable to set a balanced budget or deliver long-term financial sustainability.**

**Context**

- The council's long-term sustainability is dependent on the sale of between £400 and £600m of assets. In September 2021 the Cabinet agreed to assess the options during 2022/23 and to begin asset disposals as soon as prudently possible, given the Council's responsibility to obtain best value.  
The Housing & Property department has a strategy in place to drive the asset disposal programme forward

**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.
- If Cabinet either delay or do not accept the disposal programme this will lead to failure to meet the budget targets and risk more intervention
- 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:**

- A new department of Housing and Property has been established to enable the recruitment and retention of suitable senior leadership and professional expertise to manage the asset disposal programme to best effect
- Multinational consultant Avison Young have been retained as strategic property advisers and other professional services like valuers and auctioneers are being procured.
- An Asset Disposals Sub-Committee has been established and meets on a regular basis to review asset disposal proposals and updates
- All out of borough assets have been marketed and the last one is due to be sold before Christmas. In addition, one significant in borough asset has been sold and

another is due to be sold within next few weeks. As a result we are on track to deliver £200m of sale income in year 22/23. A further £200m of sales are planned for 23/24

### Strategic Objectives:

- A council that lives within our means, balances the budget and delivers best value for taxpayers and service users

### Actions Required:

Continue to monitor and report the asset sales position to CLT, as the continued sale of assets during 2023/24 and beyond will remain crucial to the Council's medium to long term financial sustainability.

- Action Owner: Pat Hayes
- Target Date: 31 March 2023 (year-end update position) then quarterly thereafter
- Latest position: On track for 2022/23.

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

Date last updated: **6 February 2023**

## **Risk 12: Governance and financial implications of the 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.

### **Context**

- The Council has a number of subsidiaries and a joint venture that 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. This was highlighted by both CIPFA and DLUHC in their reports in October 2021 and the Council started to consider this in summer 2021.
- In addition, a wide range of governance, management, operational and financial issues have been identified over a number of years and had 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)
- There is a Direction in place regarding the Commercial Companies including consideration of the roles and case for continuing with each subsidiary company of the Authority (except Slough Children First).

### **Consequence:**

- Additional financial pressure on existing Council budgets that are not within plan
- Inefficient service delivery by the Council, especially in relation to housing, due to poor contract management and controls
- Potential grant clawback across a range of companies which may 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
- Improved governance arrangements should enable the Council to make timely informed decisions on key strategic and financial matters that are critical to the Council's capitalisation directive. These include:
  - the Council's capital programme has been reduced (e.g. SUR programme reduced by c £50m and the JEH acquisition programme has been stopped reducing the capital programme by a further £15m);
  - increased loan repayments to the Council improving cash flow and



borrowing costs (e.g. a significant reduction in the SUR loan facility from £9m to £2m this year);

- capital receipts have been accelerated (e.g. SUR opted site disposals of c £40m in the next few years);
- reduced cost exposure on key development sites;
- reduced operational losses for JEH due to the change to its acquisition strategy and improved Council operational oversight and additional sources of funding have been identified and approved to reduce the Council's overall financial exposure (e.g. Homes England funding of at least £9m for GRE5 as a contribution towards the ACM programme and additional First Homes grant funding to accelerate the sales of apartments at the Old Library Site).

### **Current Controls:**

- Establishment of a new corporate oversight board for Slough Urban Renewal
- Development of role profiles for Directors and appointment of new directors and senior responsible owners with clarity on roles and reporting
- Regular Board meeting cycle to be established at all active companies
- Establishment of shareholder oversight group for GRE5
- Improved board reporting including performance reporting across all 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
- All Dormant Companies have been closed down
- Revised governance arrangements have been introduced across all companies (with the exception of DISH which has not been prioritised for action in FY 22/23 as it is a much smaller scale compared to the other entities, is not a trading company and has limited risk (it has a lease with the Council for 54 properties dating back to 1988 when it was established) and is lower risk rated by Internal Audit compared to other entities. DISH revised governance will be introduced in early FY 23/24 following a review).
- Establish appropriate governance and reporting arrangements for GRE5 and JEH

### **Strategic Objectives:**

- A council that lives within our means, balances the budget and delivers best value for taxpayers and service users

### **Actions Required:**

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

- Ground Rent Estates 5 – execution of Council loan; continue to support litigation proceedings; further strengthen performance, risk and financial reporting, development of exit strategy.
  - Actionee: Steven Mair / Carmel Booth
  - Target date: 31 March 2024
  - Latest Update:

- In line with previous reports provided to Cabinet, it is expected that the Council will exit GRE5 when the works to Nova House have been completed and the legal claim has concluded – this is expected to be in 2024. Cabinet will be requested to approve an exit route and a number of options are likely to be available to the Council if the works are completed satisfactorily and the legal claim is resolved. Bevan Britain have been asked to provide advice on regulatory and legal considerations to inform the most appropriate exit strategy. e.g. sale of freehold lease to a third party, leaseholder transaction.
  - Significant progress has been made to **GRE5's** financial planning and reporting, oversight and critical governance arrangements including the appointment of new external directors, the establishment of a new corporate oversight group and strengthened risk management. The Council's loan to GRE5 has now been fully executed following a financial review in FY 21/22 which identified that the Council's loans had not been approved in line with its Investment Strategy and was not implemented appropriately. Whilst building work is underway on Nova House, a number of additional structural issues have been identified which have had an impact on the ACM works and the resolution of the legal claim. A report is expected to be provided to Cabinet in March 2023 to provide a full update on the programme.
- 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: Steven Mair / Carmel Booth
  - Target date: 31 March 2023
  - Latest Update:
    - The Council has established a Corporate Oversight Board for SUR to strengthen governance and management arrangements, including oversight of a phased reduction in SUR's activities. New Representatives (of the LLP) have also been appointed to oversee the changes and planned exit from SUR. Financial and performance reporting is regularised and now takes place on a quarterly basis. A Councillor was appointed in Autumn 2022 as the final (of three) representatives to the SUR LLP Board.
    - Following an Options Review by Montague Evans, the SUR Partnership will not be undertaking any further major developments. This will significantly reduce the Council's capital commitments and financial risks over the next five years. The Partnership will be wound up following a series of land disposals over the next few years – each site disposal will be approved by the Cabinet. A site disposal strategy has been approved for NWQ and the full disposal transaction has been approved for Montem. Other sites will be considered by Cabinet in 2023.
    - Good progress has been made on the only ongoing SUR development project; the Old Library Site (OLS). Following the successful approval of First Homes Funding from Homes England in FY 22/23, apartment sales

have accelerated and the Council's loan facility of £10m to the OLS has been fully repaid. Less than 5 apartments remain unsold/not under offer which significantly reduces the risk of loan default on the £2m of loan notes outstanding and has a positive impact on the Council's cash position.

- James Elliman Homes – undertake further work/analysis as recommended in the Options Review (led by Local Partnerships); approve revised Service Level Agreement between the Council and JEH; undertake review of rental levels/tenants across the portfolio; strengthen financial reporting and related board reports; service improvements plan to be developed by the Council (to be underpinned by the SLA), continued improvements to governance and performance reporting and oversight.
  - Actionee: Steven Mair/ Carmel Booth
  - Target date: 31 March 2023
  - Latest Update:
    - Local Partnerships have reviewed JEH and have provided a series of options for the future operations. Cabinet will be requested to approve a preferred option(s) in March 2023 following the completion of further analysis (legal and financial) to inform the options.
    - The options appraisal has recommended a phased exit including the transfer of some assets to the Council. The report identified a series of additional workstreams which are inquired to inform the Options and the development of the detailed action and exit plan. The exit plan is scheduled for agreement by 31/3/23.
    - New Directors have been appointed for JEH in FY22/23 and monthly Board meetings have been reinstated from January 22. Board reporting including financial, performance and risk reporting has been redesigned to improve management and board effectiveness. A new SLA between the Council and JEH has been produced and approved in FY 22/23 and further improvements will continue to be made.
- DISH – establish regular performance reporting to the Board, commence high level options review to explore the potential to transfer DISH properties into the HRA, commercial review of DISH lease, preparation of a service level agreement to reflect the services the Council is providing (action plan programmed for the end of FY 2022/23).
  - Actionee: Steven Mair / Carmel Booth
  - Target date: 30 June 2023
  - Latest Update:
    - DISH was established in 1988 and has a lease with the Council for 54 properties; with the majority of tenants classed as long-term tenants. DISH is considered to be a lower risk compared to other companies and an options review and exit strategy is scheduled to be complete by 30/6/23.
- SCF – an update on actions and risks is covered in Risk 1. There is a monthly corporate oversight group including the Council's contract manager, "shareholder"

representative and finance lead, as well as governance meetings with the Chief Executive and s.151 officer. There is regular reporting to cabinet due to the level of risk. A regular report will be taken to Audit and Corporate Governance Committee on progress against the governance review recommendations, with the first report in December 2022.

|            | Inherent Risk | Current Risk | Target Risk |
|------------|---------------|--------------|-------------|
| Likelihood | 5             | 3            | 1           |
| Impact     | 4             | 3            | 2           |
| Score      | 20            | 9            | 2           |

Date last updated: **6 February 2023**

## **Risk 13: Improvement and Recovery Planning**

**Risk Owner: Chief Executive**

**Direction of Travel: ↑**

### **Description:**

Failure to deliver on the wide range of improvement and recovery actions specified in the Directions and various Government reports leads to further intervention.

### **Context**

- The Council has put in place a wide range of improvement and recovery actions to respond to the various reports it received. The council has carefully considered the timing and delivery of improvement and recovery actions so they are completed in line with Government Directions.
- The Council has delivered a wide range of the required actions but only recently brought these together in a holistic manner in communication with the Commissioners, for example:
  - As of October 2022 a new reporting style and content has been made available for the monthly Improvement and Recovery Board (IRB) meetings. Feedback has been positive from the Commissioners.
  - Commissioners provide regular feedback on the IRB reporting and continuous improvements and expansion of the contents being made for each IRB.
  - Recovery plans continue to develop across the council and these have been brought together in summary form as a “plan on a page” to share with the IRB. Plans include:
    - An action plan to achieve financial sustainability and to close the long-term budget gap. This includes completion of accounts up to and including 2020/21.
    - An Asset Disposal programme with forecasts to return c. £216m and c. £164m in 2022/23 and 2023/24 respectively.
    - An action plan to achieve improvements in relation to the proper functioning of the Procurement and Contract Management function.
    - A plan to ensure the proper oversight of SBCs subsidiary companies.
    - Action plans to ensure proper functionality of Scrutiny and Democratic functions.
    - Recruitment of an Internal Audit team and plans to ensure its proper functioning. Closure of existing identified Management Actions is underway.
    - An extensive set of plans to ensure the proper functioning of ICT and the systems / procedures in use at the Council. Recruitment is ongoing.
    - Demonstrating to Commissioners that significant progress has been made in the structure and recruitment of the Snr. Management teams (CLT and SLT levels).

- Plans for the revision of the Corporate Plan are under development.

### **Consequence:**

Failure to deliver a robust Improvement and Recovery Plan will lead to further intervention and Directions from DLUHC

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

Failure to put in place an effective Transformation Team risks being unable to deliver the plan to the satisfaction of the Commissioners as required by Directions.

### **Current Controls:**

The Commissioners' Improvement and Recovery Board now receives monthly updates on progress in delivering the plan, alongside other reports on the council's finances and performance, which includes detail on any risks and issues that have been identified against delivery of the plan's four strategic priorities and seven recovery themes.

There is now regular reporting on progress to Cabinet and Scrutiny, this will continue quarterly.

A Transformation Team led by the Associate Director for Transformation has been formed to provide programme management assurance for the Improvement and Recovery Plan. The Transformation Team was agreed as part of the review of the senior management structure approved by Cabinet in July 2022.

A consistent corporate approach to reporting on 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. This will be updated following the conclusion of service planning.

### **Strategic Objectives:**

- A council that lives within our means, balances the budget and delivers best value for taxpayers and service users
- An environment that helps residents live more independent, healthier and safer lives
- A borough for children and young people to thrive
- Infrastructure that reflects the uniqueness of Slough's places and a new vision for the town centre

### **Actions Required:**

- Continue to refine the Improvement and Recovery Board reporting and monitor implementation of the required actions
  - Actionee: CEO / AD Transformation
  - Target date: 31/03/2023
  - Latest Update: Monthly review through the Improvement and Recovery Board
- Deliver the revised Corporate Plan and evolve service delivery plans

- Actionee: All EDs
  - Target date: 31/06/2023
  - Latest Update: First drafts have been completed, Plans are now being reviewed to ensure alignment and provide an opportunity for constructive challenge.
- Manage the communications with Commissioners in a positive manner and implement any further actions arising from the Commissioners Reports as required
- Actionee: CEO / AD Transformation
  - Target date: 31/13/2023
  - Latest Update: Will respond based on Commissioner letter to DLUHC in December 2022 and feedback from Commissioners.

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

Date last updated: **6<sup>th</sup> February 2023**

## **Risk 14: Risk that the lack of an agreed council-wide vision, principles and governance for building digital access for residents continues to lead to incoherent and poor-quality digital services**

**Risk Owner: Executive Director Strategy and Improvement**

**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.

### **Context**

- The Council has not had an integrated Digital and Customer service strategy that is focused on delivery of more efficient and effective customer service.
- The Council has not transferred the point of access of enough of its services to a coherent digital platform resulting in significant capacity and customer service issues in many frontline services.

### **Consequence:**

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

### **Current Controls:**

- A paper proposing a reset to the approach to Digital Customer engagement has been written and has been shared with Cllr Ajaib (lead member for ICT & Digital), COO, CEO and Director of Finance.
- The ICT & Digital Team restructure has been completed and both internal and external recruitment has commenced.
- Remaining contract resources have been extended to the end of the financial year to provide continuity.

### **Strategic Objectives:**

- Corporate Health: Customer engagement

### **Actions Required:**

- Establish Digital working group as a subgroup of SLT to provide plan to Cabinet in March 2023
  - Actionee: Simon Sharkey Woods
  - Target Date: 31/03 /2023
  - Latest Update: Currently building the terms of reference and data inputs to ensure the meeting is meaningful and the plan can be delivered

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

Date last updated: **6 February 2023**





This page is intentionally left blank

**Slough Borough Council**

|                         |  |
|-------------------------|--|
| <b>Report To:</b>       | Audit and Corporate Governance Committee   |
| <b>Date:</b>            | 14 <sup>th</sup> March, 2023   |
| <b>Subject:</b>         | Counter Fraud Policy   |
| <b>Chief Officer:</b>   | Steven Mair – Director of Finance and Commercial (S151)  |
| <b>Contact Officer:</b> | Tariq Mansour, Head of Financial Governance, Internal Audit,<br>Counter Fraud, Risk and Insurance<br>Lyn Davies, Counter Fraud Manager |
| <b>Ward(s):</b>         | All  |
| <b>Exempt:</b>          | No   |
| <b>Appendices:</b>      | Appendix 'A' – Corporate Fraud Policy  |

**1. Summary and Recommendations**

- 1.1 This report is to raise Audit and Corporate Governance Committee's awareness of the Council's corporate fraud policy and the work of the Counter Fraud team. Overseeing the arrangements for Counter Fraud and Corruption is one of the responsibilities of the Audit and Corporate Governance Committee as set out in its Terms of Reference.
- 1.2 The Counter Fraud team started to report into the Finance and Commercial Directorate in August 2022 following a senior leadership and finance department restructure.
- 1.3 It is intended that the team will produce an Annual Counter Fraud report for the July 2023 meeting of the Committee that will set out its activity during the year and in previous years. The Annual Counter Fraud report has not been presented to the Committee since 2018.

**Recommendations:**

- 1.4 Audit and Corporate Governance Committee is recommended to note the:
  - Corporate Fraud policy and related documents and the intention to review these during 2023.
  - Range of work undertaken by the Corporate Fraud team in recent years and the level of actual and notional savings arising from its activity.
  - Future work will be directly related to the risks identified from departments and learning from elsewhere.

**Reason:**

- 1.5 The Audit and Corporate Governance Committee have responsibility to:
  - Ensure there is an on-going review of the assessment of fraud risks and potential harm to the Council from fraud and corruption.

- Monitor the counter-fraud strategy, actions and resources.

1.6 It is also good practice to review and update the Council's Corporate Fraud Policy and the work of the Fraud team on an annual basis.

### **Commissioner Review:**

1.7 We welcome this report to the Audit and Corporate Governance Committee. It is essential that the Council ensures controls are in place to prevent fraud and investigates incidences of alleged fraud where these are discovered. The Commissioners support open and transparent reporting of fraud where discovered and also appropriate action against those who are found to be committing fraudulent activity.

## **2. Report**

### **Introduction:**

2.1 The Council's approach to Fraud and its Corporate Fraud policy are on the [Council's Website](#). The policies are set out in appendix A.

2.2 Slough Borough Council operates a 'zero tolerance' approach towards fraud and corruption and uses the full range of sanctions available against any individual or organisation found to be committing fraud. Every pound taken by theft or fraud reduces our ability to provide services to the people who need them the most.

2.3 We want to protect against, detect and respond to fraud and corruption in order to protect the interests of our clients, partners, employees and other stakeholders while retaining a high ethical standing within the community.

2.4 The counter fraud policy applies to all parts of the Council and to all our employees, volunteers, contractors and consultants in relation to their work with/for us. We rely on the support of employees, businesses and the community to deliver the services we provide to people in need. Loss of confidence in the Council as a result of fraud or corruption could have an adverse impact on our funding and investment in the area, leading to a more severe impact on the services we deliver.

2.5 We expect all our Councillors, employees, consultants, contractors, partner organisations and service users, to act with integrity and without intent to commit fraud or corruption and to comply with the legal requirements and policies of the Council including the obligation to report all reasonable suspicions of fraud. In return, we will:

- take appropriate measures to prevent, investigate and deter fraud;
- introduce and maintain procedures to detect fraud;
- encourage employees to report any suspicions of fraud;
- provide resources to train our staff about fraud risk and investigate fraud;
- take appropriate disciplinary, civil or criminal proceedings; and
- report suspected fraud to the police and all relevant organisations when appropriate.

- 2.6 It is in everyone's interests to prevent fraud and corruption from happening. Our strategy and response plan sets out what we mean by fraud; how we tackle fraud; what you should do if you suspect fraud; and how we will respond.

### **Policy and Procedures:**

- 2.7 Effective policies and procedures are essential to ensure that all officers and members are aware of their roles and responsibilities in identifying and managing the risk of fraud. The team continue to review and update these on an ongoing basis.
- 2.8 The Council's Counter Fraud Strategy meets the requirements of CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption and pulls together all related policies and procedures in its Appendices. The Strategy, and all Appendices, were last reviewed in 2021. A further review will take place during 2023 and will be reported to CLT and the Audit and Corporate Governance Committee in July 2023 for approval.
- 2.9 Awareness of the Strategy is promoted corporately via the fraud e-learning package on the Council's e-learning platform, Cornerstone, and through induction processes for new starters.

### **Fraud Risk Assessment:**

- 2.10 Whilst the team undertakes a lot of useful work it is mainly currently reactive and there is not an annual formal fraud risk assessment for the Council. During 2023 a fraud risk assessment will be undertaken and presented to all Directorate Leadership Teams during the year and to the Corporate Leadership Team. The diagnostic will enable services to assess their activities and identify which fraud risks might apply, so that the appropriate controls can be put in place. The results of the self-assessments will be used to inform the Council's fraud risk assessment.

### **Counter Fraud Resources:**

- 2.11 The Council have a Corporate Fraud team of five staff, a Manager, two Financial Investigators, a Counter Fraud Officer and an Intelligence Officer. All are appropriately qualified and are very experienced.
- 2.12 The Corporate Fraud Team actively investigate any reported fraud against Council provided services and seek to recover any monies obtained fraudulently or fraudulently obtained. They utilise the powers conferred in the Proceeds of Crime Act 2002 to recover compensation or criminal benefit through confiscation from those convicted of committing fraud against the authority.
- 2.13 The key areas they investigate are:
- Housing tenancy and sub-letting fraud
  - Council tax reduction scheme fraud
  - Single person council tax discount fraud
  - Business rates fraud
  - Blue badge fraud
  - Grant fraud e.g. Covid business grants
  - Social Care fraud
  - Other council tax fraud
  - Procurement fraud

- Other fraud against the authority, when committed by external or internal sources.

2.14 The team previously reported to the Assistant Director Business Services but is now reporting to a new post in the Finance Directorate – The new Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance started in this post in February 2023. This brings together the Fraud team, Internal Audit and Risk and Insurance teams that will benefit from having closer links and accords with CIPFA guidance.

2.15 The team has completed a wide range of work in recent years and whilst this has been reported to line management it has not subsequently been reported to the Audit and Corporate Governance Committee since 2018. In order to meet best practice standards an annual report will be brought to this Committee in future. A high-level analysis of the work undertaken since April 2020 is shown in Table 1 below:

**Table 1: Counter Fraud Team Activity Summary 2020/21 – 2022/23**

| Area of Activity  | 2020/21   | 2021/22  | 2022/23<br>(31.12.2022)   |
|---|---|--|---|
| <b>Blue Badge Fraud</b>   | 26 badges removed following National Fraud Initiative<br>Notional Value £14,950 | 116 badges removed following National Fraud Initiative<br>Notional Value £66,700 | 5 Blue Badge Fraudulent Misuse Investigations.                                  |
| <b>Concessionary Bus Passes with deceased persons</b>   | 527 removed following National Fraud Initiative<br>Notional Value £57,970       | 577 removed with a notional value of £66k  | National Fraud Initiative from January 2023 no results to date.                 |
| <b>Right to Buy Anti Money Laundering (AML)</b>   | 3 RTB applications withdrawn at a Discount value of £248,000                    | 3 RTB applications withdrawn at a Discount value of £252,600                     | 2 RTB applications withdrawn at a Discount value of £168,400                    |
| <b>New Homes Bonus – empty properties initiative</b>  | 87 properties found occupied recouping £158,000                                 | 58 Properties found occupied recouping £98,000                                   | n/a   |
| <b>Financial Investigation Income (Proceeds of Crime Cases)</b>   | £17,473   | £37,904  | £123,958  |
| <b>Administrative Penalty payments, Formal Cautions, Housing Benefit and CTRS overpayments and prosecution costs recovered in full.</b> | £53,319   | £83,352  | £101,654  |
| <b>Anti-Money Laundering Reviews</b>  | 29  | 27   | 24  |
| <b>Referrals</b>  | 66 Fraud Investigations Set Up.   | 74 Fraud Investigations Set Up.  | 57 Fraud Investigations Set Up.   |
| <b>Enquiries Actioned</b>   | 425 including 423 Police DPA requests & 2 for Department for Work and Pensions  | 393 including 355 Police DPA requests & 38 for Department for Work and Pensions  | 390 including 315 Police DPA requests & 53 for Department for Work and Pensions |

### **3 Implications of the Recommendation**

#### **3.1 Financial Implications**

3.1.1 There are no direct financial implications relating to reviewing the Corporate Fraud policy. However, increased publicity and awareness of the policy by Members and Officers and the link with Internal Audit and Risk management will improve the council's identification of Fraud and enable improved processes to prevent it, reducing its occurrence and reducing expenditure.

#### **3.2 Legal Implications**

3.2.1 There are no direct legal implications in this report.

#### **3.3 Risk Management Implications**

3.3.1 Failure to operate an adequate Corporate Fraud policy and have an active counter fraud team exposes the Council to the risk of fraud across a wide variety of services.

#### **3.4 Environmental Implications**

3.4.1 There are no direct environmental implications in this report.

#### **3.5 Equality Implications**

3.5.1 There is no identified need for an Equality Impact Assessment.

### **4 Background Papers**

None

The key documents are found at this link on the Council's Website

[Council's Website.](#)

### In this section

- |  |   |   |
|--|---|---|
| 1. <a href="#">Fraud investigation</a> | 3. <a href="#">Council tax and business rates fraud</a> | 5. <a href="#">Corporate fraud policies</a> |
| 2. <a href="#">Housing fraud</a>       | 4. <a href="#">Blue Badge, grant and other fraud</a>    |   |

## Fraud investigation

### Corporate fraud policies

- [Anti-fraud response plan.](#)
- [Counter fraud strategy including anti-money laundering and anti-bribery policies.](#)
- [Appendix 1: Money laundering; legal and regulatory framework.](#)
- [Appendix 2: Report to money laundering reporting officer.](#)
- [Appendix 3: Financial investigation fraud report form.](#)
- [Report council fraud.](#)



**Slough Borough Council**

|                         |   |
|-------------------------|---|
| <b>Report To:</b>       | Audit and Corporate Governance Committee  |
| <b>Date:</b>            | 14 <sup>th</sup> March 2023   |
| <b>Subject:</b>         | Slough Children First Governance Review – Update on progress                      |
| <b>Chief Officer:</b>   | Stephen Brown – Chief Executive   |
| <b>Contact Officer:</b> | Sarah Wilson – Principal Lawyer   |
| <b>Ward(s):</b>         | All   |
| <b>Exempt:</b>          | NO  |
| <b>Appendices:</b>      | Appendix 1 – SBC update on progress against SCF Governance Review – February 2023 |

**1. Summary and Recommendations**

This report sets out a summary of the progress made on actions recommended following a governance review of Slough Children First (SCF).

**Recommendation:**

Committee is recommended to review and comment on the progress made as set out in Appendix 1

**Reason:**

1.1 Improvements in company governance are an important part of the Council's recovery plans. Issues in governance arrangements were highlighted by the external auditors in May 2022 and in the DLUHC commissioned Governance Review. The latter led to the issue of statutory directions and the appointment of commissioners to oversee progress on improvements and recovery.

**2 Alternative options considered and not recommended**

2.1 Whilst there is no legal requirement to undertake a formal governance review, based on concerns raised from external sources and the importance of good governance to overall performance and financial management, officers undertook a review in the Summer of 2022 and reported this to Cabinet in October 2022. Cabinet recommended that Audit and Corporate Governance Committee be responsible for receiving six monthly updates on progress against the recommendations contained in the Governance Review. This is the second update.

2.2 The Committee decided it wished to receive quarterly updates, based on the significant concerns raised and lack of progress in some areas.

2.3 By publicly reporting on progress on the governance review recommendations, elected members have an opportunity to comment and question whether the focus is right and the pace of change is appropriate. Members can also consider the learning from this review when reviewing risks arising from other Council companies.

### **Commissioner Review**

Commissioners reviewed the report and made no observations on the report.

### **3 Background**

3.1 SCF became wholly owned by the Council on 1 April 2021 as a result of a change in the Articles of Association. Prior to that it was an independent trust. SCF delivers statutory children's services under a statutory direction of the Secretary of State for Education. Cabinet received a report in October 2022 providing an annual report from SCF and the findings of a governance review undertaken by the Council's Principal Lawyer using the Local Partnerships framework. Local Partnerships is an entity joined owned by the Local Government Association, HM Treasury and the Welsh Government. Its purpose is to help public organisations manage the challenges of meeting rising demand for services with shrinking budgets. As part of this work, Local Partnerships published a Local Authority Company Review Guidance toolkit for undertaking strategic and governance reviews of wholly or partly owned council commercial entities. This has picked up on learning from failures in company governance in other areas, in particular the rapid review undertaken for Nottingham City Council.

3.2 Good governance arrangements for council owned entities should seek to achieve the following:

- The entity should have sufficient freedoms to achieve its objectives
- The council should have sufficient control to ensure that its investment is protected, appropriate returns on investment can be obtained and that the activities of the entity are aligned with the values and strategic objectives of the council
- The entity continues to be relevant and required (in its existing form) and, if not, appropriate steps are taken (for example, amending constitutional documents or changing form or terminating the vehicle).

3.3 It is important to note the reason for SCF existing. This is succinctly set out in the introductory paragraphs of the DLUHC commissioned Governance Review of the Council by Jim Taylor dated September 2021, which is published on the DLUHC website.

*"In 2011 Slough Children's Services received an inadequate rating from OFSTED. In November 2013, following a further OFSTED inspection, from February 2014 the council was subject to intervention from the Department for Education. There were 'serious systematic failures' and 'longstanding and serious concerns about the leadership, management, and governance of Children's Services in Slough'. Slough Children's Services Trust was subsequently established. An OFSTED inspection of November 2015, published in February 2016, again found Children's Services to be inadequate. It was only in 2019 that the OFSTED inspection rating began to improve to 'requires improvement to be good'.*

*Such a failure in children's services, over this length of time, reflects on whole council leadership. For a failing children's services department to achieve success within a*

*council, all council services must be marshalled together to help with the improvement. The fact that it took so long to demonstrate any significant improvement indicates that the council has been unable to improve a statutory service at the pace required.”*

3.4 This is not to say that there are not good leaders and officers working across the Council and SCF. SCF employs many highly experienced and competent staff who are supporting children and families daily to assist with many challenges that life brings. These staff are all committed to protecting children and young people and supporting families to improve the wellbeing of these individuals.

3.5 However there have also been concerns in relation to the financial cost of the services and whether the focus for support is appropriately targeted. The Council’s best value duty as set out in the Local Government Act 1999 requires the Council to “secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.” The Governance Review is aimed as ensuring the Council keeps this duty at the forefront in the way it governs its companies.

3.6 An update on recommended actions is attached at Appendix 1. This is reporting against the original Governance Review which was appended to the Cabinet report in October 2022. The table below shows the split of RAG rated actions:

| Red       |          |          | Amber    |          |          | Green     |          |          |
|-----------|----------|----------|----------|----------|----------|-----------|----------|----------|
| Sept 2022 | Nov 2022 | Feb 2023 | Sep 2022 | Nov 2022 | Feb 2023 | Sept 2022 | Nov 2022 | Feb 2023 |
| 11        | 8        | 5        | 21       | 21       | 23       | 14        | 16       | 18       |

3.7 The red rated risks relate to lack of up to date business plan, financial management, closure of accounts and grip and lack of progress on evidencing internal schemes of delegation.

3.8 The SCF board are fully engaged and supportive of the governance review and an independent non-executive director is leading on the governance improvements required. Monthly meetings take place between the SBC’s Principal Lawyer, who acts as the member representative (equivalent of a shareholder representative) and SCF’s lead for governance, as well as regular meetings and discussions with the SCF Chair. In addition, the Principal Lawyer attended the board meetings and Audit and Corporate Governance Committee meeting in February 2023 and will attend on a quarterly basis in the future. This is in addition to the contract manager role, which is exercised by the AD – People Strategy and Commissioning and the finance lead. There is close working between these officers to ensure SCF is appropriately governed. This is also in addition to the role of the Council nominated directors, whose roles are partly to ensure that the Council’s interests and priorities are understood by the board and that the local context of Slough is considered. The Council has reviewed the Articles of Association in relation to board composition and in the interim a new council officer has been appointed who will act as a council director. He has a background in finance and is an experienced NED on a children’s company.

3.9 Children’s social care services in Slough remain under statutory intervention of the Department for Education and there is an appointed DfE commissioner. The commissioner changed in October 2022 and there have been meetings between key individuals in the Council and the DfE commissioner, as well as the establishment of close links between the DfE commissioner and the DLUHC commissioners. The lead

member for children's services continues to be closely involved in strategic management of the service and steps have been taken to review the various meetings that are taking place to ensure they are purposeful and unnecessary duplication is avoided.

3.10 The role of the member representative (SCF is a company limited by guarantee, however this is equivalent to a shareholder representative) is as follows:

- Oversight of any decisions that are reserved to the Council, as sole owner of SCF. This does not mean that decisions are made by this individual, as many of the decisions are reserved to cabinet, for instance approval of the business plan and approval of in-year funding requests over certain limits;
- Reviewing how SCF achieves its strategic aims and how this links to the Council's priorities;
- Oversight to ensure that decisions are taken in accordance with contractual requirements, the Articles of Association, the Governance Side Agreement and other relevant policies and procedures;
- Engagement with the Chairman, Board and chief executive of SCF to ensure effective performance against strategy and governance;
- Ensuring that the Council's views are captured and effectively communicated to the SCF board;
- Evaluating the effectiveness of the board and delivery of performance against strategic objectives and the approved business plan;
- Working with officers, elected members, commissioners and the DfE to review the effectiveness of the vehicle to deliver the outcomes required and whether more viable alternative models might offer a more effective means of delivering on priorities;
- Reviewing risk and how this is monitoring and reported on.

3.11 In the last year there has been an increased level of reporting and involvement of elected members. This has included cabinet reports on approval of the business plan, in-year funding requests, annual report and governance review, the completion of a scrutiny task and finish group on workforce strategy and quarterly reporting to Audit and Corporate Governance Committee in relation to reviewing progress against the recommended actions in the SCF Governance Review. In addition the Cabinet Committee will now have responsibility for reviewing company governance and reports will be taken to this committee on business planning progress and financial management.

## **4. Implications of the Recommendation**

### **4.1 *Financial implications***

The agreed contract sum for SCF in 2022/23 was £31.435m. Two in-year requests for increased funding have been submitted, with the second one considered by Cabinet in December 2022. The contract sum for 2023/24 was agreed by Cabinet in February 2023 and is significantly higher than in 2022/23 to reflect increases pressures, including inflation. The agreed contract sum for 2023/24 is £36.067m, an increase of £4.632m on 2022/23 base budget. SCF was given a working capital loan and it has used this to fund deficits that have arisen in 2021/22 and 2022/23. The loan is repayable at the end of the contract term and SCF and the Council will need to agree further funding of SCF taking this into account.

## 4.2 *Legal implications*

4.2.1 The Secretary of State for Education has powers to issue a direction in relation to specified social services functions relating to children under s.497A of the Education Act 1996. Various directions have been issued in relation to statutory functions in Slough since 2014. The sixth statutory direction was issued in April 2021. This requires that the Council secures that prescribed children's services functions are performed by SCF and the Council jointly and other prescribed children's services functions are performed by SCF on behalf of the Council. The Council was also directed to enter into a new service agreement to implement the discharge of these functions and continue to comply with any instructions of the Secretary of State, his representatives and the Children's Services Commissioner in relation to

- i. ensuring that the Council's children's social care functions are performed to the required standard;
- ii. the terms of the Service Agreement that require the Secretary of State's consent or approval;
- iii. the operation of the Direction.

4.2.2 The intention behind SCF becoming wholly owned by the Council was to clarify the roles and responsibilities of the Council and the DfE, on the basis this will give the Council greater control over the strategic direction of the Company, whilst ensuring operational independence for day to day functions. The reserved matters set out in the Articles allow the Council to make certain high level decisions, however these matters are also subject to consultation and consent rights of the Secretary of State for Education, as set out in a separate Governance Side Agreement.

4.2.3 The governance review was undertaken using the Local Partnerships guidance on local authority companies. This recommends that key documents are reviewed as follows:

- (a) Articles of Association – these were re-written and adopted in April 2021 and are being reviewed at present;
- (b) Financial agreements – the service delivery contract and support services contract have been reviewed as have existing contractual arrangements;
- (c) 12 months of minutes for board meetings and any shareholder groups and engagement between shareholder groups and board members – some minutes for meetings have been provided, although more have been requested. There is a formal corporate oversight group of SBC officers and meetings have an agenda and written notes. Improvements are to be made to the meetings between the member representative and board members.
- (d) Key executive and scrutiny reports – since the review improvements have been made in the role of cabinet, audit and scrutiny in governing SCF.
- (e) SCF business plan and other key documents which document performance – the detail is covered in the appendix and this is a key area of improvement.
- (f) Governance and structure charts and descriptions of key roles – work is underway to review and improve the board structure and update terms of reference for board committees.

(g) Terms of reference for the member role, the board and the audited accounts. The member role is set out above, however as part of wider company governance further guidance will be produced on this. The role of the board and reserved matters are clearly set out in the articles.

(h) Risk logs – further information is set out in Appendix 1 and whilst there are improvements, further work is required.

(i) Policies and procedures to manage conflicts of interest – these exist for council officers and the joint SCF chief executive and Executive Director of People. Further information is required from SCF on management of conflicts of interest.

(j) Training plans for board members – further information is required on this.

#### 4.3 *Risk management implications*

4.3.1 The risks of failure of a company delivering statutory children's services are high and must be carefully managed. If appropriate funding is not provided, SCF will not be able to deliver effective services and this will put children and families at risk of harm. Good governance is intrinsically linked to high performance and it is important to ensure that this is given an appropriate focus both within SCF and by the Council. This also linked with compliance with the Council's best value duty as set out above.

#### 4.4 *Environmental implications*

4.4.1 None

#### 4.5 *Equality implications*

4.5.1 SCF provides social care services to protect some of Slough's most vulnerable children and to support families from a diverse background. If SCF fails to adequately deliver its services this will impact on children and working age adults with children to a greater extent than the wider population. In addition, it will negatively impact on children and parents with disabilities who are more likely to need the support of SCF. Certain ethnic groups and gender are disproportionately represented within the community supported by SCF and will therefore be disproportionately impacted by any change in the delivery of services.

### **5. Background Papers**

None.

Slough Children First Governance review – Progress update up to February 2023

APPENDIX 1

| Aim   | 09/2022<br>RAG<br>rating | 11/2022<br>RAG<br>rating | 02/2023<br>RAG<br>rating | Actions recommended   | Update as at February 2023  | Lead person  |
|---|--------------------------|--------------------------|--------------------------|---|---|--|
| C1 There should be evidence that the council and senior management recognise the importance of establishing appropriate and proportionate governance arrangements for the oversight of entities | Amber                    | Green                    | Green<br><br>=           | <p>Clarify role of scrutiny committees/panels.</p> <p>Clarity over role of Audit &amp; Corporate Governance Committee</p> <p>Clarify extent to which SCF is subject to internal controls of the Council ie. expenditure control panel.</p> <p>Review of the Articles of Association to consider whether to recommend changes to the number of Council nominated NEDs and independent NEDs and the quorum rules.</p> | <p>Scrutiny task and finish group made recommendations to Cabinet, SCF Board of Directors and to SBC Chief Executive for wider partnership arrangements. Work commended by DLUHC commissioners.</p> <p>Audit &amp; Corporate Governance Committee receiving reports quarterly.</p> <p>SCF not subject to internal Council processes – contractual provisions used.</p> <p>Review undertaken and draft changes to articles agreed by SCF board and DfE. DLUHC Lead Commissioner requested that changes are delayed pending further discussions. This will be reviewed as part of progress on “getting to good” arrangements.</p> | <p>Monitoring Officer / Scrutiny Officer<br/>Principal Lawyer</p> <p>s.151</p> <p>Principal Lawyer</p> |
| C2 There should be evidence of a culture of challenge and clarity relating to the purpose, efficiency, effectiveness,   | Amber                    | Green                    | Amber<br><br>↓           | <p>SCF need to ensure that whoever is undertaking company secretariat functions is ensuring that the board of directors fully understand the contractual mechanisms and the requirements for contract sum re-negotiation and business plan submissions.</p>   | <p>Submission of in-year change requests provides assurance of increased understanding of contractual mechanism at board level.</p> <p>The business plan was submitted in draft with a request for significant increase in the Contract Sum, which did not properly take account of the Council’s financial situation. The board review of the draft appeared to be late in the process.</p>  | <p>SCF Director of Finance</p>   |

|  |  |  |  |  |   |   |
|--|--|--|--|--|---|---|
| <p>specific objectives, and freedoms of the entity</p> |  |  |  | <p>Clarify role of scrutiny committees/ panels.</p> <p>Clarity over role of Audit &amp; Corporate Governance Committee</p> <p>SBC to review business plan to ensure it aligns with its own corporate plan and priorities.</p> <p>The induction programme for new directors to include training/briefing on contractual requirements.</p> <p>Annual timetable of deadlines for submission of documents to the Council for approval to be provided by SCF to the Council.</p> <p>Report on governance review to be taken to Cabinet in October 2022, alongside a review of financial sustainability of SCF as commissioned by the DfE.</p> <p>The annual business plan to be provided to the Council by 30 September each year to allow it to be taken through scrutiny and cabinet prior to approval of the contract sum as part of the Council's budget setting.</p> | <p>Scrutiny task and finish group has now reported on review of business plan.</p> <p>Committee to monitor progress against governance action plan.</p> <p>More work is needed on this area and SBC in process or reviewing and renewing its Corporate Plan in 2023.</p> <p>Changes made and regular meetings with independent NEDs to review continued improvements.</p> <p>Systems are not yet in place to ensure that documents are submitted in accordance with contractual and governance timescales.</p> <p>Ongoing progress and regular meetings with Chairman of Board and independent NED leading on governance. Attendance by Principal Lawyer at RNAC. Planned attendance by Principal Lawyer and SBC Chief Executive at board meetings to review reports and debate.</p> <p>For the second year, the draft business plan has not been submitted to this deadline. The delay was partly attributable to the Mutual Ventures review. The new SCF CE commenced in role in January 2023 and will take a lead on ensuring there is a good quality business plan which contains short, medium and longer term plans on improvements required. This will</p> | <p>Monitoring Officer / Scrutiny Officer</p> <p>SBC Chief Executive</p> <p>SCF Chair/SCF CE</p> <p>SCF Chair/SCF CE</p> <p>SBC Principal Lawyer</p> <p>SCF CE</p> |
|--|--|--|--|--|---|---|



|   |       |       |            |  |   |   |
|---|-------|-------|------------|--|---|---|
|   |       |       |            |  | be informed by the feedback from the Ofsted inspection, People Scrutiny Panel task and finish group recommendations and the Council's new corporate plan.   |   |
| C3 There should be a clearly designated council shareholder role or function which is both understood and recognised by the council and the entity (and documented in Terms of reference) | Green | Green | Green<br>= | <p><b>September 2022 update</b><br/>A formal review of the KPIs and other performance indicators to be undertaken.</p> <p>Engagement with DfE on an options appraisal to consider delivery models for children's services in Slough.</p> <p>Contract liaison group to continue and to report to contractual and other forums as appropriate.</p> | <p>KPIs in process of review and to be discussed with new SCF CE. To be reviewed with new DfE commissioner as part of review of Getting to Good Board.</p> <p>Round table meeting took place on 16 November 2022. Cabinet authority to progress discussions given to officers in October 2022. Regular meetings with new DfE commissioner and DLUHC commissioners.</p> <p>Complete.<br/>CLT report 9 November 2022 outlining risks and options. Principal Lawyer, s.151 officer and SBC CE meet regularly to review governance risks.</p> | <p>SBC Contract Manager/ SCF CE</p> <p>s.151 officer/SBC CE</p> <p>SBC Contract Manager/ Principal Lawyer</p> |
| C4 There should be clarity regarding the role of shareholder, with reserved matters clearly documented and updated as required, reflecting any changes made as the                        | Green | Green | Green<br>= | <p><b>September 2022</b><br/>A review of the articles of association be undertaken particularly in relation to number of independent NEDs and council nominated NEDs and quorum rules.</p>   | <p>Review undertaken and draft changed agreed by SCF RNAC and DfE. Lead DLUHC Commissioner requested delay to agreeing changes to take account of further discussions.</p> <p>Reserved matters are set out clearly in Articles and shareholder representative function established.</p>   | <p>SBC Principal Lawyer/ SBC Chair</p>  |

|  |       |       |            |   |   |   |
|--|-------|-------|------------|---|---|---|
| entity has developed, in a shareholder's agreement (or as set out in the company's governing articles of association)                                      |       |       |            |   |   |   |
| C5 There should be evidence that the individual undertaking the shareholder role is provided with suitable training and support commensurate with the role | Green | Green | Green<br>= | <b>September 2022 update</b><br>The Principal Lawyer to continue acting as equivalent of "shareholder rep" under delegation from chief executive.   | Delegation formalised by new CE via governance group meeting.<br><br>New regular meetings between Principal Lawyer, s.151 officer and SBC CE.<br><br>Regular reporting to cabinet and Audit and Corporate Governance Committee.<br><br>ToR of Cabinet Committee amended to include company governance matters.  | Principal Lawyer/<br>SBC Chief Executive            |
| C6 There should be evidence of formal periodic shareholder/ Chair/CEO meetings with effective supporting papers to   | Green | Green | Green<br>= | Regular strategic contract meetings should be arranged, with the Council having internal agenda planning meetings in advance. These should be chaired by the Council's chief executive.<br><br>The role of the TSG should be reviewed to avoid duplication between this and the contract management meetings. | Strategic commissioner group meetings happening regularly, agenda'd and minuted. Delay due to arrival of new SCF CE and Ofsted inspection meant that draft business plan was reviewed and discussed outside of strategic commissioning group meeting. Principal Lawyer invited to board meeting, where decision taken not to approve business plan for submission to SBC.<br><br>New Getting to Good board under leadership of new DfE commissioner. Meetings between DfE | SBC Chief Executive<br><br>DfE commissioners/ DCS / |

|  |       |       |            |  |   |  |
|--|-------|-------|------------|--|---|--|
| inform subsequent company board meetings   |       |       |            | <p><b>September 2022</b><br/>The SBC Chief Executive to continue to chair the strategic commissioning group, with the Principal Lawyer in attendance, as well as other appropriate officers. The elected members should not be invited to these meetings, as this should be an officer forum, but appropriate briefings should be provided and formal updates taken to cabinet as appropriate and as part of the annual business plan approval process.</p>  | <p>commissioner and SBC officers to reduce duplication and overlap.</p> <p>Elected members no longer invited to strategic commissioning group meetings, but cabinet authority sought where required, cabinet committee terms of reference expanded and lead members briefed appropriately.</p> <p>Contract management arrangements to be reviewed to reflect the significant time commitment required to contract manage the SCF contract.</p>  | <p>SBC Chief Executive</p> <p>SCB Contract Manager</p>                                     |
| C7 There should be documented evidence of transparent member and officer scrutiny, oversight, and approval of business plans | Amber | Amber | Green<br>↑ | <p>SCF to provide copies of board minutes to demonstrate that the board of directors appropriately challenged the business plan, to understand how plans were submitted that were later identified as undeliverable.</p> <p><b>September 2022</b><br/>If the lead member for children’s services is to attend board meetings as a participating observer, a protocol should be draw up to SCF setting out conditions, including confidentiality requirements.</p> <p>Whilst there is some evidence of good challenge by the board on the business plan and the NEDs in particular appear to be</p> | <p>Principal Lawyer attended board meeting in February 2023 – viewed debate on business plan and board directors challenging both the detail and the wider strategy. Board took difficult decision not to approve business plan for submission to Council, due to need to review it in light of Ofsted feedback, new SCF CE and Director of Operations and desire to align with Council’s Corporate Plan. This demonstrates a maturity in the board being able to constructively challenge executive leadership team and “own” the strategic direction of SCF.</p> <p>Meeting and correspondence on options – SCF board needs to consider role of a participating observer. There is still no clarity on how conflicts of interest are managed or what duties of confidentiality is owed. Board to consider whether individuals should be invited on a subject specific basis, as opposed to having standing “participating observers”.</p> | <p>SCF Director of Finance</p> <p>SCF Chair</p> <p>SCF Chair, in consultation with DfE</p> |

|   |       |       |            |   |   |                                   |
|---|-------|-------|------------|---|---|-----------------------------------|
|   |       |       |            | <p>growing in confidence in their ability to challenge assumptions and risks, there is still limited evidence of proper scrutiny of financial management, deliverability of projects and management of risks, including around workforce, projects and demand pressures.</p> <p>Consideration to be given to what support could be provided to the board from an independent Director of Children's Services from another local authority or from external organisations such as the LGA or Institute of Directors. This should include how to scrutinise financial management and risks and hold executive officers to account for a statutory, demand led service and how to review and challenge performance data.</p> | <p>Audit and Corporate Governance Committee observed by Principal Lawyer and evidence of comprehensive reports, including on financial governance and financial policies.</p> <p>Steps taken to appoint an additional NED, offer made to recruit individual as council officer and for him to be council director.</p>                                  | Commissioner.                     |
| C8 There should be evidence of a clear set of KPIs that fall out of the business planning process | Amber | Amber | Amber<br>= | <p><b>September 2022 update</b></p> <p>SCF to review KPIs and other performance indicators as set out in service delivery contract.</p>   | <p>Recommendations from People Scrutiny Task and Finish Group and outcome of Ofsted inspection should be considered in review. Discussion with NED chairing committee leading on quality of practice.</p> <p>The new SCF CE and Director of Operations will formally review contractual KPIs and will make recommendations on any changes required.</p> | SCF CE/<br>Director of Operations |
| C9 There should be evidence that  | Red   | Red   | Amber<br>↑ | <p><b>September 2022 update</b></p> <p>The RNAC to be responsible for reviewing effectiveness of the</p>  | <p>SCF Chair completed appraisal of former SCF CE on 6 December 2022 with priority areas around effective</p>   | SCF chairman                      |

|  |            |              |                |  |   |  |
|--|------------|--------------|----------------|--|---|--|
| <p>senior company staff are performance managed against KPIs</p>   |            |              |                | <p>board and sub committees and to provide assurance evidence to SBC.</p>  | <p>leadership, representation, engagement, improvement delivery, and promotion of Slough children’s needs and interests. Board views taken into account. Verbal feedback provided to RNAC on 12 January 2023. SCF Chair will be setting 2023/24 objectives for new SCF CE by 31 March 2023.</p> <p>Former SCF CE undertook appraisals of two of three direct reports in week commencing 19 December 2022. Views of board taken into account and verbal update to RNAC.</p> <p>In future the views of the Council need to be taken into account in objective setting and appraisals of senior executives in SCF.</p> | <p>and chair of RNAC.</p>  |
| <p>C10 There should be evidence of ongoing assessment of value-for-money and quality offered by the entity through an adequately resourced monitoring function</p> | <p>Red</p> | <p>Amber</p> | <p>Amber =</p> | <p><b>September 2022 update</b><br/>SBC to request sight of external reports and internal assessments of value for money and quality on a minimum of an annual basis, to be incorporated into the Annual Report submitted by SCF. The outcome of these should be included in reports to elected members.</p> <p>SCF to ensure it utilises the in-year change mechanism to deal with demand pressures and invest to save pressures and the information provided is in accordance with the contractual requirements and backed up by independent evidence where available.</p> | <p>Mutual Ventures report reviewed and roundtable meeting with DfE, DLUHC commissioners, SCF and SBC.<br/>Mutual Ventures report provided to People Scrutiny task and finish group and published as part of formal report.</p> <p>In-year mechanism used twice in 2022/23 with continued work on improvements to evidence base.</p>   | <p>SBC Principal Lawyer/<br/>SBC Contracts Manager</p> <p>SCF Chair/SCF CE</p> |

|   |              |              |                    |   |  |   |
|---|--------------|--------------|--------------------|---|--|---|
|   |              |              |                    | <p>SCF to consider which of its committees should be responsible for assessing and monitoring value for money and performance and to provide minutes of meetings to SBC upon request, as well as provide the opportunity for Council officers to attend on at least an annual basis. If a finance committee is required, this should not be delayed pending a further council nominated director being appointed. The independent NEDs should have the capability to chair such a committee.</p>                                    | <p>Audit and Corporate Governance Committee set up and met on 15 February 2023 and has ToR based on Financial Reporting Council best practice. New council NED appointed. Committee structure to be reviewed taking account of new executive leadership team and feedback from Ofsted. Value for money and performance need to feature through all board committees.</p> <p>The SCF board took a decision not to agree the draft business plan, which requested a significant increase requested in the Contract Sum for 2023/24 (in excess of what was recommended by MV). This demonstrated a maturity in the Board's ability to hold the executive leadership team to account and to take account of the need to review the Ofsted findings and take account of the views of the new SCF CE and Director of Operations.</p> | <p>SCF Director of Finance/ SCF Chair</p>   |
| <p>People Panel<br/>COP There should be ongoing assessment of risks relating to the entity, supported by processes to ensure that risks are managed as part of the council's overall risk management approach, with appropriate</p> | <p>Amber</p> | <p>Amber</p> | <p>Amber<br/>=</p> | <p><b>September 2022</b><br/>Consideration to be given to scrutiny's role in scrutinising the performance of SCF and other Council companies as part of the wider scrutiny review.</p> <p>There should be a formal review of KPIs and agenda'd discussions on risk at contract monitoring group meetings, reported up to strategic commissioning group where appropriate. This should be in addition to risks being included in the Council's corporate risk register and reported to Audit and Corporate Governance Committee.</p> | <p>People Scrutiny task and finish group reported to People Scrutiny Panel with recommendations to Cabinet, SCF Board and wider partnership.</p> <p>Corporate risk register reviewed by SBC CLT in relation to risks to children, young people and families and monitored by Audit and Corporate Government Committee.</p> <p>Risks to be reviewed in response to Ofsted inspection.</p>   | <p>Monitoring Officer / Scrutiny Officer</p> <p>SBC Contract Manager/S CF Operations Director/ SCF CE</p> |

|  |       |       |            |   |  |   |
|--|-------|-------|------------|---|--|---|
| escalation and reporting   |       |       |            |   |  |   |
| C12 There should be evidence of a consistent approach across the council when it comes to engaging with its entities | Green | Green | Green<br>= | SCF is a company set up under direction of the Secretary of State for Education. It also manages statutory services. There is a rationale for it being managed differently to the Council's other entities. It is also of a size that it has a separate process for finalising and auditing its accounts.   | No update required.  |   |
| C13 The council should have clear and unfettered access to audited accounts for its entities                         | Green | Green | Green<br>= | <p>The Council should ensure that its internal auditors programme in audits relating to the functions of SCF, as well as the governance of the company.</p> <p><b>4 August 2022 update</b><br/>Internal audit do include SCF in its audit plan. More focus needs to be given to agreeing the annual audit plan to ensure it is properly addressing risks.</p> | <p>An independent NED is leading on a review of the audit function within SCF. This will include clarity on internal audits undertaken on behalf of the Council to test its own governance processes and internal audits undertaken on behalf of SCF board as part of its internal controls.</p> <p>No further progress update. Opportunity to progress this with proposed new in-house internal audit team.</p> | <p>SBC s.151 officer</p> <p>SBC s.151 officer</p> |
| C14 A business case which assessed the risk involved in establishing the entity and recommended its establishment    | Red   | Amber | Amber<br>= | <p>The Council should consider whether it wishes to commission an options appraisal for the future operating model, however whilst the services are under statutory intervention, this should be commissioned with the agreement of the DfE and the appointed commissioner.</p> <p><b>September 2022 update</b></p>   | Mutual Ventures report includes a section on alternative delivery models. Roundtable meeting with DfE, DLUHC commissioners, SBC and SCF to discuss options.  | SBC Chief Executive                               |

|   |       |       |         |  |   |                      |
|---|-------|-------|---------|--|---|----------------------|
| , taking account of other potential delivery models, should be available to review  |       |       |         | Council officers to engage with DfE officials and the DfE commissioner on commissioning an options appraisal to consider alternative delivery models.  | No further progress update. This will be a focus of new SCF CE and DfE Commissioner in discussion with DLUHC Commissioners.   | SBC Chief Executive  |
| C15 Objectives of the entity should be clearly defined and documented, and regularly reviewed to ensure that its operation continues to support council policy and strategy, including periodically reviewing the business case to ensure it is still valid | Amber | Amber | Amber = | <b>September 2022 update</b><br>Future year's business plans should have clear objectives linked to the Articles of Association and service delivery contract as well as to the Council's priorities. These priorities must include value for money, as well as quality of practice. | The draft business plan did not clearly align to either the objects in the Articles, the service delivery contract or the Council's priorities. Some of the recommendations from the task and finish group report and MV review have been taken into account, but significant work is required to ensure SCF's operation supports council policy and strategy. SCF Board took difficult decision not to approve draft and to request a delay in submission of business plan to take account of Ofsted findings and views of new executive leadership team.<br><br>The SCF CE has ownership for the new business plan, which needs to be submitted early in the next financial year and before any requests for in-year funding. | SCF CE/SCF Chair     |
| C16 Agreements should be documented between the council and   | Green | Green | Green = | Ensure that relevant individuals understand the contractual and governance mechanisms and that these are adhered to and non-compliance is reported.  | In-year contract mechanisms being used, regular contract meetings, including strategic commissioning group meetings.  | SBC Contract Manager |



|   |              |              |                    |  |  |  |
|---|--------------|--------------|--------------------|--|--|--|
| <p>the entity for any support or services provided by either party to the other party</p>   |              |              |                    | <p><b>4 August 2022</b><br/>Meeting held between SBC and SCF re. Governance and contract matters. Simplifying contract meetings. Strategic commissioning group meetings need to be properly agenda'ed and prioritised by senior leaders in both organisations.</p> | <p>Further changes to contract arrangements and specifically KPIs awaiting views of new SCF CE and outcome of Ofsted inspection. This will allow one deed of variation to cover a number of proposed changes.</p>  | <p>SBC Contract Manager</p>  |
| <p>C17 All agreements should be clear, up-to-date, and regularly monitored and reviewed, with any changes to agreements documented so that a clear audit trail exists</p> | <p>Green</p> | <p>Green</p> | <p>Green<br/>=</p> | <p>New agreements were put in place in 2021.</p>   | <p>Any required deed of variation will be put in place once arrangements have been fully reviewed and changes agreed.</p>  | <p>SBC Contract Manager</p>  |
| <p>C18 There should be evidence that a culture exists whereby actual or potential conflicts of interests are identified, declared, and</p>                                | <p>Amber</p> | <p>Amber</p> | <p>Amber<br/>=</p> | <p>Evidence of induction and training for directors and senior managers in SCF to be provided.</p> <p><b>September 2022 update</b><br/>Training to be provided by SCF on conflicts of interest on a company wide basis.</p>  | <p>No training or induction programme submitted. The board are planning a development day and RNAC is leading on development support of the board.</p> <p>The Principal Lawyer attended a board meeting. It was not clear out conflicts of interest were being managed, including with the Lead Member for Children's Services attending as a participating observer. A meeting has taken place between Principal Lawyer, SCF Chair and NED leading on governance to address this. Declarations of interest is an item on agendas.</p> | <p>SCF Chief Executive / Chairman</p> <p>SCF Chief Executive / Chair</p> |

|   |       |       |            |   |   |   |
|---|-------|-------|------------|---|---|---|
| acted upon, including evidence of appropriate training across the organisation  |       |       |            |   | A&CG Committee has agreed to a central register for declarations of interests to be reviewed at the next meeting. Declarations of interest are a standing item on each committee/board agenda.  |   |
| C19 The council should have clear and up-to-date policies and processes to consistently manage actual conflicts or potential conflicts of interest, including a clear process for investigations and procedures for appropriate disciplinary actions in the event of breaches | Green | Green | Green<br>= | <b>September 2022 update</b><br>The Council will deliver training / support on management of conflicts of interest for its officers or elected members who are to be nominated or appointed to an outside body. | Code of Conduct for Employees covers management of conflicts of interest.<br>Guidance given to new council nominated NED and Principal Lawyer offered to provide advice and support if required. No elected member appointed to board.<br><br>SCF CE not invited to CLT meeting to discuss current risks around SCF governance. Clear separation of functions, with reports being presented to Cabinet not authored by SCF officers or joint officer.<br><br>Conflict of interest protocol appended to secondment agreement for SCF CE and provided to post holder. | SBC<br>Monitoring Officer /<br>Principal Lawyer |
| C20 The roles, responsibilities and   | Green | Green | Green<br>= | No action required.   | Cabinet Committee terms of reference amended to include company governance, although Audit and Corporate Governance Committee will continue to be   |   |

|  |              |              |                    |   |   |   |
|--|--------------|--------------|--------------------|---|---|---|
| <p>reporting lines of officers and members who are involved in council oversight of the entities, the provision of services between the entities or the running of the entities should be clearly defined and documented</p> |              |              |                    |   | <p>responsible for monitoring progress against the SCF governance review.</p>   |   |
| <p>C21 There should be evidence that appointments to the board are subject to a documented formal, rigorous, and transparent procedure based on merit and published objective criteria which</p>                             | <p>Amber</p> | <p>Amber</p> | <p>Green<br/>↑</p> | <p>Declarations of interest to be provided by SCF to the Council as evidence of compliance</p> <p>A review of the board to be undertaken to identify which council officers or members should be nominated to the board and options for appointing an officer to a specific role to undertake council director duties.</p> <p>Evidence to be submitted by SCF of the annual evaluation process of the board and individual directors.</p> | <p>Declarations of interest registers not provided, although declarations of interest is an agenda item at board and committee meetings.</p> <p>Articles reviewed and suggested amendments made regarding board composition. Adoption has been delayed at request of DLUHC lead commissioner. An individual has been identified who appears to have expertise in a similar role. An offer has been made to appoint as council officer and to be appointed as council director.</p> <p>The SCF chair completed appraisals and 2023 objective setting for the three independent NEDs and the council nominated NED in mid January 2023. The appraisal aspect involved a review of the previous year and future challenges, board operation and improvement opportunities, what went well and less</p> | <p>SCF Director of Finance</p> <p>Principal Lawyer/SBC Chief Executive</p> <p>SCF Chair / DfE</p> |

|  |       |       |         |  |   |  |
|--|-------|-------|---------|--|---|--|
| also promote diversity   |       |       |         | <p><b>September 2022 update</b><br/> Further information is required to provide assurance there is an effective system of evaluation and performance management of the whole board and individual executive directors. It is concerning that no evidence has been provided of performance management of executive directors and the chief executive and the information provided by SCF suggests an annual appraisal will be completed at the end of the first year, when the post holder is an interim and only intended to be in post for 12 months.</p> | <p>well re personal contribution and learning, and mutual feedback for improved performance. The chair will be building key themes from those appraisals into the board awayday for which a date is to be agreed by the end of the financial year.</p> <p>SCF Chairman has been set new objectives.</p> <p>Next steps is to ensure that the Council's views are an explicit part of appraisal and objective setting process for Chair, NEDs and executive directors. The SCF Chair and RNAC are committed to working with the Council to agree these processes for 2023/24.</p> | SCF Chairman   |
| E1 The entity's articles of association should be clear, up-to-date, and reflective of how the entity is run | Green | Green | Green = | No action required.  | The Articles have been reviewed and minor changes are being considered by SCF board. These have not yet been adopted due to request for delay by DLUHC Lead Commissioner.   | SBC Principal Lawyer   |
| E2 There should be evidence of an up-to-date business plan that is reflective of the current circumstance    | Red   | Red   | Red =   | <p>Business plan to be updated and approved by the Council.</p> <p>In future years, annual business plans must be submitted within the deadlines set out in the SDC and must have been subject to appropriate scrutiny by the board.</p>   | <p>The Board took difficult decision not to approve draft business plan. Whilst this was an understandable decision and supported by Principal Lawyer, with clear rationale given to Cabinet for reasons for delay, it does mean that the Council is reliant on an interim plan from 2022/23.</p> <p>Work with new DfE commissioner and new SCF CE on a different leadership model focused on managing</p>  | <p>SCF Chief Executive / SBC Chief Executive</p> <p>SCF CE / Chair</p> |

|   |       |       |                |  |  |   |
|---|-------|-------|----------------|--|--|---|
| s and environment in which the entity operates  |       |       |                |  | caseloads within existing resource, programme management support to ensure delivery of invest to save proposals and ensuring good governance and financial management.   |   |
| E3 There should be evidence that the board meets regularly to consider, review and record discussions and conclusions<br><br>Page 123 | Amber | Amber | Amber<br><br>= | <p>Samples of minutes and dates of meetings to be provided to the Council for assurance.</p> <p><b>September 2022 update</b><br/>Whilst dates of meetings have been given, no documentary evidence has been supplied of agendas or extracts of minutes to demonstrate the quality of the discussion and conclusions. Further evidence is required to provide assurance on this.</p> <p>The Principal Lawyer to attend meeting on 22 September 2022 to discuss governance review and levels of assurance required moving forward. This is likely to include attendance by Council officers as observers on an annual basis.</p> | <p>Principal Lawyer attended board meeting at observer in February 2023. Board had agenda and reports and there was evidence of good debate and discussion. The minutes from previous meeting misrepresented Council's position on involving SCF senior staff in scrutiny report, which may indicate need for board to ask Council for its position as opposed to relying on verbal update from SCF staff.</p> <p>Principal Lawyer will attend board meeting on quarterly basis and committee meetings as required. Monthly meetings being set up between Principal Lawyer and independent NED leading on governance and there is regular correspondence between the SCF Chair and Principal Lawyer. The SBC CE has requested to attend a board meeting.</p> | <p>SCF Director of Finance / SCF CE / Chairman</p> <p>SCF CE / Chairman</p> <p>SBC Principal Lawyer</p> |
| E4 There should be evidence of delivery of strategies and plans, including scrutinising key operational                               | Amber | Amber | Amber<br><br>= | <p>Evidence of board challenge to be provided to the Council.</p> <p>Internal scheme of delegation to be provided to the Council.</p> <p><b>September 2022 update</b><br/>Remove Councillor Hulme from list of members of committees and if the lead member is to</p>  | <p>Principal Lawyer attended board meeting at observer in February 2023. Board had agenda and reports and there was evidence of good debate and discussion. The minutes from previous meeting misrepresented Council's position on involving SCF senior staff in scrutiny report, which may indicate need for board to ask Council for its position as opposed to relying on verbal update from SCF staff.</p>   | <p>SCF Director of Finance / Chairman</p> <p>SCF Chief Executive</p>                                    |

|  |              |              |                |   |   |   |
|--|--------------|--------------|----------------|---|---|---|
| <p>and finance performance information</p>                               |              |              |                | <p>attend board meetings, draft a protocol setting out her role and management of any issues such as access to confidential information.</p> <p>Review the articles of association to consider whether the split of independent NEDs and council nominated NEDs is appropriate, given the lack of membership of a finance committee and need for at least one independent NED to chair more than one committee.</p> <p>Review best practice to consider whether 5 committees of the board are required and whether quality of practice and finance and business could be merged into an operational practice committee, to avoid financial performance and quality of practice being considered in isolation.</p> | <p>No progress on internal scheme of delegation, although an example of SBC internal scheme has been sent through. A new draft of financial regulations has been prepared and will be reviewed by A&amp;CG Committee in advance of approval at board level.</p> <p>Discussion on clarifying role of participating observer, but potential conflicts of interest need to be managed better by use of protocol. The board need to consider the purpose of having a participating observer attend board meetings.</p> <p>Articles reviewed and amendments made for review by SCF. DfE consulted on proposed changes and Principal Lawyer attended RNAC to explain proposed changes. DLUHC Lead Commissioner requested that changes are not progressed at this stage.</p> <p>To be considered further once Ofsted feedback known and with arrival of new council NED.</p> | <p>SBC Principal Lawyer</p> <p>SCF Chair</p>                        |
| <p>E5 There should be evidence of the desired culture and behaviours</p> | <p>Amber</p> | <p>Amber</p> | <p>Amber =</p> | <p>Evidence to be provided by SCF.</p> <p><b>September 2022 update</b><br/>The SCF Board to consider its current set of values and behaviour as part of its annual review and put in place any required actions in response.</p>  | <p>The arrival of a new SCF CE and Director of Operations provides an opportunity for change. Early signs are positive and the board meeting and committee meeting in February demonstrates a greater level of constructive challenge from board members. The council director is adding value in terms of his knowledge of Slough and particularly the demographics of the town and history of the services. The SCF CE is arranging a board development day</p>   | <p>SCF Chairman / SCF Chief Executive</p> <p>SCF Chair / SCF CE</p> |

|   |       |       |         |  |  |   |
|---|-------|-------|---------|--|--|---|
|   |       |       |         | <p>In accordance with good governance instituted recommendations, SCF will undertake a survey of key stakeholders on this.</p> <p>Working with the Council, SCF Chairman to review the make up of the board in relation to number of independent NEDs and council nominated NEDs to ensure appropriate skills, experience and knowledge.</p>   | <p>and it is hoped that the new council director will be able to attend.</p>   |   |
| <p>E6 The company structures should be regularly scrutinised in order to ensure they remain fit for purpose</p> | Amber | Amber | Amber = | <p>SCF to include its organisational structure in its annual business plan</p> <p>Consideration given to financial benchmarking data to be included in reporting</p> <p><b>September 2022 update</b><br/>The organisational structure is included in the latest version of the business plan. The senior leadership team structure and management teams beneath to be reviewed in light of the Mutual Ventures report.</p> | <p>This will be a focus for the new SCF CE and there are opportunities for sharing support services which may deliver further efficiencies.</p>  | <p>SCF Chief Executive</p> <p>SCF Chief Executive</p> |
| <p>E7 There should be evidence that the board has clear policies and procedures for its</p>                     | Amber | Amber | Amber = | <p>SCF to provide details of its codes of conduct for staff, terms of appointment for independent NEDs, declaration and registers of interests and policies for managing conflicts of interests in general.</p>  | <p>The SCF board has committed to putting in place terms of appointment for any NED who does not have one in place and ensuring there is a conflict of interest policy and arranging for recording conflicts and interests. This is being led by RNAC.</p> | <p>SCF Chief Executive</p>                            |

|   |              |              |                |   |  |  |
|---|--------------|--------------|----------------|---|--|--|
| <p>members to ensure that actual or potential conflicts of interests are identified, declared, and acted upon</p>                                     |              |              |                | <p><b>September 2022 update</b><br/>Written assurance given, but no documentary evidence. SCF to supply a copy of the terms of appointment for independent NEDs, its code of conduct for staff which applied to executive directors and an extract of minutes to demonstrate the effectiveness of its current systems.</p>  |  | <p>SCF Chairman / SCF CE</p>                     |
| <p>E8 There should be evidence that directors have sufficient skills and experience to run the entity</p>   | <p>Amber</p> | <p>Amber</p> | <p>Amber =</p> | <p>Evidence of induction and training to be supplied</p> <p>Evidence of process for evaluating effectiveness of board to be supplied</p> <p><b>September 2022 update</b><br/>SCF to undertake a review of the Board effectiveness and to evaluate the effectiveness of individual directors, including executive directors.</p>                                       | <p>Individual performance evaluation meetings have taken place for board members. RNAC is considering independent support for a skills audit of the board. A new council director has been appointed who has experience as a NED for a children’s company.</p> | <p>SCF Chairman</p> <p>SCF Chairman</p>          |
| <p>E9 There should be evidence that directors’ behaviours are aligned with the requirements of the Companies Act 2006 and the Nolan Principles as</p> | <p>Amber</p> | <p>Amber</p> | <p>Amber =</p> | <p>Evidence to be supplied</p> <p><b>September 2022 update</b><br/>No documentary evidence supplied, although the Council was involved in recruitment processes for the SCF Chair, independent NEDs and council nominated NEDs. Further information required in relation to the two remaining executive directors. Evidence could include reference to objectives</p> | <p>Details of appraisal meetings by former SCF CE have been supplied. Board evaluation will be a focus on RNAC and the planned development day.</p>  | <p>SCF Chairman</p> <p>SCF Chairman / SCF CE</p> |



|  |              |              |                    |  |  |  |
|--|--------------|--------------|--------------------|--|--|--|
| <p>well as Cabinet Office's Code of Conduct for Board Members of Public Bodies</p>   |              |              |                    | <p>in an appraisal, training undertaken, extracts of board minutes demonstrating behaviours as examples.</p>   |  |  |
| <p>E10 The scope of directors' authorities should be documented and clear to all parties</p> <p>Page 127</p>                             | <p>Red</p>   | <p>Red</p>   | <p>Amber<br/>↑</p> | <p>Internal scheme of delegation to be supplied, including terms of reference for committees</p> <p><b>September 2022 update</b><br/>The ToR of each committee/sub-committee should be reviewed urgently by the board and on an ongoing basis at least every two years. Documentary evidence to be supplied that there is an effective scheme of delegation in place covering all operational functions to include, but not limited to, finance, HR and procurement.</p> | <p>The ToR of each committee have been reviewed and agreed at board level. Financial policies were reviewed at ACG Committee in February. More work is required on internal schemes of delegation to ensure staff at different levels understand their authority to make decisions that are not related to children's casework.</p> <p>The Principal Lawyer has supplied a template for the internal scheme of delegation.</p>                     | <p>SCF Chief Executive</p> <p>SCF Chairman</p> |
| <p>E11 There should be evidence that the board has a diverse membership with the collective skills and attributes needed to lead the</p> | <p>Green</p> | <p>Green</p> | <p>Green<br/>=</p> | <p>Council to review who to nominate as council nominated directors</p>  | <p>Articles reviewed to amend board composition and quorum rules, which will allow more flexibility to bring in external skills. Appointments made in response to detailed skills audit.</p> <p>The Articles have not been amended at request of DLUHC Lead Commissioner.</p> <p>The Council has appointed an individual as an officer who will also act as a council director, which means two of the maximum of three places are now filled.</p> | <p>SBC Chief Executive</p>                     |

|   |       |       |            |   |   |   |
|---|-------|-------|------------|---|---|---|
| entity effectively  |       |       |            |   |   |   |
| E12 There should be evidence that board membership is reviewed regularly for composition and fitness for purpose  | Amber | Amber | Green<br>↑ | Evidence to be supplied of evaluation process   | <p>The SCF Chair was evaluated by the DfE Commissioner with input from independent NEDs. There needs to be more formal process for obtaining views of the Council and other stakeholders.</p> <p>The composition of the board has been reviewed and planned changes to the Articles to reflect best practice, however the Lead Commissioner has requested this be put on hold.</p> <p>A skills audit is to be commissioned by RNAC.</p> | SCF Chairman  |
| E13 There should be evidence that the board understands the organisation's risk profile and the effectiveness of key controls and regularly reviews risks and risk appetite | Red   | Red   | Amber<br>↑ | <p>Risk management procedures to be supplied</p> <p>Sample of minutes to be supplied to demonstrate consideration of risk, in particular financial risk</p> <p><b>September 2022 update</b><br/>Risk management strategy to be formally reviewed and agreed at the board and a copy of strategy and the minutes of discussion to be supplied to the Council.</p> <p>The lead member for children's services to be removed as risk owner and her role in attending board meetings to be clarified and a protocol to be drawn up if the lead member continues to attend board meetings.</p> | <p>The ACGC has responsibility for risk management and at its meeting in February 2023 review the risk register. This will be a standing agenda item.</p> <p>Lead member for children's services removed as risk owner. The board is considering the role of participating observers and whether individuals should be invited on a subject specific basis.</p>   | <p>SCF Chief Executive</p> <p>SCF Chief Executive</p> <p>SCF Chairman / SCF Chief Executive</p> <p>SCF Chairman</p> |

|  |       |       |            |   |   |   |
|--|-------|-------|------------|---|---|---|
|  |       |       |            | SCF to consider commissioning support from SBC or an external provider on reviewing its risk management procedures and delivering training on risk management.  |   |   |
| E14 There should be documented evidence that the board regularly undertakes a skills audit to ensure that it has an appropriate balance of skills and experience           | Green | Green | Green<br>= | <p>Details of last skills audit to be supplied</p> <p><b>September 2022 update</b><br/>A review of the Articles of Association to be carried out to consider whether the board composition, particularly in terms of the number of independent and council nominated directors is appropriate.</p>  | <p>Skills audit supplied and informed council nominated director appointment.</p> <p>Articles reviewed and amendments suggested. These have not been adopted on request from the DLUHC Lead Commissioner.</p> <p>A new council director has been appointed.</p> <p>RNAC is considering commissioning external support for a skills audit.</p> | <p>SCF Chairman</p> <p>SCF Chairman/<br/>SBC<br/>Principal<br/>Lawyer</p> |
| E15 There should be evidence of ongoing professional training provided to ensure that all board members are up-to-date in their understanding and supported in their roles | Amber | Amber | Amber<br>= | <p>Training records to be supplied.</p> <p><b>September 2022 update</b><br/>Whilst a narrative has been given, no evidence of training on company director duties has been given. The lack of a budget is not an acceptable reason as if there are experienced company directors on the board, they could presumably deliver the training to the rest of the board. Training records should be collated and sent to the Council and a board development programme to include training</p> | <p>The board is planning a development day and RNAC is responsible for ensuring board evaluation and a development programme.</p>   | <p>SCF Chief Executive</p> <p>SCF Chairman</p>                            |

|   |       |       |         |  |  |   |
|---|-------|-------|---------|--|--|---|
|   |       |       |         | and briefings on company director duties should be put in place.   |  |   |
| E16 There is evidence that the role of executive directors is clearly defined and documented  | Amber | Amber | Amber = | <p>Role profiles for all executive directors to be supplied</p> <p><b>September 2022 update</b><br/>Role profiles to be supplied for all executive directors and if there is a plan to increase the number of executive directors following the Mutual Ventures report, the role profile should be provided in draft to the Council in advance of recruitment.</p>   | <p>The SCF CE was appointed following a competitive process and has a role profile and the secondment agreement sets out the separation of functions between SBC and SCF roles and a protocol for managing conflicts of interest.</p> <p>SCF has an interim in place as Director of Operations. There is an opportunity to consider the involvement of the Council in the recruitment to the permanent post.</p> | <p>SCF Chief Executive</p> <p>SCF Chief Executive</p> |
| E17 Non-executive directors are in place to bring an independent judgement to bear on issues of subject matter expertise, strategy, performance, resources including key appointments, and standards of conduct | Amber | Amber | Amber = | <p>Further evidence to be supplied by SCF</p> <p><b>September 2022 update</b><br/>Despite good evidence being supplied to demonstrate the value that NEDs are adding, this is reliant on the right information being provided at the right time and that requires a culture and governance arrangements that are receptive to constructive challenge and the need for assurance. This needs to be kept under review over the next 12 months and considered as part of the review of board effectiveness.</p> | <p>Principal Lawyer and SBC CE requested to attend board meetings to review reports and debate. Principal Lawyer attended part of board meeting and part of ACG Committee meeting in February 2023. The reports supplied and debate and constructive challenge was evidenced. This needs to be kept under review and a new business plan supplied before further assurance can be given.</p>                     | <p>SCF Chairman</p> <p>SCF Chairman</p>               |

|   |       |       |            |  |  |   |
|---|-------|-------|------------|--|--|---|
| E18 There is documented evidence that the board values the role of non executive directors, and their views are influential in the board's decisions            | Amber | Amber | Amber<br>= | <p>Sample of minutes of meetings to be provided for assurance purposes</p> <p><b>September 2022 update</b><br/>The review of the effectiveness of the board should consider the culture of SCF in terms of valuing the role of NEDs and of the right information being provided at the right time.</p> | <p>The meetings in February indicated there is a greater understanding of the legitimate role of NEDs. Further samples and meetings are required to provide further assurance.</p>   | <p>SCF Chairman</p> <p>SCF Chairman</p>   |
| E19 There is evidence that the chair provides clear board leadership, supporting the directors and chief executive and taking account of the shareholders views | Red   | Amber | Amber<br>= | <p>Evidence to be supplied</p> <p><b>September 2022 update</b><br/>The Council to formally request information and evidence to demonstrate the appraisal process in place to assess the effectiveness of the Chair.</p>  | <p>There is a closer working relationship between SCF Chair and Principal Lawyer as member representative. The SCF Chair has attended the Council's scrutiny meeting to answer questions and listen to the debate.</p> <p>This will be a focus of the Cabinet Committee and board members, including the chair, will be invited to attend.</p>   | <p>SCF Chairman / DfE Commissioner to supply details of meetings held to demonstrate that the chairman is fulfilling the role to the satisfaction of the DfE.</p> |
| E20 There should be a fully documented and approved business plan that is consistent with and no  | Red   | Red   | Red<br>=   | <p>Evidence to be supplied and evaluation of performance of the board in terms of monitoring and management of financial performance.</p> <p><b>September 2022 update</b><br/>Whilst there is evidence of challenge on the business plan</p>   | <p>The SCF board took the difficult decision not to approve the business plan due to arrival of new SCF CE, Ofsted inspection and concerns that it is not a plan that will be easily understood by the staff. The SCF CE has committee to producing a new business plan in the first quarter of 2023/23.</p> <p>This provides an opportunity for the business plan to align with the Council's corporate plan, to take account</p> | <p>SCF Chairman</p> <p>SCF Chairman/SBC</p>   |

|   |     |     |       |   |  |   |
|---|-----|-----|-------|---|--|---|
| <p>more than 12 months older than the previous business plan. The changes within the updated business plan should accord with the trajectories that are apparent from monthly financial and non-financial performance reports</p> |     |     |       | <p>by NEDs, the business plan process has been convoluted and the historic issues with overspend have been replicated in the first year of trading, with the in-year change mechanisms not being utilised until July 2022. More evidence is required to demonstrate that the business plan is effective and focused on the right priorities. This will be informed by the Mutual Ventures report.</p>   | <p>of the findings of the MV review and the People Scrutiny task and finish report.</p> <p>SCF has more work to do to reflect a structure and service that is affordable to SBC and to live within its budgetary envelope.</p> | <p>Principal Lawyer</p>   |
| <p>E21 The financial transactions and values attributable to the company within the council's medium term financial plan should agree with the projections in the business plan</p>   | Red | Red | Red = | <p>To be addressed in future business plans</p> <p><b>September 2022 update</b><br/>The board should be able to effectively scrutinise and challenge financial information and agreed and monitor budgets. A training and development plan should be supplied to the Council to demonstrate that appropriate support is being given to the board to undertake its functions. Whilst SCF can review whether further financial expertise is</p> | <p>To be addressed in the future business plan. SCF has been given an increased contract sum to reflect agreed in-year funding increases and the MV review. It now needs to produce a plan that aligns with SBC's MTFS.</p>    | <p>SCF Chairman and SCF Chief Executive</p> <p>SCF Chairman / SCF Director of Finance</p> |

|   |       |       |       |   |   |  |
|---|-------|-------|-------|---|---|--|
|   |       |       |       | required on the Board, the reliance on one individual to address this issue fails to recognise the role of NEDs and the board as a collective.  |   |  |
| E22 Board reports should include clear presentation of the monthly income and expenditure position of the company as well as a cash flow statement and balance sheet                | Red   | Red   | Red = | <p><b>September 2022 update</b><br/>There is insufficient information supplied to demonstrate the board is receiving appropriate financial information on a regular basis and managing the risks appropriately. An action plan to address this should be provided.</p> <p>SCF Board should consider whether reports should have a financial implications section as standard.</p> | <p>Two in-year change requests submitted in 2022/23, although significant involvement of SBC officers to enable officer recommendation to be made to Cabinet.</p> <p>Mutual Ventures report analysed assumptions and identified concerns about optimism bias.</p> <p>It is likely this will be a focus of the newly appointed council director and the ACG Committee.</p> | <p>SCF Director of Finance</p> <p>SCF Chairman</p> |
| E23 There should be evidence of an annual audit letter from the council's external auditors, confirming the degree of confidence they hold in respect of consolidation or treatment | Amber | Amber | Red ↓ | <p><b>September 2022 update</b><br/>Assurance processes in place regarding treatment of financial instruments and consolidation.</p>  | <p>SCF accounts process has highlighted some errors, which will need to be subject to scrutiny by the board and external auditors. This will be a focus of the ACG Committee.</p>   | <p>SBC s.151 Officer</p>                           |

|  |       |       |            |   |   |  |
|--|-------|-------|------------|---|---|--|
| of financial instruments entered by the company                              |       |       |            |   |   |  |
| E24 Documented financial policies and procedures should be available         | Red   | Red   | Amber<br>↑ | Financial policies to be supplied.<br><br><b>September 2022 update</b><br>Financial policies to be reviewed, updated and approved by board. It is not appropriate to wait for the set up of a new finance committee, unless this is happening imminently. | Financial policies have been reviewed and a number of policies were being considered at February meeting of ACG Committee. Further work is being done on a financial scheme of delegation and a travel expenses policy. | SCF Director of Finance<br><br>SCF Director of Finance |
| E25 There should be evidence of an effective annual internal audit programme | Green | Green | Green<br>= | <b>September 2022</b><br>SBC to consider the effectiveness of the internal audit programme for SCF and the quality of internal audits undertaken in 2022/23.  | To be reviewed as part of in-sourcing internal audit. Independent NED leading on governance is reviewing this as part of review of committee ToR.   | SBC s.151 officer / SCF Chair of Audit Committee       |





# SLOUGH BOROUGH COUNCIL

## Internal Audit Progress Report

For the Audit and Corporate Governance  
Committee meeting on 14 March 2023

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

This section provides an update on the key messages relating to the progress of the 2021/22 and internal audit 2022/23 plans, which were both approved by the Audit and Corporate Governance Committee (ACGC).

## 2021/22 Internal Audit Plan



We have issued the one remaining **final report** relating to the 2021/22 plan since the January 2023 ACGC meeting. The ACGC has already been sighted on the opinions from this review in our annual report and the headline findings, so we have not included these in the appendix below. This report resulted in a 'Partial' (negative) assurance opinion. [\[To note\]](#)

## 2022/23 Internal Audit Plan

We have issued **eight final reports** since the January 2023 Audit and Corporate Governance Committee meeting. Of these:

- two have resulted in a 'Minimal' (negative) assurance opinion,
- one has resulted in a 'Partial' (negative) assurance opinion,
- two have resulted in a 'Little Progress' (negative) assurance opinion,
- one has resulted in a 'Reasonable' (positive) assurance opinion,
- one has resulted in a 'Good Progress' (positive) opinion; and
- one was an 'Advisory' review.

There are currently a further **9 reviews issued in draft** (a number of which are negative opinions at draft stage). We are waiting for management responses to these before they can be finalised and presented to the Committee. We have had formal responses to two of these reports and are working with management to finalise. Three further reviews are currently in progress. [\[To note\]](#)

## 2022/23 Head of Internal Audit Opinion



We have issued 12 final reports to date in 2022/23, 10 of which will impact our year end opinion. We have also issued a number of additional reports in draft with negative opinions where we have found weaknesses to be present (some from prior years) and these will also impact our 2022/23 opinion (assuming the opinions do not change as reports are finalised). We have provided further updates to the S151 Officer (and previously to the lead Finance Commissioner) and advised that we anticipate issuing another qualified (negative) head of internal audit year end opinion for 2022/23. We will continue to provide further updates to the S151 Officer at our monthly meetings. [\[To note\]](#)

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



## 2 INTRODUCTION

This report provides a summary update on progress against the 2021/22 and 2022/23 plans. The report is based on the position as at the 27<sup>th</sup> February 2023.

### 2021/22 Internal Audit Plan

The Internal Audit Plan for 2021/22 was approved by the ACGC on 29<sup>th</sup> July 2021. Since the last update provided in January 2023, the final report has been finalised:

- Schools Audit – Priory School – Partial Assurance

### 2022/23 Internal Audit Plan

The Internal Audit Plan for 2022/23 was presented to the ACGC initially on the 1<sup>st</sup> March 2022, and a revised plan was subsequently approved on the 28<sup>th</sup> July 2022. Since the last update provided in January 2023, the following seven reports have been finalised:

- Housing Benefits – Partial Assurance
- General Ledger – Minimal Assurance
- Follow Up – IT Business Continuity and Disaster Recovery – Little Progress
- Governance – Council Subsidiary Companies – Advisory
- Health and Safety – Full Follow Up – Little Progress
- Workforce Recruitment and Retention – Minimal Assurance
- Medium Term Financial Strategy – Reasonable Assurance
- Follow Up – Part 1 - Good Progress

A number of reports have now been outstanding for a number of months and we are awaiting responses from Officers (the majority of which have resulted in negative opinions, at the draft report stage). The following reports are with management for comment (we have had responses on three of these):

- Budget Setting and Budgetary Control – Issued 26 August 2022, revised draft issued 2 February 2023\*
- Adult Social Care Transformation – Issued 18 November 2022\*\*
- Payroll (including associated Financial Controls) – Issued 30 November 2022
- Treasury Management – Issued 16 December 2022
- Rent Arrears Recovery – Issued 25 January 2023
- Business Rates – Issued 7 February 2023
- Creditors – Issued 9 February 2023, revised draft issued 1 March 2023
- Whistleblowing – Issued 21 February 2023
- Delegated Authorities – Issued 28 February 2023

A further four reviews have fieldwork in progress.

\* Further evidence has been provided on this review. Report has been updated and is currently in discussion to finalise.

\*\*A response was provided on the 16<sup>th</sup> February and we are working through the commentary.

## 3 OTHER MATTERS

### 3.1 Changes to the plan

The following changes to the 2022/23 plan were agreed since the last meeting with the Executive Director of Finance and Commercial (S151):

| Note | Auditable area   | Reason for change   |
|------|------------------|---|
| 1    | Cyber Essentials | We were advised that very little progress has been made to implement previously agreed management actions and the current cyber specialists has very recently resigned so the audit cannot be accommodated in 2022/23 and will be deferred to 2023/24. We have agreed that the budget from this audit will be used for the additional Delegated Authorities review. |
| 2    | Assets           | This review is now going to form part of the 2023/24 audit plan. We were advised that actions have not been implemented from the 2021/22 review. We have agreed with the S151 Officer to use this budget for the additional work and testing required on the MTFs, Budget Setting and Control and Adult Social care reports.  |
| 3    | Rent Accounts    | Management have requested a delay to this review from to April 2023 which has have agreed to, but this report will still contribute to the 2022/23 opinion.   |

Page 138

The following changes were previously agreed to the 2022/23 plan:

| Note | Auditable area           | Reason for change   |
|------|--------------------------|---|
| 1    | Delegated Authorities    | Extra piece of work requested by the commissioners in November 2022. Work commenced December 2022 and a draft report has been issued.   |
| 2    | Payroll and HR Interface | We have been advised that the Payroll and HR Interface audit is no longer a priority. We have agreed with the S151 Officer to replace this audit with a review of Payments to Temporary and Agency Staff given some of the issues identified with both the Matrix audit (minimal assurance) and Payroll (partial assurance) opinions. |

---

|   |                   |  |
|---|-------------------|--|
| 3 | Leavers Processes | Extra piece of work requested by the commissioners in August 2022. Work commenced end of August and is complete. |
|---|-------------------|--|

---

|   |                 |  |
|---|-----------------|--|
| 4 | Multiple Audits | We have at the request of various officers within the Council, pushed back the timing of some audits, to aid the Council in dealing with the impacts of the S114 notice and the restructure. |
|---|-----------------|--|

---

### 3.2 Impact of findings to date on the 2022/23-year end opinion

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

To date we have issued a total of 12 final reports, six with negative assurance opinions, two little (negative) progress follow up reviews, one positive follow up review and two further advisory reviews (risk management where two high priority actions were re-iterated from our 21/22 partial assurance review and subsidiary governance). 10 of these reviews will all therefore impact our opinion. We have also issued a number of negative opinions in the draft reports issued (year to date) that have not yet been finalised. We will continue to provide further updates to the S151 officer at our monthly meetings and to each Risk Management Board. Our annual report will be produced by the end of May 2023 and will include all of the details on our opinion. We will continue to work closely with management to finalise reports.

Page 139

### 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 2022/23 INTERNAL AUDIT REPORTS

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

|   |   |   |
|---|---|---|
| <p><b>Housing Benefits (12.22/23)</b></p>   |  | <p><b>3 High</b><br/><b>3 Medium</b><br/><b>1 Low</b></p> |
| <p><b>Conclusion</b></p> <p>Our sampling of Housing Benefit and Council Tax Support claims processing found these to be operating in line with procedures, with the exception of processing times. Our sample testing of payment runs returned positive outcomes. However, delays in Temporary Accommodation providing details on claims for Housing Benefit is impacting processing timeframes.</p> <p>Our sample testing of the recovery of overpayments identified discrepancies where invoices had not been raised and recovery action had not been completed, and we are concerned over the level of accumulated aged debt which is circa £14.1m for the period 1997 through to 2022.</p> <p>Interviews with staff as part of the audit confirmed that the number of vacancies in the department has impacted compliance with procedures, and in particular, the recovery of accumulated aged debt, where in year debt is being prioritised. We also found that a sample of debts had not yet been approved for write off (or been written off yet) by the S151 Officer or Cabinet where this was necessary but we understand that a consolidated report will go to the Cabinet by the end of the financial year. However, there had been delays as the debts had been approved for write off by the Housing Benefits Team in May and September 2022 respectively.</p> <p>In addition, our sample testing of access rights to the system identified two contractors that required their access to Academy to be terminated (one ex-contractor and one current) and we found that two prior medium priority management actions agreed in our 2021/22 internal audit of Housing Benefits had not been implemented. These related to reviewing key performance indicators and establishing a formal performance reporting route for the Housing Benefit function (e.g. a dashboard) and ensuring the timely completion of reconciliations between the housing system (whether Capita or Northgate) and Agresso, the financial system.</p> |   |   |

### Access to Academy



We selected a sample of 15 staff from a report from Academy and checked whether each was a current member of staff and the access granted was consistent with their role. We found through review that one contractor had never accessed the system and another contractor left at the end of September 2022. IT advised these users had their access revoked during the audit, once our findings were communicated to management.

Management confirmed all other staff required access. We found in our Council Tax internal audit that there were a small number of staff or contractors that had access rights in Academy but should have been removed. We agreed a management action through that audit. As a result, we have not reiterated the management action in this report, however this weakness impacts our overall assurance opinion.

### Processing timeframes



An issue raised to us as part of the audit was that there have been delays in processing Housing Benefit claims because of late notification and receipt of information from the Temporary Accommodation teams. This is having a significant impact on the timeliness of processing and meeting the required deadlines. In some cases, information is delayed by up to 20 days which impacts the level of compliance with procedures. Published Q1 statistics show the Council's average time for processing claims is 34 days compared to a national average of 22 days. Late processing of claims could result in reputational damage for the organisation and could have an impact on those benefit claimants with the highest need. **(High)**

### Overpayments



We selected and reviewed a sample of 12 overpayments made between April and October 2022 and reviewed the evidence of recovery action. We found that in three cases, invoices had not been raised for overpayments. In one of these instances we confirmed this was delayed because a Quality Officer had reviewed the overpayment and subsequently reduced its value. For the other two instances there was a system issue that resulted in invoices not being raised. The relevant Assessment Officer should have alerted the recovery team so that a manual invoice could be raised, but this did not happen. Where invoices are not raised and recovery action is not instigated, there is a risk of overpayments and increased expenditure for the Council. **(Medium)**

### Performance Monitoring



In our 2021/22 internal audit of Housing Benefits we agreed a medium priority management action for the Housing Benefit team to complete an exercise to determine the reporting arrangements for KPIs, including the timeliness of decisions and of quality checks, to determine a forum where KPIs should be reported. We understand that the KPIs currently in use have not changed for some time. Management has not agreed a formal performance reporting route into the Council's governance structure, for example, to the Cabinet or the Corporate Leadership Team. Without a formal reporting mechanism, performance may suffer where issues are not identified, and actions put in place. **(Medium)**

### Reconciliations



We requested copies of the Housing Benefit reconciliations between the HRA system (whether Capita or Northgate) and Agresso (the financial system) from April 2022 to date and were informed by the Finance Technical Advisor that these could not be provided as there was an issue with them that the Team was actively seeking to resolved. We agreed a management action in our 2021/22 internal audit of Housing Benefits relating to this, but

this has not been fully implemented. We are unable to provide assurance that the reconciliations are being completed and independently reviewed and authorised in a timely manner. If reconciliations are not reviewed in a timely manner, there is a risk that any errors made or variances noted will not be highlighted or investigated which could lead to financial losses for the Council. **(High)**

**Aged debt**

We were provided with an aged debt report for Housing Benefits and confirmed this showed an accumulated aged debt between 01 April 1997 and 31 October 2022 of £14.1m, across a total of 5,904 debtors relating to 12,499 invoices. These figures are concerning. We understand that regular reports on accumulated aged debt are not produced, other than on in-year debt (that are produced regularly), and there is no reference to aged debts within the weekly KPI spreadsheets we reviewed.



We are also not sighted on the general trajectory for the aged debt, for example, whether it is increasing or decreasing, or whether COVID-19 has had an impact. It is also not clear the overall reasons for the debt and the root causes due to a lack of reporting on the issue. Reasons cited by the Benefits Manager and System and Control Manager were that the Council has suffered from a lack of resources to complete the required recovery action, and COVID-19 has had an impact. There is a risk of a loss of income if aged debt is not monitored on a regular basis. **(High)**

**Write offs**

We reviewed the write off schedules YTD and confirmed that the total write off balance had been approved by the Benefits Manager and Group Manager - Revenue and Benefits. The two values were £29.5k for May and £3.1k for September 2022. The total value of the May 2022 schedule will require approval from the Cabinet as it is in excess of £15k, although this has not happened yet, despite the write off schedule being drafted in May 2022. In addition, the September 2022 value will require approval from the Section 151 Officer as it exceeds £1k.



As at November 2022, we understand that debts have not yet been through this process. We were advised that a report is due to be made to Cabinet in the near future. There is a risk that debt could be written off without authority and not in accordance with the Finance Procedure Rules. Furthermore, where debts are not written off when deemed irrecoverable, it is artificially inflating receivables figures, which impacts the reliability of the financial data. We were informed in our debrief meeting that a report will go to Cabinet at the end of the financial year in line with the budget setting process for 2023/24. **(Medium)**

|   |   |        |               |   |
|---|---|--------|---------------|---|
| 1 | <p>The Housing Benefit Team will complete an exercise to determine the reporting arrangements for housing benefit related performance information, covering the following:</p> <ul style="list-style-type: none"> <li>The agreement of key performance indicators (KPIs) that will be reported on, such as timeliness of decisions and quality checks;</li> <li>The forum at which these KPIs will be reported;</li> </ul> <p>The frequency that this forum will meet to discuss the reports.</p> | Medium | 31 March 2023 | Andy Jeffs, Interim Head of Transactions Revenues, Benefits and Charges |
|---|---|--------|---------------|---|



|   |   |        |                   |   |
|---|---|--------|-------------------|---|
| 2 | We will expedite provision of information from Temporary Accommodation Teams to improve processing timeframes for Housing Benefit claims.   | High   | 30 June 2023      | Andy Jeffs, Interim Head of Transactions Revenues, Benefits and Charges |
| 3 | We will ensure invoices are raised in a timely manner for all overpayments identified to ensure recovery action is undertaken in line with procedures.  | Medium | Complete          | Baljit Nijjar, Benefits Team Manager                                    |
| 4 | We will ensure the monthly reconciliations are completed and independently reviewed and authorised in a timely manner.  | High   | 31 March 2023     | Ade Adewumi, Finance Technical Advisor                                  |
| 5 | We will ensure all debts written off are done so in accordance with rules and regulations. Debts over £1k will receive approval for write off by the Section 151 Officer and debts in excess of £15k will receive approval for write off by the Cabinet in a timely manner. | Medium | Complete          | Baljit Nijjar, Benefits Team Manager                                    |
| 6 | We will implement a process whereby we will cleanse the data available on accumulated aged debt and look to maximise recovery potential and write off any debt that we consider cannot be recovered.<br><br>This will include a periodic report on accumulated aged debt.   | High   | 30 September 2023 | Baljit Nijjar, Benefits Team Manager                                    |

|  |  |  |
|--|--|--|
| <b>General Ledger (9.22/23)</b>  |  | <b>8 High</b><br><b>4 Medium</b><br><b>2 Low</b> |
| <p><b>Conclusion</b></p> <p>Overall, our audit has identified that a number of significant issues, including a number of which that were identified in previous reports that were still outstanding. The process to clear the backlog and prevent future build-up of unposted journals was still ongoing, as was the agreement of actions to produce a month-end timetable, evidence the clearing of suspense accounts, provide Agresso training to key staff and evidence the adequate review of all control account reconciliations.</p> <p>We have highlighted this year that the supporting evidence for journals is not uploaded to Agresso in line with the system's functionality and that there are no additional checks of high-value journals. We have also restated a management action agreed from our 2020/21 review relating to the creation of a password policy, which had initially progressed and then fallen through.</p> |  |  |

There is still limited guidance available to staff with regards to general ledger processes and no periodic review of general ledger access. The general ledger balance had not been rolled over (previous year closed down and subsequent year opened) from 2018/19, due to ongoing complications with the sign-off of the accounts.



#### **Journal Supporting Documentation**

Supporting documentation and evidence for journal entries is not saved directly against the entry in the Agresso system. We were advised of this by management and this was consistent with the findings from our sample testing. Instead, documentation is saved on shared folders; however, this is only available to the member of staff who uploaded the journal and not readily available to other relevant staff.

If supporting evidence for each journal entry is not recorded directly against the relevant journal entry on Agresso, there is a risk inappropriate or inaccurate journals may be created with no way of verifying if the information is correct, which could lead to financial risks for the Council. **(High)**



#### **Control Account Reconciliations**

We noted that progress had been made in this area from our 2021/22 review as reconciliations were performed in July, August, and September 2022 for the Accounts Receivable, Accounts Payable, and Payroll accounts. However, we found that they were not consistently signed off with a secondary review. Where reconciliations are not completed and appropriately approved there is a risk that discrepancies between the general ledger and control accounts are not identified. As such, errors and potentially fraudulent activity may not be identified, investigated, and resolved. **(High)**



#### **Suspense Accounts**

Evidence was not in place to show that suspense accounts were being monitored and cleared. This was also identified in our previous reviews and an action agreed. Without ensuring suspense accounts are regularly reviewed, there is a risk that transactions are not cleared in a timely manner, increasing the likelihood that amounts remain unallocated and could impact the accuracy of the accounts. **(High)**



#### **Month-End Timetable**

A month-end timetable had not been created and implemented as per the findings and management action from our 2021/22 review of this area. We were advised this was due to a lack of resource. Without ensuring all closedown tasks are known and assigned to staff, there is a risk that these are not completed in a timely manner, or not completed at all. **(High)**



#### **Password Policy**

A password policy had not yet been implemented, with no requirement for passwords to be changed, renewed regularly, or created in line with password rules (such as mandatory letters, numbers and symbols). We were advised that attempts to introduce a single sign-on policy (SSP) had been delayed due to Capita not being able to facilitate the request, therefore it would be addressed when the Council changes hosting provider. Without a robust password policy, there is a risk that Agresso users are using weak pre-set passwords, and these are not being changed on a regular basis. This increases the risk of a potential compromise in system security. **(High)**



### Agresso Training

Agresso training had not been completed and rolled out, as per the findings and management action from our 2021/22 review of this area. We were advised training was a work in progress with plans for the Finance Team to be running sessions by March 2023. There is a risk that without ensuring staff receive finance training for Agresso, they are unaware how to complete tasks which could lead to delays, errors and/or incorrect actions being taken. **(High)**



### Unposted Journals

There is no checking mechanism to review and manage unposted journals to avoid these accumulating in batch input maintenance, as per the findings and management action from our 2021/22 review of this area. There are a number of risks where there is an inappropriate approach for managing batch input maintenance, including that it cannot be identified whether journals are to be corrected or deleted. **(High)**

The backlog of unposted journals which require correction or deletion has not yet been addressed. Where journals are not corrected, there is a risk that transactions are not fully completed given that these have not been posted to the ledger. This may impact the accuracy of the accounts. Where journals are deleted (rather than corrected), there is a risk that second journals cannot be replicated as staff no longer have source documents. **(High)**



### Knowledge Cards

We were advised that due to workload priorities the general ledger knowledge cards had not yet been created, with a revised target date set for March 2023. Without suitable guidance materials covering all Agresso finance functions, staff do not have a point of reference when unsure how to complete a process. There is therefore a risk that processes are delayed (while staff seek assistance) or they are completed incorrectly. **(Medium)**



### High Value Journals

Journal entries are automatically allocated to a cost centre manager for approval. Currently there is no escalation within the general ledger workflows for journal approvals based on the value of the journal or retrospective review of high value journals by management. Without this, there is a risk that high value journals will be approved without an appropriate level of scrutiny and oversight from appropriately senior management, which could lead to financial risks for the Council. **(Medium)**



### Closing and Opening Balances

We were advised by management that the 2018/19 accounts had not been signed-off. Therefore, the closing balance on Agresso for 2018/19 and the subsequent years had not been processed. It is acknowledged that the Council is aware that periods have not been closed down and opened and that there are appropriate reasons for this. However, there are a number of risks associated with not closing down and opening periods in a timely manner. These include impacts to budget monitoring, inaccurate financial reporting, and limited ability to correct year end discrepancies as time goes on. **(Medium)**



### Disaster recovery and business continuity

We were provided with a copy of the Capita contract agreement dated September 2022, extending the contract for three months to December 2022. We noted that this was signed by the Council only. We were advised by management that the contract had been extended to December 2022 in order to finalise the procurement of a new hosting provider, however, we were not provided with any evidence to confirm that the procurement process had started. There is a risk to the organisation's key data if a new hosting contract is not agreed. **(Medium)**

|   |  |        |  |   |
|---|--|--------|--|---|
| 1 | <p>The Council will prepare a schedule of Agresso finance system functions/ processes to be documented. Help cards will then be prepared and uploaded to the 'Knowledge Base' section of the Freshdesk page.</p> <p><i>(Restated from 2021/22)</i></p>   | Medium | 31 March 2023                              | Ade Adewumi, Interim Systems Adviser                                |
| 2 | <p>The Council will ensure that high value journals are reviewed by senior management. This could be by amending the workflows in Agresso or if this is not possible via retrospective review.</p> <p><b>Management Update January 2023</b> - The rules in Agresso are being reviewed but a manual retrospective check will be undertaken for all journals over £500k in the interim.</p>  | Medium | 31 March 2023                              | Ade Adewumi Interim Systems Adviser and Strategic Finance Managers  |
| 3 | <p>The Council team will phase out the legacy process of saving supporting evidence on the shared folder and start utilising the Agresso functionality to record supporting evidence directly against relevant journal entries.</p> <p>Supporting evidence shall continue to be stored centrally and will be readily available to all relevant users.</p> <p><b>Management Update January 2023</b> - At the current time the Agresso functionality is not available to the Council.</p>  | High   | Complete with effect from 31 December 2022 | Deputy Director Financial Management and Strategic Finance Managers |
| 4 | <p>Following the completion of all audits, the Council will retrospectively roll-over the periods up to 2022/23.</p> <p>Where there have been significant changes to balances or reported information, relevant staff and Council Members will be made aware of this and the MTFS updated accordingly.</p> <p><i>(Restated from 2021/22)</i></p> <p><b>Management Update January 2023</b> - The 2018/19 Accounts audit have now been completed, the subsequent years audits will be on-going during 2023 and unlikely to be completed before March 2024.</p>   | Medium | 31 March 2024                              | Deputy Director of Corporate and Strategic Finance                  |
| 5 | <p>The Finance Team will assign appropriate individuals to complete all monthly reconciliations of control accounts, as well as a second individual to check these and record their check.</p> <p><i>(Revised but restated from 2021/22, we noted that this High priority action was reported to the Audit &amp; Corporate Committee as overdue)</i></p> <p><b>Management Update January 2023</b> - The Monthly AP &amp; AR Control Accounts are being prepared by the Principal Systems Office and signed off by a Finance Technical Adviser. Closed off.</p> | High   | Completed in Q3 2022                       | Ade Adewumi Interim Systems Adviser                                 |
| 6 | <p>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.</p>   | High   | 31 January 2023                            | Ade Adewumi Interim Systems Adviser                                 |

|    |  |        |               |  |
|----|--|--------|---------------|--|
|    | <p><i>(Restated from 2021/22, we noted that this High action was reported to the Audit Committee as overdue)</i></p> <p><b>Management Update January 2023</b> - 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. Suspense Accounts will be transferred to Service Accountants &amp; the process will be complete by 31 January 2023.</p> <p>All other suspense accounts will be cleared in closing the 22/23 and subsequent years accounts and will be fully reconciled by 31st August 2023.</p>  |        |               |  |
| 7  | <p>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.</p> <p><i>(Restated from 2021/22, we noted that this High action was reported to the Audit &amp; Corporate Governance Committee as overdue)</i></p> <p><b>Management Update January 2023</b> - This is being reviewed as part of the restructured Finance Function which is planned to be completed by the end of the financial year with tasks and resources allocated accordingly. Interim support will be retained if recruitment to permanent posts is unsuccessful.</p> | High   | 31 March 2023 | Deputy Director Corporate and Financial Management |
| 8  | <p>The Council will review the password functions within Agresso to ensure that:</p> <ul style="list-style-type: none"> <li>• Password require changing on a periodic basis; and</li> <li>• Acceptable passwords will be subject to rules (certain lengths and unique characters to strengthen them and minimise the possibility of a security breach.</li> </ul> <p><b>Management Update January 2023</b> - Single sign on will in place by 31 March 2023 which will be in line with the Council's overall policy.</p>  | High   | 31 March 2023 | Ade Adewumi Interim Systems Adviser                |
| 9  | <p>The Council will ensure that the procurement of the new hosting provider is finalised ahead of the December 2022 contract expiry.</p> <p>Once agreed the Council will retain copies of the contract signed by all parties.</p> <p><b>Management Update January 2023</b> - This was completed in December 2022 QTC are the new contractor.</p>   | Medium | Complete      | NA   |
| 10 | <p>The Council will complete an exercise to identify those roles/positions requiring access to Agresso finance functions and the access/functions required.</p> <p>Based on this the Council will implement a training programme covering finance functions on Agresso.</p>  | High   | 31 March 2023 | Ade Adewumi Interim Systems Adviser                |

|    |  |      |          |    |
|----|--|------|----------|----|
|    | <p>Training will be a requirement before system access is granted and will focus on the processes required as part of job roles.</p> <p><b>(Restated from 2021/22, we noted that this High action was reported to the Audit Committee as overdue)</b></p> <p><b>Management Update January 2023</b> - 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.</p> <p>The new hosting vendor is in place and a review of setting up users and changes in access management, role management and Single Sign on will be addressed in January 2023 with a view to rolling out robust systems administration protocols by March 2023.</p> <p>The administration protocols will form the basis for updating &amp; implementing relevant training for each user roles.</p> |      |          |    |
| 11 | <p>The Council will review and clear unposted journals currently in batch input maintenance. This approach will account for transaction dates and values.</p> <p><b>(Restated from 2021/22, we noted that this High action was reported to the Audit Committee as overdue)</b></p> <p><b>Management Update January 2023</b> - All unposted journals up to 31/3/22 have been deleted and a monthly procedure is in place that checks unposted journals with those over three months old being deleted.</p>  | High | Complete | NA |
| 12 | <p>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.</p> <p><b>(Restated from 2021/22, we noted that this High action was reported to the Audit Committee as overdue)</b></p> <p><b>Management Update January 2023</b> - All unposted journals up to 31/3/22 have been deleted and a monthly procedure is in place that checks unposted journals with those over three months old being deleted.</p>   | High | Complete | NA |



|   |                 |  |
|---|-----------------|--|
| Follow Up – IT Business Continuity and Disaster Recovery (14.22/23) | Little Progress | <p>1 High</p> <p>6 Medium</p> <p>0 Low</p> |
|---|-----------------|--|

### Conclusion

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

Our review identified that progress still needs to be made in implementing the high and medium priority actions, with all actions identified as either partially implemented, or not yet implemented.

It was noted during our review that the Council has been undergoing significant restructuring since RSM's review in 2021/22, and that management acknowledge there is still progress to be made in further developing Business Continuity (BCP) and Disaster Recovery (DR) arrangements. This includes the provision of third-party Disaster Recovery as a Service (DRaaS) and we were informed of the Council's intention to address the actions completely once this arrangement is in place.

Of the seven management actions reviewed, we identified six as being partly implemented, and one action as not implemented.

### Management Action Tracking

The Council has an Internal Audit Action Tracker in place with monthly updates provided to the Risk and Audit Board, and quarterly updates to the Audit and Governance Committee. We reviewed the Tracker report against our findings and confirmed that as of 1 November 2022 (per the Council Tracker) the one high action was no longer showing as outstanding (and therefore deemed 'implemented') and the six medium actions were being reported as complete. This is in contrast with our review which has found none of the actions to have been fully implemented.

These findings reflect previously identified issues around actions being closed prematurely, when either not complete or not fully complete. For our sample we noted commentary was included on the action tracker to explain the closure, however as our findings evidence, the work required to fully mitigate the risk identified was not complete. **The Council therefore still needs to work to ensure sufficient evidence is provided to cover all the intricacies of the actions, and independent confirmation that the action and risk have been addressed.**

|   |   |      |               |             |
|---|---|------|---------------|-------------|
| 1 | <p><b>IT DR Policy</b></p> <p>The Council will document a Disaster Recovery Policy, independent of the Disaster Recovery Plan, covering areas such as:</p> <ul style="list-style-type: none"> <li>• aims/objectives/principles;</li> <li>• relevant legal and regulatory requirements (if relevant);</li> </ul> | High | 31 March 2023 | Sarah Power |
|---|---|------|---------------|-------------|

|   |   |        |               |             |
|---|---|--------|---------------|-------------|
|   | <ul style="list-style-type: none"> <li>roles and responsibilities and ownership of the policy, including who can declare and escalate/de-escalate a disaster;</li> <li>what constitutes a disaster;</li> <li>governance arrangements (including a dedicated forum for overseeing DR arrangements);</li> <li>testing requirements i.e. how often the plan is to be tested (should be at least annually), and what will actually be tested as a minimum (or a schedule of tests). This should include testing of backups;</li> <li>training requirements;</li> <li>the use of an applications list, including prioritising applications in terms of order of recovery following a disaster;</li> <li>process for carrying out and approving Business Impact Analyses (BIA)s which include RTO's (Recovery Time Objectives) and RPO's (Recovery Point Objectives) for each application. This should inform backup arrangements;</li> <li>multiple contact details of relevant staff; and</li> <li>where the plan and emergency contact information is to be made available (on-site, off-site, online, offline etc.); and</li> <li>review frequency and version control (the policy should be reviewed at least annually, and each time there is a major change or incident at the organisation). (Partially Implemented)</li> </ul> |        |               |             |
| 2 | <p><b>IT Business Continuity Plan</b></p> <p>The Digital &amp; Strategic IT Business Continuity Plan will be updated to cover areas such as:</p> <ul style="list-style-type: none"> <li>backup staff for staff in key roles;</li> <li>task lists according to scenario with timeframes, responsible staff and backup staff;</li> <li>arrangements in place for diverting telephone calls as required;</li> <li>contact details of department specific contractors and suppliers;</li> <li>critical periods/dates;</li> <li>minimum equipment and supplies required to carry on functioning;</li> <li>logging of decision making (time, what the decision was, who made this etc.);</li> </ul> <p>As part of this update, the Council will also review the Recovery Plan for Digital and Strategic IT to ensure consistency and prevent overlap. (Not Implemented)</p>   | Medium | 31 March 2023 | Sarah Power |
| 3 | <p><b>Roles and Responsibilities / Training</b></p> <p>The Council will outline the key responsibilities of each area of The Incident Hub as part of the IT Business Continuity Plan.</p> <p>In addition, roles and responsibilities will be formally defined in relation to Disaster Recovery and training will be introduced for relevant staff accordingly. (Not Implemented)</p>  | Medium | 28 April 2023 | Sarah Power |



|   |   |        |                   |                 |
|---|---|--------|-------------------|-----------------|
| 4 | <p><b>IT DR &amp; BCP Testing, including Testing of Backups</b></p> <p>The Council will implement a formal approach/schedule for the testing of IT business continuity and disaster recovery, including the testing of data backups.</p> <ul style="list-style-type: none"> <li>This will be undertaken on at least an annual basis. (Partially Implemented)</li> </ul>   | Medium | 29 December 2023  | Colin Watson    |
| 5 | <p><b>Lessons Learnt</b></p> <p>The Council will document a formal “lessons learnt” process for IT business continuity and disaster recovery. This will include the use of a template report and action plan. (Partially Implemented)</p>   | Medium | 31 March 2023     | Sarah Power     |
| 6 | <p><b>Business Impact Analysis (BIA)</b></p> <p>The Council will update the BIA template to cover areas such as:</p> <ul style="list-style-type: none"> <li>Recovery Point Objective (RPO);</li> <li>Maximum Tolerable Periods of Disruption (MTPD);</li> <li>quantitative/qualitative impacts; and</li> <li>process prioritisation in the event of an incident.</li> </ul> <p>Following this, it will be ensured that BIA's are fully completed prior to sign off. (Partially Implemented)</p> | Medium | 29 September 2023 | Alexander Cowen |
| 7 | <p><b>Applications List</b></p> <p>The Council will ensure that a central register of all applications is retained with priority of recovery for applications, either individually or by group. (Partially Implemented)</p>   | Medium | 29 September 2023 | Alexander Cowen |



|   |          |  |
|---|----------|--|
| Governance – Council Subsidiary Companies (1.22/23) | Advisory | <p>1 High</p> <p>4 Medium</p> <p>2 Low</p> |
|---|----------|--|

### Conclusion

We determined that the overall internal control and risk management framework relating the governance of subsidiary companies has improved since the previous audit in 2020/21, although some actions remain outstanding. Improvements were demonstrated by regular reporting into the Council on governance, operational and financial issues, as well as the outcome of externally commissioned reviews and developments in progress. We also observed actions in progress. SBC has additionally replaced and appointed Directors/Members to each of the three companies reviewed, with replacements all signing up to revised letters of appointments aimed to improve the governance framework and clarity of expectations and responsibilities. Each subsidiary company Board is now meeting regularly and is attended by senior representatives / leads from the Council, to provide input into decision-making and provide more effective oversight, including in relation to risks.

The Council has commissioned reviews from external stakeholders for JEH and SUR that have largely superseded many of the internal audit actions agreed with management previously. In total 13 management actions have been superseded. We have additionally confirmed 16 of the management actions have been implemented and that six are ongoing, with progress being reported on periodically. Some management actions previously agreed have been deprioritised given that we can see progress has been made with implementation.

A consolidated and comprehensive action plan setting out clearly the activities needed to maintain effective governance is required, to ensure the Council addresses all weaknesses and areas of concern raised from the external and internal reviews.

Following the considerable changes that are taking place across the companies, business plans and service level agreements will be required to be updated to reflect future activities and objectives. During 2022, the Council has taken action to simplify its structure by closing down six companies. We also understand that the Council is considering further simplification of its subsidiaries and may seek to develop exit strategies over the short to medium term.



There is no consolidated Company Action Plan that sets out the actions completed and planned, including progress made, against the previous management actions agreed through the internal audit report in 2020-21 and the subsequent actions agreed through the external Local Partnership reviews. Whilst management are aware of the need to take forward various activities as part of 'ambition to exit' arrangements with the entities, bringing this into one comprehensive action plan would improve governance and oversight, and mitigate the risk of delays. **(Medium)**



We found that draft SLAs are in place for both JEH and GRE5. The JEH SLA was reviewed by the new JEH Board in January 2022 and has since undergone a comprehensive redraft. The document has now been finalised as at September 2022, whereas the SLA with GRE5 is dated 2018. Neither SLA has been signed by representatives of both parties. Without a finalised agreement that is binding, the conditions within the SLAs may not

be appropriately enforceable and the nature of the relationship between the entities and SBC may be unclear. This could lead to poor allocation of resources and/or unclear responsibilities which in turn could affect performance. **(Medium)**



We reviewed the latest versions of the Business Plans for the three entities. We found that the Business Plan for both JEH and GRE5 were dated 2019 and were in need of review. They covered key areas we would expect such a plan to cover however, they require a refresh to reflect the recent changes in strategy for the entities. Without a review Business Plans, the Council risks the entities not effectively contributing to its objectives and/or the risk of shared objectives not being achieved. There is also a risk of financial loss. **(Medium)**



The Commercial Finance Leads indicated that newly appointed Directors/Members completed induction training including attending briefing sessions, however, no formal training has yet to be provided as the team took the view that generic training would not have been beneficial at an early stage given how new the individuals were into their roles. We were informed that training needs would be identified as part of the business-as-usual appraisal process once this is implemented.

We consider that training requirements should be identified at a time when skills and expertise are fully understood, and naturally dependent on the Council's priorities and plans moving forward. Without formal training there is a risk that skills of relevant lead officers and/or Directors may not be sufficient. **(Medium)**



We were not provided with any Financial Regulations, or related financial procedures for each of the three entities we examined. However, JEH has a draft Scheme of Delegation in place that sets out the decisions which require Board consideration and approval and the level of delegation for operational matters.

The Finance Consultant Lead stated that following the review completed by themselves last year, the priorities for the entities had been to get suitable Directors in place on the companies and recommence regular Board meetings and reporting, which we confirmed has happened. Management stated that focus has also been given to progressing the exit from SUR and the crucial work required by GRE5. As the companies (including JEH) are in a period of change, with future actions and exit plans now becoming clearer and being appropriate, documentation will be developed and put in place to support these in FY 2022/23. **(High)**

|   |  |        |                 |                                       |
|---|--|--------|-----------------|---------------------------------------|
| 1 | We will develop a comprehensive consolidated company action plan to ensure clarity on activities, deliverables, and deadlines for the active subsidiary companies.<br><b>Management update January 2023</b> (not been subject to audit coverage) - A Company Action Plan has been set up which clarifies the activities and deadlines for the subsidiary companies.  | Medium | Q2 2022/23      | Ellen Little, Commercial Finance Lead |
| 2 | All directors will be subject to the Council's annual appraisal process. Any development points and/or training needs established will be addressed.<br><b>Management update January 2023</b> – (not been subject to audit coverage) - Annual appraisals have been completed for the GRE5 Directors, and any training needs identified. The appraisal process for the Directors of JEH is scheduled to take place in January 2023. | Medium | 31 January 2023 | Ellen Little, Commercial Finance Lead |
| 3 | Each subsidiary company will review and refresh its Business Plan periodically to ensure each entity contributes effectively to the Council's objectives.  | Medium | Q4 2022/23      | Ellen Little – JEH                    |



|   |  |        |            |   |
|---|--|--------|------------|---|
|   | <p><b>Management update January 2023</b> - Management update (not been subject to audit coverage) - Business Plans for JEH and GRE5 are being updated and will be submitted to Cabinet in March 2023.</p>  |        |            | Neil Simon – GRE5<br>SUR – n/a              |
| 4 | <p>We will review and finalise the SLAs with JEH and GRE5. Each SLA will be signed by senior representatives of relevant parties.</p> <p><b>Management update January 2023</b> - Management update (not been subject to audit coverage) - JEH SLA was signed in August 2022. The GRE5 SLA has been updated and will be signed by end of 2022/23.</p>   | Medium | Q3 2022/23 | Ellen Little,<br>Commercial Finance<br>Lead |
| 5 | <p>Management will review governance documentation required for the full year 2022/23 and put these in place to ensure clarity on levels of authority and on financial responsibilities and controls. Key documents will be standardised across the companies.</p> <p><b>Management update January 2023</b> - Management update (not been subject to audit coverage) - Shareholder agreements are being drafted for sign off at Board meetings in February 2023. These will then be submitted to Cabinet in March 2023. Other governance documentation, including Schedules of Delegation where relevant, will be prepared and signed off in Q1 2023/24 following finalisation of the Shareholders Agreement and Business Plans.</p> | High   | Q4 2022/23 | Ellen Little, Commercial<br>Finance Lead    |

|  |   |                 |                   |  |  |
|--|---|-----------------|-------------------|--|--|
| Health and Safety – Full Follow Up (17.22/23)  |   | Little Progress |                   | 1 High<br>4 Medium<br>3 Low            |  |
| <h3>Conclusion</h3> <p>In line with our guidelines set out in Appendix A, in our opinion Slough Borough Council has demonstrated <b>little progress</b> in fully implementing agreed management actions. However, we do recognise the work undertaken by the Council to make progress with the implementation of actions.</p> <p>We confirmed that two low and one medium priority management actions had been implemented, and one further medium priority management was now superseded.</p> <p>The implementation of the remaining one high, four medium and three low priority management actions were found to be ongoing or partially implemented at the time of our review. This included four actions which were not yet due but have had new revised dates agreed with management as we were advised these would not be achieved by the initially agreed target dates. We have revised the wording of a number of actions to reflect the partially implemented elements.</p> <p>The CLT should determine further steps to ensure that health and safety training non-compliance can be reduced, which will in turn resolve the high priority management action identified in this review. Senior management should also take action to ensure that health and safety meetings are attended by those required to join and the required information is submitted by the wider organisation, to allow key health and safety groups to exercise oversight of compliance and any residual risk exposure.</p> <p>Progress in this area will also be aided by the agreement of the Council's new structure, which will allow the health and safety team to determine which Directorates it is required to support.</p> |   |                 |                   |  |  |
| 1  | The H&S Directorates will ensure that the individual risk assessment logs are fully populated and monitored.  | Medium          | 31 July 2023      | Bhavini Ranu (Health & Safety Manager) |  |
| 2  | The Council will ensure that all directorates submit bi-monthly action summary returns. The directorates will ensure that accuracy checks are completed to confirm the accuracy of directorate action summaries.                                      | Medium          | 31 July 2023      | Bhavini Ranu (Health & Safety Manager) |  |
| 3  | The Council will establish a full list of services that require an annual self-audit, this will be added to the Self-audit Master Spreadsheet which will be monitored to ensure compliance.   | Medium          | 31 July 2023      | Bhavini Ranu (Health & Safety Manager) |  |
| 4  | The Council will formally escalate the regular non-attendance and lack of updates relating to compliance returns of specific services for BCG meetings.<br>Compliance returns will also be provided to the H&S Board in a timely manner, as required. | Medium          | 30 September 2023 | Mark Halligan (Chair of BCG)           |  |



|   |   |      |              |                     |
|---|---|------|--------------|---------------------|
| 5 | <p>The CLT will determine further steps that can be taken to address training noncompletion.</p> <p>This may include directly contacting individual staff members or targeting directorates once breakdowns can be prepared.</p> <p><b>Management response February 2023</b> - The Workforce Development email mandatory training reports to EDs, ADs on a regular basis (normally monthly), this identifies non-compliance of team members in each directorate and service area, which they should review and cascade down to the relevant line managers to ensure staff are chased to complete them, where outstanding. In addition, all line managers have access to their team members training on their Cornerstone accounts and from which they can drill down on the hierarchy to follow up on action.</p> | High | 30 June 2023 | Executive Directors |
|---|---|------|--------------|---------------------|



## Workforce Recruitment and Retention (4.22/23)



1 High  
5 Medium  
5 Low

### Conclusion

Our review has identified a number of weaknesses relating to recruitment and retention processes. There is no formally agreed and monitored approach for performance management, although a paper had been presented to CLT discussing proposed options in this regard, and no retention policy. We noted that right to work checks did not always appear to be undertaken in line with Government guidance, whilst identifying that insufficient staffing levels were reported for teams and services following the restructure. We also found minor improvements were required for available guidance (recruitment and apprenticeships) and reporting (of recruitment, apprenticeships and leavers).

Our sample testing of the recruitment process has also identified a number of discrepancies; however, many of these were impacted by the unavailability of evidence. This was caused by increased workload pressures on the reduced team (workload and staffing resources both impacted by the restructure), the departure of a key member of staff during the review, and inability to access a system portal. While the absence of evidence does not automatically indicate non-compliance and may point to a potential issue with the retention of documentation during the recruitment process, without such documentation, we have been unable to confirm compliance with these parts of the recruitment process and there is a risk that controls in these areas are not being complied with. The impact of the lack of controls in place and/or being complied with is evident in the high vacancy rate, and this has also contributed to the opinion below.

As fieldwork was initially undertaken in July 2022, processes and practices are reported to have moved on with some of the agreed actions already implemented. We have included management commentary and reporting on the status of the agreed actions within this report, although we have not undertaken further work to verify the progress made.



### Performance Management and Appraisals

At the time of our review, formal monitoring of the completion of performance management had been paused. We obtained a report dated April 2022 which proposed a temporary solution (with a commitment to agree a permanent approach), however, over the course of our review this had not been presented to CLT. Previous proposals had also been submitted in July 2021 and January 2022 with no feedback. Without suitable arrangements for performance management, there are a number of risks associated with the lack of support for staff and development including absence rates, retention ability, levels of turnover and the Council's reputation as an employer. **(High)**

Given that feedback and approval on the proposal had not yet been received, we were advised by the Workforce Development Manager that no communications had been issued to staff, nor had guidance materials been finalised. Without this, there is a risk of delays in completing appraisals where managers / staff are unclear of processes and expectations. **(Medium)**

## Recruitment Process



The Recruitment and Selection Policy and Procedure outlines the recruitment process, from preparing job advertisements, through to shortlisting, interviewing, making offers and completing checks. For a sample of ten starters (since April 2022), we identified a number of discrepancies including incomplete checklists / timetables, inconsistent advertising periods, availability of recruitment documentation and adherence to recruitment timetables. It is noted that our findings have been impacted by the departure of key staff. Without ensuring the recruitment process is fit for purpose and adhered with, there is a risk that the Council is not recruiting in an effective and efficient manner. **(High)**

### Panel Training



The membership of the recruitment panel is agreed prior to shortlisting and hosting of interviews. As a minimum, the panel chair is expected to have completed the Council's recruitment and selection training, as well as a refresher module (the latter within the past three years). Safer recruitment training is also a requirement when shortlisting / interviewing for certain job roles. For our sample of ten starters, we were unable to evidence that any training had been offered or completed in the past three years. Where training is not completed, there is a risk that shortlisting and interviewing activities are not undertaken in an appropriate manner. **(Medium)**

### Pre-Employment Checks (Right to Work)



Conditional offers are made to successful candidates on the basis that satisfactory pre-employment checks are completed, including references, qualifications, Disclosure and Barring Service (DBS), occupational health (OH) and right to work (RTW). For a reduced sample of five new starters, we identified that three RTW checks had not been suitably completed (not signed / dated by checker) in line with Government guidance. There is a risk that the Council evidence that appropriate RTW checks have been completed where records of these are not signed and dated. **(Medium)**

### Restructure and Recruitment Initiatives



A consultation was completed as part of the Council-wide restructure (effective from April 2021), which sought to identify adequate team structures and compositions. Since its implementation, many services and teams have found staffing resources to be limited, which we confirmed was evidenced by a report presented to Cabinet in June 2022 requesting approval to further restructure the Finance department. Without an appropriate organisational structure and known team compositions, there is a risk that services may be unable to function and that recruitment initiatives cannot be identified. **(High)**

|   |  |      |                 |  |
|---|--|------|-----------------|--|
| 1 | <p>CLT will review and either approve the proposal for resuming performance management and appraisals, or suggest a viable alternative approach. Any viable alternative should consider the need to complete appraisals for 2022 and the need to introduce tracking / monitoring in future years.</p> <p><b>Management update February 2023</b> - CLT have approved the revised performance management appraisal process in October.</p> <p>The process covered the financial year 22/23 and was launched in October 2022. We have used Cornerstone to record and track performance and development on an ongoing basis.</p> | High | 31 October 2022 | Edwin Fernandes<br>(Workforce Development Manager) |
|---|--|------|-----------------|--|



|   |  |        |                 |   |
|---|--|--------|-----------------|---|
|   | <b>Status per management:</b> Completed.   |        |                 |   |
| 2 | <p>Following the agreement of the performance management approach by CLT, suitable guidance / training will be prepared and provided to both staff and managers.</p> <p><b>Management update February 2023</b> - Training webinars (25 completed), guidance and Cornerstone user guides developed for both staff and managers which has been shared on SBC Insite (link below). <a href="#">Performance review</a></p> <p><b>Status per management:</b> Completed</p>  | Medium | 31 October 2022 | Edwin Fernandes (Workforce Development Manager)   |
| 3 | <p>As part of reviewing and updating the recruitment process, the following will be incorporated into procedure documents:</p> <ul style="list-style-type: none"> <li>• The use of recruitment checklists / timetables, including returning these to managers were these are not fully completed;</li> <li>• Standard timeframes for job advertising periods;</li> <li>• Confirming identified panel members have completed required interview training sessions;</li> <li>• Receiving and then saving all documentation linked to the recruitment process in a central location (accessible to relevant members of HR); and</li> <li>• Monitoring for progress and adherence with checklists / timetables.</li> </ul> <p><b>Management update February 2023</b> - Training for managers who take part in recruitment will follow the agreement of the new recruitment and selection policy</p> <p>A new Recruitment Initiation meeting has been implemented, this will include a discussion between the manager and the Recruitment Lead to explain all the elements needed for a slick and professional recruitment process, and any issues in relation to all points raised under this management action</p> <p>Corporate ownership as well as HR/Recruitment of this action.</p> <p>A workshop was held on 9<sup>th</sup> January 2023 – which identified challenges in recruitment and are currently being looked into. A review of available Applicant Tracking System is being undertaken.</p> <p><b>Status per management:</b> ongoing subject to capacity in HR to enable implementation. A business case has been submitted to provide capacity and move the agenda forward by 30 June 2023.</p> | High   | 30 June 2023    | Parvinder Bansal (Recruitment Lead)   |
| 4 | <p>When requesting that job positions are advertised, managers will be reminded of the requirement for recruitment panel members to complete relevant recruitment and selection training.</p> <p>The completion of training will be confirmed prior to shortlisting and interviewing as part of the revised recruitment process (action seven).</p> <p><b>Management update February 2023</b> - This will be picked up and delivered after the recruitment and selection policy is delivered. This will also cover, retention and safeguarding.</p>  | Medium | 31 March 2023   | Edwin Fernandes (Workforce Development Manager) and Parvinder Bansal (Recruitment Lead) |


|   |   |        |                   |   |
|---|---|--------|-------------------|---|
|   | <p>We have streamlined recruitment processes in the past few months. We are proposing to create a manager's toolkit and make this available on the intranet.</p> <p><b>Status per management:</b> dependency linked to management action 1 – ongoing</p>  |        |                   |   |
| 5 | <p>All staff with responsibility for conducting RTW checks will be reminded of the requirement to sign, date and scan copies of documentation provided. Contracts will not be issued to new starters where RTW checks are not fully completed.</p> <p><b>Management update February 2023</b> - If qualifications are relevant for the role, these are checked and this process is currently being implemented</p> <p>Staff have been trained on managing RTW processes. Note, under the current legislation, employment contracts must be issued on day 1 of the start date.</p> <p>Managers will be advised in the new policy to agree start dates via the recruitment team.</p> <p>Managers do need educating about the whole process, which will be dealt with through the Recruitment Initiation meeting and training when the final policy framework is agreed.</p> <p><b>Status per management:</b> In progress, part completed</p> | Medium | 30 June 2023      | Parvinder Bansal<br>(Recruitment Lead)                    |
| 6 | <p>Following the completion of service delivery plans for each service, outcomes relating to recruitment (such as hiring additional staff and restructuring) will be identified and referred to HR. Implications from the outcomes will be assessed and used to define recruitment initiatives.</p> <p><b>Management update February 2023</b> - Service plans reviewed and seen by AD -HR, and outcomes are actioned accordingly.</p> <p><b>Status per management:</b> ongoing subject to the completion of the overall Senior Management re-structure process which has been completed at top tier as at 28 February 2023</p>  | High   | 30 September 2023 | Dave Hounsell and<br>Thomas Overend<br>(Performance Team) |

**Please note** – for a number of the actions above covering a range of the audits, we have received management updates at the time responses to draft reports were submitted. None of these management updates (or the 'status per management') have been verified by the Internal Audit team, and the updates are typically based on the position months after the audit fieldwork was completed and draft report issued.

## APPENDIX B - SUMMARY OF PROGRESS TO DATE

The table below provides a status update on the summary of progress with the remaining 2021/22 internal audit plan. Those five reports finalised since the last meeting are shown in bold below, and one report remains in draft.

### 2021/22 Internal Audit Plan

| Assignment area        | Fieldwork date / status | Draft report                                     | Final report           | Opinion   | Actions   |          |          |
|------------------------|-------------------------|--|------------------------|---|-----------|----------|----------|
|                        |                         |  |                        |   | L         | M        | H        |
| Schools Audit – Priory | Final Report            | <b>24 March 2022<br/>(revised draft 25 July)</b> | <b>24 January 2023</b> |  | <b>12</b> | <b>2</b> | <b>0</b> |

The table below provides a status update on the summary of progress with the 2022/23 internal audit plan to date (reports shown in **bold** below have been finalised since the last meeting).

**2022/23 Internal Audit Plan**

| Assignment area                       | Fieldwork date / current status | Draft report                                       | Final report            | Opinion         | Actions  |          |          |
|---------------------------------------|---------------------------------|--|-------------------------|-----------------|----------|----------|----------|
|                                       |                                 |  |                         |                 | L        | M        | H        |
| Leavers Processes (additional review) | Final Report                    | 6 October 2022                                     | 19 October 2022         |                 | 0        | 5        | 3        |
| Children Missing Education            | Final Report                    | 22 September 2022                                  | 20 October 2022         |                 | 5        | 5        | 0        |
| Risk Management – Follow Up           | Final Report                    | 22 September 2022                                  | 7 November 2022         | Advisory        | 1        | 1        | 2        |
| Council Tax                           | Final Report                    | 1 November 2022                                    | 3 January 2023          |                 | 3        | 5        | 2        |
| <b>Subsidiary Company Governance</b>  | <b>Final Report</b>             | <b>20 July 2022</b>                                | <b>21 February 2023</b> | <b>Advisory</b> | <b>2</b> | <b>4</b> | <b>1</b> |
| <b>Medium Term Financial Strategy</b> | <b>Final Report</b>             | <b>23 August 2022</b>                              | <b>28 February 2023</b> |                 | <b>4</b> | <b>3</b> | <b>0</b> |
| Budget Setting and Control            | Draft Report                    | 26 August 2022<br>Revised draft 2<br>February 2023 |                         |                 |          |          |          |



|  |                     |                         |                         |                        |          |          |          |
|--|---------------------|-------------------------|-------------------------|------------------------|----------|----------|----------|
| <b>Workforce - Recruitment and Retention</b> | <b>Final Report</b> | <b>1 September 2022</b> | <b>28 February 2023</b> |                        | <b>5</b> | <b>5</b> | <b>1</b> |
| <b>Follow up – Part 1</b>                    | <b>Final Report</b> | <b>21 October 2022</b>  | <b>2 March 2023</b>     | <b>Good Progress</b>   | <b>2</b> | <b>1</b> | <b>0</b> |
| <b>General Ledger</b>                        | <b>Final Report</b> | <b>24 October 2022</b>  | <b>30 January 2023</b>  |                        | <b>2</b> | <b>4</b> | <b>8</b> |
| Adult Social Care Transformation             | Draft Report        | 18 November 2022        |                         |                        |          |          |          |
| <b>Housing Benefits</b>                      | <b>Final Report</b> | <b>28 November 2022</b> | <b>9 January 2023</b>   |                        | <b>1</b> | <b>3</b> | <b>3</b> |
| Payroll (inc Data Analytics)                 | Draft Report        | 30 November 2022        |                         |                        |          |          |          |
| <b>IT Business Continuity</b>                | <b>Final Report</b> | <b>7 December 2022</b>  | <b>1 February 2023</b>  | <b>Little progress</b> | <b>0</b> | <b>6</b> | <b>1</b> |
| Treasury Management                          | Draft Report        | 16 December 2022        |                         |                        |          |          |          |
| Creditors                                    | Draft Report        | 9 February 2023         |                         |                        |          |          |          |
| Delegated Authorities (additional review)    | Draft Report        | 28 February 2023        |                         |                        |          |          |          |
| Whistleblowing                               | Draft Report        | 21 February 2023        |                         |                        |          |          |          |
| Rent Accounts Recovery                       | Draft Report        | 25 January 2023         |                         |                        |          |          |          |
| <b>Corporate Health and Safety</b>           | <b>Final Report</b> | <b>26 January 2023</b>  | <b>28 February 2023</b> | <b>Little progress</b> | <b>3</b> | <b>4</b> | <b>1</b> |



---

|                |              |                 |
|----------------|--------------|-----------------|
| Business Rates | Draft Report | 7 February 2023 |
|----------------|--------------|-----------------|

---

|                         |                 |  |
|-------------------------|-----------------|--|
| Temporary Accommodation | 16 January 2023 |  |
|-------------------------|-----------------|--|

---

|               |                |  |
|---------------|----------------|--|
| Rent Accounts | Mid April 2023 |  |
|---------------|----------------|--|

---

|         |                 |  |
|---------|-----------------|--|
| Debtors | 19 January 2023 |  |
|---------|-----------------|--|

---

|                     |                  |  |
|---------------------|------------------|--|
| Capital Expenditure | 22 February 2023 |  |
|---------------------|------------------|--|

---

|                  |  |  |
|------------------|--|--|
| Cyber Essentials | Now deferred to 2023/24 (budget used for Delegated Authorities review) |  |
|------------------|--|--|

---

|                     |                  |  |
|---------------------|------------------|--|
| Treasury Management | 27 February 2023 |  |
|---------------------|------------------|--|

---

|                    |               |  |
|--------------------|---------------|--|
| Follow Up – Part 2 | 13 March 2023 |  |
|--------------------|---------------|--|

---

|                              |               |  |
|------------------------------|---------------|--|
| Strategic Housing Management | 16 March 2023 |  |
|------------------------------|---------------|--|

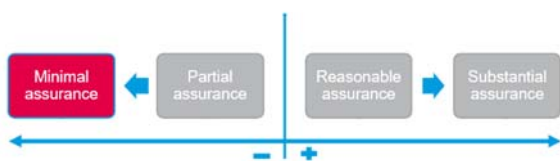
---

|   |                 |  |
|---|-----------------|--|
| Payroll and HR Interface cancelled and replaced with a review of Payments to Temporary and Agency Staff | Postponed to Q4 |  |
|---|-----------------|--|

---

## APPENDIX C: 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:



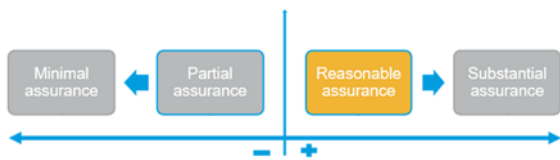
Taking account of the issues identified, the Council can take minimal assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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



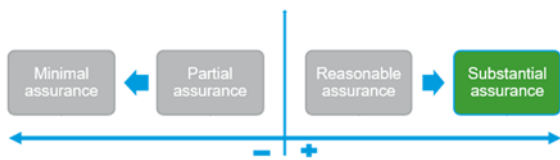
Taking account of the issues identified, the Council can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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

Dan Harris, Head of Internal Audit

[Daniel.Harris@rsmuk.com](mailto:Daniel.Harris@rsmuk.com)

Fiona Ho, Manager

[Fiona.Ho@rsmuk.com](mailto:Fiona.Ho@rsmuk.com)

### THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

RSM UK Corporate Finance LLP, RSM UK Legal LLP, RSM UK Restructuring Advisory LLP, RSM UK Risk Assurance Services LLP, RSM UK Tax and Advisory Services LLP, RSM UK Audit LLP, and RSM UK Consulting LLP are limited liability partnerships registered in England and Wales, with registered numbers OC325347, OC402439, OC325349, OC389499, OC325348, OC325350, OC397475 and OC390886 respectively. RSM Employer Services Limited, RSM UK Tax and Accounting Limited and RSM UK Management Limited are registered in England and Wales with numbers 6463594, 6677561 and 3077999 respectively. RSM Northern Ireland (UK) Limited is registered in Northern Ireland at Number One Lanyon Quay, Belfast, BT1 3LG with number NI642821. All other limited companies and limited liability partnerships are registered at 6th Floor, 25 Farringdon Street, London, EC4A 4AB. The UK group of companies and LLPs trading as RSM is a member of the RSM network. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM UK Legal LLP is authorised and regulated by the Solicitors Regulation Authority, reference number 626317.



# SLOUGH BOROUGH COUNCIL

DRAFT Internal Audit Plan 2023 - 2024 (and Internal Audit DRAFT Strategy 2023/24 – 2025/26)

Presented at the Audit and Corporate Governance Committee meeting of: 14 March 2023

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

Our Internal Audit Plan for 2023/24 is presented for consideration by the Audit and Corporate Governance Committee (ACGC). In preparing the Internal Audit Plan for 2023/24 we have worked with Officers to produce an audit programme which remains mindful of the Council's financial position, significant financial and operational challenges, the Council's improvement and recovery plan position and prior year weaknesses. Early in 2023/24, we will be conducting a formal handover with the new Head of Internal Audit and the new in-house team that is being recruited. The new Internal Audit Team should continue to work with management and hold regular meetings to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs.

The key points to note from this plan are:



**2023/24 Internal Audit priorities:** We were requested to produce an Internal audit plan for 2023/24. We have done this by considering a range of factors (for example; review of the Corporate Risk Register, the Directorate risk registers made available, our knowledge of issues in the wider sector, meetings with Executive Directors, Assistant Directors, RSMs in house sector and technical guidance). It is not clear how complete the Directorate risk registers in place are at the time of drafting the plan as a number of these only contained three risks per Directorate. We have therefore used these and also supplemented the Corporate risk register with discussions with a range of stakeholders. The details of the process followed for 2023/24 is included at Section 1.

We shared all of the areas of priority that were identified from our discussions etc with the Director of Finance and the Interim Financial Advisor. A number of amendments to these areas were made by management. The table at Section 2 below therefore shows each of the reviews that management have suggested are undertaken as part of the internal audit plan for 2023/24 (a number of which were suggested following our discussions and some of which have been deferred to future years). The table details the corporate risks linked to these areas which may warrant internal audit coverage.

**This plan is an indication of the areas of coverage, with the final audit types and budgets to be agreed during detailed planning (e.g. whether coverage will be full audits or follow ups for example). Please note that this plan (and the wider strategy) will be reviewed and updated by the incoming in-house Head of Internal Audit in Q1 of 2023/24, and it is likely that a revised plan for 2023/24 will be presented to the July 2023 Audit and Governance Committee.**



**Level of Resource:** We will continue to utilise our core internal audit team to deliver four or five audits (to be agreed) in quarter one of 2023/24. Our core team will continue to be supported by the use of specialists where appropriate (for example Data Analytics, Cyber Security and wider Technology reviews etc). It should be noted that although RSM has produced this Plan, we are contracted to perform and have no responsibility to perform any of the audit work beyond the agreed audits in quarter one. It is expected that the remainder of the audit plan (or subsequently revised plans) will be delivered by the in-house internal audit team.

In delivering your internal audit services in quarter one we will continue to embrace technology when undertaking operational audits. Through tools such as 4questionnaires, MS Teams meetings, secure web portals for audit data sharing (Huddle) and data analytics, our approach consists of a combination of both on-site client presence and remote auditing. RSM UK has in place policies designed to protect both its staff and clients; which is supported through our flexible working approach. This will strengthen our sampling and focus our audit testing. Refer to Appendix A.



**Core Assurance:** The core assurance reviews for the 2023/24 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 will be follow up reviews given the indicative budgets allocated.

A number of these reviews received a negative assurance opinion in 2022/23 (and prior years) and the best way to approach these reviews needs to be agreed with the new In-House Head of Internal Audit 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 individual reviews will largely depend on the progress made by management to implement previous management actions. We are happy to assist and provide our professional view in these conversations. We will not however be responsible for delivering an Annual Opinion in 2023/24.



**'Agile' approach:** Our approach to working with you has always been one where we will respond to your changing assurance needs. By employing '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 Audit and Corporate Governance Committee during the year.



# CONTENTS

- 1. YOUR INTERNAL AUDIT PLAN 2023/24 .....5
- 2. INTERNAL AUDIT PLAN 2023/24 .....6
- APPENDIX A: YOUR INTERNAL AUDIT SERVICE ..... 15
- APPENDIX B: INTERNAL AUDIT STRATEGY 2023/24 – 2025/26..... 16
- APPENDIX C: INTERNAL AUDIT CHARTER.....21
- FOR FURTHER INFORMATION CONTACT .....26

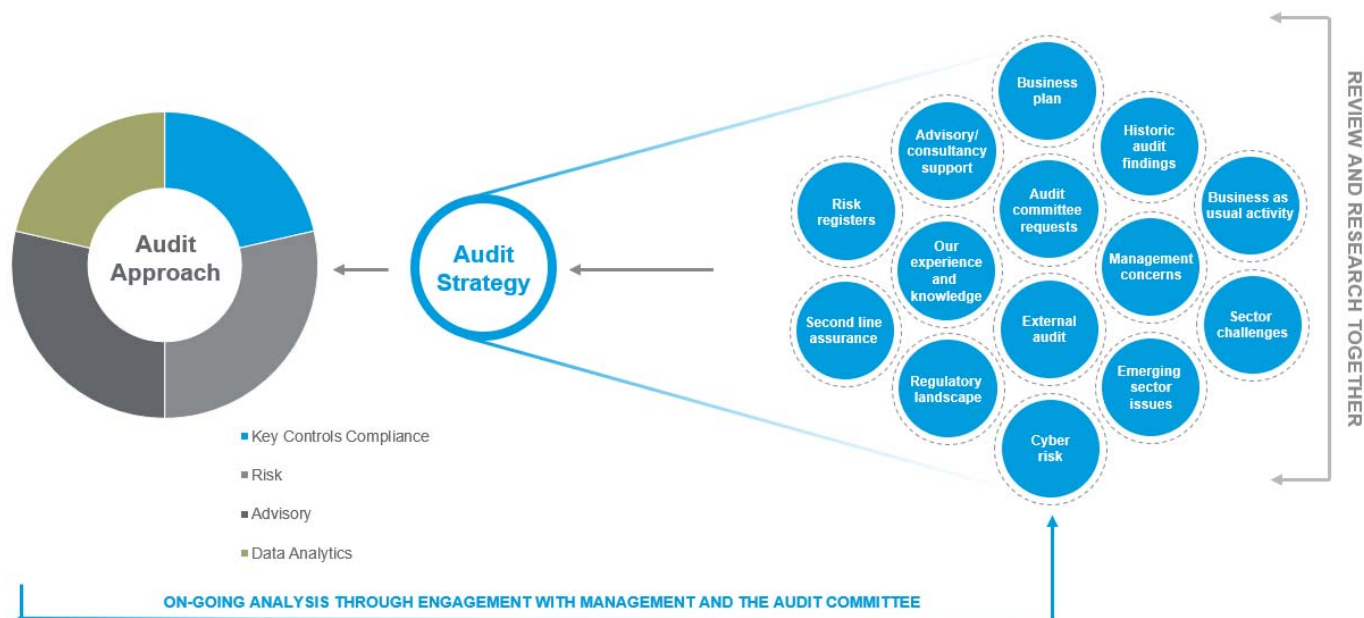
# 1. YOUR INTERNAL AUDIT PLAN 2023/24

We were requested to produce an Internal audit plan for 2023/24. We have done this by considering a range of factors noted below..

## Risk management processes

We have evaluated your risk management processes (2021/22 partial assurance and little progress opinion 2022/23) in 2022/23 and concluded that there remains a risk that the Council does not have an effective approach to risk management, and that the framework is not yet fully embedded, so we cannot place full reliance on your risk registers to inform the internal audit strategy. We have however reviewed the Corporate Risk Register and used this in discussions with management. We have also considered the key risk themes from the Directorate risk registers provided to us and we have used various sources of information (see Figure A below). Furthermore, we have requested input for internal audit coverage with all of the CLT, Assistant Directors, the Interim Financial Advisor, other key officers (e.g. monitoring Officer) and the plan is being presented to the ACGC. The Commissioners will also receive a copy of the draft plan and will provide feedback as appropriate. It should be noted that we did not get responses from all individuals we agreed we would contact as part of the internal audit planning process.

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, which has subsequently been revised by management, for the coming year and a high level strategic plan (see Section 2 and Appendix B for full details).

## 2. INTERNAL AUDIT PLAN 2023/24

The table below shows each of the reviews that management have suggested are undertaken as part of the internal audit plan for 2023/24 (we initially provided a list of audits that we believed should be included in 2023/24, as per the methodology mentioned above, and these have been reviewed and amended by management). The table details the strategic risks linked to these areas which management believe may warrant internal audit coverage.

**This plan is an indication of the areas of coverage, with the final audit types and budgets to be agreed during detailed planning (e.g. whether coverage will be full audits or follow ups for example). Please note that this plan (and the wider strategy) will be reviewed and updated by the incoming in-house Head of Internal Audit in Q1 of 2023/24, and it is likely that a slightly revised plan for 2023/24 will be presented to the July 2023 Audit and Governance Committee.**

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 Directorate risk registers and still 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<br>(Directorate)                                | Audit approach  | Rationale for coverage  | Est Timing & ACGC |
|---|---|---|-------------------|
| <b>Risk Based Assurance – Split by current directorates</b> |   |   |                   |
| <b>People (Children)</b>                                    |   |   |                   |
| Children Missing Education (CME) – Follow Up                | <p>As part of the 2022/23 Internal Audit Plan, a ‘partial’ assurance opinion had been provided in relation to the Attendance Service for CME. Issues were identified with regards to adhering to the (new) CME process checklist, as well as the frequency and formality of meetings / reviews, and responsibilities around red EHE cases.</p> <p>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.</p> <p><b>Risk 1: Safety of Children and Young People</b></p> <p><b>Risk 3: Special Educational Needs and Disability (SEND) Local Area Inspection</b></p> | <p>Linked to strategic risk</p> <p>22/23 negative opinion</p> | Q1                |
| Schools   | <p>To provide assurance over the effectiveness of governance and financial management arrangements within schools.</p> <p><b>Risk 1: Safety of Children and Young People</b></p> <p><b>Risk 3: Special Educational Needs and Disability (SEND) Local Area Inspection</b></p>  | <p>Linked to strategic risk</p>                               | Q4                |
| Slough Children First                                       | <p>The scope of this review will be determined following the outcome of the current review of SCF with this utilised to support the findings.</p>   | <p>Linked to strategic risk</p>                               | Q3                |

| Audit Title<br>(Directorate)  | Audit approach  | Rationale for coverage                               | Est Timing & ACGC |
|---|---|--|-------------------|
| <p><b>Risk 1: Safety of Children and Young People</b></p> <p><b>Risk 3: Special Educational Needs and Disability (SEND) Local Area Inspection</b></p> |   |  |                   |
| Safeguarding  | <p>To ensure that all Officers and volunteers in a regulated role are subject to the necessary checks and references prior to working with children and vulnerable adults. We will also review the level of training and awareness across the Council.</p> <p><b>Risk 1: Safety of Children and Young People</b></p>  | Linked to strategic risk                             | Q4                |
| <b>People (Adults)</b>  |   |  |                   |
| CQC Regulatory Inspection   | <p>At the request of the Executive Director - People (Adults), we will undertake a review focusing on the upcoming CQC adult care inspection framework. The specific focus will be agreed closer to the time but this could include:</p> <ul style="list-style-type: none"> <li>• readiness for compliance ahead of inspection – could take the form of deep dive reviews;</li> <li>• assessment of the process in place and whether this is appropriate and robust (e.g. the policy, procedure); and/or</li> <li>• improvement plan and whether this is fit for purpose and being adhered to with appropriate governance.</li> </ul>   | Requested by Director<br>New regulatory requirements | Q2                |
| <b>Place and Community</b>  |   |  |                   |
| Planning - Local Plan   | <p>The Council's new Local Plan will set out how to guide development in Slough through to 2036. The plan will contain policies to guide business and residential development to meet the needs of Slough's expanding population. This review will assess the programme in place for development of the Local Plan ensuring there is a clear action plan with target dates and an appropriate governance process in place to ensure appropriate approvals are sought and oversight is held. We will also assess the process to be followed ensuring key stakeholders are engaged and consulted.</p> <p><b>Place and Community risk register Risk 5: Local Plan – Failure to deliver the local plan by December 2023</b></p> | Linked to directorate risk<br>Requested by Director  | Q2                |
| Contract Management – Waste Disposal / DSO  | <p>In December 2017 the Council procured a new waste disposal contract with Grundons. The contract has a 10-year term and ends in 2027. This piece of work will review the effectiveness of the arrangements in place within SBC for the management of the contract. This will include a review of whether agreed services are being delivered together with the processes in place for monitoring the performance of the contractor.</p>   | Linked to directorate risk<br>Requested by Director  | Q2                |

| Audit Title<br>(Directorate)  | Audit approach   | Rationale for coverage   | Est Timing & ACGC |
|---|--|--|-------------------|
| <b>Place and Community risk register Risk 6: DSO Risk - Ability to delivery waste collection services due to staffing shortages, including the national shortage of LGV/HGV drivers and staff turnover due to uncertainty</b> |  |  |                   |
| <b>Housing and Property</b>   |  |  |                   |
| Temporary Accommodation   | <p>Following a 'minimal' assurance opinion provided in 2021/22, negative opinions provided in this area since 2018/19, and the expectation of a negative opinion in 2022/23 following planning discussions with the Interim Director of Housing, 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&amp;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>This review will be undertaken in quarter 4 when it is expected changes implemented by the new Interim Director of Housing, including the team structure / staffing, will have had an effect with improvements evidenced.</p> <p><b>Risk 5: Risk of the failure of statutory duty for provision of temporary accommodation</b></p> | <p>Linked to strategic risk</p> <p>Requested by Director</p> <p>Previous negative opinions</p> | Q4                |
| <b>Finance and Resources</b>  |  |  |                   |
| Budget Setting and Budgetary Control – Follow up  | <p>Following a negative opinion in 22/23 risks in relation to changes in personnel and the approach to budget setting and management remain 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>This will be a follow up review to determine if the risks identified in 22/23 have been addressed.</p> <p><b>Risk 10: Financial sustainability</b></p>   | <p>Linked to strategic risk</p> <p>Previous negative opinion</p>                               | Q1                |
| Medium Term Financial Strategy – Follow Up  | <p>This will be a follow up review to determine if the risks identified in 22/23 have been addressed.</p>  | <p>Linked to strategic risk</p>  | Q2                |
| Corporate Health and Safety – Follow Up   | <p>Following 'partial' (negative) assurance opinions in 2019/20 to 2022/23 and being a key risk on the Council's Corporate Risk Register, we will undertake a follow up 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</p>  | <p>Linked to strategic risk</p>  | Q3                |



| Audit Title<br>(Directorate) | Audit approach   | Rationale for<br>coverage  | Est Timing &<br>ACGC |
|------------------------------|--|--|----------------------|
|                              | <p>meetings of Directorate Consultative Forums, appropriate oversight from the Health and Safety Board and conducting of directorate self-audits.</p> <p><b>Risk 7: The Council does not take adequate mitigations to reduce the risk of injury or death from incidents within the Council</b></p>   | Previous negative opinion  |                      |
| Cyber Essentials             | <p>Following on from the advisory reviews completed in 2020/21, 2021/22 and 2022/23 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> <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><b>Risk 9: Cyber Security</b></p>   | <p>Linked to strategic risk</p> <p>Previous negative opinion</p> | Q3                   |
| 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 in a follow up capacity. This also received a little progress opinion in 2022/23.</p> <p><b>Risk 8: Business Continuity and Emergency Planning</b></p> <p><b>Risk 9: Cyber Security</b></p>  | <p>Linked to strategic risk</p> <p>Previous negative opinion</p> | Q4                   |
| Remote and Hybrid Working    | <p>As a result of the Covid-19 crisis the Council ways of working have changed and many staff now work remotely either part of the time or full time. We will critically assess the capacity of the IT infrastructure and remote network to verify that adequate capacity is available at all times to meet the agreed needs of the business, and secure configuration is in place for remote access.</p> <p>This review will also include a review focusing on remote and hybrid working from an effectiveness perspective considering the HR policy framework in place and procedures and requirements that are to be followed.</p> <p><b>Risk 9: Cyber Security</b></p> <p><b>Risk 14: Failure to explore opportunities for more efficient operating models</b></p> | <p>Linked to strategic risk</p> <p>Requested by Director</p>     | Q1                   |
| Approach for Cloud Migration | This review will be a lessons learnt piece of work assessing migration to the Cloud to date identifying any weaknesses / issues in the process to ensure future migration exercises avoid  | Linked to strategic risk   | Q3                   |

| Audit Title<br>(Directorate)                   | Audit approach  | Rationale for coverage                            | Est Timing & ACGC |
|--|---|---|-------------------|
|  | <p>the initial mistakes. This will include determining if there was clear goal, security strategy and an assessment of data quality.</p> <p><b>Risk 9: Cyber Security</b></p> <p><b>Risk 14: Failure to explore opportunities for more efficient operating models</b></p>   | Requested by Director                             |                   |
| Effective Use of IT Tools / Digital Technology | <p>This review will consider user competence and proficiency in respect of key digitalised systems to ensure the organisation is achieving the value and benefits of those systems. This will include the use of a questionnaire as well as one to one interviews to gauge staff awareness and competence in using those systems. We will also consider the use of the IT tools Slough already have and managing these including the effectiveness and security.</p> <p><b>Risk 9: Cyber Security</b></p> <p><b>Risk 14: Failure to explore opportunities for more efficient operating models</b></p> | Linked to strategic risk<br>Requested by Director | Q4                |
| Workforce Development Strategy                 | <p>This review will focus on the Workforce Development Strategy assessing how it links to the Council's overall strategy and objectives, whether it is complete and comprehensive, as well as an assessment on delivery and implementation of the strategy.</p> <p><b>Risk 6: Service delivery risk due to workforce recruitment and retention issues</b></p>   | Linked to strategic risk<br>Requested by Director | Q2                |
| Scheme of Delegation                           | <p>This relevance of this review is increased due to the large number of new Executive Directors that have come into post at the Council and the subsequent revisions made to the Council's scheme of Delegation (SoD).</p> <p>We will review selected aspects of the document to consider compliance at the Council level. In addition, we will consider staff understanding of the SoD. The sample of delegated responsibilities will be tailored to the agreed allocation for this audit.</p>  | Requested by Director                             | Q2                |
| In-house Counter Fraud Team                    | Following the CIPFA review this audit will assess the processes and procedures in place for the Fraud Department within the Council and assess how fraud is identified, investigated and reported.  | Requested by Director                             | Q3                |
| Matrix   | <p>We are proposing to undertake a review of the arrangements for using matrix and compliance with policies and procedures including review of actions undertaken as part of the previous review.</p> <p><b>Risk 10: Financial sustainability</b></p>   | Linked to strategic risk<br>Requested by Director | Q1                |

| Audit Title<br>(Directorate)                          | Audit approach  | Rationale for<br>coverage  | Est Timing &<br>ACGC |
|---|---|--|----------------------|
|   |   | Previous<br>negative<br>opinion                                  |                      |
| <b>Core Assurance (split by current directorates)</b> |   |  |                      |
| <b>Place and Community</b>                            |   |  |                      |
| Rent Accounts 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 2022/23 audit, where a negative assurance opinion was provided.<br><br><b>Risk 10: Financial sustainability</b>   | Previous<br>negative<br>opinion                                  | Q4po                 |
| Assets  | This review was postponed from 2022/23 to allow further progress to be undertaken. 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.<br><br>We will also seek to understand what if any coverage is required in relation to the Councils asset disposal programme.<br><br><b>Risk 11: Pace and evaluation of the disposal of assets</b>  | Previous<br>negative<br>opinion<br><br>Postponed from<br>2022/23 | Q2                   |
| <b>Housing and Property</b>                           |   |  |                      |
| Leasehold Service Charges                             | To ensure Council owned properties are appropriately controlled and managed and that correct service recharges are being applied and billed to leaseholders.  | Previous<br>negative<br>opinion                                  | Q3                   |
| Property Services / SHM                               | For a sample of key areas of health & safety compliance to be agreed at the time of the audit, the audit will ensure that those properties identified as requiring a health & safety compliance check have been appropriately identified and included within the service schedule. For any remedial actions that have been identified as part of the service we will ensure that those actions have been followed up, recorded against the initial job code and completed.<br>This review was delayed from 2022/23 with a tenant health and safety review undertaken in its place. 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 | Requested by<br>Director   | Q3                   |

| Audit Title<br>(Directorate)            | Audit approach  | Rationale for coverage                                 | Est Timing & ACGC |
|---|---|--|-------------------|
|   | a review of the function to establish how the housing stock (c6000 properties) and the wider service is being managed.<br>The exact nature of the scope will be agreed with the Executive Director for Place and Communities.   |  |                   |
| Allocations                             | The review will be undertaken to provide assurance that the Council has effective systems in place to ensure the management of Voids and Allocations.   | Requested by Director                                  | Q4                |
| <b>Finance and Resources</b>            |   |  |                   |
| General Ledger                          | 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. Areas of focus and how detailed the coverage will be agreed closer to the time dependent on risks and progress made.<br><b>Risk 11: Pace and evaluation of the disposal of assets</b><br><b>Risk 10: Financial Sustainability</b><br><b>Risk 13: Recovery and renewal plan</b> | Linked to strategic risk<br>Previous negative opinions | Q3                |
| Creditors – Follow Up                   |   |  | Q3                |
| Payroll – Follow Up                     |   |  | Q3                |
| Council Tax                             |   |  | Q4                |
| Treasury Management                     |   |  | Q4                |
| Debtors                                 |   |  | Q4                |
| Capital Expenditure                     |   |  | Q4                |
| Rent Accounts                           |   |  | Q4                |
| Business Rates                          |   |  | Q4                |
| Housing Benefits                        |   |  | Q3                |
| Risk management – Follow Up             | This review will follow up the work undertaken in 2021/22 and 2021/22. The purpose is to 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 Directorate-level risk registers, ensuring that the key risks previously identified relating to the lack of current Directorate risk registers and assurances have been addressed.   | Previous negative opinion                              | Q3                |
|   | <b>All risks</b>  |  |                   |
| Data Quality and Performance Management | The specific area of focus will be determined nearer the time, but the audit will focus on how performance data is collated, reviewed and reported. This will include review of the Data Quality Policy assessing whether it is fit for purpose and understood, whether governance of data  | Linked to strategic risk                               | Q2                |

| Audit Title<br>(Directorate)                  | Audit approach   | Rationale for coverage                            | Est Timing & ACGC |
|---|--|---|-------------------|
|   | <p>quality is clear and adhered to, and whether it is followed within the Directorates. For a specific sample of data we will substantiate the data back to source.</p> <p><b>All risks</b></p>  |   |                   |
| Procurement                                   | <p>Internal audit has not undertaken a review on Procurement in recent years due to a conflict of interest. This will be a full review of the procurement service reviewing how procurement occurs in the organisation to ensure suitable value for money can be achieved. This will include ensuring that suitable value is sought through competition, quotations and tenders as appropriate, that authorisation is applied appropriately and that suitable contracts are put in place to hold suppliers to account.</p> <p><b>Risk 10: Financial sustainability</b></p> | Requested by Director                             | Q3                |
| Evidence Based Decision Making / Data Quality | <p>The sample areas for focus will be determined when the audit is scoped, but this review will focus on decision making within the Council and whether these can be supported by appropriate documentation and evidence. Where appropriate we will ensure decisions and business cases agree back to source documentation.</p>  | Linked to strategic risk<br>Requested by Director | Q1                |
| Grants  | <p>This audit will cover the control framework established for the management of grant applications received and payments awarded to ensure that such payments are in place with the applications as well as the requirements of the grant scheme.</p> <p>This will also cover contractual arrangements to ensure that value for money is being obtained where funds are awarded.</p> <p><b>Risk 10: Financial sustainability</b></p>  | Core assurance                                    | Q2                |
| Governance                                    | <p>To provide assurance over the effectiveness of governance arrangements within the Council. The focus will be on the Governance Group and IRB assessing ensuring governance arrangements are effective and reflect best practice. We will also assist the Council in the Production of the Annual Governance Statement.</p> <p><b>All risks</b></p>  | Linked to strategic risk<br>Requested by Director | Q1                |
| <b>Other Internal Audit Activity</b>          |  |   |                   |
| Follow up                                     | <p>To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management. Please note in 2023/24 this will form a number of follow ups of audits that have received negative opinions in previous years.</p>  | To meet internal auditing standards               | Ongoing           |
| 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>   | n/a   | Ongoing           |

| Audit Title<br>(Directorate) | Audit approach  | Rationale for coverage | Est Timing & ACGC |
|------------------------------|---|------------------------|-------------------|
| Management                   | This will include: <ul style="list-style-type: none"> <li>• Annual Planning meetings for 2023/24 plan and draft 2023/24 – 2025/26 IA strategy</li> <li>• Preparation for, and attendance at, ACGC in July 2023</li> <li>• Regular liaison and progress updates</li> <li>• Meetings with Chief Executive, S151 Officer, Monitoring Officer, Chair of Audit and Corporate Governance</li> <li>• Liaison with external audit and other assurance providers</li> <li>• Preparation of position statement for incoming in-house Head of Internal Audit</li> <li>• Full handover to new in-house team and Head of Internal Audit</li> </ul> | n/a                    | ongoing           |

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.

## 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, 2<sup>nd</sup> Partner review of all outputs) and Fiona Ho as your Manager.

## Core team

It has been indicated that we may be required to deliver four or five reviews in Quarter one from the 2023/24 audit plan to support the in-house team. This will be based around a core team that have worked with you previously. However, we will complement the team with additional specialist skills where required.

## 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 have previously delivered operational support to the Council in relation to the Procurement Function and also previously supplied some software solutions to help the Council manage their policy management and risk capture. These services are no longer provided, but we have mentioned these again for transparency purposes. We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

## APPENDIX B: INTERNAL AUDIT STRATEGY 2023/24 – 2025/26

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 above and the Executive summary above.

| Assurance Provided:   |  | Internal Audit coverage - Third Line of Assurance |         |         |         |         |         |         |         |         |
|---|--|---|---------|---------|---------|---------|---------|---------|---------|---------|
|   |  | current (22/23) Corporate Risk Register Ref:      | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|   | Red - Minimal Assurance / Poor Progress                  |   |         |         |         |         |         |         |         |         |
|   | Amber/red - Partial Assurance / Little Progress          |   |         |         |         |         |         |         |         |         |
|   | Amber/green - Reasonable Assurance / Reasonable Progress |   |         |         |         |         |         |         |         |         |
|   | Green - Substantial Assurance / Good Progress            |   |         |         |         |         |         |         |         |         |
|   | Advisory / AUP   |   |         |         |         |         |         |         |         |         |
| <b>Audit Area (split by current directorates)</b>                             |  |   |         |         |         |         |         |         |         |         |
| <b>People (Adults)</b>  |  |   |         |         |         |         |         |         |         |         |
| Adult Social Care - Management of Income / Financial Assessments and Charging |  |   |         |         |         |         |         |         |         |         |
| Adult Social Care - Transformation Programme                                  |  |   |         |         |         | ✓       |         |         |         |         |
| Adult Education Service (OFSTED Inspection)                                   |  |   |         |         |         |         |         |         |         |         |
| CQC Regulatory inspection   |  |   |         |         |         |         | ✓       |         |         |         |
| Deputyship and Appointeeship  |  |   |         |         |         |         |         |         | ✓       | ✓       |
| <b>People (Childrens)</b>   |  |   |         |         |         |         |         |         |         |         |
| Children Missing Education  | 1, 3   |   |         |         |         |         |         | ✓       | ✓       |         |
| Schools   | 1, 3   | ✓   | ✓       | ✓       | ✓       |         |         | ✓       | ✓       | ✓       |
| Children's Centres  |  |   |         |         |         |         |         |         |         |         |
| SC First  | 1, 3   |   |         |         | ✓       |         |         | ✓       | ✓       | ✓       |
| Safeguarding  | 1  |   |         |         |         |         |         | ✓       |         | ✓       |
| <b>Place and Community</b>  |  |   |         |         |         |         |         |         |         |         |
| Strategic Housing Management  |  |   |         |         |         | ✓       |         | ✓       | ✓       |         |
| HRA   |  |   |         |         |         |         |         |         | ✓       | ✓       |



|   |    |  |        |        |        |        |        |   |   |   |
|---|----|--|--------|--------|--------|--------|--------|---|---|---|
| Housing Benefits  |    |  | Yellow | Yellow | Yellow | Yellow | Orange | ✓ | ✓ | ✓ |
| Regulatory Services (Cash Handling Arrangements)  |    |  |        | Orange |        |        |        |   |   |   |
| Council Buy Backs   |    |  |        | Red    |        | Yellow |        |   |   |   |
| Social Lettings Team  |    |  |        |        | Yellow |        |        |   |   |   |
| Temporary Accommodation Strategy  | 5  |  | Orange | Orange | Orange | Red    | ✓      | ✓ |   | ✓ |
| Slough Urban Renewal (SUR)  |    |  | Yellow |        | Grey   |        |        |   |   |   |
| DSO (refuse and recycling, fleet etc) (*Note, this was being covered by RSM Specialists in 2020/21 but work stopped at Council request)         |    |  |        |        |        |        |        | ✓ | ✓ | ✓ |
| Matrix  | 10 |  |        |        |        | Red    |        | ✓ |   | ✓ |
| Leasehold Service Charges   |    |  |        |        | Orange | Orange |        | ✓ |   | ✓ |
| Contract Management – Osbornes (Repairs, Maintenance, Investment Housing Contract, including statutory safety checks, ie lifts, legionella etc) |    |  | Yellow |        |        | Orange |        |   |   |   |
| Contract Management – Everyone Active (Leisure Contract)*   |    |  |        |        | Orange |        |        |   |   |   |
| Contract Management – Bouygues (Facilities Mgmt)  |    |  | Yellow |        |        |        |        |   |   |   |
| Contract Management – Waste Disposal  |    |  |        |        |        |        |        | ✓ |   |   |
| Fire Safety   |    |  |        | Yellow |        |        |        |   |   |   |
| Planning Performance Agreements (PPAs)  |    |  |        |        | Yellow |        |        |   |   |   |
| Planning Applications Response Times  |    |  |        |        | Yellow |        |        |   |   |   |
| Rent Accounts   |    |  | Yellow | Yellow | Yellow | Orange | ✓      | ✓ | ✓ | ✓ |
| Rent Arrears Recovery   | 10 |  |        | Orange | Orange | Orange | ✓      | ✓ | ✓ |   |
| Assets  | 11 |  | Yellow | Orange | Orange | Orange |        | ✓ |   | ✓ |
| Section 106   |    |  |        |        | Orange |        |        |   |   |   |
| Allotment Charges   |    |  |        | Yellow |        |        |        |   |   |   |
| Major Infrastructure Projects (LEP)   |    |  |        | Green  |        |        |        |   |   |   |
| Planning including Local Plan   |    |  |        |        |        |        |        | ✓ | ✓ | ✓ |
| Allocations   |    |  |        |        |        |        |        | ✓ | ✓ |   |
| Licensing   |    |  |        |        |        |        |        |   | ✓ | ✓ |

|  |            |  |    |    |    |    |   |   |   |
|--|------------|--|----|----|----|----|---|---|---|
| Cultural Change Programme  |            |  |    |    |    |    |   | ✓ | ✓ |
| Contract Management  |            |  |    |    |    |    |   | ✓ | ✓ |
| <b>Finance and Resources</b>   |            |  |    |    |    |    |   |   |   |
| Capital Projects – Britwell GP Hub                                       |            |  |    |    |    |    |   |   |   |
| Corporate Health and Safety  | 7          |  |    |    |    | ✓  | ✓ |   | ✓ |
| Conflicts of Interest  |            |  |    |    |    |    |   |   |   |
| Safety Advisory Group (SAG)  |            |  |    |    |    |    |   |   |   |
| Supplier Duplicate Payments  | 10         |  |    |    |    |    |   | ✓ | ✓ |
| Business Continuity and Emergency Planning                               |            |  |    |    |    |    |   |   | ✓ |
| Whistleblowing   |            |  |    |    |    | ✓  |   |   |   |
| Contract Procedure Rules   |            |  |    |    |    |    |   |   |   |
| Budget Setting and Budgetary Control                                     | 10, 11, 13 |  |    |    |    | ✓  | ✓ | ✓ |   |
| Medium Term Financial Strategy (MTFS)                                    |            |  |    |    |    | ✓  |   | ✓ | ✓ |
| Workforce Recruitment and Retention                                      | 6          |  |    |    |    | ✓  |   | ✓ |   |
| Appraisals and Performance Management                                    | 6          |  |    |    |    |    |   | ✓ |   |
| Cyber Security and Cyber Risk  | 9          |  |    |    |    | ✓  | ✓ | ✓ | ✓ |
| GDPR   |            |  |    |    |    |    |   |   |   |
| IT Business Continuity   | 8, 9       |  |    |    |    |    | ✓ | ✓ |   |
| Data Security and Protection Toolkit (previously Information Governance) |            |  |    |    |    |    |   |   |   |
| Procurement **   | 10         |  | ** | ** | ** | ** | ✓ | ✓ | ✓ |
| Subsidiary Companies Governance  | 10, 12     |  |    |    |    | ✓  |   | ✓ |   |
| Transformation Plan  |            |  |    | ✓  |    |    |   |   |   |
| Business Rates   |            |  |    |    |    | ✓  | ✓ | ✓ | ✓ |
| Council Tax  | 10, 11, 13 |  |    |    |    |    | ✓ |   | ✓ |
| Treasury Management  | 10, 11, 13 |  |    |    |    | ✓  | ✓ |   | ✓ |

|  |            |   |   |   |     |     |   |   |   |
|--|------------|---|---|---|-----|-----|---|---|---|
| General Ledger                                 | 10, 11, 13 |   |   |   |     |     | ✓ | ✓ |   |
| Debtors  |            |   |   |   |     | ✓   | ✓ | ✓ | ✓ |
| Payroll  | 10, 11, 13 |   |   |   |     | ✓   | ✓ |   | ✓ |
| Capital Expenditure                            |            |   |   |   |     | ✓   | ✓ | ✓ | ✓ |
| Creditors                                      | 10, 11, 13 |   |   |   |     | ✓   | ✓ |   | ✓ |
| Assurance Map                                  |            |   |   |   |     |     |   |   |   |
| Risk Management                                | All        |   |   |   |     |     | ✓ |   |   |
| Governance                                     | All        |   |   |   |     |     | ✓ | ✓ | ✓ |
| Governance - Overview and Scrutiny             |            |   |   |   |     |     |   |   |   |
| Governance - James Elliman Homes               |            |   |   |   |     |     |   |   |   |
| Governance – Sub Committee Effectiveness       |            |   |   |   |     |     |   |   |   |
| Member Development                             |            |   |   |   |     |     |   | ✓ |   |
| Agresso HR - Self-Service                      |            |   |   |   |     |     |   |   |   |
| Freedom of Information                         |            |   |   |   |     |     |   |   |   |
| Cash Collection & Management                   |            |   |   |   |     |     |   |   |   |
| Payroll and HR Interface                       |            |   |   |   |     |     |   |   |   |
| Leavers processes                              |            |   |   |   |     |     |   |   |   |
| Grant audits                                   | 10         | ✓ | ✓ | ✓ | *** | *** | ✓ | ✓ | ✓ |
| Remote and Hybrid Working                      | 9, 14      |   |   |   |     |     | ✓ | ✓ |   |
| Approach for Cloud Migration                   | 9, 14      |   |   |   |     |     | ✓ | ✓ |   |
| Effective Use of IT Tools / Digital Technology | 9, 14      |   |   |   |     |     | ✓ | ✓ |   |
| Workforce Development Strategy                 | 6          |   |   |   |     |     | ✓ | ✓ |   |
| Scheme of Delegation                           |            |   |   |   |     |     | ✓ | ✓ |   |
| In-house Counter Fraud Team                    |            |   |   |   |     |     | ✓ |   |   |
| Data Quality                                   | All        |   |   |   |     |     | ✓ | ✓ |   |

|                                |     |   |   |   |   |   |   |   |   |
|--------------------------------|-----|---|---|---|---|---|---|---|---|
| Evidence Based Decision Making |     |   |   |   |   |   | ✓ | ✓ |   |
| Recovery and Renewal Plan      |     |   |   |   |   |   |   | ✓ |   |
| Democratic Services            |     |   |   |   |   |   |   | ✓ | ✓ |
| ESG                            |     |   |   |   |   |   |   |   | ✓ |
| Grants                         |     |   |   |   |   |   | ✓ | ✓ | ✓ |
| Insurance                      |     |   |   |   |   |   |   | ✓ | ✓ |
| Follow Up                      | All | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

#### Notes:

Please note, there are a number of areas where IA coverage was original identified, which has been replaced with higher priority areas of coverage following discussions with management. This related to both 2023/24 and previous financial years.

\*\* As reported each year since 2019/20, RSM Internal Audit cannot review this area as RSM Consultants were assisting the Council in the Operational delivery of Procurement activity until September 2022. 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.

\*\*\* Please note that we may not have been asked to review all relevant grant claims that SBC may have been in receipt of for a number of financial years. Some of these grants require Head of Internal Audit review and sign-off and we have not been commissioned to undertake review of all relevant grants. We have provided a list to management of grants that we are aware that Slough may have been in receipt of that may require review by internal audit.

Please note – Follow Up coverage has been requested to be removed by management and is being replaced in 2023/24 with targeted follow ups of previous qualified opinions. The approach to follow up in 2024/25 and beyond will therefore need further consideration.

We have only included assurance opinions for the reviews in 2022/23 in the above table where the report has been finalised @ 23 February 2023.

# APPENDIX C: INTERNAL AUDIT CHARTER

## Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Slough Borough Council. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the audit and corporate governance committee.

The internal audit service is provided by RSM UK Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core principles for the professional practice of internal auditing;
- Definition of internal auditing;
- Code of ethics; and
- The Standards.

## Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

---

*“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.*

---

## Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Partner (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the chief executive, with further reporting lines to the Director of Finance. The head of internal audit has unrestricted access to the chair of audit and corporate governance committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to Slough Borough Council. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the audit and corporate governance committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the audit and corporate governance committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

## Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the audit and corporate governance committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the audit and corporate governance committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the audit and corporate governance committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

- Council senior management who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.
- Executive (Cabinet) - The highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "board" may refer to a committee or another body to which the governing body has delegated certain functions (eg an audit and corporate governance committee).

## Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date.
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee six weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 15 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Huddle.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

## Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the audit and corporate governance committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.

- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

## Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the audit and corporate governance committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the audit and corporate governance committee and management summarising outcomes of audit activities, including follow up reviews. As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM UK Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Cabinet to inform the organisation's annual governance statement.

## Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.



## Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the audit and corporate governance committee.

## Fraud

The audit and corporate governance committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the audit and corporate governance committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

## Approval of the internal audit charter

By approving this document, the internal audit strategy, the audit and corporate governance committee is also approving the internal audit charter.

# FOR FURTHER INFORMATION CONTACT

## Partner – Head of Internal Audit

Email: [Daniel.Harris@rsmuk.com](mailto:Daniel.Harris@rsmuk.com)

Telephone: 07792 948767

## Internal Audit Manager

Email: [Fiona.Ho@rsmuk.com](mailto:Fiona.Ho@rsmuk.com)

Telephone: 07436 268508

## rsmuk.com

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.

**MEMBERS' ATTENDANCE RECORD 2022/23**

**AUDIT AND CORPORATE GOVERNANCE COMMITTEE**

| <b>COUNCILLOR</b>  | <b>28/07/22</b> | <b>28/09/22</b> | <b>14/12/22</b> | <b>18/01/23<br/>(Extraordinary)</b> | <b>22/02/23<br/>(Extraordinary)</b> | <b>14/03/23</b> |
|--|-----------------|-----------------|-----------------|-------------------------------------|-------------------------------------|-----------------|
| Ali  | P               | P               | P               | P                                   | P                                   |                 |
| Brooker  | P               | P               | P               | P                                   | P                                   |                 |
| Carter   | P               | P               | P               | P                                   | P                                   |                 |
| J Davis  | Ap              | P               | P               | P                                   | Ap                                  |                 |
| Grewal   | P               | P               | Ap              | P                                   | P                                   |                 |
| Gill   | Ab              | P               | P               | Ab                                  | P                                   |                 |
| Kelly  | Ap              | P               | P               | P                                   | P                                   |                 |
| <b>CO-OPTED INDEPENDENT MEMBERS</b>                        |                 |                 |                 |                                     |                                     |                 |
| Naira Bukhair  | P               | P               | Ap              | Ap                                  | P                                   |                 |
| Stefana Moldovan (resigned from Committee in January 2023) | P               | P               | Ap              | P                                   |                                     |                 |

P = Present for whole meeting  
Ap = Apologies given

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

This page is intentionally left blank