



SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

**For the Audit and Corporate Governance
Committee meeting on 7 March 2019**

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

1 INTRODUCTION

The Internal Audit Plan for 2018/19 was approved by the Audit and Corporate Governance Committee on 8th March 2018. This report provides a summary update on progress against that plan as at the 26th February 2019.

2018/19 Internal Audit Plan

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

- Health and Safety 15.18/19 (**Partial Assurance**)
- Contract Management – Buoygues 23.18/19 (**Reasonable Assurance**)
- Capital Expenditure 26.18/19 (**Reasonable Assurance**)
- Cash Collection and Management 24.18/19 (**Substantial Assurance**)
- Rent Accounts 28.18/19– (**Reasonable Assurance**)
- Adult Social Care – Management of Income 17.18/19 (**Advisory**)

One of the above reports, Health and Safety resulted in a partial assurance opinion, and we identified that while the Corporate Codes of Practice were still undergoing update, there was no plan in place for the completion of this exercise. We also identified that risk assessments and self-audits within directorates were not routinely undertaken and regular directorate health and safety meetings were not taking place within the Children, Learning and Skills and Finance directorates. In addition, we noted that only 518 of 1169 employees had completed all four mandatory health and safety training modules within the last three years at the time of the audit, all of which could impact the Council's ability to manage corporate Health and Safety effectively.

A summary including medium and high priority management actions agreed from finalised 2018/19 reports, which resulted in a negative opinion (partial assurance), has been included within Appendix A below.

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

- Conflicts of Interest (**Partial**)– (issued 28th September)
- Risk Management – (**Reasonable**) (issued 22nd January 2019)
- General Ledger – (**Reasonable**) (issued 3rd January 2019)
- Whistleblowing – (**Advisory**) – (21st December 2018)
- Housing Benefits (**Reasonable**) (9th December 2018)

2 SUMMARY OF PROGRESS TO DATE 2018/19

Reports shown in bold have been finalised.

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

2018/19 Internal Audit Plan

Assignment area	Timing Per Approved IA Plan	Fieldwork date/status	Draft report	Final report	Opinion	Actions		
						L	M	H
Contract Procedure Rules	Q1	Final Report	18th June 2018	25th June 2018		0	5	3
Temporary Accommodation Strategy	Q1	Final Report	23rd July 2018	9th August 2018		4	3	1
School Reviews - Claycots	Q1	Final Report	8th June 2018	6th November 2018		2	4	1
Health & Safety	Q2	Final Report	8th November 2018	3rd December 2018		2	4	1
Follow Up Q1	Q1	Final Report	21st June 2018	12th October 2018	Little Progress			
Follow Up Q2	Q2	Final Report	31st August 2018	24th September 2018	Little Progress			
Follow Up Q3	Q3	Final Report	12th November 2018	21st November 2018	Little Progress			
Schools Financial Value Standard	Q1	Final Report	14th June 2018	26th June 2018		1	3	0
Governance – Overview and Scrutiny Committee	Q1	Final Report	15th June 2018	23rd August 2018		0	3	0

Children's Centres	Q1	Final Report	2 nd August 2018	23 rd August 2018		5	2	0
School Reviews - Baylis Court Nursery	Q1	Final Report	7 th June 2018	24 th September 2018		11	0	0
Policies and Procedures	Q2	Final Report	27 th September 2018	12 th November 2018		5	4	0
School Reviews - St Bernard's	Q1	Final Report	10 th July 2018	12 th November 2018		4	2	0
Treasury Management	Q2	Final Report	4 th October 2018	14 th November 2018		5	3	0
Slough Urban Renewal	Q1	Final Report	8 th November 2018	15 th November 2018		5	2	0
Contracts Management - Buoygues	Q2	Final Report	21 st December 2018	9 th January 2019		1	3	0
Capital	Q3	Final Report	9 th January 2019	16 th January 2019		6	3	0
Rent Accounts	Q4	Final Report	5 th February 2019	25 th February 2019		2	1	0
Cash Collection and Management	Q3	Final Report	3 rd January 2019	11 th January 2019		2	0	0
Parish Council Governance	Q1	Final Report	3 rd August 2018	7 th November 2018	Advisory	13 actions agreed		
Conflicts of Interest	Q2	Draft Report	27 th September 2018					
Adult Social Care - Management of Income	Q2	Draft Report	8 th November 2018					

Whistleblowing	Q2	Draft Report	21 st December 2018
Housing Benefit	Q3	Draft Report	9 th December 2018
General Ledger	Q3	Draft Report	3 rd January 2019
Risk Management	Q3	Draft Report	22 nd January 2019
Governance	Q4	In Progress	
Contract Management – Osbornes	Q4	In Progress	
Council Buy Backs	Q4	In Progress	
Council Tax	Q3	In QA	
Debtors Management	Q3	In QA	
Business Rates	Q3	In QA	
Payroll	Q3	In QA	
Follow Up Q4	Q4	In QA	
Creditors	Q4	In QA	
Assets	Q4	In QA	
Financial Planning and Budgetary Control	Q3	In QA	
Fire Safety	Q4	Commencing 4 th March 2019	

Housing Revenue Account	Q4	Commencing 8 th March 2019
Agresso Self Service	Q4	Commencing 8 th March 2019
OFSTED Preparedness	Q4	Commencing 15 th March 2019
Governance - James Elliman Homes	Q4	Commencing 25 th March 2019
Business Continuity and Disaster Recovery	Q4	Commencing 1 st April 2019
Buildings Compliance Management	Q4	Being undertaken by Consulting Team
Workforce Planning	Q4	To be undertaken by Consulting Team
Direct Services Organisation	Q4	To be undertaken by Consulting Team

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

3 OTHER MATTERS

3.1 Changes to the 2018/19 audit plan

Auditable area	Reason for change
Licensing	We agreed with the Director of Finance and Resources to undertake a review of the processes in place for buying back council properties sold under the Right To Buy Scheme (RTB) where the property was sold to a tenant within 10 years, and as a result, the council has first refusal on the property. The review will provide assurance around the controls and processes within the council in relation to the decision-making process on whether to accept and purchase a property back.

3.2 Impact of our work to date on year end opinion

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

Where we have issued any negative opinions, ie 'no assurance' (red), 'partial assurance' (amber / red) or 'little or poor' progress follow up reports, these opinions will impact our 2018/19 Head of Internal Audit Opinion for the Council. To date we have issued 4 'Partial' assurance opinions, and 3 'Little Progress' Follow Up reports, all of which will impact on the Head of Internal Audit Opinion but will not lead to a qualification at this stage.

3.3 Added value specialist support

Area of work	How this has added value
Business Continuity	We were requested by the Director of Finance and Resources to undertake support work to assist the council with the implementation and roll out of business continuity arrangements across the Council. As such we have delayed our assurance review until Quarter 4 to allow time for the work to be undertaken.
Whistleblowing	Due to the nature of the review and the skills within the firm, we have involved our Fraud Risk Services team to undertake this review and the report has currently been issued in draft form to the Council.
Health and Safety Compliance Support	<p>We had been requested by the Council to review health and safety compliance in the built environment across the Council's portfolio of directly managed assets. The review was limited to cover gas, electric, asbestos, fire, water management, lifts and CDM. In addition, the review covered CDM related to Highways activities.</p> <p>The review has been issued in draft to the Council and identified the controls that are in place and any gaps in the Council's current health and safety management systems, processes and procedures. This included internal controls for monitoring the performance of partners, and where gaps were identified, recommendations were made and included within an action plan in the report.</p>

3.4 Information and briefings

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

Communities Security confirms funding package for local authorities in 2019 to 2020

James Brokenshire, Communities Security has announced that councils in England are to benefit from increased funding for core services. Local authorities' core spending power will increase in 2019 to 2020 by £1.3bn, taking councils' funding to £46bn. The real terms funding increase is in recognition of the pressures local authorities are facing to deliver the services residents need, whilst protecting taxpayers from excessive increases in bills.

James Brokenshire stated 'this year's settlement paves the way for a fairer, more self-sufficient and resilient future for local government. That is why local authorities will have more control over the money they raise and a real terms increase in their core spending power. The settlement also recognises the pressures councils face in meeting growing demand for services and rewards their impressive efforts to drive efficiencies and rebuild our economy.'

Local authorities with major air, land or sea ports to receive funding boost to help with Brexit preparations

James Brokenshire has announced that £3.14m will be allocated to 19 local authorities with major 'air, land or sea port' to help them prepare for Brexit. This will allow them to increase their resources to work through the immediate impacts from Brexit in their local area. The funding is part of the £56.5m announced by the Ministry of Housing, Communities and Local Government (MHCLG) to help councils adapt to the changes caused by Brexit, ensuring their local authority is prepared ahead of 29 March, whilst also protecting vital local services.

Councils to receive over £50m to support Brexit preparations

The Ministry of Housing, Communities and Local Government (MHCLG) has announced that councils will receive a share of £56.5m to help support their preparations for Brexit. This is made up from £21.5m funding from the MHCLG's allocated 2018/19 budget and the previously announced £35m from the Treasury. Local authorities will receive £20m this financial year and £20m in 2019 to 2020 to spend on planning and strengthening their resources. Councils will decide how to allocate their funding. It is expected that money will be spent on resources like recruiting extra staff to ensure councils have the capacity to provide timely and accurate information to residents who have questions on how Brexit will affect them.

Government confirms funding for councils to crack down on rogue landlords

Heather Wheeler, Housing Minister has announced £2.4m of additional funding to 'crack down' on rogue landlords. Over 50 councils will receive a share of the fund which can be used to take action against irresponsible landlords who make tenants' lives a 'misery.' The cash boost will enable local councils to step up action against the small minority of landlords who continue to disobey the law and force vulnerable tenants, to live in housing that is inadequate or unsafe. The funding will also be used to boost short-term staffing and create digital tools to help councils better protect tenants. Councils that receive funding will be encouraged to share best practice and examples of innovative approaches, to help improve enforcement in other areas.

Innovative digital projects to improve public services win funding

The Ministry of Housing, Communities and Local Government (MHCLG) has allocated almost £1.3m for 16 council led projects to use digital technology to improve local services. The projects involve the lead councils partnering with others to share knowledge and ideas, and the Local Digital Collaboration Unit (LDCU) working with LocalGov Digital and a group of local authorities to develop an online resource for information on digital efforts taking place in the sector. Rishi Sunak, Minister for Local Government stated, 'ultimately, our aim is to make services better for users but it is likely to reduce costs for councils too.'


Local services face further £1.3bn government funding cut in 2019/20

168 councils will no longer receive any Revenue Support Grant funding next year. Councils have gone to great lengths to ensure the savings they have been forced to make have as little impact as possible on the quality of services provided to their residents. Funding pressures and rising demand for services, such as adult and children's social care and homelessness support, will leave local services in England facing a £3.9bn funding gap next year. The Local Government Association (LGA) is calling on the Chancellor to use the Autumn Budget to tackle the immediate funding crisis for local government in 2019/20, as well as setting the scene for the forthcoming Spending Review to deliver a sustainable funding settlement for local government.

£7.5 million fund for councils' digital innovation opens

Local government Minister, Rishi Sunak has announced that councils seeking to transform their public services through digital innovation can apply to a new £7.5m fund. Grants of up to £100,000 will be available for projects which demonstrate they benefit local public services and have the potential to be rolled out more widely across the country. The fund will also be used to provide digital skills training for at least 1,000 staff working on digital solutions at councils.

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

Health and Safety (15.18/19) – PARTIAL ASSURANCE		2 - Low 4 - Medium 1 - High
<p>The following issues resulted in the agreement of one High and four Medium priority management actions being agreed:</p> <p>Risk Assessments</p> <p>We requested the risk assessments that have been undertaken for the Adult & Communities, Children, Learning and Skills and finance Directorates. From this we identified that a register was in place for Adult & Communities to record the details of risk assessments undertaken and the dates of risk assessments to be undertaken. However, risk assessments had not been undertaken for the Children, Learning and Skills Directorate or the Finance Directorate within the last year.</p> <p>If risk assessments are not undertaken on an annual basis at a minimum with evidence of this retained, this could result in risks relating to health and safety not being identified promptly and subsequently receive appropriate management attention and reduce the likelihood of any health and safety incidents occurring. (High)</p> <p>Directorate Consultative Forums</p> <p>We were provided with the minutes of the directorate health and safety meetings held by the Adult & Communities directorate in March 2018 and July 2018. Updates on accident statistics and training completion were items on the agenda at both meetings and risk issues were discussed. However regular DCF meetings were not being regularly held within the Children, Learning and Skills and Finance directorates.</p> <p>If DCF meetings are not held at a suitably regular basis, there is a risk that directorates within the Council may not be actively driving improvements in health and safety performance within the directorate in accordance with the Health and Safety policy. (Medium)</p> <p>Training</p> <p>We identified that of the 1,169 employees at the Council, all of whom have to complete the mandatory health and safety training below, the following completion rates had been documented;</p> <ul style="list-style-type: none"> • Introduction to Health and Safety - 671 employees had completed the module within the last three years with 10 employees listed as exempt. • Fire Safety - 663 employees had completed the module within the last three years with 36 employees listed as exempt or not applicable. • Display screen equipment - 621 employees had completed the module within the last three years with 38 employees listed as exempt, not applicable or on long term sick. • Office safety - 578 employees had completed the module within the last three years with 38 employees listed as exempt or not applicable. <p>In summary, we confirmed that only 518 of the 1169 (44%) employees had completed all four mandatory modules in the last three years. If staff do not complete the mandatory health and safety training modules in a timely manner, there is a risk that they may not be adequately informed of the appropriate processes to follow to allow them to discharge their duties in accordance with the Health and Safety policy. (Medium)</p>		

Self-audits and compliance monitoring

A health and safety self-audit system has been established in the form of a questionnaire and guide. Level three managers must carry out an audit of each Team / Department at least annually with action plans developed to rectify any shortfall. We requested the risk assessments that have been undertaken for the Adult & Communities, Children, Learning and Skills and finance Directorates. From this we identified that self-assessments had not been recently undertaken by either of these directorates.

An action plan was in place for Adult & Communities which documented 49 actions, however this was still a work in progress, with 45 actions detailed as not started and target dates not consistently documented.

If self-audits are not regularly undertaken within directorates, with action plans developed to address any issues identified, there is a risk that directorates may not be adequately reviewing their health and safety processes in a proactive manner in order to ensure that any weaknesses are addressed in a timely manner and the risk of health and safety incidents occurring is reduced. **(Medium – NB Action combined with training action above)**

Health and Safety Board

We were provided with the Health and Safety Board meeting minutes for the meetings held in May 2018 and July 2018 identified that an update on incidents occurring in the period and training compliance were discussed at the both meetings. However, we noted that the Board did not receive the directorate action plans at the July 2018 meeting to establish the progress of implementation and ensure that any risks identified are being addressed, despite it being stated at the May 2018 meeting that this would be a standing agenda item.

Without monitoring of directorate performance and the implementation of actions, there is a risk that the Board may not have adequate oversight of directorates and their performance to ensure that the Board are meeting their purpose of driving improvements in the control of health and safety risks, and any significant issues are promptly escalated to the Corporate Management team. **(Medium)**

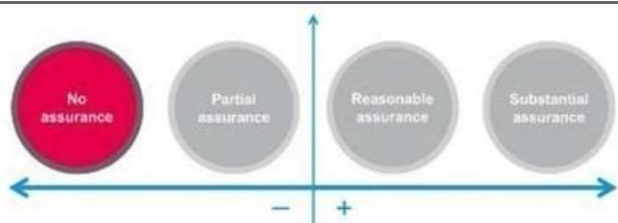
Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
1	We will ensure that all directorate Service Leads are informed of their responsibility to undertake risk assessments on an annual basis, as a minimum, with leadership training provided to facilitate this and evidence of assessments retained in a readily available format.	High	28 th Feb 2019	Robin Pringle – Health & Safety Manager
2	We will ensure that following the full completion of leadership training by directorate Service leads and of directorate actions plans using the template provided, the implementation process is regularly monitored with a directorate self-audit undertaken annually to assess compliance with the policy and identify any potential new weaknesses requiring attention.	2 x Medium	31 st May 2019	Robin Pringle – Health & Safety Manager
3	We will ensure that the Health and Safety Board are provided with oversight of the progress of actions on directorate action plans at each meeting to ensure that satisfactory	Medium	31 st May 2019	Neil Wilcox – Director of Finance & Resources

	progress is made, and any significant issues are promptly escalated to the Corporate Management team.			
4	<p>We will ensure that as part of the DMT / SMT meetings that local risks in relation to Health and Safety are being monitored and directorates are taking responsibility for driving improvements in health and safety performance, with the following included as standing agenda items;</p> <ul style="list-style-type: none"> • Update from departments; • Review of high level risks and actions arisen from risk assessments and self-audits; • Compliance of risk assessments and self-audits. <p>In addition, a Health and Safety Report will be produced including high level risks, performance against key Health and Safety indicators and accident statistics, which will be reported at each directorate Health and Safety meeting.</p>	Medium	31 st March 2019	Robin Pringle – Health & Safety Manager

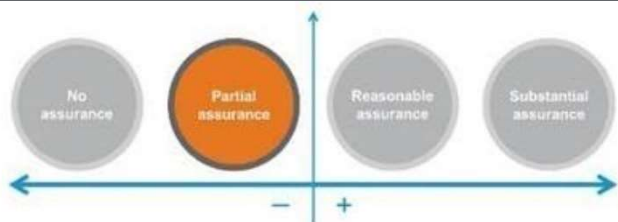
APPENDIX B: 2018/19 ASSURANCE OPINIONS

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

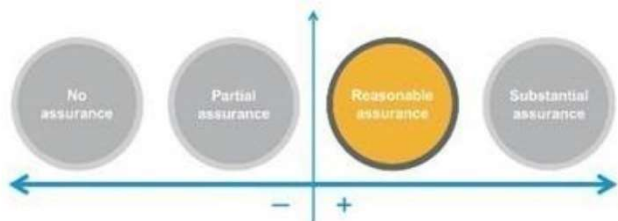
We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the Council can take:



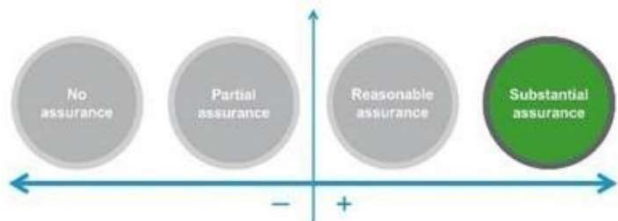
Taking account of the issues identified, the Council **cannot take assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).



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



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



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

FOR FURTHER INFORMATION CONTACT

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