



SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

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

This report provides a summary update on progress against the remaining reports from the 2018/19 internal audit plan and the 2019/20 plan (approved by the Audit and Corporate Governance Committee on 7th March 2019). The report is based on the position as at the **26th November 2019**.

2018/19 Internal Audit Plan

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

- Whistleblowing – (**Advisory**)
- Council Buy Backs – (**No assurance**)

A summary of the high and medium actions is provided below in the appendices.

In addition, we the following **one** 2018/19 report remains in draft:

- Housing Revenue Account - (**Partial assurance**) – issued 23rd May 2019 – we are awaiting responses from management to confirm the action owners and implementation dates before we can finalise.

2019/20 Internal Audit Plan

We have finalised **eight** 2019/20 reports since the previous Audit and Corporate Governance Committee meeting held in September 2019:

- Temporary Accommodation – (Partial Assurance)
- Rent Arrears Recovery – (Partial Assurance)
- Safety Advisory Group – (Partial Assurance)
- Health and Safety – (Partial Assurance)
- James Elliman Homes – (Partial Assurance)
- Major Transport Infrastructure Projects (Substantial Assurance)
- Fire Safety – (Reasonable Assurance)
- Risk Management – (Reasonable Assurance)

The exec summary findings from the five partial assurances documented above are discussed in more detail below in Appendix A.

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


- School Audits – Slough Centre Nursery - (issued 27th June 2019)
- Workforce Planning – (issued 19th September 2019)
- Follow Up Q2 – (issued 25th November 2019)

2 SUMMARY OF PROGRESS TO DATE 2018/19



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

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
Whistleblowing	Q2	Final Report	21st December 2018	11th September 2019	Advisory	6	2	2
Council Buy Backs	Q4	Final Report	23rd May 2019	18th September 2019		1	8	1
Housing Revenue Account	Q4	Draft Report – awaiting management responses	23rd May 2019					

2019/20 Internal Audit Plan

Assignment area	Timing Per Approved IA Plan	Fieldwork date/status	Draft report	Final report	Opinion	Actions		
						L	M	H
Health & Safety	Q2	Final Report	11th September 2019	31st October 2019		2	3	2
Safety Advisory Group	Q2	Final Report	18th September 2019	31st October 2019		3	7	0

Governance - James Elliman Homes	Q1	Final Report	6 th September 2019	13 th November 2019		3	5	1
Rent Arrears Recovery	Q2	Final Report	16 th August 2019	17 th September 2019		4	4	0
Temporary Accommodation Strategy	Q2	Draft Report	4 th September 2019	2 nd October 2019		3	4	1
Regulatory Services - Cash Handling Arrangements	Q2	Final Report	2 nd August 2019	28 th August 2019		5	0	2
Allotments	Q1	Final Report	14 th June 2019	15 th August 2019		7	3	0
Fire Safety	Q1	Final Report	16 th August 2019	17 th September 2019		2	3	0
Risk Management	Q2	Final Report	14 th October 2019	31 st October 2019		3	7	0
School Reviews (Penn Wood school)	Q1	Final Report	27 th June 2019	8 th July 2019		0	0	0
Major Infrastructure Projects	Q2	Final Report	17 th September 2019	19 th September 2019		2	0	0
Follow Up - Q1	Q1	Final Report	10 th July 2019	29 th July 2019	Reasonable Progress	-	-	-
School Reviews (Slough Centre Nursery)	Q1	Draft Report	27 th June 2019					
Workforce Planning	Q2	Draft Report	19 th September 2019					
Follow Up - Q2	Q2	Draft Report	25 th November 2019					
Council Tax	Q3	In QA						

Budgetary Control & Financial Reporting	Q3	In QA
Treasury Management	Q3	In QA
Assurance Mapping	Q3	In QA
General Ledger	Q3	In QA
Capital	Q3	In Progress
Rent Accounts	Q3	In Progress
Cash Handling	Q3	11/12/2019
Housing Benefit	Q3	12/12/2019
Business Rates	Q3	16/12/2019
Assets	Q4	17/12/2019
Follow Up - Q3	Q4	02/01/2020
Payroll	Q4	06/01/2020
Continuing HealthCare	Q4	13/01/2020
Matrix	Q4	20/01/2020
Creditors	Q4	21/01/2020
Debtors Management	Q4	30/01/2020

School Reviews	Q4	07/02/2020
Governance	Q4	10/02/2020
Follow Up - Q4	Q4	23/03/2020
Delivery of the Transformation Programme Board	Q4	February 2020
Heathrow Strategic Planning Group (HSPG)	Q3	March 2020
Contract Management - Everyone Active Leisure Contract	Q4	January 2020
Emergency Planning / BCP Support	Q2 / Q3	In Progress

3 OTHER MATTERS

3.1 Changes to the 2019/20 audit plan

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

3.2 Impact of our work to date on the 2019/20 year end opinion

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, i.e. 'no assurance' (red), 'partial assurance' (amber / red) or 'little or poor' progress follow up reports, these opinions will impact our 2019/20 Head of Internal Audit Opinion for the Council. To date, we have issued six final reports over which the Council can take only '**partial**' assurance in relation to cash handling arrangements within Regulatory Services, Temporary Accommodation arrangements, Rent Arrears Recovery processes within Housing, Governance with regards to James Elliman Homes, Safety Advisory Group and Health and Safety.

3.3 Information and briefings

The following items were highlighted as part of our information briefings since the last Audit and Corporate Governance Committee in September 2019:

Councils awarded over £750,000 to improve services through digital technology

Luke Hall, Local Government Minister, has announced that councils looking to improve services using digital technology have been awarded £753,000. Six projects by local authorities working together across the country have received the investment from the Ministry of Housing, Communities and Local Government's (MHCLG) 'Local Digital Fund.' They include projects aimed at improving online housing repairs services, making websites for planning applications easier to use, and giving residents smoother methods of online payment.

Learning toolkit for local authorities

MHCLG has published a learning toolkit for local authorities to help them with enforcement against rogue landlords and letting agents. The interactive resources include a knowledge bank, interactive learning tool and action plan. The knowledge bank includes detailed answers to questions raised by local authority enforcement offices during nationwide training workshops earlier this year. The questions cover topics including regulatory issues, environmental concerns and landlord and tenant behaviour. The learning tool provides:

- a knowledge check section which helps enforcement officers to assess existing awareness of enforcement guidance and legislation on rogue landlords;
- a guided exercise aimed at supporting local authority officers to implement their enforcement strategy in a practical way; and
- further information on guidance and policy support available to local authorities regarding enforcement issues.

Local government finance settlement 2020 to 2021

The Ministry of housing, Communities and Local Government (MHCLG) has published a consultation document setting out in greater detail its proposals for how to fund local government in 2020 to 2021. The Spending Round confirmed that councils will receive the biggest year-on-year real terms increase in funding for almost a decade. Local authorities across England can now submit views to the government's funding proposals for the sector in the next financial year. The Core Spending Power of local authorities is estimated to rise in real terms by 4.3 per cent to £49.1bn in 2020 to 2021, an increase of £2.9bn. As part of this local authorities will be able to access an additional £1.5bn of funding for adult and children's social care. The consultation closes on 31 October 2019.

Councils awarded £500,000 for digital technology innovations

The Ministry of Housing, Communities and Local Government (MHCLG) has announced that councils have been awarded over £500,000 from the Local Digital Fund. The funding will support seven digital technology projects exploring the use of digital technology to improve local public services. The digital research and development projects will look at improving the efficiency of the planning system, predicting demand in children's social care and enabling better information sharing to drive improvements in local services. The fund will also support digital skills and leadership training for council staff.

More funding to help crack down on criminal landlords

Robert Jenrick, Housing Secretary, has announced a further £4m funding for councils to support projects which take effective and targeted action against criminal landlords. The funding will also support good landlords in fulfilling their responsibilities and empower tenants to make good use of their rights. The additional funding follows on from last year where over £2m was shared amongst 56 projects, reaching 100 councils. The government have given local authorities strong powers to force landlords to make necessary improvements to a property and this funding helps councils to capitalise on their strengthened powers.

Leadership Index survey

The New Local Government Network (NLGN) has published findings from its quarterly survey of chief executives, leaders and council mayors from local authorities across the UK. Key findings include:

- only 5 per cent of council chiefs feel positive about the impact of Brexit on their local economy, with 71 per cent expecting Brexit to have a 'negative' or 'very negative' impact on development;
- the proportion feeling optimistic has fallen by 54 per cent since NLGN first asked the question in March 2018; and
- 79 per cent of respondents have had to divert resources from key public service like healthcare, adult social care and children's services to prepare for Brexit.


£38m funding to speed up development of over 2,000 homes

Homes England has agreed funding deals with six local authorities worth £38.2m in order to accelerate the construction of more than 2,000 'much-needed homes across England.' The funding is part of the government's £450m Local Authority Accelerated Construction (LAAC) programme. The funding will be used by the local authorities to invest in infrastructure and enabling works to get 13 sites ready for the development of new homes. Stephen Kinsella, Chief Land and Development Officer at Homes England, stated 'this funding will enable local authorities to prepare their sites for development and to bring forward the construction of homes. New homes will then be built out at pace using modern methods of construction.'

We have also issued two client briefings since the last Audit Committee which have been added to the agenda as information items:

- Catch 22 - Digital Transformation and its Impact on Cyber Security
- Trust in the Boardroom

APPENDIX A: KEY FINDINGS FROM FINALISED 2018/19 AND 2019/20 INTERNAL AUDIT WORK (HIGH AND MEDIUM PRIORITY MANAGEMENT ACTIONS ONLY WHERE PARTIAL OR NO ASSURANCE REPORTS HAVE BEEN ISSUED)

<p>Council Buy Backs – 39.18/19</p>		<p>1 High 8 Medium 1 Low</p>
<p>We identified the following key issues which have resulted in eight medium and one high priority management actions being agreed:</p> <p>Approval of Buy-Backs</p> <p>As per the Council's Constitution, the acquisition of leasehold interests up to £250,000 requires Chief Executive and Director authorisation, whilst acquisitions exceeding this threshold require Cabinet approval. Despite this, we found that the approval for the purchase of buy-back properties both within and above the threshold amount, had been granted by the Service Lead - Strategic Housing. Without suitable approval, there is the risk that properties are inadequately procured without appropriate scrutiny. (High)</p> <p>Buy-Back Strategy</p> <p>There is currently no overarching strategy in place to align the buy-backs process with the Council's strategic objectives. There is also no inclusion of buy-backs within the Asset Management Strategy or Housing Revenue Account (HRA) Business Plan 2017-2047. In the absence of a strategy outlining a clear appraisal framework for council buy backs, there may be an inconsistent approach to accepting and rejecting buy-back offers. (Medium)</p> <p>Procedural Documentation</p> <p>There is a 'Buy-Back Application Procedure' in place at the Council, which has been developed by the Leasehold team. This document includes the 11-steps to be followed from receipt of a buy-back offer to the legal proceedings to complete the purchase, however does not capture the entire end-to-end process including remedial works.</p> <p>If there is insufficient procedural guidance in place, there is a risk that staff may administer inconsistent practices through the buy-back process. This may cause untimely processing of applications, potentially compromising the Council's ability to process application within eight weeks. (Medium)</p> <p>Receiving Buy-Back Offers</p> <p>A progression spreadsheet is used to record the dates on which key milestones such as receipt of offer, acknowledgement letter and bid to seller, occur. Through review of the spreadsheet, we identified that there were 20 buy-back properties listed, for which 15 had incomplete entries. While this was updated during the time of our audit, there is still a gap in the process which needs to be addressed to ensure completeness of information.</p> <p>Without a complete record of properties, assessment cannot be made on the efficiency of the buy-back process and therefore it cannot be identified if statutory or internal timescales are met. Additionally, where key milestones are not monitored, there is a risk that the Council could miss out on opportunities to buy back available property, if not processed in a timely manner. (Medium)</p>		

Department Communication

The Council's Asset Management, Property Services, Finance and Performance and Legal teams are contacted by Leasehold Services to complete various tasks to complete buy-back purchases. These tasks include, valuing potential properties, performing rent appraisals and conducting the conveyancing amongst others.

Only after this is the RMI / Voids team contacted to undertake any remedial work, upon receipt of keys. We found that the variance between estimated costs, as per the Property Services evaluation and actual RMI costs amounted to a total of £33,913 for our sample of eight properties purchases since April 2018 (a difference of 25 per cent). If comprehensive cost evaluations are not completed prior to purchase, there is an inaccurate knowledge of remedial costs and a risk of inappropriate decisions and bid values being made. **(Medium)**

Decision-Making Process

In order to make buy-back decisions, key information is gathered relating to the property including a profit calculation spreadsheet, property valuation and remedial cost report. For a sample of eight properties bought-back since April 2018, we identified that only the market value was presented to the approver rather than the property value, taking account of remedial work required to bring the property back to an appropriate standard, with the basis for the property valuation excluded. As a result of this, there is a risk that decision-makers are not provided with sufficient material to approve potential purchases given that they cannot take assurance of the factors behind valuations. **(Medium)**

We also noted that the estimated remedial costs required to bring properties up to market standard are not factored into the Council's bid price. The total estimated costs amounted to £80,440, for our sample of properties, representing four per cent of the total bid prices. Without factoring in remedial costs, there is a risk of the Council potentially overpaying for buy-back properties. **(Medium)**

Financial Appraisal

A profit calculation spreadsheet is used to provide a forecasted financial analysis of buy-back proposals. Through discussion with the Group Accountant - Housing, we identified that this calculation was using outdated assumptions regarding debt financing and that the Finance and Performance Team were not afforded the opportunity to review any buy-back financial assumptions. There is a risk that with a lack of appropriate scrutiny, inaccurate financial appraisals are escalated and used to make buy-back decisions. **(Medium)**

Buy-Back Reporting

Buy-Backs information is presented monthly to Housing Services via a Performance Table document which includes a key performance indicator (KPI) scorecard. Although the number of buy-back applications and completed buy-backs are reported, we found that no process performance related data such as timeliness, is mentioned to allow for the review of efficiency. Furthermore, there is currently no information shared with the Corporate Management Team (CMT) and so, there is no scope for decisions to be considered by individuals making strategic decisions within Council Leadership. In absence of this, there is a risk that due challenge and scrutiny on the function of buybacks is not undertaken. This may lead to underlying issues to not be identified and addressed accordingly. **(Medium)**

Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
1	The purchase of buy-back properties will require two-fold authorisation, from both the current Housing Development and Contracts Services Lead and the Director of Regeneration.	High	31st Dec 2019	John Griffiths Service Lead Housing Development and Contracts

	In addition to this, the Council will explore the possibility of discussing and scrutinising buy-back decisions, either via the current Strategic Acquisition Board or by founding a Housing Acquisition Board.			
2	<p>As part of the wider 'Housing Acquisition' strategy, the Council will implement a Buy-Backs strategy. The strategy should be approved by Cabinet and include:</p> <ul style="list-style-type: none"> • Scope of the strategy, setting out the legislative parameters around right-to-buys and buy-backs; • Aim of the policy, set in the context of the Council's Housing Strategy; • Criteria documenting the factors which will determine whether the Council buy-back the property. This will include (amongst others): <ul style="list-style-type: none"> o The purchase price and the availability of capital funds; o The financial viability of the investment including NPV analysis and payback periods; o Nature and extent of remedial work to be carried out; o There is a specific need for a type of property being offered; and o Whether there are incidental benefits (for example, savings through alleviating temporary accommodation costs) • Procedures around processing offers under the Right of First Refusal (RoFR); • Procedures around processing offers under non RoFR properties; • How buy-backs are financed; • Framework detailing how bid price is determined; and • The governance structure in place to approve buy-back proposals including the following: <ul style="list-style-type: none"> o The scrutiny of proposals at a relevant forum (i.e. the current Strategic Acquisition Board or founding a Housing Acquisition Board as per finding 6.4) o Authorisation from the Housing Development and Contracts Services Lead; and o Authorisation from the Director of Regeneration. <p>The policy will be subject to periodic review and will be made available to the public via the Council's website.</p>	Medium	31st Dec 2019	John Griffiths Service Lead Housing Development and Contracts

3	<p>The buy-back procedural document will be formally reviewed with input from each of the following departments involved within the buy-backs process:</p> <ul style="list-style-type: none"> • Leasehold Services; • Property Services; • Asset Management; • RMI/ Voids Team; • Finance; and • Legal. <p>The document will be updated to include the Statutory and internally set timescales for customer correspondence as well as the revised processes concerning buybacks.</p> <p>Given the comprehensive nature of the procedure, the document will be subject to approval by Service Lead's for each of the above-mentioned departments.</p> <p>Upon review, the document will be accessible to all relevant parties.</p>	Medium	31st Dec 2019	John Griffiths Service Lead Housing Development and Contracts
4	<p>The progression spreadsheet will be maintained to accurately reflect the following:</p> <ul style="list-style-type: none"> • Date notification to sell was received; • Date acknowledgement of receipt was sent; • Date other departments were engaged with (Property Services, Asset Management, Finance, Legal, RMI team); • Date of each departments' response; • Date the proposal was presented and approved; • Date the outcome has been reported to the seller; • Date the Council's offer has been accepted; • Type and scale of voids work required; • Date voids work starts; and • Date voids work ends. <p>Any instructions to 'hold' the buy-back process will also be noted.</p> <p>In addition to this, the spreadsheet will be expanded upon to include performance measures including but not limited to the following:</p> <ul style="list-style-type: none"> • Timeliness to send acknowledgment of receipt letters; 	Medium	31st Dec 2019	John Griffiths Service Lead Housing Development and Contracts

	<ul style="list-style-type: none"> • Timeliness of responses from the other departments; • Timeliness of the entire process (from date of receipt of offer to date of outcome reported to seller); and • Timeliness of conveyancing timescales between date legal services are instructed and date the purchase is completed. 			
5	Leasehold Services will include the RMI/ Voids team (or Capital works team, as appropriate) in the initial contact with the other departments, to ensure cost valuations are completed to an adequate standard.	Medium	31st Dec 2019	John Griffiths Service Lead Housing Development and Contracts
6	The basis for the property valuation will be included in the documentation provided to the individual or forum approving buy-backs.	Medium	31st Dec 2019	John Griffiths Service Lead Housing Development and Contracts
7	The cost of remedial work determined by Property Services and the RMI/ Voids team will be factored into the bid price for buying-back properties.	Medium	31st Dec 2019	John Griffiths Service Lead Housing Development and Contracts
8	The Finance and Performance Team will receive the financial appraisals for buy-back properties, so as to allow for appropriate scrutiny of the financial assumptions, prior to the escalation of proposals for approval.	Medium	31st Dec 2019	John Griffiths Service Lead Housing Development and Contracts
9	<p>The updated progression spreadsheet will be monitored and reviewed at Housing Services team meetings to analyse performance and identify process areas for which timeliness is an issue.</p> <p>CMT will be informed of both purchases and when subsequent void work has been completed for properties under the buy-backs scheme.</p>	Medium	31st Dec 2019	John Griffiths Service Lead Housing Development and Contracts



0 High
4 Medium
4 Low

We noted the following issues, resulting in three medium priority management actions:

Rent and Arrears KPI Reporting and Monitoring



A set of 21 KPIs for rent and arrears are reported and discussed as part of the monthly Rent Recovery Team meetings, four of which are escalated to the monthly service-wide Housing Services Performance meetings. Through review of the KPI information presented at the past three meetings for both of these forums (April to July 2019), we found that despite the reporting of significant adverse performance, no explanations nor remedial action plans were documented. If the reasons for failing to achieve targets are not identified, preventative action cannot be agreed and implemented. There is therefore an increased likelihood that adverse performance is not addressed and KPI targets continue to be missed. **(Medium)**

Former Tenant Arrears Recovery



A systematic approach to recovering outstanding rent amounts from former tenants is outlined within the Former Tenant Procedure notes. We selected a sample of ten former tenants with arrears as of 16 August 2019, confirming that appropriate debt recovery processes had been followed and recorded for each. We did note however that in four instances, no follow up action had taken place given that these balances did not exceed £3,000. Further testing identified that there were 2,348 individual balances (each below £3,000) totalling £884,148 owed to the Council and that a significant proportion of these related to previous financial years (These are detailed within Appendix A). There is an increased risk that former tenant arrears are not recovered if balances below £3,000 are not reviewed, resulting in a financial loss to the Council. **(Medium)**

Aged Debt Profile of Former Tenant Arrears



Analysis of the debt profile of former tenant arrears revealed that £1,037,341.67 (69 per cent) of outstanding former tenant arrears is currently outstanding where the tenancy had ended in 2017 or earlier. If rent arrears are not recovered in a timely manner, there is an increased risk that the balance becomes irrecoverable. The amounts below are outstanding balances and as such have not been written off. **(Medium)**



Collectability of Former Tenant Arrears



The Council utilises debt collection agency, Stanford and Green, to recover former rent arrears, however this arrangement was not subject to competitive tendering nor is there a contract in place for the provision of this service. Since April 2018, a total of £61,269 has been paid to the agency, expenditure which as per the Council’s Financial Procedure Rules, requires a formal tendering exercise. Without defining the expected responsibilities in relation to rent arrears chasing within a contract, there is an increased risk that performance cannot be held to account and obligations cannot be enforced.

We further identified that a number of other debt collection agencies are used to collect separate Council income, including council tax and parking fines, with total payments made to these since April 2018 exceeding £190,000. At the date of review, we were not provided with evidence that a competitive tender exercise has been completed for these agencies either. In the absence of a tendering process for these services, there is an

increased risk that the Council is not receiving value for money in terms of effectiveness nor achieving economies of scale through the use of one agency. (Medium)				
1	The Council will review the reporting format of Rent Arrears KPIs presented to both Rent Recovery and Housing Services meetings. This will include introducing a narrative section in order to detail reasoning for adverse performance observed within individual KPIs.	Medium	31 st December 2019	Kavita Dill - Project Manager (Quality Assurance)
2	The Council will introduce a Service and Improvement Group to investigate the issue concerning former tenant rent arrears balances which are below £3,000. Following this, a strategy will be devised in order to recover amounts owed to the Council.	Medium	31 st March 2020	Colin Moone - Service Lead – Housing (People) Services
3	The Council will investigate the reason behind using multiple debt collection agencies (DCA) and ascertain whether it is necessary to use multiple agencies. The Council will also complete a tendering exercise to ensure that DCAs used for Former Tenant Arrears represent sufficient value for money. Additionally, the Council will agree a contract in place with the awarded DCA to ensure that the collection methods used by the agency are agreed. Collection success rates will be agreed and monitored through the Rent Recovery Team Meetings.	Medium	31 st March 2020	Colin Moone - Service Lead – Housing (People) Services
4	The Council will undertake an exercise to review historic former tenant arrears and balances will be written off as appropriate.	Medium	31 st December 2019	Debra Gilbert – Arrears and Investigations Manager

Temporary Accommodation – 7.19/20		1 High 3 Medium 4 Low
We noted the following issues, resulting in one high and four medium priority management actions being agreed:		
	Strategic Monitoring and Reporting TA service area performance is reported and reviewed monthly at the Housing (People) Services managers meetings. The report produced outlined performance against four key performance indicators (KPIs) for TA. Through review of the three most recently produced reports for April, May and June 2019, we found that none of the KPIs had been met and no rationale or explanation was provided. Therefore, there is an increased likelihood that the causes of adverse performance remain unidentified, prohibiting the ability to implement remedial action. (Medium)	



Periodic TA Visits

Contact with households residing in TA is scheduled after six weeks, three months, six months, one year and then annually in order to identify and resolve any problems. Through our testing of 20 households currently residing in TA, we found issues relating to the frequency, completion, and timeliness of undertaking visits, as well as inaccuracies in recording the reasons for delayed visits. If visits are not completed as per the agreed schedule, household problems may not be identified, addressed and resolved by the TA team, whilst failure to upload the reasons for missed/ delayed visits prohibits the monitoring of this. **(Medium)**



TA Placement Process

We selected a sample of 20 households that had entered TA since January 2019 in order to ensure all processes had been followed and corresponding documents had been retained on the digital image processing system (DIP). By means of a system walkthrough and review of the documentation, we confirmed that the correct process had been adhered to by the officers responsible. We noted however that the evidence of three Section 188 decisions and a complete spot purchase approval form had not been uploaded onto the DIP system. Failure to retain all documentation relating to TA cases decreases the ability of the Council to demonstrate process compliance. **(Medium)**



Homelessness Decisions

The Housing Demand team must assess and make a decision upon the homelessness status of households after 56 days of acceptance into TA, after which the Council's relief duty ends. We identified that of 189 decisions reached since 1 January 2019, 61 of these took longer than the relief duty period. We found that for a sample of ten negative decisions, six of these took longer than 56 days to reach with a longest period of 105 days. Delays in reaching homelessness decisions increase the potential for ineligible households remaining in TA after the relief duty has expired. This increases the likelihood that TA team members must use costly nightly rate share and bread and breakfast accommodation to house new applicants. **(Medium)**





Safety Assurances

A total of 137 properties are used by the TA team to accommodate households that are covered as part of the RMI contract, however no safety assurances are sought by the team prior to the placement of households in these properties. As part of our testing of 20 currently used accommodations, we identified that nine of these were covered by the RMI contract. Through review of the relevant safety documents with the RMI team we found that two energy performance certificates (EPCs) had expired whilst one smoke alarm and two carbon monoxide detectors were not confirmed as present. Without assurances regarding the safety compliance of properties, there is an increased risk of placing households into unsuitable accommodation which could impact the Council's reputation and result in legal issues should anything go wrong. **(High)**

1	<p>Upon the review of safety reassurance arrangements at the Council, the TA Team will be provided with assurance that properties covered by the RMI contract are fit for purpose and comply with the following safety checks:</p> <ul style="list-style-type: none"> • Gas Safety Certificates; • Electric Installation Condition Reports; • Energy Performance Certificates (EPCs); 	High	31st December 2019	Debra Gilbert - Arrears and Investigations Manager
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	<ul style="list-style-type: none"> • Carbon monoxide detectors (where applicable); and • Smoke alarms. 			
2	The Council will review the reporting format for Housing Services KPIs, ensuring that when these are not achieved, clear reasoning is provided.	Medium	31st December 2019	Debra Gilbert - Arrears and Investigations Manager
3	<p>The following will be implemented as part of the current review of the CSM area within the Capita system:</p> <ul style="list-style-type: none"> • each household currently residing in TA will be updated to the new 'TA Management' case workflow; • all six weekly, 3 monthly and annual visits will be accurately scheduled and undertaken; and • reasoning for tasks completed after expected dates will be mandatory. 	Medium	31st December 2019	Debra Gilbert - Arrears and Investigations Manager
4	<p>The Arrears and Investigations Manager will ensure that all approvals relating to TA, including spot placements are received.</p> <p>Furthermore, all documentation relating to the TA process will be uploaded onto the DIP.</p>	Medium	31st December 2019	Debra Gilbert - Arrears and Investigations Manager

James Elliman Homes 8.19/20		<p>1 High 5 Medium 3 Low</p>
<p>We noted the following issues, resulting in five medium priority management actions being agreed:</p> <p> Drawdown Requests</p> <p>We obtained a report of all financial transactions occurring since April 2019 between Council and Subsidiary and from this, selected a sample of five. We confirmed that three of these had been approved as appropriate by JEH Directors and Council leadership (s151 Officer). The outstanding two transactions related to emergency loans, requested by the former Head of Financial Management and Group Accountant - Contract Management on behalf of the company in the absence of the Head of Finance (Transaction). In both instances the loans had not been authorised by JEH Directors prior to the transfer however retrospective approval was sought.</p> <p>We noted that there is no financial procedure document in place at JEH and so, no approved process nor outline of delegated authority for requesting emergency loans. Without this, financial decisions may be undertaken in a manner not befitting company policy by individuals not authorised to do so. (Medium)</p>		



JEH Terms of Reference

There are currently no Terms of Reference (ToR) in place for the JEH Board. In lieu of this, board responsibilities are covered across the Articles of Association, Acquisition Strategy and shareholder agreement. Through review of the three most recent JEH Board meeting minutes (January, February and March 2019), we confirmed that quoracy and director responsibilities were being fulfilled as expected.

We did note however that the reporting arrangements to be agreed as per the shareholder agreement and business plan had not yet been clearly outlined. In addition to this, the performance indicators expected to be reported on as per the agreement and Acquisition Strategy had not been created, identified or communicated. In the absence of agreed terms of reference or performance indicators, there is a risk that the Council may not have in place an effective framework to enable the performance of the JEH Board to be effectively monitored. **(Medium)**



Potential Director Conflicts of Interest

There is the potential for conflicts of interest to arise due to staff members who are responsible for the delivery of a number of Council housing services also being members of the JEH Board. For example, one of the measures used to determine the performance of Housing (People) Services relates to housing homeless households and this is a priority of the corresponding service lead at the Council. This service lead is also a member of the JEH Board, who is expected to approve the purchase of financially viable properties, and therefore a conflict may be present in that any JEH properties may be used to combat homelessness by their service line. There is therefore the potential for detrimental decisions to be made on behalf of JEH in order to fulfil SBC-based targets. **(Medium)**



JEH Reporting Arrangements

There are currently no non-financial performance reporting arrangements in place between JEH and the Council. Although an independent subsidiary, the Council retains full ownership of the company and should be receiving updates against agreed upon key performance indicators such as the number of properties purchased as per the shareholder agreement, Acquisition Strategy and business plan. Without such reporting arrangements, the Council has no oversight into the position of JEH and so cannot scrutinise its performance. **(High)**



Purchasing in line with the Housing Strategy (AEF)

We identified that a scoring system was in place in order to warrant a business case for acquisition approval. This is known as the AEF score. As part of our testing, we confirmed that the calculated AEF score for each of our sample of 10 acquired properties exceeded the minimum threshold of 275 out of a possible 500 (55%). Nevertheless, we were unable to obtain the workings used to calculate the AEF's of the properties as these are not retained, with only the score input into the business case.

We were advised by the Principle Asset Manager that this is due to the calculation being carried out from a template paper sheet, which is used for every calculation.

Given that AEF calculations are not retained, there is a risk that JEH cannot provide themselves, the Council or other relevant third parties with assurance over the accuracy and appropriateness of AEF calculations. Without this, and the absence of an audit trail, the Council cannot be assured that decisions have been made in line with the agreed policy. **(Medium)**

Purchasing in line with the Housing Strategy (Acquisition Strategy)



Our testing confirmed that a Housing Acquisition Strategy was in place, along with the AEF scoring system to evaluate the viability of acquisitions, and we were able to verify that these were able to confirm the subsequent approval for these on 21 June 2017. We noted however that the SLA states the requirement for the Acquisition Strategy to be reviewed and refreshed annually and our discussions with the JEH chair found that this yearly review had not taken place.



During further review of this documentation, we had also found that the Acquisition Strategy also did not detail the 'next review date'.

Without outlining a next review date for the Acquisition Strategy, there is a risk that the board will not undertake this exercise in conjunction with asset management services. Therefore, the document may not continue to reflect the operating model and acquisition policy of the company. In addition to this, the responsibilities as agreed within the terms of the SLA would not be fulfilled. **(Medium)**

1	The chair of the JEH Board will ensure that the SBC / JEH SLA is formally signed by authorised representatives from each body. This will also be regularly reviewed, with progress against agreed actions also presented.	Medium	31 st December 2019	John Griffiths – Service Lead Housing Contracts and Development
2	The company shall produce a financial procedure document, including but not limited to, the following: <ul style="list-style-type: none"> • The process for drawdown requests and required approval; • The process for requesting emergency funds and required approval; and The individuals to whom financial responsibility is delegated in times of Director absence.	Medium	31 st December 2019	John Griffiths – Service Lead Housing Contracts and Development
3	The JEH Board will establish a ToR documenting the following: <ul style="list-style-type: none"> • Any individual Roles and Responsibilities held by any of the JEH Directors; • Quorum; • Membership; • Reporting lines between the sub-group and board; and • Reporting into the Council's governance structure as per finding 9. The ToR will also be subject to periodic review.	Medium	31 st December 2019	John Griffiths – Service Lead Housing Contracts and Development
4	The calculations used to determine the AEF score for each individual property will be retained by the Company.	Medium	31 st December 2019	John Griffiths – Service Lead Housing Contracts and Development
5	The company will ensure that the Acquisition Strategy / AEF is subject to annual review by the asset management team and subsequent approval by the board. The company will also ensure that the Acquisition Strategy/ AEF is updated to include a version control section, detailing the date of the next annual review.	Medium	31 st December 2019	John Griffiths – Service Lead Housing Contracts and Development

6	<p>The company will ensure that an annual Board Members conflicts of interest exercise is undertaken, identifying any potential conflicts of interest that may arise between JEH operations and Council responsibilities.</p> <p>Any conflicts identified during this exercise will be considered at board level in order to determine if the identified conflicts of interest have a detrimental effect on the achievement of JEH objectives.</p> <p>Additionally, the Company will include a declaration of interests standing agenda item at meetings, where conflicts can be regularly monitored.</p>	Medium	31 st December 2019	John Griffiths – Service Lead Housing Contracts and Development
7	<p>The Council will consider the reporting requirements expected of James Elliman Homes as part of a reporting review.</p> <p>Once finalised, the arrangement will be clearly outlined to the relevant individuals at the company and included in the ToR as per finding 3.2.</p>	High	31 st December 2019	John Griffiths – Service Lead Housing Contracts and Development

<p>Safety Advisory Group 12.19/20</p>		<p>0 High 7 Medium 3 Low</p>
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<p> SAG Meetings</p> <p>We selected a sample of SAG meeting minutes (July 2018, November 2018, March 2019, April 2019 and May 2019). Through review, we had found meeting minutes were inconsistently undertaken, thus could only confirm that one of these had been formally documented (July 2018). For the remaining meetings, we had found that meetings had been cancelled, and emails sent in place of these, and meeting minutes had not been finalised (November 2018).</p> <p>We had also identified an inconsistent approach had been developed for agendas, whereby we were only able to confirm that one had been created and circulated in one case (November 2018). If formal meetings are not undertaken, there is an increased likelihood that a full review of events and key matters may not be discussed and reviewed appropriately, thus leading absent or inadequate reviews of events safety arrangements. (Medium)</p> <p> Policy and Procedures:</p> <p>We had found that no specific policy or procedural guidance relating to SAG activity had been created. If policy or procedural guidance is not in place, there is an increased likelihood that the full role of the SAG and the processes in which it adopts will not be realised. This may lead to inconsistent practices being adopted, including an overall decrease in the effectiveness of the SAG.</p> <p>We also reviewed a process map created for the SAG. Although our review confirmed that this included steps in the SAG process such as the Events and Commercial Officer obtaining enquiries from the event organiser; requesting and receiving event plans and risk assessments and advising the SAG of the event application, we found that the map did not detail the process for the arranging of a SAG meeting to discuss the event, or the steps to be taken to communicate feedback following the events review. We also found that this was</p>

not shared or communicated with relevant staff. If the SAG process is not regularly reviewed, made available and communicated to staff, there is an increased likelihood of an unawareness of current processes, leading to inconsistent practices being adopted. **(Medium)**



SAG Process:

We selected a sample of 10 events over the previous 12 months to ensure that the SAG process had been followed and supporting evidence was available to support this and found the following:

Event Notification and Event Booking form (EBF) / Event Plan and Risk Assessments:

- Notifications for proposed events were only received from event organisers by the SAG in 4/10 cases; for the remaining 6/10 cases, no notification was received by SAG.
- An Events Booking Form (EBF) had not been received from the Event Organiser in 8/10 cases; and
- We were unable to obtain any evidence to demonstrate that any EBFs had been sent to Event Organisers to complete

Event Plan and Risk Assessments:

- An event plan and corresponding risk assessment had been sent to the Events and Commercial Officer in four instances;
- In a further two cases, only the event plan has been submitted, and for the remainder of the sample, neither an event plan or risk assessment had been submitted.
- We were also unable to obtain any evidence to show that events plans, and risk assessments had been requested from event organisers, thus were unable to conclude whether deadlines had been set for this.

If Event Booking Forms are not sent to event organisers, with a clear timescale for completion and return, there is an increased likelihood that events will not be adequately assessed, thus leading to high risk events not being reviewed. In turn, this may have a direct impact on the potential safety of the event. If event plans and risk assessments are not obtained in a timely manner, there is an increased likelihood that the SAG may be unable to adequately review events. This may lead to the SAG unfulfilling its core responsibilities. **(Medium)**

Event Review and Feedback:

- We found that a formal SAG review had taken place for five sampled events; and
- Evidence was only available to demonstrate that formal feedback had been provided following two of these reviews.

If events are not formally reviewed by the SAG and provided with formal feedback, there is an increased likelihood that event organisers may not receive the appropriate assurances for events in regard to safety. This may lead to the SAG not adequately fulfilling its defined responsibilities. **(Medium)**



Discharge of Responsibilities

We had selected a sample of five SAG responsibilities, as per their Terms of Reference. We could only verify that the following two responsibilities were being discharged in part:

- To advise the local authority and/or event organiser on the event, venues and its immediate environs as required, in order to ensure high standards of Health & Safety, and welfare planning; and

- Promote good practice in safety & wellbeing planning, and a consistent and coordinated multiagency approach to event planning and management.

We were also unable to confirm the discharge of a further two responsibilities. These were:

- To receive and review notification of the issue of any prohibition notice and any prosecutions and advise the local authority and/or event organiser regarding implications of such enforcement; and
- To receive and review reports in relation to matters found during inspections by group members and advise the local authority and/or event organiser regarding implications of reports.

During discussions with the Emergency Planning and Business Continuity Manager, we were advised that due to the length of time since the creation of the Terms of Reference, the responsibilities detailed may not currently accurately reflect current SAG activities.

If documented responsibilities are not accurately detailed, up to date and discharged, there is an increased likelihood that the SAG may not be deemed as active effectively when held under scrutiny, which could impair the reputation of the SAG within the Council. **(Medium)**



Role and Authority of the SAG and Reporting Arrangements

We were advised by the Events and Commercial Officer and the Emergency Planning and Business Continuity Manager that there are no formal reporting arrangements in place within the Council for SAG, and as such no formal update on the work SAG has undertaken is reviewed by the Council. We have noted best practice guidance published by the Emergency Planning College provides detail of reporting arrangements, stating resolutions should be recorded, and it should be required to produce regular reports for the consideration by the local authority. If regular update reports are not provided to the Council, there is an increased likelihood that senior management and relevant departments may be unaware of important events or incidents which have occurred or may occur, thus prohibiting the ability to react to such events. **(Medium)**



Reporting of learnt and monitoring of actions

From our sample of ten events over the previous 12 months, we sought to confirm that learned exercises are undertaken and actions arising are monitored. Testing found that in 9 cases a debrief had not been undertaken, thus has not identified any lessons learned. We found that this was due to no meetings taking place in the month following a sampled event (where a debrief would be undertaken). We were advised that this was due to the majority of meetings undertaken over the previous year being virtual meetings or having been cancelled. We noted that in one case (Slough Half Marathon) a specialist lessons learned review had been undertaken by the Policy Team. We were further advised by the Communications Officer that no work had yet been undertaken against the actions detailed within this. This was due to no formal meeting being undertaken since its completion.

We were also advised by the Communications Officer and the Emergency Planning and Business Continuity Manager that no process is currently in place to take identified lessons learned from debriefs and incorporate these into any improvement plan. If lessons learned are not regularly identified, reviewed and incorporated into an improvement plan, there is an increased likelihood that required areas of improvement will not be addressed, thus decreasing the overall effectiveness of the SAG. **(Medium)**

1	The Emergency Planning and Business Continuity Manager will ensure that minutes of SAG meetings are taken, retained and circulated to all core members following meetings.	Medium	31 st March 2020	Dean Trussler – Emergency Planning and
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	As part of this, the use of 'dialling in' and telephone conferencing will also be considered for members and named representatives that may not be able physically attend meetings.			Business Continuity Manager
2	The Emergency Planning and Business Continuity Manager will oversee the implementation of a set of policy and procedural documents for the SAG. This will also include a review of the current SAG process flowchart. These will also be formally reviewed and approved by CMT and Cabinet.	Medium	31 st March 2020	Dean Trussler – Emergency Planning and Business Continuity Manager
3	The Events and Commercial Officer will undertake a review of the Council Website and intranet page, ensuring this details; <ul style="list-style-type: none"> • The full SAG process including timescales; • An avenue to download an event booking form; and; • An event booking e-form 	Medium	30 th March 2020	Lynsey Hellewell – Events and Commercial Officer
4	The Emergency Planning and Business Continuity Manager will work with the SAG to develop a safety framework to be used when reviewing events which will include a methodology for assessing event plans, as to ensure that a consistent approach is applied when determining which events require SAG review. This will also be further supported by the development of formal safety opinions, by which should be communicated to event organisers following formal SAG review.	Medium	29 th February 2019	Dean Trussler – Emergency Planning and Business Continuity Manager
5	The Events and Commercial Officer and the Emergency Planning and Business Continuity Manager will produce template event plans and risk assessments for event planners.	Medium	31 st March 2020	Lynsey Hellewell – Events and Commercial Manager
6	The Events and Commercial Officer and the Emergency Planning and Business Continuity Manager shall review the reporting arrangements of the SAG and introduce regular reporting into CMT. This will include the reporting of; <ul style="list-style-type: none"> • Future known events; • Outcomes from recently reviewed events; and • Any issues following recent events. 	Medium	31 st March 2020	Dean Trussler – Emergency Planning and Business Continuity Manager
7	The SAG will implement an effectiveness review process, whereby all events will be discussed in order to identify any lessons learned. Lessons learned will be incorporated into a quality improvement plan (QIP), which will be regularly reviewed and SAG meetings.	Medium	31 st March 2020	Dean Trussler – Emergency Planning and Business Continuity Manager



2 High
3 Medium
2 Low

We noted the following issues, resulting in two high and three medium priority management actions:



Risk Assessments

Risk assessments of service areas are completed by first line supervisors to identify and score risks and to determine existing controls and actions required. We found that such health and safety assessments had not been undertaken by all services within the Adult Social Care (ASC), Childrens’ Learning and Skills (CLS) and Finance and Resources directorates, and although reported that these had been completed for the Regeneration/Place and Development directorate, we were unable to confirm this for all areas. Without evidencing completed risk assessments, there is an increased liability on behalf of the Council if any harm to staff or members of the public is a result of incidents that may have been identified and avoided. **(High)**

There is also currently no Council-wide list of risk assessments to be undertaken by directorates and services. Without such a comprehensive list, there is no way to carry out an accurate exercise of risk assessment completion and compliance at a directorate or Council-wide level. **(Medium)**



Training

There are four mandatory health and safety training modules that must be completed by SBC staff within the first six months of employment. We noted that of the 1159 total Council employees, no module had more than 66 per cent compliance (Fire Safety), with 59 per cent the lowest recorded completion rate (Office Safety). We also identified that for a sample of ten new starters since January 2018, only two of these had completed all of the training within the month timeframe.

Although the Council is currently in the process of reviewing and revising mandatory training needs, with a series of recommendations to be presented to the CMT in September 2019, if staff do not have relevant skills and knowledge in relation to health and safety, there is an increased risk of inadequate and inappropriate actions being taken not in line with the Council’s Health and Safety Policy. **(High)**



Self-Audits

Health and safety compliance audits are carried out by service managers at least annually to ensure tasks including identifying high level risks, carrying out risk assessments and reviewing safe operating procedures have been completed.

Our testing found that self-audits had not been fully completed across the ASC, CLS and Finance and Resources directorates, whilst we were unable to obtain evidence confirming all audits had been undertaken within the Regeneration/Place and Development directorate as reported. Without the completion of this exercise, there is an increased likelihood that weaknesses and issues go unresolved given the inadequate review of health and safety processes. **(Medium)**



Directorate Health and Safety Action Plans

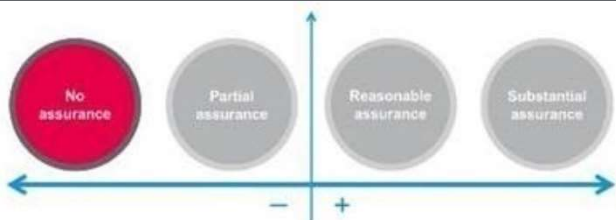
Each directorate has prepared a health and safety plan, listing service related actions derived from the overarching Health and Safety Policy to be undertaken by managers. We confirmed that the directorates are currently progressing with their plans, however we noted that there was a total of 15 overdue target dates across the ASC, CLS and Finance and Resources directorates. Without renewing target dates, there is a risk that the plan is not reflective of health and safety intentions and an increased potential for directorate non-compliance with Council expectations. **(Medium)**

1	<p>The Health and Safety Board will ensure that target dates are reviewed as part of the standing agenda item to provide directorate updates on action plans so as to ensure all action dates are appropriate.</p> <p>Overdue action target dates will be reviewed by directorates, with a revised date agreed and updated within the action plans.</p>	Medium	31 st March 2020	Robin Pringle - Health and Safety Manager
2	<p>Upon the review of the mandatory training schedule, the Council will ensure that all staff complete the health and safety training modules relevant to job roles.</p>	High	31 st January 2020	Robin Pringle - Health and Safety Manager
3	<p>Directorates will ensure that risk assessments are completed across all service lines on an annual basis. These will all be saved on a directorate shared drive for accessibility.</p>	High	31 st January 2020	Robin Pringle - Health and Safety Manager
4	<p>Directorates will produce a list of all relevant risk assessments to be completed for their departments, which will be compiled into a Council-wide list of risk assessments.</p> <p>Upon the employment of a Compliance Officer, this list will be used to ensure that all risk assessments have been completed across all directorates.</p>	Medium	31 st March 2020	Robin Pringle - Health and Safety Manager
5	<p>Directorates will ensure that health and safety self-audits are completed across all service lines on an annual basis.</p> <p>The completion of these audits will be reported to the health and safety team and reviewed by the Health and Safety Compliance Manager.</p>	Medium	31 st March 2020	Robin Pringle - Health and Safety Manager

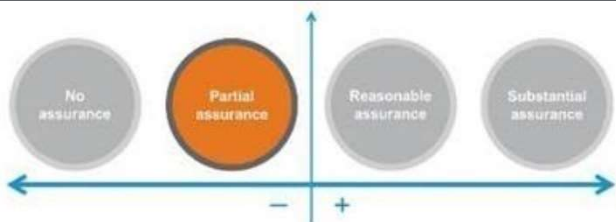
APPENDIX B: 2019/20 ASSURANCE OPINIONS

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

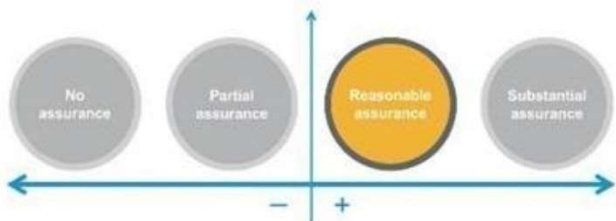
We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the Council can take:



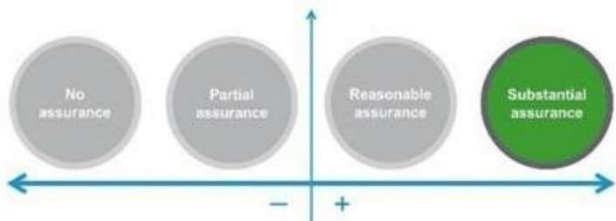
Taking account of the issues identified, the Council **cannot take assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).



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



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



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

FOR FURTHER INFORMATION CONTACT

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