



# SLOUGH BOROUGH COUNCIL

## Internal Audit Progress Report

For the Audit and Corporate Governance  
Committee meeting on 29 July 2021

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# 1 KEY MESSAGES

The internal audit plan for 2020/21 was approved by the Audit and Corporate Governance Committee at the March 2020 meeting. This section provides an update on the key messages relating to the progress of the 2019/20, 2020/21 and 2021/22 plans, as at 16 July 2021.



## 2019/20 Internal Audit Plan

Since the previous Committee held in March 2021, we have finalised the **one remaining 2019/20** report (Business Rates) which resulted in a reasonable assurance opinion. [\[To note\]](#)

## 2020/21 Internal Audit Plan

As part of the 2020/21 Internal Audit plan, a **further 19 reports** have been finalised since the meeting held in March 2021. 17 of these reports provided assurance opinions, of which, reviews concluded with:

- eight reasonable (positive) assurance opinions,
- seven reports with partial assurance (**negative**) opinions (Temporary Accommodation, Payroll, Asset Register, S106 funds, Treasury Management, Health and Safety and Whistleblowing);
- one advisory report with significant weaknesses identified impacting the year end opinion (Council Subsidiary Companies)
- the remaining report (Debtors Management) resulted in a no assurance (**negative**) opinion.
- We have also finalised our Q3 Follow Up report, where we concluded that '**poor progress**' had been made with respect to the implementation of agreed management actions.
- In the follow up report, we are advising the Committee that they cannot place reliance on the accuracy of the management action reporting provided by Officers. We have agreed an additional action in the Follow Up report to address future reporting at the Audit and Governance Committee meetings.




Please see **Appendix A** for the executive summary details of the nine (eight assurance reviews and one follow up concluding little progress) negative assurance reviews issued since the last meeting. For details of all audits finalised to date, please see **Appendix B**. [\[To note\]](#)

In addition, we have issued a further 4 **reports in draft** from the 2020/21 plan and these are documented below in Section 2. [\[To note\]](#)

## Impact on the 2020/21 Head of Internal Audit Opinion



Our annual opinion is on the Committee's agenda today as a separate paper. The 2020/21 is an overall negative (qualified) opinion concluding that 'The organisation does not have an adequate framework of risk management, governance or internal control'. The previous S151 Officer was advised of this position prior to his departure and the new S151 was advised of this position at our first meeting. We have also attended a recent Strategic Leadership Team meeting to discuss this in more detail with Senior Officers and discuss the importance of the internal audit programme and crucially the implementation of agreed management actions by Officers.



**Senior Management Commitment** - It should be noted that senior management have recognised the weaknesses in the control framework for tracking management actions. Significant progress has already been achieved in finalising all but two of the 2020/21 internal audit reports (noticeable improvements on previous financial years). Furthermore, there has been a re-allocation of roles with regards to the finalisation and tracking of internal audit reports, and we have also recognised a strong commitment from the new S151 Officer and Chief Executive to drive improvements in this important areas, given the number of action plans and recommendations that will need to be tracked, reported on and implemented in 2021/22 and beyond.

### 2021/22 Internal Audit Plan



As part of the current financial year Internal Audit Plan, **five reports** have been issued in draft. We have also started the fieldwork for three other audits.

### Impact on 2021/22 Head of Internal Audit Opinion

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

Where we have issued any negative opinions, these will impact our 2021/22 Head of Internal Audit Opinion, but further updates will be provided during the year.

We are still in the early stages of delivery of the 2021/22 Internal Audit plan. However, this Committee will need to carefully monitor the progress made by Officers to implement the management actions agreed from the 2020/21 Internal Audit reviews. All of the negative opinions from 2020/21 will be re-audited in 2021/22, including the advisory reviews where significant issues were identified.

Please note the Chair of this Committee receives a copy of all final reports throughout the year as they are finalised. **[To note]**



## 2 INTRODUCTION

This report provides a summary update on progress against the remaining audits from the 2019/20 internal audit plan and progress against the 2020/21 plan. The report is based on the position as at the 15<sup>th</sup> July 2021.

**2019/20 Internal Audit Plan** – Since the last audit committee in March 2021, the one remaining report relating to the 2019/20 audit plan has been finalised

- Business Rates – Reasonable assurance

**2020/21 Internal Audit Plan** - Since the last update provided in March 2021, the following **19** reports have been finalised:

- Debtors Management – No Assurance
- Payroll – Partial Assurance
- Temporary Accommodation – Partial Assurance
- Asset Register – Partial Assurance
- Health and Safety – Partial Assurance
- Section 106 Funds – Partial Assurance
- Whistleblowing – Partial Assurance
- Treasury Management – Partial Assurance
- Quarter 3 Follow Up – Little Progress
- St Mary's Church of England School – Reasonable Assurance
- General Ledger – Reasonable Assurance
- Creditors – Reasonable Assurance
- Capital Expenditure – Reasonable Assurance
- Planning Statutory Response Times – Reasonable Assurance
- Planning Performance Agreements – Reasonable Assurance
- Social Lettings Team – Reasonable Assurance
- Rent Accounts – Reasonable Assurance
- Discretionary Business Grants – Advisory
- Council Subsidiary Companies – Advisory (but significant weaknesses identified)


In addition, we have issued the following **two** reports in draft from the Internal Audit Plan for 2020/21:

- Business Rates – Issued 31<sup>st</sup> March 2021 (Reasonable Assurance)
- Follow Up Q4 – 26<sup>th</sup> May 2021 (Poor Progress)

**2021/22 Internal Audit Plan**

The Internal Audit Plan for 2021/22 was approved by the Audit and Corporate Governance Committee on 4th March 2021 (please note a revised 2021/22 plan is also on today's agenda for approval). Since the last update provided in March 2021, five 2021/22 reports have been issued in draft:

- Travel Demand Grant (Issued 14<sup>th</sup> May 2021)

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- Children Missing Education (1<sup>st</sup> July 2021)
  - Schools Audit – Cippenham Nursery School (5<sup>th</sup> July 2021)
  - Rent Arrears Recovery (14<sup>th</sup> July 2021)
  - IT Business Continuity and Disaster Recovery (15<sup>th</sup> July 2021)

## 3 OTHER MATTERS

### 3.1 Client briefings

We have issued a number of client briefings to Officers since the last Audit and Corporate Governance Committee meeting.

### 3.2 Changes to the plan

The following changes were agreed with the previous Section 151 Officer to the 2020/21 plan since the last meeting:

Note	Auditable area	Reason for change
6	Governance	Following discussions with the previous S151 Officer, it was agreed that the audit budget would be used to complete the Subsidiary Companies Governance audit, given the significant findings identified and the additional time required to complete the review.
7	Transformation Programme Follow Up	At the request of the Chief Executive the review was deferred to the 2021/22 Internal Audit Plan, owing to the impact of the Council's restructure programme.

The changes below have been previously reported to the Committee:

Note	Auditable area	Reason for change
1	Parish Council Governance	At the request of the Director of Finance and Resources, we have cancelled the Parish Council Governance review, and this is being replaced with a review of Leasehold Service Charges.
2	Discretionary Grant Funding	At the request of the Director of Finance and Resources, we have replaced the review of Mental Health Provision with a review of the processes and governance in place surrounding the funding provided to the Council for businesses that do not fall inside the main COVID-19 funding schemes.

3	Grant Funding	Initially we were informed of the Local Transport Revenue Block Funding grant was the only grant which required sign off in the current financial year. We have undertaken a review on the above to confirm the appropriateness of the grant spending in line with the conditions. Subsequently we were also informed of a further grant for the Bus Service Operators Grant, which we also delivered as part of the agreed Grant audit budget. However, we have been notified of two further grants (Dedicated Home to School Transport and Test and Trace Support Payment Scheme) which as part of the Grant conditions require sign off from the Chief Executive and Chief Internal Auditor, and we are in discussion with the Director of Finance and Resources about the best way to deliver these.
4	Cash Collection	Since the Council has moved to being cashless, we have replaced this review following discussion with the Executive Director, Corporate Operations with work undertaken in relation to the Council's Subsidiary Companies.
5	Continuing Healthcare	Following the request of the Executive Director, People (Adults) to postpone a review of Continuing Healthcare until the 2021/22 Internal Audit Plan, we have agreed to replace this review with a further grant funding review. A new scheme from central government in relation to the Test and Trace Scheme funding provided to the Council requires sign off from the Council's Chief Internal Auditor and Chief Executive.

### 3.3 Sector Update


#### [Coronavirus workforce survey](#)

The Local Government Association has published the latest findings from its monthly surveys of all councils in England and Wales collecting key workforce data on how the sector is responding to coronavirus. Key findings from the May 2021 survey includes:

- 38 per cent of councils reported recruiting additional staff in the week ending 7 May 2021;
- 24 per cent of councils reported that they had furloughed at least one member of staff. In total, responding authorities reported there were 3,938 staff furloughed in the week ending 7 May 2021, which was 0.8 per cent of the current workforce;
- the main reason given for furloughing staff was that the service had stopped (59 per cent) or that funding had stopped (33 per cent);
- 50 per cent of councils had redeployed staff; and
- when asked to assess the council overall, in terms of whether there are enough staff to run services normally or not, 53 per cent of councils reported they were not operating normally.

#### [Local government finance](#)

The Public Accounts Committee has published a report on local government finance. Despite receiving additional funding during coronavirus, many local authorities are in a 'precarious financial situation and will experience long-term financial effects' from the pandemic. Many expect to make cuts to their budgets for local services in 2021/22. The Public Accounts Committee says that the impact of the pandemic risks leading to reductions in services for local people even as council tax rises, meaning that local people could be paying more for less. Other key points include:

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- the Ministry of Housing, Communities and Local Government (MHCLG) was not sufficiently prepared for the local government finance implications of a severe emergency;
  - the pandemic has exposed limitations in the data that the MHCLG normally collects from local authorities, meaning it has not had a proper picture of local financial resilience; and
  - the MHCLG has not fulfilled previous assurances that it will be transparent about financial risk in the sector by sharing information with the National Audit Office.

### Councils to test the use of digital tools in planning process

The Housing Minister has announced a £1.1m fund to test the use of digital tools and data standards across 10 local areas. The planning white paper 'Planning for the future', published in August 2020, proposed reforms to the planning system to streamline and modernise the planning process. By introducing a digital system that makes plans map-based and accessible online, local people will be able to engage with planning in their local area, which will help get homes built quicker.

### Funding boost to develop new local design guide for housing development

A new national design code ensuring areas are beautiful, well-designed and locally led is being tested across 14 areas in England, the government has announced. The National Model Design Code (NMDC) will ensure future developments are beautiful and fit in with local character. 14 councils will receive £50,000 each to develop new design codes.

### Councils given further £200m in next stage of successful rough sleeping programme

Robert Jenrick, Housing Secretary, has announced a further £203m fund which will be allocated to councils across England and will support vital projects such as shelters, specialist mental health or addiction services, and targeted support to help rough sleepers off the streets. This funding is one part of the £750m investment this year to tackle homelessness and rough sleeping and part of the government's drive to end rough sleeping by the end of this Parliament. Analysis of the Rough Sleeping Initiative, now in its fourth year, shows that the programme has reduced rough sleeping by almost a third compared to areas which have not taken part in the programme.

### Councils given power to build more homes

The Ministry of Housing, Communities and Local Government (MHCLG) has announced that councils will have more freedom on how they spend the money from homes sold through Right to Buy to help them build the homes needed in their communities. It will also give councils more time to use receipts and to develop ambitious building programmes. The government wants homes supplied using Right to Buy receipts to be the best value for money, and to add to overall housing supply, to help towards delivering 300,000 new homes a year across England by the mid-2020s.

### £212m investment in homes for rough sleepers


The MHCLG has announced £212m in funding for councils to support its aim of creating 6,000 dedicated homes for rough sleepers. Councils are invited to bid for a share of the £212m funding for the next 3 years as part of a total £433m investment in safe, long-term, stable and supported housing for rough sleepers.

### Local government finance in the pandemic

The National Audit Office's (NAO) report examines if the MHCLG's approach to local government finance in the coronavirus pandemic enabled it to assess and fund the costs of new services which local authorities have been asked to deliver. It also examines whether the MHCLG fulfilled its responsibilities in securing financial sustainability across the sector. The report:

- looks at the financial health of the sector before the pandemic and the financial impact of the pandemic in 2020/21;



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- prior to the pandemic, local authority finances were under pressure following a period of funding reductions, growth in service demand and delayed reforms to the local finance framework; and
  - local authorities have forecast that the pandemic will create £6.9bn of cost pressures in 2020/21.
  - examines action taken by the government to support the sector in 2020/21;
  - assesses the effectiveness of government measures to support the sector in 2020/21; and
  - examines the steps taken by government to support the sector's financial sustainability in 2021/22.

#### Timeliness of local auditor reporting on local government


The NAO has published a report on the timeliness of local auditor reporting on local government in England, setting out how the majority of local authorities, police and fire bodies failed to achieve reporting and audit deadlines despite a four-month extension in recognition of the pandemic. Key findings include:

- the timeliness of audit opinions in 2019/20 has deteriorated further from the 2018/19 audits, when around two-fifths of audit opinions were delayed;
- the pandemic has had a significant impact on delivery of the 2019/20 audits and the financial position of audited bodies;
- the late delivery of local audit opinions has delayed the audits for some government departments, impacting on the assurance Parliament receives over how taxpayers' money is used;
- the Committee of Public Accounts has continued to express concern about the system of local audit;
- concerns over the quality of local audit have been raised by the Financial Reporting Council (FRC) in its report on local audits in October 2020.

The ICAEW has also published its view following the NAO's report.

# APPENDIX A - KEY FINDINGS FROM FINALISED 2020/21 INTERNAL AUDIT REPORTS

Detailed below are the High and Medium Priority Management Actions from negative opinion reports ie **Partial or No 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>Debtors Management 25.20/21</b></p>		<p><b>1 High</b> <b>5 Medium</b> <b>1 Low</b></p>
<p><b>Debt Reminders</b></p> <p>Through discussions with the Head of Transactional Finance and Accounts Receivable Team Leader, we were informed that an instruction had been made by the Director of Finance and Resources to stop debt reminders, however when reviewing an email from the Director of Finance and Resources instructing the temporary stop of recovery of debt by enforcement agents we found that it stated that bills and reminders were to continue to be issued in the usual way.</p> <p>Through review of email correspondence, we found that the Accounts Receivable Team Leader and Head of Transactional had been instructed to not send out debt reminders by the Service Lead Finance on multiple occasions after querying whether they could start issuing them again.</p> <p>If debt reminders are not issued to individuals, there is a risk that aged debts will continue to rise and that the chances of recovering debts will decrease the longer they remain outstanding. <b>(High)</b></p> <p><b>Training</b></p> <p>Training relating to the raising of invoices is provided via the Council's e-Learning platform Cornerstone. Although not mandatory, those individuals responsible for completing accounts receivable functions are encouraged to complete the training module to ensure familiarity with expected processes.</p> <p>As part of the 19/20 Debtors Management review a management action was raised regarding the review and updating of all finance-based training, Additionally, staff using the Agresso self-service finance functions were to undertake relevant training with completion rates being reported at an appropriate forum and exception reports issued to managers with instructions for relevant staff to complete the training.</p> <p>Through discussions with the Head of Transactional Finance we were informed that the action had not been implemented.</p> <p>Through further discussions with the Interim Service Lead - Finance we were informed that the training material had not been updated and the training had not been carried out due to the Council restructuring, with the reasoning being that it would be an inefficient use of time and resources to train staff who may no longer be at the Council after the restructuring is complete.</p> <p>If staff do not receive suitable finance-based training, there is a risk that staff will take inappropriate actions with regards to accounts receivable processes, such as not obtaining supporting evidence for credit notes, which could lead to financial losses for the Council. <b>(Medium)</b></p>		

## Credit Notes

Through review of sample of 20 credit notes raised since April 2020 we found that:

- for 15 credits, authorisation had been obtained via the Agresso workflow and had occurred within a day of the credit note being raised;
- for all credits, the credit notes had been processed within a minimum of two days following approval; and
- for 14 credits, documentation supporting the raising of the credit note had been retained and matched the values of the credit raised.

For one of the samples we found that this did not relate to a credit note but a transfer from a suspense account and as such approval and supporting documentation was not required.

For the four credits without authorisation through the Agresso workflow, we were informed this was due them being bulk raised by AR as 57 credit notes had to be raised for the same value and confirmed that appropriate email authorisation was on file.

With regards to the five credit notes without supporting documentation, we found that for one of these nothing was on file as no documented evidence existed and for the remaining four, while we were supplied with reasons as to why the credit was raised no supporting documentation could be supplied to support the raising of the credit note.

As part of the 19/20 Debtors Management review a management action was raised for a reminder to be issued to staff and managers to add supporting documentation to Agresso when raising credit notes however we did not obtain any evidence that any reminders had been issued. If supporting documentation is not attached to credit notes on Agresso there is a risk that credit notes are approved without any basis which could result in financial loss for the Council. **(Medium)**

## Parked Invoices

We found that a review of all parked invoices with due dates to 31 March 2020 had been carried that documented a reason to park each invoice, or had other information recorded regarding the status of the invoice such as whether it had been paid or written off. We found that the report contained 1037 invoices, with a total value of £4.8m.

We obtained a further report detailing parked invoices that was generated in November 2020 and through review found that the total parked invoice value had risen to £5.06m.

Through further analysis of this report we identified that 68% of this value was owed by 10 debtors. Three of these were business partners of the Council including Slough Children's Services Trust, East Berkshire CCG and Beechwood Secondary School and we were informed by the Accounts Receivable Team Leader that debt enforcement was not carried out against these clients, under the understanding of the Council's Director of Finance and Resources.

For two of the customers, Arvato Public Sector Services and First Beeline Buses, the Council was engaged in ongoing legal disputes, with the invoices remaining on hold in the event that the Council were to be successful in the dispute and the debts would be paid.

For one debtor, we found that six of their invoices had been parked due a rent deferral being agreed. The corporate customer, due to the impacts of COVID-19, had requested a rent deferral which we confirmed had been agreed and authorised by the Director of Finance and Resources through review of a letter to the customer.

For a further three, we found that these related to Adult Social Care customers that had deferred payment arrangements with the Council and as a result, debts could not be enforced until the Council were informed that the customer's property had been sold or that they had passed away.

In another Adult Social Care case, we noted that the customer had three invoices parked, one from July 2015 and two from June 2017. Through discussions with the Accounts Receivable Team Leader we were informed that since the initial review of parked invoices, no additional reviews have taken place due to debt recovery being on hold as a result of COVID-19.

If parked invoices are not periodically reviewed there is a risk that recovery action will not be pursued for these debts which could increase the amounts that are not recuperated by the Council. **(Medium)**

#### Debt Recovery Policy

Through review of the draft Income Collection and Debt Recovery Policy we found that it documented areas such as the policy objective, debts covered by the policy and disputed invoices, with additional relevant areas covered.

We noted that the policy was still in an incomplete, early draft format and were informed by the Head of Transactional Finance that due to significant work pressures and delays caused by COVID-19, the Council had not had time to complete the policy and submit it for approval and implementation. Without a defined process for debt recovery, including circumstance specific action to be taken, there is an increased risk that inconsistent debt chasing practices are followed. This in turn increases the risk that debts are not sufficiently chased and decreases the likelihood of debt recovery. **(Medium)**

#### Reconciliations


A review of Accounts Receivable reconciliations for the last three months found that while they had been completed for cash and control accounts for all months, we found issues with incorrect preparation dates being recorded for the four of the reconciliations and no dates or signatures recorded to show that the reconciliations had been reviewed.

We were informed by the Group Accountant that they will review the reconciliations and talk through any queries with the Accountancy Assistant should they arise, but a digital signature is not applied, or approval email sent. As a result, we were unable to confirm that any of the reconciliations had been reviewed and if these were completed in a timely manner.

If control account reconciliations are not carried out there is a risk that variances will not be highlighted or investigated within a timely manner which could lead to financial losses for the Council. **(Medium)**

1	<p>The new finance training manual will be introduced in April 2021 and all staff using Agresso self-service finance functions are to undertake relevant training, with completion rates reported to an appropriate forum.</p> <p>Exception reports of staff who have not completed the training will be forwarded onto managers with an instruction for relevant staff to complete the trainings.</p>	Medium	31 <sup>st</sup> July 2021	Tony McGuiness - Group Manager Operational Finance
2	<p>The Council will ensure a reminder is issued to staff and managers outlining the following requirements:</p> <ul style="list-style-type: none"> <li>• For all staff to add supporting documentation on Agresso when raising credit notes; and</li> <li>• For all managers approving credit notes to ensure such documentation has been uploaded prior to approval.</li> </ul>	Medium	30 <sup>th</sup> April 2021	Mandy Richards - Accounts Receivable Team Leader

3	The issuing of debt reminders will be reinstated by the Accounts Receivable Team.	High	30 <sup>th</sup> April 2021	Mandy Richards - Accounts Receivable Team Leader
4	The Council will complete a review of parked invoices on a periodic basis, validating the reasons for parking amounts through the issuing of a parked debt report to relevant cost centre managers. The outcome of the reviews will be reported to the Service Lead Finance and escalated as appropriate.	Medium	31 <sup>st</sup> July 2021	Tony McGuiness - Group Manager Operational Finance
5	The Council will complete the Income Collection and Debt Recovery Policy which will be subject to formal review and disseminated to relevant staff, including the Accounts Receivable team.	Medium	31 <sup>st</sup> July 2021	Tony McGuiness - Group Manager Operational Finance
6	The dates that reconciliations have been reviewed by the Group Accountant will be recorded within the reconciliation spreadsheet. In addition to this, where hard copy reconciliations are unable to be signed off a digital signature will be applied to the reconciliation spreadsheet once it has been reviewed by the Group Accountant	Medium	31 <sup>st</sup> April 2021	Ishrat Fatima - Group Accountant

<p><b>Whistleblowing 4.20/21</b></p>		<p><b>2 High</b> <b>3 Medium</b> <b>4 Low</b></p>
<p><b>Whistleblowing Procedure</b></p> <p>Our review identified that there is no formal procedure relating to the whistleblowing process, which includes guidance on handling concerns and undertaking enquiries. Although an overview of the process is outlined in schedule three of the Confidential Whistleblowing Code, this does not provide adequate instruction or guidance for investigators on processes such as carrying out localised investigations and safely and securely holding documentation. There is a risk of inconsistencies in the whistleblowing process without a documented process, which may lead to issues when dealing with and escalating cases, which in turn can negatively impact staff confidence in the whistleblowing process. <b>(High)</b></p> <p><b>Case Management System</b></p> <p>We confirmed through discussion with the Service Lead – Governance that the Council continued to use the IKEN legal management programme to record whistleblowing proceedings in lieu of a central case management system. Access to IKEN has not been granted to the Monitoring Officer nor investigators, prohibiting the monitoring of caseloads and progress. One of the roles of a Monitoring Officer is to be responsible for matters relating to the conduct of Councillors and officers. The programme also does not allow for the planning of investigations, recording of decisions nor extraction of statistics.</p>		

In addition to this and importantly, limited access means that there is a risk that the Council does not have an extensive, live record of whistleblowing concerns. **(High)**

#### Confidential Whistleblowing Code

The Confidential Whistleblowing Code has been produced to provide a reference point for staff with regards to whistleblowing matters. Although available as part of the Constitution, an individual document and via the SBC website, we found that these locations had not been shared with staff since April 2018. There is therefore a risk of a decreased employee awareness of the code. **(Medium)**

#### Mandatory Whistleblowing Training Module

A Whistleblowing with Confidence module has been created and made mandatory for all staff as per the management action from the previous review. Dashboard figures for the module identified 32 per cent of staff were overdue completing this training. The Head of Organisational Development informed us that the Council is beginning to follow up and chase individuals, however this process is yet to be formalised and may need to consider those who cannot access the module as well as ensuring managers address non-completion locally.

Without ensuring appropriate follow up is undertaken, there is a risk that staff do not complete the training and remain unaware of whistleblowing processes, limiting the number of concerns raised. This is supported by our survey findings where 44 per cent of respondents answered negatively when asked about the provision of whistleblowing training. **(Medium)**

#### Whistleblowing Practices Review

As part of the 2018/19 report it was agreed that a regular review of whistleblowing practices would occur covering staff awareness, training needs, effectiveness of investigations and integration into strategic governance. At the time of testing it was found that no such review had taken place. In the absence of a review of whistleblowing practices, there is a risk that the Council is unable to take assurance regarding the processes in place. There is also a risk that issues relating to the whistleblowing system are not identified and resolved, decreasing staff confidence in raising concerns. **(Medium)**

1	<p>The Confidential Whistleblowing Code will be subject to review and approval, including but not limited to the following:</p> <ul style="list-style-type: none"> <li>• Ensuring the content reflects current processes (i.e. the current address);</li> <li>• Ensuring all references to appendices are correct and appendices reflect this; and</li> <li>• Ensuring all quoted legislation and regulatory information is in-date.</li> <li>• Ensuring reference is made to the author, approval date and review date.</li> </ul> <p>The updated version of the code will then be made accessible to all staff, with its location regularly communicated.</p>	Medium	28 <sup>th</sup> May 2021	Hugh Peart - Monitoring Officer
2	<p>A formalised process for handling whistleblowing concerns will be agreed upon and a guidance document produced based on this.</p> <p>The document will make clear the expectations of all staff involved in the whistleblowing process, including but not limited to the following:</p>	High	28 <sup>th</sup> May 2021	Hugh Peart - Monitoring Officer

	<ul style="list-style-type: none"> <li>Ensuring referrals are escalated as appropriate to the relevant members of staff (Service Lead Governance, Monitoring Officer);</li> <li>Ensuring details of all investigations are recorded on a central case management system; and</li> <li>Ensuring all investigation documentation and supporting evidence is saved onto a central case management system.</li> </ul> <p>The document will then be shared with all relevant staff involved in the whistleblowing process, including management and investigators.</p>			
3	<p>The Council will implement a central case management system to be used to record the following:</p> <ul style="list-style-type: none"> <li>All whistleblowing concerns raised;</li> <li>Investigation progress and outcomes; and</li> <li>Supporting documentation and information relating to investigations.</li> </ul> <p>The system will be accessible to all staff involved in the receipt and investigation of raised concerns, with appropriate restrictions put in place to ensure confidentiality across cases.</p>	High	28 <sup>th</sup> May 2021	Hugh Peart - Monitoring Officer
4	<p>A formalised follow up and chasing process will be implemented including the following:</p> <ul style="list-style-type: none"> <li>The incorporation of substitute training onto Cornerstone accounts; and</li> <li>The oversight of training completion to ensure managers are managing this locally.</li> </ul>	Medium	28 <sup>th</sup> May 2021	Jules Potter - Head of Organisational Development
5	<p>The Monitoring Officer will ensure that a formalised review of whistleblowing is completed on a regular basis, covering the following:</p> <ul style="list-style-type: none"> <li>Staff awareness of whistleblowing practices at the Council;</li> <li>Whistleblowing training provided to staff and investigators;</li> <li>An evaluation of the effectiveness of investigations, the recording of documentation and the reported outcomes/learning points; and</li> <li>An evaluation of whistleblowing in supporting overall organisational strategic governance.</li> <li>The outcomes of the review will be presented to the Audit and Corporate Governance Committee for consideration.</li> </ul>	Medium	29 <sup>th</sup> April 2022	Hugh Peart - Monitoring Officer

## Treasury Management 33.20/21



2 High  
4 Medium  
5 Low

### New Loans

New loans are to be agreed in line with the Borrowing Strategy included as part of the Treasury Management Strategy. For a sample of ten new loans (since April 2020), we confirmed that these were with approved counterparties (per the Strategy and Arlingclose reports) and that loan amounts had been received via review of bank statements. Data analytics testing also confirmed that the end dates as per the terms for all current loans had not expired at the time of our testing, and as such the Council had no matured, overdue loans.

However, we were unable to confirm that the CHAPS receivables listing reports (which are reviewed and approved to reflect authorisation) for two of the loans had been suitably approved by authorised signatories, given that evidence of authorisation was not provided. The loans were both for £5m, giving a total of £10m and required authorisation from an authorised signatory. Without evidence of approval, there is a risk the Council is borrowing money outside of the approved authorised signatory framework, which could result in non-compliance with the Borrowing Strategy and potentially the Financial Procedure Rules and wider vfm implications. **(High)**

### Internal Treasury Management Governance, Oversight and Reporting

Following instruction from the Director of Finance and Resources, the Treasury Management Board (TMB) has not met since June 2020 (in part to review reporting requirements and how this should be designed going forward). There has been no reporting of day-to-day treasury activity to any other operational forum in its absence, with only the in-year treasury position reported to Cabinet as part of the Treasury Management Annual Report in November 2020. As such as the TMB responsibilities to oversee overall control of treasury functions, ensure functions are adequate for demand and review treasury reports had not been assumed by any forum.

We were advised that there are plans to bring a treasury report to the Cabinet Commercial Sub-Committee, however this had not commenced at the time of our review. If treasury management is not discussed at an appropriate Governance forum, there is a risk that operational activities and performance are not suitably scrutinised. **(High)**

### Money Market Investment Interest

Interest amounts received for money market investments (where the Council invests surplus funds with approved counterparties) are based on variable rates and as such are determined by movements in the underlying interest rates. The calculations for monthly interest amounts can be accessed via the Logotech system, however at the time of our review there was no evidence that the Council was checking amounts received to the calculations for accuracy. Without such a check, the Council cannot be assured that correct due interest amounts have been received. **(Medium)**

For a sample of ten 'money market' investments made since April 2020, we sought to obtain the calculations for the most recently received interest amounts. We were not provided with these over the course of the review and as such could not confirm interest had been received and that amounts were correct. Where auditors are not given access to interest calculations, testing cannot be completed and therefore assurance provided to confirm correct amounts have been received. **(Medium)**



## Cashflow Forecast

A cashflow forecast, detailing available cash funds, is maintained on the Logotech system. We obtained the overarching cashflow forecast for 2020/21, noting that this included breakdowns of expenditure and income for the period. We identified that the forecast had not been updated to include actual cashflows. The Group Accountant-Corporate (Capital, Treasury & SUR) informed us that whilst this information is recorded on the Logotech system, there is currently no way to prepare a report comparing actual and forecasted cashflows. Without this comparison, there is a risk that inaccurate forecasting is not identified and resolved to inform future cashflows, and associated investment or borrowing decisions, which could result in financial loss or have value for money implications. **(Medium)**

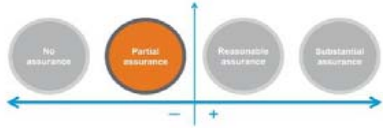
## Cabinet Treasury Management Reporting / Member training

The Council's treasury position is presented to Cabinet as part of the Treasury Management Annual Report. The most recent report was brought to the Cabinet meeting in November 2020, outlining the Council's treasury positions for 2019/20 and as at October 2020. We noted that with the exception of one query, there was limited evidence of scrutiny of this within the meeting minutes.

A recent Public Interest report (for another local authority) identified that Council members responsible for reviewing treasury activity should receive sufficient training to allow for adequate understanding and the ability to scrutinise information. At the time of our review, although plans were in place to offer further financial training (including treasury), only an 'introduction to local government finance' session had been provided to Councillors. Without treasury management training, there is a risk that treasury activity is not subject to appropriate scrutiny and members may not hold sufficient treasury management skills to provide appropriate oversight and challenge. The Council's intention to bring a treasury report to the Cabinet Commercial Sub-Committee increases the importance of training. **(Medium)**

1	The Group Accountant - Corporate (Capital, Treasury & SUR) will ensure that interest amounts and calculations for money market investments are reviewed and reconciled for accuracy on a rolling basis.	Medium	30 <sup>th</sup> September 2021	Lubna Khan – Treasury Technician
2	The calculations and interest information relating to money market investments will be made accessible to the auditors during future reviews.	Medium	30 <sup>th</sup> September 2021	Lubna Khan – Treasury Technician
3	The Group Accountant - Corporate (Capital, Treasury & SUR) will ensure that all CHAPS reports, and the associated approvals, are retained on file. This may include saving and filing email approvals rather than retaining these in inboxes.	High	31 <sup>st</sup> August 2021	Lubna Khan – Treasury Technician
4	The Group Accountant-Corporate (Capital, Treasury & SUR) will liaise with Logotech to produce a report including forecasted and actual cashflows. This report will then be monitored to identify significant variances.	Medium	30 <sup>th</sup> September 2021	Lubna Khan – Treasury Technician
5	We will ensure that treasury management activity is internally reported and discussed at an operational level by an appropriate forum/group on a formal basis.	High	31 <sup>st</sup> August 2021	Lubna Khan – Treasury Technician

6	We will review the level of training offered to Councillors with regards to treasury management, with a focus on ensuring this is provided to members of the Cabinet Commercial Sub-Committee as a minimum requirement.	Medium	30 <sup>th</sup> September 2021	Tony McGuinness - Financial Controller
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Payroll 34.20/21		<p>1 High</p> <p>1 Medium</p> <p>2 Low</p>
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**Access to Payroll Module**

From a report of individuals who have access to the Payroll module of Agresso, we sampled a total of 20 individuals and confirmed two who were no longer employed by the Council (or the relevant third party). This was confirmed through discussion with the Head of T-HR and Payroll and searching on an establishment report (dated November 2020).

We confirmed that for one of the exceptions, the individual was a member of the Agresso Project Team, who had left the Council in September 2020. We were advised by the leavers' line manager (Agresso HR Consultant / Project Manager) that this had been due to an oversight on their part, having not completed a leaver form and subsequently not removed their access.

For the second employee, they had left arvato in November 2019, however their Active Directory (AD) account was only removed in July 2020. For a period of time (Nov 19 – Jul 20), this member of staff did have access to Agresso and the account was not de-activated in a timely manner. Further discussion with the Head of T-HR and Payroll identified that there is currently no detective mechanism to identify such instances where ex-staff accounts (from the Council, or any third parties) have not had their account closed.

We did however identify that there are some compensating controls which allow Council Officers to identify any inappropriate payroll transactions, specifically monthly prepared variation reports which highlight all payroll variances in excess of £2,000. There is also a monthly budget holder budget monitoring controls in place. Our testing during this review did not identify any exceptions in relation to the effectiveness of variation reports and their review. In spite of these compensating controls, the individual with access could have potentially made smaller payments (less than £2,000), which would be harder to detect by Council Officers.

If access to the Payroll system is not restricted to staff that require it, and access revoked for leavers in a timely manner, there is a risk of individuals with unauthorised access to the payroll system which could result in fraudulent or erroneous payments, and sensitive information such as bank details may not be kept secure. **(High)**

**Expenses – Supporting Evidence**

From a sample of 10 expense claims made since April 2020 we identified two claims where the claimant had not attached evidence to the form to substantiate the claim, and despite this, the claim had been approved by the Budget Holder. The expenses related to the purchase of a 'long extension pole for testing over height equipment' and 'Professional fees'. These claims amounted to £22.99 and £285.



If claims are not supported by receipts, there is a risk that Budget Holders cannot be assured that expenses paid are wholly and exclusively incurred on official Council business. This may lead to losses where the Council are paying fraudulent or erroneous expense claims. <b>(Medium)</b>				
1	The Agresso Project Team will complete periodic reviews of individuals with access to the Payroll system to ensure the system is only accessed by appropriate staff	High	30 <sup>th</sup> June 2021	Nicky Dear - Head of T-HR and Payroll
2	A reminder will be sent to Budget Holders informing them to only approve expenses relating to the purchase of goods and services should receipts be attached to the claim.	Medium	1 <sup>st</sup> August 2021	Surjit Nagra – Associate Director - Customer

<p><b>Temporary Accommodation Strategy (29.20/21)</b></p>		<p><b>1 High</b> <b>3 Medium</b> <b>2 Low</b></p>
<p><b>Timeliness of Homelessness Decisions</b></p> <p>We obtained a copy of the latest homelessness decisions report which details the amount individuals currently residing in TA, with this dated 8 March 2021, and identified from our analysis that 70 per cent (out of 258) were made more than 56 days after the application date (the requirement stipulated within section 188 of the Housing Act). Whilst we noted valid reasons for this (see detailed findings), we identified a lack of reporting around the timeliness of decisions taken within the monthly Housing Services Performance reports (November 2020 to January 2021 reviewed).</p> <p>If there is a delay in reaching a homelessness decision, there is an increased potential for ineligible households to remain in TA properties after the relief duty period of 56 days. There is therefore an increased likelihood that new applicants cannot be accommodated within the Council's TA property portfolio and so the TA Team are forced to use nightly rate shared and bed and breakfast properties which incur greater nightly rate charges. It is important to note that some of the issues cited above could contribute, if not rectified, to the Council not being in compliance with their statutory responsibilities outlined within the Housing Act 1996, Part VII, s188 and 193. <b>(High)</b></p> <p><b>Housing Strategy</b></p> <p>We obtained a series of email correspondence held between the Housing Services Team (dated between August 2019 and January 2020), evidencing that a review of the Council's Housing Strategy was underway in consultation with external consultants Campbell Tickell. We also identified a copy of the draft strategy alongside its accompanying action plan, had been communicated to the Team with this clearly outlining how the Council will achieve its five-year strategy (to 2024).</p>		

Discussions with the Arrears and Investigations Manager identified that there was a lack of clarity over whether the strategy had been formally approved or adopted. At the time of our review, the Project Manager responsible for delivery of the strategy and action plan was currently on maternity leave and as such, we were unable to identify what the status of the strategy was. If a Housing Strategy is not in place and progress against actions is not monitored, there is an increased likelihood that organisational objectives may not be achieved. **(Medium)**

### Monthly Monitoring

We were advised by the Arrears and Investigations Manager that the monthly Housing Services meetings have not taken place since August 2020 due to the impending Council restructuring which has meant that there is currently no Service Lead/ Associate Director in post with this position currently being recruited for. In absence of monthly monitoring of KPI indicators in relation to Housing Services, there is a risk that service level issues are not identified, investigated and rectified in a timely manner. We also noted two of the four TA KPIs (as at February 2021) were currently red RAG rated, emphasising the need for periodic scrutiny of performance levels. **(Medium)**

### Allocations

We selected a sample of 20 households that had entered TA between December 2020 and February 2021 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 the referral documentation, licence agreement and copy of the Section 188 decision had been retained on the DIP for one of the sample. We also identified one instance where retrospective approval from the Arrears and Investigations Manager for a spot purchase (where third party housing is procured to home an applicant at first notice) had not been provided in a timely manner. Failure to retain all documentation relating to TA cases decreases the ability of the Council to demonstrate process compliance. **(Medium)**

1	In line with current plans, the Council will ensure that an up to date Housing Strategy is created. Additionally, progress against the action plan will be periodically monitored by an appropriate forum.	Medium	31 <sup>st</sup> December 2022	Richard West – Executive Director Customer and Community
2	Following completion of the corporate restructure, a new performance mechanism will be developed to reflect the new service. This will include periodic consideration of Temporary Accommodation related performance indicators.	Medium	31 <sup>st</sup> December 2021	Ian Blake - Group Manager - Accommodation
3	The Arrears and Investigations Manager will ensure that all approvals relating to TA, including spot placements are received. Furthermore, all documentation relating to the TA process will be uploaded onto the DIP.	Medium	1 <sup>st</sup> July 2021	Ian Blake – Group Manager Accommodation
4	The timeliness of homelessness decisions will be included within the monthly Housing performance reports.	High	1 <sup>st</sup> July 2021	Julie Render – Housing Demand Manager



Time periods exceeding 56 days will be highlighted and appropriately reviewed by either the TA Team or the Housing Demand Team.			
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<b>Health and Safety (22.20/21)</b>		<b>1 High</b> <b>2 Medium</b> <b>5 Low</b>
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**Mandatory Training Compliance**

We obtained a copy of a training compliance report (dated 7 January 2021) which evidenced that 68 per cent of staff (with a cornerstone account) had completed the Introduction to H&S module and 66 per cent had completed the Display Screen Equipment (DSE module). Given that the modules are mandatory, compliance is expected to be 100 per cent.

Through comparison against compliance rates reported as at 1 April 2020, we identified that compliance rates were at 62 per cent for each of the two modules. Whilst we noted some improvement in terms of compliance across the two modules, there are a significant number of the workforce who have not completed these modules.

If staff do not complete the relevant mandatory training, there is a risk that employees are unaware of the correct processes to adhere to in relation to health and safety matters. There is therefore an increased likelihood that inappropriate actions are followed not in line with the Council's Health and Safety Policy. **(High)**

**Directorate Health and Safety Plans**

Directorate Health and Safety Plans are standardised documents which highlight the measures that need to be introduced by each directorate to ensure the objectives set out within the Health and Safety Strategy are achieved. We obtained copies of the most recent iterations of the Health and Safety Plans for each directorate, noting that Adult Social Care (ACS), Transformation and Place and Development had not reviewed their plans in the last six months. We also noted that across the five directorates a total of 49 actions in relation to the plans are currently overdue.

Our review of DMT meetings of each directorate identified inconsistencies with which how often H&S matters had been discussed, including review of these action plans. Where the Health and Safety Plans are not periodically reviewed, directorates cannot be assured around their progress against said plans. Additionally, without setting renewed target dates for actions not yet completed, the action plan is not reflective of intentions in relation to health and safety tasks. Therefore, there is a potential risk that actions are not completed and as such there is an increased likelihood that directorates are non-compliant with the Council's health and safety expectations. **(Medium)**

**Self-Audits**

We were advised by the Health and Safety Manager that Health and Safety self-audits have not been completed by any directorate in relation to the 2020/21 financial year. This was corroborated through review of the latest Health and Safety Plans of each directorate. We were further advised that directorates have had to prioritise other matters such as the continuation of their services owing to the ongoing COVID-19 pandemic. As such, health and safety self-audits have not been completed for the current financial year.

If self-audits are not carried out by each directorate, there is potential risk of inadequate review of health and safety processes in order to ensure any areas of weaknesses are resolved. Therefore, there is an increased likelihood that health and safety related incidents could occur. **(Medium)**

1	A reminder will be sent to Associate Directors and Line Managers to chase mandatory training non-compliance. The Council will also consider measures to encourage completion of mandatory training modules.	High	31 <sup>st</sup> October 2021	Robin Pringle - Health and Safety Manager
2	Following completion of the restructure, the Council will implement a standardised framework for Directorate Health and Safety Committees. This will include a standardised approach to reviewing the progress of directorate action plans, self-audits and meeting frequency of H&S Committees as part of DMT meetings. In addition to this, the responsibilities of each directorate in relation to H&S will be documented within terms of reference.	Medium	31 <sup>st</sup> October 2021	Robin Pringle - Health and Safety Manager
3	Directorates will ensure that health and safety self-audits are completed across all service lines on an annual basis. The completion of these audits will be reported to the health and safety team and a log of self-audits completed will be maintained	Medium	31 <sup>st</sup> March 2022	Robin Pringle - Health and Safety Manager

**Asset Register 19.20/21**



**1 High**  
**2 Medium**  
**2 Low**

**Reconciliations between Finance and Asset Management Records**

We requested and obtained a listing of all assets acquired and disposed of in the 2019/20 financial year from both the Finance and Asset Management Teams. We reconciled the two sets of listings (from the Finance and Asset Management Teams) and identified a number of inconsistencies. At the date of review, we were unable to confirm whether these inconsistencies had led to the Terrier system not being updated, given issues with access to this system at the time of our review.

We were advised by the Principal Asset Manager that no reconciliation between records held by Asset Management, Finance and Legal had been completed for the 2019/20 and 2020/21 financial years. As such, The Asset Management Team would be unable to identify any inconsistencies.

If reconciliations between asset data and systems are not undertaken to ensure data accuracy, there is an increased risk that errors will not be identified, leading to inaccuracies in financial reporting. **(High)**

### Asset Management Property Records Procedure

Our review of the Asset Management Property Records Procedure found the processes for managing the Council's property records had been documented. However, we found the management action agreed as part of the 2016/17, 2017/18, 2018/19 and 2019/20 audits of the Asset Register for the inclusion of other teams' responsibilities, such as Finance and Legal remained incomplete. No clear reasoning was established explaining why the action had not been implemented.

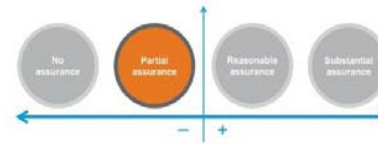
Failing to update and review procedural documents increases the risk that contents are not reflective of current practice and that outdated information is made available to staff. This may lead to inconsistent practices being adopted by staff. **(Medium)**

### Periodic Revaluations

Our review identified that the Council's policy around performing periodic verification exercises (such as revaluation) is not formally documented. Whilst we identified that asset re-valuation had been conducted as part of the preparation of the 2019/20 Asset Register (see 'Revaluations' below), the absence of a clearly documented and robust process for conducting asset verification and valuation increases the risk that such verification exercises are not consistently carried out. **(Medium)**

1	<p>The Principle Asset Manager will undertake a review of the current Asset Management Procedure to determine the responsibilities of all involved departments and staff.</p> <p>The procedure will be updated to outline:</p> <ul style="list-style-type: none"> <li>• How to identify assets;</li> <li>• Responsibility of staff in reporting new assets and disposals to the Finance team, the Legal team and the Asset Management team;</li> <li>• Documentation to be held for assets owned by the Council;</li> <li>• Timeliness and responsibility of reconciliations between the asset values in the Asset Register and the general ledger;</li> <li>• Timeliness and responsibilities for all involved teams within the asset revaluation process and updating of results; and</li> <li>• The process for disposals and acquisitions of assets.</li> <li>• Upon review the document will be made available to members of the Asset Management, Finance and Legal Teams</li> </ul>	Medium	31 <sup>st</sup> October 2021	Stuart Aislabie – Principal Asset Manager
2	<p>The Principle Asset Manager will ensure periodic reconciliations are performed around:</p> <ul style="list-style-type: none"> <li>• The reconciliation between the Land Registry and the Asset Register; and</li> <li>• Legal notices and the Asset Register.</li> </ul>	High	31 <sup>st</sup> December 2021	Stuart Aislabie – Principal Asset Manager
3	<p>The Group Accountant Corporate will fully document the verification / valuation process performed on Council assets.</p> <p>This will include documentation around the frequency with which various asset classes are verified / revalued, roles and responsibilities of key individuals as well as any other asset verification processes.</p>	Medium	31 <sup>st</sup> December 2021	Tony McGuinness – Financial Controller

Section 106 Funds 38.20/21



1 High  
4 Medium  
2 Low

**Council specific s106 policies and guidance**

The Council do not have a specific S106 policy linking to its Local Development Framework (2006-2026), and as such follows the National Planning Policy Framework (NPPF). The NPPF was updated in February 2019 and outlined the government's planning policies for England, with guidance on how these are expected to be applied and information on how planning obligations should be used, as well as the objectives that should be delivered through the preparation and implementation of plans and the application of the policies in the NPPF. Additionally, there is guidance for developers who are proposing to submit planning applications for residential and commercial schemes on the Council's website, with a suite of procedural documentation made available for developers and other members of the public.

However, we noted that none of the procedural documentation uploaded to the Council website had been recently updated and did not state review frequencies, for example some of the documentation listed the Council's old address at the Town Hall as the place to send documentation back to. There is a risk that developers may not be provided with up to date guidance to provide assistance where they are proposing to submit planning applications for residential and commercial schemes in Slough. **(Medium)**

**Corporate s106 Monitoring group**

A Corporate s106 Monitoring group was set up in February 2020, with the Planning Manager as chair and consisting of budget holders that have been established within the different departments of the Council. The Group meet on a quarterly basis with the purpose of being proactive in looking at key sites for development, to ensure infrastructure identified to facilitate and measures to mitigate development.

However, we noted that a terms of reference had not been developed and it was not evident that there had been discussion within the meeting on the three criteria stipulated by the NPPF and whether the developments would meet these. There is a risk that projects may not be subject appropriate assessment and scrutiny to ensure that these are meeting the Council's prescribed criteria prior to the commencement of work to ensure that s106 conditions can be agreed with developers where possible. **(Medium)**

**Monitoring of s106 funds**

Montagu Evans were commissioned to undertake a review in August 2019 to assess whether the Council should become a CIL (Community Infrastructure Levy) authority and it was decided that this would not be beneficial, with one of the main reasons being cited as high set up costs. S106 funds that have been received by the Council are monitored by the Accountant and Special Projects Officer (over seen by the Group Manager for Place Strategy) with the use of two spreadsheets (one for funds already received and one for funds due based on the s106 agreements signed).

We reviewed the spreadsheets and noted that this captured information such as agreement numbers and total amount of funds contributed.

However, we identified that of the 54 agreements detailed on the spreadsheet for funds not yet received, 50 had not yet been invoiced for by the Council, with some agreements dating back to 2011 not yet being invoiced for. This meant that at the time of testing, £6.75m of the expected £7m had not been invoiced.



There is a risk that funds may not be requested from developers prior to the commencement of developments to contribute to the community projects and schemes that offset the inconveniences of developments and ensure required community and social infrastructure is provided. This however is subject to the trigger points of the financial obligations as not all are required prior to commencement. **(High)**

In addition, without in-year monitoring of the total number of invoices expected to be sent and those that have been sent, as well as the associated monetary values, there is a risk that the Council has limited oversight of funds that have and have not been requested. **(Medium)**

#### Oversight from Planning Committee

The Planning Committee meet on a monthly basis to determine planning applications for major development. We reviewed the Planning Committee minutes for the three most recent meetings and confirmed that a list of planning applications was discussed at each meeting, with the outcome of decisions noted.

However, we identified that no update had been provided relating to the level of s106 funds/spend to either the Planning Committee or CMT since November 2019. There is a risk that senior management and members within the Planning Committee may not have adequate oversight of s106 funds available and the use of these for planned works within Slough to mitigate the impact of development. **(Medium)**

1	<p>A terms of reference will be developed for the monitoring group to document the remit of the group, including details such as;</p> <ul style="list-style-type: none"> <li>• Required members of the group</li> <li>• Roles and responsibilities of the group (including the review and assessment of the s106 process, receiving reports of all new developments and assess these against the legislated criteria and development of SMART remedial actions)</li> <li>• Required meeting frequencies</li> <li>• Reporting requirements of the group (including updates on the level of funds and key fund movements).</li> </ul>	Medium	1 <sup>st</sup> November 2021	Daniel Ray - Group Manager - Planning
2	<p>The Planning Department will review the developer guidance documents made available on the SBC website and update where required taking account of recent changes in requirements as a result of the Covid-19 pandemic and the Infrastructure Funding Statement, with updates reported to the Planning Committee.</p>	Medium	31 <sup>st</sup> January 2022	Pippa Hopkins – Group Manager – Place Strategy
3	<p>We will ensure that a timeframe is developed for the invoicing of s106 funds following completion of agreements and a formal s106 monitoring officer will be assigned with the responsibility of overseeing the s106 function.</p>	High	31 <sup>st</sup> September 2021	Pippa Hopkins – Group Manager – Place Strategy
4	<p>Discussions will be held between Finance and Planning to agree how the monitoring function will operate, however this will include in-year reporting of the total number of invoices expected to be sent and the total number of invoices that have been sent, as well as the monetary values associated with both. (This will be incorporated into the review of Funding Statements as per action six).</p>	Medium	31 <sup>st</sup> September 2021	Pippa Hopkins – Group Manager – Place Strategy

5	We will ensure that guidance is reviewed within Infrastructure Funding statements and the Council will take appropriate action to ensure the level of funds are kept under regular review and the Funding Statements will be reviewed by the Planning committee. This will include monitoring of invoices expected to be sent and those actually sent for the year.	Medium	1 <sup>st</sup> November 2021	Pippa Hopkins – Group Manager – Place Strategy
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Follow Up Quarter 3 - 35.20/21	Little Progress (Negative Opinion)	1 High 5 Medium 0 Low
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### Conclusion

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

We identified through our fieldwork that the high priority action was fully implemented and from the ten medium management actions sampled, only five of these had been implemented, with one in progress and a further four actions which had not been fully implemented. It should however be noted that per the Council's action tracking software all 11 actions had been shown 'closed' and therefore deemed implemented.

In addition, we conducted a deep dive into the Council's action tracking software, which identified a number of issues including:

- 38 actions assigned to staff no employed at the Council
- Staff not updating actions to show how the gaps identified had been addressed.
- The Committee is not fully sighted on all High and Medium priority outstanding actions, as only those outstanding for the current and previous two financial years are included within the update report.

Advisory reports and associated actions are also not currently reported to the Committee. It should be noted that some of these actions have been agreed following significant weaknesses being identified and should therefore be included in future reporting

**In summary, we are advising the Committee that they cannot place reliance on the accuracy of the management action reporting provided by Officers. We have agreed an additional action (action 6) for revised reporting to be included at future Audit and Governance Committee meetings.**

1	<b>Conflicts of Interest</b> - The establishment list utilised within the Declarations of Interest Monitoring spreadsheet will be escalated to CMT where responses are not received.	Medium	31 <sup>st</sup> July 2021	Surjit Nagra - Service Lead People
2	<b>James Elliman Homes</b> - The Council will seek assurance that the plans have been approved by JV Partner members prior to the planning of projects.	Medium	30 <sup>th</sup> June 2021	Stephen Gibson - Executive Director Regeneration

	SUR will create a shared drive (restricted to relevant personnel) to enable access to legal documentation.			
3	<b>Governance – Overview and Scrutiny Committee</b> - As part of the Overview and Scrutiny Committee annual report process, the report will explicitly review the Committee's own effectiveness against the group's objectives, and this will feed into a 'Lessons learnt' action plan that will better enable the Council to review and comment on the report to provide feedback.	Medium	31 <sup>st</sup> August 2021	Dave Hounsell – Group Manager - Business Insight
4	<b>Cippenham Nursery School</b> - The School Business Manager will produce an action log for the Finance Committee and add actions where appropriate to the log from the most recent meeting's minutes. Actions will be assigned dates and owners.	Medium	Complete	Basia Dowling.- Headteacher
5	<b>Cippenham Nursery School</b> - The Headteacher will ensure that goods received notes are received, checked against the goods received and signed prior to authorising invoices for payment.	Medium	Complete	Basia Dowling.- Headteacher
6	<b>Audit and Corporate Governance Committee</b> - The reports detailing the implementation status of management action (provided to the Audit and Governance Committee), will be updated to include: <ul style="list-style-type: none"> <li>All outstanding high and medium priority management actions, regardless of the period in which they were agreed; and</li> <li>All high and medium priority advisory actions or advisory actions where a significant number of actions have been agreed.</li> </ul>	High	31 <sup>st</sup> May 2021	Tony McGuinness – Financial Controller

<b>Council Subsidiary Companies Review</b>	<b>Advisory</b>	<b>9 High 37 Medium 6 Low</b>
<p><b>Conclusion</b></p> <p>Following the outcome of previous governance reviews undertaken on JEH and SUR the Council commissioned a further high-level review of the governance arrangements, financial controls and business plan risks across the Council's subsidiary companies. Our review involved reviewing the latest sets of management accounts at the time of the review, longer term business plans and consideration of these in comparison to current performance where appropriate and the financial and governance controls in place for the subsidiaries.</p> <p>Below is a list of the key risks (not all risks) identified across three areas:</p> <ul style="list-style-type: none"> <li>Financial Risks</li> <li>Business Plan Risks</li> </ul>		

- Financial Controls and Governance Risks.

We have identified a series of significant weaknesses across the subsidiary companies covered by this review. Please note this was in no way a review of all of the operations or risk, governance or control arrangements in place at the companies. We are aware that Officers within the Finance team have also identified a number of additional areas of weakness.

**SBC Officers response to the report and management actions contained within - as at July 2021:**

*“Following the internal audit recommendations across all of the companies, additional work has been commissioned with Local Partnerships to undertake deeper dives into specific matters to help to inform the development of an Action Plan and the scope of further company reviews. The Council has also introduced significant additional resource from a highly skilled dedicated resource to lead and drive a complete review of all governance, commercial and financial change across the companies.*

*A series of immediate measures have been introduced to mitigate against some of the recommendations, including the development of a Corporate Oversight Board, introduction of reporting where this has not taken place, clarification of roles and responsibilities, much enhanced reporting into Cabinet and complete and clear financial analysis and review on a staged basis.*

*Responses and milestones for all internal audit recommendations, Local Partnership recommendations and the outcome of the work of the Council’s new finance team will be included in a comprehensive Companies Action Plan, which will form part of the Way Forward paper, to be completed by the end of September 2021. This will set out the way forward across the companies to address the weaknesses and issues identified, together with clarification on responsibility for actions and target dates”.*

Steve Mair, Section 151 Officer

**James Elliman Homes - JEH**

1	Gross Rental Income - Conduct a budget profiling exercise to ensure accurate alignment between budget and actual outturn.	High	TBC	
2	SLA For Support Staff - Conduct a budget profiling exercise to ensure accurate alignment between budget and actual outturn.	Medium	TBC	
3	Undertake a capitalisation exercise with a view to reducing the level of revenue expenditure.	High	TBC	
4	Journal COVID related costs into COVID-19 cost centre to monitor related expenditure.	Medium	TBC	

5	Ensure a plan is in place to attain properties in line with the Saville's Business Plan and ensure appropriate reporting of progress against plan.	Medium	TBC	
6	Review all properties rented to ensure that rental income is maximised, and rates are in line with the Business Plan, and where a shortfall is identified, consideration should be given for additional funding requirements from the Council to meet the plans.	High	TBC	
7	Revisit the loan schedule with JEH as part of a revised business plan and short and medium term cashflow	Medium	TBC	
8	Review the bad debt provisions to ensure these are in line with forecasts within the business plan and undertake corrective action to align with the plan.	High	TBC	
9	Review and revise the business plan to account for the changes as a result of BREXIT.	Medium	TBC	
10	Management should develop a Scheme of Delegation and accompanying set of Standing Financial Instructions based upon information contained within the ToR's, SLA, Articles of Association and Financial Procedure Note.	Medium	TBC	
11	The Council should review existing capacity within the finance team to define the resourcing need to permit regular Board financial reporting or consider whether this could be paid for from any profits made by James Elliman Homes.	Medium	TBC	
12	Management should update the risk register to ensure this is reflective of current operating conditions to enhance risk assessment and mitigation.	Medium	TBC	
13	Assess the level of need for a sub-group(s) to support the main JEH Board. Consideration will be given to the roles of responsibilities of any sub-group and the resource / support required for this group.	Medium	TBC	

14	Review the current reporting arrangement to ensure this remains reflective of the Councils information needs.	High	TBC	
<b>Slough Urban Renewal - SUR</b>				
15	The robustness of the Business Plan financial assumptions needs to be considered, given the unexpected timing of the £735k dividend (income) impacting significantly on year end projected performance.	Medium	TBC	
16	Discuss potential in-year costs with lettings agents considering project plans and revise up or down accordingly	Medium	TBC	
17	Review the dividends expected in light of potential reduced profit, and review against the assumptions within the Business Plan and potential impact on Council finances.	Medium	TBC	
18	Investigate the reasons for delay in the planning application and likelihood of reduction in dividends	High	TBC	
19	Review the impact of affordable housing on the finance required by the Council or partners where grants or public sector finance may be required.	Medium	TBC	
20	Ensure that the planning application addresses concerns raised by residents regarding the proposed development.	Medium	TBC	
21	The Council should identify the likelihood of the development not proceeding and the potential effects of a reduction in dividend should be recorded in the SUR Business Plan	High	TBC	
22	Develop a standalone Scheme of Delegation based on Schedule 6 and elements contained within the LABV that clearly sets out who has the authority to make decisions within SUR.	Medium	TBC	
23	Develop a standalone set of Standing Financial Instructions based on Schedule 6 and elements contained within the LABV which clearly explains the financial responsibilities, policies and procedures to be followed by the organisation.	Medium	TBC	

24	A management accounts summary should be incorporated into the main body of the SUR Board report with associated narrative on key financial variances	Medium	TBC	
25	The SUR Business Board and/or its SBC representatives, should formally present key performance information to the Councils Cabinet Commercial Committee on a quarterly basis to enhance central oversight in view of the JV agreement.	Medium	TBC	
26	See Management Action re Scheme of Delegation.	Medium	TBC	
<b>DISH</b>				
27	Tenant Bad Debt Provision - Review bad debt provision and increase if necessary – JEH set at 2% per annum.	Medium	TBC	
28	COVID Bad Debt provision - Review bad debt provision and increase if necessary – JEH set at 2% per annum.	Medium	TBC	
29	Management should develop a Scheme of Delegation to clarify the financial authority delegated to key members of DISH such as the Company Secretary and Board of Directors.	Medium	TBC	
30	Management should develop a set of Standing Financial Instructions to complement the Scheme of Delegation and to ensure financial transactions are compliant with the Councils objectives regarding DISH.	Medium	TBC	
31	The Council would benefit from a formal risk register to identify specific risks, assess, prioritise and develop corresponding responses / mitigations associated with the 54 properties.	Medium	TBC	

32	The Council should develop an SLA which includes the support services provided to DISH and the methodology for attributing cost.	Medium	TBC	
33	The Council must identify a suitable replacement for the role of DISH Company Secretary to ensure governance activities are carried out in line with the Articles of Association.	Medium	TBC	
<b>DISH RP</b>				
34	Review the agreement between the Council and DISH RP to ensure that the terms are feasible and contribute towards achieving the Council's and DISH RP's objectives.	Medium	TBC	
35	The Board should ensure that the Scheme of Delegation is clearly marked as so and includes the authority limits of DISH RP officers / members and should be stored with the Financial Regulations to ensure both documents complement each other.	Medium	TBC	
36	The Board should develop a financial reporting template to ensure it meets their information needs. This will promote the consistency of financial information received and support with comparability.	Medium	TBC	
37	The Board should commence identification of a suitable permanent Chair as DISH RP progresses through registration with the Housing Regulator. This will ensure a full set of Board Members upon registration.	Medium	TBC	
<b>GRE5</b>				
38	Arrangements should be reviewed to ensure that in the event of a refund process taking longer than anticipated that sufficient funds are in place to meet short term costs.	Medium	TBC	








39	Ensure that the best / worst and likely cases have been forecasted to ensure mitigating actions are taken in the event that income is reduced.	High	TBC	
40	Review the provisions to ensure sufficient funds are held in the event of costs not being fully recoverable.	High	TBC	
41	GRE5 should develop a Scheme of Delegation to ensure Members and employees clarity over decision authority.	Medium	TBC	
42	GRE5 would benefit from incorporating elements regarding financial conduct into standalone SFIs to complement a SoD.	Medium	TBC	
43	The Board should define its financial information needs to develop its financial reporting requirements to incorporate the format and frequency of reporting.	Medium	TBC	
44	GRE5 should include the risk date and current progress field to ensure risks are followed up on a timely basis and the register is kept up to date.	Medium	TBC	
45	As sole shareholder, the Council should develop/issue a Board Constitution including Terms of Reference to ensure GRE5 Board Members are clear on expectations regarding their roles and duties.  The Council need to ensure that there are suitable members for the GRE5 Board in place and should consider whether sufficient training has been provided to allow Board members to undertake their roles in line with the requirements of being a director of a limited company	Medium	TBC	
46	The Council would benefit from expediting the Boards Terms of Reference / Appointment Letter to ensure this is issued to existing Members to better inform them of their roles and responsibilities.	Medium	TBC	

## APPENDIX B - SUMMARY OF PROGRESS TO DATE

The tables below provides a status update on the summary of progress with the 2020/21 internal audit plan to date (29 June 2021).









### 2020/21 Internal Audit Plan

Assignment area	Fieldwork date/status	Draft report	Final report	Opinion	Actions		
					L	M	H
Debtors Management	Final Report	7 <sup>th</sup> April 2021	21 <sup>st</sup> June 2021		1	5	1
Cippenham Nursery School	Final Report	13 <sup>th</sup> July 2020	19 <sup>th</sup> August 2020		10	4	0
Business Continuity and Emergency Planning	Final Report	11 <sup>th</sup> August 2020	17 <sup>th</sup> September 2020		2	9	0
Council Tax	Final Report	11 <sup>th</sup> November 2020	14 <sup>th</sup> December 2020		2	1	1
Leasehold Service Charges	Final Report	11 <sup>th</sup> November 2020	19 <sup>th</sup> February 2021		1	5	0
Rent Arrears Recovery	Final Report	5 <sup>th</sup> November 2020	19 <sup>th</sup> February 2021		2	4	0










Whistleblowing	Final Report	14 <sup>th</sup> July 2020	4 <sup>th</sup> May 2021		4	3	2
Treasury Management	Final Report	28 <sup>th</sup> April 2021	11 <sup>th</sup> June 2021		5	4	3
Payroll	Final Report	14 <sup>th</sup> May 2021	21 <sup>st</sup> June 2021		2	1	1
Temporary Accommodation	Final Report	26 <sup>th</sup> May 2021	28 <sup>th</sup> June 2021		2	3	1
Health and Safety	Final Report	21 <sup>st</sup> March 2021	1 <sup>st</sup> July 2021		5	2	1
Section 106 Funds	Final Report	26 <sup>th</sup> May 2021	2 <sup>nd</sup> July 2021		2	4	1
Asset Register	Final Report	2 <sup>nd</sup> February 2021	1 <sup>st</sup> July 2021		2	2	1
Conflicts of Interest	Final Report	9 <sup>th</sup> July 2020	28 <sup>th</sup> July 2020		1	4	0



Risk Management	Final Report	27 <sup>th</sup> July 2020	20 <sup>th</sup> August 2020		5	5	0
Safety Advisory Group	Final Report	12 <sup>th</sup> August 2020	24 <sup>th</sup> August 2020		5	2	0
Council Buy Backs	Final Report	15 <sup>th</sup> September 2020	21 <sup>st</sup> September 2020		2	3	0
Our Lady of Peace Catholic Primary School	Final Report	3 <sup>rd</sup> November 2020	17 <sup>th</sup> November 2020		7	3	0
Khalsa Primary School	Final Report	28 <sup>th</sup> July 2020	4 <sup>th</sup> January 2021		3	1	0
James Elliman Homes	Final Report	6 <sup>th</sup> October 2020	19 <sup>th</sup> February 2021		1	3	0
Housing Benefits	Final Report	5 <sup>th</sup> November 2020	19 <sup>th</sup> February 2021		5	0	0
St Mary's Church of England School	Final Report	5 <sup>th</sup> March 2021	8 <sup>th</sup> June 2021		3	1	0



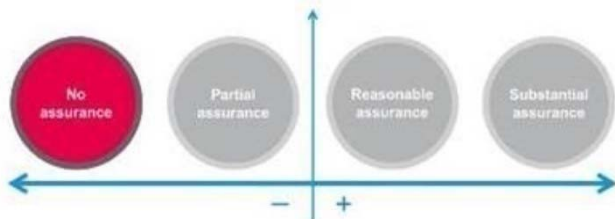
<b>General Ledger</b>	Final Report	5 <sup>th</sup> March 2021	11 <sup>th</sup> June 2021		2	4	0
<b>Creditors</b>	Final Report	30 <sup>th</sup> March 2021	14 <sup>th</sup> June 2021		3	4	0
<b>Capital Expenditure</b>	Final Report	25 <sup>th</sup> March 2021	16 <sup>th</sup> June 2021		2	1	0
<b>Planning – Statutory Response Times</b>	Final Report	25 <sup>th</sup> May 2021	30 <sup>th</sup> June 2021		3	3	0
<b>Planning Performance Agreements</b>	Final Report	8 <sup>th</sup> April 2021	30 <sup>th</sup> June 2021		2	5	0
<b>Social Lettings Team</b>	Final Report	8 <sup>th</sup> April 2021	1 <sup>st</sup> July 2021		7	2	0
<b>Rent Accounts</b>	Final Report	12 <sup>th</sup> April 2021	1 <sup>st</sup> July 2021		3	2	0
<b>Follow Up Q1</b>	Final Report	9 <sup>th</sup> July 2020	23 <sup>rd</sup> July 2020	Reasonable Progress	0	5	0

<b>Follow Up Q2</b>	<b>Final Report</b>	<b>3<sup>rd</sup> November 2020</b>	<b>12<sup>th</sup> November 2020</b>	<b>Reasonable Progress</b>	<b>1</b>	<b>2</b>	<b>0</b>
<b>Follow Up Q3</b>	<b>Final Report</b>	<b>14<sup>th</sup> May 2021</b>	<b>1<sup>st</sup> July 2021</b>	<b>Little Progress</b>	<b>0</b>	<b>5</b>	<b>0</b>
<b>Grants – Local Transport Revenue Block Funding</b>	<b>Final Report</b>	<b>24<sup>th</sup> July 2020</b>	<b>28<sup>th</sup> July 2020</b>	<b>Advisory</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cyber Security</b>	<b>Final Report</b>	<b>31<sup>st</sup> November 2020</b>	<b>4<sup>th</sup> January 2021</b>	<b>Advisory</b>	<b>4</b>	<b>10</b>	<b>3</b>
Council Subsidiary Companies	Draft Report	3 <sup>rd</sup> February 2021					
Business Rates	Draft Report	31 <sup>st</sup> March 2021					
Discretionary Business Grants	Draft Report	12 <sup>th</sup> April 2021					
Follow Up Q4	Draft Report	26 <sup>th</sup> May 2021					

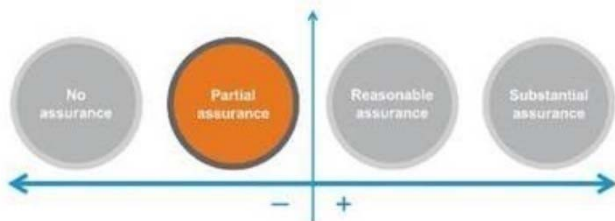
## APPENDIX C: 2020/21 ASSURANCE OPINIONS

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.

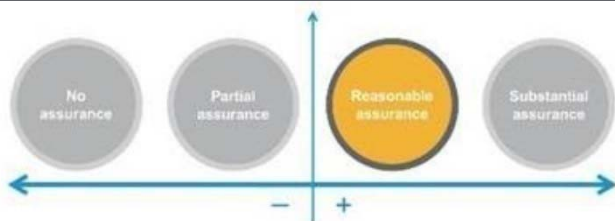
We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the Council can take:



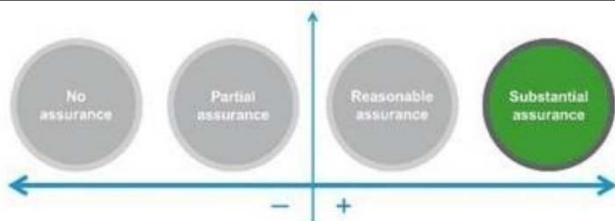
Taking account of the issues identified, the Council **cannot take assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).



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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