



# SLOUGH BOROUGH COUNCIL

## Internal Audit Progress Report

For the Audit and Corporate Governance  
Committee meeting on 1 March 2022

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# 1 KEY MESSAGES

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

## 2021/22 Internal Audit Plan



We have issued a further seven final reports since the December 2021 Audit and Corporate Governance Committee meeting. Of these, two have resulted in a **'Minimal'** assurance opinion, one has resulted in a **'Little Progress'** assurance opinion, three resulted in a **'Partial'** assurance opinion and the remaining review resulted in a **'Reasonable'** assurance opinion. Further details on these reports are documented below. [\[To note\]](#)

### 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.

To date, we have issued nine negative assurance opinions relating to reports that have been finalised, Children Missing Education (Minimal Assurance), Business Continuity and Disaster Recovery (Minimal), Schools Audit – Pippins School (Partial) and Rent Arrears Recovery (Partial), Whistleblowing (Partial), Council Tax (Partial), Rent Accounts (Partial), General Ledger (Minimal) and Debtors (Minimal). Furthermore, the IT Business Continuity (advisory) review also identified significant weaknesses. The Follow Up Q1 resulted in a little progress (negative) opinion. All of these will impact the Head of Internal Audit opinion



The Committee will also recall our overall negative opinion issued in 2020/21, including a number of individual negative opinions which are due to be re-audited in the coming weeks.

We are therefore advising the Committee we will be issuing a negative Head of Internal Audit opinion for 2021/22, given the outcomes of our audits to date, the potential for weaknesses to still be present in the upcoming audits, the Section 114 notice and the outcomes of the other external reviews. We will provide further updates to the S151 officer at our monthly meetings and provide a further update at the next meeting of the Committee, where we will also present our annual report and opinion. [\[To note\]](#)

The Committee will need to continue carefully monitor the progress made by Officers to implement the management actions agreed from the 2021/22 and previous years Internal Audit reviews. We understand management have introduced a new action tracking process and we will review this process in Quarter 4 as part of our follow up review. [\[To note\]](#)

Please note that historically, the Risk and Audit board, audit sponsor, S151 Officer, Chief Executive and Chair of this Committee received a copy of all final reports issued throughout the year as they were finalised (as in previous years). This process has been revised during 21/22 and the Director of Finance (S151) provides copies of the final reports to the Chair of this committee. [\[To note\]](#)



## 2 INTRODUCTION

This report provides a summary update on progress against the remaining audits from the 2020/21 internal audit plan and progress against the 2021/22 plan. The report is based on the position as at the 14<sup>th</sup> February 2022

### **2020/21 Internal Audit Plan**

Since the last audit committee in December 2021, one report remains in draft relating to the 2020/21 audit plan:

- Follow Up Q4 – Little progress – responses have been received from the Council, we have amended the draft report and re-issued a revised draft and we are liaising with officers to finalise this report.

### **2021/22 Internal Audit Plan**

The Internal Audit Plan for 2021/22 was approved by the Audit and Corporate Governance Committee initially on 4th March 2021, and a revised plan was subsequently approved on 29<sup>th</sup> July 2021. Since the last update provided in December 2021, the following seven reports have been finalised:

- Whistleblowing – Partial Assurance
- Council Tax – Partial Assurance
- Housing Benefit – Reasonable Assurance
- Rent Accounts – Partial Assurance
- General Ledger – Minimal Assurance
- Follow Up of Previous Management Actions Quarter 1 – (Little Progress)
- Debtors Management – Minimal Assurance

In addition, we have issued the following seven reports in draft from the Internal Audit Plan for 2021/22. It should be noted that these reviews are still in draft and are with management for comment:

- Follow Up of Previous Management Actions Quarter 2 – Issued 24<sup>th</sup> September 2021
- Supplier Duplicate Payments – Issued 9<sup>th</sup> November 2021
- Payroll – Issued 9<sup>th</sup> November 2021
- Risk Management – Issued 11<sup>th</sup> January 2022
- Temporary Accommodation – Issued 18<sup>th</sup> January 2022
- Creditors – Issued 18<sup>th</sup> January 2022
- Assets – Issued 31<sup>st</sup> January 2022

We also have six further reviews in progress and all other remaining audits scheduled in.

## 3 OTHER MATTERS

### 3.1 Impact of findings to date on the 2021/22-year end opinion

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

To date we have issued a total of nine final reports with negative opinions. We have also issued one 2021/22 advisory review with significant weakness identified in the final report. The Committee will also recall our overall negative opinion issued in 2020/21, including a number of individual negative opinions which are due to be re-audited in the coming weeks. We are therefore advising the Committee we will be issuing another negative Head of Internal Audit opinion for 2021/22, given the outcomes of our audits to date and the potential for additional weaknesses to still be present in the upcoming audits. We will provide further updates to the S151 officer at our monthly meetings and provide a further update to the Committee in March 2022. We have also provided an update to the lead Commissioner (Finance) on the progress of our work and the year end opinion.

### 3.2 Changes to the plan

The following changes were agreed since the last meeting:

Note	Auditable area	Reason for change
1	Treasury Management	At the request of the Director of Finance, the Treasury Management review has been pushed back from December 2021 to April 2022.
2	Medium Term Financial Plan and Budget Setting and Control	Following discussions with the Director of Finance, we have agreed to move the Medium-Term Financial Plan and Budget Setting and Control audits from the 2021/22 plan to the 22/23 plan, due to work ongoing in relation to updating processes for both of these areas, the priority of finalising working papers for the annual accounts and have scheduled these audits in for late Q1 22/23.
3	Our Futures	The Council received external scrutiny of the Our Future programme through the CIPFA and DLUHC reports in October 2021. The Our Futures plan has also been replaced with the Council's recovery plan and therefore we have agreed with the Director of Finance to use the allocation for the 'Our Futures' review to increase the scope of testing on the Supplier Duplicate Payments review.

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#### 4 Multiple Audits

We have, at the request of various officers within the Council, pushed back the timing audits into Q4, to aid the Council in dealing with the impacts of the Pandemic, S114 notice and the restructure (which has resulted in numerous vacancies that the Council are attempting to fill and a number of these posts are crucial to support the delivery of these audits).

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## Quality assurance and continual improvement

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

### External reviews of quality




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

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

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

# APPENDIX A - KEY FINDINGS FROM FINALISED 2021/22 INTERNAL AUDIT REPORTS

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

<p><b>Whistleblowing – 14.21/22</b></p>		<p><b>1 High</b> <b>3 Medium</b> <b>2 Low</b></p>
<p><b>Whistleblowing Culture</b></p> <p>As part of the survey issued during this review, staff were asked to provide their opinions on a number of statements which related to the Council’s culture around whistleblowing. Responses in relation to these statements were largely negative, with 89 per cent of respondents not feeling confident in the Council’s handling of Whistleblowing concerns if staff were to raise them.</p> <p> In addition to this, respondents provided a number of comments which supported the above findings with claims around “lack of care for those accused”, cases being “pushed aside” and staff being made to “feel like it’s their fault” and several examples of respondents feeling like if they had a case to raise, this would not be managed and investigated appropriately and therefore they would be less inclined to raise these matters. We also identified several comments where staff advised that there is a culture at the Council that “punishes critical feedback” and could result in “losing your job” should a matter be raised.</p> <p>If staff do not have confidence that whistleblowing concerns will be managed appropriately, there is a risk that concerns will not be raised and investigated, resulting in reputational damage to the Council and poor practice not being addressed. <b>(High)</b></p> <p><b>Awareness of the Whistleblowing Code</b></p> <p> As part of our survey, we issued a number of statements which related to awareness of the location and content of the Council’s Whistleblowing Code. We noted responses to these statements were largely negative, where most notably, 46 per cent of respondents were unaware of where to find the Code and 74 per cent of respondents unaware of the options available to them should they become party to a whistleblowing concern. Whilst we obtained a copy of an all-staff communication issued in September 2021, which evidenced that the code had been updated, it did not reference what changes had been made, nor did it evidence where it can be found.</p>		

The above clearly indicates awareness issues around the location and content of the code. There is a risk that whistleblowing concerns may not be raised or raised through the incorrect channels, resulting in matters not being resolved and investigated appropriately. **(Medium)**

### Progress against previously agreed Internal Audit management actions



Through review of the July 2021 Whistleblowing report presented by Officers to the Audit and Corporate Governance Committee, we confirmed that an update had been provided against some of the previous internal audit management actions agreed from the 2020/21 review. We did however note that these specifically related to actions assigned to the Monitoring Officer and therefore did not relate to all actions, including those agreed around training and the Anti-Fraud and Corruption Strategy and Policy. Furthermore, some of the actions which haven't been implemented relate to issues which we identified as part of the 2018/19 audit and have still not been fully addressed (namely with respect to training).

Failure to comprehensively report on the progress against previous management actions impacts the Committee's ability to scrutinise development in the area. **(Medium)**

### Training

All staff are required to complete the 'Whistleblowing with Confidence' module, which is one of eight mandatory courses (i.e. All staff are expected to undertake these modules) delivered through the e-learning tool, Cornerstone. We reviewed a training compliance report for the 'Whistleblowing with Confidence' module dated 1 October 2021 and identified that a total of 73 per cent of staff assigned to the module had completed it (10 per cent higher than at June 2020).




Through our review we identified that the Workforce and Development Manager is currently in the process of embedding a series of mechanisms in a drive to increase compliance levels, with this including attendance at monthly Directorate Leadership Team meetings, guidance issued to Line Managers around their responsibilities for ensuring staff completion and finally, Line Manager access to real-time compliance reporting. Our audit identified each of these mechanisms were recently established and so have not yet had the desired time to impact on overarching compliance rates.

Whilst we noted that improvement have been made in terms of compliance levels and mechanisms being put in place to ensure non-completion of mandatory modules (including 'Whistleblowing with Confidence') are challenged, given the low compliance levels and issues noted around the lack of local challenge noted above, we have amended the management actions agreed as part of last year's review.

Without consistent check and challenge around the completion of mandatory training, there is a risk that completion rates remain low. If sufficient training around Whistleblowing is not completed, staff may not be aware of the processes to follow. **(Medium)**

1	<p>A communication will be sent to all staff, advising them of the location of the Whistleblowing Code and their responsibilities in relation to reading and understanding the code's content.</p> <p>The Council will additionally signpost the code on the intranet homepage to ensure that staff are aware of its location and are aware of who the Monitoring Officer is.</p>	Medium	31 December 2021	Angela Wakefield – Monitoring Officer
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2	As part of the next Whistleblowing update provided to the Audit and Corporate Governance Committee, a comprehensive update will be provided against all actions agreed as part of the 2021/22 Whistleblowing Internal Audit Report.	Medium	9 December 2021	Angela Wakefield – Monitoring Officer
3	On a monthly basis, the Workforce Development Manager will scrutinise training compliance levels of directorates to ensure Line Manager guidance issued in October 2021 is being adhered to.	Medium	31 December 2021	Edwin Fernandes – Workforce Development Manager
4	The Council will devise a Whistleblowing Culture Improvement Plan to ensure actions are taken to improve confidence around the Council's whistleblowing function.  Progress against the plan will be monitored thereon by an appropriate forum (for example, the Executive Board), periodically.	High	31 March 2022	Angela Wakefield – Monitoring Officer

<p><b>Council Tax – 13.21/22</b></p>		<p><b>3 High</b> <b>1 Medium</b> <b>4 Low</b></p>
<p><b>Council Tax Arrears Recovery</b></p> <p>The Council follows a five stage recovery framework, including reminders, court proceedings and enforcement action. From a sample of 10 council tax arrears, we identified that no recovery action had been pursued for one arrear (£17,370.80). Investigation found that a marker had been placed on the account, preventing recovery actions. It was further identified that the marker had been placed in August 2017, with no recovery action occurring since this date. The staff member who placed the marker could not recall why this had been done. There was no guidance relating to the placing of markers within the suite of procedure documents. Without restricting the ability to place markers and providing guidance to those who can, there is a risk that these markers are placed inappropriately. As such amounts owed to the Council may not be chased, decreasing the likelihood of recovery. <b>(High)</b></p> <p>The Council Tax team was beginning to review all ‘circumstance codes’ within Academy, including account markers at the time of our review. Without regular reviews, there is a risk that inappropriate markers are not identified and removed. Arrears may then not be subject to suitable recovery action, increasing the likelihood of financial loss. <b>(Medium)</b></p> <p><b>Aged Council Tax Arrears</b></p> <p>As part of the 2019/20 Council Tax review, an action was agreed to the review historic council tax arrears to identify cases where debts cannot be chased and should be considered for write off (as appropriate). This action was followed up as part of the 2020/21 audit, where it had not been completed, with reasons attributed to the COVID-19 outbreak. The Workstream Lead – Revenues and Benefits advised us that a review had not yet taken place owing to the incomplete reconciliations of Academy and Agresso, team workload (following the resumption of council tax services) and the</p>		



section 114 notice. Through review of a report detailing council tax debt, we noted arrears amounted to £18.5m (an increase from £15.6m in August 2020), £5.3m of which related to accounts last active prior to 2015 and 99 accounts with balances exceeding £10,000. There remains a risk that arrears cases are not being reviewed and subject to chasing, reducing the likelihood of recovery and increasing the likelihood of financial loss. **(High)**

### Reconciliations



As part of the 2019/20 Council Tax review, an action was agreed to investigate a £2.5m variance between Academy and Agresso systems relating to direct debit payments. This action was followed up as part of the 2020/21 audit, where it had not been implemented, whilst it was also found that no council tax reconciliations were being completed. We were informed at the time of this audit (October 2021) by the Workstream Lead – Revenues and Benefits that the variance had not been resolved and reconciliations were still not being completed in 2021/22, with contributing factors including the revision of the reconciliation methodology and finance staff turnover. If reconciliations are not prepared and variances investigated in a timely manner, there is a risk that inaccuracies in Agresso or Academy will not be identified. Errors may not be addressed, and incorrect financial information may be reported to management/members. **(High)**

1	<p>The Council will restrict the ability of staff to place markers on accounts. This may include limiting such action only to relevant managers or requiring all markers to be approved by a relevant manager before being placed.</p> <p>As part of this, guidance and instructions will be prepared and shared with all staff with access to place markers on council tax accounts. This may form part of an existing or new procedure note and will include why, how and when markers should be used.</p>	High	31 December 2021	Chris Boylett - Interim Group Manager Revenues, Benefits and charges
2	<p>The Council Tax team will complete a review of all accounts with circumstance codes (markers) on a quarterly basis, which will be checked for accuracy by a relevant manager. This will include confirming markers are appropriate (and providing the reasons why) and rectifying those that are not appropriate (and commencing recovery action where required).</p>	Medium	31 December 2021	Chris Boylett - Interim Group Manager Revenues, Benefits and charges
3	<p>The Revenues Manager will undertake a review of current Council Tax arrears cases in order to identify cases where debts are not considered economically viable to be chased.</p> <p>These cases will be recommended for write off.</p>	High	31 March 2022	Chris Boylett - Interim Group Manager Revenues, Benefits and charges
4	<p>The Council will resume the preparation of council tax reconciliations. This will include investigating and resolving the £2,516,195 variance identified in 2019/20 and retrospectively completing reconciliations for 2020/21 and 2021/22.</p>	High	31 March 2022	Ade Adewumi - Finance Technical Advisor

## Rent Accounts – 17.21/22



2 High  
2 Medium  
6 Low



### Rent Income Reconciliations

We reviewed the Capita and Agresso rent income reconciliations for April to September 2021 and noted that for June to September 2021 there were no Agresso postings on the reconciliations due in part to the restructure and the removal of the cashier's function who previously performed this task. Therefore, in these four months only the Capita postings (which include income received via all sources including cash and direct debits, posted to Capita through the Civica Icon system) had been reviewed and they were reconciled to the Agresso values as zero.

We noted that the sum of cash and direct debits posted into Capita related to rental income from June to September 2021 was £8.5m. There is a risk that the Council may not be accurately reporting their levels of debt if income received is not being posted to Agresso on a daily basis to allow a reconciliation between Capita and Agresso and for variances to be investigated and rectified in a timely manner. This could ultimately have an effect on the debtor position in the accounts. **(High)**



### Stock Reconciliation

We were advised by the Finance Team Technical Advisor that the Finance directorate have completed the 2018/19 reconciliation of Capita to the asset register and the variances have been resolved. However, at the time of audit (November 2021) we were not provided evidence to confirm this, having asked a number of different officers for this information during the audit.

Due to the position the Council were in at the time of audit (November 2021) regarding the close down of the 2018/19 accounts, the 2019/20 and 2020/21 stock reconciliations had not been completed. Without ensuring a stock reconciliation is completed between the Capita system and the asset register the Council cannot be assured that its asset records are accurate. In addition, if there are inaccuracies in Capita, there is a risk that the Council may not be collecting all rental income due and/or is not aware that the property can be used as accommodation, which could ultimately have an impact on information reported in the accounts. **(High)**



### Refunds

As part of our testing of 20 rent accounts financial transactions, we tested seven refunds. In three cases we were not provided with evidence to show that the refunds had been approved by Finance prior to upload. There is a risk that the Council have paid out funds inappropriately if refunds are not fully approved. **(Medium)**



### Policies and Procedures

In our 2020/21 Rent Accounts audit we found that the Tenancy Commencement and Sign-Up Policy and several 'Fact Sheets' contained out of date references and processes. We were advised by the Group Manager – Localities, Neighbourhoods & Learning that the updates to the Tenancy

Commencement and Sign-Up Policy and the Fact Sheets were a work in progress but would be finalised and shared with staff by the end of November 2021.

Without ensuring dates for review and document owners are assigned, there is a risk that contents become out of date. There is a risk that appropriate guidance is not accessible to staff which may lead to inconsistent practices and/or delays in the process. (**Medium**)

1	<p>The Council will assign responsibility within Finance for uploading the rental, council tax, business rates and benefits postings to Agresso.</p> <p>This will then be uploaded to the reconciliations documents on a daily basis for June to September 2021 and then each month thereafter, allowing the reconciliations to be completed.</p>	High	31 March 2022	Ade Adewumi - Finance Technical Advisor
2	<p>The Council will complete the stock reconciliations for 2018/19 2019/20 and 2020/21. Once complete, the reconciliation will be passed to the Housing Finance team for completion on a quarterly basis.</p> <p>Evidence will be retained to confirm that the variances identified by any reconciliations have been resolved.</p>	High	31 March 2022	Benedict Falegan - HRA Accountant
3	<p>Supporting evidence will be made available to confirm that refunds have been approved for payment by Finance.</p>	Medium	31 March 2022	Liz Jones - Group Manager – Localities & Neighbourhoods
4	<p>The Tenancy Commencement and Sign-Up Policy will be reviewed and updated, including the removal of out of date references and processes. This review will also incorporate any significant amendments made to the Fact Sheets.</p> <p>The updated policy will then be approved by an appropriate committee following the restructure and then disseminated to all relevant staff, including the Rent Accounts team.</p>	Medium	31 December 2021	Liz Jones - Group Manager – Localities & Neighbourhoods

## General Ledger – 16.21/22



6 High  
4 Medium  
1 Low

### Guidance Materials



Agresso help cards can be accessed via the Knowledge Base on Freshdesk and provide guidance on system functionalities for HR and finance. Through review of the Knowledge Base, we noted that there were limited cards relating to finance (and specifically to general ledger). We were informed that the preparation of cards was a work in progress at the time of our review. Without ensuring staff have sufficient guidance available, there is a risk that processes and tasks may be delayed or completed incorrectly, potentially impacting on the accuracy of the ledger. **(Medium)**



### Closing/Opening Balances

The closing balance for the general ledger is rolled over as the opening balance for the subsequent year as part of the year-end process. Through review of the Agresso system, we identified that balances had not been rolled over since the beginning of 2019/20 owing to external audit findings and required adjustments. We further identified that the figure rolled over for 2019/20 was no longer accurate owing to retrospective transactions in the 2018/19 financial year, and also due to adjustments being made in light of the external audit. Although this issue is known to the Council, without the timely closing and opening of years, there is a risk that budgeting and reporting is impacted whilst the ability to correct discrepancies is limited. **(Medium)**

### Reconciliations



Reconciliations of control accounts including miscellaneous cash, accounts payable and accounts receivable have not been completed since May 2021. The responsibility for completing the monthly reconciliations was not reassigned following the restructuring of staff within the Finance Team and departure of other key staff. Where reconciliations are not completed, there is a risk that discrepancies between the general ledger and control accounts are not identified and investigated. **(High)**

### Suspense Accounts



There are a number of suspense accounts within Agresso used for errors (E9999), payroll (E9001) and Oracle transactions (B9997, B9998 and B9999). We identified that with exception of E9999, the suspense accounts were not being reviewed and cleared on a regular basis, in part owing to the departure of the staff member formerly responsible for this. In addition, as per the point above, we found that none of the suspense accounts were being reconciled. At the time of our audit, there was over 1,000 transactions within the suspense accounts amounting to a net total of £115,585. Without ensuring suspense accounts are regularly reviewed, there is a risk that transactions are not cleared in a timely manner, increasing the likelihood that amounts remain unallocated. **(High)**

## Month End Timetable



The previous month end timetable for period (month) closedown is no longer used following the restructure of the Finance Team, with a reduced number of tasks completed by the Principal Systems Analysis Officer. We compared the current tasks listed as requiring completion to those within the previous timetable, noting that key responsibilities such as reconciliations were not assigned to be completed. In addition, we found that the timetable was basic in nature, with no record of individuals completing or signing off tasks, or overall review by a senior manager. Without ensuring all closedown tasks are known and assigned to staff, there is a risk that these are not completed in a timely manner, or not completed at all. **(High)**

## Unposted Journals (Batch Input Maintenance)

Erroneous journals are not posted to the general ledger, with staff required to check the maintenance of ordered reports to identify any errors and correct these. There is no notification to alert staff that journals have errored, nor is there guidance available relating to this. Without such direction and instruction, there is a risk that staff are unaware journals have not been posted to the ledger and therefore these are not corrected. **(Medium)**



Corrections may include revising the original journal or deleting it and attempting to repost. All errored journals are recorded within batch input maintenance. We found that there were 73,629 unposted journals in batch input maintenance at the time of our review, with a current value of £57,968,532,973. Without an appropriate solution to clearing this accumulation of unposted journals, there is a risk that the total continues to grow or that errored journals are deleted and cannot be replicated (if mass deleted), which may impact the accuracy of the accounts. **(High)**

There is also currently no checking mechanism to review and manage unposted journals to avoid these accumulating in batch input maintenance. In the absence of a checking process, there are similar risks regarding the growth of unposted and uncorrected journals. **(High)**

## Agresso Training



New staff are provided with Agresso access required for their respective roles, with a notification sent to Freshdesk officers to set up accounts following the completion of HR training on Cornerstone. There is no requirement for finance training to be completed, however staff may contact the Principal Systems Analysis Officer on an informal basis. For a sample of 10 new starters, we identified that although six had access to finance functions on Agresso, only two had attended the informal training (both after access had been provided). There is a risk that without ensuring staff receive finance training for Agresso, they are unaware how to complete tasks which could lead to delays, errors and/or incorrect actions being taken. We have identified similar issues regarding a lack of Agresso training on the other financial audits in previous years. **(High)**


## Agresso Access



The Council currently does not complete regular reviews of users with general ledger access to confirm starters, leavers, amendments have been dealt with correctly and that access levels are appropriate. Without such reviews, there is a risk that users have inappropriate access to the general ledger. This could mean that unauthorised activities occur on the finance system. **(Medium)**

1	The Council will prepare a schedule of Agresso finance system functions/processes to be documented. Help cards will then be prepared and uploaded to the 'Knowledge Base' section of the Freshdesk page.	Medium	30 June 2022	Ade Adewumi - Finance Technical Advisor
2	Following the completion of all reviews (of financial information, records and statements), the Council will retrospectively roll-over the periods to 2021/22.  Where there have been significant changes to balances or reported information, relevant staff and Council Members will be made aware of this.	Medium	30 June 2022	Liton Rahman – Financial Management Advisor
3	The Finance Team will assign an appropriate individual to complete the monthly reconciliations of control accounts, as well as a second individual to check these.  The preparation of the reconciliations will resume, including retrospectively completing all for 2021/22.	High	30 April 2022	Ade Adewumi - Finance Technical Advisor
4	The Finance Team will assign an appropriate individual to review and manage all suspense accounts, including identifying those entries that can be cleared and action this.  The clearing of suspense accounts will resume.	High	30 April 2022	Ade Adewumi - Finance Technical Advisor
5	An exercise will be completed to identify all tasks to be completed as part of the month end process.  A full month end timetable will be prepared and tasks will be assigned to appropriate staff members.  The completion of tasks will be confirmed each month to a relevant manager responsible for overseeing the closedown process.	High	30 April 2022	Ade Adewumi - Finance Technical Advisor
6	The Council will review and clear the 73,629 unposted journals currently in batch input maintenance.  This approach will account for transaction dates and values.	High	30 April 2022	Ade Adewumi - Finance Technical Advisor
7	The Council will review the possibility of adding a notification functionality to Agresso, alerting staff of errors, directing them to the check maintenance of ordered reports and advising them that revisions are required to ensure journals are posted.	Medium	30 April 2022	Ade Adewumi - Finance Technical Advisor
8	A periodic checking mechanism will be introduced for unposted journals in batch input maintenance. This will include identifying those that need to be corrected (and communicating this to relevant staff) and those that can be deleted.	High	30 April 2022	Ade Adewumi - Finance Technical Advisor

9	<p>The Council will complete an exercise to identify those roles/positions requiring access to Agresso finance functions and the access/functions required.</p> <p>Based on this the Council will implement a training programme covering finance functions on Agresso. Training will be a requirement before system access is granted and will focus on the processes required as part of job roles.</p>	High	30 April 2022	Ade Adewumi - Finance Technical Advisor
10	<p>The Council will complete a six monthly review of general ledger user access to confirm:</p> <ul style="list-style-type: none"> <li>Starters for the period have been suitably added;</li> <li>Leavers for the period have been suitably removed; and</li> </ul> <p>Access and access levels are appropriate for staff.</p>	Medium	30 June 2022	Ade Adewumi - Finance Technical Advisor

Debtors Management– 18.21/22	 <p>The diagram shows a horizontal scale with four levels: Minimal assurance (red box), Partial assurance (grey box), Reasonable assurance (grey box), and Substantial assurance (grey box). A vertical line is positioned between Partial and Reasonable assurance. A double-headed arrow spans the entire width of the scale.</p>	<p>4 High 5 Medium 3 Low</p>
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**Reconciliations**

Monthly reconciliations were previously completed for AR cash and the account receivable control account. These reconciliations have not been completed since May 2021, given that the responsibility to do so has not been reassigned following the restructure and turnover of staff within the Finance Team. Where AR reconciliations are not completed, there is a risk that variances between the AR and general ledgers are not identified, investigated and resolved in a timely manner. **(High)**



**AR Agresso Training**

Although staff can access basic AR functions on the system, such as raising invoices for customers and credit notes, there is no formal training in this regard. Instead, there is a reliance on managers to informally train staff how to use Agresso, or for support to be requested from the Principal Systems Analysis Officer. Without formal training, there is a risk that AR functions are completed incorrectly on the system. This was evidenced by our testing where we have identified errors in raising invoices and a failure to attach supporting evidence to credit notes. **(High)**



**Debt Recovery**

First debt reminders are sent to customers 14 days after payment due dates, with a second reminder issued 10 days after the first. For a sample of 20 aged debts, we identified both reminders had been sent in 13 instances (26 reminders), however we noted that 22 of the reminders were not issued in a timely manner. We were advised by the AR Team that staffing issues and workloads had impacted the review and sending of these reminders.

We also found that there was no formal debt recovery policy to advise further action to be taken after reminders are sent. For the 13 aged debts for which both reminders had been issued, we found no further action had been taken in 11 instances, the decision for seven of which was based on the historical instruction to not chase low value debts or debts associated with SBC Partners. Without a defined process for the issuing of reminders and further recovery action, there is a risk that debts are not suitably chased, impacting the likelihood of payment. **(High)**

#### **Parked Invoices**



The Council does not monitor and review parked invoices on a regular basis. Although we found that the total value of parked invoices had decreased from 2020/21 from (£5.06m to £2.7m at the time of the audit), this was attributed to unparking a significant number (and value) of invoices for three customers (totalling £2.75m). The Council intends to revise its approach towards parking invoices, restricting the ability to do so to the AR Team and Finance Manager rather than approval from the cost centre manager (the current control in place). Without restricting the ability to park invoices, there is a risk that adequate review and monitoring cannot occur owing to the involvement of too many cost centre managers. This may ultimately result in taxpayer's money not being collected. **(High)**

Cost centre managers must first review parked invoices attributed to them before the approach towards parking invoices can be revised (to remove the approval process and restrict this solely to the AR Team as per the above). Without doing so, there is a risk that ongoing monitoring and review by the Finance Manager cannot occur. **(Medium)**

#### **Agresso Guidance for Staff**



The Freshdesk Knowledge Base on the intranet has a number of help cards and guidance documents linked to AR processes on Agresso. Through review of the available guidance, we identified that this included unclear instructions with regards to attaching supporting evidence to credit notes and out of date references to the responsibilities of the former financial transaction provider arvato. In addition, we found limited guidance for debt recovery and refunds. Without sufficient guidance for staff, there is a risk AR processes are delayed or completed incorrectly, as was evidenced by our testing which identified errors in raising invoices and credit notes. **(Medium)**



#### **Invoice Preparation**

Staff with Agresso access have the ability to raise invoices for customers, however there is no review or approval process prior to these being sent out. We reviewed a report of all credit notes raised since April 2021, identifying that credit notes totalling £107k had been raised with reasons for doing so listed as 'duplicate', 'error', 'incorrect', 'invalid' or 'overcharged'. Although this does not definitively identify those raised incorrectly, the lack of a control to review invoices prior to issue has been raised as a training issue as part of previous Debtors Management reviews (first raised in our 2018/19 review, and then subsequently in our 2019/20 and 2020/21 reviews) as well as being raised as an issue (and a recommendation) as part of Grant Thornton's external audit report. Without this, there is a risk that incorrect invoices are sent, which may impact the receipt of money owed to the Council. **(Medium)**



#### **Credit Notes – Approval**

Credit notes are raised by staff and level one (up to £50k), two (up to £250k), three (up to £500k) and four (above £500k) approval is provided via the system workflow. We found that appropriate approval had not been obtained in one instance when testing a sample of 20 credit notes raised since April 2021. A credit note for £91k was manually processed following level one approval given that there was no level two approver assigned to the cost



code used. Through review of a report of cost code approvers, we found a further 119 codes without level two approvers and 400 without level three (despite chains being required to ensure approvals are escalated as appropriate). Where there is no chain of level one, two and three approvers, there is a risk that credit notes cannot be approved via the system and require manual intervention. This may result in credit notes not being suitably authorised in line with delegated authority limits. **(Medium)**

### Credit Notes – Supporting Documentation



Supporting documentation should be attached to credit notes on Agresso as per expectations and the most recent defined procedure (help card), however the system does not require this when submitting for approval. For our sample of 20 credit notes raised since April 2021, we found that supporting documentation had not been attached in 18 instances, despite a reminder being issued to staff and managers to do so. Where supporting documentation is not attached to credit notes, there is a risk that these are inappropriately approved and may result in income not being received as expected. **(Medium)**

1	The Council will review all current accounts receivable guidance available to staff, including the manual and Freshdesk help cards. Out of date guidance will be updated, whilst further documents will be prepared where there are gaps in available information.	Medium	30 June 2022	Ade Adewumi - Finance Technical Advisor
2	The Council will consider how best to revise the process for raising invoices to minimise errors. This may include: <ul style="list-style-type: none"> <li>• Designating invoice preparation to a specific team;</li> <li>• Designating invoice review and approval to a specific team; or</li> <li>• Setting up a workflow process requiring cost centre managers to review and approve invoices.</li> </ul>	Medium	31 December 2022	Jasvinder Dalvair - Interim Head of Transactional Finance
3	An exercise will be completed to identify and update all current cost codes without a suitable chain of level one, two and three approvers.  Consideration will also be made for implementing escalating approvals. This may include also adding level three approvers as approvers for lower levels (such as level three approvers also being level two and one approvers) or having the system escalate approvals (such as escalate to level three where there is no level two approver).	Medium	30 June 2022	Ade Adewumi - Finance Technical Advisor
4	The Agresso system will be set up to require supporting evidence to be attached to all credit notes prior to credit notes being processed.	Medium	30 June 2022	Ade Adewumi - Finance Technical Advisor
5	The Interim Group Manager Revenues Benefits and Charges will prepare a debt recovery policy which will be subject to formal review and approval. Once approved, the policy will be shared with and made available to all relevant staff, including the AR Team.	High	31 May 2022	Peter Robinson – Finance Consultant

6	Managers will be asked to review and provide comments on current parked invoices relating to their cost centres. The Financial Technical Advisor will review responses and take suitable action (maintain a record of appropriately parked amounts or unpark amounts to enable recovery action).	Medium	30 June 2022	Ade Adewumi - Finance Technical Advisor
7	The ability to park invoices will be restricted to the AR Team and the Finance Manager. Following this new control, the Finance Manager will review parked invoices on a quarterly basis and report outcomes to an appropriate finance manager.	High	30 April 2022	Ade Adewumi - Finance Technical Advisor
8	An appropriate member of the Finance Team will be assigned to complete monthly accounts receivable reconciliations, as well as a second staff member to check and sign these off. The preparation of the accounts receivable reconciliations will resume, including retrospectively completing all for 2021/22.	High	31 March 2022	Ade Adewumi - Finance Technical Advisor
9	The Council will implement a training programme covering accounts receivable functions on Agresso. Training will be a requirement before system access is granted.	High	30 June 2022	Ade Adewumi - Finance Technical Advisor

<b>Follow Up of Previous Management Actions Quarter 1 – 21/22</b>	<b>Little Progress</b>	<b>0 High 2 Medium 7 Low*</b>
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Taking account of the issues identified in line with the sample of actions reviews and in line with our definitions set out in Appendix A, in our opinion Slough Borough Council has demonstrated little progress in implementing the agreed management actions.

We noted that of the eight 'medium' priority actions, five actions had been implemented (62.5 per cent), one was ongoing (12.5 per cent) and two had not been implemented (25 per cent). Of the eight 'low' priority actions followed up, we identified two had not been implemented, with a further four in the process of implementation. For the remaining two actions, one had been implemented and the other action superseded.

\*It should be noted that for three Low priority management actions within the 'our futures' transformation programme had not been implemented at the time of audit and would not be progressed due to the closure of the programme by the Council and as such are not reflected below.

**'Our Futures' Transformation Programme (2019/20)**

1	The Council will implement a policy to establish when declaration of interests forms are required to be completed, in order to ensure consistent application. This will consider the completion of declaration of interests forms when procurements require an evaluation panel.	Low	31 <sup>st</sup> December 2021	Clare Priest – Group Manager -Commercial
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**Neighbourhood ASB Enforcement (2017/18): Policy Application**

5	The Policy and Fact Sheets will be recirculated, and all relevant staff will be provided with an information session by their respective team leaders. Once this has been completed, Team leaders will confirm with the Enforcement and ASB Transition Co-ordinator that the session has taken place.  Any new updates with regards to ASB legislation will continually be sent to teams as and when it is produced	Low	31 <sup>st</sup> October 2021	Michelle Isabelle - Enforcement and ASB Transition Co-ordinator
<b>Information Governance (2017/18):</b>				
6	The Council will review the Information Governance policy annually and will ensure that a date of next review is detailed within the policy's version control.	Low	31 <sup>st</sup> December 2021	Alex Cowen – Acting DPO
7	The Council will ensure that a draft Digital and IT team structure is approved by the IG Board and the recruitment process is undertaken to ensure that sufficient resources are in place to appropriately oversee information governance arrangements and responsibilities per NHS Digital guidance are formally assigned.	Medium	30 <sup>th</sup> June 2022	Vijay McGuire Associate Director -Business Services
<b>Budget Setting and Budgetary Control (2019/20):</b>				
8	The Council will assess the current training arrangements in place for budget holders and develop a programme of training to ensure that all budget holders are sufficiently skilled/ trained to perform their function.	Medium	30 <sup>th</sup> September 2022	Archa Campbell – Group Manager – Finance Business Partnering, Peter Worth – Finance Consultant
<b>Governance - Committee Effectiveness (2018/19): Sub Committee Attendance</b>				
9	A communication regarding the necessity of attendance at sub-committee meetings will be issued to each of the respective subcommittee chairpersons.  The communication will also detail the importance of sending a nominated representative (or deputy) to meetings where members are unable to attend.	Low	31 <sup>st</sup> March 2022	Vijay McGuire – Associate Director – Business Services

## APPENDIX B - SUMMARY OF PROGRESS TO DATE

The tables below provides a status update on the summary of progress with the 2021/22 internal audit plan to date.

### 2021/22 Internal Audit Plan

Assignment area	Fieldwork date/status	Draft report	Final report	Opinion	Actions		
					L	M	H
IT Business Continuity	Final Report	15 July 2021	17 September 2021	Advisory (significant weaknesses)	2	6	1
General Ledger	Final Report	23 November 2021	5 January 2022		1	4	6
Business Continuity and Disaster Recovery	Final Report	8 September 2021	22 October 2021		3	7	1
Children Missing Education (CME)	Final Report	1 July 2021	25 August 2021		3	5	3
Debtors Management	Final Report	11 January 2022	1 February 2022		3	5	4
Follow Up Q1	Final Report	8 September 2021	20 <sup>th</sup> January 2022	Little Progress	7	2	0



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



<b>Travel Demand Management Grant</b>	<b>Final Report</b>	<b>14 May 2021</b>	<b>14 May 2021</b>	<b>Advisory</b>	<b>0</b>	<b>0</b>	<b>0</b>
Follow Up Q2	Draft Report	24 September 2021					
Supplier Duplicate Payments - (Part 1)	Draft Report	9 November 2021		<b>Advisory</b>			
Payroll	Draft Report	10 November 2021					
Risk Management	Draft Report	11 January 2022					
Temporary Accommodation Strategy	Draft Report	18 January 2022					
Creditors	Draft Report	18 January 2022					
Assets	Draft Report	31 January 2022					
Capital Expenditure	In QA						
GDPR	In QA						
Business Rates	In QA						
Follow Up Q3	In QA						
Supplier Duplicate Payments - (Part 2)	In Progress						
Cyber Essentials	In Progress						
Schools Audit – Priory	21/02/2022						
Matrix	22/02/2022						



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RMI Contract Management	24/02/2022
Leasehold Service Charges	07/03/2022
Slough Children First – Governance	15/03/2022
Corporate Health and Safety	23/03/2022
Follow Up Q4	28/03/2022
Capital Projects – Britwell GP Hub	30/03/2022
Treasury Management	26/04/2022
Slough Children First – VFM	06/04/2022
Subsidiary Company Governance	03/05/2022
Medium Term Financial Planning*	Defer to Q1 22/23
Budget Setting and Control*	Defer to Q1 22/23
Our Futures *	Replaced with Supplier duplicate payments pt 2

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

## APPENDIX C: 2021/22 ASSURANCE OPINIONS

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

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



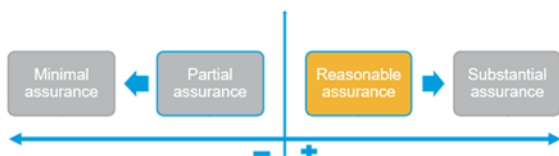
Taking account of the issues identified, the Council can take minimal assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

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



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

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



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

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



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



## FOR FURTHER INFORMATION CONTACT

Dan Harris, Head of Internal Audit

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

Anna O’Keeffe, Senior Manager

[Anna.Okeeffe@rsmuk.com](mailto:Anna.Okeeffe@rsmuk.com)

Amir Kapasi, Manager

[Amir.Kapasi@rsmuk.com](mailto:Amir.Kapasi@rsmuk.com)

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