

To: Councillors Stevens (Chairman), Brock, Davies, Gittings, McKenna, Terry and Warman

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24 July 2018

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NOTICE OF MEETING - AUDIT AND GOVERNANCE COMMITTEE - 1 AUGUST 2018

A meeting of the Audit & Governance Committee will be held on Wednesday 1 August 2018 at **6.30pm** in the Council Chamber, Civic Offices, Reading. The Agenda for the meeting is set out below.

AGENDA

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| 1. DECLARATIONS OF INTEREST | - |
| 2. MINUTES OF THE COMMITTEE'S MEETING OF 17 APRIL 2018 | 1 |
| 3. QUESTIONS | |
| 4. ACCOUNTS 2016/17 & 2017/18 UPDATE | To Follow |
| This report sets out the ongoing and future actions to deliver the 2016/17 and 2017/18 accounts. | (A1) |
| 5. INTERNAL AUDIT ANNUAL ASSURANCE REPORT | 5 |
| This report presents the annual assurance report of the Chief Auditor required by the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. | |
| 6. INTERNAL AUDIT QUARTERLY PROGRESS REPORT | 27 |
| This report provides an update on key findings emanating from Internal Audit reports issued since the last quarterly progress report in April 2018. | |

| | | |
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| 7. | STRATEGIC RISK REGISTER Q1 | 51 |
| | This report covers the update of the Strategic Risk Register, in a new format for 2018 and includes additional information on unmitigated risk and risk appetite scores. | |
| 8. | DRAFT OUTTURN POSITION 2017/18 | 69 |
| | This report presents the draft outturn position of the Council's General Fund, Housing Revenue Account (HRA) and Capital Programme for 2017/18. | |
| 9. | IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER | 95 |
| | This report sets out a summary of those high and medium risk Internal Audit recommendations which remain outstanding together with an updated management response. | |
| 10. | EXTERNAL AUDITOR UPDATE | - |
| | To receive a verbal update from the Council's external auditor EY. | |

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AUDIT AND GOVERNANCE COMMITTEE MINUTES - 17 APRIL 2018

Present: Councillors Stevens (Chairman), Lovelock, McKenna, Page & Terry.

Apologies: Councillor Duveen.

Also in attendance:

| | |
|-----------------|--------------------------------------|
| Kirsty Anderson | Income & Assessment Manager |
| Adrian Balmer | EY LLP |
| Alan Cross | Head of Finance |
| Matt Davis | Head of Finance |
| Maria Grindley | Director and Engagement Lead, EY LLP |
| Anthony Kearns | Principal Auditor |
| Rachel Kennedy | EY LLP |
| Kevin Parker | Principal Auditor |
| Jean Stevenson | Chief Accountant |
| Jackie Yates | Director of Resources |

33. MINUTES

The Minutes of the meeting of 25 January 2018 were confirmed as a correct record and signed by the Chairman.

Further to Minute 25, Internal Audit Quarterly Progress Report, the Committee noted that the monthly Bank Reconciliations were now being completed and work was ongoing to clear the backlog of historic reconciliations.

34. ACCOUNTS 2016/17

Further to Minute 29 of the meeting held on 25 January 2018, Jackie Yates, Director of Resources, submitted a report on the continuing work to sign off the accounts as a true and fair view of the Council's finances and the action being taken to remedy the current situation. As previously reported, the Council's 2016/17 Accounts should originally have been audited and signed off by the end of September 2017. However, due to issues arising during the audit process, that had not been possible. The Committee had subsequently received regular updates on the progress being made towards completing the audit. In part as a consequence of the issues outlined above, the Council had agreed to undertake a fundamental review of its Finance function. All staff put at risk by the review had been through the recruitment process and those that had been successful would transfer to their new roles on 1 May 2018. An active recruitment process to fill the vacancies subsequently arising had begun and a number of key posts had already been filled, albeit not all appointees had as yet started due to notice arrangements.

The report also stated that an amended set of Accounts, which rectified all known errors as at that point, had been presented to the Council's External Auditors Ernst & Young (EY) on 20 March 2018. The Committee's attention was drawn to two key issues, which had been identified from EY's technical review, namely: Property Plant and Equipment valuation bases; and the carrying value of the Council's PFI contracts.

AUDIT AND GOVERNANCE COMMITTEE MINUTES - 17 APRIL 2018

The work of the Council's Finance Team had been reprioritised to provide an increased impetus to resolving all outstanding issues and facilitating EY concluding the 2016/17 audit in May 2018, subject to their internal peer review process not raising any additional concerns.

Resolved: That the progress made in closing the 2016/17 accounts be noted.

35. ANNUAL CERTIFICATION REPORT

Maria Grindley and Adrian Balmer of EY submitted the certification of housing benefits subsidy claims and returns annual report 2016/17. The certification of claims report detailed the errors that had been found in the Council's administration of the Government's housing benefits scheme for tenants. The report explained that local authorities claimed money in grants and subsidies from central government and other grant-paying bodies and had to complete returns providing financial information to Government departments. In some cases these grant-paying bodies and Government departments required appropriately qualified auditors to certify the claims and returns submitted to them. From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work had been delegated to the Public Sector Audit Appointments Ltd by the Secretary of State for Communities and Local Government. For 2016-17, these arrangements required only the certification of the housing benefits subsidy claim. In certifying the claim, EY had followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim. Section 1 of the report outlined the results of EY's 2016-17 certification work and highlighted any significant issues. From 2018/19, the Council would be responsible for appointing their own reporting accountant to undertake the certification of the housing benefit subsidy claim in accordance with the Housing Benefit Assurance Process requirements that were being developed by the DWP.

The Committee noted that the Housing Benefit subsidy loss in 2016/17 due to overpayments as result of local authority error or administrative delay was £223,876, which represented 0.29% of the total value of the claim of £74,990,371. This figure compared favourably with losses of £659,793 in 2014/15 and £525,062 in 2015/16 respectively. Kirsty Anderson, Income & Assessment Manager, reported that benchmarking was taking place with neighbouring authorities to ensure quality and performance of the service. However, this information was not always easy to find and further efforts would be made to try and identify more comparative data for the Committee.

Resolved: That the report be noted.

36. INTERNAL AUDIT QUARTERLY PROGRESS REPORT

Kevin Parker, Principal Auditor, presented a report by the Chief Auditor, providing the Committee with an update on key findings emanating from Internal Audit reports and investigations issued since the last quarterly progress report in January 2018.

The report set out a summary of the audit reports in respect of Accounts Receivable, Accounts Payable, Foster Care recruitments, Financial Deputyship and Culture

AUDIT AND GOVERNANCE COMMITTEE MINUTES - 17 APRIL 2018

Services Income. The report also referred to a school audit which had been carried out, two follow-up reviews on Subject Access Requests and Information Governance & Data Protection and contained a table showing the audit reviews currently in progress and those planned for the next quarter.

The Committee was concerned that the audits of Accounts Receivable, Accounts Payable and Foster Care recruitments had revealed significant issues relating to following processes and procedures and in some cases there had been failures to implement previous audit recommendations. Jackie Yates, Director of Resources said she proposed bringing a 'Recommendation Tracker' report to future meetings to provide an increased focus on implementation of both internal and external audit report recommendations. Additionally, it was recommended that reports issued with low levels of assurance be presented to the Committee in full and that service managers be required to attend to respond to the reports. The Committee endorsed receiving a report to 'track' the progress and timescales for responding to internal and external audit reports. In the event that timescales for implementation of recommendations were not met, it was noted that the Committee could require senior managers to appear before them to explain the reasons for not making the agreed changes to practice within a reasonable timescale.

Resolved: That the report be noted.

37. EXTERNAL AUDITOR UPDATE

The Committee noted that the external auditor had commented, as necessary, during consideration of the items listed above and had no further contributions to make.

38 HEAD OF FINANCE

The meeting was advised that this would be Alan Cross' last meeting of Audit & Governance Committee, prior to leaving the Council on 30 April 2018. The new Head of Finance, Matt Davis, was also present at the meeting. The Chairman and the Leader of the Council put on record their appreciation for Alan's contribution and dedication to Reading over many years of service. The Committee concurred with these sentiments and wished Alan every success in his future endeavours.

(The meeting commenced at 6.30pm and closed at 7.35pm).

**READING BOROUGH COUNCIL
DIRECTOR OF CORPORATE RESOURCES**

| | | | |
|-------------------------|---|---------------------|--|
| TO: | AUDIT & GOVERNANCE COMMITTEE | | |
| DATE: | 1st August 2018 | AGENDA ITEM: | 5 |
| TITLE: | INTERNAL AUDIT ANNUAL ASSURANCE REPORT | | |
| LEAD COUNCILLOR: | COUNCILLOR BROCK | PORTFOLIO: | CORPORATE AND CONSUMER SERVICES |
| SERVICE: | FINANCE | WARDS: | N/A |
| LEAD OFFICER: | PAUL HARRINGTON | TEL: | 9372695 |
| JOB TITLE: | CHIEF AUDITOR | E-MAIL: | Paul.Harrington@reading.gov.uk |

1. PURPOSE OF REPORT

1.1 The attached annual assurance report of the Chief Auditor (required by the Accounts and Audit regulations and the Public Sector Internal Audit Standards), sets out:

- the Chief Auditor's opinion on the overall adequacy and effectiveness of the organisation's governance arrangements, risk management and internal control environment, drawing attention to any issues particularly relevant to the preparation of the Annual Governance Statement;
- the key themes arising from the work of the Audit Team during the 2017/2018 financial year; and
- the audit work undertaken with that planned, summarising the performance of the Internal Audit function against its performance measures and targets.

1.2 The results of individual audits have been issued to the relevant Directors, Heads of Service and Managers throughout the year. In addition, quarterly reports have been issued to, and discussed with, the Corporate Management Team (CMT) and the Audit & Governance Committee in order to report on standards of internal control, to provide appropriate focus on weaknesses and to progress remedial action where necessary.

Appendix 1 - Internal Audit Annual Assurance Report

2. RECOMMENDED ACTION

2.1 The Audit & Governance Committee are requested to note the assurance opinion given by the Chief Auditor and consider the issues raised in the annual report.

3. KEY ISSUES

- 3.1 The Chief Auditor is required to provide the Council with an opinion on the adequacy and effectiveness of the Council's risk management, internal control and governance processes. The opinion is designed to assist the Council to meet its obligations, under regulation 4 of the Accounts and Audit Regulations. In giving this opinion, it should be noted that assurance can never be absolute and, therefore the most that the Internal Audit service can provide the Council's Audit and Governance Committee with, is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes and/or to highlight shortcomings.
- 3.2 Whilst no assurance can ever be absolute, on the basis of work completed during the course of the year, the Chief Auditor has concluded that only **limited assurance** can be placed on the adequacy and effectiveness of the Council's internal control framework within those areas audited in 2017/18. Whilst the assurance level is the same as last year's, it should be noted that the direction of travel is one of improvement.
- 3.3 This opinion is reflective of the relatively high number of limited assurance opinions provided and the significance to the control framework of some of those areas where weaknesses have been found. This opinion also takes into account the work of other inspection bodies, such as the Council's External Auditor and Ofsted.
- 3.4 Of particular importance in determining the limited opinion in 2016/17 were the key weaknesses identified within some of the Council's financial systems. Whilst improvements have been made in 2017/18 and the direction of travel is of improvement, there has been slow resolution on issues relating to bank reconciliations, accounts payable and accounts receivable. These systems influence significant value and are exposed to risk and therefore they carry disproportionate weight in the overall assurance opinion.
- 3.5 The basis for the assurance opinion is set out in section 2 of the attached report and the key areas for improvement identified during our audit work are set out in section 4. These are reviews where limited assurance has been given and improvements are needed.

4. THE PROPOSAL

- 4.1 That this report forms the basis for the Audit & Governance Committee to undertake their annual review of internal control and to approve the annual governance statement for 2017/18 for signature and publication with the Council's accounts.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 Audit Services aims to assist in the achievement of the strategic aims of the Council set out in the Corporate Plan by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In particular audit work is likely to contribute to the priority of remaining financially sustainable to deliver our service priorities.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 N/A

7. LEGAL IMPLICATIONS

- 7.1 Legislation dictates the objectives and purpose of the internal audit service the requirement for an internal audit function is either explicit or implied in the relevant local government legislation.
- 7.2 Section 151 of the Local Government act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs” and to ensure that one of the officers has responsibility for the administration of those affairs.
- 7.3 In England, more specific requirements are detailed in the Accounts and Audit Regulations in that authorities must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices”.

8. FINANCIAL IMPLICATIONS

- 8.1 N/A

9. BACKGROUND PAPERS

- 9.1 N/A

Internal Audit & Investigations Annual Assurance report

For the year ended 31 March 2018



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1.0 OVERVIEW

1.1 Introduction

- 1.1.1 The Accounts and Audit (England) Regulations require each local authority to maintain an adequate and effective system of internal audit of its accounting records and of its system on internal control in accordance with proper practices. Proper practice is defined within the Public Sector Internal Audit Standards¹ and corresponding Local Government Application Note².
- 1.1.2 The Public Sector Internal Audit Standards requires the Head of Internal Audit (Chief Auditor) to provide a written report to those charged with governance, to support the Annual Governance Statement, which should include an opinion of the overall adequacy and effectiveness of the Council's control environment. The opinion does not imply that Internal Audit have reviewed all risks relating to the organisation.
- 1.1.3 Reporting the work of internal audit to the Audit and Governance Committee provides the Committee with an opportunity to review and monitor its activity and gain assurance that its internal audit function is fulfilling its statutory obligations. This is an essential component of corporate governance. The Audit and Governance Committee receives quarterly reports regarding internal audit and investigations activities and outcomes during the year.

1.2 Purpose & Scope of Report

- 1.2.1 The report:
- a) includes an opinion on the overall adequacy and effectiveness of the Council's governance arrangements, risk management and internal control environment
 - b) discloses any qualifications to that opinion, together with the reasons for the qualification
 - c) presents a summary of the audit and anti-fraud work from which the opinion is derived, including reliance placed on work by other assurance bodies
 - d) draws attention to any issues the Chief Auditor judges particularly relevant to the preparation of the Annual Governance Statement.

1.3 Control Environment

- 1.3.1 The Management of the Council are responsible for ensuring that the organisation operates in accordance with the law and proper standards, that public funds are safeguarded, properly accounted for and used economically, efficiently and effectively.

¹ Public Sector Internal Audit Standards - Applying the CMIIA International Standards to the UK Public Sector. Institute of Internal Auditors, April 2013 (amended 2016)

² CIPFA Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards

- 1.3.2 Management are also responsible for ensuring there is a sound system of internal control, which includes arrangements for managing risk. The three key elements of the Council's control environment comprise; *internal control, governance, and risk management* arrangements. These three elements help ensure that the Council's strategies, plans, priorities and objectives are met and that policies and procedures are complied with in order to minimise risk to a reasonable level.

Internal Audit Effectiveness

- 1.3.3 As a prerequisite for giving an assurance opinion on the overall adequacy and effectiveness of the Council's control environment, the Chief Auditor is required to confirm the effectiveness of the Internal Audit Service and its resultant fitness for purpose to carry out work that informs the annual assurance opinion.
- 1.3.4 An external assessment of the internal audit service conducted by the Chartered Institute of Public Finance and Accountancy (CIPFA) in the summer of 2017 concluded that the Council's Internal Audit function 'generally conforms' to the requirements of the Public Sector Internal Audit Standards. The Assessor concluded that, *"Reading Borough Council has a professional and well-respected internal audit service that is effective and not only follows best practice, but is itself a good example of best practice in local government internal audit"*
- 1.3.5 The Chief Auditor undertakes periodic reviews of the quality of internal audit work completed and also reviews all draft and final reports issued. In delivering the Internal Audit Service, the planning, conducting and reporting on reviews have been completed in conformance with the requirements of the PSIAS, published by the Chartered Institute of Internal Auditors and the subsequent Local Government Application Note in respect of PSIAS published by CIPFA.
- 1.3.6 The Chief Auditor is therefore able to report for 2017/18 compliance with the Public Sector Internal Audit Standards and considers the Internal Audit Service to be effective.

2.0 ANNUAL ASSURANCE STATEMENT

2.1 Basis of Assurance Opinion

2.1.1 This opinion is based on an assessment of:

- The design and operation of the underpinning governance and assurance framework
- The range of opinions arising from risk based and other audit assignments that have been reported during the year taking into account the relative significance of these areas.
- Whether management properly implement actions arising from audit work, to mitigate identified control risks within reasonable timescales.

The internal audit plan for 2017/18 was developed to provide independent assurance on the adequacy and effectiveness of the systems of internal control, governance and the management of risk. The Plan was approved by the Audit and Governance Committee in April 2017. This Plan does not include resources deployed on reactive and proactive fraud which is referred to in section 9. Progress reports from the Chief Auditor are presented to the Committee at quarterly meetings.

2.2 Annual Assurance Opinion for 2017/18

2.2.1 Audit work has been undertaken to obtain all information and explanations considered necessary to provide sufficient assurance that the control environment is both reasonable and effective. The Chief Auditor's opinion on the overall adequacy and effectiveness of the Council's risk management systems and internal control environment, including any qualifications to that opinion, is as follows:

Whilst no assurance can ever be absolute, on the basis of work completed during the course of the year, the Chief Auditor has concluded that only **limited assurance** can be placed on the adequacy and effectiveness of the Council's internal control framework within those areas audited in 2017/18. Whilst the assurance level is the same as last year's, it should be noted that the direction of travel is one of improvement.

2.2.2 The audit opinion is expressed using the same scale used for internal audit report opinions. The scale ranges from Substantial to Reasonable, through to Limited and No Assurance. This opinion is reflective of the relatively high number of limited audit assurance opinions provided and the significance to the control framework of some of those areas where weaknesses have been found. This opinion also takes into account the work of other inspection bodies, such as the Council's External Auditor and Ofsted.

- 2.2.3 Of particular importance in determining the limited opinion in 2016/17 were the key weaknesses identified within some of the Council's financial systems. Whilst improvements have been made in 2017/18 and the direction of travel is encouraging, there has been slow resolution on issues relating to reconciliations, accounts payable and accounts receivable. These systems influence significant value and are exposed to risk and therefore they carry disproportionate weight in the overall assurance opinion.
- 2.2.4 Significant progress has been made since October 2017 in rectifying the issues identified in the previous audit report due to the implementation within the Council's accounting system of separation of duties between creating and approving the posting of journals and the requirement for evidence to support the creation of journals. However, the issues highlighted last financial year, i.e. lack of evidence and unclear audit trails, still applies to a large number of journals in the 2017/18 financial year created prior to October and that the lack of an audit trail has prevented assurance being given on the accuracy of financial management information based on such journals. In total the value of these journals is £25.85M (202 journals). Thus, a great deal of work is still required to retrospectively evidence and approve journals for the first half of the financial year. This exercise in turn could uncover incorrect transactions.
- 2.2.5 The new procedures brought in to enforce separation of duties initially resulted in a substantial backlog of journals awaiting approval.
- 2.2.6 Work has been continuing on the bank reconciliation, but at the time of our review (Nov 2017) the bank account reconciliation had not been kept up to date and unreconciled items still needed to be cleared. We would expect the bank reconciliation to be completed and reviewed on a monthly basis. There was still no centrally held list of control account reconciliations and no process in place to ensure these are completed in a timely way. We found that communication between services had allowed differences to remain and not being resolved on a timely basis. We would expect control accounts to be completed and reviewed on a monthly basis.
- 2.2.7 We have been informed that an agreed list of other reconciliations is now in place with regular submissions to Finance from other parts of the Council. And a quality review process is being implemented and will be finalised for the 2017/18 accounts and then carried forward into 2018/19.
- 2.2.8 Last year we reported that some corporate governance processes and policies across the Council required updating and publicising. As a result a revised officer code of conduct was launched in December 2017 through the Council's automated policy management system and is included as part of the induction process. Other policies such as the Anti Fraud and Money Laundering policy have also been revised, however a revised Corporate Governance Code of Practice has yet to be drafted.

- 2.2.9 Key performance indicators are reported monthly to Directorate and Corporate Management Teams, however only financial performance is reported to the Policy and Audit and Governance Committees. Whilst discussed and challenged by Lead Members, we recommend that agreed key performance indicators are reported to the appropriate committee for scrutiny.
- 2.2.10 While there are good risk management processes in place, risk management practice is still not yet thoroughly embedded in all parts of the Council, with risk registers not being kept up to date at both a strategic and directorate level. The Council needs to confirm that risk and performance management continues to be managed effectively, day-to-day, by operational managers, in support of the delivery of service objectives.
- 2.2.11 We are satisfied that the procedures for developing and monitoring the implementation of the savings programme have been strengthened to both promote greater transparency and stronger scrutiny of the financial viability of savings and that there are now improvement arrangements in place to continually appraise this.
- 2.2.12 Recent events such as the challenge of closing the 2015/16 accounts, the difficulties in preparing the 2017/18 budget, and the inability to successfully close the 2016/17 accounts indicated deficiencies in the capacity and capability of the Finance Service. We note that a new structure, with new job descriptions and a robust appointment process for each post has been put into operation, which will help ensure that the service has the required capacity and capability. However, some of the more senior positions in the new structure still remain unfilled. In addition to this, we would like to see documented procedures for key business processes, such as bank reconciliation, journal control and accounts payable. Such procedures will limit reliance on key individuals and minimise the risk of single points of failure.
- 2.2.13 Some of the key areas for improvement identified during our audit work are set out in section 4. These are reviews where limited assurance has been given and improvements are needed. The open and transparent nature of the Council's response and the desire to improve internal practices is reflected in the Annual Governance Statement (AGS).

2.3 Inherent qualifications to the opinion

- 2.3.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives and therefore can only provide reasonable, not absolute, assurances of effectiveness.
- 2.3.2 Pressures of work with reduced staffing and a large number of interim or acting managers means that it has been harder to get audits started and doubly difficult to get timely replies and engagement with the reports. This has been slow in many cases and there has been reluctance in some areas to either engage in the audit process and/or to provide responses to audit recommendations.

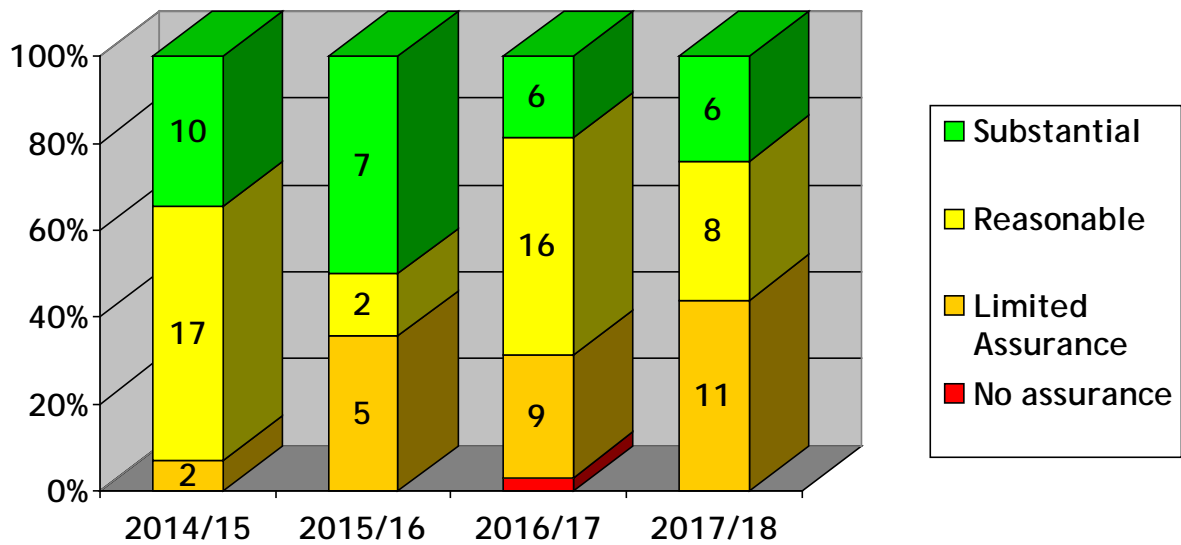
- 2.3.3 This, combined with reorganisations and turnover in a number of key services across the Council, has made the audit planning more difficult. This has resulted in several changes to the Plan and more audits than usual being cancelled or deferred during the year.
- 2.3.4 Given the risks presented via the significant changes being delivered and further cost reduction activity across the Council, senior management needs to continue to closely monitor the operation of the Council's control environment through the transformation and change processes. In continuing to provide ongoing robust assurance on the control environment, Internal Audit will need management's support to ensure that reviews are undertaken as planned and management responses are prompt and appropriate. The message is consistent with prior reports and will no doubt continue to be a challenge going forward.

3 SUMMARY OF THE AUDIT WORK

- 3.1 The annual 2017/18 Annual Audit Plan was developed in line with the Public Sector Internal Audit Standards for Internal Audit. Although satisfactory progress has been made against the Plan during the period, a number of audits had to be deferred, due to both resource issues and unplanned work.
- 3.2 We completed 29 planned audits (including follow ups), encompassing 4 school reviews during the year. The table below summarises the report classifications.

| Report Classification (2017/18) | No. of Audits |
|--------------------------------------|---------------|
| Substantial Assurance | 6 |
| Reasonable Assurance | 8 |
| Limited Assurance | 11 |
| No Assurance | 0 |
| Assurance N/A | 2 |
| Total | 29 |
| Reports yet to be finalised | 7 |
| Grant Claims certified | 4 |
| Total | 40 |
| No of projects cancelled or deferred | 11 |

3.3 The graph below represents the percentage of audit assurance opinions (with the number of reports issued) for all audits issued.



3.4 Priority of Recommendations

3.4.1 At the time of writing we have made a total of 90 audit recommendations in our reports (both draft and finalised), of which 14 (16%) were classified as a high priority.

3.4.2 In the following section we have set out the high level key findings identified during our audit work for 2017/2018.

3.4.3 Details of each individual report ratings and priority of recommendations for each audit can be found at Annex 1.

- 4.1 Some of the key areas for improvement identified during our audit work throughout the year are set out below:
- i. **General Ledger:** Our follow up confirmed correct and appropriate working papers are now maintained and a system of approval for journals has been implemented which gives a full audit trail of actions performed on a journal. However, this did not cover the whole financial year and there is still considerable work to be completed to evidence and approve journals in the first half of the financial year. The direction of travel however, is one of improvement.*
 - ii. **Bank & Cash Reconciliations** - The bank account reconciliation had not been kept up to date and unreconciled items still needed to be cleared.*
 - iii. **Accounts receivable** - no progress has been made in centralising the accounts receivable function, and the same control deficiencies reported in 2016/2017 apply for 2017/2018. Services are not (always) raising invoices promptly or providing sufficient detail on invoices, which in turn affects effective collection performance.*
 - iv. **Accounts Payable** - Our audit in 2016/2017 identified inefficient processes and highlighted that the accounts payable function was incurring an unnecessary level of administrative delay, by not managing its supplier database and that corporate priorities such as purchase to pay were not being complied with. Although some of the control deficiencies still applied in 2017/2018, there is a comprehensive action plan in the place to both address audit concerns and improve business processes. In addition the supplier database has now been cleansed. Again, the direction of travel is positive, but a number of recommendations remain outstanding.*
 - v. **Direct Payments** - Quarterly monitoring and annual audit checks by staff of Direct Payment accounts are not being done on time and there are backlogs with both. In addition gaps and inconsistencies between records were identified.*
 - vi. **Public Health** - At the time of our audit we identified the need for greater clarity required of funding allocations for public health miscellaneous expenditure.*
 - vii. **Mosaic/Fusion end of year reconciliation** - No clear year end reconciliation between Mosaic and Oracle Fusion for adult social care and commitment reporting is not always up to date, thus difficult to estimate the correct position for the accounts.*
 - viii. **Child Sexual Exploitation (CSE)** - Operational processes need to be improved to oversee and track CSE cases and to (be able to) verify the completeness and accuracy of information gathered between different record sets, held by both the council and external agencies.*
 - ix. **Foster Care Recruitment** - Incomplete audit trails for the recruitment and assessment of foster carers and out of date policies and procedures covering day to day operations.*

- x. *Electronic Document and Records Management* - Progress in this area since the last audit report has been limited, with many of the previous recommendations remaining outstanding. Although a new external courier has been appointed, we believe that current internal processes to collect and manage the transportation of paper documents for scanning are in need of strengthening to protect the Council from the risk of data loss.
- xi. *Information Governance & Data Protection* - Although there has been substantial work driven by the GDPR agenda, there remain key pieces of work to be put in place to improve governance over information security and data protection.

Note: an audit is the snapshot at one moment in time and therefore weaknesses may have improved since the audit review. These audits will be subject to audit follow up during the next financial year.

5.0 IMPLEMENTATION OF AUDIT RECOMMENDATIONS

- 5.1 Whether or not an audit review is scheduled for follow up is dependent on the assurance opinion given at the time of the audit. Where “limited” assurance is given then the audit will be subject to a follow up. The timing of the follow up is very much dependent on available resources and agreed recommendation target dates, but our aim is to complete the follow up within six to twelve months of completion of the audit.
- 5.2 During 2016/17 we gave nine areas limited assurance and scheduled follow up reviews for 2017/18. A summary is as follows:
 - *S106 income* - Following the s106 fraud a subsequent audit review highlighted inherent weaknesses in the administration of the billing and collection of developer S106 contributions. New processes have been introduced to improve control, along with the implementation of a new S106 data system, which is to be linked directly to Oracle Fusion, as this will be the most efficient way of monitoring receipts.
 - *Eligibility, Risk and Quality Panel*- The Directorate has established a governance framework and has created a Quality, Performance and Finance Board to ensure robust accountability of the standards of practice and funding allocations
 - *Subject Access Requests* - A review of subject access requests last year found no coordination between the various teams to ensure that a consistent approach is taken to handling and responding to requests received. Our follow up review confirmed all agreed actions have been implemented.
 - *Bank & Cash Reconciliations* - see section 4.1(i)
 - *Accounts Receivable* - see section 4.1 (ii)
 - *General Ledger* - See section 4.1 (iii)
 - *Accounts Payable* - see section 4.1(iv)
 - *Electronic Document & Records Management Corporate Governance* - see section 4.1(x)
 - *Information Governance & Data Protection* - see section 4.1(xi)

6.0 CORPORATE GOVERNANCE & RISK MANAGEMENT

6.1 Corporate Governance

- 6.1.1 The Internal Audit Service continues to be involved in the development of the Council's corporate governance arrangements and monitoring of the Annual Governance Statement action plan. Progress on implementing actions has been reported to CMT and the A&G Committee throughout the year. We have undertaken our own independent monitoring and as at the 31 March we confirmed 7 out of 20 (35%) actions had been complete, with the remaining work in progress and carried forward.
- 6.1.2 Our internal audit work has confirmed that the Council has taken steps to improve governance, such as more robust budget monitoring and greater scrutiny of the financial viability of savings. Key governance documents such as the staff code of conduct have been relaunched and reminders for officers to declare business interests and gifts & hospitality.
- 6.1.3 Currently only financial performance is reported to the Policy and Audit & Governance Committees respectively. The performance framework is, in effect, a summary of the key internal processes and components through which the Council sets, delivers, monitors and reports on its priorities; as such it encompasses elements of strategy, finance, performance, people and risk management, and reporting and accountability.
- 6.1.4 Our audit work has highlighted the need to strengthen information governance, with the forthcoming introduction of the new General Data Protection Regulations and also performance and risk management

6.2 Risk Management

- 6.2.1 The Corporate Management Team (CMT) manages and reviews the Council's strategic risks and reports were provided throughout the year providing status updates on corporate risks to the Audit & Governance Committee.
- 6.2.2 While risk management techniques are deployed, risk management practice is not yet thoroughly embedded in all parts of the Council. Further efforts need to be made during 2018/19 in order to improve this situation. Risk registers need to be updated more frequently at directorate and CMT level. This helps maintain transparency, in line with the principles of corporate governance, which in turn helps demonstrate that risk management an integral and explicit part of the Council's overall management arrangements.
- 6.2.3 Internal Audit have used the Council's Corporate Risk Register to inform the audit planning process and at the same time can provide assurance that appropriate measures are being taken to manage the Council's key business risks.

7.0 ASSURANCES FROM OTHER SERVICES

7.1 External Auditor

- 7.1.1 The Council's External Auditors, Ernst & Young (EY) made recommendations in February 2017 under Section 24 Schedule 7 (2) of the Local Audit and Accountability Act 2014 by way of a letter calling for sustainable resource deployment in relation to the immediate and medium term financial position of the Council and the need for robust budget monitoring. A robust savings monitoring regime overseen by the Delivery Unit and the Corporate Programme Delivery Group (CPDG) was implemented in May 2017 and has been improved each month. There is now more independent investigation into each saving by the Delivery Unit and more scrutiny at the CPDG and at the individual Directorate Steering Groups. This has driven up the standard of scrutiny and the quality and regularity of information being supplied from directorates.
- 7.1.2 It is recognised corporately that this work has been critical to ensuring the financial sustainability of the Council. The progress of this change programme has been and will continue to be reported to Policy and Audit and Governance Committees, so that progress can be monitored effectively, including oversight by the External Auditor
- 7.1.3 At the time of writing, EY were still undertaking the audit of the 2016/17 accounts.

7.2 Ofsted

- 7.2.1 Reading Borough Council Children's Services were inspected by Ofsted in June 2016 and rated "Inadequate". A Commissioner was appointed and an Improvement Board with an independent Chair was put in place. Regular monitoring visits are undertaken by Ofsted; the Ofsted monitoring visit in October 2017 acknowledged that the Council is making purposeful progress in key areas i.e. Early Help, MASH and assessment teams. The subsequent monitoring visit in February 2018 concluded that slow progress has been made in the areas of child in need and child protection work. The improvement work is focussed on these key areas.

8.0 Resource availability, allocation & jobs completed

8.1 For 2017/2018, the planned and actual resource availability is summarised in table A below. This set out the requirement of 972 planned audit days. The actual resource availability for the year for planned reviews was 1030 days.

Table A Resource (Planned v Actual)

| | Planned Totals | Actual Totals | Gain (+) Against |
|--|----------------|---------------|------------------|
| Resource Available | 1506 | 1492 | 14 |
| Non-audit time | | | |
| Annual & other leave | 197 | 200 | 3 |
| Sickness | 36 | 11 | -25 |
| Training (1) | 49 | 60 | 11 |
| Supervision & appraisal (2) | 63 | 61 | -2 |
| Management | 46 | 65 | 19 |
| Administration (3) | 66 | 73 | 7 |
| Other (4) | 49 | 24 | -25 |
| Sub-Total: | 506 | 494 | -12 |
| Non Audit Related Work | | | |
| Risk Management (5) | 6 | 11 | 5 |
| Emergency Planning & Business Continuity (6) | 8 | 11 | 3 |
| Corporate Investigations Team (7) | 43 | 30 | -13 |
| Insurance (8) | 22 | 22 | 0 |
| Elections (9) | 0 | 3 | 3 |
| Sub-Total: | 79 | 77 | -2 |
| Audit time available: | 921 | 921 | 28 |
| Time Allocated to Audit Work | | | |
| | Planned Days | Actual Days | Variance Days |
| Audit Reviews | 761 | 793 | 32 |
| Other Assurance work | 0 | 0 | 0 |
| Contingency | 100 | 76 | -24 |
| Audit Planning & Reporting | 60 | 52 | -8 |
| Total | 921 | 921 | 0 |

- 1) Professional training support, external courses & seminars, internal courses/training.
- 2) One to ones, appraisals, staff supervision & audit sign off etc.
- 3) Review of internal audit, updating office procedures, IA web and intranet page etc.
- 4) Budgetary control, plan reconciliation, health & safety, quality control etc. team meetings
- 5) Facilitation of risk registers, training etc.
- 6) Assisting in emergencies, attending EP team meetings etc.
- 7) Management of the Corporate Investigations Team
- 8) Management of Insurance Team
- 9) Participation in election work (local election & referendum)

8.2 Performance of the Internal audit Service

8.2.1 The Public Sector Internal Audit Standards document the expected professional standards for internal audit in Local Government and are the applicable standards against which the quality of internal audit in local government is assessed. The Chief Auditor monitors compliance against the code, by self-assessment and/or external review.

8.2.2 Our performance during the year in relation to the performance indicators agreed for the internal audit service are shown in table B below: -

Table B: Key performance Indicators for internal audit

| Key Performance Indicators | Target | Actual | |
|--|--------------|---------|---------|
| | | 2016/17 | 2017/18 |
| Client Satisfaction | 90% or above | 91.4% | 89% |
| Annual survey average score (lower the better) | 2.0 | 1.7 | 1.4 |
| Production of final report within 2 weeks of receipt of management responses | 90% | 86% | 86% |
| Management responses received within 3 weeks of issue of draft report | 90% | 36% | 29% |
| Number of projects completed within agreed budgeted days relative to total number of projects undertaken | 75% | 39% | 54% |
| Number of audit projects completed relative to those in the (revised) plan | 80% | 88% | 71% |
| Actual spending of controllable budget | 100% | 98% | 99.5% |
| % Of working days lost to sickness | 2.0% | 0.81% | 0.78% |

8.2.3 As mentioned in the report, it has been harder to get audits started and doubly difficult to get timely replies and engagement with the reports. This in turn has led to audits being delayed, taking longer than originally planned, which has subsequently impacted upon internal audit performance statistic.

8.3 Annual Quality Review

8.3.1 We undertook an annual survey in March 2018 asking Directors, Heads of Service and senior managers to assess the importance and quality of the service provided.

8.3.2 Managers were asked to rate a total of 26 questions against 6 service areas; the summaries of the findings are detailed in table C below on a scale of either 1 to 4 (where 1 is excellent and 4 is poor) or 1 to 5 (where 1 is strongly agree and 5 is strongly disagree).

Table C: Annual Quality Review

| Average rating | Service area |
|----------------|-------------------------------|
| 1.8 | Relationships with Management |
| 1.8 | Audit Staff |
| 1.7 | Audit Scope |
| 1.8 | Audit Testing and Reporting |
| 1.6 | Internal Audit Management |
| 1.8 | Value Added |
| 1.7 | Average |

8.3.3 In addition to the set questions, six free text fields were made available for individuals to provide further comments.

9.0 Counter Fraud Activity

- 9.1 Best practice advises that the results of corporate investigations, including the number and types of investigations undertaken should be reported annually. Progress on investigations is reported every six months to the A & G Committee with a summary on the types of investigations in progress. Table D provides a high level overview of investigations undertaken compared to previous financial years. The counter fraud resource consists of three experienced investigators and was increased to four officers in February 2018.
- 9.2 The Investigations Team that deals with benefit, housing tenancy, blue badge and internal fraud etc., have had a successful year and have once again demonstrated the value that they bring to Reading Borough Council. This is apparent when we take into account that the team have identified £405k from both overpayments and savings. The deterrent of this activity should not be underestimated.

Table D Annual Summary of Investigations

| | 2015/16 | 2016/17 | 2017/18 |
|--|----------|----------|----------|
| Housing tenancy Fraud | | | |
| No. Housing Tenancy Referrals investigated | 67 | 86 | 34 |
| Properties Recovered | 3 | 10 | 16 |
| Estimated saving from Recoveries | £45,000 | £150,000 | £240,000 |
| Prosecutions Secured | 2 | 0 | 3 |
| Application under the Proceeds of Crime Act | 1 | 1 | 0 |
| Value of POCA | 0 | £21,000 | £0 |
| Succession / Accession tenancy applications: | | | |
| No. Succession / Accession tenancy applications investigated | | | 12 |
| Properties Recovered | | | 2 |
| Estimated saving from Recoveries | | | £30,000 |
| Compensation payment received | | | £46,817 |
| Right to Buy Fraud | | | |
| No. RTB applications investigated | | | 11 |
| No RTB applications refused as a result of investigation | | | 3 |
| Estimated savings from Recoveries | | | £255,879 |
| Residual Housing Benefit | | | |
| Prosecutions | 15 | 3 | 1 |
| value of fraudulent overpayments identified | £118,816 | £1,518 | £12,169 |
| Council Tax Reduction Scheme | | | |
| No. CTAX Referrals investigated | 220 | 112 | 90 |
| Prosecutions | 0 | 2 | 1 |
| add pens | 34 | 14 | 2 |
| value of fraudulent overpayments identified | £48,089 | £19,468 | £4,772 |
| Value of add pens | £22,590 | £8,333 | £2,386 |
| Parking Fraud | | | |
| Blue badge referrals | 47 | 25 | 13 |
| Blue Badges recovered | 10 | 6 | 1 |
| prosecutions secured | 3 | 3 | 0 |
| PCN's issued | 17 | 4 | 3 |
| estimated annual savings | £1,000 | £400 | £300 |
| Social Care | | | |
| No. Social Care Referrals investigated | 1 | 2 | 1 |
| Financial value of cases | | £1,500 | £68,000 |
| Internal Investigations | | | |
| No. Internal Referrals | 9 | 4 | 3 |
| Number of cases investigated | 2 | 1 | 3 |
| Cases prosecuted | 0 | 1 | 2 |
| Financial value of cases | £0 | £43,000 | £12,000 |

ANNEX 1: Detailed analysis of internal audit reviews 2017/18

SUBSTANTIAL ASSURANCE - can be taken that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.

| Title | Start | Draft | Final | Recs | | |
|-------------------------------------|-----------|-----------|-----------|------|---|---|
| | | | | H | M | L |
| e-Tendering system (C/Forward) | 23-Mar-17 | 24-May-17 | 28-Jun-17 | 0 | 0 | 2 |
| Subject Access Requests (Follow Up) | 30-Jan-18 | 15-Mar-18 | 15-Mar-18 | 0 | 0 | 0 |
| N3 Accreditation | 01-Oct-17 | 19-Oct-17 | 30-Oct-17 | 0 | 0 | 0 |
| Business Rates | 18-Sep-17 | 10-Oct-17 | 21-Nov-17 | 0 | 0 | 4 |
| Geoffrey Field Junior School | 6-Nov-17 | 29-Nov-17 | 14-Dec-17 | 0 | 0 | 6 |
| Oxford Road Community School | 25-Oct-17 | 30-Oct-17 | 21-Nov-17 | 0 | 0 | 5 |

REASONABLE ASSURANCE- We can give **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with **low to moderate impact on residual risk** expose until resolved.

| Title | Start | Draft | Final | Recs | | |
|-----------------------------------|-----------|-----------|-----------|------|---|---|
| | | | | H | M | L |
| Sec 106 Agreements (follow up) | 3-May-17 | 30-Jun-17 | 14-Jul-17 | 0 | 0 | 0 |
| Safeguarding (Adults) | 10-Jul-17 | 24-Aug-17 | 18-Sep-17 | 0 | 5 | 1 |
| Deputyship and Appointeeship | 15-Nov-17 | 25-Jan-18 | 16-Feb-18 | 0 | 6 | 4 |
| Payroll | 14-Sep-17 | 7-Dec-17 | 17-Jan-18 | 0 | 2 | 2 |
| Council Wide Savings - Governance | 30-Jun-17 | 15-Sep-17 | 6-Oct-17 | 0 | 2 | 2 |
| Arts & Theatres income collection | 13-Oct-17 | 13-Mar-18 | 12-Apr-18 | 0 | 2 | 1 |
| Emmer Green Primary School | 9-Nov-17 | 24-Nov-17 | 17-Jan-18 | 0 | 1 | 1 |
| Blagdon Nursery School | 8-Mar-18 | 13-Mar-18 | 23-Mar-18 | 0 | 7 | 3 |

LIMITED ASSURANCE - can be taken that arrangements to secure governance, risk management and internal control within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.

| Title | Start | Draft | Final | Recs | | |
|---|-----------|-----------|-----------|------|---|---|
| | | | | H | M | L |
| Bank & Cash Rec | 6-Sep-17 | 4-Oct-17 | | 2 | 3 | 1 |
| Direct Payments | 18-Jul-17 | 24-Oct-17 | 24-Nov-17 | 3 | 4 | 2 |
| MOSAIC / Oracle Fusion end of year reconciliation (follow up) | 22-May-17 | 29-Aug-17 | 1-Nov-17 | 4 | 3 | 1 |
| Creditors (Accounts Payable) | 11-Jan-18 | 23-Mar-18 | 1-May-18 | 1 | 2 | 0 |
| General Ledger | 17-Jan-18 | 1-May-18 | | 0 | 2 | 0 |
| Information Governance & Data Protection (follow up) | 31-Jan-18 | 1-Feb-18 | 9-Apr-18 | 1 | 6 | 3 |
| Public Health Grant | 9-May-17 | 29-Aug-17 | 29-Sep-17 | 1 | 1 | 1 |
| Electronic Document and Records Management (follow up) | 21-Dec-17 | 12-Feb-18 | 13-Mar-18 | 1 | 5 | 1 |
| Foster care (inc follow up) | 27-Jul-17 | 5-Dec-17 | 5-Mar-18 | 2 | 6 | 1 |
| Child Sexual Exploitation | 3-Apr-17 | 6-Jul-17 | 1-Sep-17 | 3 | 8 | 2 |
| Sundry Debtors | 6-Oct-17 | 23-Jan-18 | 7-Feb-18 | 0 | 6 | 5 |

NO ASSURANCE - There is no assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with **high impact on residual risk** exposure until resolved.

Planned audits cancelled or deferred during the year as previously reported to the Committee include

| Title | |
|--|--------------------------|
| MASH (Multi-Agency Safeguarding Hub) | Homes for Reading |
| Financial Assessments for Adult Care | NHS CHC |
| Corporate Buildings H&S Statutory Compliance Regimes | Right to Buy |
| Commercial property acquisitions and management | Delayed Transfer of Care |
| Administration of Looked After Children | |

**READING BOROUGH COUNCIL
DIRECTOR OF CORPORATE RESOURCES**

| | | | |
|-------------------------|---|---------------------|--|
| TO: | AUDIT & GOVERNANCE COMMITTEE | | |
| DATE: | 1st August 2018 | AGENDA ITEM: | 6 |
| TITLE: | INTERNAL AUDIT QUARTERLY PROGRESS REPORT | | |
| LEAD COUNCILLOR: | COUNCILLOR BROCK | PORTFOLIO: | CORPORATE AND CONSUMER SERVICES |
| SERVICE: | FINANCE | WARDS: | N/A |
| LEAD OFFICER: | PAUL HARRINGTON | TEL: | 9372695 |
| JOB TITLE: | CHIEF AUDITOR | E-MAIL: | Paul.Harrington@reading.gov.uk |

1. PURPOSE OF THE REPORT

1.1 This report provides the Audit & Governance Committee with an update on key findings emanating from Internal Audit reports issued since the last quarterly progress report in April 2018.

1.2 The report:

- Provides assurance, commensurate with the control environment evidenced by audits conducted in the last quarter.
- Advises on significant issues where controls need to improve to effectively manage risks.
- Track progress on the response to audit reports and the implementation of agreed audit recommendations.

1.3 The following documents are appended:





- Appendix 1- Audit Report General Ledger (Journals)
- Appendix 2 - Audit report Electronic Documents and Records Management (EDRM)

2. RECOMMENDED ACTION

2.1 The Audit & Governance Committee are requested to consider the report.




3. ASSURANCE FRAMEWORK

3.1 Where appropriate each report we issue during the year is given an overall assurance opinion. The opinion stated in the audit report provides a brief objective assessment of the current and expected level of control over the subject audited. It is a statement of the audit view based on the terms of reference agreed at the start of the audit; it is not a statement of fact. The opinion should be independent of local circumstances but should draw attention to any such problems to present a rounded picture. The audit assurance opinion framework is as follows:

| | | |
|--------------|---|---|
| Substantial |  | <p>Substantial assurance can be taken that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with low impact on residual risk exposure.</p> |
| Reasonable |  | <p>We can give reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.</p> |
| Limited |  | <p>Limited assurance can be taken that arrangements to secure governance, risk management and internal control within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with moderate impact on residual risk exposure until resolved.</p> |
| No assurance |  | <p>There is no assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with high impact on residual risk exposure until resolved.</p> |

3.2 Grading of recommendations

3.2.1 In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

| Priority | Current Risk |
|---|---|
|  | Poor key control design or widespread non-compliance with key controls. Plus a significant risk to achievement of a system objective or evidence present of material loss, error or misstatement. |
|  | Minor weakness in control design or limited non-compliance with established controls. Plus some risk to achievement of a system objective |
|  | Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration |

3.2.2 The assurance opinion is based upon the initial risk factor allocated to the subject under review and the number and type of recommendations we make.

3.2.3 It is management's responsibility to ensure that effective controls operate within their service areas. However, we undertake follow up work to provide independent assurance that agreed recommendations arising from audit reviews are implemented in a timely manner. We intend to follow up those audits where we have given limited or 'no' assurance.

4. HIGH LEVEL SUMMARY OF AUDIT FINDINGS

4.1 General Ledger (Journals) 2017/2018



- 4.1.1 The purpose of this review was to test controls over journal transactions and follow up progress on implementing recommendations made following the 2016/2017 audit.
- 4.1.2 As part of this audit a total of 2,047 journals¹ were examined consisting of 230,135 journal voucher lines, along with a further 72,865 stand alone vouchers (303,000 journal vouchers in all).
- 4.1.3 Significant progress has been made since October 2017 in rectifying the issues identified in the previous audit report due to the implementation within the Council's accounting system of separation of duties between creating and approving the posting of journals and the requirement for evidence to support the creation of journals. However, the issues highlighted in the previous audit report, i.e. lack of evidence and unclear audit trails, still applies to a large number of journals in the 2017/18 financial year created prior to October 2017. Thus, a great deal of work is still required to retrospectively evidence and approve journals for the first half of the financial year. This exercise in turn could uncover incorrect transactions.
- 4.1.4 There were also 22,911 journal line descriptions (173 journals) with reversal in their narrative. It was not clear what proportion of these were accrual² journals and what were error corrections. There should be a clear distinction going forward.
- 4.1.5 Going forward the procedures and controls over the creation of journals are satisfactory and address the risks identified and recommendations made in the 2016/17 Internal Audit report. Testing of samples of journals revealed that there are now clear audit trails to support creation and separation of duties in the authorisation process for journals in the second half of the financial year.
- 4.1.6 There were a number of journals (over 100 at the time of audit) which had not been reviewed and signed off in a timely fashion and it is hoped with the finance section reorganisation that this situation can be remedied.

¹ Journals are used to affect the transfer of funds between codes in order to ensure the Council's accounts are complete and correct.

² Accruals are adjustments for 1) revenues that have been earned but are not yet recorded in the accounts, and 2) expenses that have been incurred but are not yet recorded in the accounts. The accruals need to be added via adjusting entries so that the financial statements report these amounts.

4.1.7 The material impact concerning journal creation and evidencing would be that from April to October 2017 (first six months of the financial year), accounting journals (as opposed to operational journals from other financial systems such as rents etc.) lacked a sound evidential base for their creation and would not have been subject to review and approval. The audit did not find any evidence from sampling that would suggest concealment of financial loss, but would note that the lack of an audit trail would prevent assurance being given on the accuracy of financial management information based on such journals, hence the limited assurance opinion. In total the value of these journals would be £25.85M (202 journals).

4.2 The Public Law Outline (PLO)

4.2.1 Public Law Outline (PLO)³ has specific targets within the Children's Learning and Improvement Plan. This was not an audit in its traditional sense (e.g. assurance opinion and a set of recommendations), as our focus in this instance was a review of improvement actions and to help triangulate validation of data to substantiate improvement.

4.2.2 It was evident from our testing that a consistent approach needs to be taken with the PLO process and that all relevant staff are made aware of the process, relevant responsibilities and recommended timescales for each stage.

4.2.3 Policies and procedures are available and had been updated. Generally, key dates are accurately recorded on Mosaic with respect to the PLO process. However, some discrepancies in dates were found between what is recorded on Mosaic and the different trackers (e.g. joint legal team).

4.2.4 A review sample of 33 cases, marked as reaching Public Law Outline (PLO) meetings on Mosaic, during 2017/18, identified that relevant documentation is not always available and/or completed, including documentation to prove whether the threshold has been met and what the legal advice is. In a number of cases, it was also difficult to follow on Mosaic what has happened in the PLO process, with information being split between case notes and documents and a lack of consistent recording of information between cases. There were also issues relating to the data saved, particularly in terms of quality and accuracy. A review of the cases on Mosaic found that there were delays in the process due to:

- the social worker being unaware that it is their responsibility to deliver the Letter Before Proceedings (LBP),
- a lack of availability to attend meetings/conduct assessments due to pressure of other work leading to sometimes significant delays in the process even in serious cases.

³ The Public Law Outline (PLO) sets out the duties local authorities have when thinking about taking a case to court to ask for a Care Order to take a child into care or for a Supervision Order to be made. This is pre-proceedings work and it is often what is referred to when social workers talk about PLO.

5 FOLLOW UP REVIEWS

5.1 Internal audit will look to follow up those reviews which have been assigned limited assurance. Resources permitting we envisage that the follow up review will take place between 6 - 12 months after the initial audit or after the recommendations were agreed to be implemented (if later). The following areas have been revisited to establish progress on implementing internal audit recommendations.

5.2 EDRM (follow up review)



5.2.1 RBC currently uses a Northgate product, Information @ Work (I@W), as an electronic document and records management system. In order to digitise documents for entry into I@W, the Council has a contract with Docs Online (DOL), a scanning and indexing company. RBC arranges for the transfer by courier of documents from RBC to DOL for scanning.


5.2.2 Both the DOL and courier contracts are held within the Directorate of Resources, in order to minimise cost and to ensure a uniform approach. However, it is the responsibility of Service Heads and Information Asset Owners to ensure that they are satisfied that the service provided is suitable for the transportation and security of their specific document types.

5.2.3 Progress in this area since the last audit report has been limited, with some of the previous recommendations remaining outstanding. When the last internal audit was conducted in June 2016, courier services were provided for the Council to Docs on Line (DOL) by TNT, on a pay-as-you-go basis. However, following a number of service issues in mid-2017, the arrangement was terminated, and Parcelforce was used as an interim provider (also under a pay-as-you-go arrangement) until a long term supplier could be identified.

5.2.4 A new supplier (Royal Mail Relay) is now in place, with the contract provided on standard terms and conditions and consequently does not cover all areas recommended in the last audit, for example performance criteria. Service performance is monitored and a protocol is in place to alert officers of any missing shipments, however there are inconsistent approaches across Council services for recording what documents are sent to DOL. There are procedures for sending documents via the courier, however these are in need of a refresh and do not provide a corporate approach for transferring documents. Current internal processes do not provide sufficient guarantees that documents will be safely accounted for and are in need of strengthening to protect the Council from the risk of data loss.

5.2.5 As the Docs Online contract is due for renewal in March 2019, there is now an opportunity to conduct a comprehensive review of the scanning and courier options currently in place across the Council. Simultaneously, consideration

can be given to how the Council can best meet the data protection requirements under the General Data Protection Regulation (GDPR) in relation to scanning and couriering

- | | | |
|-----|---|--|
| 5.3 | MOSAIC/Oracle Fusion End of year reconciliation (Follow up) |  |
|-----|---|--|
- 5.3.1 In light of findings reported following the 2016/17 audit review and the limited assurance opinion given at the time, this was a repeat follow up audit (limited progress was reported at last year's follow up) to review the processes around identifying and accounting for accruals within Adults and Children's social care and the year-end reconciliation process between the two systems.
- 5.3.2 We are pleased to report that audit recommendations are now being acted upon, although some are still work in progress.
- 5.3.3 The Council has clear accounting policies that recognise that the accounts are prepared on an accruals basis and Mosaic⁴ is the information source to estimate social care accruals. The Adults Social Care Finance Team' experience is that reporting is not always up to date and therefore the Mosaic commitments report needs further analysis to reasonably estimate the correct position for the accounts. The Director of Adult Care & Health Services has indicated that accurate and up to date recording is a priority, and similar priorities apply in Children's Services.
- 5.3.4 The year-end reconciliation and accrual process is still not clearly documented which is of concern, particularly in light of turnover of key staff and temporary staff within the Finance Team. However, as part of the 2017-2018 closedown officers have reviewed and revised processes. The working papers supporting accruals show the methodology around the accrual and this will be consolidated into procedure notes and guidance, so they are available for others to access.
- 5.3.5 There has been a progressive improvement in the data recorded for Children's Services, but this needs to be cleansed further. This is a priority action in the move to the new Children's Company where high quality data will be required. Looked after Children (LAC) profiling has been introduced to improve the robustness of financial modelling and impact of the Medium Term Financial Strategy and projections for LAC expenditure was more accurate during 17/18 financial year.
- 5.3.6 Due to the ongoing issues with the 16/17 audit and closure of 17/18 accounts, capacity has not allowed for lessons learnt exercise to happen as previously recommended. However we've been informed that a post mortem review of the process to be undertaken and any lessons learned will be fed into the 18/19 closure process.

⁴ Social care management system

6 AUDIT REVIEWS 2018/2019

6.1 The table below details those audit reviews in progress and the reviews planned for the next quarter. Any amendments to the plan to reflect new and emerging issues or changes in timing have been highlighted.

| Audit Title | Timing | | | | Start Date | Draft Report | Final Report |
|--|--------|----|----|----|------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| Continuing Health Care (CHS) | ● | | | | Apr-18 | Jul-18 | |
| Delayed Transfer of Care (c/fwd) | ● | | | | Apr-18 | Jul-18 | |
| Entitlement & Assessment/HB Subsidy | ● | | | | | | |
| Revenue Budget Setting (Hyperion) | ● | | | | Jun-18 | | |
| Additional Payments | ● | | | | Apr-18 | Jul-18 | |
| PCIDSS | ● | | | | Jun-18 | | |
| Data Storage | ● | | | | Jun-18 | | |
| Network Infrastructure Security (c/fwd) | ● | | | | | | |
| Residents Parking | ● | | | | Jun-18 | | |
| Use of CCTV - Urban Traffic Control | ● | | | | | | |
| Homes for Reading | ● | | | | Jun 18 | | |
| Right to Buy (follow up, c/fwd) | ● | | | | Apr-18 | Jun-18 | Aug-18 |
| Norcot Nursery School | ● | | | | Jun-18 | Jul-18 | |
| New Bridge Nursery School | ● | | | | Jun-18 | Jul-18 | |
| Commercial Leases (Stepping Stones)* | ● | | | | May-18 | Jul-18 | |
| Capital Accounting (Fixed Assets) | | ● | | | | | |
| Bank and Cash Reconciliations (follow up) | | ● | | | | | |
| Creation of Children's Company | | ● | | | | | |
| Budgetary Control & Savings | | ● | | | | | |
| Section 106 Agreements | | ● | | | | | |
| Leisure Income Collection | | ● | | | Jul-18 | | |
| LTP Capital Settlement (Grant Certification) | | ● | | | | | |
| Bus Subsidy Grant | | ● | | | | | |
| Creditors (Accounts Payable) | | ● | ● | | | | |
| General Ledger (Journal testing) | ● | ● | ● | ● | Continuous | | |
| Troubled Families Grant Sign Off | | ● | | ● | | | |
| Direct Payments (f/up) | | | ● | | | | |
| Commissioning (Adults) | | | ● | | | | |
| Business Rates | | | ● | | | | |
| Sundry Debtors | | | ● | | | | |
| Payroll | | | ● | | | | |
| Looked After Children | | | ● | | | | |
| Commercialisation | | | ● | | | | |

| | | | | | | |
|-----------------------------|--|--|---|--|--------|--|
| Redlands Primary School | | | ● | | | |
| The Hill Primary School | | | ● | | Sep-18 | |
| Whitley Park Primary School | | | ● | | Jun-18 | |

| Audit Title | Timing | | | | Start Date | Draft Report | Final Report |
|---|--------|----|----|----|------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| Public Health Grant (f/up) | | | | ● | | | |
| MOSAIC Finance Module | | | | ● | | | |
| Foster Care (f/up) | | | | ● | | | |
| Child Exploitation & Missing Children (f/up) | | | | ● | | | |
| Employee Gifts & Hospitality & Declarations of Interest | | | | ● | | | |
| Housing Revenue Account | | | | ● | | | |
| Blessed Hugh Farringdon Catholic Secondary School | | | | ● | Oct-18 | | |
| Christ the King Catholic Primary School | | | | ● | | | |
| St Michael's Primary School | | | | ● | | | |

*This audit was added as was not part of the original planned programme of audits

- 6.2 At the moment we are behind in our planned programme of work. This has mainly been due to a high turnover of staff in the last few months. We had a vacancy at the beginning of the financial year, which has since been filled, although there has been a period of transition into post. A further vacancy has arisen due to a resignation and this post will not be filled until the end of August. Again there will be a period of transition. A review of actual audits completed against planned will be undertaken at the end of quarter 2 with an updated risk assessment.

7 INVESTIGATIONS (April 2018 - June 2018)

7.1 Housing Benefit and Council Tax Support Investigations

- 7.1.1 For the period the Council Tax support overpayment is £2,173. The cases attracted a penalty fine value of £1,091.

7.2 Single Person Discount

- 7.2.1 Following a data matching exercise matching 21,106 address records against tracing and occupier lookup databases to determine the strength of residency for all individuals in a household within the borough, investigations officers are working with Council Tax reviewing the high risk data matches (190). Since May 2018, just under £55,000 has been identified for CTAX recovery and we envisage this will rise to over £70,000, by the end of August. This project is ongoing and further work is continuing in partnership with the Council Tax Team.

7.3 Housing tenancy investigations

7.3.1 Since 1 April 2018 Investigation officers have assisted in the return to stock of 8 Council properties. At present we have 18 ongoing tenancy investigations, with 3 cases with RBC legal awaiting court outcomes.

7.3.2 It is difficult to quantify the financial implications of these types of investigations, however the RBC agreed figure of £15,000 is considered to be the average cost for retaining a family in temporary accommodation. Using this figure (8 x £15,000), to date notional savings of £120,000 have been made as a result of tenancy investigations.

7.4 Right to buy (RTB)

7.4.1 There are organisations and individuals that offer tenants money to apply to buy the home on their behalf. Money laundering is also a risk for property transactions. Money is paid by a third party who has no obvious link with the transaction. Money launderers often use front buyers to enter into transactions on their behalf. The money for a deposit or even to pay a mortgage may have come from someone other than the customer and could very well be the proceeds of crime.

7.4.2 We are working with Housing Officers to check applications against Council tax and other records and will investigate any applications that look suspicious. Improper applications can result in eviction and criminal prosecution. Since 1 April 2018 three applications have been refused as a result of our investigations.

7.5 Social Care Fraud & Investigations

7.5.1 The team have been involved in a complex investigation relating to allegations of Direct Payment⁵ Fraud. As a result of a long investigation over almost 10 months, fraud charges have been brought against a direct payment client, suspected of Fraud and False Accounting. We estimate the fraud is likely to be over £68,000. The first hearing was held in Reading Crown Court in May 2018 where the defendant entered into a not guilty plea and is now listed for a Crown Court trial later this year.

7.6 Internal Investigations

7.6.1 Following authorised surveillance at one of the Council's leisure establishments, a now former member of staff was arrested on the suspicion

⁵ Direct payments are payments for people who have been assessed as needing help from social services, and who would like to arrange and pay for their own care and support services instead of receiving them directly from the Council.

of theft of cash. The matter was heard at Reading Magistrates Court on the 6th April 2018 and the defendant pleaded guilty to all charges. Full costs were awarded to the Council and the defendant has been ordered to pay £13,198.

8. CONTRIBUTION TO STRATEGIC AIMS

- 8.1 Audit Services aims to assist in the achievement of the strategic aims of the Council set out in the Corporate Plan by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In particular audit work is likely to contribute to the priority of remaining financially sustainable to deliver our service priorities.

9. COMMUNITY ENGAGEMENT AND INFORMATION

- 9.1 N/A

10. LEGAL IMPLICATIONS

- 10.1 Legislation dictates the objectives and purpose of the internal audit service the requirement for an internal audit function is either explicit or implied in the relevant local government legislation.
- 10.2 Section 151 of the Local Government act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs” and to ensure that one of the officers has responsibility for the administration of those affairs.
- 10.3 In England, more specific requirements are detailed in the Accounts and Audit Regulations in that authorities must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices”.

8. FINANCIAL IMPLICATIONS

- 8.1 N/A

9. BACKGROUND PAPERS

- 9.1 N/A

Internal Audit Report- General Ledger

To: Jackie Yates Director of Resources
Matthew Davis Head of Finance
Jenny Bruce Financial Systems Manager
Jean Stevenson Chief Accountant



From: Anthony Kearns Principal Auditor

Date: 4th June 2018

Limited
Assurance

Ref: 23/17

1 Purpose and Scope of Review

1.1 The purpose of this review was to follow up progress on implementing recommendations made following the previous year's audit (audit report 38/16 (02/02/17)) and to test the General Ledger controls to ensure:

- There are appropriate separation of duties between staff inputting journals and those requesting/authorising transactions
- That all Journal transactions have adequate descriptors, detailed supporting documentation attached and are appropriately authorised. Such that there is an appropriate audit trail within Oracle Fusion and relevant "supporting papers" are held within the system.

1.2 Journals and vouchers were also analysed using IDEA (a data analytics tool) to review:

- Materiality levels and volumes of posting across quarters and between and within cost centres.
- Correctness of coding; blank journal voucher entries; as well as any potentially suspicious activity.

2. Background

- 2.1 The general ledger is classified as a key system by the Council's external auditors and requires an annual internal audit review. Last year our review of Journal processing identified a number of areas with scope for improvement as well as the high number of transactions, both value and volume, surrounding the opening and closing of the accounts and amendment to transactions. There were also a high number of manual interventions to load information into the General Ledger. We found no formal processes or procedures to ensure that an audit trail is maintained for the source of the journals. Records of journal transactions were available, but there was no set policy for storage and protection of the original records used for manual or spreadsheet transactions in a centralised secure area. The journal process was a single person process with no authorisation required on Oracle Fusion.
- 2.2 These were not recent findings, but are control weaknesses which have been flagged in previous internal audit reviews over the years

3. Main Conclusions

- 3.1 As part of this audit a total of 2,047 journals were examined consisting of 230,135 journal voucher lines along with a further 72,865 stand alone vouchers (303,000 journal vouchers in all).
- 3.2 Significant progress has been made since October 2017 in rectifying the issues identified in the previous audit report due to the implementation within the Council's accounting system of separation of duties between creating and approving the posting of journals and the requirement for evidence to support the creation of journals.
- 3.3 However, the issues highlighted in the previous audit report, i.e. lack of evidence and unclear audit trails, still applies to a large number of journals in the 2017/18 financial year created prior to October. Thus, a great deal of work is still required to retrospectively evidence and approve journals for the first half of the financial year. This exercise in turn could uncover incorrect transactions.
- 3.4 There were also 22,911 journal line descriptions (173 journals) with reversal in their narrative. It was not clear what proportion of these were accrual journals and what were error corrections. There should be a clear distinction going forward.
- 3.5 Going forward the procedures and controls over the creation of journals are satisfactory and address the risks identified and recommendations made in the 2016/17 Internal Audit report. Testing of samples of journals revealed that there were clear audit trails to support creation and separation of duties in the authorisation process for journals in the second half of the financial year

- 3.6 There were a number of journals (over 100 at the time of audit) which had not been reviewed and signed off in a timely fashion and it is hoped with the finance section reorganisation that this situation can be remedied.
- 3.7 The material impact concerning journal creation and evidencing would be that from April to October 2017 accounting journals (as opposed to operational journals from other financial systems such as rents etc) lacked a sound evidential base for their creation and would not have been subject to review and approval. The audit did not find any evidence from sampling that would suggest concealment of financial loss but would note that the lack of an audit trail would prevent assurance being given on the accuracy of financial management information based on such journals. In total the value of these journals would be £25.85M (202 journals).
- 3.8 A total of 4 recommendations have been raised in respect of this review, of which 1 is a high priority. The full detail of these recommendations and the corresponding management responses are attached at Appendix 1.
- 3.9 The quality assurance process has confirmed that this Internal Audit was conducted in conformance with the Public Sector Internal Audit Standards, a copy of which is available at:
- 4. Other key points to note**
- 4.1 There were a high number of one off transactions to unique cost centre codes across the three quarters examined (3,794 of 11,349 cost centres examined or 33%). This suggests that coding structure may be over complicated with too many codes (e.g. leisure centres with one entry for alarm testing being the only transaction on that code for each leisure centre). Similarly there was a high number of one off vendor transactions (1,953 of 5,028 vendors or 39%). This may suggest that a review of the accounts payable supplier database is required to identify why they have only been used once.
- 4.2 There were a number of journals posted at weekends and on public holidays. This may suggest that a review of workloads and practice is required to ensure processing of journals takes place in a timely way.
- 4.3 Multiple debits and credits of the same transaction account to the same GL account in the same month (206,489 journal lines out of 303,300 or 68%). This may make identification of audit trails difficult and obscure potential duplicate transactions.
- 4.4 The journal naming convention was also reviewed and it was established that the responsibility for numbering was with the individual. All business streams are identified by journal type or descriptive name indicating the source of the journal and with the initials of the person completing the journal for the business area originating the transaction.

- 4.5 There were 819 out of 2,047 journals examined in the period where the creator and authoriser were the same. The largest single instance was in respect of rbc autopost (317). RBC autopost generally represented interface files which did not need approval as they are system transfers. As set out above, for the majority of the period examined (April to October 2017) it was possible to create and authorise a journal and evidence and other requirements were as at 2016-17.
- 4.6 New procedures were brought in to enforce separation of duties and this resulted in a substantial backlog of journals awaiting approval. As part of this process journals were supposed to be signed off if there was sufficient evidence attached on Oracle Fusion to support the reason for the journal. If there was insufficient or incomplete evidence then the journal would be rejected.
- 4.7 From November onwards the failure to ensure that accounting journals were reviewed and approved by someone other than the creator has a value of £7.4M at the time of the audit. The single largest transaction was for £3.4M to clear down some suspense accounts. Materially there is no loss to the authority but the accuracy of the accounts may be compromised as monies are not being promptly accounted for which in turn may impact on financial decisions being made by the authority. The services now receive regular reports detailing outstanding journals and are expected to ensure they are signed off.

Appendix A - Report Distribution

Staff Interviewed

- Jenny Bruce Financial Systems Manager

Final Report Distribution

- Jackie Yates Director of Resources
- Matthew Davis Head of Finance
- Jean Stevenson Chief Accountant
- Jenny Bruce Financial Systems Manager

Auditor Contact Details

- Anthony Kearns Principal Auditor (0118) 937 2692
- Paul Harrington. Chief Auditor - (0118) 937 2695

For further details on our assurance opinions please [click this link](#)

Audit Management Action Plan

AUDIT REPORT 23/17 GENERAL LEDGER

| Ref | Risk | Recommendation | Priority | Management Response | Responsible Officer(s) | Target Date |
|-----|--|--|------------|---|------------------------|-------------|
| 1 | Management Financial Information is inadequate and does not inform as to the accurate financial position of the organisation | Journals produced between April and October 2017 will have to be reviewed and evidence sought for the need for creation. | Priority 1 | All journals without evidence will be identified in Oracle. We will then identify all inputters who need to provide evidence who have not yet received training and those who requested Finance input a journal who need to provide further evidence. Targeted training on evidence requirements will be provided. An instruction will be issued as soon as possible for evidence to be added to journals, asking inputters to identify problem areas. If the volume of evidence is too much to source as part of this exercise, a note will be loaded signposting to where the full details are located. | Chief Accountant | 31/07/2018 |
| 2 | Management Financial Information is inadequate and does not inform as to the accurate financial position of the organisation | All Journals need to be reviewed and authorised in a timely fashion | Priority 2 | Additional approvers have already been identified and the numbers of outstanding journals are slowly coming under control. The main delay in authorisation has been caused by poor evidence. The quality quality of evidence is already improving and is expected to improve further when the training referred to in response to recommendation 1 has been provided. | Chief Accountant | 31/07/2018 |

| | | | | | | |
|---|--|--|------------|---|---------------------------|------------|
| 3 | Management Financial Information is inadequate and does not inform as to the accurate financial position of the organisation | All journals need proper designation as to the type of journal and its purpose. | Priority 3 | Protocols on journal naming will be reviewed by the new Technical Accountant. | Technical Accountant | 31/12/2018 |
| 4 | Management Financial Information is inadequate and does not inform as to the accurate financial position of the organisation | The number of codes that are being used for one off transactions needs to be reviewed to ensure that this is the most efficient way to record financial information. | Priority 3 | This will be reviewed as part of the planned review of the coding structure to be undertaken once the Children's Company and Homes for Reading ledgers have been built. | Financial Systems Manager | 31/03/2019 |

NB: Your management response is your commitment to treat the risk identified as part of the review. The standard response time to draft recommendations is 15 working days; any failure to meet this target could be reported to the Audit & Governance Committee.

The management response to recommendations will be reported to both CMT & The Audit & Governance Committee as part of our quarterly monitoring arrangements. Audit recommendations and agreed actions will be followed up during the year, where deemed appropriate by the Audit Management Team. All outstanding recommendations will also be reported through CMT as part of the Council's monthly performance monitoring.

Internal Audit Report

Electronic Document and Records Management

To: Andy Fisher: GI and Business Systems Team Leader
Andrew Withey: Corporate Improvement Manager
Zoe Hanim: Head of Customer Care & Transformation
Jackie Yates: Director of Resources



Limited Assurance

1 Purpose and Scope of Review

- 1.1 Reading Borough Council currently uses a Northgate product, Information @ Work (I@W), as an electronic document and records management system. In order to digitise documents for entry into I@W, the Council has a contract with Docs Online (DOL), a scanning and indexing company. This arrangement provided a lower cost scanning solution compared to undertaking the service in house or using a local provider due to variances in labour cost. RBC arranges for the transfer by courier of documents from RBC to DOL for scanning. This is administered by the GI & Business Systems Team in the Directorate of Resources (DOR).
- 1.2 Both the DOL and courier contracts are held within the Directorate of Resources, in order to minimise cost and to ensure a uniform approach. However, it is the responsibility of Service Heads and Information Asset Owners to ensure that they are satisfied that the service provided is suitable for the transportation and security of their specific document types.
- 1.3 During the course of the year, the courier company used by the Council changed from TNT to Royal Mail Relay.
- 1.4 The purpose of this audit was to follow up the recommendations made arising from the 2016/17 audit review, when a Limited Assurance opinion was offered.
- 1.5 Following issue of the draft report it was agreed that the response to the report would be reported through to CMT by the Head of Customer, Services, but ownership for the recommendations will ultimately be determined by CMT.

2 Main Conclusions

- 2.1 A total of 7 recommendations have been raised in respect of this review, of which 1 has been considered a high priority. The full detail of these recommendations and the corresponding management action plan are attached to this report as Appendix 1.

2.2 Progress in this area since the last audit report has been limited, with some of the previous recommendations remaining outstanding.

2.3 The quality assurance process has confirmed that this internal audit review was conducted in conformance with the Public Sector Internal Audit Standards, a copy of which can be found on the Internal Audit Team's intranet page on Iris.

3. Summary of Findings

3.1 Contractual arrangements for scanning and courier operations

3.1.1 When the last internal audit was conducted in June 2016, courier services were provided for the Council to Docs on Line (DOL) by TNT, on a pay-as-you-go basis. However, following a number of service issues in mid-2017, the arrangement was terminated, and Parcelforce was used as an interim provider (also under a pay-as-you-go arrangement) until a long term supplier could be identified.

3.1.2 A new supplier (Royal Mail Relay) is now in place and an Account Manager has been allocated by Royal Mail. The contract is provided on standard terms and conditions and consequently does not cover all areas recommended in the last audit, for example performance criteria (R1). Courier services are typically provided as a standard service with limited scope for variation to meet the needs of individual customers. For the limited value of the courier service here the service view is that tendering for a bespoke service would be prohibitively expensive and undermine the business rationale for the service solution. As per best practice, this contract is held on the central Council Contract Listing (R1). Due to the low lifetime value of the work, Procurement and Legal were not required to provide input into the contract. Departments using the service were consulted on their requirements (although responses were quite limited), and departmental feedback was used to select the best option (out of three potential suppliers) for the Council.

3.1.3 No formal review of scanning and courier options was undertaken prior to entering into the contract as recommended in the last review (R1). As the Docs Online contract is due for renewal in March 2019, there is now an opportunity to conduct a comprehensive review of the scanning and courier options currently in place across the Council. Simultaneously, consideration can be given to how the Council can best meet the data protection requirements under the General Data Protection Regulation (GDPR) in relation to scanning and couriering.

3.2 Policies and procedures for controlling and monitoring service delivery

3.2.1 Policies and procedures for controlling and monitoring service delivery were considered during this audit, covering topics including monitoring mailboxes, matching up sent and received boxes, contacts in event of issues. Not all teams regularly follow these procedures, and some (such as error logging) do not appear to have been used in recent years. A number of key elements are missing, partially missing or outdated from the procedures, including:

- Process to follow after document return due to incorrect indexing or guidance relating to document marking;
- Details of the action to be taken when box tags are missing or broken to ensure bag contents are intact (R2);

3.2.2 Discussions with a sample of teams who use the DOL scanning service identified that not all teams were aware of the documented procedures, many of which had not been reviewed within the past year. Similarly, not fully following protocols (such as always recording the number of security tags sent and received) undermines reliability of match-up and monitoring. However, discussions identified that all parties were clear that when there was evidence of tampering, the Council should be notified.

3.2.3 The process as a whole suffers from limited oversight, including responsibility for management (R4). Elements of the procedures also need completing and updating, as noted above (R2).

3.3 Missing boxes, information loss and insurance

3.3.1 Following the last internal audit conducted, it was recommended that the Council should confirm whether any additional or special insurance provisions were required to safeguard against information loss.

3.3.2 Discussion with the Principal Accountant (Insurance) indicated that that this had not occurred for the TNT, Parcelforce or current Royal Mail Relay contracts (R3). However, he had been approached to check whether Parcelforce's public liability insurance was sufficient. Consideration also needs to be given to the forthcoming introduction of General Data Protection Regulation (GDPR) and implications this has in terms of possible increased levels of financial penalties.

3.4 Information asset register

3.4.1 Services contacted who use the courier service were unaware of the existence of an information asset register. As noted in 3.4.2, there is not a consistent approach across the Council as to whether a record is kept of the documents sent to DOL for scanning (R5).

3.4.2 No evidence was located during the course of the audit to suggest that any other courier services were used to transport scanning to DOL other than Royal Mail Relay. Discussions identified that it was likely that DOL would raise the issue if documents were arriving by means other than Royal Mail Relay.

3.5 Arrangement for missing boxes

3.5.1 Review of Post Room procedures identified that some arrangements in relation to bags and crates had changed since the last audit. The Council's name and address is now included both on the individual bags being sent to DOL and also on the inside of the crates in which the bags are packed. Crates are scanned at points of transfer along the route and the last point of scanning can be identified.

3.5.2 It was noted that no record is being kept of which bag is packed in which box in the case where more than one crate is used. However, by a process of elimination, it could be identified which bags were missing by reconciling bags that arrived safely to bags sent.

3.5.3 Discussions also identified that the possibility of acquiring micro trackers had been investigated; however the cost was found to be prohibitively expensive.

3.5.4 There is also a lack of consistency between teams using the courier service as to whether they record details of the documents contained within their team's bags or not. It is therefore not possible to reconcile documents scanned to documents sent. Where services are not recorded details of documents sent and therefore accepting the risk that documents may go astray and not be identified/identified in a timely manner, this should be included on their risk register (R6).

3.6 Document marking requirements

3.6.1 As already identified, documents are not marked in terms of sensitivity prior to being scanned (R7). In addition, a number of teams had not identified the retention period for documents saved on I@W. This was becoming a particularly pertinent issue as maximum capacity was close to being reached.

3.6.2 Revised document marking advice and guidance was issued to all staff in 2017. Discussion with the Council's ICT Technology and Services Manager identified that induction training in this area is compulsory for all new starters. However it has been observed that there is a general lack of understanding of document marking which is wider than just a scanning issue.

Audit Management Action Plan

Electronic Document and Records Management

| Ref | Risk | Recommendation | Priority | Management Response | Responsible Officer(s) | Target Date |
|-----|--|---|------------|---|--|-------------------|
| 1 | There is a risk that value for money is not achieved and that risks to the Council in terms of lost/missing information are not minimised. | As recommended in the last audit, a formal review of the scanning and courier arrangements should be conducted. Quotes for options should be on a like for like basis so that they are directly comparable and to ensure that value for money is achieved. Review needs to consider the cost of conducting in-house scanning versus sending to Nottingham including consideration of risk of in-house v outsourcing option. Legal/Procurement should also be involved in the negotiation of new contracts and the contract should be included on the central register of contracts (the latter has now been addressed). The contract should include specifics such as performance criteria, procedure for reporting and escalating risks/issues etc. | Priority 1 | A formal review of the document management solution including courier and scanning will be completed. The scanning and courier service is used across multiple teams so any review will involve representatives of those teams as well as the corporate teams who arrange for the courier service for system overview. | CMT - through the Head of Customer Care and Transformation | 31st October 2018 |
| 2 | There is a risk that the Council does not receive appropriate service delivery and the courier is not held to account. Also that missing documents are not identified and addressed in a timely manner, leading to reputational and financial loss to the Council. | Documented procedures should be completed and made available to all relevant teams. They should include processes for monitoring and reporting on service delivery, what to do when box tags are missing or broken and checking that the number of bags and tags agree. | Priority 2 | Procedure documents will be issued to all teams. | GIS and Systems Team Leader | 31st August 2018 |
| 3 | There is a risk of financial damage and reputational loss where the insurance provision in relation to loss of information is inadequate. | The Council should reconfirm whether it requires any special or additional insurance provision to safeguard against information loss. | Priority 2 | Responsibility for assessing risk and evaluating suitability of insurance cover for specific document types is with Service teams, from advice taken from Corporate Insurance. Service requirements will inform the review and recommendations of the service in R1 above | CMT - through the Head of Customer Care and Transformation | 31st August 2018 |
| 4 | There is a risk that documents are not handled in a correct and consistent manner, leading to financial loss to the Council. | Comprehensive procedures should be in place covering key areas (including document marking, handling of returned documents due to incorrect marking), made available to all relevant staff, and reviewed and updated as necessary on an annual basis. | Priority 2 | Responsibility for document marking and creation of procedures is with Service teams, from advice taken from Corporate ICT. | CMT - through the Head of Customer Care and Transformation | 31st August 2018 |
| 5 | There is a risk of inconsistent and incorrect document handling procedures being utilised within the Council. | An information asset register specifically relating to the despatch and receipt of information to be scanned should be produced to confirm the scanning and document handling arrangements in place for all departments, whether these are in-house or external. The register should be used to confirm ownership and risk status of the effectiveness of controls etc and should include details of the flow and location of information. | Priority 2 | DOR team will work with the service teams to create an information asset register using document types and identify the document handling arrangements for each based on the work service have done to document their information management procedures for GDPR. | CMT - through the Head of Customer Care and Transformation | 31st August 2018 |

| Ref | Risk | Recommendation | Priority | Management Response | Responsible Officer(s) | Target Date |
|-----|---|--|------------|--|--|------------------|
| 6 | There is a risk that missing documents are not identified in a timely manner, which could lead to reputation and financial damage to the Council. | There should be a consistent approach to recording of documents sent to DOL and scanned. Where departments have accepted the risk in relation to not recording what documents have been sent for scanning, this acceptance of risk needs to be included on the relevant risk registers. Each crate should be numbered and details of which bags go in which crate recorded. | Priority 3 | We will request an updated risk acceptance from each team. We will review the process to help identify which bags are in boxes (when multiple boxes are sent) and ensure services comply with this process | GIS and Systems Team Leader | 31st August 2018 |
| 7 | There is a risk that documents are not treated in an appropriate way, leading to financial and reputation loss to the Council. | It needs to be ensured that document marking is being used in a consistent manner across the Council. Services need to be reminded to meet the required document marking standards for documents (to be scanned). | Priority 2 | Responsibility for document marking is with Service teams in accord with RBC policies and practice | CMT - through the Head of Customer Care and Transformation | 31st August 2018 |

NB: Your management response is your commitment to treat the risk identified as part of the review. The standard response time to draft recommendations is 15 working days; any failure to meet this target could be reported to the Audit & Governance Committee.

The management response to recommendations will be reported to both CMT & The Audit & Governance Committee as part of our quarterly monitoring arrangements. Audit recommendations and agreed actions will be followed up during the year, where deemed appropriate by the Audit Management Team. All outstanding recommendations will also be reported through CMT as part of the Council's monthly performance monitoring.

**READING BOROUGH COUNCIL
DIRECTOR OF RESOURCES**

| | | | |
|-------------------------|---|---------------------|--|
| TO: | AUDIT & GOVERNANCE COMMITTEE | | |
| DATE: | 1st August 2018 | AGENDA ITEM: | 7 |
| TITLE: | STRATEGIC RISK REGISTER Q1 | | |
| LEAD COUNCILLOR: | COUNCILLOR BROCK | PORTFOLIO: | CORPORATE AND CONSUMER SERVICES |
| SERVICE: | FINANCE | WARDS: | N/A |
| LEAD OFFICER: | PAUL HARRINGTON | TEL: | 9372695 |
| JOB TITLE: | CHIEF AUDITOR | E-MAIL: | Paul.Harrington@reading.gov.uk |

1. PURPOSE OF REPORT

- 1.1 This report covers the update of the Strategic Risk Register, in a new format for 2018 and includes additional information on unmitigated risk and risk appetite scores.
- 1.2 The Register is presented to the Council's Audit & Governance Committee a minimum of six monthly or quarterly in the case of any risks where the position has worsened or for residual red risks where the Audit & Governance Committee shows a particular interest. It was last presented to the Committee in Jan 2018.
- 1.3 The following documents are appended:
- Appendix 1 - the Council's Corporate (Strategic) Risk Register.

2. RECOMMENDED ACTION

- 2.1 The committee are requested to consider the Council's strategic risks as at of Jun 18 (end of Q1).

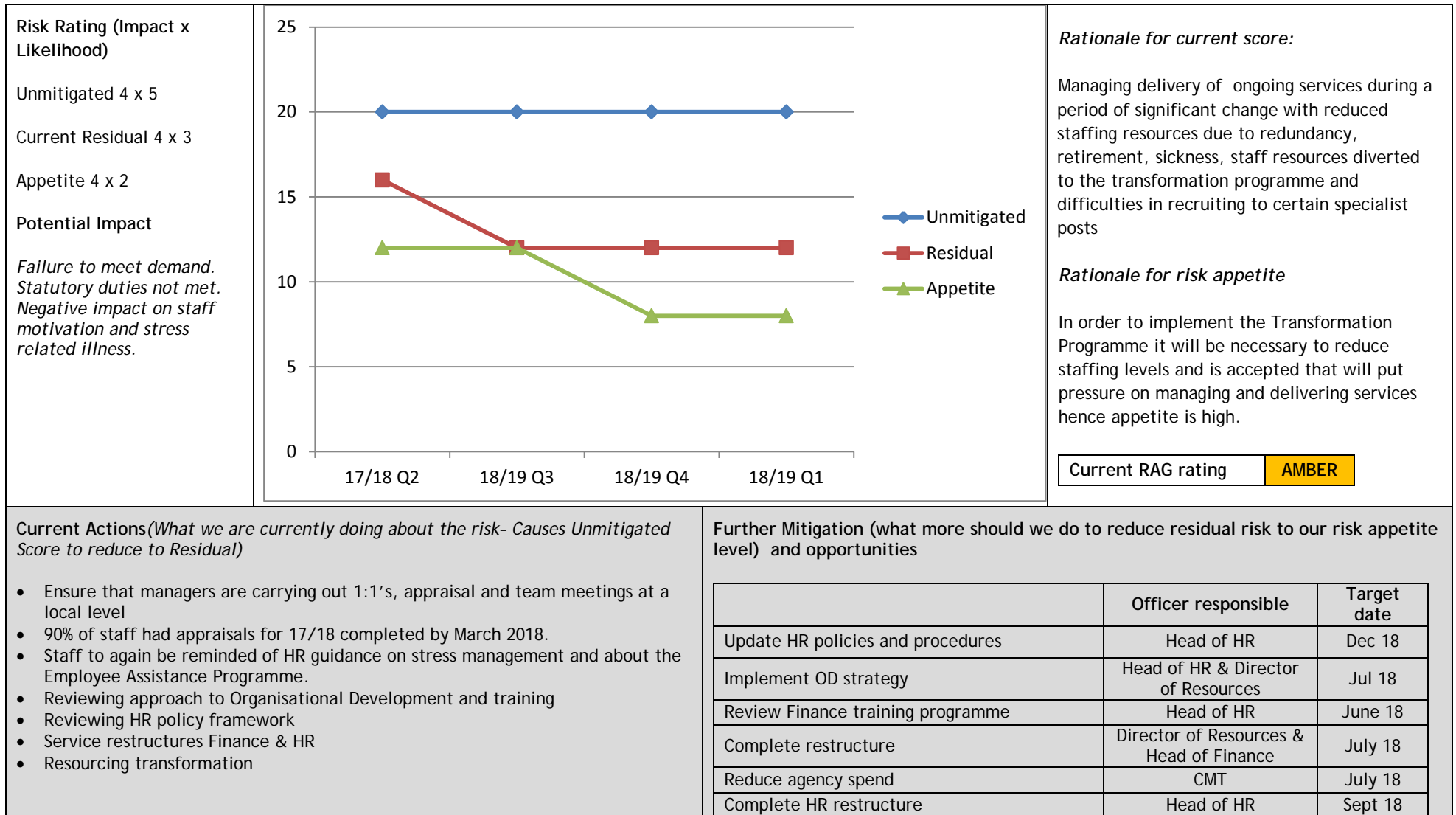
3. KEY ISSUES

- 3.1 Risk management is a key part of corporate governance. Good risk management will help identify and deal with key Strategic risks facing the Council in the pursuit of its goals and is a key part of good management, not simply a compliance exercise. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving the Council's outcomes.
- 3.2 The Strategic Risk Register has been developed to provide a concise, focused and high level overview of Strategic risks that can be easily communicated to all staff, councilors and stakeholders (e.g. Council's Insurers). It should, however, always be supplemented by the more detailed directorate/service/project risk registers.
- 3.3 Although guidance is provided in relation to the scoring of risks, with a view to providing as much consistency as possible, it still remains very much a subjective process. The primary aim of the Strategic Risk Register is to identify those key vulnerabilities that CMT consider need to be closely monitored in the forthcoming months and, in some instances, years ahead. In many cases this will be because the risk is relatively new and, whilst being effectively managed, the associated control framework is yet to be fully defined and embedded. In such circumstances it follows that not only will the potential impact be large, but the risk of likelihood of occurrence could also be increased. Furthermore, it is possible that the likelihood can be influenced by events outside of the Council's control e.g. the economic climate and its impact on financial planning, or severe weather etc.
- 3.4 The format of the Risk Register had not been updated for some time. Advice from an external risk management consultant concluded that our arrangements were fit for purpose, but could be improved by identifying risk appetite. This is consistent with the Institute of Risk Management which advises that risk appetite should be identified for each risk. *Risk appetite is the amount of risk that an organisation is willing to seek or accepts in order to meet its long term objectives.*
- 3.5 Whilst mindful of the need to ensure risk management arrangements are proportionate, it is now appropriate to enhance the Register to better inform those responsible for managing the risks. The environment in which the Council operates has changed considerably in recent times and the organisation now faces significant financial pressures. The Council's transformation programme encompasses the response to risk moving forward. Risk mitigation will be limited by how much we have to spend. Members' and officers' appetite for the level of risk the Council is prepared to accept will by necessity have to increase accordingly. Under this new approach it is important that we determine risk appetite.

- 3.6 In response to this the Register has been re-formatted to include unmitigated and risk appetite scores and track scoring over time. The revised format was reviewed and approved by the Corporate Management Team.
- 3.7 Given the revised format identifies risk appetite for each individual risk, the previous colour coding of red, amber and green based on a single assessment of risk tolerance would be confusing and hence the analysis of red, amber and green will now be based on the extent of the gap between the current residual risk and the risk appetite.
- 3.8 In order to focus senior management and Member attention on areas of greatest risk, the Register should include only the key current risks that have not been mitigated down to the risk appetite level. Hence it is proposed that where risks have been rated as green for 2 or more consecutive quarters they should be removed from the Register. These can be re-instated should the risk rise again.
- 4. CONTRIBUTION TO STRATEGIC AIMS**
- 4.1 Regular review of the Strategic Risk Register is an integral part of effective risk management arrangements and corporate governance. Identifying risk appetite enables the Council to clarify the extent of risk mitigation required in order to achieve its strategic aims.
- 5. COMMUNITY ENGAGEMENT AND INFORMATION**
- 5.1 N/A
- 6. LEGAL IMPLICATIONS**
- 6.1 There are no specific legal implications arising from the recommendations in this report"
- 7. FINANCIAL IMPLICATIONS**
- 7.1 N/A
- 8. BACKGROUND PAPERS**
- 8.1 Appendix 1 - the Council's Corporate (Strategic) Risk Register.

| <p>Risk 1: The council does not create and deliver a sustainable Medium Term Financial Plan and/or achieve a balanced budget.</p> | | <p>Risk Owner: CMT</p> | | | | | | | | | | | | | | | | | | | | |
|--|---|-------------------------------|-------------|----------|----------|----------|----|----|---|----------|----|----|---|----------|----|----|---|----------|----|----|---|---|
| <p>Risk Rating (Impact x Likelihood)</p> <p>Unmitigated 5 x 5</p> <p>Current Residual 4 x 4</p> <p>Appetite 4 x 1</p> <p>Potential Impact</p> <p><i>Strategic objectives and statutory duties not met. Council unable to set legal budget. Service or services failure</i></p> | <table border="1"> <caption>Risk Rating Data</caption> <thead> <tr> <th>Period</th> <th>Unmitigated</th> <th>Residual</th> <th>Appetite</th> </tr> </thead> <tbody> <tr> <td>17/18 Q2</td> <td>25</td> <td>16</td> <td>8</td> </tr> <tr> <td>17/18 Q3</td> <td>25</td> <td>25</td> <td>8</td> </tr> <tr> <td>17/18 Q4</td> <td>25</td> <td>16</td> <td>4</td> </tr> <tr> <td>18/19 Q1</td> <td>25</td> <td>16</td> <td>4</td> </tr> </tbody> </table> | Period | Unmitigated | Residual | Appetite | 17/18 Q2 | 25 | 16 | 8 | 17/18 Q3 | 25 | 25 | 8 | 17/18 Q4 | 25 | 16 | 4 | 18/19 Q1 | 25 | 16 | 4 | <p>Rationale for current score:</p> <p>The 2018/19 budget and MTFs has now been agreed by the Council. The £40m of savings over 3 years will require robust management to deliver. Particularly there is a need to take early and robust action on longer term initiatives to ensure that the Council remains a going concern. The General Balances will be improved and a reserve is created to manage future years' volatility.</p> <p>Rationale for risk appetite</p> <p>Achieving a sustainable financial position is essential in order to be a going concern and deliver priorities. Careful planning is essential and the risk appetite is low.</p> <p>Current RAG rating RED</p> |
| Period | Unmitigated | Residual | Appetite | | | | | | | | | | | | | | | | | | | |
| 17/18 Q2 | 25 | 16 | 8 | | | | | | | | | | | | | | | | | | | |
| 17/18 Q3 | 25 | 25 | 8 | | | | | | | | | | | | | | | | | | | |
| 17/18 Q4 | 25 | 16 | 4 | | | | | | | | | | | | | | | | | | | |
| 18/19 Q1 | 25 | 16 | 4 | | | | | | | | | | | | | | | | | | | |

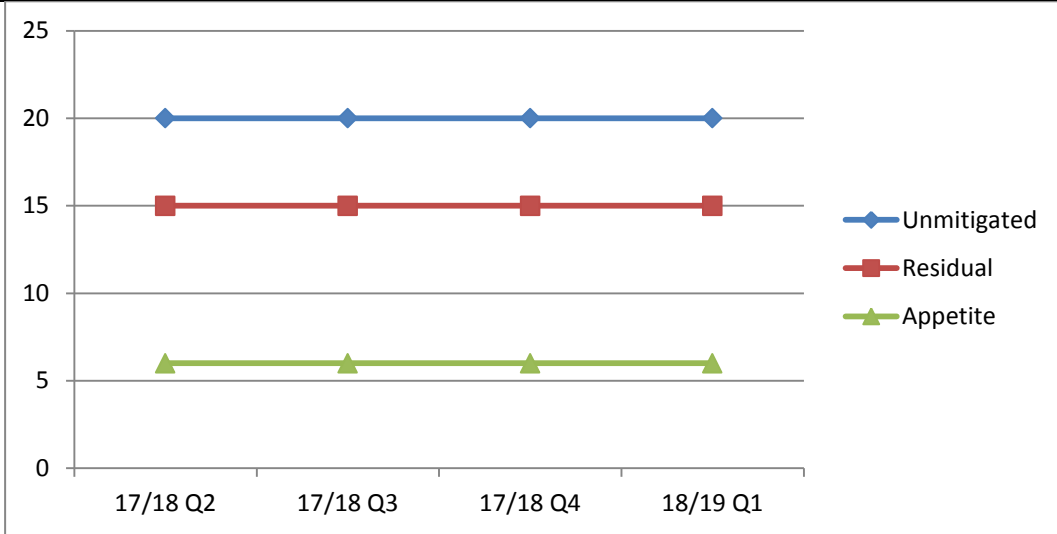
| <p>Current Actions (<i>What we are currently doing about the risk - Causes Unmitigated Score to reduce to Residual</i>)</p> <ul style="list-style-type: none"> • MTFS for the period 2018-2021 has now been approved by Council • Robust monitoring arrangements are being put in place re delivery of savings and tracking of budget pressures • Savings being managed by 8 Corporate Programme Boards with CMT sponsor • Delivery Fund allocations are being aligned with Programme Boards on gateways to access funding will be managed via the Board structure. Spend will be agreed where appropriate • A revised strategy for use of Capital Receipts will be submitted to Policy Committee in June | <p>Further Mitigation (what more should we do to reduce residual risk to our risk appetite level) and opportunities</p> <table border="1"> <thead> <tr> <th></th> <th>Officer (s) responsible</th> <th>Target date</th> </tr> </thead> <tbody> <tr> <td>Revision of 2018/19 budget and MTFS completed.</td> <td></td> <td></td> </tr> <tr> <td>It takes account of actual and emerging pressures with an appropriate contingency. Robust monitoring and early delivery of savings is now required to give confidence that the MTFS is deliverable.</td> <td>Head of Finance/ CMT</td> <td>Ongoing</td> </tr> <tr> <td>Implement Programme Boards with plan of savings targets</td> <td>CMT</td> <td>1st Qtr 2018/19</td> </tr> <tr> <td>Particular focus needed on those more complex proposals, such as market testing, due for delivery in the later years of the MTFS</td> <td>CMT</td> <td>1st Qtr 2018/19</td> </tr> </tbody> </table> | | Officer (s) responsible | Target date | Revision of 2018/19 budget and MTFS completed. | | | It takes account of actual and emerging pressures with an appropriate contingency. Robust monitoring and early delivery of savings is now required to give confidence that the MTFS is deliverable. | Head of Finance/ CMT | Ongoing | Implement Programme Boards with plan of savings targets | CMT | 1 st Qtr 2018/19 | Particular focus needed on those more complex proposals, such as market testing, due for delivery in the later years of the MTFS | CMT | 1 st Qtr 2018/19 |
|---|---|-----------------------------|-------------------------|-------------|--|--|--|--|-------------------------|---------|---|-----|-----------------------------|--|-----|-----------------------------|
| | Officer (s) responsible | Target date | | | | | | | | | | | | | | |
| Revision of 2018/19 budget and MTFS completed. | | | | | | | | | | | | | | | | |
| It takes account of actual and emerging pressures with an appropriate contingency. Robust monitoring and early delivery of savings is now required to give confidence that the MTFS is deliverable. | Head of Finance/ CMT | Ongoing | | | | | | | | | | | | | | |
| Implement Programme Boards with plan of savings targets | CMT | 1 st Qtr 2018/19 | | | | | | | | | | | | | | |
| Particular focus needed on those more complex proposals, such as market testing, due for delivery in the later years of the MTFS | CMT | 1 st Qtr 2018/19 | | | | | | | | | | | | | | |
| <p>Risk 2: <i>Insufficient or lack of capable staff resources to deliver our services in an effective and efficient manner</i></p> | <p>Risk Owner: Head of HR & Organisational Development</p> | | | | | | | | | | | | | | | |



Risk 3: Information created, accessed, handled, stored, protected and destroyed by the Council and its service areas is not managed in compliance with legislation or local policies. Council services do not fully understand or manage the risks such non-compliance involves therefore not making informed, risk based decisions.

Risk Owners: Head of Legal/ Head of Customer Services

Risk Rating (Impact x Likelihood)
 Unmitigated 5 x 4
 Current Residual 5 x 3
 Appetite 3 x 2
Potential Impact
Fines/penalties, reputation damage, service failure.



Rationale for current score:
 The likelihood remains high as incidents tend to be due to human errors rather than weakness in control. Fines are increasing, hence potential impact remains high.

Rationale for risk appetite
 In addition to the financial risk, financial penalties are now very high, hence the Council will seek to minimise the risk of these being incurred.

Current RAG rating **RED**

Current Actions(What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)

- Ongoing corporate training programme for data protection, raising awareness with staff groups of the need to handle personal data securely and properly. Data Protection Training is mandatory for all staff.
- GDPR Project team established and working towards GDPR compliance so as to avoid large penalties and fines.
- Due to a staff resignation, two new Information Governance Officers are to be appointed, one permanent and one fixed term for one year. This will bolster the team at a time when the demand from the organisation for advice and support is increasing.

Further Mitigation (what more should we do to reduce residual risk to our risk appetite level) and opportunities

| | Officer responsible | Target date |
|--|---------------------|-------------|
| Need to test application of training by officers and monitor both the effectiveness and that the right staff handling sensitive data is prioritised. | CMT | May 18 |
| Need identified to update data protection suite of policies and to monitor awareness of the procedures and steps to take in response to breach. | CMT | May 18 |
| GDPR introduces increased fines and data subjects' legal right to compensation. The latter is likely to create a spawn of litigation that will be very costly and labour intensive to manage, plus reputational damage | CMT | May 18 |

| <p>Risk 4: The Council does not follow its own governance procedures leading to failure to deliver services and/or value for money and/or it can be challenged through a legal process</p> | | <p>Risk Owners: Head of Legal/ Director of Resources</p> | | | | | | | | | | | | | | | | | | | | | |
|---|--|--|-------------|----------|---------------------|-------------|---|-----------------|--------|---|----------------|---------|---|-----------------|-----------------------------|---|---------------|----------|--|------------------------------|----|--|--|
| <p>Risk Rating (Impact x Likelihood)</p> <p>Unmitigated 5 x 4</p> <p>Current Residual 4 x 3</p> <p>Appetite 3 x 2</p> <p>Potential Impact</p> <p><i>Breach of Officer or Member code of conduct. - Breach of Information Security or Governance or Confidentiality leading to Information Commissioner review. - Ombudsman, Ofsted, External Audit, Care Quality Commission. Legal challenge from those who interact with the Council</i></p> | <table border="1"> <caption>Risk Register Data</caption> <thead> <tr> <th>Quarter</th> <th>Unmitigated</th> <th>Residual</th> <th>Appetite</th> </tr> </thead> <tbody> <tr> <td>17/18 Q2</td> <td>16</td> <td>12</td> <td>6</td> </tr> <tr> <td>17/18 Q3</td> <td>20</td> <td>12</td> <td>6</td> </tr> <tr> <td>17/18 Q4</td> <td>20</td> <td>12</td> <td>6</td> </tr> <tr> <td>18/19 Q1</td> <td>20</td> <td>12</td> <td>6</td> </tr> </tbody> </table> | Quarter | Unmitigated | Residual | Appetite | 17/18 Q2 | 16 | 12 | 6 | 17/18 Q3 | 20 | 12 | 6 | 17/18 Q4 | 20 | 12 | 6 | 18/19 Q1 | 20 | 12 | 6 | <p>Rationale for current score:</p> <p>While controls are in place, they are not always being followed. Processes are improving as are training and policies, but the impact of this is not yet proven. Early review of the draft AGS suggests that not enough progress has yet been made to reduce the residual risk.</p> <p>Rationale for risk appetite</p> <p>A Council should be a model of propriety and control to ensure confidence in its handling of public assets. Hence the likelihood of non-compliance should be at a minimal level. Good governance underpins all work to achieve the Council's targets</p> <p>Current RAG rating RED</p> | |
| Quarter | Unmitigated | Residual | Appetite | | | | | | | | | | | | | | | | | | | | |
| 17/18 Q2 | 16 | 12 | 6 | | | | | | | | | | | | | | | | | | | | |
| 17/18 Q3 | 20 | 12 | 6 | | | | | | | | | | | | | | | | | | | | |
| 17/18 Q4 | 20 | 12 | 6 | | | | | | | | | | | | | | | | | | | | |
| 18/19 Q1 | 20 | 12 | 6 | | | | | | | | | | | | | | | | | | | | |
| <p>Current Actions (What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)</p> <ul style="list-style-type: none"> Follow up on Audit Recommendations to ensure that they are all dealt with fully so that systems, processes and compliance are improved. The current induction programme for new members of staff to include guidance to certain key governance policies (including the Code of Conduct); Staff code of conduct to be issued with contracts of employment Strategic risk register to be kept up to date and reviewed promptly. Roll out of net consent for policy management; recently used for GDPR training. Risk management training completed or planned for Heads of Service & Directors Full review of Strategic Risk Register undertaken Nov 17. Code of Conduct relaunched. Budget managers trained in Nov 17 | | <p>Further Mitigation (what more should we do to reduce residual risk to our risk appetite level) and opportunities</p> <table border="1"> <thead> <tr> <th></th> <th>Officer responsible</th> <th>Target date</th> </tr> </thead> <tbody> <tr> <td>Further budget management training to take place in July 2018</td> <td>Head of Finance</td> <td>Jul 18</td> </tr> <tr> <td>Local Code of Corporate Governance for RBC to be updated to conform to CIPFA/SOLACE guidelines.</td> <td>Policy Officer</td> <td>July 18</td> </tr> <tr> <td>Continue to use the Directorate Performance Steering Groups to drive compliance</td> <td>Head of Finance</td> <td>1st Qtr 2018/19</td> </tr> <tr> <td>Review reporting format to A&G recommendation tracker and limited assurance reports to be received in full. Service Managers to attend to explain plans</td> <td>Chief Auditor</td> <td>Q2</td> </tr> <tr> <td>Financial Regulations and Financial Procedures to be updated and communicated across the Council</td> <td>Head of Finance/ Director of</td> <td>Q2</td> </tr> </tbody> </table> | | | Officer responsible | Target date | Further budget management training to take place in July 2018 | Head of Finance | Jul 18 | Local Code of Corporate Governance for RBC to be updated to conform to CIPFA/SOLACE guidelines. | Policy Officer | July 18 | Continue to use the Directorate Performance Steering Groups to drive compliance | Head of Finance | 1 st Qtr 2018/19 | Review reporting format to A&G recommendation tracker and limited assurance reports to be received in full. Service Managers to attend to explain plans | Chief Auditor | Q2 | Financial Regulations and Financial Procedures to be updated and communicated across the Council | Head of Finance/ Director of | Q2 | | |
| | Officer responsible | Target date | | | | | | | | | | | | | | | | | | | | | |
| Further budget management training to take place in July 2018 | Head of Finance | Jul 18 | | | | | | | | | | | | | | | | | | | | | |
| Local Code of Corporate Governance for RBC to be updated to conform to CIPFA/SOLACE guidelines. | Policy Officer | July 18 | | | | | | | | | | | | | | | | | | | | | |
| Continue to use the Directorate Performance Steering Groups to drive compliance | Head of Finance | 1 st Qtr 2018/19 | | | | | | | | | | | | | | | | | | | | | |
| Review reporting format to A&G recommendation tracker and limited assurance reports to be received in full. Service Managers to attend to explain plans | Chief Auditor | Q2 | | | | | | | | | | | | | | | | | | | | | |
| Financial Regulations and Financial Procedures to be updated and communicated across the Council | Head of Finance/ Director of | Q2 | | | | | | | | | | | | | | | | | | | | | |

| | | | | |
|--|---|--|-----------|--|
| <ul style="list-style-type: none"> Refreshed anti-fraud & corruption and anti-money laundering policy approved by policy committee in April 2018. | <table border="1"> <tr> <td></td> <td>Resources</td> <td></td> </tr> </table> | | Resources | |
| | Resources | | | |

| | |
|---|--|
| <p>Risk 5: Failure of major contract causes financial, service delivery, legal and H&S issues which directly impact the Council - (Care Homes, Home Care, ICT, OOH Call Handling, EDS etc)</p> | <p>Risk Owners: Head of Strategic Commissioning</p> |
|---|--|

| <p>Risk Rating (Impact x Likelihood)</p> <p>Unmitigated 5 x 4</p> <p>Current Residual 4 x 3</p> <p>Appetite 3 x 2</p> <p>Potential Impact</p> <p><i>Disruption to services. Failure to meet statutory duties</i></p> | <table border="1"> <caption>Risk Metrics Data</caption> <thead> <tr> <th>Period</th> <th>Unmitigated</th> <th>Residual</th> <th>Appetite</th> </tr> </thead> <tbody> <tr> <td>17/18 Q3</td> <td>20</td> <td>12</td> <td>9</td> </tr> <tr> <td>17/18 Q4</td> <td>20</td> <td>12</td> <td>6</td> </tr> <tr> <td>18/19 Q1</td> <td>20</td> <td>12</td> <td>6</td> </tr> </tbody> </table> | Period | Unmitigated | Residual | Appetite | 17/18 Q3 | 20 | 12 | 9 | 17/18 Q4 | 20 | 12 | 6 | 18/19 Q1 | 20 | 12 | 6 | <p>Rationale for current score:</p> <p>Increasing pressure on children's/adults social care due to changing demographics.</p> <p>Rationale for risk appetite</p> <p>Tolerance is relatively low due to knock on effect on service delivery</p> <table border="1"> <tr> <td>Current RAG rating</td> <td style="background-color: red; color: white;">RED</td> </tr> </table> | Current RAG rating | RED |
|--|--|----------|-------------|----------|----------|----------|----|----|---|----------|----|----|---|----------|----|----|---|---|--------------------|-----|
| Period | Unmitigated | Residual | Appetite | | | | | | | | | | | | | | | | | |
| 17/18 Q3 | 20 | 12 | 9 | | | | | | | | | | | | | | | | | |
| 17/18 Q4 | 20 | 12 | 6 | | | | | | | | | | | | | | | | | |
| 18/19 Q1 | 20 | 12 | 6 | | | | | | | | | | | | | | | | | |
| Current RAG rating | RED | | | | | | | | | | | | | | | | | | | |

| | | | |
|---|--|-----------------------------------|---------------------------|
| <p>Current Actions<i>(What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)</i></p> | <p>Further Mitigation (what more should we do to reduce residual risk to our risk appetite level) and opportunities</p> | | |
| <ul style="list-style-type: none"> • Providers are required to have a business continuity plan in addition where the provider is not an RBC run service the plans of each independent provider are checked as part of the ASC contract monitoring procedures. • Currently retendering for contracts with the voluntary sector. • Agreed a Section 75 for the Better Care Fund • Business Continuity Plans reflect critical functions. • Key contracts are monitored on a regular basis as part of the contract performance mechanisms in place for all contractors. This should address any capacity or performance issues that might indicate that there may be issues with financial/general viability • Financial assessments of tenderers undertaken for all major contracts let by the Council and annual financial assessment checks where appropriate for major contractors • To raise profile of having effective contract management in place • The ASC provider failure protocol has recently been updated and approved | <p>Continue to develop the Reading Integration Board with all partners to secure opportunities to support vulnerable people in the community</p> | <p>Officer responsible</p> | <p>Target date</p> |
| | | <p>Head of ASC</p> | <p>Ongoing</p> |

| <p>Risk 6: Insufficient vision and strategy for regeneration and economic growth leading to a lack of long-term investment in strategic infrastructure and consequential decline in economic growth and prosperity in Reading and the wider sub-region.</p> | | <p>Risk Owners: Director of Environment & Neighbourhood Services</p> | | | | | | | | | | | | | | | | |
|---|--|---|-------------|----------|----------|----------|----|---|---|----------|---|---|---|----------|---|---|---|--|
| <p>Risk Rating (Impact x Likelihood)</p> <p>Unmitigated 3 x 3</p> <p>Current Residual 2 x 2</p> <p>Appetite 1 x 1</p> <p>Potential Impact <i>Declining growth in Reading will present less job opportunities and a likely decline or stagnating incomes/living standards.</i></p> | <table border="1"> <caption>Risk Rating Data</caption> <thead> <tr> <th>Period</th> <th>Unmitigated</th> <th>Residual</th> <th>Appetite</th> </tr> </thead> <tbody> <tr> <td>17/18 Q3</td> <td>16</td> <td>6</td> <td>1</td> </tr> <tr> <td>17/18 Q4</td> <td>9</td> <td>4</td> <td>1</td> </tr> <tr> <td>18/19 Q1</td> <td>9</td> <td>4</td> <td>1</td> </tr> </tbody> </table> | Period | Unmitigated | Residual | Appetite | 17/18 Q3 | 16 | 6 | 1 | 17/18 Q4 | 9 | 4 | 1 | 18/19 Q1 | 9 | 4 | 1 | <p>Rationale for current score:</p> <p>Reading's (and the wider Thames Valley) economy remains relatively buoyant but will potentially be negatively affected by wider economic trends, including the impact of Brexit. The Council's role in creating the right conditions for growth is however significant.</p> <p>Rationale for risk appetite:</p> <p>the economic success of the town is critical to quality of life and also has an inherent link to demands on Council services as well as income.</p> <p>Current RAG rating RED</p> |
| Period | Unmitigated | Residual | Appetite | | | | | | | | | | | | | | | |
| 17/18 Q3 | 16 | 6 | 1 | | | | | | | | | | | | | | | |
| 17/18 Q4 | 9 | 4 | 1 | | | | | | | | | | | | | | | |
| 18/19 Q1 | 9 | 4 | 1 | | | | | | | | | | | | | | | |

| <p>Current Actions<i>(What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)</i></p> <ul style="list-style-type: none"> • A33 MRT schemes underway - phases 1 & 2 delivered, phases 3 & 4 due for completion end 2019. (Future phases subject to funding). • Green Park station project - works due to commence in March 2018 with station opening in Summer 2019 • Cow Lane Bridges widening - Work underway, scheduled to be re-open to 2 way traffic Summer 2019. • East MRT - Scheme development ongoing with planning application due to be decided in Summer 2018. Subject to planning the scheme is due to be completed in 2021. • Smart City Cluster Project - A 1.73million grant has been obtained to create an Internet of Things communication platform to gather and distribute data such as an environmental and traffic information. • The Council is preparing a new Local Plan in order to set out how Reading will develop up to 2036 ensuring housing, economic, environmental and social needs are met. • The full housing needs required up to 2036 cannot be delivered within the Borough. RBC is working with Councils within the Western Berkshire Housing Market Area through an agreed MoU to ensure that the full housing needs are accommodated. • Joint work with Reading UK CIC to market and promote the town and proposals to expand the Business Improvement District to continue investment in a high quality town centre offer and explore opportunities to improve the public realm. • Joint work with the TV Berkshire LEP to produce Local Industrial Strategy • Delivery of a comprehensive cultural programme to raise Reading's profile, including for inward investors, with this being a key shared endeavour with the Council, Reading UK and the University as key partners, including: <ul style="list-style-type: none"> - Re-opening the Abbey Ruins to the public and as a venue for a range of events and activities; - Further development of the Abbey Quarter, including significant investment in the Town hall & Museum; - Delivery of the three year 'Great Places' scheme, including a new annual Reading-on-Thames Festival. | <p>Further Mitigation (what more should we do to reduce residual risk to our risk appetite level) and opportunities</p> <table border="1"> <thead> <tr> <th data-bbox="1070 220 1756 277"></th> <th data-bbox="1756 220 1912 277">Officer responsible</th> <th data-bbox="1912 220 2069 277">Target date</th> </tr> </thead> <tbody> <tr> <td data-bbox="1070 277 1756 475">A project to install a 3rd Thames Bridge at East Reading at the base of the A329 is being worked up with neighbouring local Authorities. This would ease traditional bottlenecks at Reading and Caversham Bridges, also reducing Town centre congestion as traffic would no longer be required to travel from the A329 through the Town Centre to the current bridges</td> <td data-bbox="1756 277 1912 475">Strategic Transport Programme Manager</td> <td data-bbox="1912 277 2069 475">TBC - subject to funding</td> </tr> <tr> <td data-bbox="1070 475 1756 587">Continue to develop a comprehensive network of sustainable travel choices, such as Park and Ride, enhanced public transport cycling and walking routes.</td> <td data-bbox="1756 475 1912 587">Strategic Transport Programme Manager</td> <td data-bbox="1912 475 2069 587">TBC - subject to funding</td> </tr> <tr> <td data-bbox="1070 587 1756 699">Further develop delivery plans to achieve the 2050 vision and to secure additional resources linked to these plans building on 'Smart City' investment already secured.</td> <td data-bbox="1756 587 1912 699">Head of Economic & Cultural Dev.</td> <td data-bbox="1912 587 2069 699">Ongoing</td> </tr> <tr> <td data-bbox="1070 699 1756 842">Secure appropriate and high quality development / re-development of the Reading Prison site to enhance the attractiveness of the town centre / Abbey Quarter as a destination.</td> <td data-bbox="1756 699 1912 842">Head of Planning, Dev. & Regulatory Services</td> <td data-bbox="1912 699 2069 842">TBC - subject to MoJ timing and plans</td> </tr> </tbody> </table> | | Officer responsible | Target date | A project to install a 3 rd Thames Bridge at East Reading at the base of the A329 is being worked up with neighbouring local Authorities. 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|--|---|---------------------------------------|---------------------|-------------|---|---------------------------------------|--------------------------|---|---------------------------------------|--------------------------|---|----------------------------------|---------|--|--|---------------------------------------|
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| Secure appropriate and high quality development / re-development of the Reading Prison site to enhance the attractiveness of the town centre / Abbey Quarter as a destination. | Head of Planning, Dev. & Regulatory Services | TBC - subject to MoJ timing and plans | | | | | | | | | | | | | | |

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| Risk 7: <i>The Council doesn't take adequate mitigation to reduce the risk of injury or death from incidents within Council residential accommodation and private high rise within the borough</i> | Risk Owners: Director of Environment & Neighbourhood Services |
|---|--|

| <p>Risk Rating (Impact x Likelihood)</p> <p>Unmitigated 5 x 4</p> <p>Current Residual 5 x 2</p> <p>Appetite 4 x 1</p> <p>Potential Impact</p> <p><i>Death/Injury to individuals and/or non-compliance with relevant legislation</i></p> | <table border="1"> <caption>Risk Register Data</caption> <thead> <tr> <th>Period</th> <th>Unmitigated</th> <th>Residual</th> <th>Appetite</th> </tr> </thead> <tbody> <tr> <td>17/18 Q2</td> <td>16</td> <td>10</td> <td>5</td> </tr> <tr> <td>17/18 Q3</td> <td>20</td> <td>10</td> <td>4</td> </tr> <tr> <td>17/18 Q4</td> <td>20</td> <td>10</td> <td>4</td> </tr> <tr> <td>18/19 Q1</td> <td>20</td> <td>10</td> <td>4</td> </tr> </tbody> </table> | Period | Unmitigated | Residual | Appetite | 17/18 Q2 | 16 | 10 | 5 | 17/18 Q3 | 20 | 10 | 4 | 17/18 Q4 | 20 | 10 | 4 | 18/19 Q1 | 20 | 10 | 4 | <p>Rationale for current score: A significant amount of work has been undertaken and is underway (across the Council and Fire Service) following Grenfell Tower to address the issues raised by that incident. This has reduced the likelihood of a significant fire related incident but the impact remains high.</p> <p>Rationale for risk appetite The Council has a low appetite for injury or death to its residents /tenants. Considering that the impact of an incident is potentially death, the Councils residual risk score may never reach our appetite.</p> <p>Current RAG rating RED</p> |
|---|---|--|-------------|---------------------|-------------|---|--------------------------|-------------|---|---|-------------------|----|---|----------|----|----|---|----------|----|----|---|--|
| Period | Unmitigated | Residual | Appetite | | | | | | | | | | | | | | | | | | | |
| 17/18 Q2 | 16 | 10 | 5 | | | | | | | | | | | | | | | | | | | |
| 17/18 Q3 | 20 | 10 | 4 | | | | | | | | | | | | | | | | | | | |
| 17/18 Q4 | 20 | 10 | 4 | | | | | | | | | | | | | | | | | | | |
| 18/19 Q1 | 20 | 10 | 4 | | | | | | | | | | | | | | | | | | | |
| <p>Current Actions (What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)</p> <ul style="list-style-type: none"> Detailed Housing Service action plan in place to track and monitor actions in respect of fire safety post Grenfell Tower. H&S compliance monitoring being reviewed and strengthened. Council 7x high rise housing blocks: post Grenfell Tower new 'intrusive' Fire Risk Assessments (FRAs) have been completed by a qualified external assessor - covering communal areas and sample of flats; RBFRS have visited all blocks; fire safety information sent to all tenants - visits to all over 65s completed Oct 350 flatted blocks all have an FRA completed as of end December 2017. A block inspector regularly checks all blocks and housing officers are on site most days to ensure frequent monitoring. From this year every flat within the blocks will have their smoke alarm tested every year and tenants are encouraged to check them weekly. Across housing tenures, a total of 86 residential buildings over 18 meters in height have been identified within the Reading Borough Council administrative area including the 7 local authority blocks. The Royal Berkshire Fire and Rescue Service (RBFRS) have visited each one of these premises in order to review fire safety including an assessment of the external materials used on each block Regular liaison between RBFRS and RBC to ensure that interim measures are in place to manage properties where cladding is of a concern. Regular reporting to DHCLG. Corporate working group set up to review, agree and implement actions arising. | | <p>Further Mitigation (what more should we do to reduce residual risk to our risk appetite level) and opportunities</p> <table border="1"> <thead> <tr> <th></th> <th>Officer responsible</th> <th>Target date</th> </tr> </thead> <tbody> <tr> <td>An independent external review of Council Housing fire safety measures and systems in high rise blocks and wider management practice was commissioned and has now reported. This included Type 4 intrusive Fire Risk Assessments of sample high rise and other higher risk blocks. Overall findings were positive - the advice in respect of additional fire safety measures proposed to proactively improve safety in flatted blocks are being costed and scheduled - this is resulting in a capital requirement over 5 years of circa £6-7m in the Housing Revenue Account. Report to HNL (14 March 2018) updates on the current position with works commencing in 18/19. Works to commence in Autumn 2018.</td> <td>Head of Housing/ N'hoods</td> <td>Autumn 2018</td> </tr> <tr> <td>Additional private sector housing resource to be appointed following the agreement to sign to the MoU. Implementation of the MoU.</td> <td>Head of Planning Development and Regulatory Services.</td> <td>End of March 2018</td> </tr> </tbody> </table> | | Officer responsible | Target date | An independent external review of Council Housing fire safety measures and systems in high rise blocks and wider management practice was commissioned and has now reported. This included Type 4 intrusive Fire Risk Assessments of sample high rise and other higher risk blocks. Overall findings were positive - the advice in respect of additional fire safety measures proposed to proactively improve safety in flatted blocks are being costed and scheduled - this is resulting in a capital requirement over 5 years of circa £6-7m in the Housing Revenue Account. Report to HNL (14 March 2018) updates on the current position with works commencing in 18/19. Works to commence in Autumn 2018. | Head of Housing/ N'hoods | Autumn 2018 | Additional private sector housing resource to be appointed following the agreement to sign to the MoU. Implementation of the MoU. | Head of Planning Development and Regulatory Services. | End of March 2018 | | | | | | | | | | | |
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| Additional private sector housing resource to be appointed following the agreement to sign to the MoU. Implementation of the MoU. | Head of Planning Development and Regulatory Services. | End of March 2018 | | | | | | | | | | | | | | | | | | | | |

| <p>Risk 8: Partnerships - Failure to develop and maintain key partner relationships results in failure to deliver key shared outcomes</p> | | <p>Risk Owners: Head of Customer Care and Transformation</p> | | | | | | | | | | | | | | | | | |
|---|---|---|----------|-------------|---------------------|-------------|--|---------------------------------|----------------|---|----------|----|---|---|----------|----|---|---|---|
| <p>Risk Rating (Impact x Likelihood)</p> <p>Unmitigated 4 x 4</p> <p>Current Residual 3 x 3</p> <p>Appetite 2 x 2</p> <p>Potential Impact</p> <p><i>Community needs not met Negative impact on community cohesion which could lead to extremism. Increased risk of failure of voluntary sector umbrella support</i></p> | <table border="1"> <caption>Risk Rating Data</caption> <thead> <tr> <th>Period</th> <th>Unmitigated</th> <th>Residual</th> <th>Appetite</th> </tr> </thead> <tbody> <tr> <td>17/18 Q3</td> <td>16</td> <td>12</td> <td>9</td> </tr> <tr> <td>17/18 Q4</td> <td>16</td> <td>9</td> <td>4</td> </tr> <tr> <td>18/19 Q1</td> <td>16</td> <td>9</td> <td>4</td> </tr> </tbody> </table> | | Period | Unmitigated | Residual | Appetite | 17/18 Q3 | 16 | 12 | 9 | 17/18 Q4 | 16 | 9 | 4 | 18/19 Q1 | 16 | 9 | 4 | <p>Rationale for current score:</p> <p>A number of partnerships are embedded to secure strategic and operational outcomes.</p> <p>Rationale for risk appetite</p> <p>Appetite fairly low as the Council seeks to meet the needs of the community and maximise effectiveness and compliance with statutory requirements though working closely with key partners.</p> <div style="border: 1px solid black; padding: 5px; display: inline-block;"> <p>Current RAG rating RED</p> </div> |
| Period | Unmitigated | Residual | Appetite | | | | | | | | | | | | | | | | |
| 17/18 Q3 | 16 | 12 | 9 | | | | | | | | | | | | | | | | |
| 17/18 Q4 | 16 | 9 | 4 | | | | | | | | | | | | | | | | |
| 18/19 Q1 | 16 | 9 | 4 | | | | | | | | | | | | | | | | |
| <p>Current Actions (What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)</p> <ul style="list-style-type: none"> Reading 2050 vision document was launched in October. This sets out a shared view of key priorities for the future of Reading. We will be working with partners across the town to identify the actions needed to deliver this vision a Reading Futures Commission group made up of key partners is being set up to steer this. Community Safety Partnership - brings together the Council, Police and a wider range of partners and agrees clear joint strategic priorities with activity monitored through a number of delivery groups reporting to the partnership; regular and structured liaison is in place between RBC/Police at a range of tiers. Local Enterprise Partnership and joint working to influence investment in infrastructure, skills and private sector to support economic growth. Cultural Partnership and Cultural Education Partnership to drive delivery of a cultural renaissance and contribute to achieving priority social outcomes, including educational attainment, employment and employability, health and well-being (targeting more vulnerable groups / communities). One Public Estate Partnership - to oversee and implement shared property ambitions across the public estate. CSC - participation in statutory and strategic partnerships to include Local Safeguarding Board, Children's Trust Board, Children's Services Improvement Board, Health & Wellbeing Board. Strategic Management Group (TVP) | | <p>Further Mitigation (what more should we do to reduce residual risk to our risk appetite level) and opportunities</p> <table border="1"> <thead> <tr> <th></th> <th>Officer responsible</th> <th>Target date</th> </tr> </thead> <tbody> <tr> <td>The Reading Integration Board to work with all partners to secure opportunities to support vulnerable people in the community.</td> <td>Director of Adult Care & Health</td> <td>September 2018</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table> | | | Officer responsible | Target date | The Reading Integration Board to work with all partners to secure opportunities to support vulnerable people in the community. | Director of Adult Care & Health | September 2018 | | | | | | | | | | |
| | Officer responsible | Target date | | | | | | | | | | | | | | | | | |
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| <p>Risk 9 : Children’s Company - Failure to make the successful transition to a viable independent local authority trading company to provide children’s services</p> | | <p>Risk Owners: Chief Executive</p> | | | | | | | | | | | | | | | | | |
|---|--|---|----------|-------------|---------------------|-------------|--|-------------------------------|-------------|--|-----------------|----|--|---------------------------------|---------------------------|--|---------------------------------|---------------|--|
| <p>Risk Rating (Impact x Likelihood)</p> <p>Unmitigated 5 x 4</p> <p>Current Residual 5 x 2</p> <p>Appetite 5 x 1</p> <p>Potential Impact</p> <p><i>Death/Injury to individuals and/or non-compliance with relevant legislation</i></p> | <table border="1"> <caption>Risk Rating Data</caption> <thead> <tr> <th>Quarter</th> <th>Unmitigated</th> <th>Residual</th> <th>Appetite</th> </tr> </thead> <tbody> <tr> <td>17/18 Q3</td> <td>20</td> <td>10</td> <td>5</td> </tr> <tr> <td>17/18 Q4</td> <td>20</td> <td>10</td> <td>5</td> </tr> <tr> <td>18/19 Q1</td> <td>20</td> <td>10</td> <td>5</td> </tr> </tbody> </table> | | Quarter | Unmitigated | Residual | Appetite | 17/18 Q3 | 20 | 10 | 5 | 17/18 Q4 | 20 | 10 | 5 | 18/19 Q1 | 20 | 10 | 5 | <p>Rationale for current score: The impact of not setting up the company given the direction from the DfE would be significant, potentially leading to the service moving to another Council. The risk is being mitigated via a robust governance process, engagement of specialist suppliers with a strong track record in this area and clearly identified internal work stream leads.</p> <p>Rationale for risk appetite: Given the nature of the task, it would be difficult to reduce the risk appetite. We will expect as the programme progresses that the risk would remain moderate.</p> <p>Current RAG rating AMBER</p> |
| Quarter | Unmitigated | Residual | Appetite | | | | | | | | | | | | | | | | |
| 17/18 Q3 | 20 | 10 | 5 | | | | | | | | | | | | | | | | |
| 17/18 Q4 | 20 | 10 | 5 | | | | | | | | | | | | | | | | |
| 18/19 Q1 | 20 | 10 | 5 | | | | | | | | | | | | | | | | |
| <p>Current Actions(What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)</p> <ul style="list-style-type: none"> • A robust governance structure has been put in place with the support of specialist support from Mutual Ventures who have been engaged to provide programme management and specific expertise and track record in setting up a Children’s Company. • The Council has reviewed its own capacity to set up the company and has engaged specific additional resources where identified to ensure operational capacity. • Following detailed a robust review of transition costs, a S31 grant has been awarded by government to support to the work required to implement the company • A detailed and comprehensive programme plan has been developed to ensure that all the requirements of the new company are met and delivered to timescale. • This is supported by detailed work stream plans which are updated regularly. • A risk register for the project has been developed to capture and assess all project risks by work stream. This document will be regularly reviewed and maintained as the project progresses. Identified mitigation activities will be added to the project plan. • A Key Decisions document has been developed for the project. The purpose of this document is to act as a ‘blue print’ for all decisions required to set-up the company - capturing assumptions and in principle decisions to ensure project direction. • An MOU is in place between RBC and the DfE which provides a framework for the | | <p>Further Mitigation (what more should we do to reduce residual risk to our risk appetite level) and opportunities</p> <table border="1"> <thead> <tr> <th></th> <th>Officer responsible</th> <th>Target date</th> </tr> </thead> <tbody> <tr> <td>A chair with excellent experience has been appointed and the appointment of other non- executive directors is in process to complete the board A director of children’s services has been appointed and starts with the Council 1 July 2018</td> <td>Head of HR Chief Executive</td> <td>1 July 2018</td> </tr> <tr> <td>Further work is being done with the new chair to establish the appropriate structure for the senior management of the Company Further recruitment into senior posts to follow</td> <td>Chief Executive</td> <td></td> </tr> <tr> <td>Regularly maintain the programme plan, detailed work stream plans, risk register, and Key Decisions document to identify and progress all required tasks, timelines and required resources - escalating sustained issues and risks to senior project stakeholders for mitigation decision-making</td> <td>Children’s Company Project Lead</td> <td>Ongoing to end of project</td> </tr> <tr> <td>Establishing service contract between the Council and the company- approval of first draft</td> <td>Children’s Company Project Lead</td> <td>6 August 2018</td> </tr> </tbody> </table> | | | Officer responsible | Target date | A chair with excellent experience has been appointed and the appointment of other non- executive directors is in process to complete the board A director of children’s services has been appointed and starts with the Council 1 July 2018 | Head of HR Chief Executive | 1 July 2018 | Further work is being done with the new chair to establish the appropriate structure for the senior management of the Company Further recruitment into senior posts to follow | Chief Executive | | Regularly maintain the programme plan, detailed work stream plans, risk register, and Key Decisions document to identify and progress all required tasks, timelines and required resources - escalating sustained issues and risks to senior project stakeholders for mitigation decision-making | Children’s Company Project Lead | Ongoing to end of project | Establishing service contract between the Council and the company- approval of first draft | Children’s Company Project Lead | 6 August 2018 | |
| | Officer responsible | Target date | | | | | | | | | | | | | | | | | |
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| Establishing service contract between the Council and the company- approval of first draft | Children’s Company Project Lead | 6 August 2018 | | | | | | | | | | | | | | | | | |

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| <p>establishment of the company.</p> | |
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| Risk 10: Safeguarding (incl Criminal Exploitation & CSE) - Risk of death harm or injury to vulnerable persons for whom we have a responsibility | | Risk Owners: Director of Adult & Director of Children's | | | | | | | | | | | | | | | | |
|--|--|--|-------------|----------|----------|----------|----|----|---|----------|----|----|---|----------|----|----|---|---|
| <p>Risk Rating (Impact x Likelihood)</p> <p>Unmitigated 5 x 5</p> <p>Current Residual 5 x 3</p> <p>Appetite 4 x 2</p> <p>Potential Impact</p> <p><i>Death or injury. Loss or reputation. Fines/penalties. Insurance claims</i></p> | <table border="1" style="margin-left: auto; margin-right: auto;"> <caption>Risk Metrics Data</caption> <thead> <tr> <th>Quarter</th> <th>Unmitigated</th> <th>Residual</th> <th>Appetite</th> </tr> </thead> <tbody> <tr> <td>17/18 Q3</td> <td>20</td> <td>15</td> <td>8</td> </tr> <tr> <td>17/18 Q4</td> <td>25</td> <td>15</td> <td>8</td> </tr> <tr> <td>18/19 Q1</td> <td>25</td> <td>15</td> <td>8</td> </tr> </tbody> </table> | Quarter | Unmitigated | Residual | Appetite | 17/18 Q3 | 20 | 15 | 8 | 17/18 Q4 | 25 | 15 | 8 | 18/19 Q1 | 25 | 15 | 8 | <p>Rationale for current score:</p> <p>Risk of death or serious injury</p> <p>Rationale for risk appetite</p> <p><i>Given the risk relates to the safeguarding of vulnerable individuals the risk appetite is low.</i></p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Current RAG rating RED</p> </div> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> <p><small>NOTE: This risk is now an amalgamation of 3 previous risks and the Appetite has been reviewed in light of this for Q4</small></p> </div> |
| Quarter | Unmitigated | Residual | Appetite | | | | | | | | | | | | | | | |
| 17/18 Q3 | 20 | 15 | 8 | | | | | | | | | | | | | | | |
| 17/18 Q4 | 25 | 15 | 8 | | | | | | | | | | | | | | | |
| 18/19 Q1 | 25 | 15 | 8 | | | | | | | | | | | | | | | |

| Current Actions <i>(What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)</i> | Further Mitigation (what more should we do to reduce residual risk to our risk appetite level) and opportunities | | |
|--|--|---------------------------------|-------------|
| <ul style="list-style-type: none"> • 20% of Safeguarding cases are audited each month using an audit tool agreed by the Safeguarding Adults Board. • The Safeguarding Adults Board has a Safeguarding Adults Review group that reviews information submitted from the Local Authorities and Health Agencies to consider whether a Safeguarding Adult Review is required. Once a review is completed the learning is shared to prevent further incidents • Service Improvement Plan in place to deliver service improvements across the whole of Children's Services reporting to an independently chaired Improvement Board • Regular 3 monthly Ofsted visits to ascertain quality of service delivery to vulnerable children • Traditional and Beyond Audit approach to promote improvements in quality of practice • Child Sexual Exploitation hub in place providing a centralised case management system to ensure timely response to children being exploited or at risk of. • Strategy meetings are held for all Criminal Exploitation referrals • Bid being submitted to Home Office for Trusted Relationships Fund • Maintaining dedicated exploitation social workers and co-ordinator | | Officer responsible | Target date |
| | Submission of Transformation Plan to Chief Executive. DCEEHS to reduce volume/demand and accelerate improvements | Head of Quality & Improvement | Completed |
| | Delivery Early Intervention Strategy in DCEEHS to reduce demands on statutory services | Strategic Early Help Lead | July 18 |
| | Quality Assurance of Independent sector for Homecare, residential and supported living | Director of Adult Care & Health | April 18 |
| | Develop Council wide response to Modern Slavery | DACHS | June 18 |
| | Align partners to focus resources and processes on high risk adolescents rather than just CSE | Strategic Early Help Lead | July 18 |

REPORT BY DIRECTOR OF FINANCE

| | | | |
|------------------|--------------------------------|--------------|------------------------------|
| TO: | AUDIT & GOVERNANCE COMMITTEE | | |
| DATE: | 1 AUGUST 2018 | AGENDA ITEM: | 8 |
| TITLE: | DRAFT OUTTURN POSITION 2017/18 | | |
| LEAD COUNCILLOR: | COUNCILLOR BROCK | PORTFOLIO: | CORPORATE & CONSUMER SERVICE |
| SERVICE: | FINANCE | WARDS: | BOROUGHWIDE |
| LEAD OFFICER: | MATT DAVIS | TEL: | |
| JOB TITLE: | HEAD OF FINANCE | E-MAIL: | Matthew.Davis@reading.gov.uk |

1. EXECUTIVE SUMMARY

- 1.1 This report presents the draft outturn position of the Council's General Fund, Housing Revenue Account (HRA) and Capital Programme for 2017/18. The report builds on the detailed monitoring work carried out during the year and details delivery against agreed in year savings, the use of Delivery Fund resources and sets out the associated implications for future years.
- 1.2 General Fund service areas are showing a £0.863m overspend at year end, but this is offset by underspends on Treasury, Corporate and Contingency budgets of (£4.203m). The net provisional outturn is therefore an underspend of (£3.340m) which allows an equivalent improvement in the expected use of reserves. The July 2017 Approved Budget assumed the use of £4.531m of reserves, taking the General Fund Balance from £6.500m to £1.969m. In light of the outturn position they will only decline to £5.309m.
- 1.3 The projected Housing Revenue Account outturn for 2017/18 is an underspend of (£1.961m) compared to a budgeted net spend of £1.482m. The variance £3.443m is predominantly due to reactive maintenance contingencies not being required and bad debt provisions being lower than anticipated as income collection rates were better than budgeted.
- 1.4 The projected Capital outturn position is a net underspend of £5.665m against the latest approved budget of £79.306m. The General Fund capital outturn is £62.176m - a £5.064m underspend against the latest approved budget of £67.240m this is largely due to scheme underspends. The HRA capital spend is £11.465m against the latest approved budget of £12.066m - a net underspend of £0.601m.
- 1.5 Further detail is set out below on each of the above respective areas. It should be noted however, that further work needs to be completed including the external audit of the Council's financial accounts before the outturn position can be finalised.

2. RECOMMENDED ACTION

- 2.1 Policy Committee is asked to note the draft outturn position for 2017/18 set out below.**
- 2.2 Policy Committee is asked to note the use of the Capitalisation Direction to fund transformation (Appendix 3)**

ATTACHED APPENDICES:

Appendix 1 General Fund Outturn by Service

Appendix 2 2017/18 Savings Programme Detail

Appendix 3 Use of Delivery Fund 2017/18

Appendix 4 2017/18 Capital Programme Detail

3. PROJECTED OUTTURN POSITION

- 3.1 The Council is in the process of finalising its accounts for 2017/18, ready for submission to its external auditor, Ernest & Young. An important part of that process is to determine the outturn position for the year; i.e. the amount spent compared to the budget set by the Council. This part of the process is completed in two stages; "projected outturn" and "final outturn", the latter only being finally determined when all necessary technical adjustments are agreed and audited around the end of September.**

GENERAL FUND

- 3.2 Service area net expenditure is £0.863m higher than the approved budget. Overspends in Children, Education and Early Help Services (£2.892m) as detailed in paragraph 3.9, being offset by savings made within Environment and Neighbourhood Services (£2.098m) detailed in paragraph 3.8.**
- 3.3 A £4.203m underspend within corporate budgets (largely due to £2.576m treasury savings and a £1.627m saving on the corporate risk contingency), means the net of these positions represents an overall £3.340m improvement over approved budget.**
- 3.4 £11.744m of the £14.259m savings programme for 2017-18 has been delivered. £2.515m of savings have been carried forward to 2018-19 to be monitored and delivered. £0.940m of these residual savings are currently high risk. Appendix 2 gives the detail of the delivery of the savings programme for 2017-18.**
- 3.5 Table 1 below shows the General Fund projected outturn position, compared to the budget approved by Council, and the projected outturn position**

reported to Policy Committee on 12th March 2018 (based on monitoring to the end of January 2018).

3.6 In preparing the budget for 2017/18, the Council took account of the increasing demand pressures on the care services and added significant amounts to those budgets. £7.081m was added to the budget to cover growth in demand.

Table 1: Draft General Fund Outturn Position 2017/18

| | Budget | Projected Outturn as at 31/01/18 | Draft General Fund Outturn | Variance to Budget | Variance to Projected Outturn as at 31/01/18 |
|---|----------------|----------------------------------|----------------------------|--------------------|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Directorate of Environment and Neighbourhood Services | 28,989 | 27,123 | 26,891 | (2,098) | (232) |
| Directorate of Childrens, Education and Early Help Services | 39,348 | 42,074 | 42,240 | 2,892 | 166 |
| Directorate of Adult Care and Health Services | 36,497 | 36,883 | 36,417 | (80) | (466) |
| Resources Directorate | 13,334 | 13,156 | 13,483 | 149 | 327 |
| Directorate Total | 118,168 | 119,236 | 119,031 | 863 | (205) |
| Treasury | 9,915 | 8,665 | 8,665 | (1,250) | - |
| Corporate Budgets ¹ | 6,320 | 5,370 | 4,994 | (1,326) | (376) |
| Corporate Grants ² | (6,173) | (6,173) | (6,173) | - | - |
| General Contingency | 1,627 | - | - | (1,627) | - |
| General Fund Total | 129,857 | 127,098 | 126,517 | (3,340) | (581) |
| Funded by: | | | | | |
| Revenue Support Grant | 10,368 | 10,368 | 10,368 | 0 | 0 |
| Business Rates Local Share | 33,276 | 33,276 | 33,276 | 0 | 0 |
| Council Tax | 80,000 | 80,000 | 80,000 | 0 | 0 |
| Collection Fund Surplus | 1,682 | 1,682 | 1,682 | 0 | 0 |
| SUBTOTAL | 4,531 | 1,772 | 1,191 | 0 | 0 |
| Budgeted Use of Reserves | (4,531) | (1,772) | (1,191) | 3,340 | 581 |
| TOTAL | 0 | 0 | 0 | 0 | 0 |

¹ Corporate budgets include insurance, corporate pension liabilities, the NNDR levy, Environment Agency levy, dividend from Reading Transport, savings held corporately, the contribution to redundancy provision and other small corporate budgets.

² Corporate Grants includes the New Homes Bonus, Education Support Grant, Transition Grant and the Adult Social Care Implementation Grant.

Table 2 Impact of 2017/18 on General Fund Balance

| | Budget | Projected Outturn as at 31/01/18 | Draft General Fund Outturn | Variance to Budget | Variance to Projected Outturn as at 31/01/18 |
|-----------------------------|---------|---|-------------------------------------|--------------------------|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| General Fund Balance B/F | 6,500 | 6,500 | 6,500 | 0 | 0 |
| Use of Balances | (4,531) | (1,772) | (1,191) | 3,340 | 581 |
| C/F | 1,969 | 4,728 | 5,309 | 3,340 | 581 |

3.7 Directorate of Environment & Neighbourhood Services

The Directorate is reporting a provisional outturn position of (£2.098m) underspent, an improvement of (£0.232m) compared to the position reported in January. Key variances are as follows:

Transport & Streetcare (T&S) is reporting a net underspend of (£0.866m). This includes overspends of £1.200m largely due to unrealised savings, including fleet management £0.140m, and the off street parking £0.180m as well as increased costs and in some areas; reduced enforcement income. This is offset by increased income in other areas, most notably (£0.400m) from on street car parking and (£0.500m) from green waste. It also had reduced costs, notably (£0.400m) across the park & ride contract & concessionary fares.

The position for Transport & Street Care is £0.171m better than the January forecast but behind this are several movements.

Planning, Development and Regulatory Services (PDRS) is reporting a net underspend of (£0.730m). PDRS have an adverse variance of £0.300m with the majority of this cost due to external legal costs in relation to a noise nuisance case and increased staffing costs. This is offset by additional income including (£0.300m) relating to rental income from an investment property and planning income of (£0.100m). The position is £0.113m better than forecast in January.

Housing & Neighbourhood Services is reporting a net underspend of (£0.639m), mainly due to effective prevention of homelessness. This is £0.067m better than reported in January.

Economic and Cultural Development is £0.129m worse than forecast in January mainly due to cancelled Hexagon shows and the Reading Half Marathon because of snow. This means that the net position is an overspend of £0.182m

3.8 Directorate of Children, Education & Early Help Services

The Directorate is reporting a provisional outturn of £2.892m overspent, an adverse movement of £0.166m compared to the position reported in January.

The key variances are as follows, Special Educational Needs Transport has an adverse variance of £0.229m for the year, this is has arisen due to the increased number of Education Health and Care Plans for pupils putting pressure on the transport budget. The main variance is the £2.930m pressure for Looked after Children (LAC). This has arisen due to a change in profile of the LAC population as a result of increased risk in the criminal exploitation of vulnerable children, which falls under the category of (Child Sexual Exploitation) CSE County Lines. The Directorate has been operating within the Home Office guidelines for CSE County Lines. The impact has been a significant increase in the number of external Residential placements (16 to 26 at year end). The most expensive placement costs £7,500 per week. The adverse variance also includes a provision of £0.250m for the deficit the Council will incur when St Mary's school converts to academy status.

These adverse variances are offset by a positive variance of £0.100m from the early achievement of the Business Support savings. In year measures to mitigate the pressures from LAC have resulted in positive variances of £0.500m within the Early Help Service. The measures included holding vacancies and implementing savings prior to April 2018.

The deficit on the Dedicated Schools Grant (DSG) is £2.900m which will be mitigated in 2018/19 by the transfer of funding from the Schools Block into the High Needs Block. The deficit has arisen due to the pressures within the High Needs Block. This will leave £0.700m deficit in 2018-19 and it is predicted there will be additional pressures in year. The Council, along with Schools Forum, have created projects to review Special Educational Need processes.

3.9 Adult Care & Health Services

The provisional out-turn is an underspend of (£0.080m) compared to the £0.386m overspend projected at the end of January.. The main reason for the improvement from the January forecast is reductions in care costs mainly across Learning Disabilities and Mental Health. There were also additional underspends on Community Equipment services and Community Mental Health and Safeguarding staffing costs.

The out-turn figure assumes a carry forward of Better Care Fund funding of £0.120m as a result of underspends on schemes, which has been agreed with the CCG. The out-turn also assumes a carry forward of £0.536m into a Public Health reserve as a result of underspends on Drug and Alcohol Services and savings in Joint Arrangements.

3.10 Directorate of Resources

The Directorate is reporting a provisional outturn of £0.149m overspend against budget. The negative movement of £0.327m since January is due to £0.230m of spend identified as eligible for Transformation funding being reviewed and deemed inappropriate and £0.097m of assumed Capitalisation & HRA recharges which will not occur.

3.11 Treasury Management and Corporate Budgets

The treasury management budget outturn position is a forecast underspend of (£1.050m) with an additional (£0.200m) being released through reduced MRP.

The Council agreed a number of contingency budgets totalling (£2.727m) which have not been spent; a general contingency against the savings programme of which (£1.627m) remains at the end of the year and will be moved to general reserve to support the ongoing savings programme; the Living Wage contingency of (£0.100m); and (£1.000m) set aside for the set-up of the Children's Company.

Additionally, the budget for the Berkshire Pension Fund Scheme is underspent by (£0.400m). However, the £0.350m cross-Council procurement saving was not realised.

There has also been a favourable movement of (£0.176m) due to grants previously held on the Balance Sheet being released having identified that the expenditure was incurred in prior years.

3.12 General Fund Reserves

The Council began 2017/18 with a General Fund Balance of £6.500m and earmarked reserves of £7.948m. During the course of 2017/18 these reserves have moved as they have been drawn upon or amounts set aside to fund specific future spend or risks. The table overleaf sets out the General Fund reserves position at the end of March 2018:

Table 3: General Fund Reserves

| Reserves: | Brought Forward £'000 | Movement in Year £'000 | Carried Forward £'000 |
|---|--------------------------|------------------------------|--------------------------|
| Earmarked Reserves | 7,948 | (432) | 7,516 |
| General Fund Balance | 6,500 | (1,191) | 5,309 |
| Total Earmarked and General Reserves | 14,448 | (1,623) | 12,825 |

6 Capital Programme Outturn 2017-18

Table 4 compares the draft outturn position with the latest approved Capital budget for 2017-18.

Table 4: Draft Capital Outturn Position 2017/18

| | Original budget | Approved Budget | Draft Outturn | Variance to Approved Budget |
|---|-----------------|-----------------|---------------|-----------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Safeguarding & Protect Vulnerable | 1,100 | 1,621 | 1,413 | (208) |
| Providing best life through education, early help and healthy living | 15,882 | 4,273 | 3,403 | (870) |
| Providing homes for those most in need | 43,601 | 22,998 | 20,116 | (2,882) |
| Keeping the town clean, safe, green and active | 6,448 | 6,417 | 4,548 | (1,869) |
| Providing infrastructure to support the economy | 18,982 | 12,577 | 10,524 | (2,053) |
| Remaining financially sustainable to deliver these service priorities | 34,756 | 31,420 | 28,683 | (2,737) |
| Capitalisation Direction Expenditure | 0 | 0 | 4,954 | 4,954 |
| Total | 120,769 | 79,306 | 73,641 | (5,665) |
| General Fund Capital | 103,528 | 67,240 | 62,176 | (5,064) |
| HRA Capital | 17,241 | 12,066 | 11,465 | (601) |

The difference between the original budget and the outturn is largely due to scheme. Appendix 4 gives the detail by scheme split by General Fund and Housing Revenue Account.

Capital Receipts

General Fund Capital Receipts brought forward from 2016/17 total £13.316m. In 2017/18 a further £9.506m of Capital Receipts were generated. The Delivery Fund programme used £1.418m to help the Council achieve its £55m (2017/21) savings delivery programme. An accrual of £18.781m was made at year end a significant proportion of which relates to Equal Pay liabilities. The balance of usable capital receipts for 2017/18 totals £2.623m.

7 Housing Revenue Account

The projected outturn position is a net underspend of (£3.443m), (£2.370m) relating to underspends against budget and (£1.073m) relating to overachievement of income budgets.

The underspends against budget predominantly relate to planned repairs programmes being underspent and the reactive contingency budget not being required due to the delay in the tendering and letting of some programmes. The variance on income budgets is mainly due to a lower than previously estimated requirement for bad debt provisions as collection rates were higher than expected.

Table 5 summarises the HRA outturn position:

Table 5: HRA Outturn Position 2017/18

| | Latest Budget | Projected Outturn as at 31/01/18 | Draft Outturn Position | Variance to Latest Budget | Variance to Projected Outturn as at 31/01/18 |
|--|-----------------|----------------------------------|------------------------|---------------------------|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Repairs | 15,006 | 13,493 | 12,686 | (2,320) | (807) |
| Managing Tenancies | 1,926 | 1,840 | 1,613 | (313) | (227) |
| Management Policy & Support | 4,259 | 4,502 | 4,626 | 367 | 124 |
| PFI | 6,746 | 6,538 | 6,676 | (70) | 138 |
| Rent Collection, Building Cleaning, Energy & Other | 3,282 | 3,368 | 3,249 | (34) | (119) |
| Capital Financing Costs | 10,500 | 10,500 | 10,500 | - | - |
| Total Expenditure | 41,720 | 40,241 | 39,350 | (2,370) | (891) |
| Rents | (35,143) | (35,458) | (36,120) | (977) | (662) |
| Other Income | (5,095) | (5,176) | (5,191) | (96) | (15) |
| Total Income | (40,238) | 40,634 | (41,311) | (1,073) | (667) |
| Net Expenditure | 1,482 | (393) | (1,961) | (3,443) | (1,568) |

The Housing Revenue Account also has its own ring-fenced reserves, with general reserves of £24.404m and earmarked reserves of £9.324m brought forward. The movement in these reserves is shown in the table below:

Table 6: Housing Revenue Account Reserves

| | Brought Forward | Movement | Carried Forward |
|--------------------------------------|-----------------|----------|-----------------|
| North Whitley PFI | 9,324 | 150 | 9,474 |
| Earmarked Reserves | 9,324 | 150 | 9,474 |
| Housing Revenue Account Balance | 24,404 | 1,961 | 26,365 |
| Total Earmarked and General Reserves | 33,728 | 2,111 | 35,839 |

8 Contribution to Strategic Aims

8.1 The production of accounts does not in itself contribute to the Council's strategic aims, however maintaining a "healthy" financial position is a key aspect of ensuring the Council underpinning sound.

9 Community Engagement and Information and Legal Implications

9.1 None directly arising from this report.

10 Financial Implications

10.1 The General Fund provisional outturn position is an underspend of £3.340m against the approved budget (£0.581m better than forecast at the end of January). This allows reserves to be equivalently higher than planned for in the budget approved by Council in July 2017.

10.2 Whilst this is a positive step to returning the Council's reserves to a healthy and sustainable level, the Council continues to face significant financial challenges into the future, not least a substantial programme of efficiency savings of £41.441m to be delivered over the next 3 years. In addition to this, the £2.515m of savings carried forward from 2017-18 as either amber or red rated also still need to be delivered.

11 Background Papers

11.1 Budget Report to Full Council - July 2017

11.2 Budget Report to Full Council - February 2018

11.3 January 2018 Monitoring Report

Appendix 1: General Fund Outturn by Service

| | Budget | Projected Outturn as at 31/01/18 | Draft General Fund Outturn | Variance to Budget | Variance to Projected Outturn as at 31/01/18 |
|--|----------------|----------------------------------|----------------------------|--------------------|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Transport & Streetcare | 17,170 | 16,475 | 16,304 | (866) | (171) |
| Economic and Cultural Development | 2,091 | 2,144 | 2,273 | 182 | 129 |
| Planning, Development And Regulatory Services | 3,843 | 3,226 | 3,113 | (730) | (113) |
| Housing and Neighbourhood Services | 5,276 | 4,704 | 4,637 | (639) | (67) |
| Directorate Overhead | 609 | 574 | 564 | (45) | (10) |
| Directorate of Environment and Neighbourhood Services | 28,989 | 27,123 | 26,891 | (2,098) | (232) |
| Education & Schools | 3,595 | 3,854 | 4,074 | 479 | 220 |
| Children's Social Care | 24,835 | 27,765 | 27,848 | 3,013 | 83 |
| Early Help | 6,628 | 6,265 | 6,128 | (500) | (137) |
| Directorate | 4,290 | 4,190 | 4,190 | (100) | - |
| Directorate of Childrens, Education and Early Help Services | 39,348 | 42,074 | 42,240 | 2,892 | 166 |
| Adult Social Care | 36,832 | 37,218 | 36,752 | (80) | (466) |
| Public Health | (335) | (335) | (335) | - | - |
| Directorate of Adult Care and Health Services | 36,497 | 36,883 | 36,417 | (80) | (466) |
| Customer Services | 8,399 | 8,258 | 8,495 | 96 | 237 |
| Financial Services | (554) | (7) | 114 | 668 | 121 |
| Human Resources | 1,870 | 1,635 | 1,620 | (250) | (15) |
| Internal Audit | 555 | 549 | 549 | (6) | - |
| Legal & Democratic Services | 2,889 | 2,546 | 2,495 | (394) | (51) |
| Procurement Services | 175 | 175 | 210 | 35 | 35 |
| Directorate of Resources | 13,334 | 13,156 | 13,483 | 149 | 327 |
| Directorate Total | 118,168 | 119,236 | 119,031 | 863 | (205) |

Appendix 2 - 2017-2018 Savings Programme Detail

| Directorate Reference | Proposal | Savings | | | | |
|-----------------------|--|-----------|--------------|--------------|--------------|------------|
| | | Agreed at | Target | Achieved | Amber Risk | Red Risk |
| DACHS22-A | Transformation of wellbeing | Jul-16 | 301 | 301 | - | - |
| DACHS31-A | ASC Restructure Project | Jul-16 | 400 | 400 | - | - |
| DACHS25&26-A | Deputies - Review the charging policy in line with the Court of Protections Remuneration fees. For the Appointees the aim is to mirror the Deputies fees. This will generate income to that the service becomes cost neutral and align charges with the national standard set out in the system for fair and reasonable fees. AND Deputies - Stretch Targets | Jul-16 | 120 | - | - | 120 |
| DACHS17-A | Learning Disabilities | Feb-13 | 100 | 100 | - | - |
| DACHS07-B | Further development of Maples Day Service | Jul-17 | 25 | 25 | - | - |
| DACHS21-A | Willows - to review the operation of the Willows and consider maximising step down bed opportunity to generate income | Jul-16 | 45 | 45 | - | - |
| DACHS32&33-A | Review and Right Sizing Care Packages & Stretch Targets | Dec-16 | 800 | - | 800 | - |
| DACHS23-A | Development of Home Care | Jul-17 | 100 | - | - | 100 |
| DACHS27-A | Group Home Rental Increase | Jul-17 | 75 | 75 | - | - |
| DACHS28-A | Better Care Fund - Minor Adaptations | Jul-17 | 250 | 250 | - | - |
| DACHS34&35-A | FAB Team Fees & Charges & Stretch Targets | Jul-17 | 650 | - | 650 | - |
| DACHS03-B | Continuation of review of current delivery models for Wellbeing Public Health (Mandated Services) contracts | Jul-17 | 35 | 35 | - | - |
| DACHS29-A | Financial Realignment | Jul-17 | 388 | 388 | - | - |
| DACHS30-A | National Insurance Underspend | Jul-17 | 341 | 341 | - | - |
| DACHS20-A | VCS Development and Commissioning | Feb-13 | 369 | 369 | - | - |
| DACHS18-A | Effective Utilisation of Extra Care | Feb-13 | 68 | 68 | - | - |
| | Total:DACHS | | 4,067 | 2,397 | 1,450 | 220 |

| | | | | | | |
|------------|--|--------|-----|-----|---|---|
| DCEEHS16-A | Play service - Accelerate break even position and generate more income. | Jul-16 | 124 | 124 | - | - |
| DCEEHS29-A | Pincroft Residential Unit - Generate additional income as a result of selling a residential placement to other local authorities | Jul-16 | 43 | 43 | - | - |
| DCEEHS33-A | Reshape the Children's Centre offer in line with the recently completed review and finding of IMPOWER. Likely to reduce the number of hubs offering an integrated model, with Health visiting including in the offer. A full proposal and likely public consultation will follow with a report to ACE committee in Autumn 2016 | Jul-16 | 100 | 100 | - | - |
| DCEEHS34-A | Implement the Youth offer proposal to become a targeted youth service that has been reported at July 16 ACE committee following a recent public consultation | Jul-16 | 450 | 450 | - | - |
| DCEEHS35-A | Review of the Youth Offending Service that reshapes the blend of specialist and YOS officer posts. | Jul-16 | 100 | 100 | - | - |
| DCEEHS36-A | Review of the management arrangements due to the savings being taken in 16-17 | Jul-16 | 121 | 121 | - | - |
| DCEEHS23-A | Annual Software relating to Pupil forecasting that is not required for the ongoing forecasting of school placements. | Jul-16 | 11 | 11 | - | - |
| DCEEHS24-A | Budget allocation to Reading first partnership requires less money than was anticipated and has therefore reduced by this amount. | Jul-16 | 27 | 27 | - | - |
| DCEEHS25-A | Increase contribution from Early Years Dedicated Schools Grant to against current costs | Jul-16 | 50 | 50 | - | - |
| DCEEHS26-A | Reduction in the budget available for resources and materials to parents and carers educating their children at home. | Jul-16 | 5 | 5 | - | - |
| DCEEHS27-A | Reshape the School travel arrangements. Delivered in a different way | Jul-16 | 37 | 37 | - | - |
| DCEEHS28-A | Review the Virtual School staffing arrangements. Delivered in a different way | Jul-16 | 43 | 43 | - | - |

Appendix 2 - 2017-2018 Savings Programme Detail

| Directorate Reference | Proposal | Savings | | | | |
|-----------------------|---|-----------|--------------|--------------|------------|----------|
| | | Agreed at | Target | Achieved | Amber Risk | Red Risk |
| DCEEHS19-A | Reduction by 10 posts (10 out of 59 FTE posts) in back office specialist support team. Linked to a new model for back office specialist. business support. This will also need to take account of co-location of services. Delivered in a different way, hence milestones are not fully completed | Jul-16 | 156 | 156 | - | - |
| DCEEHS32-A | Re-negotiate/ Re-procure/ Rationalise current contract for Information, Advice and Guidance | Jul-16 | 150 | 150 | - | - |
| DCEEHS11-A | Review of Special Guardianship Order (SGO) payments to be in line with national allowance rate for SGO carers. This is likely to reduce the payments for some. | Jul-16 | 50 | 50 | - | - |
| DCEEHS20-A | Reduction in contracts in the voluntary sector that support children and families | Jul-16 | 121 | 121 | - | - |
| DCEEHS31-A | Reshape the family support offer in line with the Findings of the transformation project are being led by IMPOWER, a company who work solely with public sector organisations. A full proposal and likely public consultation will follow with a report to ACE committee in Autumn 2016. | Jul-16 | 280 | 280 | - | - |
| Total:DCEEHS | | | 1,868 | 1,868 | | - |

| | | | | | | |
|------------|--|--------|-----|-----|-----|-----|
| CSS39-A | Contract Management Savings | Dec-16 | 350 | | - | 350 |
| DENS54-A | Dividend from Reading Transport Ltd - Provisional Dividend from Reading Transport Ltd, subject to trading position. | Dec-16 | 100 | 100 | - | - |
| CSS09-A | Reduction in ICT support and application costs expected as we become a smaller organisation with less lines of business. | Jul-16 | 66 | 66 | - | - |
| CSS11-A | National Management Trainees recruitment: the posts will be funded from the organisational change budget and the number of trainees will be retained. | Jul-16 | 30 | 30 | - | - |
| CSS13-A | Redesign of council wide services to maximise digitisation | Jul-16 | 100 | | - | 100 |
| CSS14-A | Customer Service - Digital by Design | Nov-15 | 120 | | - | 120 |
| CSS15-A | Commissioning from the Voluntary Sector | Nov-15 | 510 | 510 | - | - |
| CSS14-B | EU Settlement card service - started January 2017 so should get FYE in 17/18 | Jul-17 | 27 | | - | 27 |
| CSS04-B | Revenue & Benefits IT Contracts - Reduce budget to match expenditure | Jul-17 | 40 | 40 | - | - |
| CSS03-B | Civil penalties for non -disclosure of change of circumstances | Jul-17 | 5 | 5 | - | - |
| CSS02-B | Housing Benefit overpayment recovery | Jul-17 | 100 | | 100 | - |
| CSS10-B | Reduction in hours | Jul-17 | 53 | 53 | - | - |
| CSS20-A | Roll out mileage and expenses as self service - remove payroll resource (17/18) | Jul-16 | 25 | | 25 | - |
| CSS22-A | The Legal section will continue to adapt to the changing demands that a smaller council will require and will continue to generate and increase income from outside the Council. Whilst the savings will inevitably see a reduction of some FTE's posts Legal Services will be continuing to provide a professional and flexible service to facilitate and work with other services to meet the organisations changing needs. | Jul-16 | 69 | 69 | - | - |
| DCEEHS15-A | Set a surplus target for provision and working with other organisations to achieve 85% occupancy. | Jul-16 | 20 | 20 | - | - |
| CSS30-A | Reshape of service | Jul-16 | 73 | | - | 73 |
| CSS31-A | Reduce Corporate Marketing budget | Jul-16 | 30 | 30 | - | - |
| CSS32-A | Delete Inside Reading budget for print copies (digital | Jul-16 | 5 | 5 | - | - |
| CSS33-A | Joint administration fee for Lord Lieutenant's Office | Jul-16 | 4 | 4 | - | - |
| CSS40-A | Stopping Printed Publications | Dec-16 | 48 | 48 | - | - |
| CSS29-A | Supplies/Services - Reduce budget by 10% | Jul-16 | 12 | 12 | - | - |
| CSS16-B | Fund change post through capital | Jul-17 | 36 | 36 | - | - |

Appendix 2 - 2017-2018 Savings Programme Detail

| Directorate Reference | Proposal | Savings | | | | |
|-----------------------|---|-----------|--------------|--------------|------------|------------|
| | | Agreed at | Target | Achieved | Amber Risk | Red Risk |
| CSS16-A | Births, deaths and marriages - Bereavement Service increased income | Sep-14 | 17 | 17 | - | - |
| CSS17-A | Customer Contact - Increasing Channel Shift | Sep-14 | 45 | 45 | - | - |
| CSS18-A | Efficiency gains for the customer service operation as a result of the Civic office move to Plaza West and bringing together the call centre and reception which will enable better use of resources to serve customers | Feb-14 | 25 | 25 | - | - |
| CSS12-A | Cease support for Reading UK CIC | Feb-16 | 44 | 44 | - | - |
| CSS10-A | Blue Badges - Increase charge To £10 which lasts for three years and will bring fees in line with national guidelines and other councils. The current charge is £5.52. | Jul-16 | 12 | 12 | - | - |
| CSS02-A | ICT Contract savings (one off 16/17) | Jul-16 | (225) | (225) | - | - |
| CSS05-A | Increasing income in cemetery and crematorium and new passport checking service. | Jul-16 | 60 | 60 | - | - |
| CSS06-A | Restructure of Cemetery/Crematorium Team | Jul-16 | 25 | 25 | - | - |
| CSS07-A | Reduce tell us once offer to be only available on line by removing face to face appointments. | Jul-16 | 7 | 7 | - | - |
| CSS08-A | Reduce staffing in funding services team as a result of the new commissioning model | Jul-16 | 16 | 16 | - | - |
| CSS03-A | Systems - systems saving costs | Jul-16 | 80 | 80 | - | - |
| CSS04-A | Removal of vacancy factor budget and general corporate provision from 2017/18 (already committed in 2016/17) | Jul-16 | 120 | 120 | - | - |
| CSS38-A | Review of supplies and services | Feb-16 | 50 | 50 | - | - |
| CSS21-A | Reduce the number of non-statutory bodies supported by the Committee Service by 40. Reduce the amount of non-committee work carried out by the Committee Service. | Jul-16 | 45 | 45 | - | - |
| CSS26-A | Reduce recruitment resource (17/18) | Jul-16 | 20 | 20 | - | - |
| CSS35-A | Committee/Admin Services (part of saving in DENS at £19k) | Jan-16 | 20 | 20 | - | - |
| DENS59-A | Committee/Admin Services (part of saving with CSS) | Jan-16 | 19 | 19 | - | - |
| CSS01-A | Removal of vacant posts initially, and reduction of up to 6 posts over time as self-service and process efficiencies are delivered | Jul-16 | 38 | 38 | - | - |
| CSS34-A | Increase Income | Dec-16 | 91 | 91 | - | - |
| CSS15-B | Direct cremations | Jul-17 | 8 | 8 | - | - |
| CSS23-A | This service provides specialist legal support across all six Berkshire authorities for child protection. Savings to reflect expected caseload and income. | Jul-16 | 50 | 50 | - | - |
| | Total: Resources | | 2,390 | 1,595 | 125 | 670 |

Transport and Streetcare

| | | | | | | |
|----------|--|--------|-----|-----|---|---|
| DENS28-A | Waste Operations - optimising collection routes to reduce number of rounds, generate additional income by increasing trade waste customers. | Nov-15 | 110 | 110 | - | - |
| DENS36-A | Increase trade waste collection and disposal service turn over by 100% (£650,000pa to £1.3m). In order to increase surplus by £150k over 3 years This proposal depends on all service managers complying with the internal trading memorandum. | Jul-16 | 25 | 25 | - | - |
| DENS49-A | Introduction of domestic green waste collection charges | Sep-16 | 310 | 310 | - | - |
| DENS56-A | re3 Shared Waste PFI Contract (savings realised through renegotiation of contract or amendments to project financing). | Dec-16 | 100 | 100 | - | - |

Appendix 2 - 2017-2018 Savings Programme Detail

| Directorate Reference | Proposal | Savings | | | | |
|-----------------------|---|-----------|--------|----------|------------|----------|
| | | Agreed at | Target | Achieved | Amber Risk | Red Risk |
| DENS38&39-A | Transformation of the Highways and Drainage Service: By generating additional income via investing in additional works / operational staff and equipment. Proposed Change to a 6 day working shift pattern to reduce the need for overtime and make the service more resilient, efficient and flexible. Review and rationalise use of Standby & Emergency Call Out payments. | Jul-16 | 297 | 297 | - | - |
| DENS40-A | saving proposals for Highways Engineering include: Savings of around £450,000 on energy and maintenance costs as a result of new LED street lighting. Increased income generation of around £41,000 from fees & charges from developers for supervision of road adoptions, road improvement works and accidents reclaims charges requirements. Restructure of Highway Engineering Team with loss of 1 x FTE post in 19/20 saving £ 55,000. | Jul-16 | 218 | 218 | - | - |
| DENS43c-A | Increased on-street P&D (Oxford Road and local centres) (invest to save with initial capital investment) | Sep-16 | 50 | 50 | - | - |
| DENS31-A | Introduce Red Routes | Nov-15 | 25 | 25 | - | - |
| DENS58-A | First Permit | Dec-16 | 66 | 66 | - | - |

Housing and Neighbourhoods

| | | | | | | |
|-----------------|---|--------|-----|-----|---|---|
| DENS44-B | Increased income through further increase in rents for Reading Borough Council owned/managed temporary accommodation. | Jul-17 | 49 | 49 | - | - |
| DENS39-B & 17-C | Reduce expenditure on homelessness, Bed and | Jul-17 | 890 | 890 | - | - |
| DENS43-B | Transfer of shops and garages from Housing Revenue Account to General Fund | Jul-17 | | | - | - |
| DENS45-B | Review historic Supporting People funding arrangements | Jul-17 | 19 | 19 | - | - |
| DENS50-B | Additional savings achieved through new library service offer. | Jul-17 | 35 | 35 | - | - |

Planning, Development & Regulatory Services

| | | | | | | |
|----------------------|--|--------|-----|-----|---|---|
| DENS16-A | Assets: Additional income raised from property holdings, running cost savings and management and staff savings in relation to the management of property. Commensurate with reduction in overall number of buildings owned and managed. Reduction of 10 posts which will result in loss of expertise, increased response times. | Jul-16 | 283 | 283 | - | - |
| DENS4&17-A & DENS 03 | Regulatory Services. Reduction in resources in relation to environmental protection, Increase income from pest control service, Deliver a shared service with other Councils with associated management and back office savings. Reduction of 8 posts. This will result in a loss of expertise, increased response times, reduced influence over local priorities given broader shared service priorities, and reduced management capacity. This saving is linked with DENS03-B that was approved in July Policy Committee 2017. | Jul-16 | 20 | 20 | - | - |
| DENS18-A | Coroner: Re apportionment of costs across Berkshire. Reduction in higher skill resource replaced with improved software and lower skill level resource. IT capital investment required to maintain service performance | Jul-16 | 10 | 10 | - | - |
| DENS19-A | Planning Services: Reduction in professional specialist, | Jul-16 | 137 | 137 | - | - |

Appendix 2 - 2017-2018 Savings Programme Detail

| Directorate Reference | Proposal | Savings | | | | | |
|-----------------------|---|----------------------------|--------|----------|------------|----------|---|
| | | Agreed at | Target | Achieved | Amber Risk | Red Risk | |
| DENS05-B23-C 51-C | Planning Fees 05-B 75k 23-C 25k 51-C 50k | Jul-17 Jan-18 Feb-18 | | | | - | - |
| DENS20-A & 63-C | Public Conveniences: Undertake a review of existing provision to inform the closure of a number of public conveniences. 20-A 15k 17/18 15k 18/19 63-C 50k 19/20 | Jul-16 Feb-18 | 15 | 15 | | - | - |

Economic & Cultural Development

| | | | | | | | |
|----------|---|--------|-----|-----|---|---|----|
| DENS02-A | Additional Income from Advertising - Further income to be generated from advertising. | ? | 50 | - | - | - | 50 |
| DENS09-A | Reading Arts: Increase income following refurbishment of South Street and introduction of membership schemes for both South Street and the Hexagon. | Jul-16 | 100 | 100 | | - | - |
| DENS05-A | Townhall and Museum Additional Income. Consolidate in one line for income generation of the Town Hall and Museum (above). Total income target retained but period for delivery extended to take account of building works across 2017/18 and 2018/19. An additional 100k will be released in 20/21. | Nov-15 | 75 | 75 | | - | - |

Other

| | | | | | | | |
|-------------|---|--------|------|------|--|---|---|
| DENS46-A | (17/18) Remove Readybike subsidy and seek sponsorship | Jul-16 | 76 | 76 | | - | - |
| DENS57-A | Closure of Arthur Hill (-120k in 19/20 included in DENS08-A amount) | ? | 120 | 120 | | - | - |
| DENS14-B | Reduce New Directions subsidy. | Jul-17 | 50 | 50 | | - | - |
| DENS21&22-A | Management Savings and changes in service provision | ? | 60 | 60 | | - | - |
| DENS26-A | Reduce Cllr Training Budget | Dec-16 | 4 | 4 | | - | - |
| DENS24-A | Building Cleaning:Management Savings and changes in service provision. | Jul-16 | 59 | 59 | | - | - |
| DENS47-B | Reduce budget for Winterwatch (Public Health Funding) | Jul-17 | 15 | 15 | | - | - |
| DENS36-B | Office Budgets- miscellaneous | Jul-17 | 4 | 4 | | - | - |
| DENS10-A | Library Services | Nov-15 | 284 | 284 | | - | - |
| DENS11-A | Reduce Neighbourhood Initiative team by 2.4 posts. There will be little capacity to support initiatives outside of Housing estate areas. However, resource would be focused within areas with the highest levels of deprivation. Very minimal support to Neighbourhood Action Groups. | Jul-16 | 21 | 21 | | - | - |
| DENS07-A | Transfer all temporary accommodation for homeless households into the General Fund, which increases flexibility in rent setting. Change rents, to levels below LHA and affordable for those impacted by the further reduced benefit cap. [LHA is the amount which Housing Benefit will pay up to for rented accommodation.] Existing tenants would not be impacted. Secretary of State consent to transfer stock secured. | Jul-16 | 145 | 145 | | - | - |
| DENS12-A | Deletion of Housing Supply Enabling Officer role. All negotiations for Affordable Housing on new developments would be through the Planning service. This would increase pressure on a team for which a reduction in capacity/expertise is also proposed. | Jul-16 | 47 | 47 | | - | - |
| DENS33-A | Concessionary Fares (forecast demographic change) | Feb-16 | (34) | (34) | | - | - |
| DENS30-A | Fixed penalty noticing and enforcement overrunning road works | Nov-15 | 40 | 40 | | - | - |
| DENS51-A | Discontinue cutting amenity grass adjacent to woodland areas. Reduce grass cutting frequency of amenity grass from every 2/3 weeks to every 4/5 weeks in Category 3 and Category 2 Parks with reduction in staff of 1 No FTE | Dec-16 | 27 | 27 | | - | - |

Appendix 2 - 2017-2018 Savings Programme Detail

| Directorate Reference | Proposal | Savings | | | | |
|-----------------------|---|-----------|--------|----------|------------|----------|
| | | Agreed at | Target | Achieved | Amber Risk | Red Risk |
| DENS53-A | Cleansing Efficiency Savings: Reduce workforce by 2 FTE through retirement coming due in 17/18. Redeployment of remaining staff to fulfil duties to fill the natural reduction of FTE posts lost through retirement of an ageing workforce | Dec-16 | 53 | 53 | - | - |
| DENS52-A | Capitalise posts by utilising Integrated Transport Block capital grant allocation. 2 x Senior Transport Planners 2 x Transport Planners | Dec-16 | 170 | 170 | - | - |
| DENS48-A | Concessionary Travel Scheme (ENCTS) in terms of hours of operation and scheme criteria. This would include:- • Passes only valid from 09:30 to 23:00 Mon-Fri, and at any time on weekends and bank holidays. • Cease acceptance of Wokingham and West Berkshire pass holders between 09:00 to 09:30 Mon-Fri. • Cease acceptance of concessionary passes on football and rugby special services to/from the Madejski Stadium. | Jul-16 | 59 | 59 | - | - |
| DENS45-A | Ceasing the operation of the "Front of House" service currently provided at Mereok Park and Ride and replacing with an automated parking management system will remove the need to have ongoing staff management costs at the site, and increase security for access and egress to and from the site. | Jul-16 | 110 | 110 | - | - |
| DENS34-A | Reduce the capacity of the Neighbourhood Officers team with the loss of 5 posts. The current Neighbourhood patches will be rationalised and the remaining NO's will carry out statutory highways inspection and management work rather than environmental enforcement and monitoring. This will result in a reduced level of service and it will no longer be possible to support Community initiatives or run RESCUE events. | Jul-16 | 184 | 184 | - | - |
| DENS42-A | The re3 Strategy commits the re3 Partnership to a review of the operation of its two Household Waste Recycling Centres. This was brought forward by the re3 Board in response to the potential financial pressures of West Berkshire Council's decision to bring to end reciprocal payments for use of re3 facilities by its residents. The re3 Partnership is introducing residency checks on July 1st 2016. In September 2016, the re3 Partnership will introduce controls on access by commercial vehicles and charges for some types of waste that are deemed to be non-household (in legal terms). | Jul-16 | 379 | 379 | - | - |
| DENS29-A | Highway Engineering - systems reviews and adopting | Nov-15 | 258 | 258 | - | - |
| DENS43b-A | Invest to Save' maintenance of sign & lines reduce £100k in lost appeals through signing and lining defects to £50k saving £50k invest to save generation. | Aug-16 | 50 | 50 | - | - |
| DENS14-A | Domestic Abuse commissioned services - Subject to public consultation, a rebalancing of investment is proposed with a shift towards non-accommodation based support services and a reduction in Council-funded refuge bed spaces in line with similar authorities. | Mar-17 | 9 | 9 | - | - |
| DENS42-B | Delete temporary post in Rent Guarantee Scheme. | Jul-17 | 15 | 15 | - | - |
| DENS46-B | Transfer of Supporting People budget to Housing Services | Jul-17 | 50 | 50 | - | - |
| DENS49-B | Increased rental income from Family History Society. | Jul-17 | 14 | 14 | - | - |

Appendix 2 - 2017-2018 Savings Programme Detail

| Directorate Reference | Proposal | Savings | | | | |
|-----------------------|---|-----------|---------------|---------------|--------------|------------|
| | | Agreed at | Target | Achieved | Amber Risk | Red Risk |
| DENS23-A | Invest in Commercial Property - Strategy to develop a commercial property portfolio. This is scalable depending on availability of appropriate properties. A separate report is included in the 5th December Policy Committee agenda. | Dec-16 | 500 | 500 | - | - |
| DENS09-B | Deletion of Programme Development Officer post. | Jul-17 | 15 | 15 | - | - |
| DENS37-B | Review and recommission young people's supported housing services | Jul-17 | 11 | 11 | - | - |
| DENS25-A | Property & Health and Safety - Mgmt. and Op Savings | Nov-15 | 175 | 175 | - | - |
| DENS27-A | Parks & Grounds Maintenance - Efficiency reviews and additional income through commercial activity | Nov-15 | 80 | 80 | - | - |
| | Total: DENS | | 5,934 | 5,884 | - | 50 |
| | Total: General Fund | | 14,259 | 11,744 | 1,575 | 940 |

Appendix 3 - Use of Delivery Fund 2017-18 Detail

| DELIVERY FUND MONITORING (USE OF CAPITAL RECEIPTS) | | | | | | | | | | | Cost Proposals | Actuals | Variance |
|--|---------------------------|---|-----------------------------|--|---|--------------------------------|------------|----------|-----|--------------------------------------|----------------|---------|----------|
| DIR. | DUF Reference Code | Savings Proposal/ Transformation Area | Associated Savings (£000's) | Resource | Resource Type | Workstream | Start Date | End Date | FTE | Officer Name (if applicable) | 17/18 | 17/18 | 17/18 |
| DOR | DUF-CSS5 | CSS2-B Housing Benefit Overpayment Recovery | 345 | Housing Benefit Overpayment Recovery Officer | Specialist Service Staff | Other - Project | Jan-18 | Aug-18 | 2 | K Blakey & H Gomm | 12 | 12 | -0 |
| DOR | DUF-CSS6 | Capacity and leadership to deliver change and savings across programme, as well as delivery of specific savings, incl. CSS12-C: Christmas Closure CSS10-C: Increased use of Apprenticeship Levy to fund training | 500 | Head of HR | CSS Restructure | CP - Cross Programme | tbc | Mar-21 | 1 | Shella Smith | | | |
| DOR | As above | CSS39-A Contract Management Savings | 1,050 | Head of Procurement | CSS Restructure | CP - Cross Programme | tbc | Mar-21 | 1 | Kate Graefe | | | |
| DOR | As above | Service restructure and reconfiguration | NA | Recruitment Costs | CSS Restructure | Other - Misc | Nov-17 | Jan-18 | NA | NA | 42 | 42 | 0 |
| DOR | DUF-CSS7; DUF-CORPCAP8 | Supporting delivery of directorate savings and improving Accounts Payable processes | NA | Strategic Business Partner - CSS | Specialist Service Staff | CP - Cross Programme | tbc | Sep-19 | 1 | Recruitment Ongoing | | | |
| DOR | As above | Supporting delivery of directorate savings and improving Accounts Payable processes | NA | Accounts Payable Assistant Improving efficiency of AP process to deliver ongoing efficiency and savings | Specialist Service Staff | Other - Management Action | Apr-18 | Mar-19 | 2 | D Altunel; J Waite | 27 | 27 | 0 |
| DOR | DUF-CSS8 | Process improvements and more efficient accounts production | NA | CIPFA Big Red Button | Finance | Other - Misc | Nov-17 | Jan-18 | NA | NA | 19 | 16 | -3 |
| DOR | DUF-CSS9 | Improve Corporate Debt Collection - centralisation of invoices and transformation of service delivery | NA | Improve Corporate Debt Collection - centralisation of invoices | Specialist Service Staff | Other - Management Action | Mar-18 | tbc | tbc | Recruitment Ongoing | 32 | 0 | -32 |
| DOR | DUF-CSS10 | CSS13-A (CSS15-C) Digitisation - cross cutting savings and redesign of council-wide services | 490 | Firmstep developer x2 | ICT | CP - Digital Futures | May-18 | Apr-19 | 2 | NA | | | |
| DOR | DUF-CSS11 | Service restructure and reconfiguration | NA | SOLACE Recruitment Fees For Future Finance Function | CSS Restructure | Other - Misc | Feb-18 | Mar-19 | NA | NA | 32 | 17 | -15 |
| DOR | DUF-CSS13 | CSS1-B: Engagement of transformation partner to drive process efficiency and cost reduction in parallel with market testing of service CSS11-C: Revenues and Benefits market testing | 954 | External Support to undertake Market Testing (outsourcing) of the Revenue and Benefits Services | Procurement/Commissioning/Delivery models | CP - Commercialisation | Sep-17 | Mar-19 | 1 | NA | 40.5 | 0 | -41 |
| DOR | DUF-CSS13 | As above | As above | Additional legal and TUPE advice | Legal | CP - Commercialisation | tbc | tbc | NA | NA | | | |
| DOR | As above | As above | As above | Associated project costs, supplies and services | Misc | CP - Commercialisation | tbc | tbc | NA | NA | | | |
| DOR | DUF-CSS14 | CSS45-C Charging Financial Analysts to transformation pot for two years to support commercialisation work | NA | 2 Finance Analysts (incl. one interim for 4 months) | Finance | CP - Commercialisation | Apr-18 | Mar-20 | 2 | Recruitment Ongoing; prev. K Berbeck | | | |
| DOR | DUF-CSS15 | CSS4-C Corporate Approach to Reducing Fraud | 196 | IT Costs | Misc | Other - Project | tbc | tbc | NA | NA | | | |
| DOR | As above | As above | As above | Contingency | Misc | Other - Project | May-18 | Mar-20 | NA | NA | | | |
| DOR | DUF-CSS18 | CSS43-C Management and Staffing Review | 592 | Change Management | HR & Change | | tba | tba | | | | | |
| DOR | DUF-CORPCAP1 | Capacity and leadership to deliver change and savings across programme | NA | Corporate Programme Manager | Programme Manager | CP - Cross Programme | Apr-17 | Sep-17 | 1 | G Sandhu; P Gresty; Vacant | 130 | 130 | 0 |
| DOR | DUF-CORPCAP3 | Working across Corporate Programme. Capacity and leadership to deliver change and savings across programme | NA | NMT - Corporate Support | Project Support | CP - Cross Programme | Oct-17 | Mar-20 | 1 | V Nyambayo | 18 | 18 | 0 |
| DOR | DUF-CORPCAP5 | Legal support to deliver Corporate Programme and associated savings | NA | Contracts Solicitor | Legal | CP - Commercialisation | Feb-18 | Mar-20 | 0.5 | Recruitment Ongoing | 2 | 0 | -2 |
| DOR | As above | As above | NA | Employment Solicitor | Legal | CP - Cross Programme | Mar-18 | Mar-20 | 0.5 | Recruitment Ongoing | 1 | 0 | -1 |
| DOR | As above | As above | NA | Conveyancing/Contracts Solicitor | Legal | CP - Cross Programme | Apr-18 | Mar-20 | 0.5 | Recruitment Ongoing | | | |
| DOR | DUF-CORPCAP5 | HR support to deliver Corporate Programme and associated savings. Supporting recruitment and retention of social workers as part of improvement and to deliver savings. | NA | HR Support 1 | HR & Change | CP - Children's Transformation | Oct-17 | Mar-18 | 1 | S Swain | 20 | 14 | -6 |
| DOR | DUF-CORPCAP6 | Working across Budget development and MTFS | NA | Finance Director; Interim post to ensure delivery of savings in 2017/18 and construction of budget (inc. savings) for 2018/19 and 3 year MTFS. | Finance | CP - Cross Programme | Oct-17 | Mar-18 | 1 | P Lewis | 100 | 100 | 0 |

| DELIVERY FUND MONITORING (USE OF CAPITAL RECEIPTS) | | | | | | | | | | | Cost Proposals | Actuals | Variance |
|--|--------------------|--|-----------------------------|--|---|--------------------------------|------------|----------|-----|------------------------------|----------------|------------|-------------|
| DIR. | DUF Reference Code | Savings Proposal/ Transformation Area | Associated Savings (£000's) | Resource | Resource Type | Workstream | Start Date | End Date | FTE | Officer Name (if applicable) | 17/18 | 17/18 | 17/18 |
| DOR | DUF-CORPCAP9 | CSS39-A : Contract Management Savings | 3,050 | V45 Procurement Consultancy Support. Payments due as percentage of savings delivered | Procurement/Commissioning/Delivery models | Other - Project | Oct-17 | Mar-20 | 1 | NA | 100 | 88 | -12 |
| DOR | DUF-CORPCAP10.1 | Improvements to Electronic Social Care Record and Reporting (MOSAIC) and provision for improvement of other IT systems over term of Programme | NA | Reporting and Performance | ICT | Other - Project | Aug-17 | Mar-18 | 1 | D Hillier/D Cox | 225 | 76 | -149 |
| DOR | DUF-CORPCAP10.2 | As above | NA | Senior Consultant to act as System Owner | ICT | Other - Project | Apr-17 | Sep-17 | 1 | A Miles | 91 | 91 | 0 |
| DOR | DUF-CORPCAP10.3 | As above | NA | Process review and MOSAIC improvement for Children's Services | ICT | Other - Project | Apr-17 | Sep-17 | 1 | R Pratt | 23 | 23 | 0 |
| DOR | DUF-CORPCAP10.4 | As above | NA | Programme Management funding to complete current phase (16/17 Programme) | Programme Manager | Other - Project | Apr-17 | Sep-17 | | Vacant | 20 | 0 | -20 |
| DOR | DUF-CORPCAP10.5 | As above | NA | Early Help Implementation | ICT | Other - Project | Apr-17 | Sep-17 | | NA | 5 | 0 | -5 |
| DOR | DUF-CORPCAP10.6 | As above | NA | Interim reporting post in Children's Services | Specialist Service Staff | Other - Project | Apr-17 | Sep-17 | 1 | D Hillier | 43 | 43 | 0 |
| DOR | DUF-CORPCAP10.7 | As above | NA | Corporate Systems Owner | ICT | Other - Project | Oct-17 | Apr-18 | 1 | A Miles | 90.5 | 84 | -7 |
| DOR | DUF-CORPCAP10.8 | As above | NA | Finance Specialist | Finance | Other - Project | Oct-17 | Jul-18 | 1 | M Reardon | 75 | 74 | -1 |
| DOR | DUF-CORPCAP10.9 | As above | NA | Project Manager on Business Objects Implementation | ICT | Other - Project | Apr-18 | May-18 | 1 | TBC | | | |
| DOR | DUF-CORPCAP10.10 | As above | NA | Adult's Business Objects Implementation | ICT | Other - Project | TBC | TBC | NA | NA | | | |
| DOR | DUF-CORPCAP10.11 | As above | NA | Snowflake decommission - to move further data developed in snowflake into panaramic business objects universe (includes Children Services, Early Help & Troubled Families); resources to support the embedding of Business Objects into Childrens | ICT | Other - Project | TBC | TBC | TBC | TBC | | | |
| DOR | DUF-CORPCAP10.12 | As above | NA | MOSAIC & FUSION Commitments Interface - implementation costs | ICT | Other - Project | TBC | TBC | TBC | TBC | | | |
| DOR | DUF-CORPCAP10.16 | As above | NA | Business Objects Developer | ICT | Other - Project | Apr-18 | Jun-18 | 1 | TBC | | | |
| DOR | DUF-CORPCAP10.17 | As above | NA | Provision for application management improvements in other systems (includes. 18/19 itrent review) | ICT | CP - Digital Futures | Jun-18 | Mar-20 | NA | NA | | | |
| DOR | DUF-CORPCAP11 | Capacity to support delivery of change and savings across programme | NA | Programme Officers X2 | Project Support | CP - Cross Programme | Apr-18 | Mar-21 | 2 | TBC | | | |
| DOR | DUF-CORPCAP12 | Capacity to manage and support HR and workforce change associated with Corporate Programme | NA | HR Capacity | HR & Change | CP - Cross Programme | TBC | TBC | TBC | TBC | | | |
| DOR | DUF-CORPCAP13 | Contingency for capacity to manage and support Corporate Programme of Change as delivery vehicle for £40m savings and projects to ensure transformation to underpin financial sustainability of the council. | NA | Managing Change Contingency | Contingency | CP - Cross Programme | TBC | TBC | TBC | TBC | | | |
| Total : DOR | | | 7,177 | | | | | | | | 1148 | 853 | -295 |
| DCEEHS | DUF-DCEEHS2 | Working across workstream of Corporate Change Programme to deliver savings and transformation | NA | Programme Manager | Programme Manager | CP - Children's Transformation | Jun-17 | Mar-20 | 1 | A M Dodds | 52 | 52 | 0 |
| DCEEHS | DUF-DCEEHS3 | DCEEHS18-A Creation of Access to Resources Team | 1,000 | Senior Commissioner | Procurement/Commissioning/Delivery models | CP - Children's Transformation | Nov-17 | May-18 | 1 | K Drake | 48 | 0 | -48 |

| DELIVERY FUND MONITORING (USE OF CAPITAL RECEIPTS) | | | | | | | | | | | Cost Proposals | Actuals £'000 | Variance £'000 |
|--|--------------------|---|-----------------------------|---|---|--------------------------------|------------|----------|-----|------------------------------|----------------|---------------|----------------|
| DIR. | DUF Reference Code | Savings Proposal/ Transformation Area | Associated Savings (£000's) | Resource | Resource Type | Workstream | Start Date | End Date | FTE | Officer Name (if applicable) | 17/18 | 17/18 | 17/18 |
| DCEEHS | DUF-DCEEHS4 | DCEEHS2-C Review of Continuing Health Care (CHC) funding for children. Investment in resource required - fixed term Social Worker for 24 months to assess all cases and on going Business Support in Access to Resources Team | 300 | Social Worker & Business Support | Specialist Service Staff | CP - Children's Transformation | Apr-18 | Mar-20 | 2 | TBC | | | |
| DCEEHS | DUF-DCEEHS5 | DCEEHS5-C Increase capacity of local 'under 20 mile' placements for Looked After Children (LAC) DCEEHS9-C Revise under 5 offer to make best use of early years and childrens centre provision. Generate income or reduction in staff | 3,576 | Programme Manager | Programme Manager | CP - Children's Transformation | Apr-18 | Mar-20 | 1 | TBC | | | |
| DCEEHS | DUF-DCEEHS6 | As above | As above | Project Manager | Project Manager | CP - Children's Transformation | Apr-18 | Mar-19 | 1 | TBC | | | |
| DCEEHS | DUF-DCEEHS9 | As above | As above | Pre-Birth Team | Specialist Service Staff | CP - Children's Transformation | Apr-18 | Mar-20 | 4 | TBC | | | |
| DCEEHS | DUF-DCEEHS7 | DCEEHS10-C: Design and implement a Reading supported lodging scheme either in house or with a local provider to reduce costs of supported lodgings Also linked to DCEEHS4-C: Increase Reading Borough Council foster carers | 566 | Project Manager x 2 | Project Manager | CP - Children's Transformation | Apr-18 | Mar-20 | 2 | TBC | | | |
| DCEEHS | DUF-DCEEHS8 | DCEEHS11-C Option 2 Full cost analysis to determine best use of Pinecroft/Cressingham | 500 | Project Manager (Investment to secure ongoing savings) | Project Support | CP - Children's Transformation | Sep-18 | Sep-21 | 1 | TBC | | | |
| DCEEHS | DUF-DCEEHS10 | DCEEHS05-B: Current level of additional investment will no longer be required following delivery of Improvement Plan | 500 | Recruitment and Workforce & Management Training (Investment to secure ongoing savings) | HR & Change | CP - Children's Transformation | Apr-18 | Oct-19 | NA | NA | | | |
| DCEEHS | DUF-DCEEHS12 | DCEEHS12-A Early Help: Set a target and generate additional income from schools; 13-A: Review support function for admissions to increase the online/digital support and facility; 14-A: Review to redesign the Early Years offer; 21-A: Stop subsidising school contracts; 29-A:Pinecroft Residential Unit - Generate additional income; 31-A & 33-A: Reshape the family support offer in line with the findings of IMPOWER; 1-B: Parent Partnership team post deletion; 2-B: Reduction in Reading Children's & Voluntary Youth Service Contract; 3-B: School Improvement Advisors & Running Costs; 4-B: Deletion of Rapid English post within Youth Offending team; 16-A: Play service-Accelerate break even position and generate more income; 34-A: Implement the Youth offer | 5,111 | Professional standards, number Quality Assurance, partner liaison: Threshold Management | Specialist Service Staff | CP - Children's Transformation | Apr-18 | Mar-20 | 3 | TBA | | | |
| DCEEHS | DUF-DCEEHS13 | As above | As above | Social work, casework reduction project: Team manager | Specialist Service Staff | CP - Children's Transformation | Apr-18 | Mar-20 | 1 | TBC | | | |
| DCEEHS | As above | As above | As above | Social work, casework reduction project: Social Workers | Specialist Service Staff | CP - Children's Transformation | Apr-18 | Mar-20 | 5 | TBC | | | |
| DCEEHS | As above | As above | As above | Social work, casework reduction project: Business Support | Specialist Service Staff | CP - Children's Transformation | Apr-18 | Mar-20 | 6 | TBC | | | |
| DCEEHS | DUF-DCEEHS14 | Reduction of DSG deficit and improve commissioning of High Needs and LAC placements. Future liability of DSG deficit currently £3.4m | NA | SEND Commissioner | Procurement/Commissioning/Delivery models | CP - Children's Transformation | Apr-18 | Mar-20 | 7 | TBC | | | |
| Total: DCEEHS | | | 11,553 | | | | | | | | 100 | 52 | -48 |
| DACHS | DUF-DACHS1 | Resources used for the facilitation of the delivery of the Programme wide savings. Directly linked to the following savings: DACHS28-A: Better Care Fund-Minor Adaptations DACHS29-A: Financial Realignment DACHS30-A: National Insurance Underspend Also responsible for DACHS12-C: Transformation focused staff funded from capital receipts | 979 | Strategic Lead for Transformation | Programme Manager | CP - Adults Transformation | Oct-17 | Mar-20 | 1 | M Wise | 49 | 32 | -17 |
| DACHS | DUF-DACHS2 | As above | As above | Project Support | Project Support | CP - Adults Transformation | Apr-17 | tbc | 1 | Soon Heshe | 17 | 16 | -1 |
| DACHS | As above | As above | As above | Programme Officer | Project Support | CP - Adults Transformation | Oct-17 | Mar-20 | 1 | Soon Heshe | 15 | 19 | 4 |
| DACHS | DUF-DACHS3 | DACHS 2-C: Changes to Adult Social Care Front Door DACHS27-A: Group Home Rental Increase Also supports delivery of CSS Digitisation savings and coordination of DACHS32&33-A: Review and Right Sizing Care Packages & Stretch Targets | 432 | Transformation Project Manager 1 | Project Manager | CP - Adults Transformation | Apr-17 | Mar-20 | 1 | Karla Vickers | 62 | 63 | 1 |
| DACHS | DUF-DACHS4 | DACHS22-A: Transformation of wellbeing DACHS31-A ASC Restructure | 1,101 | Transformation Project Manager 2 | Project Manager | CP - Adults Transformation | Apr-17 | Mar-20 | 1 | Emily Hodges; Kate Wigley | 51 | 0 | -51 |

| DELIVERY FUND MONITORING (USE OF CAPITAL RECEIPTS) | | | | | | | | | | | Cost Proposals | Actuals | Variance |
|--|--------------------|--|-----------------------------|--|---|--------------------------------|------------|----------|-----|--|----------------|------------|-------------|
| DIR. | DUF Reference Code | Savings Proposal/ Transformation Area | Associated Savings (£000's) | Resource | Resource Type | Workstream | Start Date | End Date | FTE | Officer Name (if applicable) | 17/18 | 17/18 | 17/18 |
| DACHS | DUF-DACHS5 | DACHS18-A:Effective Utilisation of Extra Care DACHS17A:Learning Disabilities (Operations Team) DACHS23-A:Development of Home Care DACHS20-A:VCS Development and Commissioning. This resource also supports delivery of wider digitisation & efficiency Transformation initiatives and DACHS2-C:Changes to the Adult Social Care Front Door | 837 | Transformation Project Manager 3 | Project Manager | CP - Adults Transformation | Apr-17 | Mar-20 | 1 | Sue Mackay; Natalie Madden | 61 | 27 | -34 |
| DACHS | DUF-DACHS6 | DACHS25&26-A:Deputies-Review the charging policy in line with the Court of Protections Remuneration fees DACHS34&35-A & 1C FAB Team Fees & Charges & Stretch Target DACHS5-C:Increased usage of Assistive Technology and Equipment DACHS7-C:Increased usage of Direct Payments | 1,370 | Transformation Project Manager 4 | Project Manager | CP - Adults Transformation | Apr-17 | Mar-20 | 1 | Adrienne Hunter, prev. Michael Bleakhouse | 54 | 20 | -34 |
| DACHS | DUF-DACHS7 | DACHS32&33-A Review and Right Sizing Care Packages & Stretch Targets | 1,300 | Social Workers X6 (S117, LDX2,MH, OP, PD) Investment to secure ongoing savings | Specialist Service Staff | CP - Adults Transformation | May-17 | Mar-19 | 6 | Harry Stacey prev Adrian Milligan; Marie Marais; Monica Farr; Michelle Bartrum; Michelle Clarke prev Casmir Obasi; Navjinder Doshi | 350 | 236 | -114 |
| DACHS | DUF-DACHS8 | DACHS3-C:Reducing Adult Social Care contracts spend | 1,200 | Commissioning Capacity at Senior Level | Procurement/Commissioning/Delivery models | CP - Adults Transformation | Nov-17 | Nov-20 | 1 | Dorne Kanareck | 80 | 49 | -31 |
| DACHS | DUF-DACHS9 | ASC Mobile Working | NA | Adult Social Care mobile working (Underpins the ability to achieve process efficiency and staffing restructures) | ICT | CP - Adults Transformation | tbc | tbc | NA | NA | | | |
| DACHS | DUF-DACHS10 | DACHS4-B:Review of alternative delivery models for Public Health | 430 | Public Health Specialist | Specialist Service Staff | CP - Adults Transformation | Apr-18 | Mar-19 | 1 | TBC | | | |
| DACHS | DUF-DACHS11 | DACHS1-B:Delivery Models for Commissioning, Prevention & Quality Services | 800 | Contingency for consultancy advice for service shaping | Contingency | CP - Adults Transformation | Apr-18 | Mar-19 | 1 | TBC | | | |
| DACHS | DUF-DACHS12 | Informs all commissioning projects to ensure demand is understood and markets are shaped accordingly | NA | Specialist Needs Analysis | Specialist Service Staff | CP - Adults Transformation | Apr-18 | Jun-18 | 1 | TBC | | | |
| DACHS | DUF-DACHS13 | The resource supports restructures. wider remodelling of the Workforce, and learning & development. Associated savings: DACHS8-C: Commissioning Team Realignment DACHS9-C:Implementation of Business Support restructure DACHS10-C:Locality Team Realignment | 562 | Workforce consultancy & Training Programmes | HR & Change | CP - Adults Transformation | Apr-18 | Mar-21 | NA | TBC | | | |
| DACHS | DUF-DACHS14 | DACHS21-A:To review the operation of the Willows and consider maximising step down bed opportunity to generate income; DACHS24-A Charles Clore Court(Commissioning); DACHS2-B:Undertake a commissioning exercise with the voluntary sector to secure Preventative and non-prescribed (non mandated) Public Health Services at a reduced rate; DACHS3-B:Continuation of review of current delivery models for Wellbeing Public Health (Mandated Services) contracts; DACHS5-B:Review of the Performance Function across the Council; DACHS7-B:Further development of Maples Day Service; DACHS4-C:Review of alternative delivery models for Public Health; DACHS6-C:Adult Social Care Provider Services | 1,545 | Market shaping consultancy, Project Management staff (Investment to secure ongoing savings) | Specialist Service Staff | CP - Adults Transformation | Apr-18 | Mar-21 | TBC | TBC | | | |
| Total : DACHS | | | 10,556 | | | | | | | | 739 | 462 | -277 |
| DENS | DUF-DENS1 | Working across workstream of Corporate Change Programme to deliver savings and transformation | NA | Project Officer 1 | Project Support | CP - Cross Programme | Oct-17 | Mar-20 | 0.5 | A Whitesmith | 8.5 | 8 | -0 |
| DENS | DUF-DENS4 | DENS28&35-B: Review of waste collection delivery models. Also connected to DENS28-A:Waste Operations-optimising collection routes to reduce number of rounds, generate additional income by increasing trade waste customers DENS36-A:Increase Trade Waste Collection and Disposal service turn over by 100% (£650,000pa to £1.3m) | 1,544 | External procurement and contract consultancy, Round scheduling costs, specialist contract bidding consultants, Legal support, Set up contract delivery unit, Administration resource, Contract manager costs, Procurement of IT systems, Introduction of revised collection | Procurement/Commissioning/Delivery models | CP - Commercialisation | Nov-17 | Mar-19 | 1 | K Birbeck G Frost (acting up) D Hamilton (acting up) M Crick (acting up) | 54 | 22 | -32 |
| DENS | DUF-DENS5 | DENS54-B (DENS25-C) Review option of trust model for Arts | 250 | Consultancy costs | Procurement/Commissioning/Delivery models | CP - Culture and Leisure Trust | Oct-17 | Mar-18 | NA | TBC | | | |

| DELIVERY FUND MONITORING (USE OF CAPITAL RECEIPTS) | | | | | | | | | | | Cost Proposals | Actuals | Variance | |
|--|--------------------|---|-----------------------------|---|---|--------------------------------|------------|----------|-----|------------------------------|-----------------------|---------------|--------------|-------------|
| DIR. | DUF Reference Code | Savings Proposal/ Transformation Area | Associated Savings (£000's) | Resource | Resource Type | Workstream | Start Date | End Date | FTE | Officer Name (if applicable) | 17/18 | 17/18 | 17/18 | |
| DENS | DUF-DENS6 | DENS5-A Maximising Income from the Town Hall & Museum | 220 | Consultancy support to provide commercial advice on business plan and associated staffing structures to maximise income following building re-configuration | Subject Matter Expert/Consultancy | CP - Commercialisation | Apr-19 | Jul-19 | TBC | TBC | | | | |
| DENS | DUF-DENS7 | DENS4-C, 5-C, & 6-C Review existing Parking Permit Charges | 309 | Comms Support, IT Support | Comms | CP - Transport and Parking | Apr-18 | Mar-19 | NA | NA | | | | |
| DENS | DUF-DENS8 | DENS34-C Extend residents parking permit areas. | 300 | Consultant support | Misc | CP - Transport and Parking | Apr-18 | Mar-20 | TBC | TBC | | | | |
| DENS | DUF-DENS9 | DENS42-C Introduce Bus Lane Enforcement on Kings Road and Forbury Road bus lanes | 100 | DLO support to introduce new parking schemes | Specialist Service Staff | CP - Transport and Parking | Apr-18 | Mar-19 | TBC | TBC | | | | |
| DENS | DUF-DENS14 | DENS59-C Make theatres break even through working with other operators | 150 | Independent consultants to market test (establish feasibility / business case) | Subject Matter Expert/Consultancy | CP - Culture and Leisure Trust | Apr-18 | Mar-19 | NA | NA | | | | |
| DENS | As above | As above | As above | Project management (consultant) of procurement process (if it goes ahead based on 1st stage) | Subject Matter Expert/Consultancy | CP - Culture and Leisure Trust | Apr-19 | Mar-20 | NA | NA | | | | |
| DENS | DUF-DENS15 | DENS24-C Alternative delivery models - identify and prioritise those services that are most likely to yield a significant saving with the 3-year MTFS period. | 1,200 | Specific requirements and resources to be confirmed | Procurement/Commissioning/Delivery models | CP - Commercialisation | Mar-18 | Mar-20 | TBC | TBC | 20 | 20 | -1 | |
| DENS | DUF-DENS16 | DENS33-C Extend houses in multiple occupation (HMO)/private rented sector (PRS) Licensing | 40 | New IT system (£25k), required if discretionary regime needs to be introduced (£50k) & on going software maintenance (£20k) | ICT | Other - Project | Mar-18 | Mar-20 | NA | NA | 25 | 0 | -25 | |
| Total : DENS | | | 16,776 | | | | | | | | 107.5 | 50 | -58 | |
| Saving Total | | | 62,685 | | | | | | | | Resource Total | 2094.5 | 1,417 | -678 |

CAPITAL OUTTURN REPORT 2017/18

| | 2017/18 Expenditure | | | 2017/18 Funding | | | | | | | | |
|--|--------------------------|------------------------|------------------------------|-------------------------------------|---------------------|------------------------|-----------------------------|---------------------|------------------------|-------------------------------|---------------------|--------------------------|
| | Revised Budget (£,000's) | Actual Spend (£,000's) | Variance to Budget (£,000's) | Revised Budget Grants Etc (£,000's) | Borrowing (£,000's) | Total Budget (£,000's) | Actual Grants Etc (£,000's) | Borrowing (£,000's) | Total Actual (£,000's) | Variance Grants Etc (£,000's) | Borrowing (£,000's) | Total Variance (£,000's) |
| GENERAL FUND | | | | | | | | | | | | |
| Safeguarding and protecting those that are most vulnerable | | | | | | | | | | | | |
| Voluntary Sector Support | 50 | (18) | 68 | - | 50 | 50 | - | (18) | (18) | - | (68) | (68) |
| Oxford Rd Community Centre | 66 | - | 66 | 16 | 50 | 66 | - | - | - | (16) | (50) | (66) |
| Disabled Facilities Grants (Private Sector-Ringfenced Grant) | 1,006 | 954 | 52 | 1,006 | - | 1,006 | 954 | - | 954 | (52) | - | (52) |
| Small Adults Services Schemes (incl implementation of ETR and Caspar) | 9 | 16 | (7) | 9 | - | 9 | 16 | - | 16 | 7 | - | 7 |
| Day services relocation | - | 1 | (1) | - | - | - | - | 1 | 1 | - | 1 | 1 |
| | 1,131 | 953 | 178 | 1,031 | 100 | 1,131 | 970 | (17) | 953 | (61) | (117) | (178) |
| Providing the best life through education,early help and healthy living | | | | | | | | | | | | |
| Mainstream School Schemes | | | | | | | | | | | | |
| Primary Schools Expansion Programme - 2013-2017 | 1,719 | 1,648 | 71 | 1,719 | - | 1,719 | 1,648 | - | 1,648 | (71) | - | (71) |
| Moorlands Primary School 1FE Expansion - 2016-2018 | 60 | 104 | (44) | 60 | - | 60 | 104 | - | 104 | 44 | - | 44 |
| Schools - Fire Risk Assessed remedial Works | 373 | 196 | 177 | 373 | - | 373 | 196 | - | 196 | (177) | - | (177) |
| Critical Reactive Contingency: Health and safety (Schools) | 200 | 142 | 58 | 200 | - | 200 | 142 | - | 142 | (58) | - | (58) |
| Ranikhet School Roof - Repair or Renewal (Lease Obligation) | - | - | - | - | - | - | - | - | - | - | - | - |
| Heating and Electrical Renewal Programme | 180 | 260 | (80) | 180 | - | 180 | 260 | - | 260 | 80 | - | 80 |
| Additional School Places - Contingency | 59 | (1) | 60 | 59 | - | 59 | (1) | - | (1) | (60) | - | (60) |
| Education Asset Management Unit - Cost to Capital | 400 | 326 | 74 | 400 | - | 400 | 326 | - | 326 | (74) | - | (74) |
| Crescent Road Playing Field Improvements | 30 | - | 30 | 30 | - | 30 | - | - | - | (30) | - | (30) |
| North Reading School Places feasibility | 20 | - | 20 | 20 | - | 20 | - | - | - | (20) | - | (20) |
| New ESFA funded schools - Phoenix College | 40 | 37 | 3 | 40 | - | 40 | 37 | - | 37 | (3) | - | (3) |
| New ESFA funded schools - St Michaels | 35 | 47 | (12) | 35 | - | 35 | 47 | - | 47 | 12 | - | 12 |
| Additional Secondary School Places / Bulge Classes | - | - | - | - | - | - | - | - | - | - | - | - |
| Green Park Primary School | 10 | - | 10 | 10 | - | 10 | - | - | - | (10) | - | (10) |
| Early Years Schemes | | | | | | | | | | | | |
| Alfred Sutton - additional Nursery Class 30 Hrs Childcare, 26 places | 259 | 127 | 132 | 259 | - | 259 | 127 | - | 127 | (132) | - | (132) |
| English Martyrs School - additional Nursery Class 30 Hrs Childcare, 26 p | 368 | 144 | 224 | 368 | - | 368 | 144 | - | 144 | (224) | - | (224) |
| Meadway Early Years Building Renovation | 30 | - | 30 | 30 | - | 30 | - | - | - | (30) | - | (30) |
| SEND Schemes | | | | | | | | | | | | |
| Blessed Hugh Faringdon - Asperger Unit 30 place expansion (SEN) | 100 | 60 | 40 | 100 | - | 100 | 60 | - | 60 | (40) | - | (40) |
| Avenue Expansion | 339 | 279 | 60 | 339 | - | 339 | 279 | - | 279 | (60) | - | (60) |
| SEN Expansion Scheme | 51 | 34 | 17 | 51 | - | 51 | 34 | - | 34 | (17) | - | (17) |
| Special Provision Fund projects | - | - | - | - | - | - | - | - | - | - | - | - |
| | 4,273 | 3,403 | 870 | 4,273 | - | 4,273 | 3,403 | - | 3,403 | (870) | - | (870) |
| Providing homes for those most in need | | | | | | | | | | | | |
| General Fund-New Build and Acquisitions | 1,000 | 746 | 254 | 300 | 700 | 1,000 | 224 | 522 | 746 | (76) | (178) | (254) |
| Lowfield Rd temporary accommodation | 1,742 | 1,817 | (75) | 523 | 1,219 | 1,742 | 545 | 1,272 | 1,817 | 23 | 53 | 75 |
| Private Sector Renewals | 280 | 177 | 103 | - | 280 | 280 | - | 177 | 177 | - | (103) | (103) |
| Dee Park Regeneration | 100 | 28 | 72 | - | 100 | 100 | - | 28 | 28 | - | (73) | (73) |
| Dee Park Regeneration - Housing Infrastructure Fund (school) | - | - | - | - | - | - | - | - | - | - | - | - |
| Wholly-owned housing company (set-up costs) | 300 | (54) | 354 | - | 300 | 300 | - | (54) | (54) | - | (354) | (354) |
| Wholly-owned housing company | 8,000 | 6,397 | 1,603 | - | 8,000 | 8,000 | - | 6,397 | 6,397 | - | (1,603) | (1,603) |
| St George's Church Affordable Housing scheme | - | - | - | - | - | - | - | - | - | - | - | - |
| | 11,422 | 9,111 | 2,311 | 823 | 10,599 | 11,422 | 769 | 8,342 | 9,111 | (54) | (2,257) | (2,312) |
| Keeping the town clean,safe,green and active | | | | | | | | | | | | |
| Central Club | - | - | - | - | - | - | - | - | - | - | - | - |
| Hosier Street Regeneration | 120 | 76 | 44 | - | 120 | 120 | - | 76 | 76 | - | (44) | (44) |
| Community Resilience | 179 | 60 | 119 | - | 179 | 179 | - | 60 | 60 | - | (119) | (119) |

| | 2017/18 Expenditure | | | 2017/18 Funding | | | | | | | | |
|--|---------------------|--------------|--------------------|-----------------|-----------|--------------|------------|-----------|--------------|------------|-----------|----------------|
| | Revised Budget | Actual Spend | Variance to Budget | Revised Budget | | Total Budget | Actual | | Total Actual | Variance | | Total Variance |
| | (£,000's) | (£,000's) | (£,000's) | Grants Etc | Borrowing | (£,000's) | Grants Etc | Borrowing | (£,000's) | Grants Etc | Borrowing | (£,000's) |
| The Keep | 6 | - | 6 | - | 6 | 6 | - | - | - | - | (6) | (6) |
| Whitley Wood Community Art | 79 | 47 | 32 | 79 | - | 79 | 47 | - | 47 | (32) | - | (32) |
| Oxford Road Streetscape | 110 | 3 | 107 | 110 | - | 110 | 3 | - | 3 | (107) | - | (107) |
| Central Pool Regeneration | 25 | 24 | 1 | - | 25 | 25 | - | 24 | 24 | - | (1) | (1) |
| Small Leisure Schemes | 317 | 199 | 118 | 317 | - | 317 | 199 | - | 199 | (118) | - | (118) |
| High Ropes Youth Play Initiative | 63 | 16 | 47 | - | 63 | 63 | 16 | - | 16 | 16 | (63) | (47) |
| Abbey Quarter | 1,944 | 1,868 | 76 | 1,944 | - | 1,944 | 1,868 | - | 1,868 | (76) | - | (76) |
| Tree Planting | 62 | 27 | 35 | - | 62 | 62 | - | 27 | 27 | - | (35) | (35) |
| Invest to Save Salix (match funding for Energy Efficiency Schemes) | 142 | 18 | 124 | - | 142 | 142 | - | 18 | 18 | - | (124) | (124) |
| Invest to save energy savings - Street lighting | 3,370 | 2,210 | 1,160 | 2,359 | 1,011 | 3,370 | 1,617 | 593 | 2,210 | (742) | (418) | (1,160) |
| | 6,417 | 4,548 | 1,869 | 4,809 | 1,608 | 6,417 | 3,750 | 798 | 4,548 | (1,059) | (810) | (1,869) |
| Providing infrastructure to support the economy | | | | | | | | | | | | |
| M4 Junction 11 | 60 | (489) | 549 | 60 | - | 60 | (489) | - | (489) | (549) | - | (549) |
| LSTF Contract Retentions | - | 21 | (21) | - | - | - | - | 21 | 21 | - | 21 | 21 |
| Local Traffic Management and Road Safety Schemes | 199 | 120 | 79 | 199 | - | 199 | 120 | - | 120 | (79) | - | (79) |
| South Reading MRT (Phases 1 & 2) | 3,120 | 3,212 | (92) | 3,120 | - | 3,120 | 3,212 | - | 3,212 | 92 | - | 92 |
| South Reading MRT (Phases 3 & 4) | 500 | 671 | (171) | 500 | - | 500 | 671 | - | 671 | 171 | - | 171 |
| Green Park Station | 789 | 681 | 108 | 789 | - | 789 | 681 | - | 681 | (108) | - | (108) |
| East Reading MRT (Phases 1 & 2) | 735 | 418 | 317 | 735 | - | 735 | 418 | - | 418 | (317) | - | (317) |
| NCN Route 422 | 439 | 497 | (58) | 439 | - | 439 | 497 | - | 497 | 58 | - | 58 |
| Reading West Station | - | - | - | - | - | - | - | - | - | - | - | - |
| CCTV | 33 | 24 | 9 | 33 | - | 33 | 24 | - | 24 | (9) | - | (9) |
| Thames Tower | - | - | - | - | - | - | - | - | - | - | - | - |
| ITB other | - | 15 | (15) | - | - | - | - | 15 | 15 | - | 15 | 15 |
| Pinch Point Schemes (Ringfenced grant) | - | 1 | (1) | - | - | - | - | 1 | 1 | - | 1 | 1 |
| Station Interchange | - | (207) | 207 | - | - | - | - | (207) | (207) | - | (207) | (207) |
| Car Parks Partnership | 225 | 145 | 80 | - | 225 | 225 | - | 145 | 145 | - | (80) | (80) |
| Bridges and Carriageways | 2,035 | 1,890 | 145 | 1,528 | 507 | 2,035 | 1,476 | 414 | 1,890 | (52) | (93) | (145) |
| Car Parking - P&D, Red Routes, Equipment | 303 | 457 | (154) | - | 303 | 303 | - | 457 | 457 | - | 154 | 154 |
| Redlands Pay and Display | - | - | - | - | - | - | - | - | - | - | - | - |
| West Reading Transport Study - Southcote/Coley Improvements | - | 41 | (41) | - | - | - | - | 41 | 41 | - | 41 | 41 |
| Red Routes | - | - | - | - | - | - | - | - | - | - | - | - |
| Smart City Cluster project and C-ITS | 80 | 137 | (57) | 80 | - | 80 | 137 | - | 137 | 57 | - | 57 |
| Lease to RTL (Bus Purchase) | 1,552 | 490 | 1,062 | - | 1,552 | 1,552 | - | 490 | 490 | - | (1,062) | (1,062) |
| Superfast Broadband | - | - | - | - | - | - | - | - | - | - | - | - |
| Culture & Leisure facilities | 198 | 122 | 76 | - | 198 | 198 | - | 122 | 122 | - | (76) | (76) |
| Demountable Pool | 2,205 | 2,242 | (37) | - | 2,205 | 2,205 | - | 2,242 | 2,242 | - | 37 | 37 |
| Leisure Procurement | 80 | 3 | 77 | - | 80 | 80 | - | 3 | 3 | - | (77) | (77) |
| Cemeteries and Crematorium | 19 | 2 | 17 | - | 19 | 19 | - | 2 | 2 | - | (17) | (17) |
| Rivermead Essential Works | 5 | 5 | - | - | 5 | 5 | - | 5 | 5 | - | - | - |
| Air Quality Monitoring | - | 26 | (26) | - | - | - | - | 26 | 26 | - | 26 | 26 |
| | 12,577 | 10,524 | 2,053 | 7,483 | 5,094 | 12,577 | 6,747 | 3,777 | 10,524 | (736) | (1,317) | (2,053) |
| Remaining financially sustainable to deliver these service priorities | | | | | | | | | | | | |
| ICT Infrastructure (Invest to save) | 806 | 970 | (164) | - | 806 | 806 | - | 970 | 970 | - | 164 | 164 |
| Replacement Vehicles | 2,763 | 1,683 | 1,080 | - | 2,763 | 2,763 | - | 1,683 | 1,683 | - | (1,080) | (1,080) |
| Invest in council buildings/Health & safety works | 2,666 | 1,087 | 1,579 | - | 2,666 | 2,666 | - | 1,087 | 1,087 | - | (1,579) | (1,579) |
| Purchase of Commercial Property | 21,300 | 21,276 | 24 | - | 21,300 | 21,300 | - | 21,276 | 21,276 | - | (24) | (24) |
| Libraries invest to save proposal | 30 | 30 | - | - | 30 | 30 | - | 30 | 30 | - | - | - |
| Community Hubs | 1,760 | 1,295 | 465 | 1,000 | 760 | 1,760 | 519 | 776 | 1,295 | (481) | 16 | (465) |
| Capitalisation | 380 | 353 | 27 | - | 380 | 380 | 1,073 | 379 | 1,452 | 1,073 | (1) | 1,072 |
| Accommodation Review - Phase 1A | 717 | 589 | 128 | - | 717 | 717 | - | 589 | 589 | - | (128) | (128) |
| Accommodation Review - Town Hall | 579 | 161 | 418 | - | 579 | 579 | - | 185 | 185 | - | (394) | (394) |
| Accommodation Review - Henley Road Cemetery | 302 | 45 | 257 | - | 302 | 302 | - | 52 | 52 | - | (250) | (250) |
| Accommodation Review - Phase 2A & B | - | - | - | - | - | - | - | - | - | - | - | - |

| | 2017/18 Expenditure | | | 2017/18 Funding | | | | | | | | |
|---|--------------------------|------------------------|------------------------------|-------------------------------------|---------------------|------------------------|-----------------------------|---------------------|------------------------|-------------------------------|---------------------|--------------------------|
| | Revised Budget (£,000's) | Actual Spend (£,000's) | Variance to Budget (£,000's) | Revised Budget Grants Etc (£,000's) | Borrowing (£,000's) | Total Budget (£,000's) | Actual Grants Etc (£,000's) | Borrowing (£,000's) | Total Actual (£,000's) | Variance Grants Etc (£,000's) | Borrowing (£,000's) | Total Variance (£,000's) |
| Accommodation Review - Phase 2C (19 Bennet Road) | - | - | - | - | - | - | - | - | - | - | - | - |
| Mosaic' System Upgrade | 117 | 64 | 53 | 117 | - | 117 | 64 | - | 64 | (53) | - | (53) |
| Delivery Fund (incl Equal Pay) | - | 5,081 | (5,081) | - | - | - | 4,954 | - | 4,954 | 4,954 | - | 4,954 |
| | 31,420 | 32,634 | (1,214) | 1,117 | 30,303 | 31,420 | 6,610 | 27,027 | 33,637 | 5,493 | (3,276) | 2,217 |
| Less CIL funding to offset borrowing | | | | | | | 1,700 | (1,700) | | | | |
| TOTAL GENERAL FUND | 67,240 | 61,173 | 6,067 | 19,536 | 47,704 | 67,240 | 23,949 | 38,227 | 62,176 | 4,413 | (9,477) | (5,064) |
| HOUSING REVENUE ACCOUNT | | | | | | | | | | | | |
| Safeguarding and protecting those that are most vulnerable | | | | | | | | | | | | |
| Supported Living - Avenue Site | 100 | 46 | 54 | - | 100 | 100 | - | 46 | 46 | - | (54) | (54) |
| Disabled Facilities Grants (Local Authority Tenants) | 390 | 414 | (24) | 390 | - | 390 | 414 | - | 414 | 24 | - | 24 |
| | 490 | 460 | 30 | 390 | 100 | 490 | 414 | 46 | 460 | 24 | (54) | (30) |
| Providing homes for those most in need | | | | | | | | | | | | |
| Housing Revenue Account-Major Repairs | 7,248 | 5,615 | 1,633 | 6,210 | 1,038 | 7,248 | 5,615 | - | 5,615 | (595) | (1,038) | (1,633) |
| Housing Revenue Account-Hexham Road | 1,200 | 1,226 | (26) | 1,200 | - | 1,200 | 1,226 | - | 1,226 | 26 | - | 26 |
| Housing Revenue Account-New Build and Acquisitions | 1,000 | 799 | 201 | 300 | 700 | 1,000 | 240 | 559 | 799 | (60) | (141) | (201) |
| Housing Revenue Account-New Build - Conwy Close | 2,028 | 3,295 | (1,267) | 608 | 1,420 | 2,028 | 989 | 2,307 | 3,295 | 381 | 887 | 1,267 |
| Housing Revenue Account-Fire Safety works | - | - | - | - | - | - | - | - | - | - | - | - |
| Housing Revenue Account-Solar Panels | - | - | - | - | - | - | - | - | - | - | - | - |
| Extra care (cedar court) HRA | - | 43 | (43) | - | - | - | - | 43 | 43 | - | 43 | 43 |
| Dee Park Regeneration | 100 | 28 | 73 | - | 100 | 100 | - | 28 | 28 | - | (73) | (73) |
| | 11,576 | 11,006 | 571 | 8,318 | 3,258 | 11,576 | 8,069 | 2,936 | 11,005 | (249) | (322) | (571) |
| Keeping the town clean,safe,green and active | | | | | | | | | | | | |
| Mapledurham | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL HOUSING REVENUE ACCOUNT | 12,066 | 11,466 | 601 | 8,708 | 3,358 | 12,066 | 8,483 | 2,982 | 11,465 | (225) | (376) | (601) |
| ALL CAPITAL | 79,306 | 72,639 | 6,668 | 28,244 | 51,062 | 79,306 | 32,432 | 41,209 | 73,641 | 4,189 | (9,853) | (5,665) |

READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF RESOURCES

| | | | |
|-------------------------|--|---------------------|--|
| TO: | AUDIT & GOVERNANCE COMMITTEE | | |
| DATE: | 1st AUGUST 2018 | AGENDA ITEM: | 9 |
| TITLE: | IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER | | |
| LEAD COUNCILLOR: | COUNCILLOR BROCK | PORTFOLIO: | CORPORATE & CONSUMER SERVICES |
| SERVICE: | AUDIT | WARDS: | |
| LEAD OFFICER: | JACKIE YATES | TEL: | x74710 |
| JOB TITLE: | DIRECTOR OF RESOURCES | E-MAIL: | Jackie. Yates @reading.gov.uk |

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 The outcomes of all internal and external audit reports are reported to this Committee. Each report includes recommendations and agreed actions. Whether or not an audit review is scheduled for follow up by Internal Audit is dependent on the assurance opinion given at the time of the audit. Where “limited” assurance is given then the audit will be subject to a follow up. The timing of the follow up is very much dependent on available resources and agreed recommendation implementation target dates, but the aim is to complete the follow up within six to twelve months of completion of the audit.

Historically the Council’s Chief Internal Auditor has reported low levels of implementation of agreed recommendations which has caused the Committee concern.

1.2 The low level of implementation of audit recommendations undermines the Council’s financial framework and is a key factor in the Chief Internal Auditor’s annual assessment of the Council. It also has implications for the Council’s External Audit in terms of the perceived level of risk presented, the levels of testing undertaken and cost involved in the audit process.

1.3 Following discussion at the April Audit and Governance Committee it was agreed that to provide a greater focus on the importance of implementation of agreed audit recommendations an ‘Implementation tracker report’ would be presented to future meetings of the Committee requiring officers to report regularly on their progress towards the implantation of agreed recommendations and actions. Internal Audit will still be required to follow up implementation of recommendations, based on risk prioritisation.

1.4 Appendix 1 attached sets out all of the current high and medium risk internal audit recommendations outstanding together with their latest agreed implementation date and the officer responsible for implementing them. Going

forward all Internal and external audit recommendations will be added to the report.

Appendix 1 - Implementation of Audit Recommendations Tracker

2. RECOMMENDED ACTION

2.1 The Committee are asked to note the report.

3. POLICY CONTEXT

3.1 This report supports the Council's objective of ensuring that it is fit for the future.

4. THE PROPOSAL

4.1 A summary of those high and medium risk Internal Audit recommendations which remain outstanding together with an updated management response is provided in Appendix 1 attached. Going forward all Internal and External audit recommendations will be added to the tracker.

4.2 Prior to reporting to Committee officers responsible for implementing the specific recommendations will be asked to update the 'implementation tracker'. Each recommendation is marked with a percentage complete which correlates to a red/amber/green rating depending on the percentage of completeness. Up to 25% complete is marked red, between 26% and 75% complete is amber and over 75% complete is green. However, any recommendations that are less than 50% complete but have exceeded their agreed completion date are also marked red.

4.3 Once recommendations are reported as being 100% complete to the Committee they will be removed from subsequent reports.

4.4 Where there is a lack of progress with implementation, e.g. successive missing of implementation dates etc. The Head of Service and responsible officer (if they are different) will be asked to attend a meeting of the Committee to explain the difficulties with implementation and the steps they are taking to address them.

4.5 There are 106 high and medium risk Internal Audit recommendations on the tracker attached at Appendix 1, of those; 25 (24%) are currently green, 11 (10%) amber and 69 (65%) red.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 The proposals contained in the report support the Council's Corporate Plan priority to: Remain financially sustainable to deliver its service priorities.

8. LEGAL IMPLICATIONS

8.1 The Council has a duty under the Accounts and Audit Regulations to ensure it has in place a financial control framework which is fit for purpose. It also has a duty to ensure Value for Money in the provision of services.

9. FINANCIAL IMPLICATIONS

- 9.1 Whilst there are no specific financial implications arising directly from this report, the timely implementation of audit recommendations is critical in strengthening the Council's internal control and governance arrangements.
- 9.2 The Council's Chief Internal Auditor's reports have over several years repeatedly reported that audit recommendations made in previous audits have not been implemented. This does not represent value for money from either an audit or wider organisational perspective.
- 9.3 Poor systems of internal control and financial governance potentially leave the Council exposed to loss and will result in higher external audit costs due to the lack of assurance they provide and the consequential higher testing thresholds required by the Council's external auditors.
- 9.4 Whilst there are still a large number of recommendations that are rag rated red. There has been positive engagement with the new arrangements and it is anticipated that with continued focus progress with implementation will improve over the coming months.

10. BACKGROUND PAPERS

- 10.1 Internal Audit Reports presented to Audit and Governance Committee, Chief Internal Auditors Annual Report 2017 & 2018.

| Audit Title | Recommendation | Original Audit Completion Date | 1st Follow-up Date | Responsible Officer | Responsible Officer Latest Update | Updated on (date) | Status (% Complete) | Overall Status |
|--|---|--------------------------------|--------------------|--|---|-------------------|---------------------|----------------|
| Arts & Theatres income collection | Documented departmental procedures should be produced as a base for clarifying the operational framework and processes for determining and approving the fees and charges. This should cover:- * arrangements for sourcing information, evidencing data and audit trails * arrangements for calculating and approving the fees and charges for each commercial activity * arrangements for reviewing and approving the annual fixed schedule of fees and charges * arrangements for reviewing and approving extraordinary fees and charges e.g. negotiations etc. | 12-Apr-18 | | Sarah Cox - General Manager, Arts and Venues Marketing and Sales Manager/ Rhodri Thomas - Museum & Town Hall General Manager | work in progress. Will be completed in another month or so | 3-Jul-18 | 25 or less | |
| Arts & Theatres income collection | Documented procedures should be produced to clarify and standardise the operational framework and processes for recovering, securing, banking and reconciling income, covering:- * the review and approval of financial templates * responsibilities of staff and management * confirmation of the process and key controls for making bookings, payment, banking, reconciliation, journal entries, monitoring e.g. use of Spektrix at the Town Hall * standards for evidencing balances and audit trails | 12-Apr-18 | | Samantha Sweeney & Mathew Whitney - Reading Arts & Venues Finance Officers | work in progress. Will be completed in another month or so | 3-Jul-18 | 25 or less | |
| Bank rec & control account reconciliations | 1. A corporate approach for producing reconciliations, evidencing balances and for monitoring the completion status, issues and their resolution needs to be produced and agreed. 2. Greater staff/resource resilience is required to ensure the reconciliations are completed on a timely basis throughout the year. 3. Departments should be required to provide a reconciliation position statement each month. 4. Response will be addressed in rec 5 2017-18 action plan 5. In conjunction with recommendation 3, reconciliation needs to be brought up to date. 6. The completion and review of the bank reconciliation status MUST be a monthly key | 9-Feb-17 | 4-Oct-17 | Finance, Jean Stevenson - Chief Accountant Reconciliation officers: Bank & cash - Jean Stevenson Creditors - Jean Stevenson Ctax, HB, NNDR, Debtors - Kirsty Anderson Payroll - Sharon Brown Rents - Zelda Wolfle | Bank & Cash - new system in place from February 2018 and main bank ledger code is reconciling on a daily to the bank balance. Procedures being developed in July 2018 for the reconciliation of the codes that record the timing differences to other systems. Historic position prior to February 2018 to be resolved by end of July 2018. (JS) Creditors - There is a small system problem between the Accounts Payable and General Ledgers (circa £4k) that is being investigated by Oracle. A reconciliation of the historic manual journals put to the control code in error has been completed. Once all resolved this will be a simple job to ensure no manual entries are made. (JS) | 10-Jul-18 | 25 or less | |
| Bank rec & control account reconciliations | The Head of Finance should ensure there is sufficient resource available to properly and robustly plan, execute, test and implement the accepted bank and cash reconciliation process | 9-Feb-17 | 4-Oct-17 | Jean Stevenson - Chief Accountant / Matt Davis - Head of Finance | Resources remain tight following the Finance restructure and a review will be required once the 2017/18 accounts are closed to confirm where reconciliation work is best undertaken. (JS) | 10-Jul-18 | 25 or less | |

| Audit Title | Recommendation | Original Audit Completion Date | 1st Follow-up Date | Responsible Officer | Responsible Officer Latest Update | Updated on (date) | Status (% Complete) | Overall Status |
|--|---|--------------------------------|--------------------|--|---|-------------------|---------------------|----------------|
| Bank rec & control account reconciliations | Following implementation of recommendation 1 of last years action plan, business process documents should be written for each reconciliation process to include: <ul style="list-style-type: none"> • Purpose of the procedure (impact on council) • Clearly define the outcome of the process • Name the process in accordance with naming conventions • Define the start and end of the process • Outline who does what and responsibilities - not person specific but role specific • Tools to complete the process, Systems, printing, marking etc. • Exceptions - if process goes wrong, system down etc. • Individual steps to get from start to finish • Reports used etc. • What to do when completed - balanced and unbalanced, actions, financial levels, responsibilities and authority • Review and sign off by the Head of Finance • Reporting framework • Evidence • Storage & protection | 9-Feb-17 | 4-Oct-17 | Jean Stevenson - Chief Accountant / Matt Davis - Head of Finance | Procedures should all be drafted by the end of July 2018. They will need to be reviewed by the new Technical Accountant when he joins in September 2018. (JS) | 10-Jul-18 | 25 or less | |
| Bank rec & control account reconciliations | The Head of Finance should provide guidance and advice on the treatment of historic reconciling adjustment items for all system reconciliations. Likewise technical advice should be given in respect of those systems reconciliations that continue to have unreconciled balances. | 9-Feb-17 | 4-Oct-17 | Matt Davis - Head of Finance | New Technical Accountant appointed starts early September. This will be a priority when he starts. | 18-Jul-18 | 25 or less | |
| Bank rec & control account reconciliations | The 'unresolved' suspense items on Academy should be periodically (quarterly) checked to Academy to ensure correct recording. The Head of Finance should agree the treatment of historic unresolved items. | 9-Feb-17 | 4-Oct-17 | Matt Davis - Head of Finance/ Jean Stevenson - Chief Accountant | The Academy reconciliations were provided to the previous Head of Finance up to the end of April 2018. The new Head of Finance and the Chief Accountant will need to review the reconciliations to confirm the position as soon as practical (JS) | 10-Jul-18 | 25 or less | |
| Childcare | There should be consideration to placing all nurseries under the same service and management. This could harmonise policies, procedures (and manuals), parent handbooks and web designs and share the reviewing task. Authorisation would then be a single process. | 20-Mar-17 | 30-Jan-18 | Corinne Dishington - Children's Centre Team Manager | As Kennet Day nursery has moved to the corporate centre unable to share management. However all nurseries collaborate on policies and procedures | 15-Jul-18 | 76 or more | |

| Audit Title | Recommendation | Original Audit Completion Date | 1st Follow-up Date | Responsible Officer | Responsible Officer Latest Update | Updated on (date) | Status (% Complete) | Overall Status |
|--------------------------------|---|--------------------------------|--------------------|---|---|-------------------|---------------------|----------------|
| Childcare | A single Nursery Manager job description should be agreed to align all posts to a set of consistent responsibilities. This would provide a level of resilience and shared responsibilities should the need arise. | 20-Mar-17 | 30-Jan-18 | Corinne Dishington - Children's Centre Team Manager | All job descriptions have been aligned and regraded to consistent roles | 1-Apr-18 | 76 or more | |
| Childcare | It is recommended that the possibility of all settings using First Steps is investigated. It is recommended that enquiries are made to establish whether the current access can be used to differentiate between each childcare setting/business unit, as this may promote the opportunity to sharing a single finance resource and the associated cost. | 20-Mar-17 | 30-Jan-18 | Corinne Dishington - Children's Centre Team Manager | First Steps is being further investigated and will be purchased as budgets permit | 15-Jul-18 | 51 to 75 | |
| Corporate Savings (Governance) | The saving proposal template should be certified by the appropriate officers to confirm:- * compliance with professional and legal requirements for Human Resources, ICT & Financial matters * they have been reviewed and approved by the Directorate Management Team | 06-Oct-17 | 10-May-18 | Corporate Programme Manager - Andrew Withey (in lieu of new starter) | The saving proposal template was used for development of saving options up to February 2018. If and when we undertake a further round to identify further saving opportunities we will incorporate the additional pro forma items and process steps as recommended. No further immediate action is required. | 13-Jul-18 | 76 or more | |
| Corporate Savings (Governance) | Milestone targets should be established for all proposals in accordance with Section 7 of the Proposal Template in order to confirm the completion of key activities are in accordance with the project schedule Any milestone deviations should be summarised/risk rated for managerial resolution and to act as a trigger is to activate any contingency or remedial actions | 06-Oct-17 | 10-May-18 | Lead Officers/ Directors/ Corporate Programme Manager - Andrew Withey (in lieu of new starter) Corporate Programme Manager - Andrew Withey (in lieu of new | A comprehensive monitoring regime has been introduced for tracking savings delivery against target. A corporate programme has been initiated to provide the governance required to oversee project and programme delivery of targets. Sponsors (CMT members) and Senior Responsible Officer's are responsible for oversight of projects in their work streams including highlight reporting against key milestones. | 13-Jul-18 | 25 or less | |
| Council Tax Support | The verification process for new applications (such as identification, right to reside in the UK, income and capital for applicants, dependents and non-dependents) needs to be clearly documented and then conducted as agreed and documented. | 23-Mar-17 | 6-Jun-17 | Samantha Wills - Recovery & Control Team Leader | Risk Based Verification (RBV) policy was updated and was presented to Policy Committee. Staff were re-trained and a new desk aid was provided. In Place Revised RBV and associated desk aids received plus emails to team providing them. | 18-Jul-18 | 76 or more | |

| Audit Title | Recommendation | Original Audit Completion Date | 1st Follow-up Date | Responsible Officer | Responsible Officer Latest Update | Updated on (date) | Status (% Complete) | Overall Status |
|---------------------|---|--------------------------------|--------------------|--|--|-------------------|---------------------|----------------|
| Council Tax Support | Applications need to be processed in a timely manner within an agreed target and the outcome communicated to applicants. Processing statistics should be recorded in all cases and regular reports produced. Any taking an extended period should be reviewed and lessons learnt implemented. | 23-Mar-17 | 6-Jun-17 | Kirsty Anderson - Income & Assessment Manager | Performance measure for CTRS cases form part of our overall monitoring and reporting to operations each month. | 18-Jul-18 | 76 or more | |
| Creditors/AP | Formulate an action plan to address corporately the larger number of open purchase orders with a view to closing as many as possible. | 1-May-18 | | Matt Davis - Head of Finance/ Christopher Beauchamp - Accounts Payable Manager Jennifer Bruce - Financial Systems Manager | New Accounts Payable Manager commenced 16th July and tasked with dealing with this. Further roll out of supplier portal includes the necessary cleansing of old orders as part of this process | 18-Jul-18 | 26 to 50 | |
| Creditors/AP | Operational issues identified should be addressed in new procedure manual to avoid reoccurrence. | 1-May-18 | | Matt Davis - Head of Finance/ Christopher Beauchamp - Accounts Payable Manager Jennifer Bruce - Financial Systems Manager | Procedure manual being rewritten and new Accounts Payable Manager will take over completion of this as part of a review of all AP processes | 18-Jul-18 | 26 to 50 | |
| Creditors/AP | Documented processes for all areas of operation linked to clearly defined roles and responsibilities for members of staff. This would include identifying the business interfaces and expectations around processing, time taken volumes of business for areas like Mosaic payments or expenditure limits on cost centre codes etc. | 25-Mar-17 | 1-May-18 | Jean Stevenson - Chief Accountant | Job descriptions, appraisals and basic training completed. Some written operational procedures are still outstanding and existing procedure notes need to be fully indexed. The residual risk for this recommendation has increased as information on the successful system running is not documented, hence there are single points of failure in the team. A project group has set up to ensure implementation. A new AP Manager starts on 16th July 2018. | 10-Jul-18 | 26 to 50 | |
| Creditors/AP | Need to clearly identify the strategic contribution of AP to the authority and what is required to make AP business process(es) effective for efficient use of AP for the council. | 23-Mar-17 | 1-May-18 | Matt Davis - Head of Finance Andy Jehan - Snr A/cs Payable Finance Asst Deborah Altunel - Payments Team Change Manager Deborah Altunel - Payments Team Change Manager Andy Jehan - Snr A/cs Payable Finance Asst | Portal being tested and automatic scanning and matching in place. Purchase 2 Pay still voluntary. Scanning portal still in testing stage. Automatic matching at 40%. Large number of open PO's may impact portal. Need portal to be in place and functioning. Same risk of inefficient processing and high reliance on manual processes. No linkage to overall procurement policy. | 10-Jul-18 | 25 or less | |

| Audit Title | Recommendation | Original Audit Completion Date | 1st Follow-up Date | Responsible Officer | Responsible Officer Latest Update | Updated on (date) | Status (% Complete) | Overall Status |
|--------------|---|--------------------------------|--------------------|---|---|-------------------|---------------------|----------------|
| Creditors/AP | Further work needs to be done to ensure that goods are receipted promptly and for the correct amount or value. Reports need to be run on a regular basis to identify and tackle late payments. | 23-Mar-17 | 1-May-18 | Deborah Altunel - Payments Team Change Manager | Procedures drawn up for processing Goods Received Notes and Service Level Agreement for Accounts Payable and Directorate processing drawn up including processing Mosaic holds. Agreement of users to address issues promptly. Needs implementation by organisation as a whole as Accounts Payable can't do it on their own. | 10-Jul-18 | 25 or less | |
| Creditors/AP | Need to review the supplier database and cull inactive suppliers as well and consider if centralisation of procurement would be more cost efficient in terms of ordering and paying for goods and services. | 23-Mar-17 | 1-May-18 | Deborah Altunel - Payments Team Change Manager | Reduced by over half number of suppliers on the system. Created supplier set up procedures. Introduction of portal. Need to close high number of open Purchase Order's on the system. | 10-Jul-18 | 26 to 50 | |
| CSE | Consideration should be given to clarifying the approach for the following good governance best practices:- * Scheme of delegations to sub-groups * Declaring conflict of interests with identified victims or perpetrators of CSE * Anti-corruption policy | 1-Sep-17 | | Becky Herron - CSE Coordinator | Declaration of interests now embedded as a standing agenda item at the beginning of each Sexual Exploitation and Missing Risk Assessment Conference (SEMRAC) meeting. Also included on invitations for the meeting so staff can identify a suitable alternative representative if necessary. After the audit the Local Safeguarding Childrens Board CSE & Missing strategic sub group agreed that an anti corruption policy was not appropriate or necessary. SEMRAC governance sits with RBC and TVP so all existing policies and information sharing agreements are relevant | 11-Jul-18 | 76 or more | |
| CSE | Arrangements need to be introduced to ensure all professional practitioners are made aware of and formally acknowledge the compliance provisions within:- * Reading LSCB safeguarding procedures - standards and requirements * Councils operational procedures - for confirming the processes and the control checks and balances within the control cycle | 1-Sep-17 | | Esther Blake - LSCB Business Manager/ Becky Herron - CSE Coordinator | Through the induction process staff are made aware of all safeguarding policies and procedures. | 11.07.18 | 76 or more | |

| Audit Title | Recommendation | Original Audit Completion Date | 1st Follow-up Date | Responsible Officer | Responsible Officer Latest Update | Updated on (date) | Status (% Complete) | Overall Status |
|-------------|---|--------------------------------|--------------------|---|--|-------------------|---------------------|----------------|
| CSE | <p>in order to ensure procedural compliance we have recommended the following:-</p> <ul style="list-style-type: none"> • The respective control requirements for each key stage should be identified and documented within the departmental procedures. • The departmental procedures should be benchmarked against the safeguarding procedures approved by the LSCB to ensure compliance is applied consistently. • Revision updates to the LSCB safeguarding and department procedures should be acknowledged through the council's procedure database 'net consent'. | 1-Sep-17 | | Esther Blake - LSCB Business Manager/ Becky Herron - CSE Coordinator | The Local Safeguarding Childrens Board and local procedures are updated regularly. Updates are emailed out to appropriate staff for onward dissemination. | 11.07.18 | 76 or more | |
| CSE | <p>Verification and certification controls need to be introduced to ensure:-</p> <ul style="list-style-type: none"> • There no cases or referrals held in abeyance by the Police or NHS etc. e.g. the council should either formally confirm there is no outstanding cases or duplicate email notification setup should be established. • A report should be produced from Mosaic on a frequent basis to confirm there is an audit trail to confirm the completeness of cases held. • A monitoring procedure needs to be developed to ensure checks are compiled with e.g. a data field checks could be produced to ascertain incomplete fields / dip sampling as part of the assurance programme. | 1-Sep-17 | | Becky Herron - CSE Coordinator / Michelle Brown - MASH Service Manager | Monitored through monthly SEMRAC (Sexual Exploitation and Missing Risk Assessment Conference) and case supervision CSE notification developed as a flag on mosaic enabling CSE Coordinator to audit and track cases Ofsted monitoring visits have all included a focus on exploitation | 18.07.18 | 76 or more | |

| Audit Title | Recommendation | Original Audit Completion Date | 1st Follow-up Date | Responsible Officer | Responsible Officer Latest Update | Updated on (date) | Status (% Complete) | Overall Status |
|-------------|--|--------------------------------|--------------------|--|--|-------------------|---------------------|----------------|
| CSE | In order to strengthen the assurance framework we highly recommend the LSCB/QAP develops a risk assessed audit plan, programme and action plan. This will help demonstrate that management has oversight of its control risks and plans how to mitigate these. | 1-Sep-17 | | Gary Campbell - Quality Assurance Service Manager / Becky Herron - CSE Coordinator / Michelle Brown - MASH Service Manager | Audit plan and programme in place CSE audit tool developed Single agency and multi agency CSE audits took place in 2017 and findings reported in to LSCB and children's services management | 18-Jul-18 | 76 or more | |
| CSE | Controls need to be introduced to ensure the secure completeness of records and that there is an audit trail to prove this. For example, consideration this may include:- <ul style="list-style-type: none"> Using system exception reports to review the status of contacts/reports etc. Conducting a data-match between the Mosaic and Police PCN database. Ensuring the MASH receives an automatic email alert. Require agencies to certify that they have checked their records and that the MASH has been notified etc | 1-Sep-17 | | Siobhan Egan - Service Manager - Performance and Data Intelligence | | | 25 or less | |
| CSE | Consideration needs to be given to ensure the completion of the electronic version of CSE risk indicator tool e.g. <ul style="list-style-type: none"> Information received via hard copy should be recorded on a common database for analysis (independent checks would have to be introduced to verify In order to permit common access and to ensure the efficient and effective completion of the 'initial contact form' and 'CSE risk indicator tool' consideration should be given to making these cloud based. This will also help inform the integrity of information. | 1-Sep-17 | | Becky Herron - CSE Coordinator | CSE risk indicator tool set up as electronic form on Mosaic. All social workers and staff across Children's Services trained on accessing and completing the tool appropriately. Tool is assigned electronically to CSE Coordinator These are social care assessment tools so do not need to be cloud based now that early help staff are also using Mosaic | 11-Jul-18 | 76 or more | |
| CSE | In order to ensure people are assessed effectively and efficiently, controls need to be introduced to ensure the CSE assessment is completed prior to SEMRAC and that a copy has been placed on the child's records on Mosaic. | 1-Sep-17 | | Becky Herron - CSE Coordinator | New SEMRAC triage process implemented. Chairs and CSE coordinator get together two weeks prior to each SEMRAC meeting to review new referrals. No new cases will be added to SEMRAC unless there is a complete tool for consideration at the point of triage This is tracked at SEMRAC and triage | 11-Jul-18 | 76 or more | |

| Audit Title | Recommendation | Original Audit Completion Date | 1st Follow-up Date | Responsible Officer | Responsible Officer Latest Update | Updated on (date) | Status (% Complete) | Overall Status |
|-------------|---|--------------------------------|--------------------|--|---|-------------------|---------------------|----------------|
| CSE | The purpose of the DASH board should be expanded to report the statistical status of:- * Compliance levels for each of the each key control stages * Trend / intelligence quantification | 1-Sep-17 | | Bindy Shah - Service Manager/ Becky Herron - CSE Coordinator | CSE/SEMRAC dashboard in place since June 2017 Records all information on CSE risks and cases presented at triage New CSE notification implemented on Mosaic Reports run from mosaic for Children's Service Improvement Board each month to track number of notifications, closures and cases progressing to SEMRAC Data analysed by CSE Coordinator and reported to LSCB quarterly | 11-Jul-18 | 76 or more | |
| CSE | Accounting controls need to be introduced to identify the cost implications of supporting schemes. | 1-Sep-17 | | Lorraine Goude - Head of Strategic Commissioning and Personal Budget | | | 25 or less | |
| CSE | Arrangements need to be introduced to enable the evaluation of support arrangements to ascertain if these services are helping and whether they provide value for money e.g. We have suggested this could be done by recording the details of the support scheme, provider, purchase order details, and the success criteria. an analysis of the individual status and collective could then be reviewed by SEMRAC and the CSE sub group. | 1-Sep-17 | | Bindy Shah - Service Manager | This is no longer relevant. At the time of the audit we worked in partnership with a Barnardo's CSE project who recruited 3 staff to work with children in Reading. Funding for this service has since ceased and we no longer have a specialist CSE Service in Reading. | 18-Jul-18 | 76 or more | |
| Debtors | The various policies, guidance and procedure notes relating to the raising, monitoring and treatment of debt generally should be reviewed and where necessary brought up to date. In addition they should be clearly documented on Iris, if appropriate and all relevant staff and users advised of their location and the need for them to comply with these. | 5-Jun-17 | 7-Feb-18 | Samantha Wills - Recovery & Control Team Leader | Delayed: Current project in hand to centralise invoice production. The R&CTL felt it would be more appropriate to update once new process agreed. If done now potential for it to be incorrect and would waste time being done twice. | 18-Jul-18 | 25 or less | |
| Debtors | The Income & Assessment Manager should review and formalise the strategy, techniques and records Income & Recovery staff should use in the identification and follow up actions used in respect of recovery of unpaid invoices. Once agreed this should be documented and followed by staff. | 5-Jun-17 | 7-Feb-18 | Samantha Wills - Recovery & Control Team Leader | Remains Delayed: Centralise invoice project not progressed. Now awaiting decision on Fusion Project to convert Sundry Debt from Academy to Fusion/ Also Out of Scope for market testing- Resources being redirected to work on market testing specifications | 18-Jul-18 | 25 or less | |

| Audit Title | Recommendation | Original Audit Completion Date | 1st Follow-up Date | Responsible Officer | Responsible Officer Latest Update | Updated on (date) | Status (% Complete) | Overall Status |
|-----------------|--|--------------------------------|--------------------|--|---|-------------------|---------------------|----------------|
| Debtors | All staff who raise invoices should be reminded that: a) invoices should be raised accurately and on a timely basis; b) each invoice should bear the necessary information or detail to reduce the likelihood of subsequent customer queries; c) as a principle services should not continue to be provided until outstanding invoices have been paid; d) there should be clear supporting records and information concerning the invoice that is easily accessible and understandable in the event of future query or need. | 5-Jun-17 | 7-Feb-18 | Zoe Hanim - Head of Customer Care and Transformation / Kirsty Anderson - Income & Assessment Manager | As above still delayed A detailed project plan is to be developed with the intention of moving the AR function onto Oracle Fusion by the 1 April 2019. | 18-Jul-18 | 25 or less | |
| Debtors | It is further suggested that the role and work undertaken by Legal Services in the recovery of unpaid items is reviewed and re-evaluated to ensure it remains appropriate and fit for purpose. Once it is clear what is agreed it is recommended that this is defined in an SLA between Legal Services and Income & Assessment. | 5-Jun-17 | 7-Feb-18 | Samantha Wills - Recovery & Control Team Leader | Delayed: The Recovery & Control Team Leader to meet with legal to agree what minimum documentation required to progress a case through legal route. Once agreed will disseminate to all relevant staff. This may form part of the invoice centralisation, i.e. what basic documentation will be required to raise an invoice to ensure should the invoice not be paid, we have sufficient supporting evidence to pursue a legal case. | 18-Jul-18 | 25 or less | |
| Direct Payments | The directorate should review the direct payments documentation and guidance on the intranet and load any other documents that would assist existing or future direct payment clients, on to the Council's main website. | 24-Nov-17 | | Steve Saunders - Principal Personal Budget Support Officer | Intranet guidance and information on Council main website update completed. | 11-Jul-18 | 76 or more | |
| Direct Payments | It is recommended that management re-affirms its commitments towards Direct Payments and reviews the existing strategy to accelerate the uptake of Direct Payments. Furthermore progress should be monitored and appropriately reported to ensure momentum towards achieving this is maintained. | 24-Nov-17 | | Maura Noone - Interim Head of Adult Social Care | Feedback was about having a tool for consistency, Principal Social Worker developing an audit tool with Research in Practice for Adults (RiPFA) for best practice. Another audit will be completed as soon as the tool is finalised. | 19-Jul-18 | 51 to 75 | |
| Direct Payments | To confirm that all parties recognise and agree to the conditions within it, it is important that a copy of each agreement between RBC and the client is signed (and witnessed) by each party and then filed on Mosaic. Regular checks should be undertaken by management to ensure that data on the spreadsheet is correct and is supported by copies of up to date signed copies of agreements. | 24-Nov-17 | | Steve Saunders - Principal Personal Budget Support Officer | These checks were prioritised. Now ongoing as part of the regular scheduled monitoring process. | 11-Jul-18 | 51 to 75 | |

| Audit Title | Recommendation | Original Audit Completion Date | 1st Follow-up Date | Responsible Officer | Responsible Officer Latest Update | Updated on (date) | Status (% Complete) | Overall Status |
|-----------------|--|--------------------------------|--------------------|--|--|-------------------|---------------------|----------------|
| Direct Payments | It is essential that records are updated accurately and in a timely fashion. Currently there are multiple records that need to be individually updated to provide a complete record of actions and transactions relating to individual DP clients. Therefore it is recommended that the current process is reviewed to assess whether a more streamlined record keeping system could be designed so that records agree, with the purpose of freeing PBST time for monitoring purposes. | 24-Nov-17 | | Steve Saunders - Principal Personal Budget Support Officer | Processes and procedures have been updated resulting in a more streamlined approach which also enhances vigour in the monitoring process. Further work will be conducted to move this process fully on to Mosaic. | 11-Jul-18 | 51 to 75 | |
| Direct Payments | In order to demonstrate appropriate controls over the use of public funds it is recommended that the strategy, resources and purpose of the current checking programme is reviewed. In particular it is important that the required validation regime (frequency, process etc.) is assessed to make sure that it provides a reasonable but effective challenge to check and agree the legitimacy of expenditure. A pivotal consideration should include an assessment of existing staffing resources and whether these are adequate in order to discharge the standards RBC should be expecting as the responsible body. If the assessment determines that (additional) changes are required then it should also be determined what (additional) resources are needed, if any. | 24-Nov-17 | | Steve Saunders - Principal Personal Budget Support Officer Lorraine Goude - Head of Strategic Commissioning and Personal Budget | Processes and procedures have been updated resulting in a more streamlined approach which also enhances vigour in the monitoring process. Further work will be conducted to move this process fully on to Mosaic. Resource requirements have been analysed and options for additional staff resources are being considered at present. | 11-Jul-18 | 51 to 75 | |
| Direct Payments | In order to demonstrate the logic and reasons for determining the frequency of monitoring of DP clients' expenditure it is recommended that a brief record is made and retained as this will provide a rationale as to the monitoring regime adopted. Similarly if the regularity of monitoring changes then the reasons for this should be retained. | 24-Nov-17 | | Steve Saunders - Principal Personal Budget Support Officer | A standard routine has been set up replacing the risk matrix previously used to determine the frequency of monitoring Direct Payments. | 11-Jul-18 | 76 or more | |

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| Direct Payments | It is strongly recommended that the strategy to deliver pre-paid cards is reviewed and where appropriate tightened so that (unless there are good and documented reasons not to do so that are assessed on a case by case basis) the principle of their adoption (of pre-paid cards) becomes understood and accepted as the norm. It is also recommended that management identifies whether there needs to be a programme of education or support across relevant areas in the directorate (including care management colleagues) so that the take up is increased and it is further suggested that targets are set for this to happen. An option may be for the Council to remove the choice aspect and explore moving all (new) clients straight on to Pre-paid cards, as some other local authorities already do. | 24-Nov-17 | | Steve Saunders - Principal Personal Budget Support Officer | In January'18 the decision was made that unless there was good reason no to do so, all new Direct Payments would be made through a pre-paid card. As Direct Payment Service Users have been reviewed or monitored, where appropriate they have been moved on to pre-paid cards. | 11-Jul-18 | 51 to 75 | |
| Financial Deputies | Serious consideration and management support needs to be given to moving to a direct payments system for clients, where feasible, to reduce the amount of cash handled and time required to administer. | 16-Feb-18 | 01-Jun-18 | Marie Roeton - Deputy's Office Manager | We are currently in the process of distributing Lloyds Cards, the Lloyds cards are not prepaid cards. Lloyds cards do not have fees attached but risk can go overdrawn. We have ordered cards for clients that we believe can operate the card and who would not likely go overdrawn. We have also met with care providers that support our clients that receive cash to discuss moving to cards. Once we have these cards in place we will then confirm numbers of clients that will need the prepaid cards, I don't believe a decision has been made if the client has to fund the cost or RBC. Lloyds Cards now in operation: • 27 Clients now using the cards • 30 Clients supported by carers have cards • 48 On Order. The process to order is lengthy can take up to 3 months: Prepaid Cards: We are currently piloting one prepaid card, and about to pilot one more. The cards are from Direct Payment. The cards have restrictions This is not a straight forward project as some clients will not be able to move onto using the card as they are just not able to, we have had to chaperone clients several times to an ATM to show them how to operate the card, and we have had to order new pins and new cards because the cards have been lost or the clients forget their pin, and supply cash in the | | 26 to 50 | |

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| Financial Deputies | The premise of the team needs to be reviewed. If the team is to be cost neutral, this needs to be carefully costed out to ensure that this is achievable (particularly in terms of income targets). | 16-Feb-18 | 01-Jun-18 | Marie Roeton - Deputy's Office Manager | The Business case for a Deputy's Officer was recently agreed by Panel, so there is currently an advert out for a Deputy's Officer, Interview to commence in mid July 2018, new Officer to start mid Aug 2018. Training will be required of approximately 3 months. The budget is being reviewed; the reports that can be created on Caspar to help supply more precise predictions are being explored. further training of the reports on Caspar in July has been arranged but in the interim collating information to generate future predictions. Due to implementing the payment cards which has been priority, and waiting for the decision of the new post to be agreed, the predicted target for 2018/2019 will not be met | | 26 to 50 | |
| Foster Care | A number of key documents, including policies and procedures and the Foster Care Handbook, are out of date. These need to be reviewed and updated to reflect current practice and then reviewed on a regular basis going forward. | 5-Mar-18 | | Jackie Hooper - Service Manager LAC Leaving care / Julie Kennewell - Team Manager Specialist Fostering | 2018/19 audit | | 25 or less | |
| Foster Care | Initial inquiries from prospective foster carers should be followed up in a timely manner as per existing targets. Initial enquiries should be followed up within 24 hours, and an information pack dispatched within 2 days. Applicants who meet initial requirements should be seen within 10 days from their initial contact. | 5-Mar-18 | | Julie Kennewell - Team Manager Specialist Fostering/ Jackie Hooper - Service Manager LAC Leaving care / Siobhan Egan - Service Manager - Performance and Data Intelligence | 2018/19 audit | | 25 or less | |
| Foster Care | All documentation relating to the Independent Fostering Panel should be held in a central location. This should include all annual reviews. Consideration should be given to adopting open advertising for panel vacancies to try to assist in obtaining a more diverse composition. Prospective applicants should be provided with a job description/specification of what is expected from incumbents. | 5-Mar-18 | | Jackie Hooper - Service Manager LAC Leaving care / Julie Kennewell - Team Manager Specialist Fostering | 2018/19 audit | | 25 or less | |
| Foster Care | In house placements should be sought for all referrals unless there is a valid reason why this cannot be done (i.e. child's safety). Action taken on referrals should be clearly and consistently recorded, and this should be on Mosaic. Where there is a confidentiality issue, access to the record should be limited as appropriate. There should not be a single point of failure in the referral process. | 5-Mar-18 | | Jackie Hooper - Service Manager LAC Leaving care | 2018/19 audit | | 25 or less | |

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| Foster Care | Foster carers should be provided with the foster carer handbook on a regular i.e. annual basis. This needs to be reviewed and updated on a regular basis to ensure the information it contains is consistent with other documentation. It should have a clear version control and details of when it was last updated. | 5-Mar-18 | | Jackie Hooper - Service Manager LAC Leaving care/ Julie Kennewell - Team Manager Specialist Fostering | 2018/19 audit | | 25 or less | |
| Foster Care | Foster carer fees and allowances should be regularly (i.e. annually) reviewed, benchmarked and formally approved. | 5-Mar-18 | | Jackie Hooper - Service Manager LAC Leaving care | 2018/19 audit | | 25 or less | |
| Foster Care | There should be a clear, central record of paid leave taken by foster carers to ensure that maximums are not breached. | 5-Mar-18 | | Julie Kennewell - Team Manager Specialist Fostering | 2018/19 audit | | 25 or less | |
| Foster Care | Mosaic records, particularly purchase orders, need to be updated in a timely manner to avoid foster carers being incorrectly paid. Notes and relevant documents should also be clearly labelled and attached to the relevant record in a timely manner. | 5-Mar-18 | | Julie Kennewell - Team Manager Specialist Fostering | 2018/19 audit | | 25 or less | |
| General Ledger | Documented processes for all areas of operation linked to clearly defined roles and responsibilities for members of staff. this would include the need for a clearly defined role of system administrator who reviews and monitors the activity of the current OF team and is not involved in day to day operations. | 6-Apr-17 | 31-May-18 | Matt Davis - Head of Finance | Implementation of Future Finance function has clarified roles and responsibilities and new JDs and person specs produced accordingly | 18-Jul-18 | 51 to 75 | |
| General Ledger | Need to clearly identify and document the business processes that support the General Ledger and identify what activity is being undertaken and who is responsible and how that activity is supported by valid secure audit trails for the same. This would include maintaining formal supporting records for financial transactions that are entered manually or via spreadsheet and ensuring where possible separation of duties is enforced for journal entry and approval. | 6-Apr-17 | 31-May-18 | Matt Davis - Head of Finance | Our follow up confirmed correct and appropriate working papers are now maintained and a system of approval for journals has been implemented which gives a full audit trail of actions performed on a journal. However, this did not cover the whole financial year and there is still considerable work to be completed to evidence and approve journals in the first half of the financial year. The direction of travel however, is one of improvement. | 18-Jul-18 | 26 to 50 | |
| General Ledger | There needs to be consistent control over data entry from feeder systems that standardises and controls data input to reduce the need for journals to amend miscoded items. The number of Oracle Fusion codes needs to be reviewed with a view to identifying key codes and removing redundant or unused codes. | 6-Apr-17 | 31-May-18 | Matt Davis - Head of Finance | Daily reports produced and sent to owners of feeder systems for their checking that totals loaded correctly | 18-Jul-18 | 51 to 75 | |

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| General Ledger | Further work needs to be done to establish the layout of the Oracle database and to give assurance that all numbers used for identifying transactions within this database can be reconciled to the user interface to ensure that there are no issues with missing numbers for transactions or batch processing numbers. | 6-Apr-17 | 31-May-18 | Matt Davis - Head of Finance | Layout of the database schema produced | 18-Jul-18 | 51 to 75 | |
| General Ledger | Journals produced between April and October 2017 will have to be reviewed and evidence sought for the need for creation. | 4-Jun-18 | | Jean Stevenson - Chief Accountant | All inputters have now been trained on what constitutes good evidence and have been instructed to load evidence in advance of a review by Internal Audit in mid-July. | 10-Jul-18 | 51 to 75 | |
| General Ledger | All Journals need to be reviewed and authorised in a timely fashion | 4-Jun-18 | | Jean Stevenson - Chief Accountant | Significant steps have been taken to reduce the volume of journals which is assisting the review and authorisation of journals. More authorisers have also been identified. Further steps will be taken to improve the time taken to authorise once the 2017/18 accounts are complete . | 10-Jul-18 | 26 to 50 | |
| General Ledger | All journals need proper designation as to the type of journal and its purpose. | 4-Jun-18 | | Jean Stevenson - Chief Accountant | The new Technical Accountant will conduct a review of journal naming when he starts in September 2018. | 10-Jul-18 | 25 or less | |
| General Ledger | The number of codes that are being used for one off transactions needs to be reviewed to ensure that this is the most efficient way to record financial information. | 4-Jun-18 | | Jean Stevenson - Chief Accountant | This review is scheduled to be conducted by the Financial Systems Team as part of the overall review of codes for the introduction of inter company accounting. This will happen once the ledgers for the Children's Company and Homes for Reading have been created. | 10-Jul-18 | 25 or less | |
| HB Subsidy | It is recommended that: a) backfill for secondees positions needs to be in place earlier. b) consideration is given to the number of contractors in place in key positions within the team. c) a clear plan is put in place for quality checking going forward. This needs to include the identification and reporting of issues relating to individuals to allow them to be addressed in a timely manner. | 17-Sep-17 | | Kirsty Anderson - Income & Assessment Manager | Monitoring in place, resilience contract in place, training provided 10% Quality in place with contractor | 18-Jul-18 | 76 or more | |
| Health & Safety | In order to share instances of different and best practice(s) it is suggested that the directorate chairs of the health & safety periodically attend and observe other directorates' meeting to see whether specific techniques, formats etc. could be usefully shared between them. | 8-Feb-17 | 29-Sep-17 | H&S Committee Chairs: Resources - Zoe Hanim Adults - Steve Saunders Schools - Paul Wagstaff Children's - Paula Ward DENS - Sarah Gee Central - Peter Sloman | New H&S Committee Leads in place since audit; so meetings for the Leads to be set up to aid consistency. We are waiting for a schools Lead to be appointed but will diary meetings for the others from early December. In the meantime Leads are being supported by H&S Advisors | | 26 to 50 | |

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| Health & Safety | There needs to be confidence in the integrity of the staff health and safety training data held on I-Trent and that it is accurate and kept up to date so that reliance can be placed upon this. This may involve some further work to achieve this and possibly some prioritisation of resources by Training / HR. | 8-Feb-17 | 29-Sep-17 | L&D - Russell Gabbini | The Organisational and Workforce Development Manager is leading on the training actions. Staff have been allocated a H&S Level. (about 100 need clarification) All staff will then have to complete an online appraisal commensurate with their responsibility. If they fail the test then they will have to go to a classroom course to improve their H&S knowledge. | | 26 to 50 | |
| Health & Safety | Once the exercise to cleanse data has been completed, where it has become flagged that staff training is not up to date, then a programme of training to remedy this should be implemented. | 8-Feb-17 | 29-Sep-17 | H&S - Robin Pringle & L&D - Russell Gabbini | As above | | 26 to 50 | |
| Information Governance and Data Protection | The management framework needs to be documented (action plans and ToRs) and aligned with a strategy that identifies the key staff needed to implement and maintain it. This in turn needs approval and incorporation into the reporting framework of CMT who should receive regular reports on progress and any significant issues highlighted in work practices. | 7-Oct-16 | 9-Apr-18 | Chris Brooks - Head of Legal & Democratic Services | Management framework is encompassed in the GDPR project plan. Monthly reports have been to CMT. The last report to CMT is going on 24.07.2018 | 16.07.2018 | 76 or more | |
| Information Governance and Data Protection | All staff identified as being key to a properly managed information governance process should have their roles and responsibilities reflected in their job descriptions. | 7-Oct-16 | 9-Apr-18 | Chris Brooks - Head of Legal & Democratic Services | This is to be actioned. Discussions are in hand with HR to determine whether it is appropriate that the roles and responsibilities to Information Governance are to added to Job Descriptions | 16.07.2018 | 25 or less | |
| Information Governance and Data Protection | Information Asset Owners (IAO) need to be formally appointed for each system that processes personal data with responsibility for ensuring that it operates within the policies and procedures governing information security and data protection including ensuring access to data is only by authorised persons | 07-Oct-16 | 9-Apr-18 | Chris Brooks - Head of Legal & Democratic Services | The information case owners system is in place. | 16.07.2018 | 25 or less | |

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| Information Governance and Data Protection | There needs to be a formal risk management framework that incorporates a formal information risk register that records the location of personal data and the risks associated with it. IAOs should be tasked with managing the risks identified for their data. | 7-Oct-16 | 9-Apr-18 | Chris Brooks - Head of Legal & Democratic Services | The information case owners system is in place. | 16.07.2018 | 25 or less | |
| Information Governance and Data Protection | Privacy Impact Assessments (PIA) should be completed for all data processing changes and new projects | 7-Oct-16 | 9-Apr-18 | Chris Brooks - Head of Legal & Democratic Services | On going. Ricky Gill holds a register | 16.07.2018 | 25 or less | |
| Information Governance and Data Protection | Information Security and data protection requirements need to be built into all Third Party contracts where setting out access to systems and data transfer safeguards. | 7-Oct-16 | 9-Apr-18 | Chris Brooks - Head of Legal & Democratic Services | For existing contracts there is a standardisation letter of variation in line with GDPR. Procurement signed this off. Appropriate provisions are being added to future contracts that come through Legal Services | 16.07.2018 | 26 to 50 | |

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| Information Governance and Data Protection | Regular reviews of compliance with policy and reviews of data accuracy (paper and electronic) should form part of any managed approach to security and data processing. Reviews should also include whether records need to be retained, whether data is actually needed and whether adequate control and consent in place for its usage. | 7-Oct-16 | 9-Apr-18 | Chris Brooks - Head of Legal & Democratic Services | For data accuracy is the responsibility of the data owner. The GDPR Project team have revised retention schedules | 16.07.2018 | 25 or less | |
| Leisure (income collection) | A formal procedure for reviewing and approving all promotions, discounts or free use of facilities should be put into place. This should include:- * The annual review of key documentation that indemnifies the Council and reconfirms the club's responsibilities. * The cost benefit analysis for such activity should be reviewed and approved by the appropriate officer responsible. | 14-Jun-16 | | Ben Stanesby - Recreation & Leisure Manager / Diana Hughes - Operations Manager | Clubs are charged scheduled rates which are now included in the annual fee setting process. Free use of early morning use of swimming pools has ceased. | 3-Jul-18 | 25 or less | |
| Leisure (income collection) | Unless authorised by management, in order to reduce the costs and debts attributed to the raising of sales invoices, arrangements should be put in place to ensure payment always is received at the point of use:- * Individuals or clubs continually book facilities with arrears should brought to management's attention. * Booking forms should be reviewed to ensure payment is always received in advance and is appropriately recorded as required, e.g. office use details should record payment details or the sales invoice details if authorised by management. * Unless specifically instructed by the person making the booking, all sales invoices should be made out to the club/body concerned. | 14-Jun-16 | | Diana Hughes - Operations Manager | Invoices are made out to hiring organisations. A CRM system is being used to manage booking at Prospect park where ongoing problems with invoicing were being experienced. | 3-Jul-18 | 25 or less | |

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| Leisure (income collection) | Refund controls need to be strengthened to ensure the audit trail validates legitimacy:- * Refunds must not be made unless the initial payment can be substantiated e.g. same debit card and signed for. * The reason and frequency of refunds need be enforced and monitored. * Refunds should not be permitted unless the debit as been confirmed. The regularity of debit and credit transactions should be monitored. | 14-Jun-16 | | Diana Hughes - Operations Manager | All refunds are recorded within the CRM System which also identifies the initial credit | 3-Jul-18 | 25 or less | |
| Leisure (income collection) | The cash handover procedures should be standardised so that the clear bags are signed as part of the safe check procedure. | 14-Jun-16 | | Diana Hughes - Operations Manager | Implemented | 3-Jul-18 | 76 or more | |
| Leisure (income collection) | Compliance controls to evidence separation of duties need to be enforced and monitored accordingly. This should include:- * The same operator opening and closing the till is the same person certifying the daily reconciliation. * Unless supported by a risk assessment and authorised by management, officers should not be permitted to operate LEGEND under another staff members User rights. * Duty Manager conducting the validation of the daily reconciliation must be independent of the operator. | 14-Jun-16 | | Diana Hughes - Operations Manager | Each operator open and closes there till and certifies the reconciliation. This checked by a second member of staff. Staff only operate tills under their own login. | 3-Jul-18 | 25 or less | |
| Leisure (income collection) | Separation of duties between Finance and LEGEND need to be reviewed and put in place. | 14-Jun-16 | | Diana Hughes - Operations Manager | New process automating production of journals from the CRM system have been developed and about to be audited to ensure appropriate separation of duties. | 3-Jul-18 | 25 or less | |

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| Mosaic Fusion Year end reconciliation audit | Increased emphasis needs to be placed on the importance of ensuring that data held within Mosaic is of an appropriate quality. This includes ensuring that placements are reflected in a timely manner (purchase orders created, amended and closed), so that commitments are accurately reflected and discrepancies and missing invoices can be identified and addressed. | 17-Oct-16 | 01-Nov-17 | Seona Douglas - Director of & DMT DACHS/ Stephen Kitchman - Director of DCEEH/ Paul Stevenson - Interim Directorate Accountant - DACHS | There has been a progressive improvement in the data recorded for Children's Services, but this needs to be cleansed further. This is a priority action in the move to the new Children's Company where high quality data will be required. LAC profiling has been introduced to improve the robustness of financial modelling and impact of the MTFs. The Business Partner for Children's Services is now having regular meetings to clarify queries and change MOSAIC accordingly to improve the data in MOSAIC. Further MOSAIC reports will need to be written but will be incorporated into the transition to the company's IT work stream. The projections for LAC expenditure was more accurate during 17/18 financial year. Acting Head of Service and Principal Social Worker working with mosaic team to build in processes to ensure changes are implemented to improve data quality and consistency of reporting | 16-Jul-18 | 26 to 50 | |
| Mosaic Fusion Year end reconciliation audit | There should be clearly documented policies and procedures for the year end reconciliation and associated accruals process. These should be available to all relevant individuals and reviewed and updated as necessary on a regular basis to reflect current practice. | 17-Oct-16 | 01-Nov-17 | Head of Finance - Matt Davis (in lieu of Business Partner Comm / PH) | 2018 response: The issues with ongoing work on Closure of the 16/17 Accounts along with the Finance Restructure caused capacity issues within Finance which meant that it was not possible to produce procedures for this. As part of the 2017-18 Closedown process we have reviewed and changed the basis of the way in which the accrual for care costs are implemented. The working papers supporting the accruals show the methodology around the accrual and this will consolidated into procedure notes and guidance, so they are available for others to | 16-Jul-18 | 25 or less | |
| Mosaic Fusion Year end reconciliation audit | A lessons learnt review should be conducted post year end which looks at issues encountered with the year-end reconciliation process and associated accruals and provisions. Outcomes from this should then feed into the following year's year-end process. This is particularly pertinent for Adult Services. | 17-Oct-16 | 01-Nov-17 | Head of Finance - Matt Davis (in lieu of Business Partner Comm / PH) | Due to issues with the 18/19 budget build and the ongoing issues with the 16/17 audit and closure of 17/18 accounts, capacity has not allowed for this to happen. It is opportune, given , that the 17/18 accounts have recently been closed for a post mortem review of process to be undertaken and any lessons learned will be fed into the 18/19 closure process. | 16-Jul-18 | 26 to 50 | |

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| Overtime | It is recommended that the Head of Payroll reviews the overtime payment process, particularly the rates paid, of staff with multiple part time contracts with the Council. The Authority needs to be assured there is no discrimination or unfairness of the current process. | 23-Aug-16 | 28-Sep-17 | Shella Smith - Head of HR and OD | The new Head of HR and Organisational Development will review the Council's policy on overtime payments to ensure that it is fair and non discriminatory. This will be completed by end of March 2019. | 12-Jul-18 | 25 or less | |
| Payroll | It is recommended that the monthly checking processes be documented so that knowledge of how to perform these tasks does not remain implicit and undocumented. | 3-Apr-17 | 28-Sep-17 | Sharon Brown - Payroll Pensions and Data Manager | There is currently a schedule of all the standard payroll and checking reports and processes to ensure nothing is missed. The standard checking processes have now been documented. | 12-Jul-18 | 76 or more | |
| Payroll | It is recommended that the monthly checking processes be documented so that knowledge of how to perform these tasks does not remain implicit and undocumented. This is a recommendation outstanding since the audit in the previous year. | 3-Apr-17 | 28-Sep-17 | Sharon Brown - Payroll Pensions and Data Manager | This is the same recommendation as the line above. There is currently a schedule of all the standard payroll and checking reports and processes to ensure nothing is missed. The standard checking processes have now been documented | 12-Jul-18 | 76 or more | |

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| Payroll | The overpayment and associated costs should be recharged to the relevant budget cost code for all late notifications and only cleared when the debt has been recovered. | 3-Apr-17 | 28-Sep-17 | Sharon Brown - Payroll Pensions and Data Manager | Agreed - A new overpayment process has been developed whereby managers will be sent a breakdown of the overpayment calculation and a pre-populated form to enable a debtors invoice to be raised against the departmental budget code which will only be cleared once the debt has been repaid. | 12-Jul-18 | 76 or more | |
| Public Health | All current miscellaneous schemes run internally by RBC should be formally incorporated into a public health framework and subject to a process of challenge (bidding for approval) and subject to a monitoring framework that clearly identifies how successful outcomes are measured and then evidences those successful measurements. | 29-Sep-17 | | Peter Dawson - Interim Public Health Programme Manager/ Sally Andersen - Senior Commissioner Drugs & Alcohol/ Lynn Mason - Business Manager West Berks Safeguarding Adult Partnership/ Janette Searle - Preventative Services Development Manager | Memorandum of Understanding are now in place for all departments who have Public Health funding. The Public Health Board meeting commenced in April 2018 to oversee the PH spend. | 11.7.18 | 25 or less | |
| Public Health | The recharge of central establishment costs to the public health grant should be done in a timely fashion and in such a way as those costs are transparent and commensurate with the resources employed by the authority to administer the grant monies. | 29-Sep-17 | | Andy Stockle - Principal Accountant & Paul Stevenson - Interim Directorate Accountant DACHS | Corporate recharges have historically been treated 'below the line' and not charged to Public Health. Public Health has a credit budget to reflect this practice. Discussions have taken place with Corporate Finance (KI) and it has been agreed that for 2018-19 purposes a virement adjustment will be actioned between Public Health and Directorate of Resources to remove the credit budget which will enable charges to be actioned in line with the audit recommendation. It is proposed that recharges will be made on a quarterly basis. The appropriate virements and charges will be actioned by the end of July. | 17-Jul-18 | 51 to 75 | |

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| Right to Buy | A copy of the Right to Buy Handbook should be available on the new RBC website. Right to Buy policies should be reviewed on a regular basis to ensure that they are still fit for purpose. | 19-Jul-16 | | Deborah Altunel - Payments Team Change Manager | Although it was agreed that the Right to Buy Policy would be reviewed and published on the council's website by the end of July 2016, this has yet to be implemented. Although a copy of the draft January 2017 policy has been forwarded as confirmation we have been informed this has yet to be approved or published on the council's website. Reliance is placed upon general referral to central government's RTB policy and referral to this in the RTB Handbook published by the Council on the main website | 3-Jul-18 | 25 or less | |
| Right to Buy | Sequencing check controls need to be established to ensure application reference numbers can be accounted for. | 11-Jun-18 | | Sam Bainbrigge - RTB Team Leader | The Ohms system now generates the numbers so they can't be duplicated | 3-Jul-18 | 25 or less | |
| Right to Buy | A copy of CIT's findings should be scanned onto I@W and their findings should be analysed to ascertain what preventative (information) and detective (monitoring) controls are required to deter the reasons why applications are withdrawn by the applicant or cancelled/denied by the council should be analysed by the RTB Team to help ascertain the common occurrences / problems. This will help ensure council resources and the applicant's time are not wasted. | 11-Jun-18 | | Sam Bainbrigge - RTB Team Leader | Request sent to CIT who now scan their findings back into housing systems so there is an audit trail | 3-Jul-18 | 25 or less | |
| Right to Buy | Revised date: A number of improvements are required to ensure payments are fully accounted for:- * A copy of the RTB Offer and any sale revisions that confirm the final sale price should be forwarded to Finance. * In conjunction with the RTB Team and Legal, Finance should complete a certified periodic reconciliation between payments due, those received and the accounts on Fusion. The RTB application number should be recorded on Fusion to support the address of the property. | 11-Jun-18 | | Jean Stevenson - Chief Accountant/ Sam Bainbrigge - RTB Team Leader | Process in place for RTB offers and sale revisions confirming the sale price to be sent to finance | 3-Jul-18 | 25 or less | |

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| S106 | <p>As a priority Planning Services need to:-</p> <ol style="list-style-type: none"> 1. Produce a set of written procedures that detail the required operational standards, the control requirements and the workflow processes. This should take into account all of the various checks, balances, transactions and interactions within the Planning Service and also with other council departments. 2. Procedures should be formally issued to staff and training should be provided accordingly. 3. Staff should be required to confirm they understand these systems and requirements and a record of this should be retained on the employee's training record. | 30-Sep-16 | 14-Jul-17 | Kiaran Roughan - Planning Manager | The Infrastructure Monitoring Officer and other relevant staff been trained to fully implement Exacom. The system is now fully operational for all live cases with existing data for such cases having been imported and fully checked for accuracy and reliability. A separate system has been set up to retain records of past fully paid cases. The Planning Service has put together a set of updated draft written procedures since the audit review. They have been revised to relate to the procedures around the Exacom system. These reflect the roles and responsibilities of different staff together with more detailed descriptions of the processes for recording individual obligation agreements, as well the invoicing, monitoring and payment of sums due from the developer(s). These notes are supplemented by a flow diagram that sets out the main processes in schematic form. In addition to showing the roles of Planning staff the procedures also set out the roles and principal responsibilities for Legal and Finance staff. The Written procedures have been formally issued to all relevant staff and their understanding of the procedures has been formally recorded on their training record | 3-Jul-18 | 76 or more | |
| S106 | The roles and separations of duties for the Policy Team and Administration Team need to be reviewed to ensure there is inclusion and oversight for the full monitoring of all S106 monies. | 30-Sep-16 | 14-Jul-17 | Kiaran Roughan - Planning Manager | It continues to be the case that there is no regular or complete reconciliation between the respective record systems used to identify, track and manage S106 amounts. Rather the focus of the service has been to develop an alternative system that coherently addresses the main control requirements for the future. The first part of this has been the appointment of the Infrastructure Monitoring Officer, the procurement of the Exacom system, the drafting of written procedures and then the subsequent implementation of Exacom. The Planning team has understood the need to have working procedures that allow for improved separation of duties and that also assign specific tasks and responsibilities to particular post holders. Consideration has also been given to building resilience in the event of staff absence(s). | 3-Jul-18 | 25 or less | |

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| S106 | <p>It is recommended that:-</p> <p>a) the Administration team is used to provide an independent check to ensure the completeness and accuracy of Planning projects administrative records and any S106 monies listed on the 'commitment workbook'.</p> <p>b) Acumen and the 'commitment workbook' should be regularly reconciled and then certified by an appropriate manager.</p> | 30-Sep-16 | 14-Jul-17 | Kiaran Roughan - Planning Manager / Mark Worringham - Planning Policy Team Leader | As above the new systems that have been and are scheduled to be introduced should provide better audit trails, more scrutiny and accountability, a clearer separation of duties and improved reconciliations. Added to this the newly documented procedures, the recruitment of the Infrastructure Monitoring Officer should provide a much improved control framework over S106 income. The planned use of Admin resources in the early stages to log details on to Civica Planning and the recording of the relevant finance code(s) on Exacom will aid significantly help the system reconciliation back to Fusion and also to improve transparency and checking. | 3-Jul-18 | 76 or more | |
| S106 | <p>The methodology for recording, collecting and monitoring the payment status of S106 monies need to improved urgently. In particular:</p> <p>a. It is strongly recommended the corporate debtor system should be used for the monitoring and collection of all S106 monies. Each sales requisition should be authorised by the PSM. In particular there is a need to establish clear separation of duties between the instigation, recovery and the monitoring of monies.</p> <p>b. The obligation index increases and revised amounts should always be recorded on Acumen.</p> <p>c. Provisional target dates should be established to monitor the status of payment triggers and for prompting the sales requisition.</p> <p>d. A monitoring procedure needs to be produced for reviewing the status of triggers and payments (who, how, when etc.).</p> <p>e. Oracle Fusion codes should be recorded on Acumen, and a record of receipts should also be recorded. Obligations, finance receipts and balances on Oracle Fusion balances should be regularly reconciled and reviewed by management.</p> | 30-Sep-16 | 14-Jul-17 | Kiaran Roughan - Planning Manager / Mark Worringham - Planning Policy Team Leader | <p>The Exacom System and updated procedures are now in place and are used in operations. This now provides an appropriate methodology for recording, collecting and monitoring the payment status of S106 monies.</p> <p>After discussions with Finance it was agreed by the Head of Finance that the corporate Academy system for raising invoices was not appropriate for the purposes of raising and monitoring S106 invoices' It offers no advantages over the use of the facilities and reporting functions of the Exacom system. Indexation and revised amounts area recorded in Exacom. Trigger dates are a function of Exacom.</p> <p>Monitoring of triggers and payments is being undertaken by the Planning Policy Team Leader.</p> <p>Oracle Fusion codes are recorded on Exacom and receipts/ transaction numbers are also recorded on the system. Attempts have been made to reconcile planning records with Fusion, but there remain challenges in obtaining data in a timely manner.</p> | 3-Jul-18 | 76 or more | |
| Safeguarding (supervision) | <p>The 'Grandparent' should have overview of supervision records to ensure the expected process is being complied with and is performed in a consistent manner for all staff.</p> <p>A sample of records should be reviewed at least quarterly to identify any supervision that is not at the appropriate standard. Where supervision is not of the appropriate standard the Team Manager/Service Manager should address the issue.</p> | 18-Sep-17 | 13-Nov-17 | Jo Purser - Locality Manager Adult Social Care | Agreed with Team managers and Assistant Team managers that a supervision audit is completed in the month of December. | | 26 to 50 | |

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| Subject Access Requests | There should be a standard policy for all Subject Access/Access to Records Requests. The draft policy should be reviewed to ensure it still is relevant, legal review and formal approval obtained and then implemented and made available to all relevant parties as a priority. It also needs to contain more specific information relating to subject access requests. Going forward, it should also be reviewed on a regular basis to ensure it continues to meet all relevant legal and other | 23-Jan-17 | 15-Mar-18 | Chris Brooks - Head of Legal & Democratic Services | Relevant policies have been revised under GDPR and are available on the Information pod on IRIS | 16.07.2018 | 76 or more | |
| Use of Cash Vouchers & Cash Accounts | Documented procedures should be produced to:- a) stipulate the purpose of petty cash accounts e.g. what is considered to be appropriate expenditure, and what is not b) specify the recording, reconciliation and reporting requirements including the transfer of details on to Oracle Fusion c) define the control requirements for the safeguarding of cash and vouchers. | 2-Nov-16 | 14-Jul-17 | Matt Davis - Head of Finance | The Head of Finance has confirmed there has been no capacity to implement but the Payments Team Change Manager has highlighted these improvements remain necessary and an improvement plan has been put into place to take this forward | | 25 or less | |
| Use of Cash Vouchers & Cash Accounts | Controls need to be introduced within the APT to confirm the completeness and accuracy of the floats in circulation and to ensure that petty cash claims are appropriately authorised. This should involve:- a) Conducting an annual review to ensure the records are correct and up to date. b) Introducing a system for recording the issue, transfer and return of floats. Where floats are transferred between officers a copy of the transfer note must be forwarded to the APT. c) Introducing a check control whereby the APT confirms the accuracy of the float balance and of the authorisation details each time a claim is made. | 2-Nov-16 | 14-Jul-17 | Matt Davis - Head of Finance | The Head of Finance has confirmed there has been no capacity to implement but the Payments Team Change Manager has highlighted these improvements remain necessary and an improvement plan has been put into place to take this forward | | 25 or less | |

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| Use of Cash Vouchers & Cash Accounts | Finance should consider whether prepaid cards could be better used to control petty cash expenditure. Or alternatively departments / services could be encouraged to use Visa purchase cards instead of petty cash | 2-Nov-16 | 14-Jul-17 | Matt Davis - Head of Finance | The Head of Finance has confirmed there has been no capacity to implement but the Payments Team Change Manager has highlighted these improvements remain necessary and an improvement plan has been put into place to take this forward | | 25 or less | |
| Waste Operations | Record keeping should be more thorough and documents regularly reviewed, updated, agreed as necessary and stored in a central location. This should include meeting paperwork (agendas, papers, minutes), training records, business continuity plans, holiday and sickness absence forms, health declarations and driving license checks | 12-Dec-16 | 24-May-17 | Michelle Crick - Waste Services Manager/ David Moore - Neighbourhood Services Manager | Staff training master monitoring sheet in place. All records are now retained on the shared Neighbourhoods drive. Record Structure in place in Waste Operations shared folder Master monitoring sheet received. | 3-Jul-18 | 26 to 50 | |
| Waste Operations | Driver vehicle checks should be conducted and recorded on a daily basis prior to vehicles commencing their rounds. | 12-Dec-16 | 24-May-17 | Michelle Crick - Waste Services Manager/ David Moore - Neighbourhood Services Manager | Informal audit carried out by Fleet department and 2 waste supervisors. Any discrepancies actioned. Supervisor carries out regular spot checks on driver vehicle checks record sheets. In cab system now forms part of the digital review programme. System chosen must integrate with route optimisation software, record vehicle check results, link to customer services and the web to facilitate self service and have a trade waste element. Discussions with external suppliers have started. In cab system not implemented as waste service subject of a savings proposal and investment not sensible until | 3-Jul-18 | 25 or less | |
| Waste Operations | Up to date approval should be obtained to confirm that Waste Operations have the ability to vary trade waste fees according to circumstances. | 12-Dec-16 | 24-May-17 | Michelle Crick - Waste Services Manager/ David Moore - Neighbourhood Services Manager | The trade waste service must have the ability to charge according to the type of waste, its weight and lift frequency. The waste operations review has produced accurate cost model and a trade waste charging structure which is now in use for all customers. We now have the capability to weigh bins and existing trade customer charging has been reviewed in relation to weight and lift frequency. Un-economic customers (heavy bins) have either had their charges increased or contracts terminated. Service is subject to hard market | 3-Jul-18 | 25 or less | |
| Waste Operations | Trade waste contracts should contain accurate details of the number of bins and frequency of collection. This should agree with records in Flare. Care needs to be taken to ensure that charges made for trade waste as a minimum cover the costs of providing the service | 12-Dec-16 | 24-May-17 | Michelle Crick - Waste Services Manager/ David Moore - Neighbourhood Services Manager | See response above, in-cab system deployment delayed. Trade waste currently operates at c12.6% net surplus | 3-Jul-18 | 25 or less | |

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|-------------|----------------|--------------------------------|--------------------|---------------------|-----------------------------------|-------------------|---------------------|----------------|
| | | | | | | 25 or less | 53 | |
| | | | | | | 26 to 50 | 16 | |
| | | | | | | 51 to 75 | 11 | |
| | | | | | | 76 or more | 26 | |
| | | | | | | Total | 106 | |