

To: Councillor Stevens (Chairman)
Councillors Davies, Gittings, Edwards,
Emberson, Robinson, McElroy and McEwan

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22 September 2021

Your contact is: **Michael Popham - Democratic Services Manager**

NOTICE OF MEETING - AUDIT AND GOVERNANCE COMMITTEE 30 SEPTEMBER 2021

A meeting of the Audit and Governance Committee will be held on Thursday, 30 September 2021 at 6.30 pm in the Council Chamber, Civic Offices, Reading. The Agenda for the meeting is set out below.

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1. DECLARATIONS OF INTEREST		
2. MINUTES OF THE PREVIOUS MEETING HELD ON 19 JULY 2021		5 - 10
3. QUESTIONS		
4. INTERNAL AUDIT QUARTERLY PROGRESS REPORT		11 - 54
This report provides an update on key findings emanating from Internal Audit reports issued since the last quarterly progress report.		
5. STRATEGIC RISK REGISTER	BOROUGH WIDE	55 - 70
To receive a report on the Council's Strategic Risk Register for Quarter 2.		
6. ANNUAL GOVERNANCE STATEMENT 2020/2021	BOROUGH WIDE	71 - 84
To receive a report on the draft Annual Governance Statement for 2020/21 for publication with the Council's accounts.		
7. INFORMATION GOVERNANCE QUARTERLY UPDATE	BOROUGH WIDE	85 - 90

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This report outlines the actions in progress to improve the Council's policies, systems and processes for better Information Governance.

- | | | | |
|------------|--|-------------------------|--------------------------|
| 8. | CLOSING FINANCIAL ACCOUNTS UPDATE | BOROUGH
WIDE | Verbal
Update |
| | To receive a verbal update from the Director of Finance on the progress made with the completion of the Council's Final Accounts for 2018/19 and 2019/20. | | |
| 9. | IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER | | 91 - 100 |
| | 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. | IMPLEMENTATION OF THE FINANCE IMPROVEMENT PROGRAMME - PROGRESS UPDATE | BOROUGH
WIDE | 101 -
106 |
| | This report provides an update on progress of the Programme workstreams and their deliverables against the Plan since the last meeting. | | |
| 11. | EXTERNAL AUDITOR UPDATE | | |

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Present: Councillors Stevens (Chairman), Davies, Edwards, Emberson, Gittings, McElroy (via Microsoft Teams), McEwan and Robinson;

In remote attendance (via Microsoft Teams) Councillor McElroy was unable to attend in person, so attended and contributed remotely via Microsoft Teams, but did not vote on any of the items; and Councillor Brock (Leader of the Council)

1. MINUTES

The Minutes of the meeting of 20 April 2021 were confirmed as a correct record and signed by the Chairman.

2. INTERNAL AUDIT ANNUAL ASSURANCE REPORT

Paul Harrington, Chief Auditor, submitted a report setting out at Appendix 1 the Internal Audit Annual Assurance Report of the Chief Auditor, as required by the Accounts and Audit regulations and the Public Sector Internal Audit Standards. The report gave 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. It also set out key themes arising from the work of the Audit Team during the 2020/2021 financial year, and compared the audit work undertaken with that planned, summarising the performance of the Internal Audit function against its performance measures and targets.

The report explained that, on the basis of work completed during the course of the year, the Chief Auditor had concluded, that whilst no assurance could ever be absolute, he could only give limited assurance that arrangements to secure governance, risk management and internal control were in place in 2020/21. The basis for the assurance opinion was set out in section 2 of the report and the key areas for improvement identified during the audit work were set out in section 4.

Despite the opinion being similar to last year, the Chief Auditor stated it should be noted there were positive signs of improvement. The Finance Improvement Programme (see Minute 4 below) was driving progress and since being introduced the tracking process of historic audit recommendations was paying dividends. Clearly, the encouraging improvement trajectory needed to be sustained in 2021/22 to enhance assurance that the effectiveness of control, risk and governance arrangements would continue to improve across the Council.

Resolved: That the assurance opinion given by the Chief Auditor and the issues raised in the annual report be noted.

3. INTERNAL AUDIT QUARTERLY UPDATE REPORT

Paul Harrington, Chief Auditor, submitted a report providing an update on key findings emanating from Internal Audit reports issued since the last quarterly progress report in January 2021.

AUDIT AND GOVERNANCE COMMITTEE MINUTES - 19 JULY 2021

The report set out a summary of the audit reports in respect of: General Ledger; NNDR and Council Tax Administration; Commercialisation; and MOSAIC Payment Controls (Finance Module). As the Chief Auditor had given 'limited assurance' to MOSAIC payment controls, the full internal audit report was appended to the report.

In relation to MOSAIC Payment Controls (Finance Module), the report stated that generally supplier payments had been made in a timely manner, however there was a significant balance on supplier pre-payments. Purchase orders were not always raised in a timely manner and whilst supplier invoices were received, inputted onto MOSAIC and matched to the relevant purchase order they were not always attached to the relevant transaction in Oracle Fusion.

The report also listed the audits that were currently in progress and gave a summary of investigations work between April 2021 and June 2021.

Resolved: That the audit findings in relation to the MOSAIC Payment Controls (Finance Module) be noted, and the recommendations set out in the full audit report be endorsed.

4. IMPLEMENTATION OF THE FINANCE IMPROVEMENT PROGRAMME - PROGRESS UPDATE

Chris Tidswell, CIPFA, presented a report providing an update on progress of the Finance Improvement Programme (FIP) against the plan for each workstream and their deliverables. The report explained that the FIP had two key phases: Phase I was responding to the historic and current issues identified to ensure a sound foundation and 'getting the basics' right. The second phase would concentrate on embedding Phase I delivery and developing the financial management culture and governance framework across the Council. The report stated that progress against the Phase I plan since the last Committee had been good with a number of deliverables being achieved and the following Phase 1 workstreams almost reaching completion: Accounts Payable, Accounts Receivable and Chart of Accounts.

Phase II of the transformation programme was expected to commence at the end of August and would be aligned to the implementation of the new finance system. The financial system had been procured and implementation was due to start in August. The delivery date for completion of the workstream was 1 April 2022, which would coincide with the 'go live' date.

The audit tracker recommendations (see Minute 8 below) continued to be included within individual workstream deliverables where appropriate and were managed as part of the overall Plan. There were 34 (previously 43) recommendations within the tracker covered by the Finance Improvement Programme, none of which were now 'Red' rated. The Finance Transformation Board continued to oversee the Programme and monitor and challenge delivery timelines where appropriate.

Resolved: That the progress being made to implement the Finance Improvement Programme be noted.

5. INFORMATION GOVERNANCE QUARTERLY UPDATE

Michael Graham, Assistant Director of Legal & Democratic Services, submitted a report outlining the actions work underway to improve the Council's policies, systems and processes for Information Governance following several limited assurance reports in this area.

The report detailed the work of the Information Governance (IG) Board, which was responsible for implementing and overseeing an Information Management Strategy. The Strategy would be informed by the technical review which had been undertaken by Leicester City Council and was in the process of being finalised. The Strategy was expected to be presented to Policy Committee this Autumn. The Committee noted that take-up of the Cyber Security training, which was currently available for all staff and councillors through a Learning Pool e-learning package, had improved since the last meeting, especially among Council staff, but that it needed to improve further.

The report had appended the Customer Relations Team's Data on Complaints, Freedom of Information (Fol) requests and Subject Access Requests (SARs) & MP Enquiries for 2020/21 for information and review. The Committee welcomed the new information and requested that future reporting should provide more explanation of the data and include trends to enable members to understand the context of the statistics.

Resolved: That the progress being made to improve the Council's Information Governance be noted and the Committee requested that in future the Data on Complaints, Freedom of Information (Fol) requests and Subject Access Requests (SARs) & MP Enquiries for 2020/21 include more explanation and context to enable the Committee to use the information as a practical tool for improvement and identify examples of good practice.

6. ANNUAL TREASURY MANAGEMENT REVIEW 2020/21

Darren Carter, Director of Finance, submitted a report on the Council's Treasury Management Strategy and Annual Investment Strategy for 2020/21. The Treasury Management Strategy required an Annual Outturn Report reviewing the Treasury Management activity which had taken place during the year.

The report stated that the Council had continued to finance capital expenditure through maximising the use of capital receipts, capital grants and internal borrowing. During 2020/21 the Council had taken out a short-term loan of £10m for one month during May 2020 to assist in managing the short-term cashflow position, but no long-term loans (over one year in duration) had been taken out during the year. The Council had not experienced any significant cashflow difficulties during the year due to the Covid-19 pandemic as although cash inflows had been reduced as a result of income losses, particularly from chargeable services such as car parking and leisure, they were offset by the receipt of additional one-off grant funding from the Government and a slowdown in capital expenditure. The Council had also kept prudent levels of surplus cash in short-term accessible investments to protect against any unforeseen cashflow issues.

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Overall, the Council had under borrowed by £197.051m as at 31 March 2021. As a consequence, the Council had effectively avoided incurring external interest costs in the order of £6.522m during 2020/21, based on the average rate for the existing debt portfolio of 3.31%. Against the 2020/21 General Fund budget there had been an overall net General Fund underspend of £0.028 million on the Capital Financing budget as reported in the 2020/21 Quarter 4 Performance report to Policy Committee on 12 July 2021. This budget included interest payable, interest receivable and Minimum Revenue Provision (MRP).

The report confirmed that the Council had not breached any of its treasury management performance indicators during 2020/2021. The Borrowing and Investment portfolios were appended to the report for further information.

Resolved: That the Treasury Management Outturn Report for 2020/21 be noted.

7. FINANCIAL ACCOUNTS UPDATE

Darren Carter, Director of Finance, submitted a report providing an update on the completion of the Council's Final Accounts for 2018/19, 2019/20 and 2020/21. The report stated that officers had now completed all outstanding work in respect of the 2018/19 Accounts. The revised Statement reflecting all the agreed amendments had been handed over to EY ahead of EY's internal quality assurance panel to review the audit.

Officers were on schedule to complete the updates required to the 2019/20 Statement of Accounts arising from the 2018/19 audit by the end of July 2021 to facilitate the commencement of the audit in early August. Preparation and completion of the 2020/21 Accounts was also underway and the aim would be to have both 2019/20 and 2020/21 Statements of Accounts signed off by March 2022.

Resolved:

- (1) That the progress made in relation to the audit of the 2018/19 accounts be noted and that they be circulated to the committee once finalised;
- (2) That the Director of Finance, in consultation with the Chairman of Audit & Governance Committee, be authorised to sign off the Statement of Accounts for 2018/19 on behalf of the Council;
- (3) That the progress being made in closing the 2019/20 and 2020/21 be noted.

8. IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER

Jackie Yates, Deputy Chief Executive, presented a report setting out, at Appendix 1, the Implementation of Audit Recommendations tracker report.

The report explained that each recommendation was marked with a percentage complete which correlated to a red/amber/green rating (up to 25% complete: red, between 26% and 75%: amber, over 75% complete: green). Any recommendations that

AUDIT AND GOVERNANCE COMMITTEE MINUTES - 19 JULY 2021

were less than 50% complete but had exceeded their agreed completion date were also marked red.

In the tracker report at Appendix 1 there were 117 high and medium risk recommendations from Internal Audit, of which 34 (29.1%) were currently green, 54 (46.2%) were amber and 10 (8.5%) were red. Nineteen recommendations had now been completed and would be removed from the next report.

Resolved: That the high and medium risk Internal Audit recommendations and the responses to those risks be noted as set out in Appendix 1 to the report.

9. EXTERNAL AUDITOR UPDATE

Maria Grindley and Adrian Balmer, EY, reported on their draft audit results, which summarised the external auditor's audit conclusion in relation to the audit of Reading Borough Council and Group for 2018/19. The previous audit year, 2017/18, had been challenging for the Council, and EY's audit opinion had been qualified in four areas, Debtors, Creditors, I&E and Pensions, the value for money conclusion had an adverse report. There had been a number of changes implemented to address EY's recommendations in relation to processes, documentation and controls and there had also been a number of new appointments during 2018/19 and to date. Due to the fact that the 2018/19 year was well underway whilst these changes were being implemented, the issues arising had not been fully addressed by the 2018/19 year end. Therefore, the report also highlighted a number of matters where improvements had not yet been embedded as at 31 March 2019. The external auditors expected to see these improvements reflected in the 2019/20 financial statements.

The certification of the 2018/19 accounts had been significantly delayed due to delays in certifying the 2017/18 accounts, which were signed off in October 2020 and had therefore missed the deadline of 30 September 2018. Since then there had been a positive improvement in timescales and the 2018/19 audit had taken 10 months to complete which was an improvement on prior years. In addition, discussions and planning for the 2019/20 statements had already started with work anticipated to start in the summer. EY expected to complete the work on 2019/20 to a shorter timescale, which would assist the Council get back on track in relation to the timing of the audit cycle.

EY reported they had substantially completed the audit of Reading Borough Council for the year ended 31 March 2019 and expected to issue a qualified audit opinion on the financial statements in the form that appears at Section 3 of the report. The report also highlighted matters concerning the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources. However, it should be noted that despite the accounts still likely to be qualified the number of specific qualifications had been greatly reduced and areas of concern in respect of the Value for Money judgement had also been lifted.

Resolved: That the position be noted.

(The meeting commenced at 6.30pm and closed at 8.21pm).

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**READING BOROUGH COUNCIL
DIRECTOR OF FINANCE**

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	30 September 2021		
TITLE:	INTERNAL AUDIT QUARTERLY UPDATE REPORT		
LEAD COUNCILLOR:	COUNCILLOR RUTH MCEWAN	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
SERVICE:	AUDIT & INVESTIGATIONS	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 summarises internal audit activity in respect of internal audit and investigations for the period 1 July to the 30 September 2021.
- 1.2 The following documents are appended:
 - Appendix 1 - Internal Audit & Investigations Update Report
 - Appendix 2 - Facilities Management Corporate Repairs Internal Audit Report
 - Appendix 3 - Adult Social Care, Contract Management Internal Audit Report

2. RECOMMENDATIONS

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

3. SUMMARY

- 3.1 The primary objective of each audit is to arrive at an assurance opinion regarding the robustness of the internal controls within the financial or operational system under review. Where weaknesses are found Internal Audit will propose solutions to improve controls, thus reducing opportunities for error or fraud. In this respect, an audit is only effective if management agree audit recommendations and implement changes in a timely manner.
- 3.2 A total of six audit reviews were completed in the period between July and September 2021.
- 3.3 Four audit reviews received a positive assurance opinion and two received a negative assurance opinion.

3.4 Substantial Assurance Opinion Reviews

3.4.1 There is generally a sound control environment in the administration of **Housing Benefits**, with several areas of good practice evident.

3.4.2 A post assurance review of **Business Grant** payments paid to mitigate the economic and social impact of the COVID-19 pandemic, concluded a strong framework that identified the key risks both internal and external was put in place for the claims process.

3.5 Reasonable Assurance Opinion Reviews

3.5.1 A review of **Budgetary Control for 2020/2021** recognised there were major challenges in monitoring financial performance against the budget, but despite this the budget was delivered with net favourable variance, made up of £4.468m of unspent Covid-19 grant funding, service net favourable variances of £1.652m, and £6.453m of corporate contingencies, which were ultimately not required. Recommendations were made to improve budget working papers and training for budget holders.

3.5.2 Although our overall assessment concluded that the Council's **governance arrangements** comply with the CIPFA/SOLACE framework¹ and associated principles, there are areas for improvement. We chose to record these improvements as next steps under themed areas, rather than individual recommendations. These themed areas are '*Local Code of Corporate Governance*', '*Financial Governance*', '*Assurance Mapping*' and '*Service Engagement*'.

3.6 Limited Assurance Opinion Reviews

3.6.1 Our audit of **Facilities Management corporate repairs** recognised that the service has a good understanding of the improvements required for ensuring both planned and responsive repairs are completed on timely basis. However, overseeing of the scheduling and monitoring of the status of repairs, especially for works completed by an external contractor, needs improving.

3.6.2 Although a limited assurance opinion was given, we are satisfied that there is an aspiration by Adult Social Care to review and re-evaluate **contract management procedures within Adult Social Care** in order to ensure that contracts are appropriately managed and monitored.

3.7 No Assurance Opinion Reviews

3.7.1 N/A

¹ CIPFA/SOLACE guidance *Delivering Good Governance in Local Government* ('the Framework'),

4. CONTRIBUTION TO STRATEGIC AIMS

- 4.1 The Internal Audit Team 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.

5. COMMUNITY ENGAGEMENT AND INFORMATION

- 5.1 *N/A*

6. LEGAL IMPLICATIONS

- 6.1 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.
- 6.2 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.
- 6.3 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”.

7. FINANCIAL IMPLICATIONS

- 7.1 *N/A*

8. BACKGROUND PAPERS

- 8.1 *N/A*

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Appendix 1

Internal Audit & Investigations

Quarterly Update Report

APPENDIX 1

1.0 OVERVIEW

1.1 Purpose & Scope of Report

1.1.1 The purpose of this report is to provide an update on the progress made against the delivery of the Internal Audit Plan. This report provides details of audits completed in quarter 1, as well as those carried over and completed from the 2020/21 financial year.

1.2 Assurance Framework

1.2.1 Each Internal Audit report provides a clear audit assurance opinion. The opinion provides an 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 work undertaken in relation to the terms of reference agreed at the start of the audit; it is not a statement of fact. The audit assurance opinion framework is as follows:

Opinion	Explanation
No Assurance	“Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.”
Limited	“Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.”
Reasonable	“There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.”
Substantial	“A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.”

1.2.2 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. It is management’s responsibility to ensure that effective controls operate within their service areas. Follow up work is undertaken on audits providing limited or ‘no’ assurance to ensure that agreed recommendations have been implemented in a timely manner.

2.0 HIGH LEVEL SUMMARY OF AUDIT FINDINGS

		Recs			Assurance
2.1	Budgetary Control 2020/2021	0	5	3	Reasonable

- 2.1.1 We acknowledge the level of change over the last year brought about by the Covid-19 pandemic and the impact this had on the Council's revenue budget and savings plans. There have also been major challenges in monitoring financial performance against the budget that was approved in February 2020 as the impact of the pandemic delivered an unprecedented level of change and uncertainty. The budget was based upon a pre-pandemic set of assumptions that have had to be continually revised and adjusted throughout the year.
- 2.1.2 The provisional General Fund revenue outturn position for 2020/21 was a £12.573m net favourable variance, made up of £4.468m of unspent Covid-19 grant funding, service net favourable variances of £1.652m, and £6.453m of corporate contingencies, held to deal with pressures not foreseen in the original budget, were ultimately not required.
- 2.1.3 Budget monitoring was overseen by Policy Committee, who received quarterly monitoring reports. CMT and DMT also received regular reports. There was a timetable and guidance notes for the budget setting process. Service plans were developed in parallel with the budget build process, with budget priorities reflecting corporate plan priorities.
- 2.1.4 Savings were identified in the Medium-Term Financial Plan (MTFP) and reviewed as part of the budget monitoring process, with savings RAG rated in terms of achievability. Forecasts were updated on a monthly basis, with possible options (i.e. variables) considered during the review of business cases in the MTFP.
- 2.1.5 Budget monitoring meetings had not been held as frequently in all cases in the last year due to the circumstances, specifically Covid 19. Budget monitoring at service manager/manager level had not occurred in DACHS in the last quarter, nor consistently on a regular monthly basis at this level across all directorates.
- 2.1.6 During the audit we were provided with informal estimates of directorate outturn positions, which sometimes conflicted with budget monitoring reports. Whilst this is not necessarily unusual, as financial forecasts can and do change at the last minute, especially in the time of a pandemic, these variances were not insignificant in terms of value.

2.1.7 A survey of a number of budget managers noted they possessed budget management skills from previous roles and an online course was available on the intranet. However, they felt budget management did need to be explicitly included within the induction process for new starters (where relevant), in addition to clarifying the roles of service teams and Finance in the process. Budget management information could benefit from review/refinement to highlight key points/trends.

2.1.8 There was also a lack of evidence of appropriate written authorisation of budget virements that had been undertaken in some cases reviewed, with sequential numbered references being reused.

2.1.9 It should also be noted that due to turnover of staff in a number of positions within Finance, it was difficult to ascertain/verify the processes followed in all cases in relation to 2020/21 budget monitoring and 2021/22 budget setting.

		Recs			Assurance
2.2	Adult Social Care - Contract Management	2	2	0	Limited

2.2.1 The Council uses both block and spot contracts to support a wide range of services for adults covering residential homes, nursing homes, home care, day care, supported living, extra care housing, employment support and respite. The purpose of this audit was to review contract management procedures within Adult Social Care (ASC) to ensure contracts are managed in accordance with the Council's Contract Procedure Rules and Local Government Association best practice.

2.2.2 Although a limited assurance opinion was given, we are satisfied that there is an aspiration by Adult Social Care to review and re-evaluate the contract management systems in order to ensure that contracts are appropriately managed and monitored.

2.2.3 Although we appreciate that ASC are currently reviewing their procedures and processes for managing services to the value of approximately £33m per annum, consideration should be given to the development of a Commissioning and Contracting Framework. This will support both the contract management and commissioning aspects to enable better monitoring of the market and individual provider outcomes, which will help inform future strategic and operational decisions.

2.2.4 These improvements to the control framework will require the full evaluation of the staff resources and IT programs to ensure these remain fit for purpose in meeting those requirements for administering and monitoring the contract status of its many social care providers.

2.2.5 As ASC confirmed that a complete review of all block and spot contract documentation is required and is in progress Internal Audit did not look at this area in detail although we found the file structure on the Shared Drives and audit trails for the contract files to be poor. Given this, we have recommended that a reconciliation of provider information held on the Mosaic system should be carried out with other relevant data records, as the completeness of the existing contract register requires both consolidating and updating to ensure there is improved oversight of contracts.

		Recs			Assurance
2.3	Business Grants (Post Payment) Assurance	0	0	0	Substantial

2.3.1 The Government introduced measures to mitigate the economic and social impact of the COVID-19 pandemic in the form of various grants. The three initial grants the government put in place were Small Business Grant Fund (SBGF); Retail, Hospitality and Leisure Grant (RHLG); and Discretionary Grants (DG). There have been a number of additional grants that have been introduced since the initial three covering areas like Restart and the Extended Lock Down.

2.3.2 The fraud threat posed during emergency situations was higher than at other times, and all public bodies should be attuned to the risks. The Council reduced this threat by integrating low-friction controls (checking business status on companies house, property visits, checks through third parties etc) into payments where possible and carrying out post-event assurance work.

2.3.3 A risk framework that identified the key risks both internal and external was put in place for the claims process. This framework was signed off by the Chief Auditor and was in line with BEIS (Department of Business Energy & Industrial Strategy) guidelines.

2.3.4 Claims which indicated a potential breach of the framework conditions were referred to the Corporate Investigations Team for further investigation. The team then used a government software tool to analyse and compare claim details in respect of 1300 grant claims, which allowed for corroboration of bank account and company address details.

2.3.5 The Corporate Investigations Team indicated that there were five cases where potential breaches had been identified for payments of £10,000. Two cases were resolved with no further action after investigation. One recipient agreed to repay the monies as they were not entitled, and two other cases (total value of £20,000) have been referred to the Council's Legal Team with a view to prosecution for fraud.

2.3.6 The Council also submitted grant data to the Cabinet Office under the National Fraud Initiative for the data to be matched with other local authorities for the purposes of identifying both potential internal duplications across the variety of grant types and claims that indicated attempts to defraud authorities by the submission of grant claims from similar addresses or using similar bank or other details on the claim across multiple authorities. The exercise indicated three cases for consideration and of those, two cases were subsequently found to be satisfactory on further investigation by the Corporate Investigations Team. A further audit sample of grant payments was reviewed against payment details and data held on addresses and no other issues were identified.

2.3.7 To put all of this into context, as at 30 September 2020, 1964 grant claims had been received with a value of £27,010,000 in respect of SBGF and RHLG; and 326 grants with a value of £1,419,300 in respect of Discretionary grants.

		Recs			Assurance
2.4	Housing Benefits	0	1	1	Substantial

2.4.1 Housing Benefit (HB) is a means tested social security benefit intended to help meet housing costs for rented accommodation. It is one of six “legacy benefits” being replaced by Universal Credit and usually, a new claim cannot be made for any of the legacy benefits. Claimants of legacy benefits may be required to move to Universal Credit should their circumstances change in certain ways. Other claimants, except for pensioners, will have to move onto Universal Credit by 2024.

2.4.2 Our audit confirmed that the procedures in place for the administration of housing benefits were sound, and testing carried out found that controls were in place and working well, with several areas of good practice evident. There procedures and system documentation in place to support the administration of Housing Benefits and online resources for staff providing guidance and advice in relation to the complex legislative framework surrounding Housing Benefits.

2.4.3 Low rates of errors have been reported based on 10% daily checks on Housing Benefits assessments and an effective Risk Based Verification (RBV) process contributes towards the prevention and detection of fraud.

2.4.4 Processes followed with respect to the timely recovery of overpayments and performance monitoring were reviewed with no issues found.

2.4.5 All reconciliations were found to be up-to-date with the primary reconciliation performed, being a triangulated reconciliation of the Academy (Revenues) system, Bank and general ledger. The reconciliation balances payments made from the Academy system to the bank statement and general ledger, by the checking that the amounts paid out on the Academy system reports, match both the bank statement and the journals put through to the general ledger.

2.4.6 The second reconciliation occurs between Academy and the Northgate Open Housing Management System (OHMS). The OHMS to Council tenant payment reconciliation balances systems reports from OHMS and Academy to ensure that interface has posted the correct payments to the rent accounts in OHMS. No issues were noted.

		Recs			Assurance
2.5	Corporate Governance Review	-	-	-	Reasonable

2.5.1 The purpose of this review was not to assess the content and relevance of the Council’s policies, strategies, plans, or guidance documents, nor compliance with them, but to establish the existence of expected governance arrangements as detailed in the CIPFA¹/SOLACE² guidance *Delivering Good Governance in Local Government* (‘the Framework’). The Framework defines the principles that should underpin the governance of each local government organisation.

2.5.2 Although our overall assessment concluded that the Council’s governance arrangements comply with the framework and associated principles, there are areas for improvement. We chose to record these improvements as next steps under themed areas, rather than individual recommendations. These themed areas are ‘*Local Code of Corporate Governance*’, ‘*Financial Governance*’, ‘*Assurance Mapping*’ and ‘*Service Engagement*’.

2.5.3 To achieve good governance, the Council should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out. The extent to which it complies with its own code of governance should be reported on an annual basis to the Audit & Governance Committee, including how the effectiveness of governance arrangements have been monitored in the year, and on any planned changes in the coming period.

2.5.4 The links between governance and financial management are crucial and as part of the review of the Council’s constitution, the Director of Finance will be establishing an effective way to communicate financial governance through financial regulations and procedures.

¹ Chartered Institute of Public Finance and Accountancy

² Society of Local Authority Chief Executives

2.5.5 Assurance functions (other than finance) made up of professionals from various disciplines should work together to improve and embed good governance, identify areas of weakness and deliver improvements which benefit the council and its residents. The purpose of the Assurance Map is to aid transparency, answering the question who does what and why, by identifying the various internal, external / independent assurance providers.

2.5.6 Services will need to be engaged to assist in the development of the corporate code of governance and to update governance related documents and/or processes as required.

		Recs			Assurance
2.6	Facilities Management Corporate Repairs	2	6	1	Limited

2.6.1 The purpose of the audit was to determine whether the council has adequate arrangements in place for undertaking planned and reactive maintenance works, for Council properties.

2.6.2 Planned and reactive repair works for the council’s corporate buildings are managed by Property Services on behalf of Facilities Management. Works are were scheduled using the Planet FM application so that the works can be repaired internally or via a specialist contractor.

2.6.3 Facilities Management and Property Services have a good understanding of the improvements required for ensuring both planned and responsive repairs are completed on timely basis. However, overseeing of the scheduling and monitoring of the status of repairs, especially for works completed by a contractor, needs improving.

2.6.4 We raised concerns regarding the completeness and accuracy of information on the property database and asset register on Planet FM, which is was the principal tool used to ensure all repair obligations are identified. There are no regular or periodic reconciliation procedures or cleansing exercises to ensure the record of properties on Planet FM match the primary records held by the Valuation Team, which record the Council’s repair obligations³.

2.6.5 Property Services flagged their concerns regarding their ability to complete a meaningful reconciliation because property data has been inconsistently recorded on Planet FM, due to poor system setup and data entry controls. Consequently, there could be gaps in the scope of works and responsibilities for ensuring Council locations remain functional and safe.

³ The Valuation Teams listing of property assets only records the legal repair obligation and whether the property is funded by the general fund or housing revenue account.

- 2.6.6 The procedures for both defining and prioritising repairs, together with the justification of the use contractors, are overly reliant on individual judgements. Although the monitoring of outstanding works had recently been reintroduced, the monitoring reports used to do this did not accurately reflect the timely completion or repair status of jobs, particularly in relation to the prioritisation of works. This meant that there was a lack of a complete audit trail to confirm the status repair works and which was impacted further by untimely submission of invoices by contractors.
- 2.6.7 Although we were satisfied that contractors' costs for corporate repairs could be accounted for, we found it difficult to measure and validate whether contracts had been properly let, as some of works span Property Services entire operation(s), including schools. Corporate Procurement commenced a product review to examine how works could be better packaged to meet needs and help services improve their contract management skills and practice and to make sure these meet contractual limits and requirements. Internal Audit supports this initiative because as such, it is currently difficult to demonstrate compliance with contract procedural rules and to ascertain how and why the Council uses particular contractors.

Audit reviews carried over from 2020/2021

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Feeder system interface and reconciliation	x				To be completed in Q3 of 2021/2022						
Commercialisation	x				Mar-21	Jun-21	Jun-21	0	3	2	
MOSAIC payment controls (Finance Module)	x				Aug-20	May-21	Jun-21	3	5	1	
Budgetary Control	x				Jan-21	Jun-21	Aug-21	0	5	3	
NNDR and CTAX Administration	x				Mar-21	Jun-21	Jun-21	0	0	3	

Audit reviews for 2021/2022

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Emergency Active Travel Grant	x				Apr 21	May-21	Jun-21	0	3	0	N/A
Travel Demand Management Grant	x				Apr-21	Jun-21	Jun-21	0	2	0	N/A
Compliance & Enforcement Surge Grant	x				May-21	May-21	May-21	0	0	0	N/A
Facilities Management (Corporate Repairs)	x				Apr-21	Jun-21	Jul-21	2	6	1	
Housing Allocation Scheme	x				May-21	Aug-21		0	5	5	
Business Grants (Post Payment) Assurance	x				Jun-21	Jul-21	Aug-21	0	0	0	
NHS Test and Trace Grant Determination	x				Grant return now not due until 2022/2023						
Community Testing Funding Grant	x				May-21	Jun-21	Jun-21	1	4	0	N/A
Corporate Governance Review	x				Apr-21	Jun-21	Sep-21	0	0	0	
Housing Benefit		x			Jun-21	Aug-21	Sep-21	0	1	1	
Low Carbon project Grant (NEW)		x			Jun-21						
Local Transport Plan Capital Settlement (Grant Certification)		x			Sep-21						

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Bus Subsidy Grant		x			Sep-21						
Freedom of Information (Follow up Review)		x									
Accounts Receivable		x									
Contract Management (Adults)		x			Jun-21	Aug-21	Sep-21	2	2	0	
Payments to Adult Social Care Providers (NEW)		x	x		Sep-21						
Parks & Grounds Maintenance			x								
Feeder system interface and reconciliation (NEW)			x								
Furlough Administration			x		Oct-21						
Client Contributions (Adult Care)			x		Sep-21						
Accounts Payable			x								
Climate Change Strategy			x		Aug-21						
Green Homes BEIS Grant			x								
Staff (Grey Fleet) Vehicle Documentation - (Follow up Audit)				x	Aug-21	Sep-21					
Waste Operations				x							
Records Management & Document Retention Policy (Follow up review)				x							
Treasury Management				x							
Transitions from children's social care to adults				x							
Transparency Code Compliance (Follow up)				x							

4.0 INVESTIGATIONS (APRIL 2021 - SEPTEMBER 2021)

4.1 Grant Funding Schemes Assurance work

4.1.1 The investigations team have been continuing to conduct sample checks to provide post-payment assurance on risk of error and/or fraud and over payment. Using government fraud prevention tools, which interface with other departments and agencies they validated claims and facts for various business grants paid out as a result of the pandemic. This work continued from April to July this, with no suspicions of fraud identified during this period.

4.2 Council Tax Support Investigations

4.2.1 The investigations team have recovered a record total of £2,693 from Council Tax investigations completed, where a discount was removed from the current account.

4.3 Housing Tenancy Investigations

4.3.1 Since 1st April 2021 officers have commenced investigation into several referrals of tenancy fraud, with fourteen cases ongoing and five properties having been returned to stock to date. Four of these cases were tenancy related investigations and one case was under the Right to Buy (RTB) scheme. In addition to the notional savings, the RTB case secured a 12-month rental income, equivalent to £5,799, plus the RTB discount saving of £86,400

4.3.2 The notional saving achieved is £464,199.00, adopting the notional savings multiplier used by the Cabinet Office in its National Fraud Initiative report.

4.3.3 Investigations team have also undertaken joint working with one of Readings Registered social landlord. Investigators helped the RSL to recover one property following a lengthy investigation.

4.4 Social Care Fraud & Investigations

4.4.1 The team have been working with Brighter Future for Children on two complex investigations. Both are now with BFfC and await legal updates.

4.4.2 There is one ongoing direct payment investigations (Adults) which commenced in August linked to potential money laundering offences and this case is still ongoing.

4.4.3 Officers also investigated a referral from the NHS regarding a possible overcharging for care at a large residential home in the area. Although we found no evidence of fraud, recording keeping with respect to the care hours provided was poor.

4.5 Disabled Persons Parking Badges (Blue Badges)

- 4.5.1 Since April 2020 work on civil enforcement was suspended. The service has recently been re engaging, and since April 2021 we have received a total of 8 cases which are currently under investigation, with one case with Legal awaiting charging decisions.

APPENDIX 1

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APPENDIX 2

Internal Audit Report

FACILITIES MANAGEMENT - CORPORATE BUILDING REPAIRS

To: Frances Martin, Executive Director for Economic Growth & Neighbourhood Services DEGNS
Charan Dhillon, AD of Property & Asset Management, Regeneration & Assets
Glyn Bethell, Corporate Facilities Manager
Mark Attree, Engineering Service Manager



From: Robert Dunford, Senior Auditor

Limited Assurance

Date: 7/7/2021

EXECUTIVE SUMMARY

1. BACKGROUND

- 1.1 Planned maintenance and responsive repairs are core activities for ensuring corporate properties remain fit for purpose so that they can be used safely. The maintenance, equipment and building fabric inspections and testing are undertaken at regular intervals by specially trained engineers to prevent the potential for breakdown, confirm safety and ensure it is efficient in operation.
- 1.2 Planned and reactive repair works for the council's corporate buildings are managed by Property Services on behalf of Facilities Management. Works are scheduled using the Planet FM application so that the works can be repaired internally or via a specialist contractor.

2 OBJECTIVES & SCOPE OF THE AUDIT

- 2.1 The purpose of the audit was to determine whether the council has adequate arrangements in place for undertaking planned and reactive maintenance works, in order to protect the Council's property, the health and wellbeing of employees and members of the public. The objective of this review was to: -
- To ensure planned and reactive repairs are scheduled in accordance with needs and requirements.

- To ensure repairs are completed on a timely basis and that backlog of works is monitored, risk assessed and managed.
 - To ensure the use of contractors is appropriate and in accordance with corporate procedures.
- 2.2 The scope of this review covered corporate buildings only, and excluded housing, schools and commercial properties.
- 2.3 This audit (and report) was undertaken in accordance with the Public Sector Internal Audit Standards ([PSIAS](#)).

3 CONCLUSIONS

- 3.1 Facilities Management and Property Services have a good understanding of the improvements required for ensuring both planned and responsive repairs are completed on timely basis. However, the current procedures and processes for scheduling and monitoring of the status of repairs, especially where carried out by a contractor, require prompt and full management attention. The risk(s) identified are similar to those highlighted in other recent audits, notably the Statutory Building Compliance and Corporate Contract Management audits carried out in 2019.
- 3.2 There are continuing concerns regarding the completeness and accuracy of information on the property database and asset register on Planet FM, which is the principal tool to ensure all repair obligations are identified. Whilst it is acknowledged that Atrium¹ was once seen as the solution to manage this risk, it no longer remains the case and no reconciliation procedures or cleansing exercises were implemented to ensure the record of properties on Planet FM match the primary records held by the Valuation Team, which can record the Council's repair obligations².
- 3.3 Property Services reiterated their concerns with Internal Audit regarding their ability to complete a meaningful reconciliation because property data has been inconsistently recorded on Planet FM, due to poor system setup and data entry controls. Consequently, there could be gaps in the scope of works and responsibilities for ensuring Council locations remain functional and safe.

¹ Asset and Property Management System

² The Valuation Teams listing of property assets only records the legal repair obligation and whether the property is funded by the general fund or housing revenue account.

- 3.3 The procedures for both defining and prioritising repairs being scheduled, together with the justification of the use contractors, both require documenting and approval, because these are unduly based upon using decisions based upon staff's experienced local knowledge. Although the monitoring of outstanding works has recently been reintroduced, the monitoring reports used to do this, do not accurately reflect the timely completion or repair status of jobs, particularly in relation to the prioritisation of works. This means that there is a lack of a complete audit trail to confirm the status repair works and which is impacted further by untimely submission of invoices by contractors.
- 3.4 Although we are satisfied that contractors' costs for corporate repairs can be accounted for, we found it difficult to measure and validate whether contracts have been properly let, as some of works span Property Services entire operation(s), including schools. Corporate Procurement have commenced a product review to examine how works can be better packaged to meet needs and help services improve their contract management and to make sure these meet contractual limits and requirements. Internal Audit supports this initiative because as such, it is currently difficult to demonstrate compliance with contract procedural rules and to ascertain how and why the Council uses particular contractors and is then able to hold them to account for uncompleted or inadequate works.
- 3.5 A total of 9 recommendations have been made in respect of this review, of which 3 are considered high priority. The recommendations and corresponding management action plan are attached at Appendix 1.

Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
PLANNED AND REACTIVE REPAIRS ARE SCHEDULED IN ACCORDANCE WITH NEEDS AND REQUIREMENTS					
<i>RISK: There is a risk that repairs won't be completed when they should be or because the council doesn't fully understand its repair obligations.</i>					
1	<p>The list of properties held on Planet FM should be reconciled periodically by Property Services against the list of properties held by Valuations.</p> <p>This list should then be used to verify the Council's legal repair obligations for both its corporate, non-corporate and other service level agreement requirements to ensure there are no omissions in the scope or repair obligations.</p>	Priority 1	<p>Property Services and Corporate Facilities agree with this action and are working to close out. We have utilised the Asset Management team data base and cross checked with the MRI Planet database and working to amend any property variations. We are taking the opportunity to add all leased properties onto Planet to ensure completeness of data.</p> <p>We have raised corporately that all amendments to property are reported back via the responsible officer for MRI Planet who will ensure that property updates are added ensuring the system is up to date. Note this is reliant on other services including schools notifying the responsible officer for MRI Planet. A Corporate FM and Landlord model will help to address this issue.</p>	<p>MA (Engineering Services Manager)/ MS (Corporate Services Support Officer)</p>	<p>Being actioned in progress</p> <p>Target completion 2/8/21</p> <p>Updates ongoing</p>
2	<p>A project plan needs to be produced to ensure the information on the FM register is complete and accurate. The aim should be to ensure current and future information is recorded consistently.</p>	Priority 2	<p>Property Services and Corporate Facilities agree with this action and have started the work to address.</p> <p>A formal project plan is being developed.</p> <p>A responsible person has been identified Martin Sheldrick Property Services with sponsors Mark Attree Property Services Repairs and Compliance and Glyn Bethell FM and buildings management.</p> <p>A base schedule of assets has been provided which needs verifying. Principals of control have been agreed whereas the Responsible person MS verifies all data that is added to the system to ensure completeness, consistency and accuracy going forward.</p> <p>Note this is reliant on other services including schools notifying the responsible officer for MRI Planet. A Corporate FM and Landlord model will help to address this issue.</p> <p>The size of the task for the project to "overhaul" of Planet FM must not be underestimated, and sufficient time & human resource will need to be made available.</p>	<p>MA (Engineering Services Manager)/ MS Corporate Services Support Officer)/ GB (Corporate Facilities Manager)</p>	<p>Being actioned in progress</p> <p>Target completion 2/10/21</p> <p>Updates ongoing</p>

Page 32

<p>3 Page 33</p>	<p>The protocol, process map and definitions for assessing the different risk priorities should be appropriately approved by management and documented to ensure works are appropriately scheduled for repair. For example, it should be clear what factors determine whether a job is a priority 1 or a priority 2 task.</p>	<p>Priority 2</p>	<p>Property Services and Corporate Facilities agree with this action and have started the work to address and included in the formal project plan. We have definitions of priorities and their timescales along with criteria for some type of work. The priorities are noted in the Customer Fulfilment SLA.</p> <p>Reactive work is logged in priority order: Priority 1 - within 4 hours or immediate if a H&S risk Priority 2 - within 24 hours Priority 3 - within 7 days Priority 4 - within 28 days</p> <p>In the project plan we aim to provide a more detailed guide for applying the priorities and ensure that it is applied across all areas of Facilities Management Property Services consistently.</p> <p>The application of priorities when jobs are raised will be monitored in the Customer Fulfilment SLA meetings.</p> <p>The responsible person Martin Sheldrick Property Services will carry out periodic checks to monitor use and constancy going forward.</p> <p>Note if service users input work requests the Priority selected will need checking as part of the verification process by customer fulfilment.</p> <p>A process map will be produced as part of the project.</p>	<p>MA (Engineering Services Manager)/ MS Corporate Services Support Officer)/ GB (Corporate Facilities Manager)</p>	<p>Being actioned in progress</p> <p>Target completion 2/9/21</p> <p>Updates ongoing</p>
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Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
REPAIRS ARE COMPLETED ON A TIMELY BASIS AND THAT THE BACKLOG IS MONITORED, RISK ASSESSED AND MANAGED					
<i>RISK: There is a lack of corporate oversight and accountability for substantiating the completion of repair works.</i>					
Page 34	<p>The monitoring protocol established for reviewing the job status of corporate buildings by the Corporate Risk Group (CRG) should be reintroduced, particularly for ensuring statutory building compliance. This should also cover: -</p> <ul style="list-style-type: none"> Confirmation and certifications for the completion of works by both the Building Manager and contractor, or engineer in attendance. Contractual responsibilities, liabilities and penalties for non-completion of works. 	Priority 2	<p>A monitoring protocol has been established in the form of a weekly jobs report. The protocol needs refining and to ensure an accurate and up to date picture is provided. Working live in planet or contractors having direct access to the Planet System Portal is the most efficient and accurate way to achieve. This is captured as a key action in the project plan.</p> <p>As an interim measure a contractor and maintenance logbook has been introduced to enable the status of work to be verified and teams are actively providing the Facilities Support Team with updated job status to enable the system to be updated.</p> <p>The project plan includes enabling all building managers and stakeholders such as Corporate Health and Safety to access the Planet system to look up the status of all work and view engineers' certificates, reports or comments. The Planet system also has capability to produce automated reports and provide dashboard information where needed to inform building managers.</p> <p>With regards to CRG, this was stopped at some point last year. Further research needs to be undertaken to establish the reporting mechanism for compliance and whether this should be H&S led and also whether this is already being reported elsewhere</p>	<p>MA (Engineering Services Manager)/ MS Corporate Services Support Officer)/ GB (Corporate Facilities Manager)</p>	<p>Being actioned in progress</p> <p>Target completion 2/11/21</p> <p>Updates ongoing</p>

<p>5</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 35</p>	<p>Exception reports should be produced and monitored showing the reason(s) for delay(s) and should be used, managed and assessed for follow up investigation and action. Prolonged or excessive delays should be reported to the CRG for strategic consideration and decision.</p>	<p>Priority 1</p>	<p>See recommendation 4. response and actions.</p> <p>A monitoring protocol has been established in the form of a weekly jobs report. The protocol referred to in 3 needs refining and to ensure an accurate and up to date picture is provided. Working live in planet or contractors having direct access to the Planet System Portal is the most efficient and accurate way to address the risk. This is captured as a key action in the project plan.</p> <p>As an interim measure engineers, supervisors and contractors are working to update the system. The work to rationalize the data in the system will address the amount of duplicate and ghost jobs.</p> <p>The Planet system also has capability to produce automated reports and provide dashboard information where needed to inform all stakeholders including a risk group or similar and is included in the project plan.</p> <p>An overall status report can be produced and reported via the appropriate reporting group.</p>	<p>MA (Engineering Services Manager)/ MS Corporate Services Support Officer)/ GB (Corporate Facilities Manager)</p>	<p>Being actioned in progress</p> <p>Target completion 2/11/21</p> <p>Updates ongoing</p>
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Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
6	Facilities Management and Property Services should provide the AD of Property & Asset Management, Regeneration & Assets with an assurance that none of the outstanding works and actions unduly compromise the health and safety at or of the Council's corporate assets.	Priority 1	<p>All open jobs have been reviewed to ensure that no statutory compliance items are outstanding, and this process now happens weekly.</p> <p>A more formalised suite of exception reports will be established as part of the project to "relaunch" Planet FM with cleansed data.</p>	<p>MA (Engineering Services Manager)/ MS Corporate Services Support Officer)/ GB (Corporate Facilities Manager)</p>	<p>Being actioned in progress</p> <p>Target completion 2/01/22</p>
THE USE OF CONTRACTORS IS APPROPRIATE AND IN ACCORDANCE WITH CORPORATE PROCEDURES					
<i>RISK: How and why we use contractors and then hold them to account may not be appropriate needs.</i>					
Page 36 7	<p>We fully support the product review being undertaken of this area by Corporate Procurement and recommend this should include any issues arising from: -</p> <ul style="list-style-type: none"> Lessons learnt from the contract management / provider experience any developing or emerging service issues arising from contractor performance and/or business transformation improvement 	Priority 2	<p>We appreciate the support provided by Corporate Procurement and the contract management review meetings held with Sharan Ubhi.</p> <p>In the project Plan we also intend to utilise the feedback provision functionality within the Planet system to enable continual improvement.</p> <p>We do not however have a "plan B" in the event of a nonperforming contractor. We no longer have an approved list facility. Although it is true that we have not had a non-performance in at least the last 10 years, it is noted that provision should be available and this needs reviewing with procurement to determine how this is possible within the local government procurement rules.</p>	<p>MA (Engineering Services Manager)/ GB (Corporate Facilities Manager)</p>	<p>Being actioned in progress</p> <p>Target completion 2/9/21</p> <p>Updates ongoing</p>

8	The placement of contracts, existence and type of contract agreements held should be confirmed by Property Services and Facilities Management to demonstrate compliance with the Public Contract Regulations	Priority 2	<p>The teams are working with Procurement to forward plan to ensure contract regulations are adhered to and work with stakeholders to ensure needs are met.</p> <p>We are now working with Steve York in procurement. He has produced a contract list detailing contract status.</p> <p>He will ensure that all new contracts are updated and input into In Tend.</p> <p>Contract procedure rules are being adhered too and Steve is consulted (as are legal) on all procurement of contracts</p>	MA (Engineering Services Manager)/ GB (Corporate Facilities Manager)	<p>Being actioned in progress</p> <p>Target completion 2/9/21</p> <p>Updates ongoing</p>
9	For transparency and separation of duties purposes, and in conjunction with recommendation 4, all providers should be required to submit a fully detailed invoice on a timelier basis.	Priority 3	We will send a formal communication to all contractors and suppliers to remind them of their obligations to submit a fully detailed invoice on a timelier basis. The customer fulfilment SLA meeting will be an appropriate forum to discuss invoicing and a proactive approach to addressing any gaps.	MA (Engineering Services Manager)/ GB (Corporate Facilities Manager)	Target completion 2/8/21

APPENDIX

4. FINDINGS

4.1 PLANNED AND REACTIVE REPAIRS ARE SCHEDULED IN ACCORDANCE WITH NEEDS AND REQUIREMENTS

4.1.1 Under the Council's 'property management & building compliance guidelines' published in 2015, heads of service (Assistant Directors) are responsible for complying with all legislation and statutory duties for ensuring all building and property assets are inspected, serviced and maintained. Planned, preventative maintenance repairs (PPM) and reactive repair works are mainly informed by routine property condition surveys, building compliance inspections and service desk reports involving building, heating and ventilating and mechanical and electrical types of work.

4.1.2 The audit has highlighted there is a risk that the list of property assets held on the Planet FM database may be incomplete for the following reasons: -

- There are still no reconciliation procedures in place for ensuring the record of properties on Planet FM match the primary records held by the Valuation Team, which record the Council's repair obligations³. Although a project was commenced to acquire an 'Asset and Property Management System' (Atrium) which would use a single database and which could help mitigate any potential reconciliation problem, we understand the project was cancelled due to its suitability (See Rec 1).
- Property Services have re-raised their concerns with Internal Audit regarding their ability to complete a meaningful reconciliation because property data has been inconsistently recorded on Planet FM due to poor system setup and data entry controls. Property Services also report that the cleansing exercise that would be required before transferring any data to the system and which would help resolve the reconciliation problems, remains in abeyance. This is important because Valuations hold the primary records for confirming the council's repair obligations (See Rec 2).
- Property Services use local knowledge to identify corporate properties as there are no identifier in Planet FM for this, although this information can be determined from the listing held by Valuations (See footnote 1).

³ The Valuation Teams listing of property assets only records the legal repair obligation and whether the property is funded by the general fund or housing revenue account.

- Due to the lack of a written protocol determining work priorities, reactive work repair enquires are assessed and prioritised by Facilities Management using local knowledge and experience, before being scheduled on Planet FM for repair (See para 4.2.2) (See Rec 3). The priority ratings for reactive repairs are: -

- P1 - attendance within 4 hours
- P2 - attendance within 24 hours
- P3 - attendance within 7 days
- P4 - attendance within 28 days

4.1.3 Depending upon the scope, type and complexity of work, repairs for PPM are prioritised by either the quantity surveyor or engineer. Although this was not tested by Internal Audit the assessments for this should be recorded in the system notes on Planet FM.

4.2 REPAIRS ARE COMPLETED ON A TIMELY BASIS AND THAT THE BACKLOG IS MONITORED, RISK ASSESSED AND MANAGED

4.2.1 The Corporate Risk Group (CRG) which was established as the focal point for monitoring and reporting upon the repair condition and building compliance status of corporate assets, has not met since the Property Services Manager who chaired the Group left in 2020 (See Rec 4). It remains unclear as to any future role for the CRG.

4.2.2 Exception reports for monitoring the level and type of outstanding work in Planet FM were not routinely produced during 2020/21 for various reasons, although this was re-evaluated towards the end of the financial year, when a status report was produced by Facilities Management in May 2020 covering all outstanding works where Property Services has a responsibility for repair, including schools for management information. We understand this report will now be produced monthly (See Recs 5). An examination of the outstanding works exception report found: -

- The prioritization ratings are not recorded (see 4.1.3).
- The reasons for work delays are not recorded. (See Recs 5)

4.2.3 As at 10/5/2021, Planet FM records there were an extensive number of outstanding works (works in progress) dating back to 17/9/2019 which relate specifically to corporate properties, where the completion status requires investigation, particularly within PPM. According to Planet FM records there are 252 work jobs outstanding for Reactive Repairs and 1,152 work jobs outstanding for PPM. Although a copy of this analysis was forwarded to Facilities Management and Property Services, in order they could investigate the completion status, together with the respective health and safety risks which could arise from these outstanding works, no formal feedback has been received as at 10/6/2021 (See Rec 6). Our analysis of the outstanding report exception report provides the following highlights: -

Planned Preventative Repairs

- We noted that 11% (125) of outstanding PPM work jobs were found to be between 51 and 100 days old, with 18% (212) where older than 101 days.
- The locations with the greatest proportion of outstanding PPM jobs were South Reading Youth Centre which accounted for 10% (119), the Town Hall which accounted for 6% (78) and the Youth Offending Team and the New Directions /CAT who both accounted for 5% (62 & 64 respectively).
- The description of works with the greatest proportion of outstanding actions for PPM related to 'weekly legionella flushes'. These accounted 9% of all jobs (119), 'weekly fire alarm checks' 9% (119), 'weekly fire escape route checks' 9% (116), 'fire mag lock checks' 5% (63) and system flushes' which accounted for 5% (67).

Reactive Works

- We noted that 24% (60) of reactive work jobs outstanding were found to be between 51 and 100 days old, and 20% (50) where older than 101 days or more, the oldest having been raised on 13/2/2020 (451 days).
- The locations with the greatest proportion of outstanding reactive works were the Civic Offices (West Plaza) which accounted for 19% (47), South Reading Youth Community Centre which accounted for 6% (15) and the Town Hall which accounted for 5% (12) of works.
- The description of works were mostly individual minor jobs, but which also included some more important repairs covering fire alarm faults, emergency lights and emergency door repairs.

4.2.3 Both Facilities Management and Property Services acknowledge some of the reasons for these remaining in progress due to their being no feedback requirements from either the contractor or building manager to Property Services, poor timeliness in submitting contractor invoices for recording and payment, highlighting the need for a 'real time' management system (See Rec 5), for example:

- Work orders are not be closed (confirmed completed) on Planet FM until payment has been raised on Fusion for payment, which can be weeks or months after the event.
- Completed works are not substantiated by Corporate Facilities or Property Services, as reliance is placed upon the Building Manager to confirm and feedback on the timeliness and quality on the completion of works.
- Building Managers and contractors are not required to provide confirmation to Planet FM administration that works have been completed, although we are not aware of any known incidents, there is a risk that works could be paid on the assumption that they have been completed. Such incidents would not be apparent unless are inspected or there are complaints or feedback of outstanding works from the Building Manager.
- Both Corporate Facilities and Property Services report that contractors submit their invoices on different timeframes, often after two months after the works have been completed, which delays the closing down of jobs on Planet FM (See Rec 9).

4.3 THE USE OF CONTRACTORS IS APPROPRIATE AND IN ACCORDANCE WITH CORPORATE PROCEDURES

4.3.1 Although the basis for selecting and using various providers is unknown, Corporate Procurement commenced an exercise during 20/21 to help Property Services develop their forward planning and programming of product and contractor usage. Although there are no records held on the Council's corporate procurement system (Intend) regarding current usage now, the Corporate Procurement Product Manager has provided us with a documented overview of the current work in progress analysing the scope of works being considered.

4.3.2 Although the justification for using contractors is determined by there being insufficient resource capacities or technical abilities within the in-house team to carry out some works, this justification isn't documented, albeit the urgency would likely to have been assessed and prioritised as explained in paragraph 4.1.3 of this report. The following should be noted:

- There are no existing data fields in Planet FM for confirming the reason(s) why a contractor has been used instead of the in-house team. Time allocation sheets are not used to quantify the in-house resources for each area of works (See Rec 7).
- There are currently no data fields in Planet FM for confirming and reporting the reason why a job is outstanding, which is important for both contract monitoring and statutory building compliance purposes. We note contractors account for 51% of outstanding works and both Facilities Management and Property Services have highlighted that works can remain open on Planet FM due to charge queries with contractors or where purchase orders are raised retrospectively (See Rec 5).

4.3.3 For context purposes, over a 3-year period the council spent £1.6m out of £3m (ref⁴) with 76 contractors being used on planned preventative and reactive repairs to help maintain its corporate estate. 71% (see table 1) of contractor costs totalling £1.6m were accounted for as reactive repairs, and 83% of costs were carried out where the budget is held by Property Services (see table 2).

Table 1: 3-year trend analysis of contract costs on corporate premises that were re-charged

Fusion Subjective Code	Financial Year			Subjective Code Total
	2018/19	2019/20	2020/21	
5403 - Works completed on sites where the budget is held but are recharged	£ 71,030	£ 111,282	£ 89,926	£ 272,238
5404 - Works completed on sites budget is held for	£ 422,812	£ 478,108	£ 467,258	£ 1,368,178
Annual Net Cost	£ 493,843	£ 589,390	£ 557,184	£ 1,640,416

⁴ The total net cost for contractors across the council's entire estate where Property Services (cost centre 4080) holds a legal obligation, the responsibility or a service level agreement (subjective code 5401, 5402, 5403 and 5404), including schools etc totalled £2,953,467.74 over a 3-year period.

- 4.3.4 The table shows the council spent an average of £546,805 per annum on contractors where the costs were attributed to subjective codes 5403 and 5404.
- 4.3.5 There are satisfactory audit trails for recording the division of costs between reactive repairs and PPM. Except for a few immaterial historic transactions, all costs were found to have been correctly coded and therefore reconciled (See table 2).

Table 2: 3-year trend analysis of contract costs on corporate premises for reactive and PPM repairs

The table shows that reactive repairs account for 71% of contractor costs between 2018/19 and 2020/21.

Fusion Further Analysis Code	Financial Year			
	2018/19	2019/20	2020/21	FA Total
4080RR - Reactive Repairs	£ 349,201	£ 422,512	£ 389,690	£ 1,161,403
4080PM - PPM	£ 144,143	£ 167,225	£ 167,493	£ 478,862
BLANK / 4080SC	£ 498	-£ 347	£ -	£ 151
Annual Net Cost	£ 493,345	£ 589,737	£ 557,184	£ 1,640,416

- 4.3.6 Legal Services and Property Services were requested by Internal Audit to produce the contractual agreements for the highest paid 5 contractors paid over the 3-year duration, 4 of which exceeded the £100k quote threshold in relation to the products specific to the subjective codes in paragraph 4.3.2. Albeit we are mindful that these contractors may have also been used elsewhere within the council for similar services, hence corporate procurement’s product review (See Recs 7 & 8). Our findings are as follows:

- Legal Services confirmed they do not hold any agreements for works involving the 5 companies examined as they only retain records where they have been involved in the development of the agreement. Legal Services have explained locating records is complicated/difficult because these are retained by the date the contract is sealed.
- The Mechanical and Electrical Team were able to produce a copy of the contract documents for the two companies contracted for the ‘electrical testing and repairs to corporate and schools’ and the ‘mechanical maintenance contract’ work packages.

- There is no contractual agreement with the external providers for works involving the 'responsive' unblocking of drains, drain jetting, drainage repairs and CCTV drainage surveys. These works costing £101k over a 3-year period were commissioned on an ad hoc emergency basis using the purchase order system.
- No information is held for the works carried for two contractors costing £197k (Fire & Intruder Alarm reactive & service calls) and £150k (Repair of shutters and doors) over the same 3-year period respectively. These works are commissioned on an ad hoc we well.

4.3.7 Although we are satisfied that an invoice is held for each of our test sample of 10 contract payments made for works carried out during 2020/21, there is lack of clarity on the invoices detailing the goods or services provided by some contractors to substantiate the description of works on the invoice (See Rec 9). The following should also be noted: -

- Most purchase orders were raised retrospectively and may have covered several invoices for the period.
 - Description of works detailed on the invoices are often vague and dependent upon the information provided on the purchase order raised by the service.
-

APPENDIX 3

Internal Audit Report

ADULT SOCIAL CARE - CONTRACTING

To: Seona Douglas, Exec Director of Social Care and Health
Melissa Wise, Deputy Director of Commissioning & Transformation
Neil Sinclair, Strategic Business Partner, ASC
Lara Fromings, Head of Commissioning, ASC
Alistair Little / Sharan Ubhi, Corporate Contracts Manager

From: Robert Dunford, Senior Auditor

Date: 9/9/21



Limited Assurance

EXECUTIVE SUMMARY

1. BACKGROUND

- 1.1 Contract management is an integral part of the procurement and commissioning cycles. Although there are a broad range of contract management definitions, the purpose of contract management is to assist managers to properly manage contracts by addressing transition management, performance monitoring and by helping to ensure that both parties fulfil their commercial and contractual commitments. In recognition of this, the Council's 'Contract Procedure Rules' set out the rules that must be followed when the Council purchases the supplies, services and works it needs to deliver services, which go to clarify "effective and robust contract management is needed to ensure that value gained through a procurement is delivered from start to end of a contract and that the contract remains up to date, meeting the organisation and resident needs and ultimately the best overall value."¹
- 1.3 The Council uses both block and spot contracts to support a wide range of services for adults covering residential homes, nursing homes, home care, day care, supported living, extra care housing, employment support and respite.

2. OBJECTIVES & SCOPE OF THE AUDIT

- 2.1 As part of contracts and commissioning review, the purpose of this audit was to review contract management procedures within Adult Social Care (ASC) to ensure contracts are managed in accordance with the Council's Contract Procedure Rules and Local Government Association best practice.
- 2.2 The audit objectives for this review were to: -

- Ensure there is complete and proper monitoring and reporting of the contractual risk at both strategical and operational level.
- Ensure contract records are complete and up to date.

2.3 This audit (and report) was undertaken in accordance with the Public Sector Internal Audit Standards ([PSIAS](#)).

3 CONCLUSIONS

3.1 Although a limited assurance opinion has been given, we are satisfied that there is an aspiration by Adult Social Care to review and re-evaluate the contract management systems in order to comply with Contract Procedure 23 (6), as the focus on this control requirement has declined. However, it is our opinion that there are currently insufficient controls in place to determine if a contract is a success or otherwise.

3.2 Although we appreciate that ASC are currently reviewing their procedures and processes for managing approximately £33m on services per annum, the service needs to ensure that a key consideration should be the development of a Commissioning and Contracting Framework as this will support both the contract management and commissioning aspects to enable better monitoring of the market and individual provider outcomes, which will help inform future strategic and operational decisions.

3.3 These improvements to the control framework will require the full evaluation of the staff resources and computer system platforms to ensure these remain fit for purpose in meeting those requirements for administering and monitoring the contract risk status of its many social care providers as this will help inform and substantiate ASCs commissioning approach.

3.4 As ASC confirmed that a complete review of all block and spot contract documentation is required and is in progress Internal Audit did not look at this area in detail although we found the file structure on the Shared Drives and audit trails for the contract files to be poor. Given this, we have recommended that a reconciliation of provider information held on the Mosaic system should be carried out with other relevant data records, as the completeness of the existing contract register requires both consolidating and updating to ensure there is complete oversight of risk.

3.5 A total of 4 recommendations have been made in respect of this review, of which 2 are considered high priority. The recommendations and corresponding management action plan are attached at Appendix 1.

Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
CONTRACT MANAGEMENT FRAMEWORK					
<i>RISK: There is a risk that the controls to maintain consistent high standards to continually manage risks and opportunities decline.</i>					
Page 47 1	<p>ASCs Commissioning and Contract Management Framework should be reviewed and the approach to risk agreed and approved by the directorate on an annual basis to ensure this remains fit for purpose for ensuring compliance with Contract Procedure Rules. The purpose of this is to embed continual improvement to manage the contract or supplier delivery risk throughout the commissioning and contract lifecycles. This should include: -</p> <ul style="list-style-type: none"> A Commissioning and Contract Management Framework to demonstrate how the Council will manage the supply and demand risk, the quality care risk and what the role of contract management should be within adult social care. Contract management procedures, workflow processes, resources, risk evaluations, the monitoring and reporting approach should be assessed to ensure the ASC contractual requirements deliver the specified outcomes e.g. from a risk perspective, what constitutes a successful or failed contract? 	<p>Priority 1</p>	<p>ASC Commissioning acknowledges that systems and processes for managing external contracts within the Service need to be regularly reviewed to ensure they are as robust as possible and to support ASC in securing good outcomes and VFM from external contracting arrangements.</p> <p>The following actions will be carried out:</p> <ol style="list-style-type: none"> The current Commissioning and Contract Management Framework and supporting processes (presently called the CQMPAC 2016) will be reviewed and updated to ensure they remain current and fit for purpose (especially given significant market changes, post-pandemic). The updated processes will: <ol style="list-style-type: none"> Be approved by DACHS Ensure that ASC meets the requirements of the Council's Contract Procedure Rules and follows best practice advice from the Procurement & Contracts Hub. Describe how ASC will provide effective contract management, will monitor service performance and quality. Support and inform the delivery of ASC Commissioning Strategies. Alongside a review of the Commissioning & Contract Management Framework, the ASC Commissioning Team will also review the current staff resource to ensure that team members are deployed, trained and supported to effectively deliver the contract management of externally commissioned services as defined in the revised Commissioning & Contract Management Framework. This will achieve the following: <ol style="list-style-type: none"> Ensure ASC secures good outcomes and VFM from external contracts. Ensure that effective contract management and monitoring informs current and future Commissioning Strategies and approaches. Establish a risk based approach whereby resources are deployed efficiently and proportionately to manage the areas of greatest risk. 	<p>Lara Fromings - Head of Commissioning</p>	<p>31st December 2021</p>
			<p>Lara Fromings - Head of Commissioning</p>	<p>31st March 2022</p>	

Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
CONTRACT REGISTER & RECORDS					
<i>RISK: In addition to undermining decisions, there is a risk that a provider could be excluded from any contractual or service performance monitoring if information is incomplete or inaccurate.</i>					
Page 48 2	<p>An integrated contract register, and workflow/document management system should be considered to account for all contracts. This will help provide more effective and efficient control, and secure contract management and monitoring platforms for monitoring all ASC contracts and suppliers.</p> <p>As a minimum, reconciliation controls against Mosaic and Fusion should be established to ensure the completeness of information of provider records held on the contract register, especially where the term of the provision is £5k or more.</p>	<p style="text-align: center; color: red; font-weight: bold;">Priority 1</p>	<p>ASC Commissioning presently make use of a number of systems and approaches for managing contract information. This includes an internal team Contracts Register, the corporate Intend system, shared drives and signed hard copies of information. The use of multiple systems leads to inefficiency.</p> <p>In order to streamline processes, create greater efficiency, avoid duplication and avoid gaps, the following actions will be implemented:</p>	<p>Lara Fromings - Head of Commissioning</p>	31 st December 2021
			<ol style="list-style-type: none"> 3. Following an options appraisal to determine the most effective approach with advice from the Contracts & Procurement Hub, the ASC Commissioning Service will implement a unified approach for tracking and managing contracts and related contract documentation. 4. Details of contracts will continue to be recorded on the Intend system to support the Council in meeting its Transparency obligations and wider Council policies. 5. A baseline reconciliation check will be carried out against Mosaic and Fusion to identify whether contract information relating to ASC commissioned resources is appropriately recorded and documentation is in place. 6. If it is identified that contract documentation and/or records are not in place, an action plan will be developed to address this. This action plan will take into account the scale of the work to be delivered and adhere to the unified approach determined above. 		<p>Lara Fromings - Head of Commissioning</p> <p>Lara Fromings - Head of Commissioning</p> <p>Lara Fromings - Head of Commissioning</p>

3	<p>We fully support the ASC review to confirm the completeness of all contract documentation, but we recommend this is completed against the core care records on Mosaic as the contract registers are incomplete.</p> <p>This review could be used as the basis for confirming compliance with Public Contract Regulations.</p>	Priority 2	<p>The completion of the initial baseline reconciliation check against Mosaic and Fusion and the implementation of a revised Commissioning and Contract Management Framework will significantly improve the availability of information. In addition to this, the Commissioning Service will:</p> <p>7. Implement regular reconciliation checks to ensure the completeness of provider records.</p>	Lara Fromings Head of Commissioning	Quarterly checks To be carried out at the end of each quarter
Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
CONTRACT MONITORING					
<i>RISK: There is a risk that standards could deteriorate, and services may not be delivered as required.</i>					
Page 49 4	<p>The existing monitoring and reporting controls should be developed to provide timely and effective assurance to senior management on the status of: -</p> <ul style="list-style-type: none"> • Strategic commissioning risk, • Contractual and service delivery risk of providers, • Compliance within ASC and with providers, • The completion of contractual documentations. 	Priority 2	<p>To promote Senior Management oversight, the following approach will be put in place:</p> <p>8. The initial Audit Action plan on the issues raised in this audit will be reported to DACHS DMT with progress reports.</p> <p>9. A system of regular reporting on commissioned services will be implemented to ensure Senior Management are sighted on issues arising from commissioned contracts. As part of this process the following will be considered:</p> <ol style="list-style-type: none"> a. Appropriate governance (e.g. via DMT or implementation of a Commissioning Board) b. Frequency and content of reports c. Meeting the requirements of the Council’s Contract Procedure Rules 	Lara Fromings Head of Commissioning Lara Fromings Head of Commissioning	Initial Audit Action plan DMT 11 th October 2021 From 1 st January 2022

4 FINDINGS

4.1 CONTRACT MANAGEMENT FRAMEWORK

4.1.1 Contract Procedure Rule 23, Contract Monitoring and Management (6) requires “Service areas shall ensure that contracts are appropriately managed and monitored to ensure continued Best Value in accordance with Contract Management guidance on the Council’s Intranet”.

4.1.2 Although the ‘Contract and Quality Monitoring Procedures for Adult Care’ (CQMPAC) are currently being reviewed to ensure the control framework is fit for purpose for managing the risk of contract life cycle, the review should be more frequent to instil continuous improvement as these procedures were last reviewed in 2016. Management have informed us they will: -

- Complete the draft Contract Management Framework document which will encompass supporting third sector commissions and develop better access and dissemination of information and guidance.
- Identify and ensure training is provided.
- Carry out regular surveys to ascertain if resources are being accessed and used and/ or if different/ additional guidance is needed.

4.1.3 The CQMPAC currently defines and clarifies the approaches for commissioning and monitoring the efficacy of those providers contracted to provide adult social care within the borough. The distinctions and relationship between quality and contract monitoring are driven by best practice and legislation, and involve there being sound infrastructure, policies and procedures of the provider to ensure that these are as follows: -

- Quality Monitoring involves evaluating the quality of services being delivered, reviewing positive outcomes for service users and promoting good practice.
- Contract Monitoring means evaluating the delivery of services, evaluating the volume of service being delivered, promoting value for money and contract novation, guided by joint work with providers and NHS colleagues.

See Recommendation 1

4.2 CONTRACT REGISTER

4.2.1 Corporate Contract Procedure Rules require all contracts where the full-term value is £5,000 or more, to be recorded on the contracts register². Although Intend³ has been established to record home care and supported living contracts, secondary contract registers have been created as a supplement for monitoring the quality and contract risks which also cover residential and nursing care. Management have informed us: -

² 23 (7) The Council will maintain a database of all contracts to facilitate the publication of contract information as required by the Public Contracts Regulations 2015 and the Local Government Transparency Code.

³ Intend is an integrated tendering, contract register and contract management system

- As the council has invested in the Intend system, it is recognised that all contracts need to be stored in one central system which can flag issues of concern and be analysed. A separate Contracts Register is in use by the Commissioning Team which is still under development (also see section 4.3 Provider Usage).
- Training is needed to embed use and confidence of the Commissioning Team in the Intend system.
- Resources are required to support the Commissioning Team with updating the risk matrix and contracts register.

4.2.2 As at June 2021, Contracts and Commissioning have confirmed the compilation of the contract register held on Intend of adult social care providers is work in progress.

4.2.3 The ASC Contracts and Commissioning Team report the identification and contract management of the third sector is complex. For information, we noted Mosaic records the placement of 331 care packages within the voluntary/third sector costing £1.8m during 2020/21.

4.2.4 Until a common contract register or integrated database can be used, there is a need to develop a reconciliation procedure to confirm the completeness and accuracy of all records held on the Intend Contract Register (See Recs 1 & 2). Audit's reconciliation of the number of providers and payment records between Fusion, Mosaic and Intend for 2020/21 found Intend only accounts for 31% (or 116) of providers, which equates to 68% of costs (£31.8m⁴) according to the information held on Fusion⁵. We found: -

- Although not paid, the Intend system records the financial provisions for 40 providers valued at £4.3m suggesting the information held on Intend is out of date.
- A financial reconciliation between Fusion and Mosaic which records the net cost, is difficult because the Fusion spend excludes the client's contribution debt which is administered through the Fusion Debtor System.
- Although Home Care and Supported Living providers are listed on Intend no records are held for residential and nursing care providers.
- There are a few recording inconsistencies where the locality has been recorded in place of the company's name.

See Recommendation 2

4.3 PROVIDER USAGE

4.3.1 For background information, Mosaic records planned spend in ASC of £32.9m on 15,178 care packages with 274 providers during 2021/22, include 9 block contracts covering 68 care packages, highlighting that care is mostly procured on a spot basis (See Table 1). However, in comparison, the Intend system only records a total of

⁴ Intend - Sum of Estimated Spend for 2020/21

⁵ Fusion records £46.8m was spent on purchased care, enhanced purchased care and day care purchases before any recuperation of any contributions, within ASC during 2020/21 across 379 providers.

238 providers for the same 2021/22 period. We noted the Nursing Dementia and Block Contract report dated 22/10/20 (submitted to the Adult Social Care, Children’s Services and Education Committee to obtain permission to procure a new block contract) highlighted the Council’s strategic need to secure placements within the Reading area to meet demand⁶.

Package Type	Sum Planned This Year (2021/22)	Count Provider Packages (2021/22)
ASC - Basic/Pre-assessment Care Package	£ 7,483	1,650
ASC - Block Contracts	£ 3,304,739	68
ASC - Carer Services Care Package	£ 8,797	51
ASC - Hospital Discharge Scheme 2	£ 128,548	691
ASC - Immediate Care Package	£ 24,468	143
ASC - Non-Personal Budget Care Package	£ 19,059,259	2,031
ASC - OLA or Self-funder Care Package	£ 112,994	141
ASC - Personal Budget Care Package	£ 10,286,541	8,119
ASC - Reablement Care Package	£ -	2,230
ASC - Shared Lives Carers	£ -	27
FAB - Deferred & Interim Admin/Interest Charging	£ -	27
Grand Total	£ 32,932,830	15,178

- 4.3.2 Excel registers, which are manually updated and held by the ASC Commissioning Team, record the number and prices of bids submitted, and successful awards made for Home Care and Supported Living packages from April 2020. We have not been made aware of any comparable records existing for Residential and Nursing Care.
- 4.3.3 Although the Corporate Contracts & Procurement team has highlighted that better consideration is needed for monitoring the status and understanding the reasons for rolling contracts and the open-ended supply arrangements with providers, the Commissioning Team have emphasised these provisions are mainly driven by the needs of the care plan which formulate the packages for each client. As a measure⁷, our analysis of the contract term for 238 providers spanning 49 contract arrangement types shows 20% of contracts had been placed on a fixed term.
- 4.3.4 The Home Care & Support Framework and Supported Living Framework started in 2020 and accounts for 37 out of 238 providers. Commissioning have highlighted that due to a loss of capacity within the provider frameworks due to Covid-19 infection and shortage of staff, the Council has had to make placements with providers outside of these frameworks.
- 4.3.5 Controls to ensure the completeness of contract records held on file are weak. We noted the contract matrix records the start and end date of each contract these had all lapsed. The dates of the visit were unreadable due to poor excel formatting.

⁶ ASCCSEC Report dated 22/10/2020 states “Placement trends from the past three financial years evidences that demand for these types of nursing home placements exceeds the capacity of both blocks, highlighting continued demand. In addition, financial analysis demonstrates that even with a higher rate per bed than is currently charged, new block contracts would generate cost avoidances compared to purchasing (non-block) spot placements from the market.”

⁷ Intend only accounts for Home Care and Supported contracts and excludes Residential, Dementia and Nursing Homes.

See Recommendation 3

4.4 MONITORING

4.4.1 Contract and Quality Monitoring Procedures (CQMP) set out the methodology for monitoring the level of qualitative and contractual risks for determining the approach for monitoring the efficacy of its contracted providers. Discussion with Commissioning has highlighted that during 2020/21, Covid-19 had prevented many on site monitoring visits from happening. Nevertheless, management have identified: -

- That the monitoring process needs to be reviewed within the Commissioning Team to ensure it reflects changes post-COVID, that providers are demonstrating continued value for money and delivering the outcomes as well as meeting quality requirements. The level of monitoring will need to consider the level of risk (as identified by the risk matrix) and available resources.
- The tracker used by management for monitoring the annual quality assessments completed for home care and supported living services, are held on the network.
- Although ASC are confident there is sufficient scrutiny and open liaison between the commissioning team, operational staff and the Procurement and Contracts Hub to ensure there are no business or personal conflicts of interests between staff and providers whilst at the same ensuring there is open and effective cross agency and provider dialogue, documentations and training will be reviewed to ensure standards are consistent and compliant with corporate requirements.
- Contract documents are being drafted to put in place with those providers that don't currently have a contract document e.g. spot contract.
- The risk matrix will be relaunched.
- Strategies and needs analysis should be completed and regularly reviewed annually.

4.4.2 CQMP Section 7 requires the Quality & Performance Monitoring Board to review provider performance compiled by the Quality Team on a 6-week basis. We note the board minutes show 4 meetings were held infrequently during 2021 and only relate to quality issues and excluded anything contractual related.

4.4.3 Although we appreciate the risk matrix used for monitoring the quality care and contractual risk it was noted: -

- There is a variance count of 1 contract between the contract and quality matrices.
- Although both the matrices record the providers Intend contract reference, they exclude any confirmations of completeness against Mosaic or Fusion.
- Although the use of KPIs is under review, we were informed key performance indicators are not currently used as required under Sections 1.5 and 1.6 of CQMP as their purpose and usefulness are considered problematic given the

services resources. The last recorded KPI information held on file is dated 2016.

- Quality care visits covering 254 providers were suspended during 2020/21 due to the Covid-19 health and safety risk(s). The matrix records that 79 quality care visits were made between 13/9/2019 and the 27/2/2020 by 6 officers.

See Recommendation 4

APPENDIX 3

READING BOROUGH COUNCIL
DIRECTOR OF FINANCE

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	30 September 2021		
TITLE:	STRATEGIC RISK REGISTER Q2		
LEAD COUNCILLOR:	COUNCILLOR RUTH MCEWAN	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
SERVICE:	AUDIT & INVESTIGATIONS	WARDS:	N/A
LEAD OFFICER:	PAUL HARRINGTON	TEL:	9372695
JOB TITLE:	CHIEF AUDITOR	E-MAIL:	Paul.Harrington@reading.gov.uk

1. PURPOSE OF REPORT / THE PROPOSAL

- 1.1 This report outlines the Q2 2021/2022 update of the Strategic Risk Register. 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 April 2021.
- 1.2 The following documents are appended:
Appendix 1 - the Council's Corporate (Strategic) Risk Register Q2

2. RECOMMENDED ACTION

- 2.1 The committee are requested to consider the Council's strategic risks as at the end of Q2.

3. KEY ISSUES

- 3.1 The Strategic Risk register has undergone a full review for 2021/2022 by the Corporate Management Team (CMT). The new risks for 2021/2022 are inequality and climate change with other risks having been present in a similar form in previous risk registers.
 - 3.2 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.
 - 3.3 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.
- 2.1 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. COVID-19, the economic climate and its impact on financial planning, or severe weather etc.
 - 2.2 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. Where risks have been rated as green for 2 or more consecutive quarters they are 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.

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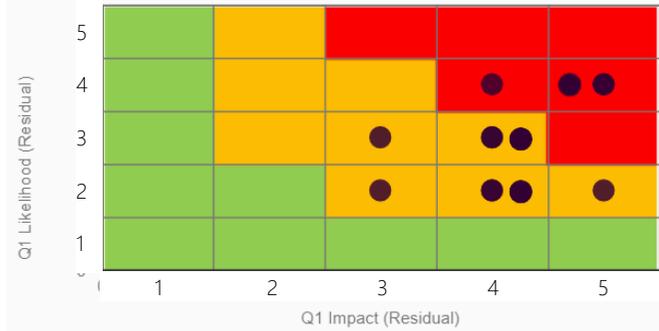


Strategic Risk Register - Summary

Register Risk Status (All risks)



Risk Matrix



Trend - Mean Risk Score (All Risks)



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Ref	Risk	Q1 Residual	Q2 Residual	Q3 Residual	Q4 Residual	Current RAG
SR1	Budget - Not achieving the budget savings, controlling costs and achieving income targets.	20	20	0	0	Red
SR9	Cyber - Risk of loss from cyber attack	20	20	0	0	Red
SR6	Climate Risk – Failure to adapt to the impacts of climate change and deliver zero carbon commitments with negative impacts for residents and businesses, and for Council services, infrastructure and reputation.	16	16	0	0	Red
SR2	Staffing - Failure to retain and recruit suitably qualified staff	12	12	0	0	Yellow
SR5	Inequality - Reducing levels of inequality	12	12	0	0	Yellow
SR7	Safeguarding - Safeguarding vulnerable children and adults	10	10	0	0	Yellow
SR3	Information Governance - Failure to protect personal data	8	8	0	0	Yellow
SR4	Companies Risk – That the council fails to have in place appropriate oversight and scrutiny of its companies.	8	8	0	0	Yellow
SR10	ICT -Failure to improve the quality of ICT	9	6	0	0	Yellow
SR8	Emergencies - Protecting the public from covid 19 and impact of significant additional waves of infections	6	6	0	0	Yellow



Budget - Not achieving the budget savings, controlling costs and achieving income targets.

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Current Risk Score

Risk Ref
SR1

Corporate Priority
Our Foundations

Risk Owner
Director of Finance

Potential Impact
Strategic objectives and statutory duties not met.
Council unable to set legal budget. Service or services failure



Risk Scoring

	Q1	Q2	Q3	Q4
Impact (Inherent)	5	5		
Likelihood (Inherent)	5	5		
Inherent	25	25	0	0
Impact (Residual)	5	5		
Likelihood (Residual)	4	4		
Residual	20	20	0	0

Current Actions and Mitigation

- Monthly meetings to review savings Risk profiles, contingencies and reserves identified.
- The Council has set a balanced budget for 2021/22 at its council meeting in Feb 2021.
- The delivery of this budget is not without risk due to the ongoing pandemic and there are a significant number of savings that will need to be delivered to achieve this
- The 2021/22- 2023/24 MTFs does not balance in the latter 2 years and further ongoing savings of £3Million will need to be identified.

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Staffing - Failure to retain and recruit suitably qualified staff

12
Current Risk Score

Risk Ref
SR2

Corporate Priority
Our Foundations

Risk Owner
Assistant Director of HR & Organisational Development

Potential Impact
Failure to meet demand. Statutory duties not met. Negative impact on staff motivation and stress related illness.



Risk Scoring

	Q1	Q2	Q3	Q4
Impact (Inherent)	4	4		
Likelihood (Inherent)	4	4		
Inherent	16	16	0	0
Impact (Residual)	4	4		
Likelihood (Residual)	3	3		
Residual	12	12	0	0

Current Actions and Mitigation

- Labour shortages nationally in a number of key areas, which have arisen as a result of Brexit and/or Covid, could impact on the Council's ability to deliver some services as a result of recruitment/retention issues. This includes Refuse Drivers who require an HGV license, surveyors, engineers and trade staff. HR is monitoring these areas very closely, alongside the relevant Assistant Directors, to track any issues with recruitment or retention so that we can respond quickly if needed.
- Resourcing strategy and highly experienced Resourcing team in place which aims to ensure jobs are advertised as widely as possible through a range of online channels. Time to fill (advert to start date) has reduced from around 100 days to an average of 67 days. Success rate of recruitment for the majority of roles has increased from 50% to 80%.
- Team Reading Programme established to support delivery of the People Strategy which aims to achieve a highly skilled, happy and motivated workforce. Programme governance in place through monthly Programme Board chaired by the Deputy Chief Executive
- Access to pool of appropriately qualified temporary staff via agency contract which was re-procured in February 2021 to ensure quality and best value
- Work to improve equality, diversity and inclusion of the Council's workforce is underway which aims to ensure we seek the best talent from the widest pool of people
- Staff Survey carried out in April 2021 to measure engagement of current workforce. Many positive results with action plans in place to address 4 corporate areas to improve
- Improved HR management information provided to managers to enable more effective monitoring of turnover, absence trends etc so that any areas of concern can be identified and acted upon quickly
- Performance management process being overhauled and will include assessment against Team Reading values, with launch planned for December 2021

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SR2

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[Alpha] Strategic Risk - for print | Data updated 21/09/21



Information Governance - Failure to protect personal data

8

Current Risk Score

Risk Ref
SR3

Corporate Priority
Our Foundations

Risk Owner
AD of Legal & Democratic services , AD for Digital and IT

Potential Impact
Fines/penalties, reputation damage, service failure.
Wasted time and cost involved in responding to service failure



Risk Scoring

	Q1	Q2	Q3	Q4
Impact (Inherent)	4	4		
Likelihood (Inherent)	4	4		
Inherent	16	16	0	0
Impact (Residual)	4	4		
Likelihood (Residual)	2	2		
Residual	8	8	0	0

Current Actions and Mitigation

- 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. Ongoing
- Oversight from the Audit and Governance Committee on a quarterly basis. Ongoing.
- Face to Face Data Protection refresher training is available for staff as and when needed. Ongoing.
- Information Governance Board (IGB) set up to oversee delivery of IG strategy and compliance – Complete
- Subject Access Request policy and Breach Management policy reviewed by IGB. Further training to be delivered to staff. Slipped due to staff turnover.
- Privacy Notices have been updated for each service area and made available to service users. This are kept under review e.g. were updated for revised Covid operations. Ongoing
- Information Sharing Protocols have been centralised and will be reviewed by IGB.
- Teams have completed DPIA's documenting what personal data is being processing. These are to be reviewed as part of current IGB programme. Ongoing
- Strategic review of all IG strategy/functions/roles/action plan being reported through Policy and Audit and Governance. Ongoing
- Review of information governance taking place through IGB and overlaps with Smarter Working project (O365 benefits realisation) mapped – In progress
- The Council now has retention schedules for each directorate. All retention schedules have been updated and will be reviewed to through ongoing IGB programme to ensure they are being actioned. Further work through the IGB will ensure that the schedules are given greater visibility and to assess level of compliance. In progress
- Records of processing activities (ROPA) being further developed by DPO and will help to identify Information Asset Owners within Services. In progress

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Companies Risk – That the council fails to have in place appropriate oversight and scrutiny of its companies.

8
Current Risk Score

Risk Ref
SR4

Corporate Priority
Our Foundations

Risk Owner
Assistant Director for procurement and contracts

Potential Impact
Risk that the council fails to have in place appropriate oversight and scrutiny of its companies (Reading Buses, BfFC, Homes for Reading) is unaware of risks to those companies (pension fund deficits, GDPR compliance etc) and is impacted by an unplanned exposure relating to those companies



Risk Scoring

	Q1	Q2	Q3	Q4
Impact (Inherent)	5	5		
Likelihood (Inherent)	4	4		
Inherent	20	20	0	0
Impact (Residual)	4	4		
Likelihood (Residual)	2	2		
Residual	8	8	0	0

Current Actions and Mitigation

Contract governance arrangements in place with BfFC to monitor Company performance, including monthly financial reporting and bi-monthly (once every 2 months)

Contract Management Group meetings. The financial reporting has greatly expanded and provides greater visibility of financial risks. Overspend related to Looked After Children is supported by relevant panel meetings with high cost placements to be signed off by the RBC Chief Exec.

Seeking to ensure greater consistency of Council Company oversight through review of respective Company Articles and governance

Taking proactive steps around Reading Buses following external review

Looking to review housing company later this financial year.

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Inequality - Reducing levels of inequality

12
 Current Risk Score

Risk Ref
SR5

Corporate Priority
Thriving Communities, Inclusive Economy

Risk Owner
Deputy Chief executive

Potential Impact
Social and economic inequality can have profound effects on the welfare, quality of life and opportunities for individuals, families, communities and society as a whole.



Risk Scoring

	Q1	Q2	Q3	Q4
Impact (Inherent)	5	5		
Likelihood (Inherent)	4	4		
Inherent	20	20	0	0
Impact (Residual)	4	4		
Likelihood (Residual)	3	3		
Residual	12	12	0	0

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Current Actions and Mitigation

- Social Impact and Voluntary and Community Sector Board (to be renamed) - Overarching aim is to enhance the lives of Reading residents and address the underlying causes of deprivation within the Borough, by adopting a place and asset based approach which meets local need, supports service transformation within demand led services, builds community capacity and resilience and develops our partnership working with the voluntary and community sector (VCS). Work Programme being established
- Corporate Debt Strategy adopted - One of the key aims is to prevent debt and support customers through financial awareness, money management support (delivered by VCS), direct financial support through benefits, debt collection strategies. Debt policy adopted in January 2021. Work programme being developed
- Narrowing the Gap - Commissioning framework with the VCS. Prospectus in development. Targeting key health outcomes and infrastructure to support customers to be self-reliant and develop community capacity.
- Small Grants Scheme - £100k Supporting VCS to deliver sustainable and targeted intervention in our 5 most deprived areas.
- Social Inclusion Steering Group - Analysis of needs within deprived areas and identification of gaps to identify activity required, financial crisis web resources in place- Money Matters and Click Before You Evict
- Health and Wellbeing Strategy - The Berkshire West Health & Wellbeing strategy addresses health inequalities through a number off priority workstreams. The Reading Integration board provides the oversight for the delivery against the Health & Wellbeing strategy.
- Housing Strategy - Community Development Team in place to tackle inequality in deprived council estate areas, debt and money advice provision to prevent homelessness, detached youth workers carry out community engagement with young people
- New Directions College provides skills and community education to adults aged 19+ in Reading.
- Reading Play provide play opportunities for 0 to 13 year olds through After School Clubs, Holiday Playclubs, and events such as the Summer Play Days. We ensure that all of Reading's children, young
- Libraries support children and adults with provision of free resources, including access to information, internet/wifi, and IT.
- Libraries provide free activities such as rhymetime and story time which support the development of children.
- Increasingly cultural services, including the museum, are adapting services for adults and children who are neurodiverse.
- Reading Museum provides a reminiscence service that can be sent out to care homes and other organisations around Reading supports interaction with older people and helps them to recover memories. The Reminiscence Boxes are delivered in partnership with Reading mobile library service. Reading Museum also offers free online training to anyone interested in finding out more about reminiscence and museum objects.
- Reading Museum regularly offers project work to schools in areas of deprivation and target areas that may benefit more from additional project work support is a founding member of the Cultural Education Partnership in Reading.

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Climate Risk – Failure to adapt to the impacts of climate change and deliver zero carbon commitments with negative impacts for residents and businesses, and for Council services, infrastructure and reputation.

16
Current Risk Score

Risk Ref
SR6

Corporate Priority
Healthy Environment

Risk Owner
Executive Director for Economic Growth & Neighbourhood Services

Potential Impact
Climate change impacts are expected to have a range of negative social, economic and environmental consequences, up to and including loss of life, as well as amplifying other risks (e.g. to public health, economic security, service continuity, infrastructure and supply chains). Action to adapt can reduce impacts, though the likelihood of such impacts occurring remains high, and generally rising, in the context of a warming climate.



Risk Scoring

	Q1	Q2	Q3	Q4
Impact (Inherent)	5	5		
Likelihood (Inherent)	4	4		
Inherent	20	20	0	0
Impact (Residual)	4	4		
Likelihood (Residual)	4	4		
Residual	16	16	0	0

Current Actions and Mitigation

- Flood Risk: the Council is responsible for surface water flooding and produced a Local Flood Risk Management Strategy in 2015. Action has been taken in all but one of 6 'hotspots' identified and plans for works at the remaining site have been approved. Flash flooding from extreme rainfall events is likely to be an increasing but unpredictable risk. The Environment Agency is responsible for fluvial flooding and we are working with the Agency to address our main fluvial flood risks from the Thames.
- Heatwave risk: various local agencies, including the Council and NHS, participate in the Berkshire Heatwave Plan and England Heatwave Plan. As the severity and frequency of hot weather events increases, however, more action will be needed to protect vulnerable people and infrastructure.
- Extreme weather events: service continuity plans are in place to help prepare for such events but it will be important to ensure that these reflect the changing risk profile associated with climate change and extreme weather.
- Climate impact assessment in decision-making: a protocol for climate impact assessment in Committee reports requires is now in place and being used by report authors, enabling improved identification of impacts and mitigations.
- Planning policy and new development: the Reading Local Plan includes policies on climate change adaptation (CC3) and flood risk (EN18) designed to ensure that new development is resilient to climate impacts.
- Action to reduce emissions: the Council has comprehensive plans in place to reduce emissions via the Reading Climate Emergency Strategy and Carbon Plan adopted in 2020 but major challenges remain in resourcing the action required to deliver the ambitious goal of a net zero carbon Reading by 2030.

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Safeguarding - Safeguarding vulnerable children and adults

10
Current Risk Score

Risk Ref
SR7

Corporate Priority
Our Foundations, Thriving Communities

Risk Owner
Executive Director of Social Care and Health

Potential Impact
Death or injury. Loss of reputation. Fines/penalties.
Insurance claims. Legal challenges



Risk Scoring

	Q1	Q2	Q3	Q4
Impact (Inherent)	5	5		
Likelihood (Inherent)	5	5		
Inherent	25	25	0	0
Impact (Residual)	5	5		
Likelihood (Residual)	2	2		
Residual	10	10	0	0

Current Actions and Mitigation

- A local Risk Enablement Panel (REP) is held for practitioners and managers to bring high risk cases for discussion and guidance.
- A new West Berkshire wide Multi-Agency Risk Management (MARM) process has just been launched. The purpose of the Multi Agency Risk Management Frame is to support the individual and staff to reach agreement and adopt strategies around risk decision and the management of those risks where they are manageable. This This includes escalation to multiagency panel if required.
- Oversight of Safeguarding Enquiries: The Safeguarding Manager now signs off all enquiry closures to ensure risks are mitigated and transferrable risks addressed at this key point in the safeguarding process.
- The interim safeguarding lead is working directly with the safeguarding team to re-clarify process and ensure that all recording is of high quality and captured within client record systems.
- New local procedure to be produced which standardises the process with regard to sharing outcomes of S42 enquiries with families. Also need to produce a template to share detail of high risk cases with senior management.
- Monthly Safeguarding Managers meeting with Safeguarding lead and all TM and ATM to discuss practice, cases and management of safeguarding work across operational teams. Contracts team are also linked in to update on Provider concerns and share intelligence regarding pressures/ issues with providers.
- Risks relating to children's services are managed by BFfC, who have their own risk management arrangements

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Emergencies - Protecting the public from covid 19 and impact of significant additional waves of infections

6
Current Risk Score

Risk Ref
SR8

Corporate Priority
Covid response and Recovery

Risk Owner
Executive Director for Economic Growth & Neighbourhood Services

Potential Impact
Death or injury. Loss of reputation. Insurance claims. Legal challenges



Risk Scoring

	Q1	Q2	Q3	Q4
Impact (Inherent)	5	5		
Likelihood (Inherent)	5	5		
Inherent	25	25	0	0
Impact (Residual)	3	3		
Likelihood (Residual)	2	2		
Residual	6	6	0	0

Current Actions and Mitigation

- Specific GOLD meetings stood down with a SILVER operating on a weekly basis and reporting into CMT and Leadership.
- MTUs and LTS's still active and relocation plans being considered as testing likely to continue until 2023.
- Continue to support vaccine rollout and use data to consider where hesitancy exists
- Local Contact Tracing still 7 days a week, but likely to reduce to 5
- Service delivery and risk assessments sit with Services/Directorate decision making
- Updates undertaken of the Local Outbreak Management Plan
- Outbreak management arrangements in place, but scaled back to a 5 day service
- Provision of PPE continues
- Emergency response structure continues to operate
- Thames Valley Local Resilience Forum being supported
- Support remains available for those who are isolating at home via the One Reading community hub
- Local contact service remains in place and which includes proactive offer of support to anyone required to isolate in the Borough
- Testing infrastructure in Reading in place and adapting to changes in national testing strategy. At present the two Local Testing Sites are having leases extended and the Community Testing site for LFD testing at Town Hall remains open. Surge testing has been undertaken when needed
- The organizational recovery group has assessed services compliance with covid secure criteria and put into place control measures which mitigate any impacts.
- The other recovery groups supporting economic recovery and renewal and social impact continue to monitor changes in the governments approach to recovery including delivering grants and support services.
- The council is heavily involved in supporting the NHS to successfully deliver vaccination to the local population
- The government has set out its roadmap for recovery which the council is responding to and supporting organisations and services within Reading to operate safely after 19th July release from COVID-19 restrictions

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Cyber - Risk of loss from cyber attack

20
 Current Risk Score

Risk Ref
SR9

Corporate Priority
Our Foundations

Risk Owner
Chief Digital & Information Officer

Potential Impact
Loss of service, loss of reputation, legal challenges, recovery costs



Risk Scoring

	Q1	Q2	Q3	Q4
Impact (Inherent)	5	5		
Likelihood (Inherent)	5	5		
Inherent	25	25	0	0
Impact (Residual)	5	5		
Likelihood (Residual)	4	4		
Residual	20	20	0	0

Current Actions and Mitigation

- Current impact is 5 to reflect recent learning from incidents such as those experienced by Haringey and Redcar & Cleveland ransomware attacks.
- We have updated the cyber incident “playbook” to reflect learning from recent attacks on the public sector and the latest guidance from the National Cyber Security Centre (NCSC).
- Intent is to run a cyber attack exercise in H2 21/22. Completion of this exercise and the actioning of lessons learned from it will lead to a reduction in impact level.
- Likelihood remains high and the actions below are in train to address this.
- Principal driver of likelihood is the need for staff awareness and training. A phishing test undertaken in March indicated that training and communications had had some impact but that we still fell short of the target standard. Training has been made mandatory and this has led to a 50% increase in completion. Further communications and line management action are being put in place to drive uptake.
- We have had a preliminary assessment of our compliance with the requirements of the NCSC Cyber Essentials scheme undertaken and plan to achieve Cyber Essentials Plus certification by the end of 21-22. The principal dependency for certification is the rollout of a new version of Windows 10. This project has initiated; the bulk of the rollout is planned for November and December 2021, with the project ending in early 2022.
- Security governance has been strengthened with the establishment of the Information Governance Board, which will review policy and strategy relating to cyber security, and also monitor reports of security incidents to identify corrective action. AD Legal & Democratic Services has been appointed as cyber security champion for CMT, and a similar role is played in Council by the Lead Member for Corporate & Customer Services
- Staff training on cyber security is regularly reviewed by Audit and Governance Committee

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ICT -Failure to improve the quality of ICT

6

Current Risk Score

Risk Ref
SR10

Corporate Priority
Our Foundations

Risk Owner
Chief Digital & Information Officer

Potential Impact
Loss of service, loss of reputation



Risk Scoring

	Q1	Q2	Q3	Q4
Impact (Inherent)	4	3		
Likelihood (Inherent)	3	3		
Inherent	12	9	0	0
Impact (Residual)	3	3		
Likelihood (Residual)	3	2		
Residual	9	6	0	0

Current Actions and Mitigation

- Following transition to the ICT Future Operating Model on schedule on 1 April, with no disruption to service, action is in hand to ensure that the new service beds in successfully. The key areas of action are set out below. These have all contributed to the reduction in risk from unmitigated and are expected to lead to a further reduction in residual risk.
- Action has been taken to improve service desk processes. This is reflected in the fact that response targets are being met for new incidents and service requests and that the backlog of incidents and service requests has been significantly reduced (by around 80%)
- Service improvement action is focused on the interface between Agilisys (which provides our service desk) and other providers, to address challenges in information exchange and joint working. This has been a big driver of the improvement described above
- Problem management has been established, in line with best practice, to ensure that the root cause of recurring incidents is being diagnosed and addressed. Problem management effort is currently focused on intermittent performance issues affecting some applications, including the Mosaic social care application (for which a temporary solution is in place). Work on these problems has already led to changes significantly improving network performance.
- A communications plan is being implemented to ensure that staff know how to engage with the ICT service (eg how to raise an incident via the online portal) and to ensure that they are aware of guidance for its use. An all-staff briefing has been delivered; a Digital & ICT Hub intranet site launched; and a survey of a sample of staff is being launched imminently.
- Technology refresh is being planned to ensure that equipment and software remains up to date (while maintaining value for money). Most notably, the version of Windows 10 is being around the end of the calendar year.
- Based on the above progress and trajectory, both impact and probability scores have been improved.

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READING BOROUGH COUNCIL

DEPUTY CHIEF EXECUTIVE

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	30 SEPTEMBER 2021		
TITLE:	ANNUAL GOVERNANCE STATEMENT 2020/2021		
LEAD COUNCILLOR:	Cllr Ruth McEwan	PORTFOLIO:	Corporate and Consumer Services
SERVICE:		WARDS:	N/A
LEAD OFFICER:	MICHAEL GRAHAM	TEL:	9372695
JOB TITLE:	ASSISTANT DIRECTOR OF LEGAL AND DEMOCRATIC SERVICES	E-Mail:	michael.graham@reading.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 The Council is responsible for ensuring that financial management is adequate and effective and that the Council has a sound system of internal control, which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.
- 1.2 The Accounts and Audit Regulations require local authorities to prepare and publish an Annual Governance Statement (AGS) each financial year, which accompanies the authority's financial statements.
- 1.3 The Annual Governance Statement is a key record of the overall effectiveness of governance arrangements within the Authority. The statement reflects the latest guidance from CIPFA/SOLACE on a strategic approach to governance and demonstrates how the key governance requirements have been met.
- 1.4 The following document is appended:

Appendix 1 Draft Annual Governance Statement (AGS) 2020/2021

2. ACTIONS REQUIRED

Audit and Governance Committee is asked to:

- 2.1 **agree the Annual Governance Statement for 2020/2021**
- 2.2 **delegate authority to the Assistant Director of Legal and Democratic Services to make minor amendments prior to signature by the Leader and Chief Executive**

3. KEY ISSUES

3.1 The Council's AGS for 2020/21 is attached at Appendix 1

3.2 Essentially, it outlines for the Council:

- the scope of governance responsibilities
- the purpose of the governance framework
- a description of the governance framework against the CIPFA/SOLACE Framework for "*Delivering Good Governance in Local Authorities*"
- An update on Covid-19 response and amended governance arrangements
- arrangements for reviewing the effectiveness of the governance framework
- Governance issues that need to be addressed.

3.3 The preparation of the Statement has built on previously established arrangements, which involves the collating of information from a number of sources, both internal and external. The information is analysed, and a draft Statement is produced, discussed with key officers, and any amendments identified are then made.

3.4 To support the Annual Governance review, each directorate is required to complete a Directorate Governance Statement in relation to systems and processes operational within their areas during the year. These are signed off by the relevant Director. The Directorate Statements demonstrate that Directorates have evaluated and assessed their internal control environment.

3.5 The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service and its External Auditors (Ernst & Young). The role of Internal Audit is to provide independent assurance that the Council's risk management, governance and internal control processes are operating effectively. The role of External Audit is to review the financial statements, obtain evidence that they are materially correct and provide an opinion as to whether these represent a true and fair view of the financial position of the Council. In addition, External Audit provide a value for money opinion assessing whether proper arrangements are in place for securing financial resilience and challenging how the Council secures economy, efficiency and effectiveness.

3.6 There have been well documented delays in publishing the annual accounts due to historic issues. However, the audit of 2019/2020 is underway and the 2020/21 Draft Statement is being completed.

3.7 To ensure the Service has the required capacity and capability going forward a Finance Transformation Board has been established to oversee the Finance Improvement Programme. Regular reporting on the Phase 1 workstreams: Accounts Payable, Accounts Receivable, Reconciliations, Chart of Accounts and Final Accounts, have been reported to the Audit and Governance Committee.

3.8 One of the assurance statements the Council receives is the annual opinion of the Chief Internal Auditor in respect of the control framework. The opinion of the Chief Internal Auditor in respect of audit work completed in 2020/21 was reported to the Audit and Governance Committee at its meeting in July 2021

and placed Limited Assurance on the internal control environment based on the areas audited.

- 3.9 Whilst his opinion is similar to last year, it was noted that a positive trajectory of improvement is starting to emerge following improvement initiatives, such as the Finance Improvement Programme and the significant improvement in the implementation of historic audit recommendations, since implementing the new tracking and reporting process. Clearly, this improvement trajectory needs to be sustained in 2021/22 to enhance assurance that control, risk and governance arrangements are effective across the Council.

4.0 THE PROPOSAL

- 4.1 The statement covers the period up to the publication of the accounts, but as the Statement is signed by the Leader of the Council and the Head of Paid Service, it would be sensible to authorise minor amendments that may be needed before then. The need for material amendment is not currently anticipated. External Audit will review the statement for consistency with their knowledge of the Council but does not “audit” it as such.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The concept of Governance is cross-cutting and relevant to all Services of the Council and to all of our public facing services. As such it is relevant to the Council’s ability to be able to deliver on all of its Corporate Priorities. Good Governance is also strongly linked to the Corporate Priority foundation of “Getting the best value”.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).
- 6.2 There is nothing within this report which is of relevance for the Council’s strategic priority of Climate Change.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 Section 138 of the Local Government and Public Involvement in Health Act 2007 places a duty on local authorities to involve local representatives when carrying out “any of its functions” by providing information, consulting or “involving in another way”.
- 7.2 It is not anticipated that there will be public consultation on Annual Governance Statement. It will however be in the public domain at this Committee, and is written in such a way to be accessible for members of the public to understand the Council’s approach to Corporate Governance.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.2 An Equality Impact Assessment (EIA) is not relevant to this report. There is no reason to think that any section of society will be adversely affected by the development of better Governance policies and procedures across the Council.

9. LEGAL IMPLICATIONS

9.1 Covered in the main body of the report.

10. FINANCIAL IMPLICATIONS

10.1 There are no direct financial implications arising from this report.

11. BACKGROUND PAPERS

11.1 There are none

SCOPE OF RESPONSIBILITY

Reading Borough Council is responsible for ensuring that:

- its business is conducted in accordance with the law and proper standards
- public money is safeguarded and properly accounted for, and
- resources are used economically, efficiently and effectively.

The Council also has a duty to:

- make arrangements to secure continuous improvement in the way in which its functions are exercised
- put in place proper arrangements for the governance of its affairs, and
- implement and maintain effective processes of internal control, including appropriate arrangements to manage risk.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, cultures and values which underpin how the Council is controlled and managed internally, and how it engages with taxpayers, service users and the wider community. The governance framework as described in the Council's constitution (https://www.reading.gov.uk/media/1338/Constitution-of-The-Council/pdf/Constitution_of_the_Council.pdf) enables the Council to monitor delivery of its strategic objectives and assess whether those objectives are securing service improvements and value for money. Systems of internal control and risk management are a significant part of the governance framework and are designed to manage risk down to a reasonable level. Some risks can never be eliminated entirely, however, and these processes provide only reasonable and not absolute assurance of effectiveness.

THE GOVERNANCE FRAMEWORK AT READING

The Council operates a committee-based system of governance with four standing committees broadly aligned to the Council's departmental structure. Their remit includes obtaining assurance that Corporate Plan priorities, and the Budget and Policy Framework approved by Council each year, are delivered in their relevant areas. There are no separate scrutiny committees or call in provisions. However:

- the Standards Committee investigates specific allegations of misconduct;
- the Audit and Governance Committee is tasked with reviewing and considering improvements to corporate governance in general; and
- all standing committees are able to undertake scrutiny of relevant functions where they think it appropriate.

CHANGES TO THE GOVERNANCE FRAMEWORK IN 2020/21

The Personnel Committee considered changes to the senior management structure in January 2021. A recommendation to Council was made to change the designation of the Executive Director of Resources to Deputy Chief Executive (and Deputy Head of Paid Service). The role of Chief Finance Officer was redesignated. The existing role of Assistant Director of Finance was amended to become Director of Finance (and designated as the Chief Finance Officer under section 151 of the Local Government Act 1972). These recommendations were confirmed by Council in March 2021. The changes strengthen the capacity of the senior leadership team to perform their statutory roles and provide even more effective leadership for the organisation.

GROUP GOVERNANCE

The Council operates a number of companies:

Reading Transport Ltd - the operating company for Reading Buses, which itself has a number of subsidiaries. (100% share ownership).

Homes for Reading Ltd - provision of private sector lettings. (100% share ownership).

Brighter Futures for Children Ltd - provision of Children's Services. (Sole member).

Reading Hampshire Property Partnership Ltd- provision of property and construction related consultancy and procurement. (49% share ownership).

The Council also has involvement in two other not for profit partnerships as a member: **Reading UK CIC** delivering economic development for the Borough and **IESE Ltd** providing management consultancy in the public sector.

The Council continues to receive appropriate information about the performance of its companies through the Policy Committee which acts as the designated shareholder committee for the Council. In June 2021, Policy Committee agreed to review the governance arrangements for Reading Transport Ltd, including new appointments to the Board. These actions are in hand.

The Council's Children's Services function was removed from intervention by the Secretary of State in February 2021. This was a considerable achievement for Brighter Futures for Children Ltd the company set up by Reading Borough Council as a response to intervention and with the objective of improving the welfare and life-chances of children and young people in the Borough.

COVID-19 RESPONSE: GOVERNANCE FRAMEWORK

Decision making

In March 2020, in order to focus and guide the Council's response to the Coronavirus Pandemic the Council instigated the Urgency Procedures in Article 7.7 of the Council's Constitution which allowed for a smaller group of councillors to act as the Policy Committee and make decisions on behalf of other Committees and Council. The Policy Committee functioned with 10 members during the early part of the pandemic and gradually Committees were brought back on-stream and with full participation from councillors. From April 2020 until May 2021, the Council conducted meetings online, allowing residents to participate remotely to ask questions or to exercise their public speaking rights. These arrangements were effective and ensured that the pandemic did not hinder the democratic process. A range of different protocols were introduced to allow for effective meetings to take place remotely.

The Annual Council meeting in May 2020 was managed by Policy Committee under Urgency Procedures and arrangements were made to adjust to term of the Mayor to provide civic leadership for the Borough during the pandemic.

The Council continues to utilise its Decision Book process to publicise routine decisions made by officers after consultation with lead councillors.

Corporate priorities

To enable the Council to fulfil its leadership role and to guide its work with partners in providing the support that residents and businesses needed, the Council's Corporate Plan priorities were reframed during the pandemic to provide clarity of purpose and a three-point strategic framework was adopted based around the following three broad priorities:

- (a) To support and protect vulnerable children and adults by ensuring the social care system continues to function effectively
- (b) To support the people who are most vulnerable and isolated in our communities
- (c) To support businesses and the local economy, and secure Reading's economic recovery

In March 2021, the Council adopted a new Corporate Plan for the forthcoming year, "Investing in Reading's Future". This plan was determined for one year given the uncertainties of the pandemic and the need to respond flexibly in the recovery phase.

The vision for Reading Borough Council was agreed:

To ensure that Reading realises its potential - and to ensure that everyone who lives and works here can share the benefits of its success.

The Council agreed to drive the change that it wants to see in Reading by focussing on these three themes:

- Healthy environment
- Thriving communities
- Inclusive economy

The Corporate Plan will be considered again in 2021/22.

Team Reading

In March 2021, the Council undertook a staff survey which gathered responses from 58% of the Council's workforce, over 1000 responses. The results from this Survey were extremely positive and provide a good indication that the work done by the Council to engage staff from previous surveys, and with the Leadership Development Programme is showing results. 95% of staff agreed that they were making a valuable contribution to the success of the Council in their job. 87% of staff said they enjoyed their job and 89% agreed that their manager was interested in their well-being. 84% want to continue working for the Council and 81% knew the organisational values of Team Reading. As would be expected, there were some areas identified for future improvement and the Corporate Management Team has commissioned work in these areas to address those issues.

The Council's Leadership Development programme continued throughout 2020/21 and has now come to a close with all of the Senior Leadership Group and managers reporting to them having participated in this programme to embed the Team Reading approach. The work of the Team Reading Board continues to embed the Council's values and behaviours throughout the organisation.

Finance

A new medium-term financial strategy was approved by Council in February 2021 to cover the three years 2021/22 - 2023/24. Councillors received updates throughout 2020/21 to advise on the financial effects of the pandemic to council services and finances. Income was badly affected as services were forced to close and the economy slowed.

The purpose of the Medium-Term Financial Strategy was to deliver a balanced and affordable 2021/22 budget and ensure that the Council's finances are robust and sustainable over the medium term, and that in the longer term, the Council's finances are not reliant on the unsustainable use of one-off reserves or funding.

The Strategy builds on work over the previous two-three years to stabilise the Council's financial position and build reserves back to more robust levels. This has enabled vital investment in core infrastructure to drive efficiency improvements, facilitate service redesign and thereby manage pressures within demand led services. This invest to save approach allows for a robust financial position in the future and enables vital and valued services to continue to be delivered. Whilst the Budget Strategy relies on significant service transformation to drive increased efficiency savings and income generation it does mean that service cuts are not required.

Investment in Reading's Services and infrastructure continued even though the pandemic leading to a review of some costs and timelines. For instance, the Council was able to confirm investment in its new Leisure Centres, an extensive programme of highway improvements and a new five year Housing Strategy. The Council also revised its contracts for an improved ICT operating model which has now provided the foundations for a Digital Strategy for the Borough.

The Council has also prioritised Economic Recovery and Renewal from the pandemic and a stronger focus on fighting inequality and promoting inclusion.

External Audit

The Council's external auditors, Ernst & Young (EY), issued a qualified opinion for the 2016/17 accounts because of a number of historic and significant control deficiencies. This led to delays in the publishing of annual accounts for 2017/18, 2018/19, 2019/20 and 2020/21. However, the audit of 2017/18 was completed in October 2020 and the audit for 2018/19 will be concluded in September 2021. The audit on 2019/20 has commenced and work is ongoing to finalise the 2020/21 Statement.

Democracy

Elections due in May 2020 were delayed for all local authorities until May 2021. Effective planning for the local government and Police and Crime Commissioner elections throughout 2020/21 saw delivery of Covid secure elections. Significant changes were made at Polling Stations and the Count Venue to ensure that electors and polling staff were safe.

Resident satisfaction

In September 2020, the Council commissioned a representative sample of 1,000 residents. The purpose of the survey was to gauge levels of satisfaction with the local area, the Council and the services it provides. When compared to our Citizens Panel Survey of 2018, the results were overwhelmingly positive: 77% of residents said they are satisfied with their local area as a place to live, compared with 65% in the 2018 Survey and 64% said they were satisfied with the way the Council runs things, a huge improvement on the 38% from the Panel Survey. The number of residents who agree that the Council provides value for money has more than

doubled from 22% to 45% The Council plans to repeat similar surveys in the future and to draw more learning from the messages articulated by residents as priorities for the town.

ARRANGEMENTS FOR GOVERNANCE

The Council's governance arrangements are designed to secure compliance with the principles set out in the "CIPFA¹/SOLACE² Framework for "Delivering Good Governance in Local Authorities"³ (updated 2016): CIPFA/SOLACE Framework for "Delivering Good Governance in Local Authorities.

RBC is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Council meets the Standards of the Framework in the following ways:

Behaving with integrity

Codes of Conduct set out expected standards of behaviour for staff and councillors and the standards committee investigates any allegations of non-compliance. The Council's Chief Finance Officer and Monitoring Officer have specific statutory responsibilities to ensure that decisions taken by the Council are lawful and in line with constitutional requirements.

Ensuring openness

The Council consults regularly with stakeholders, taxpayers and service users. The Consultation Hub on the Council's website enables local people to find, participate in, and view outcomes from, any consultation activities that interest them. In addition, 20 different committees and forums are in place to represent local views on a range of subjects including transport, disabled access, children's services and community safety.

Defining sustainable outcomes

The Corporate Plan sets out how the Council aims to work in partnership to achieve its agreed objectives. These key objectives are designed to be both financially and environmentally sustainable and have been developed in consultation with partners and local people. The Medium-Term Financial Strategy makes a realistic assessment of financial resources available, and the Budget and Policy Framework approved by Council each year sets out revenue and capital spending limits, savings and efficiency targets as well as key improvement priorities for the forthcoming year.

¹ Chartered Institute of Public Finance and Accountancy

² Society of Local Authority Chief Executives.

³ Also referred to as "the Framework", see CIPFA website www.cipfa.org/policy-andguidance/publications/d/delivering-good-governance-in-local-government-framework-2016edition

Achieving intended outcomes

The four standing committees are responsible for ensuring that actions approved as part of the Budget and Policy Framework are delivered in each service area. The Projected Outturn reports to Policy Committee summarise the financial position to date against budget and delivery of agreed savings targets. Key performance indicators are reviewed quarterly by the Corporate Management Team and Policy Committee.

Developing capacity

Maximising capacity by working collaboratively is a key component of the Corporate Plan and a number of longstanding partnership working arrangements are in place. The Constitution sets out how the governance aspects of these arrangements should operate in practice. The Learning and Workforce Development Team has a specific role and remit to improve the capability and capacity of Council officers by offering a range of skills and qualification-based training opportunities.

Managing risks

The Strategic Risk Register provide a high-level overview of key risks which are reported to management and to councillors at least twice a year. Financial Procedure Rules and Financial Regulations, together with Contracts Procedure Rules and Employment Procedure Rules, set out the framework of internal controls. Internal Audit have a programme of work designed to assess how this framework operates in practice and report to the Audit and Governance Committee.

Transparency and accountability

All Council meetings are held in public and minutes of meetings and webcasts are available on the Council's website. Following the closure of the Council offices in March 2020, the Council moved to online meetings which could be viewed by residents via a link from the Council's website. Work was subsequently commissioned to implement hybrid meetings facilities in the Council Offices.

MANAGING THE RISK OF FRAUD

The financial resources available to the Council need to be maximised and used effectively, in order to help achieve the corporate strategies. One aspect to assisting with maximising available resources is to reduce the opportunity for fraud and misappropriation. This is done through proactive and reactive investigations. The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors or service users and will take all necessary steps to investigate any allegation of fraud or corruption and pursue sanctions available in each case, including removal from office, dismissal and/or prosecution.

Individual fraud cases are normally handled by the Audit & Investigations Team who mainly deal with fraud encountered in areas such as benefits schemes (e.g. Council Tax support etc.), council tenancies, blue badges and social care payments. Quarterly updates are provided to the Council's Audit & Governance Committee.

We have no knowledge of any actual, suspected or alleged fraud affecting the Authority, which would cause a material misstatement in the financial statement's either through fraudulent

financial reporting and/or misstatements resulting from misappropriation of assets for 2020/2021.

REVIEW OF EFFECTIVENESS

The Council uses several ways to review the effectiveness of governance arrangements. One of the key assurance statements is the annual report and opinion of the Chief Auditor. The role of the Internal Audit Service is to provide assurance to management and those charged with government about the quality and effectiveness of the governance framework and systems of internal control. The internal team completed 21 audits and 4 grant certifications. A further 4 audits had fieldwork completed at 31 March 2021, but with reports to be finalised. 144 audit recommendations have been made, of which 19 (13%) were classified as a high priority.

Public Sector Internal Audit Standards require the Chief Auditor to provide an assessment of the overall adequacy and effectiveness of the Council's control environment. This opinion is expressed using a scale ranging from Substantial to Reasonable, then Limited and finally No Assurance. The Chief Auditor has concluded that only Limited Assurance can be placed on the Council's internal control framework for 2020/21, largely because of weaknesses in key financial systems. [The full report can be viewed here.](#)

The Chief Auditor notes: *“Whilst our opinion is similar to last year, it must be noted that a positive trajectory to improvement is starting to emerge following improvement initiatives, such as the Finance Improvement Programme and the significant improvement in the implementation of historic audit recommendations, since implementing the new tracking and reporting process. Clearly, this improvement trajectory needs to be sustained in 2021/22 to enhance assurance that control, risk and governance arrangements are effective across the Council”.*

Assistant Directors and Executive Directors have completed Annual Assurance Statements in respect of governance and internal control arrangements for their respective areas. These reviews identified improvements to governance arrangements and internal control during the year, namely:

- Commissioning CIPFA to undertake a review of the Council's Finance function and subsequently implementing a finance transformation programme progress against which is reported to the Council's Audit and Governance Committee
- Agreeing and implementing a new Corporate Debt Policy
- Commissioning an independent report into the governance and operation of one of its wholly owned companies the results of which were reported to the Council's Policy Committee as Shareholder in June 2021
- Setting up a corporate Information Governance Board chaired by the Monitoring Officer to improve the Council's information governance arrangements
- Rolling out improved cyber security and data protection training to staff and members
- Commissioning Business in the Community to review the Council's approach to equality, diversity and inclusion
- Implementing a new performance management platform InPhase
- Commencing a review of the Council's Constitution including Finance and Procurement and Contract Procedure Rules and the Scheme of Delegation
- Ongoing LGA scrutiny in relation to Adult Social Care & Health Services Directorate (DACH's) savings and budgets

- Verification exercise undertaken by an external consultant to verify and provide assurance around DACH's Savings and Transformation Programme
- Inspections by the Care Quality Commission in our regulated services. No reports were received in 2020/21

Other governance outcomes are shown below:

Issues Identified	Performance in 2020/2021
Formal reports by Chief Finance Officer or Monitoring Officer	None issued
Outcomes from Standards Committee or Monitoring Officer Investigations	The monitoring officer received 3 complaints about member conduct in 20/21. Two were dismissed at the filter stage and one was investigated under group procedures and upheld.
Proven frauds carried out by councillors or members of staff	None
Objections received from local electors	No objections have been received from local electors
Local Government Ombudsman referrals upheld	The Local Government Ombudsman (LGO) upheld 3 complaints, none of which had a public interest report published.
Information Commissioner referrals upheld	None.

OTHER INSPECTION WORK

Reading's Children's Services were placed in intervention in 2016 following an Ofsted inspection, with a revised Direction issued in December 2018. A 2019 Ofsted report highlighted examples of strong practice across the service, including in early help services. It also showed there were areas where improvement was still required.

A recent subsequent report by children's services commissioner Nick Whitfield acknowledged the pace of improvements have continued post inspection, alongside an ongoing commitment from both Reading Borough Council and Brighter Futures for Children Ltd for this to continue. The Parliamentary Under Secretary of State for Children and Families, confirmed the lifting of the Government direction in February 2021, as a result of the continuing improvement in children's services in Reading by the Council and Brighter Futures for Children (BFfC).

CONCLUSION

The Council is satisfied that suitable and appropriate governance arrangements are in place. However, there is more to do, in particular to:

- Complete the actions detailed on the directorate assessments (see above)
- Complete further work in relation to the governance of Reading Transport Limited identified at Policy Committee in June 2021
- Complete the review of the Council's Constitution

- Consider the benchmarking exercise undertaken in 2021 by the Internal Audit team against the CIPFA / SOLACE Code of Corporate Governance and to identify policy improvement work to strengthen the governance function generally
- Complete the Finance Improvement Programme necessary to ensure the Council’s financial processes and procedures are robust
- Implement the new financial system
- Embed a new Information Management Strategy and monitor it through the Information Governance Board
- Continue to raise the profile of Audit and embed a culture of compliance by addressing recommendations on a timely basis
- Continue to support the Internal Audit team and ensure that its recommendations are actioned in a timely way by managers with progress reported regularly to the Audit and Governance Committee
- The Council is also committed to a Local Government Association Peer Review in June 2022.

CERTIFICATION

We have been advised on the results of the annual review of the effectiveness of the Council’s governance framework, as set out above. Plans are in place to address the weaknesses identified. Delivery of these plans will be monitored by the Audit and Governance Committee and reported to the public as part of the next annual review.

Signed on behalf of Reading Borough Council by:

..... Jason Brock, Leader of the Council

..... Peter Sloman, Chief Executive

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READING BOROUGH COUNCIL

REPORT BY DEPUTY CHIEF EXECUTIVE

TO:	AUDIT AND GOVERNANCE COMMITTEE		
DATE:	30 SEPTEMBER 2021		
TITLE:	INFORMATION GOVERNANCE QUARTERLY UPDATE		
LEAD COUNCILLOR:	CLLR RUTH McEWAN	PORTFOLIO:	CORPORATE AND CONSUMER
SERVICE:		WARDS:	ALL
LEAD OFFICER:	MICHAEL GRAHAM	TEL:	
JOB TITLE:	ASSISTANT DIRECTOR LEGAL AND DEMOCRATIC SERVICES	E-MAIL:	michael.graham@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides an update on the actions in progress to improve the Council's policies, systems and processes for better Information Governance.
- 1.2 In the last two years, the Committee has received a number of limited assurance reports in relation to information governance and work is ongoing to address the underlying issues in the following areas:
 - Freedom of Information
 - Data Transparency
 - Records Management

2. RECOMMENDED ACTION

Audit and Governance Committee is asked:

- 2.1 To note the progress to date and future actions outlined in this report.
- 2.2 To identify matters of interest for future reports.

3. POLICY CONTEXT

- 3.1 The Council's new Corporate Plan (2021) has established three themes for the year 2021/22. These themes are:
 - Healthy Environment
 - Thriving Communities
 - Inclusive Economy
- 3.2 These themes are underpinned by "Our Foundations" explaining the ways we work at the Council:
 - People first
 - Digital transformation

- Building self-reliance
 - Getting best value
 - Collaborating with others
- 3.3 Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's website](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.
- 3.4 Data is playing an increasing role in designing, delivering and transforming public services to improve outcomes for customers and drive efficiencies within current financial constraints.
- 3.5 The Local Government Association describe the value of data to public services as facilitating:
- The design of services around user needs
 - The engagement and empowerment of citizens to build their communities
 - Efficiencies and public service transformation
 - Economic and social growth
 - Greater transparency and accountability
- 3.6 Effective information governance is a key requirement for the Council which has duties to be both open and transparent whilst at the same time protecting the confidential information it holds about people and businesses. How it collects, uses, stores, shares and destroys personal data is governed by the Data Protection Act. The Council also has to comply with the Freedom of Information Act, the Environmental Information Regulations and the Access to Information Act in relation to its records. Compliance is monitored by the Information Commissioner who has wide ranging powers including the ability to impose considerable financial penalties for breaches of the Data Protection Act.

4. UPDATE

Recruitment

- 4.1 Two key posts in the Information Governance Team have been recruited. We are pleased to have secured the services of an experienced Information Governance Team Leader and we have appointed an apprentice for the team. Following two rounds of advertising we are yet to recruit a suitably qualified Information Governance Officer. We still retain an Interim Information Governance Officer in post, seconded from another service who started at the end of June. This officer and the apprentice are helping to address a backlog of Subject Access Requests.

FOI cases

- 4.2 As previously reported, the new case management system for FOIs went live in March 2021. Training has been provided to officers and the initial signs are that the system is working as envisaged. The FOI function is now centrally managed through the Customer Relations Team, with all requests and answers being channelled via the team. This was done to improve response times for FOIs. The Council wishes to see a response rate of 90% within 20 working days and will be reviewing the performance of this function to establish where improvements can be made within the new centralised system. 90% is the expected response rate of the Information Commissioner.
- 4.3 FOIs, Complaints, Responses to MP and Cllr enquiries continue to be monitored weekly by CMT which ensures good organisational oversight and stresses the importance the Council gives to these matters.

- 4.4 Following the data provided at the July meeting for the year 20/21, I have sought to provide information on a monthly basis analysed by Directorate. Unfortunately, this information is not ready at the point of dispatch but I will present it at your meeting.

Data Transparency

- 4.5 Members will recall that the audit in this area revealed that some of the information which was required to be published, was not available on the Council's website. All of the relevant information and sources of data have now been identified and the Transparency Code page has been added to the Council's website. A process for review and publishing the required information for the future was considered at the Information Governance Board and is being finalised with additional details to aid accountability and future review.

Information Governance Board

- 4.6 There has only been one Board since the previous Committee so there is less to report. This is due to the pattern of meetings over the summer. The Board has considered the necessity of printing at home as a result of requests made from some Service areas. The Board wishes to see a clear policy in this area and that any exceptions are justified through a proper process. Work is ongoing.
- 4.7 The Board, meeting monthly, also reviews Cyber Security Incidents and possible breaches of the Data Protection Act which may need to be reported to the Information Commissioner. Where any subsequent actions are identified then these are monitored. There is nothing of note to report to members in relation to these issues.

Information Management Strategy

- 4.8 As previously advised, the IG Board is currently preparing an Information Management Strategy and Action Plan which outlines the Council's proposed approach to information management and governance. This Strategy will be informed by the technical review which has been completed by Leicester City Council. The Strategy is expected to be provided to Policy Committee this Autumn.
- 4.9 The technical review is in the process of being finalised with some further discussion around recommendations. Broadly, the draft recommendations cover:
- a) Data Protection Governance - The extent to which data protection responsibility, policies and procedures, performance measurement controls, and reporting mechanisms to monitor DPA compliance are in place and in operation throughout the organisation.
 - b) Training and Awareness - The provision and monitoring of staff data protection training and the awareness of data protection requirements relating to their roles and responsibilities.
 - c) Records Management (manual and electronic) - The processes in place for managing both manual and electronic records containing personal data. This will include controls in place to monitor the creation, maintenance, storage, movement, retention and destruction of personal data records.
 - d) Security of Personal Data - The technical and organisational measures in place to ensure that there is adequate security over personal data held in manual or electronic form.
 - e) Subject Access Requests - The procedures in operation for recognising and responding to individuals' requests for access to their personal data and other rights exercisable.

f) Freedom of Information Governance - The extent to which responsibilities, policies and procedures, performance measurement controls, and reporting mechanisms to monitor compliance with the Freedom of Information Act 2000 (FOIA) and the Environmental Information Regulations 2004 (EIR) are in place and in operation throughout the service.

g) Data Sharing - The design and operation of controls to ensure the sharing of personal data complies with the principles of the GDPR and DPA, and the good practice recommendations set out in the Information Commissioner’s Data Sharing Code of Practice.

Training

- 4.10 The Board continues to monitor the Cyber Security training which is currently rolled out for all staff and members through Learning Pool, the Council’s e-learning package. The Board is monitoring the uptake of this training and its effectiveness. Further instructions have been sent to staff. The Deputy Chief Executive’s all staff bulletin at the end of July reminded officers that this was mandatory training.

Data has been provided to managers about compliance in their service. A further data cut is being provided. In addition, officers are currently working on a link between Learning Pool and iTrent so that information can be made available to all managers on an ongoing basis.

Current figures are below:

	Cyber			Information Governance		
	Complete	Not Complete	% Complete	Complete	Not Complete	% Complete
DACHS	187	141	57	81	247	24
DEGNS	434	677	39	261	850	23
DoR	333	163	67	236	260	47
No dept	4	4	50	4	4	50
Total	958	985	49	582	1361	29

- 4.11 Members should note there is a change to the figures. The system holding the data has been cleansed to allow for better reporting. This means a number of leavers have been removed from the system. The number of total staff has been adjusted to 1943. In your July Committee this was reported as 1043 staff members or 50%. This number is now reduced to 958 and 49%. Further work to analyse the data will take place to ensure there is accurate reporting especially as we drill down into Service areas and Teams which need further encouragement and follow up to do the training.
- 4.12 The Board is also monitoring the take up of the new Information Governance and Data Protection module. (This replaces the old Data Protection Module). At the July meeting 426 (20%) officers had completed this. Currently 582 or 29% have completed this, which is a slight improvement given that the same data set has been cleansed as above. Whilst this number is low it does not account for those officers who had completed the previous DPA module and now are being asked to take the new module in line with everyone else. Again, further work is being done to promote this training and provide information to managers about revised frequency of this training and its mandatory nature.

- 4.13 The Board will make further recommendations to CMT on which training is to be mandated and the frequency of refresher training. CMT has already mandated Cyber security and Data Protection training on an annual basis. FOI training is mandated for new starters and is being kept under review to see if this needs to be added to the annual list.

Next Steps

- 4.14 The focus in the next quarter will be to take on board the recommendations of the technical review and finalise the Information Management Strategy, and reporting mechanisms.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The purpose of Information Governance is cross-cutting and relevant to all Services of the Council and to all of our public facing services which collect and retain data about the public. The role of Information Governance contributes to the Corporate Priority foundation of “Getting the best value”.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).
- 6.2 There is nothing within this report which is of relevance for the Council’s strategic priority of Climate Change.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 Section 138 of the Local Government and Public Involvement in Health Act 2007 places a duty on local authorities to involve local representatives when carrying out “any of its functions” by providing information, consulting or “involving in another way”.
- 7.2 It is not anticipated that there will be public consultation on the Information Management Strategy or Action Plan. It will however be in the public domain at Policy Committee and this Committee, and I anticipate members will wish to receive regular updates at this Committee. This will ensure that progress in this field is visible to residents.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 8.2 An Equality Impact Assessment (EIA) is not relevant to this report. All citizens have rights to information and there is no evidence that any section of the community is disadvantaged in accessing those rights under the current service provision. There is no reason to think that any section of society will be adversely affected by the roll-out of better Information Governance and an Information Management Strategy within the Council.

9. LEGAL IMPLICATIONS

9.1 The Council is required to comply with a number of information governance regulations including the Data Protection Act and the Freedom of Information Act. Effective governance, policies and practices are essential to minimising the risk of data protection breaches and to help ensure the appropriate handling of information requests. Failure to do so could result in regulatory action being taken against the Council.

10. FINANCIAL IMPLICATIONS

10.1 There are no direct financial implications arising from this report. The cost of the LCC review has been met from the Service budget.

11. BACKGROUND PAPERS

11.1 There are none

READING BOROUGH COUNCIL REPORT

BY DEPUTY CHIEF EXECUTIVE

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	30th Sept 2021		
TITLE:	IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER		
LEAD COUNCILLOR:	COUNCILLOR MCEWAN	PORTFOLIO:	CORPORATE & CONSUMER SERVICES
SERVICE:	AUDIT	WARDS:	BOROUGHWIDE
LEAD OFFICER:	JACQUELINE YATES	TEL:	x74710
JOB TITLE:	DEPUTY CHIEF EXECUTIVE	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.
- 1.2 The April 2018 Audit and Governance Committee agreed that, to provide a greater focus on the importance of implementation of agreed audit recommendations, an implementation tracker report would be reported to all future meetings of this Committee.
- 1.3 Appendix 1 attached sets out all audit recommendations, the status of each recommendation, the officer responsible for implementation and progress with delivery.

2. RECOMMENDED ACTION

- 2.1 The Committee are asked to consider the report.

Appendix 1 - Implementation of Audit Recommendations Tracker - Sept 2021.

3. POLICY CONTEXT

- 3.1 This report supports the 'our foundations' theme of the Council's Corporate Plan 2021/22.

4. THE PROPOSAL

- 4.1 A summary of Internal Audit recommendations and updated management responses since the last Committee are provided in Appendix 1 attached. For continuity, and ease of monitoring, a column has been added for a unique tracker recommendation number.

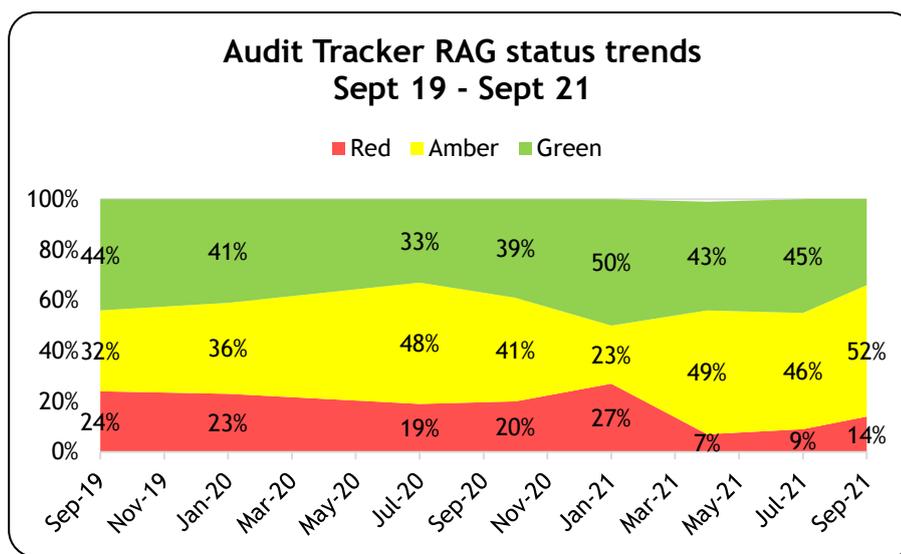
- 4.2 The Audit tracker has been cleansed to ensure it remains relevant and up-to-date. The tracker was becoming unwieldy, with some of the historic recommendations not necessarily reflecting what is needed now or they had been duplicated in subsequent audits. Recommendations have now been removed that had been repeated and added as a result of follow up audits, which was especially applicable to finance systems. A further sense check was undertaken to remove recommendations which were felt to be no longer relevant due to changes in services delivery and/or system processes. In addition, it was agreed by the Director of Finance and Chief Auditor that priority 3 recommendations would not be added to the tracker going forward, as these are advisory points made by the Auditor. Whilst it is important that all agreed audit recommendations are implemented, the focus on the Committee should be on the high to medium risk recommendations.
- 4.3 Going forward, we now have a more focused and manageable audit tracker, but it is important that we do not allow a build-up of recommendations over a prolonged period to happen again. Audit recommendations should be implemented within the timescale agreed.
- 4.4 There is currently a total of 66 recommendations on the tracker. 16 new recommendations have been added to the report since the last meeting in July.
- 4.5 Prior to reporting to Committee, officers responsible for implementing the specific recommendations are asked to update the 'Audit implementation tracker'. Each recommendation is marked with a percentage complete which correlates to a red/amber/green rating. 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.
- 4.6 Where there is a lack of progress with implementation, e.g. successive missing of implementation dates etc., the Director/Assistant Director and responsible officer (if they are different) can be asked to attend a meeting of the Committee to explain the difficulties with implementation and the steps they are taking to address them.
- 4.7 There are 66 Internal Audit recommendations on the tracker attached at Appendix 1.
- 4.8 Of those rated red, one relates to new recommendations added to the tracker since the last report.
- 4.9 The status of the recommendations detailed in Appendix 1 is as follows:

RAG Status	Percentage	Number
Complete	14%	9
Green (but not complete)	21%	14
Amber	52%	34
Red	14%	9

RAG Status	Audit & Governance Meetings				Trend since previous meeting
	Jan 21	April 21	July 21	Sept 21	
Green	50%	43%	45%	35%	Decreased
Amber	23%	49%	46%	52%	Increased
Red	27%	7%	9%	14%	Increased

4.8 There has been a 10% decrease in those rated green, a 6% increase in those which are amber, and 5% increase in the proportion rated red.

4.9 The graph overleaf shows trends in status for recommendations presented to Audit & Governance meetings over the period from Sept 19 - Sept 21.



5. CONTRIBUTION TO STRATEGIC AIMS

5.1 The proposals contained in the report support the Council’s Corporate Plan priority of “Ensuring the Council is Fit for the Future” and therefore remains financially sustainable to deliver its service priorities.

6. COMMUNITY ENGAGEMENT AND INFORMATION

6.1. Audit plans and the implementation of recommendations tracker will continue to be reported to this Committee.

7. ENVIRONMENTAL IMPACT

7.1 The Council declared a Climate Emergency at its meeting on 26 February 2019. There are no specific environmental and climate implications to report in relation to the recommendations set out in this report.

8. EQUALITY IMPACT ASSESSMENT

8.1 The equality duty is relevant to the implementation of Audit recommendations. Specific recommendations are subject to consultation and equality impact assessments where required and are progressed as appropriate.

9. LEGAL IMPLICATIONS

- 9.1 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.

10. FINANCIAL IMPLICATIONS

- 10.1 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.
- 10.2 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.
- 10.3 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.
- 10.4 Whilst there are still recommendations that are RAG rated red, there has been positive engagement with the arrangements and significant improvement since implementing the new tracking and reporting process and the number of red recommendations has reduced year on year

11. BACKGROUND PAPERS

- 11.1 Internal Audit Reports presented to Audit and Governance Committee, Chief Internal Auditors Annual Reports.

Count	Unique Tracker Rec No.	Dir	Audit Title	Recommendation	Rec Yr.	Original Audit Completion Date	1st Follow-up Date	Responsible Officer	Responsible Officer Latest Update	Updated on (date)	Status (% Complete)	Overall Status	Improvement Programme Workstream
1	105 20/21	DEGNS	Rent Guarantee Scheme	It is recommended that all housing related systems establish consistent naming conventions that will allow for easy data verification across systems, followed by a data cleansing operation to update current records to the new standard.	20/21	11/08/20		Housing system project team - Project manager Johnnie Stanley	OHMs migration project started, the project is addressing how to align the naming convention to GIS/Gazeter. This will be achieved using the "address matching" module in NPS Housing. Person(s) data is also being standardised where possible	14 September 2021	25 or less	Red	
2	107 20/21	DEGNS	Rent Guarantee Scheme	A review of the Council's duties and legal responsibilities for housing needs and homelessness should be considered to see if / how these impact / contradict the tenancy agreement and regulations of the RGS scheme. It is also recommended the service should establish if a different debt treatment regime is applicable and legal for properties on this scheme, and if so, then implement this.	20/21	11/08/20		Erma Tytel, RGS Team Leader	We are still awaiting Government guidelines as the stated intention is to extend pre-action protocol to the private sector. Once guidelines have been published we will compare these to our existing practice, which mirror that used for Council-owned properties, and make amendments as required.	14 September 2021	51 to 75	Amber	
3	110 20/21	DoR	Intercompany transfers	Financial Procedures should be updated to reflect the standards and requirements for conducting intercompany accounting and the relationship with the financial coding structure. For example, there should be common standards for substantiating and approving transfers whether these relate to intercompany transactions or not, a procedure detailing the use of the group account use etc.	20/21	15/07/20		Annette Trigg, Chief Accountant Andy Jehan, Financial Systems Accountant	Intercompany accounting and related regulations & procedures are a dedicated sub-strand of the Reconciliations strand of the Finance Improvement Programme. As such, common standards for substantiating and approving transfers are in course of being devised and implemented, although for a transfer to be made the approval of the receiving business is required first. The preventative use of CHAPS / Swiftpay is already in place. Starting in October 2021 intercompany transfers will be completed by the Senior Accountants Payable Assistant and Authorised by the Exchequer Manager/AP Senior	10 September 2021	76 or more	Green	
4	111 20/21	DoR	Intercompany transfers	The routines and methodology for scheduling and paying the contract and SLA payments to BFFC should be standardised, processing actions confirmed and then reconciled on a monthly basis so that differences or any anomalies can be investigated in a timely way.	20/21	15/07/20		Kate Graefe (AD Procurement & Contracts) & Finance	Monthly reconciliations between payroll and GL have been produced and agreed. Guidance notes are in progress and will be included as part of the improvement programme. KG to confirm with finance percentage complete prior to closure.	10 September 2021	76 or more	Green	
5	112 20/21	DoR	Intercompany transfers	The reason for the payment anomalies and queries highlighted in the report should be investigated to help inform the review of the intercompany transfer procedure.	20/21	15/07/20		Annette Trigg, Chief Accountant Andy Jehan, Financial Systems Accountant	Intercompany accounting and related regulations & procedures are a dedicated sub-strand of the Reconciliations strand of the Finance Improvement Programme. As such, common standards for substantiating and approving transfers are in course of being devised and implemented, although for a transfer to be made the approval of the receiving business is required first. The preventative use of CHAPS / Swiftpay is already in place. Starting in October 2021 intercompany transfers will be completed by the Senior Accountants Payable Assistant and Authorised by the Exchequer Manager/AP Senior	10 September 2021	76 or more	Green	
6	114 20/21	DoR	Intercompany transfers	The procedures for reconciling and monitoring the receipt of SLA income should be urgently reviewed and updated to ensure any payment deviations/variation to the contract sum are highlighted on a timely basis for investigation. This should include: - •The preventative use of CHAPS/SwiftPay •The payment status and variation approvals should become a standard agenda item as part of any regular management contract review procedure. •Procedures governing budgetary control.	20/21	15/07/20		Annette Trigg (Chief Accountant) Andy Jehan (Financial Systems Accountant) Kate Graefe (AD Procurement & Contracts) / Stuart Donnelly (Financial Planning & Strategy Manager)	Intercompany accounting and related regulations & procedures are a dedicated sub-strand of the Reconciliations strand of the Finance Improvement Programme. As such, common standards for substantiating and approving transfers are in course of being devised and implemented. The fixed element of the contract is processed and paid on a regular monthly schedule via an inter company transfer. The preventative use of CHAPS / Swiftpay is already in place. Further work to document the process in relation to variable aspects is currently underway.	10 September 2021	76 or more	Green	
7	116 20/21	DEGNS	Stores Contract	A copy of the sealed contract should be located, and a copy should be forwarded to Housing in order they can ensure that they are working from and using the correct version.	20/21	03/08/20		Mike Carpenter, Housing Projects Team Manager	This is now just awaiting printing and will be available shortly. This will then be scanned	08 September 2021	Complete	Green	
8	116 20/21	DEGNS	Stores Contract	For reconciliation purposes, although Travis Perkins provides Housing with a listing of all invoicing data and credit notes to support the consolidated invoice, we recommend TP is approached to request that it provides a detailed report of all stores issue and return transactions from the 'point of sale' onwards. Confirmation of the return policy specification within the contract and definition of faulty goods also needs to be clarified and confirmed.	20/21	03/08/20		Mike Carpenter, Housing Projects Team Manager	This is a known weakness, and we are working with Travis to resolve it, with a view to tracking materials electronically. Ultimately the cost of providing a solution to the problem may not be economically viable to track the small number of returns. A returns form is now available for staff to complete when they return a product and returns will be tracked from this. The returns policy specification will be identified and clarified as part of the contract review process. 01/07/21 - This will now be picked up and included in the retender exercise.	08 September 2021	Complete	Green	
9	118 20/21	DEGNS	Stores Contract	A report on the opportunities and disadvantages of the Housing Contract should be produced periodically for corporate consideration.	20/21	03/08/20		Jane Bloomfield, Quality & Business Assurance Manager	We propose to do this on an annual basis going forward, but with due consideration of the contract end date which is April 2022, propose to undertake a benchmarking exercise to understand how competitive the current charges are to start the review. A formal report on the opportunities and disadvantages will be produced for April 2021 05/01/21 - The benchmarking exercise has now been completed (by Cirrus Purchasing) and indicates that the contract is providing good value for money). This will be used to discuss the findings with Travis Perkins and inform the contract review. 31/03/21 - Due to other pressures (COVID and Client/Contractor split) it is not possible to produce the report for April now. This has been revised to the end of May 2021 and will contain recommendations for the way forward with this contract. 01/07/21 - Although the benchmarking report was fairly positive about the value it provided, there continues to be unresolved service delivery issues with the 'inbranch' solution provided. A decision has been made by Officers to retender this contract to try and obtain a merchant solution that better suits the needs of the BSO and Commercial Services as a whole.	08 September 2021	Complete	Green	
10	124 20/21	Cross directorate	Transparency Code	Procedures for ensuring full compliance with the Transparency Code need to be reviewed and brought up to date. Where any gaps are identified these should be established. Procedures should include and address: • Management ownership and responsibility for coordinating the collation, checking and monitoring of information and for responding to queries resulting from information published under the terms of the Code. • Information should be appropriately labelled, be able to be easily located and accessible under a common section or directory of the Council's website. • Posted information should be monitored and kept up to date to ensure the data requirements are met and that publication of information is in accordance with the Code's timeframe requirements. • The protocol for publishing historical information from previous years needs to be agreed so that this is appropriately applied on a consistent basis.	20/21	01/10/20		Michael Graham, Assistant Director of Legal and Democratic Services	Actions to address this have been agreed at Information Governance Board. The is in progress, information owners have been identified except for the Housing Asset Owners. Information required under the Code have been published and a procedure written to accompany this clearly labelling the information owners the requirements under the Code. Both the website and policy to be reviewed by the Information Governance Board and signed off by 20 October.	10 September 2021	51 to 75	Amber	

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11	125 20/21	Cross directorate	Transparency Code	The Council needs to be more proactive and visible in its commitment to being open and transparent. For example, although a copy of the Transparency Code 2015 is available via government website, the Council should confirm its policy and approach for complying with the code.	20/21	01/10/20		Michael Graham, Assistant Director of Legal and Democratic Services	Actions to address this have been agreed at Information Governance Board. Actions from the Audit Report are being followed up. Information owners for all the requirements under Code have been identified apart from the Housing Asset Data. A Transparency Code page for the Website is being drafted and we hope to publish this as soon as possible stating the Housing Asset Data will follow. A process document will also be drafted, identifying the information owners and will include guidance to follow for keeping the information updated as required by the Code. See comments above.	10 September 2021	51 to 75	Amber			
12	138 20/21	DEGNS	Licensing	Given the vulnerability of school transport users, discretionary decisions to allow vehicles to continue to operate when they are in excess of the upper age limit should be well documented, to ensure it aligns with licensing objectives.	20/21	02/12/20		Clyde Masson, Principal Licensing Officer	We are reviewing out specifications and conditions in respect of School Transport vehicle Licensing to reflect the changes in the industry which include the age of vehicles licensed. We are still reviewing our conditions in respect of all areas of taxi / private hire and private hire (school transport) licencing and are still looking to complete by the end of July 2021 Due to covid there has been a delay in reviewing the conditions. Officers have now revised conditions and are finalising sign off. Aim for end of July.	24/06/2021 8/07/21	51 to 75	Amber		1	
13	139 20/21	DEGNS	Licensing	To maximise the effectiveness of the available enforcement resource, premises enforcement should be formalised by way of a documented risk assessment of type, location and individual premises. Consideration should be given to issuing self-assessment forms to low risk licence holders.	20/21	02/12/20		Catherine Lewis, Acting Licensing & Environmental Protection Manager	Officers are currently working on producing a self assessment inspection form to be completed by licence holders which will provide a risk level to aid determination whether an officer inspection is required. A self assessment inspection form has been drafted and sent to a sample of the licensed premises within the borough as a trial 15/03/2021 Feedback from the self assessment form has been received and amendments made to the form. A further trial group will be sent the form before the form is actively used for all licensed premises. 8/07/21.	8/07/21	51 to 75	Amber		1	
14	140 20/21	DEGNS	CIL 15% Local Projects	It is recommended that policies and procedures governing CIL, including the 15% aspect, are periodically reviewed and updated to ensure these reflect both the latest local and legislative requirements and that these are updated on the website.	20/21	07/12/20		Mark Worringham, Planning Policy Manager / Neal Gascoine, CIL Officer	As part of the review mentioned in 140, the process and procedures associated with the delivery of the 15% CIL local schemes is being reviewed to define each of the relevant officers roles within the delivery process of projects funded via the 15% CIL funds. This is linked to 142 below. A revised protocol for allocation of CIL funds was agreed at Policy Committee in February 2021, which particularly sets out procedures for consulting on and allocating 15% local CIL funds. This involves consulting on local priorities every 3-4 years, and the first such consultation took place between 19th February and 16th April. Results were reported to Policy Committee in May 2021.	13th September 2021	51 to 75	Amber		1	
15	141 20/21	DEGNS	CIL 15% Local Projects	The discrete roles and responsibilities of Planning staff and other staff responsible for the delivery of 15% Local CIL schemes need to be reviewed, understood and adopted by all parties. It is recommended that these are reviewed, documented, approved and then adopted. These should include reference to the work of other services used in the delivery of such schemes, i.e. Legal Services. In particular these should concisely address and include responsibility for: <ul style="list-style-type: none"> • roles and activities of the different services and officers involved • the early capture and recording of the purpose and cost of schemes • the coordination and monitoring of schemes • the timely delivery and reporting of schemes. These guidelines should also define the role(s) of each project officer in respect of their responsibilities for 15% CIL schemes and their commitment to work with and to respond to other officers' enquiries as necessary. Once documented, these roles and responsibilities should be agreed and authorised as appropriate by the CIL Working Group(s) and then copied to 15% CIL scheme managers. 	20/21	07/12/20		Mark Worringham, Planning Policy Manager / Neal Gascoine, CIL Officer	As part of the review mentioned in 140, the process and procedures associated with the delivery of the 15% CIL local schemes is being reviewed to define each of the relevant officers roles within the delivery process of projects funded via the 15% CIL funds. This is linked to 142 below.	13th September 2021	25 or less	Red		1	
16	142 20/21	DEGNS	CIL 15% Local Projects	It is recommended that simple, clear terms of reference are established for both the Officer and Member 15% Working groups and that these are periodically reviewed and updated, if necessary. In particular the terms should specify the purpose and frequency of meetings and composition of membership.	20/21	07/12/20		Andrew Edwards, Assistant Director of Environmental & Commercial Services / James Crosbie Assistant Director of Planning, Transport & Regulatory Services	Terms of reference for the CIL Officer 15% group completed and include composition of members, purpose of group and frequency of meetings. Group meeting regularly.	13th September 2021	Complete	Green		1	
17	143 20/21	DEGNS	CIL 15% Local Projects	In order to ensure that the required outcomes are clearly defined at the earliest stage possible, it is recommended that a simple Project Initiation Document (PID) is completed and agreed for each 15% CIL scheme and a copy held by the Infrastructure Monitoring Officer. This should include the following suggested details and inform the regular monitoring by the respective officer / Member working groups: <ul style="list-style-type: none"> a) The purpose for each scheme or project and a brief narrative or overview b) Details of the Member approval process c) Details of assigned responsible officer(s) and their roles d) Budget and scope of the scheme (details of what is to be achieved) e) Any potential risks or obstacles f) Start / finish target dates g) Any reporting milestones. 	20/21	07/12/20		Neal Gascoine, CIL Officer	As part of the process/document review being undertaken in 140/141 a PID will be designed and will form part of the roles responsibilities defined to relevant officers and each individuals input defined to confirm relevant elements are captured and recorded. This is part of the new process to be agreed at Policy Committee in February. A Document will be prepared in Summer 2021.	8th July 2021	25 or less	Red			
18	144 20/21	DEGNS	CIL 15% Local Projects	Issues around accurate financial reporting and the Infrastructure Monitoring Officer having the necessary reporting or access to Oracle Fusion need to be resolved. In order to be able to provide required financial accountability and reporting of 15% local area CIL funded schemes, it is recommended this is followed up with the support of the Assistant Director of Environmental & Commercial Services.	20/21	07/12/20		Andrew Edwards, Assistant Director of Environmental & Commercial Services	A series of meetings has been held between Capital Finance colleagues, Infrastructure Monitoring officer and AD EB&CS to provide regular financial reporting for CIL 15% projects and also to allow the Infrastructure Monitoring Officer greater access to the information needed. These meetings have now taken place and the monitoring office is now able to upgrade to access to the information required.	13th September 2021	51 to 75	Amber		1	
19	145 20/21	DEGNS	CIL 15% Local Projects	It is explicitly recommended that in the Infrastructure Monitoring Officer experiences either poor or no assistance from the managers of the 15% CIL schemes that this should be reported to the Planning Manager and /or Deputy Director of Planning, Transport & Regulatory Services for their intervention, support and follow up.	20/21	07/12/20		Mark Worringham, Planning Policy Manager / Neal Gascoine, CIL Officer	As part of the process/document review being undertaken in 140/141 clear escalation routes are to be defined to confirm the relevant support needed for reporting.	13th September 2021	25 or less	Red		1	
20	150 20/21	DoR	Purchasing cards	Procedures should be established to highlight the cancellation requirements of VPC due to staff leaving or changing role. This should coincide with the usage monitoring controls to identify those cards which are not being used because the cardholder has left the employ of the Council.	20/21	09/12/20		Andrew Jehan (Exchequer Manager)	A six monthly review will take place in September and March to review card usage.	10 September 2021	51 to 75	Amber	VPC		1
21	151 20/21	DoR	Purchasing cards	Corporate monitoring systems should be established to highlight VPC Holder and Budget Holder areas of non-compliance. An exception report should be produced on a periodic basis for management for continuous improvement purposes. This should include highlighting for management attention: <ul style="list-style-type: none"> - Claims which have not been authorised at all or in appropriately. - Expenditure which has occurred after the cardholder has left the employ of the Council. - Material expenditure which isn't supported by a VAT compliant receipt or invoice. - Material expenditure which exceeds the general-purpose value of £500 in accordance with the VPC policy. Any extraordinary expenditure which could give rise to concern i.e. of public interest or HMRC taxation risks.	20/21	09/12/20		Andrew Jehan (Exchequer Manager / Annette Trigg (Chief Accountant)	New processes and procedures introduced and Card Holders and Budget Holders will be advised of transgressions. RBC will apoted a three strikes and you are out policy with cards being withdrawn.	10 September 2021	76 or more	Green	VPC		1

22	152 20/21	DoR	Purchasing cards	A reconciliation between the Fusion system total, the claim total and the Lloyds bank statement should be carried out on a regular basis. This reconciliation should be appropriately substantiated and certified.	20/21	09/12/20		Annette Trigg (Chief Accountant)	The Technical Accountant to make arrangements with the Accounts Payable team and ensure the reconciliation is carried out monthly. The claim totals are reconciled to Lloyds bank totals on a monthly basis and journals to process the transactions on Fusion are also completed monthly. The reconciliation sign off will be added to the process for July 2021.	06 July 2021	51 to 75	Amber			
23	153 20/21	DoR	Purchasing cards	In conjunction with recommendation 8, the Visa Purchasing Cards should be monitored to ensure it is not being used to circumnavigate the local purchase order policy and procedures. Areas of concern should be raised with the card holder and budget holder.	20/21	09/12/20		Andrew Jehan (Exchequer Manager)	All purchases will be retrospectively reviewed by an Accounts Payable Processing Assistant at the time of submission to ensure that they are applicable for Visa Purchasing Cards use. VPC payments over £500 will be subject to a further check by the AP Senior or Exchequer Manager and areas of concern will be raised with the card holders and budget holders and cards may be withdrawn if being used to circumnavigate the purchase order policy.	10 September 2021	76 or more	Green	VPC		1
24	154 20/21	DoR	Purchasing cards	In conjunction with recommendation 8, the Visa Purchasing Cards expenditure categories and respective providers should be monitored to ensure purchases are not being made outside an existing corporate contract, or to ascertaining if there would be a benefit to developing a contract. Prevention controls should be applied to re-enforce the protocols of use in the Visa Purchasing Cards Rules. Appropriate consideration should be given to the different uses by the general services and those purchased for emergency planning.	20/21	09/12/20		Kate Graefe (AD of Procurement & Contracts)	It is the intention of Procurement & Contracts to commission an external tail-spend analysis across the Council, which would include Purchase Card spend data, to determine whether spend should or could otherwise be routed through a corporate contract or more cost-effective arrangement. Such analysis and work will be shared with Finance to determine if refinement of Purchase Card controls and/or policy is required. This is dependent on funding for the analysis work. Separately, a corporate Amazon Business Account has been set up, allowing Procurement & Contracts and Finance to track expenditure via PCards with the organisation. This is now regularised under a YPO framework, providing assurance of compliance with procurement legislation	10 September 2021	26 to 50	Amber			1
25	157 20/21	DoR	Purchasing cards	The Council should review the operational platform for managing and accounting for VPC expenditure e.g. an integrated management system that manages the authorisations, records and payments in conjunction with existing/future accounts payable and contract requirements.	20/21	09/12/20		Annette Trigg (Chief Accountant)	Consideration will be given to this recommendation as part of the implementation of a new finance system, however it is important to note that this area may be a lower priority when considering finance systems functionality compared with other essential system requirements. The process changes and agreed actions included in this report will result in improved processes and will reduce the financial risks for this area of expenditure.	06 July 2021	25 or less	Red			1
26	158 20/21	Cross directorate	Records Management & Document Retention	The revised policy needs to be reviewed in conjunction with 160 guidelines (to ensure all areas are covered or reference made to relevant associated policies and legislation). It also needs to clearly define roles and responsibilities, include Council systems and records for obsolete teams, link to the Council's corporate plan, and take an integrated approach to records, regardless of their format. The policy then needs to be formally approved, made available to all staff and included as part of induction for new starters, with regular reviews conducted to ensure compliance. The policy also needs to be fully supported by senior management, with regular updates on progress against the policy provided to them. Where responsibility is delegated to teams and services, there needs to be appropriate local policies/guidelines in place.	21/22	15/01/21		Michael Graham, Assistant Director of Legal and Democratic Services	Actions have been identified and are in hand to be picked up as part of the wider information governance projects which are to be initiated this year.	10 September 2021	26 to 50	Amber			
27	159 20/21	Cross directorate	Records Management & Document Retention	There needs to be clearly defined links between the Information Governance team, Modern Records and Individuals responsible for records management and document retention across the Council. All staff need to be aware of this and consideration also given to documenting this role in relevant job descriptions. Consideration needs to be given to reviewing and rationalising records management risks at corporate and directorate level, distinguishing between strategic risks (reflected at corporate level) and operational risks (reflected at service/team level).	21/22	15/01/21		Michael Graham, Assistant Director of Legal and Democratic Services	Actions have been identified and are in hand. See comments above.	10 September 2021	26 to 50	Amber			
28	160 20/21	Cross directorate	Records Management & Document Retention	There should be a centralised register, detailing records held across the Council, their format, location and responsible officer. Consideration also needs to be given to clearly documenting and addressing risks associated to records. Data Protection Impact Assessments (DPIAs) need to be reviewed and updated as necessary to reflect any changes to processes. Where processes have changed (as a result of coronavirus or for other reasons), any associated risks need to be identified and addressed (for example issuing guidance to, and ensuring adherence of, panel members now meeting remotely, on the need for timely, secure destruction of personal sensitive information). Risks relating to records remaining useable need to be identified and appropriate controls put in place.	21/22	15/01/21		Michael Graham, Assistant Director of Legal and Democratic Services	Actions have been identified and are in hand to be picked up as part of the wider information governance projects which are to be initiated this year.	10 September 2021	26 to 50	Amber			
29	161 20/21	Cross directorate	Records Management & Document Retention	There should be a clear understanding regarding roles and responsibilities in relation to old and closed records and action required at the end of retention periods, including for those held in the Modern Records Office and Mosaic. Where possible, retention periods for records should be set on document management systems so that records are automatically destroyed once the end of this period is reached.	21/22	15/01/21		Nayana George, Customer Relations & Information Governance Manager	Actions have been identified and will be completed as part of the wider Information Governance project.	10 September 2021	26 to 50	Amber			
30	162 20/21	Cross directorate	Records Management & Document Retention	The revised records management policy needs to include reference to information sharing protocols and/or reference to the relevant documentation and where this is addressed.	21/22	15/01/21		Nayana George, Customer Relations & Information Governance Manager	Actions have been identified - as above	10 September 2021	26 to 50	Amber			
31	164 20/21	DEGNS	Car Parks (off street)	Procedure notes should be set out for each reconciliation that set out in detail: •The frequency with which reconciliations should be completed. •The format and working papers that are required to be retained. •The process of completing the reconciliation. •The standards required in maintaining an audit trail and working papers.	21/22	11/02/21		Simon Beasley Network and Parking Services Manager Paul Allcock Assistant Car Parks Manager Elizabeth Robertson Civil Enforcement Manager	Procedure notes should be set out for each reconciliation that set out in detail: Partially written: • The frequency with which reconciliations should be completed. Whilst the target will be weekly, due to delays in banking deposits and Oracle, Fortnightly. • The format and working papers that are required to be retained. Not sure what this means. Reconciliations will be shown on the relevant spreadsheets. Numbers will agree to each data source. • The process of completing the reconciliation. Data entry from system reports reconciled with cash collection reports and Oracle	14 September 2021	76 or more	Green			

32	165 20/21	DEGNS	Car Parks (off street)	In conjunction with the Finance Business Partner a reconciliation template should be set out that sufficiently performs the task required and working papers to support the reconciliation should be maintained in an agreed upon fashion. Items to be addressed in the reconciliations should include but not be limited to the following: a) The printed name of the officer that has prepared the reconciliation b) The signature of the officer that has prepared the reconciliation c) The date on which the reconciliation has been prepared d) The printed name of the officer that has checked the reconciliation, if different to the approver e) The signature of the officer that has prepared the reconciliation, if different to the approver f) The date on which the reconciliation has been checked g) The printed name of the officer that has approved the reconciliation h) The signature of the officer that has approved the reconciliation i) The date on which the approving officer has reviewed the document j) A record of the unreconciled items for the period and commentary with respect to their cause and treatment. h) Information recorded within the reconciliation should be sufficient to demonstrate that systems reconcile and links to source data should be included.	21/22	11/02/21		Ono Oluoghae Finance Business Partner Paul Alcock Assistant Car Parks Manager Janet Ofiri Car Park Administration Officer	A review of the existing spreadsheet is ongoing and will be appropriately updated following this review.	13 September 2021	76 or more	Green		
33	171 20/21	RES	Housing Revenue Account	The process for HRA 30-year model, annual budget setting, budget monitoring and reporting should be confirmed and followed to ensure there is consistent practice. This needs to include input and appropriate ownership from the service. Relevant documentation should be retained to allow reconciliation to be conducted between the 30-year financial model and the relevant MTFP and annual budget.	2020/21	06/04/21		Darren Carter Director of Finance	2021/22 budget monitoring for the HRA is aligned to the 2021/22 budget as set in February 2021. Guidance for 2022/23 budget setting, including alignment to the HRA 30 year model will be issued over the Summer. HRA finance processes and procedures have been documented and are being followed in the new financial cycle however some of the key tasks have not yet fallen due.	13 September 2021	76 or more	Green		
34	172 20/21	RES	Housing Revenue Account	It needs to be ensured that there is appropriate finance resource, ideally with specialist knowledge of HRA (or developing this knowledge from within the organisation), in place. Where possible, this should also avoid over-reliance on a sole individual as this creates a single point of failure.	2020/21	06/04/21		Darren Carter Director of Finance Zelda Wolfe Assistant Director of Housing	The permanent Strategic Business Partner role for DEGNS has been appointed to and the new postholder is due to start at the end of November 2021. The new postholder has demonstrable experience of updating the HRA business plan and setting and monitoring against the HRA budget. The new HRA staffing structure has been approved and is being recruited to.	13 September 2021	76 or more	Green		
35	173 20/21	RES	Housing Revenue Account	Finance should ensure that the transfer of 4 sites from the GF to the HRA is recognised in Oracle Fusion.	2020/21	06/04/21		Stuart Donnelly Financial Planning & Strategy Manager	The movement has been reflected within both the General Fund and HRA Capital Financing Requirement. The assets will be transferred to the HRA within the Fixed Asset Register as part of the 2020/21 accounts process.	13 September 2021	51 to 75	Amber		
36	174 20/21	RES	Housing Revenue Account	The 30-year business plan needs to be viewed as a working model that requires updating as and when the situation changes. There needs to be a clear link from changes that are agreed to ensure the model is up to date and reflects the current position. Where possible, information included within the model need to be agreed with the service. Figures provided in the model need to have supporting evidence/workings so it is clear how the final figure has been arrived at.	2020/21	06/04/21		Stuart Donnelly Financial Planning & Strategy Manager	The 30 year plan was up to date for the beginning of the 2021/22 financial year. A new working group has been established, which meets monthly to review control the updating of the model going forwards.	13 September 2021	Complete	Green		
37	175 20/21	RES	Housing Revenue Account	Consideration should be given to conducting reviews of various areas (such as service charges and cleaning services) with a view to obtaining improved value for money.	2020/21	06/04/21		Zelda Wolfe Assistant Director of Housing	Consideration has been given to carrying out reviews and this will be done further to sufficient finance resources being in place to do so. Reviews programmed to be carried out in 22/23.	13/9/21	76 or more	Green		
38	176 20/21	RES	Housing Revenue Account	There needs to be a common understanding regarding agreed budget, coding of expenditure and overhead allocation between finance and service teams. Reports need to be comprehensive, user friendly, automated where possible, and have clear line of sight between the agreed budget and that shown on budget monitoring reports. Regular reconciliations need to be conducted between reports and service plans to ensure that they are aligned.	2020/21	06/04/21		Stephan Adams Strategic Business Partner	New written procedures for housing finance have been approved by the Director of Finance and are now in operation. These capture the principles of the audit recommendation, which are now being applied.	13 September 2021	Complete	Green		
39	177 20/21	RES	Accounts Payable	Documented processes for all areas of operation linked to clearly defined roles and responsibilities for members of staff. There should be monthly reporting on performance against KPIs available to the organisation and management.	2020/21	09/04/21		Andy Jehan Exchequer Manager Annette Trigg Chief Accountant	This is being Addressed as a part of the Finance Improvement Programme, which is reviewing end-to-end processes. KPIs are in the process of being produced to improve management information and highlight areas of concern. The production of these KPIs will be incorporated to the reporting requirements for the new finance system to ensure that these can be produced without manual intervention.	10 September 2021	76 or more	Green	AP	
40	178 20/21	RES	Accounts Payable	Supplier set up process need review to understand the volume requirements for certain types of supplier and how effective control over verification can be established.	2020/21	09/04/21		Kate Graefe (AD of Procurement & Contracts)	This is being captured as part of the new supplier set-up process and data capture to understand the base data before proposed solutions are determined/ assessed	10 September 2021	26 to 50	Amber	AP	
41	179 20/21	RES	Accounts Payable	There should be a reporting framework that identifies and records where there are outstanding invoices awaiting processing and days taken to process invoices. If possible, every area of the authority should receive management information regarding outstanding overdue payments and be encouraged to report if there are issues in their areas with outstanding unprocessed invoices.	2020/21	09/04/21		Andy Jehan Exchequer Manager	This is being Addressed as a part of the Finance Improvement Programme, which is reviewing end-to-end processes. KPIs are in the process of being produced to improve management information and highlight areas of concern.	10 September 2021	51 to 75	Amber	AP	
42	180 20/21	RES	General Ledger	To ensure greater consistency and checks as to why Journals are being completed, consideration should be given to centralising all journal uploads to the finance function.	2020/21	01/06/21		Annette Trigg Chief Accountant	Approving officers have been reminded of the importance of checking supporting evidence and Journals. We have started to review the potential for centralising all journal uploads to finance and will be consulting with the relevant staff shortly. The outcome of the review will be included in the updated journal process notes.	06 July 2021	26 to 50	Amber		
43	181 20/21	RES	General Ledger	Finance should conduct a timely review of requirements for Journal supporting documentation and reminder of what equates to good quality evidence.	2020/21	01/06/21		Annette Trigg Chief Accountant	Some work has been completed on review the requirements for Journal supporting evidence and this will be included in the journal process guidance notes to be completed by the end of July 2021.	06 July 2021	26 to 50	Amber		
44	182 20/21	RES	General Ledger	There should be an agreement/understanding put in place between the Council and Brighter Futures for Children, to ensure a common understanding as to where supporting documentation relating to part Brighter Futures Journals is held, including right(s) of access for relevant RBC staff (if held by Brighter Futures). Consideration should also be given to agreeing and documenting a business process specifically detailing who should review and authorise Journals in the Council's ledger that are raised by Brighter Futures staff.	2020/21	01/06/21		Stuart Donnelly Financial Planning & Strategy Manager Jenny Bruce Financial Systems Manager	A new working group has been established to give consideration to key financial systems issues and this recommendation will now be progressed through this group. This specific task has been delayed due to recent unavailability of key staff and other corporate priorities.	13 September 2021	25 or less	Red		
45	183 20/21	RES	General Ledger	Journal reports should be run and reviewed on a regular basis by Finance, to include monitoring numbers of Journals being raised, raised but not authorised, who is authorising them and any unusual activity, emphasising that "first time right" principle should be adopted where possible.	2020/21	01/06/21		Jenny Bruce Financial Systems Manager	This work is due to be completed by the end of July 2021 and will be completed along with the review of the journal processes. The journals monitoring report will be completed by the Finance Systems Team and reviewed by the Chief Accountant on a monthly basis.	06 July 2021	25 or less	Red		

46	184 20/21	DEGNS	Travel Demand Management Grant	Transport should produce a register of all expected grant funding for the financial year together with their appropriate grant determination notices, letters and guidance of usage, so that the necessary accounting and auditing resource and scheduling arrangements can be put into place to meet the required deadlines. This will help: - •Mitigate repayment or missed claim risks which could seriously impact the council's financing. •Reaffirm cash receipting, cash flow and budgetary expectations and plans.	2021/22	24/06/21		Chris Maddocks Strategic Planning Transport Manager Omo Okuonghae Interim Business Partner DEGNS	Transport and Finance are collating all of the relevant information to prepare this grant register.	13/09/2021	26 to 50	Amber		
47	185 20/21	DEGNS	Travel Demand Management Grant	Checks need to be put into place within the Service and Finance to ensure grant income is received and posted to the correct Fusion further analysis code to ensure the grant is specifically accounted for. This is particularly important where the accounting involves identifying and differentiating between: - •Capital and revenue grants •Ring-fenced grants •Repayment of unspent / unallocated grants	2021/22	24/06/21		Chris Maddocks Strategic Planning Transport Manager Omo Okuonghae Interim Business Partner DEGNS	Transport and Finance are working together to identify the most appropriate way to put these checks in place.	13/09/2021	26 to 50	Amber		
48	186 20/21	DACHS	Mosaic Payment Controls	The Assessment and Planning Tool (APT) needs to be completed, authorised and signed off in a timely manner to ensure that appropriate services can be put in place.	01/07/21			Locality Manager, Adult Care	There is an aim in ASC to achieve a target of 45 days to complete an APT in 70% of cases. Who have identified eligible care and support needs. We monitor through the performance Board and Service Plan for DACHS.	15/09/21	51 to 75	Amber		
49	187 20/21	DACHS	Mosaic Payment Controls	All purchase orders should be raised in a timely manner on Mosaic to ensure commitments are accurately reflected, with invoices always attached to the relevant transaction in Oracle Fusion as supporting evidence. To assist in this process, the APT needs to be completed to allow the workflow to be generated in Mosaic.	01/07/21			Melissa Wise, Deputy Director - Commissioning & Transformation Andrew Jehan Acting Accounts Payable and Accounts Receivable Manager	Rigour around Purchase Orders being raised on the back of APT is in place. The team cannot raise a Purchase Order until the APT is finished as per MOSAIC process. We have assurances that this is the case as the PBST Senior Officer regularly verifies cases and their payment status. The timeliness of APT's being completed sits as an Operational Responsibility (see other recommendation).	16/09/21	51 to 75	Amber		
50	188 20/21	DACHS	Mosaic Payment Controls	Service user reviews should be conducted in a timely manner to ensure that provision meets, and continues to meet, service users' needs. Any changes to service provision should also be reflected on Mosaic in a timely manner. This helps to ensure accurate reflection of financial commitments and avoid over/underpayment of providers.	01/07/21			Locality Manager, Adult Care	A review team has been brought together to improve the rate of reviews and ensure that Mosaic reflects the care and support received and therefore the right cost. The Directorate is currently setting performance targets in relation to completion of annual reviews on a monthly basis. We will monitor the number of service user reviews completed by month alongside the monitoring of overdue reviews as a key measure discussed at the Performance Board. We are also reviewing the purchase order authorisation process to ensure all the appropriate checks are in place.	15/09/21	25 or less	Amber		
51	189 20/21	DACHS	Mosaic Payment Controls	As a priority, supplier prepayment balances due to Covid need to be reviewed to determine if they relate to services provided not yet invoiced, overpayment of suppliers or a combination of both. Where overpayment is identified, a documented arrangement needs to be put in place with the providers to recoup the additional amount paid.	01/07/21			Neil Sinclair, Interim DACHS Strategic Business Partner	Ongoing recovery work is underway, any prepayment remaining balances are being offset against current invoices where agreements have been reached with providers on outstanding balances. Work is ongoing to ensure engagement is maintained with all providers.	13/09/21	25 or less	Red		
52	190 20/21	DACHS	Mosaic Payment Controls	The purchase order for discharge to assess provision for Covid related services needs to be amended to reflect the change in the number of beds provided and any overpayment resulting from the delay in amending the purchase order recovered. In addition, the description on the purchase order needs to be amended so that it clearly details what the provision relates to.	01/07/21			Paul Harper, Senior Commissioner, Commissioning and Improvement	The Purchase Order has been updated in line with the recommendation. This action is now complete.	15/09/21	Complete	Green		
53	191 20/21	DEGNS	Commercialisation	a)The Commercialisation Programme Board (CPB) governance and committee structure should be reviewed in order to determine whether the structure as set out remains appropriate and whether responsibilities should be re-ordered in order to deliver the desired outcomes. b)Consideration should be given to the development to a cross Council commercialisation policy / strategy in order to better define Commercialisation and to communicate common principles in order that services work consistently c)The engagement of cross Council commercialisation workstreams with the Commercialisation Programme Board (CPB) should be reviewed and consideration given to alternative approaches where it is felt there us currently insufficient engagement.	16/07/21			Marcus Hermon, Business Development Manager	a) Revised Terms of Reference (ToR) written for the Commercialisation Programme Board (CPB) and adopted at 1st September meeting. The group is now structured to focus on the activity of the DEGNS Directorate, with an open door policy that will allow participation from other Directorates as appropriate/required. b) A revised Commercial Strategy has been written for Environmental & Commercial Services and was presented to CPB on the 1st September. This is currently subject to a process of review, prior to agreement on process of formal approval and adoption. This document once adopted, is intended to act as a template/best practice for the production of other DEGNS strategy documents. c) The ToR for CPB have been amended to focus on the activity of the DEGNS directorate. The door has been left open for broader corporate participation, with the group actively seeking to share best practice across the organisation as appropriate.	13th September 2021	76 or more	Green		
54	192 20/21	DEGNS	Commercialisation	Delivery of commercialisation activities and engagement as reported to Commercialisation Programme Board (CPB) should be reviewed in order to determine examples of best practice e.g. Environment & Commercial Services (EBCS), in order that where applicable it can be applied across the Council.	16/07/21			Marcus Hermon, Business Development Manager	Best practice is actively sought and shared within the CPB group to the attendees. Where there is an initiative that has cross service/directorate benefits, this will be shared more broadly for corporate benefit. This output is reflected in the revised ToR for CPB adopted 1st September 2021.	13th September 2021	Complete	Green		
55	193 20/21	DEGNS	Commercialisation	a)The cost models developed for commercialisation workstreams should be reviewed and an assessment made of the potential risks associated with estimated as opposed to actual staff costs, alongside periodic reviews to ensure that they are performing appropriately. b)Where it is felt necessary mitigations should be implemented e.g. mechanisms for recording the actual staff time. c)The program for the development of cost model by the Cost Model Accountant should be reviewed and progress determined, and a decision made as to how to progress it if necessary.	16/07/21			Marcus Hermon, Business Development Manager	a) The existing cost models used by EBCS are the subject of both annual and mid-year review to ensure they perform appropriately. Extra-ordinary reviews/updates are also undertaken in the event that third party/material costs alter during the course of the year and revised market rates are required to be reflected in the associated schedules. b) Services are required to record the amount of time a job takes and to retrospectively compare this to the amount of time quoted. This learning enables better informed (if required) forecasting of resource requirements and their pricing. National schedules of rates are subscribed to and used in order to benchmark the Council's performance against the market/industry as a whole. This work is underway and it is hoped that it will be further supported by the additional functionality of the Council's new FMS 'Advanced'. c) Some service areas now feel equipped to continue this work with existing resource and will continue to make progress as required. Where services require specialist support due to complexities of legislation and/or financial records, assistance will be sought in consultation with the Director of Finance on a ROI/Risk of challenge basis.	13th September 2021	76 or more	Green		
56	194 20/21	DEGNS	Facilities Management	The list of properties held on Planet FM should be reconciled periodically by Property Services against the list of properties held by Valuations. This list should then be used to verify the Council's legal repair obligations for both its corporate, non-corporate and other service level agreement requirements to ensure there are no omissions in the scope or repair obligations.	28/07/21			Mark Atree, Engineering Services Manager Martin Sheldrick, (Corporate Services Support Officer	The list of properties have now been reconciliation completed 09/07/2021. The list includes all properties in which the council has an interest however Valuations need to confirm RBC responsibilities for leased property where it exists.	14/9/2021	51 to 75	Amber		

READING BOROUGH COUNCIL

REPORT BY DEPUTY CHIEF EXECUTIVE

TO:	AUDIT and GOVERNANCE COMMITTEE		
DATE:	30th September 2021		
TITLE:	IMPLEMENTATION OF THE FINANCE IMPROVEMENT PROGRAMME - PROGRESS UPDATE		
LEAD COUNCILLOR:	COUNCILLOR McEwan	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
SERVICE:	FINANCE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	CHRIS TIDSWELL	TEL:	07825 190321
JOB TITLE:	PROGRAMME LEAD	E-MAIL:	chris.tidswell@cipfa.org

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Audit and Governance Committee agreed at its meeting in October 2020 that progress against the Finance Improvement Programme should be reported on a regular basis to the Committee.
- 1.2 This report provides the latest update on progress of the Programme workstreams and their deliverables against the Plan since the last meeting in July this year.

2. RECOMMENDED ACTION

- 2.1 To note progress of the Finance Improvement Programme

3. INTRODUCTION AND BACKGROUND

- 3.1 The Finance Improvement Programme has two key phases: Phase I responds to the historic and current issues identified to ensure a sound foundation and 'get the basics' right. The second phase, (Phase II), will concentrate on embedding Phase I delivery and developing the financial management culture and governance framework across the Council.
- 3.2 The Programme is led and overseen by the Finance Transformation Board chaired by the Deputy Chief Executive and meets fortnightly. The Board receives updates and reports ensuring appropriate challenge and stewardship, the Board monitors progress of delivery against the Project Plan and signs off key deliverables.
- 3.3 There are six workstreams in Phase I. These are:
 - Accounts payable
 - Accounts receivable
 - Chart of accounts
 - Reconciliations
 - Final accounts
 - Finance system (general ledger and associated modules)

3.4 Each workstream has a number of deliverables which also includes relevant 'Audit Tracker' recommendations to help ensure progress on implementation.

4. PROGRAMME UPDATE - PLAN AND DELIVERABLES

4.1 Progress has continued against the Phase I plan since the last Committee.

The accounts payable workstream is now essentially concluded. The transformation deliverables are complete but there are three outstanding tracker recommendations which were added in April this year and are being addressed.

The accounts receivable workstream still has four remaining areas to conclude, progress since the last Committee centres around the introduction of KPI reporting monitoring and compliance and the use of performance indicators.

The chart of accounts workstream along with accounts payable and accounts receivable are in addition moving on to the final, ongoing next stage of activity which relates to monitoring and reporting of key performance indicators (KPIs) as the changes become part of business as usual.

The Board will continue to review the monitoring and compliance process to ensure the improvements introduced become embedded.

The final accounts and reconciliations workstream continues, activity and progress is reported separately to the Committee on this agenda.

The finance system replacement workstream is in the system implementation stage. Project governance arrangements are in place and a finance system project group has been established, chaired by the Director of Finance, to manage the implementation of the new system. The project group reports through to the Finance Transformation Board. Updates on implementation progress will be included within future reports to the Committee.

4.2 Phase II of the transformation programme (developing corporate financial management governance and the overarching financial management environment) is to be aligned to the implementation of the new finance system.

As the finance system implementation stage is now underway and the Phase I workstreams are coming to a conclusion the Board is undertaking a review of its composition and terms of reference to ensure they are aligned with delivery of Phase II of the transformation programme, encompassing the finance system implementation. The Board will also retain a monitoring role where activity relating to compliance moves from workstreams into business as usual. This is to ensure that the improvements introduced continue to be delivered.

Phase II of the programme and plan will be designed to both ensure that the opportunities and benefits of the new system are realised and that the necessary development of the organisational approach to financial management and governance takes place and is embedded.

4.3 Audit tracker recommendations continue to be included within individual workstream deliverables where appropriate and are managed as part of the overall Plan. There are now a total of 7 (previously 34) recommendations within the tracker covered by the Finance Improvement Programme. These are rated as; Red 0 (0), Amber 6 (12), and Green 1 (22). The significant reduction in tracker recommendations follows a detailed review of activity and recommendations by the Chief Internal Auditor which has resulted in a large number identified as complete and therefore removed.

5. WORKSTREAM UPDATES

The following section highlights each workstream's terms of reference and progress against the Plan. Each workstream has a table indicating a RAG rating for its deliverables and Audit Tracker recommendations. For reference the previously reported numbers are shown in brackets.

5.1 Accounts Payable (AP)

Terms of reference

To review and modernise the Accounts Payable process from start to finish using the technology available to the full ensuring it is fit for purpose and addresses historic issues. To improve the Supplier Database and increase efficiency within AP with the increased use of the Supplier Portal and access to the web centre.

Final delivery date (revised): 30 April 2021, Monitoring - Ongoing

The accounts payable workstream had 10 specific deliverables.

Completed	In progress	Not Started
10 (9)	0 (1)	0 (0)
Commentary		
<ul style="list-style-type: none"> The remaining ongoing activity relates to reporting and monitoring of KPIs. 		

- The Audit Recommendations Tracker has 3 (17) recommendations relating to Accounts Payable.
- Of the 3 recommendations included in the tracker ratings are: **1(8) Green, 2 (9) Amber** and **0(0) Red**.

5.2 Account Receivable (AR)

Terms of reference

To review, develop and implement actions to ensure an efficient and effective debt management service that ensures compliance and is delivered using the most appropriate technology.

Final delivery date: (revised): 4 May 2021

The Accounts Receivable workstream has 12 specific deliverables.

Completed	In progress	Not Started
8(6)	3(5)	1(1)
Commentary		
<ul style="list-style-type: none"> In progress deliverables are 1) addressing historic debt and debt reporting arrangements, 2) developing a SLA 3) delivery of user guides and training. The deliverable yet to start relates to refining the team structure and defining individual roles. 		

- The Audit Recommendations Tracker has 0 recommendations relating to Accounts Receivable.
- Of the 0 (4) recommendations included in the tracker ratings are: **Amber 0(4)** and **Green 0 (0)**.

5.3 Chart of Accounts

Terms of reference

To review and rationalise the Chart of Accounts in line with best practice to aid financial information reporting for all users and to develop a governance process to manage amendments moving forwards, with the involvement of all key stakeholders.

Final delivery date (revised): 30 April 2021

The Chart of accounts workstream has 13 specific deliverables.

Completed	In progress	Not Started
13(12)	0(1)	0 (0)
Commentary		
<ul style="list-style-type: none"> • All deliverables have been completed. 		

- The Audit Recommendations Tracker has 0 (2) recommendations relating to the Chart of Accounts.
- Of the 0 recommendations included in the tracker, ratings are: **Amber 0(0)** and **Green 0(2)**.

5.4 Reconciliations and final accounts

Original Terms of reference

To review and rationalise all Control, Holding and Suspense codes to ensure that they facilitate efficient and effective working practice, and to develop a scheduled review process to ensure that they are reconciled at appropriate intervals. To also review and refine the Final Accounts process to ensure that the closedown process is efficient and effective and delivers an accurate compliant set of accounts in accordance with statutory deadlines.

Revised approach

As indicated at the January Audit and Governance Committee the Chief Accountant reviewed work to date on the reconciliations workstream and prepared a joint plan.

The plan covered the closedown of 2018/19, 2019/20 and 2020/21 and as a consequence all reconciliation processes and issues will be addressed simultaneously.

An update on the closure of accounts is the subject of a separate paper to this Committee.

- The Audit Recommendations Tracker now has 4(11) recommendations relating to reconciliations and final accounts.

- Of the 4 recommendations included in the tracker ratings are: **Amber 4(0)** and **Green 0(11)**.

5.5 Financial system procurement

Terms of reference

To determine the required finance system outcomes from stakeholders and produce an options-based business case. To lead the re-procurement of the finance system and subsequent implementation within the required governance framework.

Final delivery date and go live date (revised): 1st April 2022.

The finance system workstream has 4 specific deliverables. These deliverables are key milestones in the system re-procurement.

Completed	In progress	Not Started
2(1)	1(1)	1 (2)
Commentary		
<ul style="list-style-type: none"> • The implementation stage is now underway. • The remaining activity not started relates to the final go-live of the finance system. 		

- There are no recommendations in the Audit Tracker.

6. CONTRIBUTION TO STRATEGIC AIMS

- 6.1 The Finance Improvement Programme has been designed and developed to build a strong financial management and governance foundation, with the aspiring direction of a fit for the future, exemplar financial management and governance environment in Reading.

7. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 7.1 None arising from this report.

8. COMMUNITY ENGAGEMENT AND INFORMATION

- 8.1 Not applicable to this report.

9. EQUALITY IMPACT ASSESSMENT

- 9.1 Not applicable to this report.

10. LEGAL IMPLICATIONS

- 10.1 Not applicable to this report.

11. FINANCIAL IMPLICATIONS

- 11.1 There are no direct financial implications arising from this report. However, the implementation of the Finance Improvement Programme will streamline processes, reduce closure of accounts timelines and costs, and increase the capacity and value added by the Finance Team. In line with the approved business case for replacing the finance system, provision for funding has been made within the Capital Programme.

12. BACKGROUND PAPERS

- 12.1 Not applicable to this report.