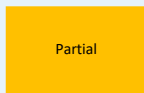


Agresso Application Review



Opinion

Partial Assurance

There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.

Key findings

The Agresso finance system is an integrated financial management system that is used by the organisation for accounting, budgeting, reporting, procurement, and payroll functions. It was implemented by the Council in 2016 and been subject to upgrades and modifications since.

The Agresso finance system is a key component of the organisation's financial governance and control framework. It supports the organisation's financial objectives and compliance with statutory and regulatory requirements. The audit identified issues with Agresso System IT controls as follows:

- The management of leaver's user accounts is not effective allowing for potential misuse of the system.
- Whilst the system itself is considered mature, process documentation has not been kept up to date and does not represent current business as usual practices. This is a finding that has been reported in a number of previous audit reports, including the 2021/22 report on Debtors Management, the 2022/23 report on General Ledger and the 2022/23 report on Creditors, with agreed action to document the processes not implemented at the time of this audit. The extent of customisation of the system, combined with the number of interim personnel within the Council, increases the risk exposure.
- Whilst operational recoveries of the Agresso system have been performed the system is not recovered in regular testing scenarios.
- Most interfaces to and from the Agresso system are manual and potentially inefficient and there are opportunities to develop increased automation to improve efficiency.
- There is no internal plan in place to support ongoing development of the Agresso system.

| | High | Medium | Low |
|-------------------|------|--------|-----|
| Recommendation(s) | 1 | 1 | 3 |

Agresso Transaction Review

Key findings

The Agresso Finance system is an integrated financial management system that is used by the Council for accounting, budgeting, reporting, procurement, and payroll functions. The system is a key component of the organisation's financial governance and control framework. The objective of this advisory review was to provide assurance on the quality of data within the Agresso finance system and the use of the system which underpin key reconciliations.

The analysis, which was performed using data analytics without an assessment of the underlying controls, identified the following exceptions:

- High instance of payments to generic suppliers.
- Missing payment dates suggesting large numbers of outstanding transactions.
- Invalid and out of scope transaction dates.
- Duplicated supplier and customer masterfile records.
- Transactions with missing purchase order numbers.
- Transactions posted by generic or system accounts.
- Transactions to suppliers that do not appear on the supplier masterfile.

Discussions with management confirmed valid reasons for many of the exceptions, and that controls are in place to deal with the majority of the exceptions.

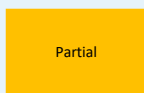
We also identified several additional findings which the Council should investigate:

- Multiple payments to suppliers on the same day.
- Potentially duplicated payments.
- Transactions created on the weekend.

Management is investigating these transactions, many of which are known to be caused by the manner in which the payments systems use generic supplier details for council tax refunds etc.

| | High | Medium | Low |
|-----------------|------|--------|-----|
| Recommendations | 0 | 2 | 0 |

IT Asset Management



Opinion

Partial Assurance

There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.

Key findings

When the Council in-housed the management of IT services shortly before the pandemic, records of portable devices (mobile phones, laptop computers) were incomplete, resulting in the Council being provided with an unknown number of devices. Responding to the pandemic involved staff working from home, and associated challenges in identifying the devices and tracking their location.

Information Technology, Communications & Digital (ICT&D) management has been required to acquire and deploy tools to manage the estate of portable devices, leading to immaturity of processes in some areas, including the initial use of spreadsheets to maintain records of assets.

Whilst shortcomings were identified in several areas, including the adequacy and completeness of asset management databases, of the existence, control and compliance of associated policies and procedures and the adequacy of insurance cover, all recommendations have been agreed by management and remedial action is planned and ongoing.

| | High | Medium | Low |
|-----------------|------|--------|-----|
| Recommendations | 0 | 4 | 3 |

Asset Disposal Program

Partial Assurance

Partial

There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.

Key findings

A key driver of Slough Borough council's financial recovery is the Asset Disposal Programme. The Asset Disposal Strategy document was approved by Cabinet in October 2022, to drive the programme and requires that all asset disposals should be subjected to legal and financial due diligence and demonstrate that the disposal is for best consideration reasonably obtainable. It is our opinion that disposals during the audit period were consistent with the requirements of the agreed strategy.

A risk-based audit approach has been applied to Asset Disposal Programme on the four key audit control objectives as outlined in our agreed Terms of Reference. The audit covered the disposals for the period up to September 2023. Our fieldwork was undertaken between October 2023 and January 2024, and we provided a first draft report in January 2024. The audit has highlighted the following:

- Historic record keeping and document retention is poor. Physical documents have not been sufficiently catalogued.
- There is no record of who has current custody of individual documents, such as (but not limited to) title deeds, surveys and legal advice.
- Expenses incurred and Funds received on disposal of assets are not accounted for correctly within the Finance system.

| | High | Medium | Low |
|-------------------|------|--------|-----|
| Recommendation(s) | 1 | 1 | 0 |

Governance Council Subsidiary Companies

Minimal Assurance

Minimal

There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Key findings

Slough Borough Council established wholly owned subsidiary companies with the purpose of providing greater flexibility in how the Council can operate in their respective areas. In the 2022/23 financial year, Internal Audit completed a high-level review of the governance arrangements, financial controls and business plan risks across the above subsidiary companies and a total of seven audit recommendations were made for management to action. These were classified as one high priority, four medium priority and two with low priority.

The recommendations were all scheduled to be implemented in the financial year 2022/23. Our review was designed to determine whether the remaining recommendations from 2022/23 had been implemented and was undertaken between November 2023 and January 2024 and we provided a first draft report in February 2024. The single high priority management recommendation, two out of the four medium priority and one remaining low priority recommendations are yet to be implemented. It is our opinion that governance, risk management and internal controls are inadequate as limited progress has been made in connection with the implementation of agreed recommendations.

The outstanding recommendations relate to James Elliman Homes (JEH), Ground Rent Estates (GRE5) and Slough Urban Renewal (SUR), and we have given a 'High' rating to those recommendations that remain outstanding.

The recommendations not actioned relate to the following areas:

- No clarity on levels of authority and on financial responsibilities and controls.
- The annual company reporting timetable.
- Annual appraisal process for Directors.
- Service Level Agreement not in place for GRE5.

One finding was that there was no comprehensive consolidated company action plan (CAP) to ensure clarity on activities, deliverables, and deadlines for the active subsidiary companies. Whilst we acknowledge there is a CAP, it has not been updated, so we have recommended an action to address this new issue.

| | High | Medium | Low |
|-------------------|------|--------|-----|
| Recommendation(s) | 5 | 0 | 0 |

Our classification systems

| | |
|-------------|---|
| Substantial | <p>Substantial Assurance</p> <p>The framework of governance, risk management and control is adequate and effective.</p> |
| Reasonable | <p>Reasonable Assurance</p> <p>Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.</p> |
| Partial | <p>Partial Assurance</p> <p>There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.</p> |
| Minimal | <p>Minimal Assurance</p> <p>There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.</p> |

Recommendation

| Priority | Definition | Action required |
|----------|--|---|
| High | Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk. | Remedial action must be taken urgently and within an agreed timescale. |
| Medium | Weakness in governance, risk management and control that if unresolved exposes the organisation to a high level of residual risk. | Remedial action should be taken at the earliest opportunity and within an agreed timescale. |
| Low | Scope for improvement in governance, risk management and control. | Remedial action should be prioritised and undertaken within an agreed timescale. |