

Audit and Corporate Governance Committee – Meeting held on Thursday, 10th March, 2016.

Present:- Councillors Chohan (Chair), Matloob (Vice-Chair), Ajaib, Amarpreet Dhaliwal, Mansoor, Nazir and Sandhu

Co-opted Independent Members:-

Mr Davies, Mr Roberts and Mr Sunderland

Parish Council Member:-

Councillor Bryant (Colnbrook with Poyle)

Apologies for Absence:- Mr Kwatra

PART 1

28. Declarations of Interest

None were received.

29. Minutes of the Last Meeting held on 10 December 2015

Resolved – That the minutes of the meeting held on 10 December 2015 be approved as a correct record.

30. Localism Act 2011 - Dispensations

The Monitoring Officer reminded the Committee that the Localism Act 2011 and the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 introduced Disclosable Pecuniary Interests (DPIs) and new rules on dispensations as part of the new conduct arrangements. It was a criminal offence for members to fail to register a DPI or to speak and/or vote where they have a DPI unless they had obtained a dispensation.

It was explained that the Localism Act provided that a member who had a DPI in any matter to be considered at a meeting may not participate in any discussion, or vote on the matter and that if they do so they will effectively be both breaching the Code of Conduct and also committing an offence. However, the Localism Act had provisions for a Local Authority to, on a written request by a member, grant a dispensation relieving the member from either or both of the restrictions.

Committee Members were reminded that the Council had delegated the power to grant dispensations to members and co-opted members in accordance with section 33 of the Localism Act 2011 to the Monitoring Officer; with a requirement to report any dispensations granted to the next meeting of the Council. A dispensation would allow members and co-opted members to be present, take part in debate and vote on any item in which they had a DPI.

Audit and Corporate Governance Committee - 10.03.16

The Monitoring Officer explained that in order to protect Members it was recommended that a general dispensation be granted to all Members to be present, speak and vote where they would otherwise have a DPI; on the grounds that it was appropriate to grant a dispensation to allow all Members to participate fully in certain matters. It was explained that the exceptions related to matters concerning housing, school meals or school transport, housing benefit, members allowances, setting the council tax or a precept and decisions in relation to Council tax benefit; and further information regarding these exceptions were detailed within the agenda report.

It was recommended that the general dispensation apply until the next election (May 2016) and that the Council give consideration to granting general dispensations annually at its annual meeting.

It was clarified that dispensations for Council Tax related to Members' DPIs, and did not affect a Member's obligation under Section 106 of the Local Government Finance Act 1992 to declare and not vote if they were two months or more in arrears with their Council Tax when voting on setting the Council's budget.

In considering the report, Members sought clarity regarding the requirement of a notice period (if any) when seeking a dispensation and whether it could be issued at meetings. It was also queried whether a database would be maintained recording dispensations granted and once granted, how long the dispensation(s) remained in effect.

The Monitoring Officer stated that any grant of a dispensation would specify how long it lasted for and in any event would only be in effect up to a maximum of 4 years.

Information relating to notice period required, the issuing of dispensations at meetings and maintaining a database of dispensations granted would be circulated to Committee Members. It was noted that the Monitoring Officer was required to report any dispensations granted to the next meeting of the Council.

Recommended to Council –

- (a) That a general dispensation be granted to all members and co-opted members of the Council as set out in paragraph 5.7 of the report;
- (b) That the general dispensation be effective up until the next Council elections (May 2016);
- (c) That the grant of general dispensations be considered annually at the annual council meeting;

Audit and Corporate Governance Committee - 10.03.16

- (d) That the Monitoring officer be authorised to make any consequent changes to the Code of Conduct to reflect the Council's decision

31. Quarter 3 Governance Update

The Assistant Director, Audit and Finance provided Members with a Quarter 3 Governance Update. It was noted that the overall internal audit reports continued to be finalised at an effective rate and of the 2014-15 internal audits, all had been completed.

The Committee were informed that there was no fraud activity with a value of over £10,000 to report.

Details of amendments made to the Corporate Risk Register were outlined as:

- Removal of transition to the new Children's Trust from the risk register.
- A new corporate risk had been added that reflected the need to monitor the Children's Trust to ensure it delivered the required service improvements.
- The Better Care Fund risk had been amalgamated into the "Failure to deliver a Balanced Budget" risk.

Details of the Internal Audit Plan for 2016/17 were highlighted. Development of the Plan was based on the Council's objectives within the Five Year Plan and specifically Outcome 1 (the Council's income and value of its assets will be maximised), Outcome 2 (there will be more homes in the borough, with quality improving across all tenures to support our ambition for Slough) and Outcome 3 (the Council will be a leading digital transformation organisation). A Member requested further details regarding the audit of the Contract Lettings Review. Members were informed that RSM would be appointing their Contract Management Specialist Team to provide specialist input and advisory reviews in this area for the Council.

- Resolved** – a) That the Quarter 3 Governance Update be noted.
b) That the Internal Audit Plan 2016/17 be approved.

32. External Audit Report 2015/16

The Council was required to have an external audit every year and Members considered details of the External Audit Report 2015/16.

The 2015-16 plan sets out the key areas that BDO, the Council's appointed external auditors, would be examining during their interim audit. Although the last year's financial statements were approved by the Section 151 Officer and the external auditor in line with timescales, there was still further work to be done to improve the Council's closure procedures further. In 2014-15, the

Audit and Corporate Governance Committee - 10.03.16

Council's Value for Money was qualified in respect of Children's Social Care services.

The 2015-16 planning letter highlighted a high level overview of the audit plan along with indicative fees. These show a reduction of £42k due to the Audit Commission's re-procurement exercise for the 2015-18 external audits. BDO will remain the Council's external auditor over this period.

A number of issues were raised in the ensuing discussion including the cost of the internal auditors and any potential savings that had been identified via internal audit. The Committee were informed that there had been a year on year reduction in the fee charged by Internal Auditors, RSM, and that significant savings had been achieved by the Council as a result of the work carried out by RSM.

In response to whether Internal Audit had analysed the Council's major contracts, it was explained that management of a number of key contracts had been undertaken, following which a number of recommendations were made in order to achieve value for money. The Assistant Director, Procurement and Commercial Services informed Members that officers were in the process of examining the systems and processes that were in place to scrutinise contracts in an effective and consistent manner. The future functions, benefits of outsourcing and managing contracts effectively would be discussed at an Environmental Services Contract Working Review meeting scheduled for 22 March 2016. It was noted that greater control regarding management of contracts was only possible if there had been effective procurement and commissioning in the first instance.

A Member queried the Council's latest financial position and progress with working with schools. The Assistant Director, Audit and Finance, stated that the Council had an overspend of £350k as at month 10. It was explained that a number of measures had mitigated an otherwise higher overspend, including an increase of £800k generated from Business Rates in respect of the Government's measures from the Autumn Statement and £250k income from the Strategic Asset Purchase Programme.

Resolved – That the External Audit Plans be approved.

33. Audit of the Government Accounts Data Collection Tool - Year Ended 31 March 2015

Details of the Audit of the Whole of Government Accounts (WGA) Data Collection Tool (DCT) prepared by the Council were outlined. External Auditors, BDO, were required to check the consistency of the WGA return with the audited financial statements, and reviewing the consistency of income and expenditure transactions and receivables and payable balances with other government bodies.

The Council submitted its draft DCT to the Department of Communities and Local Government (DCLG) on 14 August 2015. DCLG identified some missing

Audit and Corporate Governance Committee - 10.03.16

cash flow data and a few anomalies in its preliminary review of the DCT and requested that the Council provide a revised DCT. A revised DCT was submitted on 19 August 2015.

The revised draft DCT was subsequently amended to take account of audit adjustments to the financial statements and a revised version was submitted for audit on 2 October 2015, which was later than the agreed date of 21 September 2015. Following an audit of the revised draft DCT, the final audited DCT was submitted to DCLG on 27 November 2015.

BDO concluded that the arrangements currently in place did not support the timely compilation of an accurate and compliant DCT nor of accurate and complete working papers to support the entries made. A number of recommendations were made to address the shortcomings including:

- Management to review and improve the Council's processes and controls for preparing the consolidation pack.
- Management to review and improve the Council's processes and controls for identifying counter party transactions, particularly in respect of revenue grants received and debtor and creditor balances.
- Management to ensure that appropriate working papers are provided to support the DCT that is submitted for audit.

A Member queried why there had been a delay in providing information to BDO and what assurances there were that a similar situation would not occur again. It was explained that due to a number of inaccuracies, there had been a delay in submitting the information to BDO and that the council was working in conjunction with BDO to implement the recommendations as outlined.

Resolved – That the report be noted.

34. Members Attendance Record

Resolved – That details of the Members Attendance record be noted.

35. Date of Next Meeting - 12th July 2016

The date of the next meeting was confirmed as 12 July 2016.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 7.31 pm)