

Audit and Corporate Governance Committee – Meeting held on Tuesday, 12th July, 2016.

Present:- Councillors Sadiq (Chair), Bedi (Vice-Chair), Amarpreet Dhaliwal, Hussain, Sarfraz and Swindlehurst.

Co-Opted Independent Members:-

Mr Davies, Mr Roberts and Mr Sunderland.

Independent Person:-

Dr Louis Lee

Parish Council Member:-

Councillor Jackson (Colnbrook with Poyle)

Apologies for Absence:- Councillor Rana

PART 1

36. Declarations of Interest

None were received.

37. Minutes of the Last Meeting held on 10th March 2016

Resolved – That the minutes of the meeting held on 10 March 2016 be approved as a correct record.

A Member referred to Minute 31 – removal of transition to the new Children's Trust from the Corporate Risk Register and requested further details about the mechanisms in place regarding scrutinising and holding the Trust to account given that Key Performance Indicators (KPI's) had not been agreed. The Commissioner for Health and Social Care informed the meeting that KPI's with the Trust had recently been agreed and in addition there would be Slough Borough Council Member representation on the Trust's Audit Sub-Committee. Members were also reminded of the governance arrangements that were in place regarding scrutiny of the Trust which included attending Cabinet and Overview and Scrutiny Committee meetings.

38. Audit and Corporate Governance Committee - Terms of Reference

The Democratic Services Officer(DSO) outlined the Terms of Reference within which the Committee operated.

Clarification was sought regarding membership of the Standards Determination Sub-Committee. It was explained that the Sub-Committee would be convened, when required, from membership of the Audit and

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Corporate Governance Committee and therefore did not have a fixed membership.

Following discussion relating to representation from the Council's Cabinet to the Audit and Corporate Governance Committee (ACGC), the DSO confirmed that although Cabinet membership to the ACGC was limited to one member, the terms of reference did not specify which particular commissioner/portfolio holder was required to fulfil this position.

Resolved – That the Terms of Reference be noted.

39. Quarter 4 Governance Report

The Assistant Director, Audit and Finance, provided the Committee with details of the Audit and Risk Management Update Quarter 4.

The overall internal audit reports continued to be finalised at a more appropriate rate than in the previous financial years. To date, there were no red opinions on key financial systems or areas that would have a material impact on the Head of Internal Audit's opinion.

The Committee were reminded that the internal audit plan for 2015-16 was set very much with a focus on addressing identified risks. It was noted that RSM had had three years of experience at the Council and the internal audit resource focussed towards areas of risk; for example focussing increasingly around contract management and areas of weaker assurance from recent audits.

Details of Internal Audit reports that remained outstanding were highlighted and included the Asset Register audit and Business Continuity and IT Disaster Recovery audit, both of which were currently assessed as amber/red rating.

The Assistant Director provided an update on fraud activity with three fraud incidents recorded in excess of £10,000 for Q4 2014/15.

Details of the Corporate Risk Register were also outlined for Members consideration. A Member sought assurance regarding scrutiny of the Slough Children's Services Trust (SCST) given that the transition to the SCST had been removed from the risk register. The governance arrangements for scrutinising the SCST were highlighted and Members informed that the Council's external auditors would also provide a degree of assurance as they would be looking at value for money. Responding to how the Council would mitigate any risks relating to an overspend by the SCST, the Assistant Director, Finance and Audit commented that the SCST was now a separate entity who would be accountable to their auditors.

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A number of questions were raised in the ensuing discussion including:

- *Why the number of implemented internal audit recommendations had decreased from 74% to 65%.* It was explained that the recommendations not implemented related primarily to the high and medium risk recommendations associated with the arvato contract. A written response on the progress of these recommendations would be circulated to Committee Members. It was also agreed that Assistant Director, Procurement and Commercial Services, and internal audit specialist dealing with the arvato contract be invited to attend the September committee meeting.
- *Concern was expressed regarding lack of progress business continuity and the potential impact on delivery of services.* Members were informed that an update on Business Continuity would be provided at the next meeting.

Resolved: a) That details of the Quarter 4 Governance Reports be noted.
b) That the Annual Governance Statement for 2015-16 be approved.

40. External Audit Fee Letter

Ms Combrinck from the Council's external auditor BDO, introduced the External Audit Planning Letter for 2016-17 which set out the proposed fees and programme of work for financial year 2016/17.

Members were informed that the proposed fee for Code audit work in 2016/17 was £142,808, which was at the same level as that charged for 2015/16. The external auditor informed the Committee that there was the possibility of a variation to the fee between £5-10,000 relating to highways work. An appropriate fee would be determined with management and reported to the Committee in due course.

Members were reminded that information regarding the procurement process for appointing the Council's external auditors for the 2018/19 financial year would be reported to the December Committee meeting. At the conclusion of the discussion, the Committee agreed to approve the External Audit Planning Letter.

Resolved – That the External Audit Planning Letter 2016/17 be approved.

41. Provisional Financial and Performance Outturn Report: 2015-16 Financial Year

Members were provided with the provisional financial and performance outturn report 2015/16 as considered by Cabinet at its meeting held on 27 June 2016. Details of the Council's balanced scorecard, gold projects and capital programme 2015/16 were noted. Members discussed a range of issues which included write offs, impact of BREXIT on the local business economy and business rate appeals. It was agreed that an update report on

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the Capital Projects Benefits Realisation work would be submitted to the next meeting of the Committee.

- Resolved** – a) That the Financial and Performance Outturn Report 2015/16 be noted.
b) That an update summary report on the Capital Projects Benefits Realisation work be submitted to the next meeting of the Committee.

42. Treasury Management Strategy 2016-17

The Committee considered details of the Treasury Management Strategy for 2016/17.

- Resolved** – That details of the Treasury Management Strategy 2016/17 be noted.

43. Date of Next Meeting - 29 September 2016

The date of the next meeting was confirmed as 29 September 2016.

44. Vote of Thanks

On behalf of the Committee, the Chair thanked the Assistant Director Finance and Audit, Joseph Holmes, for his support and input to the Committee over the years and wished him well for the future.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 7.42 pm)