

**Audit and Corporate Governance Committee – Meeting held on Thursday, 14th December, 2017.**

**Present:-** Councillors Chaudhry (Chair), Chohan (Vice-Chair), Brooker and Nazir

Co-Opted Independent Members: Mr Roberts, Mr Sunderland and Mr Zafar

Parish Council Representative: Parish Councillor Gahir (Wexham Court)

Independent Person: Dr Lee (Observer)

**Also present under Rule 30:-** Councillors Swindlehurst

**Apologies for Absence:-** Councillors Amarpreet Dhaliwal, Usmani and Parish Councillor Jackson

**PART 1**

**25. Declarations of Interest**

No interests were declared.

**26. Minutes of the Last Meeting held on 11th October 2017**

**Resolved** – That the minutes of the meeting held on 11<sup>th</sup> October 2017 be approved as a correct record.

A Co-Opted Member requested clarification regarding Minute 15 - Schedule of Activity Code of Conduct where it was stated "*The Monitoring Officer made the initial decision on whether an informal or formal investigation was required, consulting the Independent Person where appropriate*" as his understanding was that the Independent Person had not been consulted on any matters that had recently been referred for investigation. The Monitoring Officer, Linda Walker, stated that the Code of Conduct allowed for a degree of flexibility and whilst consultation was not an absolute must on each occasion, the Monitoring Officer had consulted the Independent Person when deemed appropriate. The Independent Person, Dr Louis Lee stated that rather than being consulted, he had only been informed of the complaints referred by the Monitoring Officer for investigation after the decisions made been made. A Member highlighted concern that this appeared to be a change from the process previously adopted and the importance of the role of the Independent Person was underlined.

**27. Financial Statements 2016/17**

The Service Lead Finance introduced a report requesting approval of the Council's Financial Statements for 2016/17. The Council had submitted a

## **Audit and Corporate Governance Committee - 14.12.17**

signed version of the draft statements to the external auditor by 30<sup>th</sup> June 2017 in accordance with statutory requirements. It had taken some time to complete the external audit and the deadline for approval of September 2017 had not been met.

The External Auditor, BDO, represented by Janine Combrinck, summarised their audit conclusions as set out in the Audit Findings Report. It was anticipated that an unqualified opinion would be issued on the financial statements for the year ended 31 March 2017, subject to the successful resolution of outstanding matters. A qualified opinion on the use of resources was anticipated due to combination of weaknesses in the Council's system of internal control and governance arrangements and continuing weaknesses in Children's social care services. The Committee was informed of and noted the material misstatements, unadjusted audit differences and the deficiencies identified in the control environment. An action plan to address these weaknesses had been agreed with management.

Members of the Committee expressed concerns about the delay in readying the statements for approval and the limited time available to consider the lengthy documents. It was responded that the statements were broadly unchanged from the draft version circulated to Members in July 2017 and the reasons for the delays in completing the external audit process were explained. These included the treatment of group accounts with Slough Urban Renewal and the time taken by BDO to provide their audit conclusions. Members were assured that papers had been circulated to them as soon as they had become available. The Council would appear on a published list of authorities that had not had their accounts signed off by the end of September and would be exposed to some reputational damage as a result, however, there were no direct impacts of failing to meet this deadline. Assurance was provided that plans were already in place to improve the working processes for next years accounts. The Committee noted that if the external auditor was not satisfied about the progress made on implementing the plans than a statutory notice could be submitted to full Council. It was agreed that a tracker document outlining a timetable of actions (including monitoring progress) to ensure the financial statements 2017-18 were completed by the statutory deadlines would be circulated to the Committee.

Members discussed the qualified opinion in relation to the use of resources, and Ms Combrinck highlighted the key issues identified on informed decision making and partnership working with Slough Children's Services Trust. BDO was satisfied that action was being taken make progress on the weaknesses but the opinion was based on activity during 2016-17 and assurance could not be provided until the matters were reviewed again as part of the 2017-18 audit.

At the conclusion of the discussion, the Committee approved the Council's financial statements for the year ended 2016-17, subject to any minor final adjustments.

**Resolved –** That the Council's financial statements for the 2016-17 financial year be approved.

**28. External Auditors Annual Audit Report**

The Committee received and noted the External Auditors Audit Findings Report for the year ended 31<sup>st</sup> March 2017. The key findings of the report had been summarised, considered and noted alongside the previous item on the Financial Statements 2016-17 (Minute 27 refers).

In relation to the identified weaknesses on information governance, which had contributed to the qualified use of resources opinion, it was noted that the relevant officers would be invited to the next meeting of the Committee to discuss the position in further detail. Members asked about the lessons that had been learned about some of the issues identified and the Director of Finance & Resources explained the actions taken including the review of contract management and engagement of RSM to provide further support and advice in a number of areas.

**Resolved –** That the External Auditors' Audit Findings Report for the year ended 31 March 2017 be noted.

**29. Audit and Risk Management Update - Quarter 3 2017/18**

The Director of Finance & Resources introduced a report that updated Members on the progress of finalising draft Internal Audit reports, the implementation of Internal Audit recommendations and the draft Risk Register.

The timeliness for finalising internal audit reports continued to significantly improve from previous levels and the number of implemented recommendations had increased to 67%, up on the 61% report at the previous meeting of the committee. The number of Management Actions where "No Action" had been taken had reduced from 25% to 13% since the last report. The Head of Internal Audit commented that the stated figure of 67% of management actions that had been completed was part of the Council's tracking process, not verified by internal audit, but that RSM conducted quarterly reviews and follow up audits.

A Member expressed concern about the outstanding actions relating to Business Continuity and IT Disaster Recovery. It was recognised that the long term sickness absence of the key member of staff responsible for implementing the actions arising from the audit was the reason for the lack of progress, however, it was queried why a back up plan or system was not put in place to mitigate the known risks. The Director responded that Arvato had now put back up servers in place and the Committee agreed that the Service Lead for Digital and Strategic IT, Simon Pallet, and the Business Continuity Manager, Dean Trussler, be invited to the next meeting, to provide an update on outstanding audit actions relating to both Business Continuity and Information Governance.

At the conclusion of the discussion, the report was noted.

**Resolved** – That the Audit & Risk Management Update for the 3rd Quarter of 2017/18 be noted.

**30. Corporate Fraud Update Quarter 3 2017/18**

The Committee received an update report on the counter fraud activity of the Council in the 3rd Quarter of 2017/18. The Corporate Fraud Team had dealt with 207 enquiries of various types of fraud during the period. This was an increase on the previous levels due to the increased responsiveness since the appointment of an Intelligence Officer.

Members were informed that these enquiries were leading to a number of investigations, prosecutions and other penalties as the Council sought to tackle fraud. The Committee welcomed the proactive approach that was being taken and the report was noted.

**Resolved** – That the activity and outcomes of the Corporate Fraud Team as detailed in the report be noted.

**31. Internal Audit Progress Report**

The Head of Internal Audit introduced the Internal Audit Progress Report summarising the position against the Internal Audit Plan for the period up to 24<sup>th</sup> November 2017. In relation to the 2016/17 Plan, two reports remained in draft and were in the process of being finalised. Ten reports from the 2017/18 Plan had been finalised since the last meeting, 9 of which had received positive opinions with 1 partial assurance opinion (Neighbourhood Anti-Social Behaviour Enforcement).

Members asked a number of questions about the finding of the advisory review of AMEY contract management that there had been a discrepancy in the indexing of the contract which resulted in a potential overcharge to the Council of £2m. The matter was with the Council's legal team and the options for recovering any overpayment were being explored. Members expressed concern about how the issue had occurred and what steps had been taken to address the issue and learn the lessons. The Director of Finance & Resources stated that he had requested the review upon starting with the Council. The issue occurred in 2010 and it may not now be possible to recover any claim. However, as it had been identified before the end of the contract the Council had withheld some monies and were negotiating with AMEY as part of the exit of the contract. In light of the discrepancy, and the overpayment as part of the libraries contract, the Council had reviewed its contract management procedures and the internal auditors, RSM, and the legal department were advising on any further measures that could be taken to improve the processes in the future.

At the conclusion of the discussion, the report was noted.

**Resolved –** That the Internal Audit Progress Report be noted.

**32. Settlement Agreements**

The Interim Monitoring Officer introduced a report that provided the further information requested by the Committee at its previous meeting on the number of settlement agreements that were not the result of compulsory redundancies.

The figures provided included the number of compulsory redundancies and other agreed exit packages by pay band and the total cost for each of the past four financial years. It was noted that the vast majority of exit packages had been statutory payments with only 5 out of 102 above the statutory level in the years between 2013/14 to 2016/17. The Committee noted the report.

**Resolved –** That the report be noted.

**33. Members Attendance Record 2017/18**

**Resolved -** That the Members' Attendance Record be noted.

**34. Date of Next Meeting - 8th March 2018**

It was noted that the next scheduled meeting would be held on 8<sup>th</sup> March 2018.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 7.44 pm)