

## **Audit and Corporate Governance Committee – Meeting held on Monday, 3rd August, 2020.**

**Present:-** Councillors Sabah (Chair), Wright (Vice-Chair), Ali (from 6.37pm), Akram, D Parmar, S Parmar and Plenty.

Co-opted Members: Mr Sunderland and Mr Zafar

Parish Councillor Escott (Colnbrook with Poyle)

Independent Person: Dr Lee (Observer)

**Also present under Rule 30:-** Councillor Dar

**Apologies for Absence:-** Parish Councillor S Wright

### **PART 1**

#### **1. Declarations of Interest**

None were received.

#### **2. Minutes of the Last Meeting held on 5th March 2020**

**Resolved** – That the minutes of the meeting held on 5<sup>th</sup> March 2020 be approved as a correct record.

#### **3. Annual Governance Statement 2019/20**

The Service Lead, Governance, introduced details of the Annual Governance Statement (AGS) 2019/20 for Members consideration. It was a statutory requirement to review the effectiveness of the authority's internal controls and to prepare an annual statement and the Council sought to follow the guidance set out in the CIPFA/SoLACE Framework for Delivering Good Governance.

During the last quarter of the financial year 2019/20 and into the financial year 2020/21, Slough Borough Council, like every other local authority, was affected by the global Covid-19 pandemic. CIPFA had recommended that the AGS be updated to include the impact that this had had on the Council's governance arrangements and it was noted that details had been included in the AGS.

*(Councillor Ali joined the meeting)*

A Member commented that the AGS stated that all Council meetings were open for the press and public to attend and, whilst this was the case for the majority of meetings, there were some, including the Trustee Committee, which met in private. It was agreed that the AGS would be amended providing clarity on this issue.

The Committee agreed that the AGS as set out in the Appendix to the report be approved.

**Resolved** - That the Council's Annual Governance Statement for 2019-20 as set out in the Appendix to the report, be approved.

#### **4. LGA Peer Review on Governance Arrangements - Final Report**

The Committee was provided with details of the final report issued by the Local Government Association ("LGA"), following their peer review in February 2020 of the Council's governance arrangements.

The main findings of the peer review team concluded that the Council was ambitious to improve and senior officers and members understood that governance was a key part of that. However, although the Council had made significant progress on governance issues over the last two years, gaps in the framework had been identified.

A number of recommendations were put forward by the LGA to ensure that there was a strong foundation of good governance and that this was applied consistently. Specifically, it was highlighted that the council needed to ensure that councillors were appropriately engaged and supported through active involvement in agenda planning, training and briefings and that a comprehensive member training and development programme be established.

It was noted that since the Committee's last meeting in March 2020, the Council's focus has been on dealing with the effects of the Covid-19 pandemic. Nonetheless, Members were informed that a number of developments had taken place to address issues raised by the LGA which included:

- The report had been used as the basis for training for scrutiny members on 1 July.
- The report had been presented to the council's Senior Leadership Team (SLT) at their meeting on 7 July to commence discussion about the action plan to implement the report's recommendations.
- The committee had begun consideration of the recommendation relating to the review of the committee's Terms of Reference at its workshop on 22 July.
- A survey has been issued to Members eliciting their views on their training needs and requirements to inform future planning of a training programme.

Referring specifically to the LGA recommendation that the Council needed to move its transformation programme into the delivery phase, the Committee was reminded the Council had launched its formal consultation in relation to the restructure of 2<sup>nd</sup> and 3<sup>rd</sup> tier posts on 3 June 2020. The consultation closed on 15 July 2020 and the time limit for expressions of interest for

appointment to the new structure closed on 22 July 2020. Interviews and appointments to the new structure were scheduled to take place in August with a view to the new structure taking effect from the beginning of September 2020.

It was outlined that next steps included developing an action plan to implement the recommendations of the LGA Peer Review team. It was anticipated that this would be done at the first appropriate opportunity following the completion of the implementation of the 2<sup>nd</sup> and 3 tier restructure and the appointments to the new structure.

A number of points were raised in the ensuing discussion, which included the importance of establishing a time frame for implementing the recommendations, what the arrangements were for the appointment of the Monitoring Officer, a lessons learnt review relating to the delay in approval of the financial statements.

Members were reminded that the Our Futures Transformation Programme specifically addressed recruitment to the role of the Monitoring Officer within the organisational structure and that the action plan in response to the LGA recommendations would be available following the Tier 2 and 3 restructures of the Transformation Programme. It was noted that the action plan would be submitted to a future meeting of the Committee. The Chair informed the meeting that following closure of the accounts, it had been agreed with the external auditors that a training session reviewing lessons learnt in relation to the process would be held.

Referring specifically to the issues relating to effective scrutiny, a Member commented that it was critical that the scrutiny agenda was set and driven by Members.

The Director of Resources and Finance informed the Committee that feedback was given to the LGA and their final findings relating to the effectiveness of the Committee having observed one meeting; prior to publication but this was their final report. The Service Lead, Governance stated that the Committee's terms of reference had been assessed as sound and fit for purpose.

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

## **5. Members Code of Conduct**

The Service Lead Governance introduced a report which outlined a range of issues relating to the Members Code of Conduct.

Members were reminded that the Cabinet Committee on Standards in Public Life (CSPL), "Local Government Ethical Standards", published a report in January 2019 with regard to developing a national model code of conduct for councillors. It was explained that the code would not be mandatory and would be able to be adapted by individual authorities. The LGA published a draft

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model code of conduct for consultation on 8 June 2020, a copy of which was set out at Appendix 1 to the report. The Monitoring Officer submitted that the Council's current Code of Conduct compared very favourably with the Model Code of Conduct published by the LGA and therefore it was proposed that no further changes be made at present.

At its meeting in March 2020 the Committee requested that the Monitoring Officer provide an update on good practice in relation to checks on Councillors with the Disclosure and Barring Service (formerly referred to as Criminal Records Bureau). Under the DBS system there were 4 levels of checks that could be made and it was explained that Councils did not have the right to carry out on "Enhanced" or "Enhanced Check with Barred Lists Check" on Councillors other than in respect of those Councillors likely to be involved in "regulated activity" in respect of children or vulnerable adults. Certain Councils had however, chosen to adopt policies requiring "Basic" searches in respect of Members. It was noted that cost of a "Basic" check with the DBS for an individual was £23.00 and the costs of such a check for all 42 Members would be £966.00.

In the ensuing discussion, a number of Members commented that enhanced checks be carried out given that all Members had access to confidential information and in carrying out their duties worked with children and vulnerable individuals. The Service Lead, Governance reiterated that enhanced checks were already made for those members who carried out "regulated activity" and the issue for consideration was whether the Council wanted to carry out a basic DBS check for all Members. It was agreed that the matter be referred to the Member Panel on the Constitution for consideration and that the matter be reported to the next committee meeting.

At the last meeting, the Committee requested that the Monitoring Officer write to the Ministry of Housing, Communities and Local Government highlighting the challenges associated with implementation of the Localism Act with regard to standards matters. Members agreed that the letter as set out in the Appendix to the report be sent, subject to being amended by the Monitoring Officer, in conjunction with the Chair of the Committee, to reflect the Committee's discussions relating to DBS checks.

The Committee approved details relating to the timeframe for investigation of complaints and the publication of findings as set out at paragraph 5.4 of the report.

### **Resolved -**

- (a) That the developments with regard to a national model code of conduct for Councillors set out at paragraph 5.1 of the report as set out at Appendix 1 be noted.

- (b) That the issue of Disclosure and Barring Service for Councillors as set out in paragraph 5.2 of the report be referred to the Member Panel on the Constitution for further consideration.
- (c) That the draft letter, as set out in Appendix 3 to the report, be amended by the Monitoring Officer, in conjunction with the Chair of the Committee to reflect the Committee's discussions relating to DBS checks and be sent to the Minister for Housing, Communities and Local Government highlighting the challenges associated with the implementation of the Localism Act in relation to standards matters referred to in paragraph 5.3 of the report.
- (d) That the timeframe for investigation of complaints and the publication of findings as set out at paragraph 5.4 of the report be approved.
- (e) That details of complaints under the Councillors' Code of Conduct which remained outstanding at the time of the Committee's last meeting on 5 March 2020 be noted.

**6. Local Government and Social Care Ombudsman - Complaints, Findings, Outcomes and Lessons Learnt**

Committee Members were updated on the number of complaints, findings and recommendations made to the Local Government and Social Care Ombudsman since March 2020. Actions taken by the Ombudsman since the coming into force of the "lockdown" restrictions due to the pandemic caused by the spread of the coronavirus SARS-CoV-2 were also outlined.

Since the previous meeting, 8 complaints had been investigated, 7 of which it was concluded that no further action be taken. A complaint regarding the planning enforcement process had been upheld and the necessary measures had been implemented to ensure that a similar situation did not occur again.

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

**7. Audit Findings for Slough Borough Council 2018/19**

Julie Masci, the Engagement Lead at the Council's external auditors, Grant Thornton, provided the Committee with an update on the audit of the 2018/19 financial statements and opinion on the Council's arrangements on efficiency and effectiveness on use of resources.

The Committee was informed that a new timetable had been implemented and changes in personnel, which included a new audit manager, had been made to ensure that an experienced team was now in place to finalise the 2018/19 accounts. However, it was highlighted that there were a number of external factors that affected the closure of the accounts, including awaiting information from Deloitte, auditors of the Berkshire Pension Fund. Unfortunately obtaining the information from Deloitte was outside the control

of the Council and Grant Thornton. It was anticipated that an unqualified opinion on the accounts would be issued.

Referring specifically to value for money (VFM), it was noted that overall, adequate arrangements were in place except for arrangements to inform decision making regarding Slough Children's Services Trust (SCST) during 2018/19 and preparation of the accounts for 2017/18 and 2018/19. The importance of ensuring the asset records, including the fixed asset register, was also highlighted.

A Member asked about the audit arrangements for SCST and commented that not being informed of SCST's financial position on a regular basis throughout the year meant resulted in an impact on the Council's finances later in the financial year. It was explained that SCST were independent of the Council and had their own auditing arrangements. Recognising that financial reporting arrangements between SCST and the Council had been challenging during 2018/19, Members were informed that formal reporting routes had been established during 2019/20 with Cabinet and Education and Children's Services Scrutiny Panel receiving regular SCST financial updates. Members were reminded that this audit finding related to the 2018/19 financial year prior to reporting arrangements being strengthened.

Whilst noting Members concern that the 2018/19 accounts were still being discussed, it was important to note that the Council had recognised weaknesses which had been or were being addressed in ensuring lessons were learnt for future audits.

**Resolved** – That the update on the Audit findings for 2018/19 be noted.

#### **8. Annual Internal Audit Report 2019/20**

The Head of Internal Audit, Daniel Harris, provided the Committee with an overview of the Annual Internal Audit Report 2019/20. It was noted that the Council had an adequate and effective framework for risk management, governance and internal control and an unqualified positive opinion had been issued. Members were informed that areas that had been identified as having partial or no assurance over the effectiveness of controls in place, as outlined in the report, should be included in the Council's Annual Governance Statement; and include appropriate detail regarding the weaknesses identified and any actions taken to mitigate these risks.

**Resolved** – That details of the Annual Internal Audit Report 2019/20 be noted.

#### **9. Internal Audit Progress Report - Quarter 1**

The Committee was provided with a summary update on progress against the remaining reports from 2018/19 Internal Audit Plan and the 2019/20 and 2020/2021 plans. Since March 2020, eight 2019/20 reports had been finalised and four 2020/21 draft reports had been issued. It was noted that three

negative opinions had been issued for the 2019/20 Plan and action plans had been agreed with officers. The Committee would be informed of progress made in implementation of recommendations at future meetings.

Responding to a Member query, it was explained that whilst issues identified by Internal Audit did not directly inform the work of External Auditors; correlation was found between Internal Audit findings and matters highlighted by External Auditors.

**Resolved** – That details of the Internal Audit Progress Report Quarter 1 be noted.

**10. Risk Management Update Quarter 1 2020/21**

The Committee considered details of the report, which detailed the medium and high risk actions and the revised Risk Management Strategy.

A Member asked what the Council's position was in relation to the £4m given to Slough Children's Services Trust. The Director of Finance and Resources explained that negotiations were ongoing with the Trust and Department for Education (DfE) with a view to agreeing that future liabilities lay with the Trust and DfE.

**Resolved** –

(a) That details of the Risk Management Update Quarter 1 be noted.

(b) That the Risk Management Strategy, as set out in the Appendix to the report, be approved.

**11. Internal Audit Update Quarter 1 2020/21**

Details of progress on implementation of Internal Audit Management actions were outlined. The percentage of completed actions had increased to 84% compared to the last quarter which showed a completion rate of 75%.

In the ensuing discussion a number of points were raised which included:

- Clarification in relation to rent arrears and what measures were in place to ensure residents were not penalised, especially given the current situation with regard to the Covid-19 impact on unemployment; and the fact that multiple debtor agencies were being used by the Council. It was explained that debt recovery was an on-going issue for the Council and that it was vital the necessary policies and procedures were in place to address the matter. It was agreed that an update would be provided in the next update to the Committee.
- It was confirmed that the high priority action in relation to establishing reporting requirements for James Elliman Homes 2019/20 had not

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been fully implemented and a progress update would be provided to the Committee at a future meeting.

- It was noted that HR policies would be updated as part of the Council's Our Futures Programme.

**Resolved** – That details of the Internal Audit Update Quarter 1 be noted.

### **12. Housing Benefit Audit Letter 2018/19**

The Committee considered details of the Housing Benefit Audit Letter 2018/19. An outline of the sampling process undertaken was outlined and it was noted that although there was a deteriorating trajectory in terms of the number of errors identified, Members were reminded that this was in part due to the uniqueness of cases in this service area. A Member asked whether a reply to the Housing Benefit Audit letter, sent in May 2020, had been received. The Director of Finance and Resources confirmed a reply had been received, which stated that rebate owed to the Council would be processed in due course. It was agreed that a copy of the response would be circulated to the Chair of the Committee.

**Resolved** – That details of the Housing Benefit Audit Letter 2018/19 be noted.

### **13. Date of Next Meeting - 17th September 2020**

The date of the next meeting was confirmed as 17<sup>th</sup> September 2020.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.44 pm)