

Audit and Corporate Governance Committee – Meeting held on Thursday, 16th March, 2017.

Present:- Councillors Sadiq (Chair), Bedi (Vice-Chair, until 8.09pm), Amarpreet Dhaliwal, Rana and Sarfraz (until 8.09pm)

Co-opted Independent Member: Mr Sunderland

Parish Council Members: Councillor Jackson (Colnbrook with Poyle) and Councillor Fayyaz (Wexham Court)

Apologies for Absence:- Councillors Sharif, Swindlehurst, Mr Roberts and Dr Lee

PART 1

27. Declarations of Interest

Agenda item 9 - Code of Conduct: Schedule of Activity - Parish Councillor Jackson, Colnbrook with Poyle Parish Council, declared that the report contained information relating to the Parish Council of which he was a member.

28. Minutes of the Last Meeting held on 11th January 2017

Prior to approval of the minutes of the last meeting, the Committee was updated on a number of matters:

Committee Membership – the progress on the recruitment process for two Independent Co-Opted Members of the Committee was noted.

Working Group – a Working Group to review the Council's Policies and Procedures, including governance arrangements, had been established and was being led by the Head of Policy, Partnership & Programmes.

Deputy Monitoring Officer – the Director of Law and Governance at Harrow Council had been appointed as a Deputy Monitoring Officer for the Council.

Resolved – That the minutes of the meeting held on 11th January 2017 be approved as a correct record.

29. Audit and Risk Management Update Quarter 3 2016/17

The Assistant Director, Finance & Audit introduced a report that updated the Committee on the progress of implementing internal audit recommendations for the third quarter of 2016-17 and on the Council's Risk Register.

The procedures had been tightened to ensure internal audit reports were signed off at a more timely rate and progress was regularly monitored by the Corporate Management Team. There had been a further improvement in the

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number of recommendations implemented, up from 58% at the time of the previous meeting to 61% in the current reporting period. The outstanding audit recommendations and position regarding the management actions falling due since the last quarter, as detailed in Appendix 1 to the report, were noted.

The Committee also considered and noted the Council's latest Corporate Risk Register. The Assistant Director indicated that future reports on the register were likely to be presented in a different format.

Resolved – That details on the progress of Internal Audit recommendations and the updated Corporate Risk Register, as detailed in the appendices to the report, be noted.

30. Internal Audit Update: Quarter 3 2016/17

The Head of Internal Audit summarised the key aspects of the Internal Audit Progress Report for the third quarter of 2016-17. The report set out the results of the work carried out against the Internal Audit Plan 2016-17 and highlighted the key actions for the audits where partial or no assurance had been provided.

The Committee had been previously advised by the Head of Internal Audit that any further negative assurance reports on key systems of internal control could result in a qualified year end opinion. Two further reports relating to Governance (still in draft) and Risk Management had subsequently resulted in negative, partial assurance opinions and the Chair of the Committee, Section 151 Officer and senior management had therefore been advised that these additional negative opinions would lead to a qualified opinion at year end. The Committee expressed concern that a number of the weaknesses identified in such internal systems had been raised in previous years and not adequately addressed by management. Assurance was therefore sought that the appropriate action plans were in place to address the issues raised. The Assistant Director Finance & Audit highlighted that processes had been strengthened to track and address internal audit recommendations. There were 152 recommendations being tracked and the Council was seeking to work in partnership with RSM, as the internal auditors, to embed good practice and ensure robust systems were in place to take the necessary action in response to recommendations.

The Committee considered the capacity within the Council to manage risk and improve internal systems and discussed the ways in which processes could be improved. The possibility of establishing a Business Management Working Group to examine/review implementation of actions arising from finalised Internal Audit reports was to be explored.

At the conclusion of the discussion, the Internal Audit Update was noted.

Resolved – That details of the report be noted.

31. Internal Audit Strategy 2017-18

The Head of Internal Audit introduced a report that sought approval of the Internal Audit Strategy 2017-2020 and the Plan for 2017/18 as at Appendix A to the report. It was a refreshed 3-year strategy that had been developed in line with the Council's strategic objectives, risk profile and challenges facing the organisation.

The Committee noted the key audit areas and specific reviews proposed to be undertaken, the reasons for inclusion and links to the Council's strategic objectives. Some of the audit areas had been selected to follow up where weaknesses had been previously identified, for example reviews proposed on Information Governance and Fixed Penalty Notices had been included as the 2016/17 audit had provided a 'no assurance' opinion. Other reviews were more forward looking such as Data Protection Preparedness and AMEY contract management ahead of the insourcing of Environmental Services. It was proposed that RSM would deliver some additional advice and support to the Council in the coming year. The Committee was assured that safeguards would be put in place to manage any potential conflicts of interests and ensure the appropriate separation between advisory and internal audit work.

Members raised a number of issues about the proposed plan and timetable including for the review of the new housing companies which had been moved back from 2017/18 to 2018/19. It was responded that this was because the companies had only very recently been established and the review would best be undertaken once they had operated for a period of time. The review could be brought forward if required.

After due consideration, the Committee approved the Internal Audit Strategy 2017-2020 including the Internal Audit Plan for 2017/18.

Resolved – That the Internal Audit Strategy be approved.

32. Annual Audit Letter 2015/16

The Committee considered the Annual Audit Letter which summarised the key issues arising from the work that the external auditor, BDO, had carried out in respect of the financial year ended 31 March 2016.

The External Auditor confirmed that an unqualified opinion had been issued on the financial statements. In terms of use of resources, a qualified 'except for' opinion was issued on the basis of significant weaknesses in children's social care services identified by Ofsted during 2015/16 and insufficient monitoring of contractual performance since the transfer to Slough Children's Services Trust. It was also noted that the review of housing benefit subsidy grant claim was in progress and would be reported to the Committee in July.

In response to a question it was confirmed that all of the misstatements in the statements had been corrected. It was also agreed that the External Audit

Plan be circulated to the Committee following approval by the Corporate Management Team.

Resolved – That details of the Annual Audit Letter 2015/16 be noted.

33. Counter Fraud Strategy

The Assistant Director Finance & Audit introduced a report which asked the Committee to recommend approval of the Counter Fraud and Corruption Strategy to the Cabinet.

The Strategy set out how the Council would protect against, detect and respond to fraud and corruption. It would apply to all parts of the Council and to employees, volunteers, contractors and consultants in relation to their work with the authority. The Council operated a 'zero tolerance' approach towards fraud and corruption and the full range of sanctions available would be used where individuals or organisations were found to commit fraud. The document had been substantially revised on previous versions and Committee Members requested that a comparison between the old and new Counter Fraud Policy be circulated. Implementation would include the roll out of a training programme to staff and councillors.

The Committee agreed to recommend approval of the Strategy to the Cabinet and thanked Officers for their work in the development of the revised approach.

Recommended to Cabinet – That the Counter Fraud and Corruption Strategy be approved.

34. Review of Whistleblowing Policy

The Interim Monitoring Officer introduced a report that updated the Committee on the review of the Council's Whistleblowing Policy and requested that the policy be recommended to full Council for approval. It was proposed that the Whistleblowing Policy be renamed the Confidential Reporting Code and be incorporated into the Constitution.

Adopting the new policy would strengthen the Council's commitment to the highest possible standards of openness, honesty and accountability. The review had taken account of three substantive whistleblowing complaints in the past year which had all required investigation. The policy clarified the processes to be followed and was in line with good practice followed by other local authorities.

The Committee expressed concern about the apparent leaking of information relating to recent investigations. Members requested that the three Statutory Officers, as a matter of urgency, investigate recent breaches of confidential information / IT security breaches and put in place measures to address these concerns.

Members also asked whether employees had been involved in the revision of the strategy and emphasised the importance of ensuring they had confidence in the new processes put in place. It was responded that staff had not been involved to date, but that it could be further reviewed if there was any feedback, and there would be training for staff on the new Code.

At the conclusion of the discussion, the Committee agreed to recommend the Confidential Reporting Code to full Council.

Recommended to Council – That the Confidential Reporting Code be approved.

35. Code of Conduct - Schedule of Activity

The Interim Monitoring Officer updated Members on the activity recently undertaken in relation to complaints received under the Councillors' Code of Conduct. Five complaints had been received since September 2016, as detailed in the report, and the Interim Monitoring Officer was also working with Wexham Court Parish Council, in relation to other matters that had been raised. The Committee would be updated on the outcome of the investigations in the next report.

Clarification was sought on the expected timelines for dealing with complaints as this information was not included in the report. The Interim Monitoring Officer stated that the timescales varied depending on the nature of the complaint and of any investigation. It was agreed that future reports include information detailing the date of when complaint received, type of investigation (internal/external) and outcome/sanctions following outcome of an investigation.

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

Resolved – That details of the report be noted.

36. Local Government Ombudsman Complaint Investigation Outcome

The Committee received an information report on the outcome of an investigation by the Local Government Ombudsman that found maladministration with injustice against the Council's housing services.

(Councillors Bedi and Sarfraz left the meeting)

The details of the particular case were reviewed and it was considered good practice to bring the matter to the attention of the Committee. The report was noted and it was agreed that the outcome of any future investigations also be brought to the Committee.

Resolved –

(a) That details of the report be noted.

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(b) That the Committee receive regular reports regarding outcome of cases determined by the Local Government Ombudsman.

37. Members Attendance Record

Resolved – That details of the Members' Attendance Record be noted.

38. Date of Next Meeting - 11th July 2017

The date of the next meeting was confirmed as 11th July 2017.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.13 pm)