

Audit and Corporate Governance Committee – Meeting held on Tuesday, 1st March, 2022.

Present:- Councillors Sabah (Chair), Brooker and Grewal

Also present under Rule 30:- Councillors Gahir and Strutton

Apologies for Absence:- Councillors Wright, Ali and Hussain.
Co-Opted Member Mr Iqbal Zafar

PART 1

47. Declarations of Interest

Councillor Brooker declared that he was Finance Committee Chair at Ryvers Primary School and remained and participated in the meeting.

48. Minutes of the Meetings held on 9th December 2021 and 18th January 2022

Resolved – That the minutes of the meetings held on 9th December 2021 and 18th January 2022 be approved as a correct record.

49. Action Progress Report

Details of the Action Progress report were considered and the Committee raised the following comments:

- Revised terms of reference (membership of Audit and Standards) to be discussed at extraordinary meeting in April 2022.
- S106 funds – details of why £313k (of £1.35m) owed still remained outstanding and information on what the trigger points for payment were.
- Update on completed number of Member DBS checks.
- Monitoring Officer to liaise with the Chair on implementation of the members training programme.
- R30 Member Councillor Gahir to be sent minutes of previous meetings clarifying queries raised regarding Parked Invoices.
- Fly tipping – further details regarding why Fixed Penalty Notices (7) were withdrawn and details of amount payable for a FPN.
- Bulky items removal charges to be referred to the relevant Scrutiny Panel to consider adding to the work programme/discussion.

Resolved – That details of the Action Progress Report be noted.

50. Risk Management Update Quarter 4 2021/22

The Committee received an update on risk management activity, which included revisions to the Corporate Risk Register (CRR). It was noted that existing risks on the register – workforce recruitment and retention (risk 10) and staffing risks within SBC and Slough Children First were merged into one risk entitled Service delivery risk due to workforce recruitment and retention issues.

Members raised a number of issues during the course of the discussion, which included:

- Delivery of Adult Social Care (ASC) Transformation Programme and whether an Equality Impact Assessment (EIA) had been carried out to identify those groups likely to be affected. The Executive Director of People (Adults) confirmed that an EIA had been conducted and that this would be circulated to Members. It was agreed that the Lead Member and Executive Director of People (Adults) would be requested to attend the next ordinary meeting to provide an update on the delivery of the ASC transformation programme.
- An update on progress of the Disposal of Assets was provided. A Member expressed concern that there was no start date for commencing disposals. The Director of Finance reminded the Committee that following approval by Cabinet in September 2021 – to appoint external support to advise and manage the programme of asset disposals; the final stages of procurement process was underway with work due to start March 2022. It was essential that due diligence was carried out and that the Council secured best value possible. Speaking under Rule 30, Councillor Strutton sought clarification regarding any assets that had been sold, referring specifically to the town centre Moxy Apartments. The Executive Director, Place and Community that whilst there had been sales at the referred development, these were separate to the Asset Disposals Strategy.
- Members sought details regarding the costs associated with Temporary Accommodation (TA) for the current financial year and forecast for the next year, and the average duration for length of stay in TA. It was noted that details would be included in the next Committee report. The Chair raised the current conflict in Ukraine and asked what impact this had had on demands for TA. It was explained that the Council was monitoring the situation closely and respond as necessary and that the CRR would be updated to reflect the potential impact on TA as a result of the conflict in Ukraine.
- Financial Sustainability – details to be provided outside of the meeting on training arrangements for Members and that the risk associated with £20m p/a savings be updated. A number of questions were asked relating to progress on the recruitment of a permanent financial team to both reduce the reliance on agency/interim staff and ensure long term stability. Work was ongoing to recruit and retain staff within the finance department, including the right calibre of staff in specialist roles and appointing to trainee roles with a long term aim of developing such roles in an effort to retain individuals in the long term.

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- Elections and Electoral registration – it was noted that the risks identified related to the May 2022 local elections and that the CRR would be updated accordingly ahead of the local elections in 2023.

The Chair requested that an extraordinary meeting be scheduled for mid/late April to allow the Committee to receive a further update on the issues raised.

Resolved – That details of the report, including revisions to the risk register, be noted and an extraordinary meeting be arranged for mid/late April 2022.

51. Internal Audit Update Quarter 4 2021/22

The Committee considered details on the progress of the implementation of internal audit management actions. Arrangements for monitoring and verifying completion of audit actions had been strengthened. The overall position as at 15th February 2022 was 59% of total actions completed.

The Chair welcomed the report, noting that the format in which the information was presented was much easier to understand. It was noted that a number of actions, specifically housing benefits, council tax audit, general ledger, rent accounts and debtors management had a completion date of 31 March 2022. The Committee agreed that an update to be provided at the extraordinary meeting in April 2022.

The Chair asked for a status update with regard to Business Continuity and Disaster Recovery that had a completion date of 28th February 2022. The Director of Finance informed the meeting that whilst good progress had been made, there had been some slippage as a result of the staff member leaving. However, it was anticipated that this action would be finalised by May 2022 and relevant training scheduled for June 2022.

Resolved – That details of the report be noted.

52. Structure of Internal Audit Options Appraisal

The Committee at its meeting in December 2021 had indicated that an inhouse Internal Audit function be established but Members be updated on details of the proposed timeline for implementation.

Details of the timeline were outlined as set out in the report, noting that successful candidates would be in place by mid-June and September 2022. It was highlighted that the current internal audit contract expired on 31 March 2022 which would leave the Council without an Internal Audit service - which was a statutory requirement for the S151 Officer. To address this, a report would be submitted to Cabinet requesting the extension of the contract with the current Internal Auditors, RSM Risk Assurance Services for one year.

Members welcomed details of the report and agreed that establishing an inhouse Internal Audit function was the preferred option.

Resolved –

- a) That Option E as the preferred option in establishing an In-House Internal Audit function be approved.
- b) That the timetable established for the recruitment of the In-House team be noted.
- c) That the recommendation to Cabinet requesting the extension of the Internal Audit Contract with RSM Risk Assurance Services for 1 year to cover the work needed to complete the Head of Internal Audit Opinion for 2022/23 and with an option for a further extension of 1 further year to provide flexibility should recruitment of an in-house team take longer than expected or be unsuccessful be noted.

53. Update on Council Subsidiary Companies

The Committee received an update on the current position on the Council's subsidiary companies and proposed actions for 2022/23.

The Council had acquired or established various companies over several years and excluding Slough Children First Ltd, the Council currently had ten companies that were wholly owned, partly owned, or considered to undertake activities related to the Council. Four companies (GRE5, JEH, SUR and DISH) were operational and six were dormant and had never traded. Of the six dormant companies, five were already in the process of being closed with Companies House and this process was expected to be completed for the start of the 22/23 financial year. It was noted that this would significantly simplify the Council's corporate structure, reduce administration and focus resources on core operations only.

The Chair welcomed the comprehensive report and asked Julie Masci, External Audit, whether having subsidiary companies and the risk associated with them was typical for local authorities. Ms Masci explained that any involvement with a commercial organisation carried an element of risk and whilst such arrangements were not unique to Slough; the Council had failed to understand key risks and exposure. It was essential good governance arrangements were in place to minimise risks.

Members raised a number of points in relation to James Elliman Homes (JEH) Limited which included what the total value of the loan given by the Council to JEH was, details of the decisions made to loan the funds and information on arrangements in place to address losses made by JEH. Referring specifically to the approval of bailouts provided to JEH, the Committee asked whether this decision was made by council/cabinet or whether it was within delegated authority given to the Section 151 Officer at that time and it was noted that this information would be provided.

Councillor Strutton addressed the meeting under Rule 30, stating that he had raised a number of concerns regarding the Council's asset and procurement teams and stressed the importance of implementing procedures and processes to ensure the Council received best value for money.

Resolved – That details of the report be noted.

54. Internal Audit Progress Report

The Committee received an update on the key messages relating to the progress of the internal audit 2021/22 plan. Since the last meeting, a further seven final reports had been issued of which six were given a negative opinion and one positive opinion. An overview was provided on the negative assurance opinions as set out in the appendix to the report. Members were advised that a negative Head of Internal Audit Opinion for 2021/22 would be issued based on the outcome of audits to date, the potential for weaknesses to still be present in upcoming audits, the Section 114 notice and the outcomes of other external reviews.

The Chair asked what measures were in place to monitor implementation of internal audit recommendations and ensure accountability for lack of progress. The Director of Finance explained that the Audit and Risk Board had a standing item relating to progress of implementation of internal audit recommendations and procedures had been strengthened including the introduction of an action tracking process.

Referring specifically to council tax account markers, a Member queried why this process had been delayed. It was explained that the reconciliation process has been hindered by a number of factors, including the impact of Covid-19, the Council's Our Futures Transformation Programme, limited knowledge within the remaining staff members and missing historical data.

The Committee was informed that processes were being reviewed and the improvement plan included cleansing data and undertaking reconciliations. It was initially thought that the control account reconciliations could be completed in isolation but on delving into the income based reconciliations per Council Tax & Business Rates it was established that the daily funds flow analysis journals that allocate SBC income across board had not been done since May 2021 due to staff departures. It was highlighted that the process was now fully up to date, and had been fully documented including potential time saving enhancements that will aid efficiency across the council.

Resolved – That details of the report be noted.

55. Internal Audit Plan 2022/23

Prior to introducing the report, it was brought to the Committee's attention that the report contained an inaccuracy in that Internal Audit had been unable to meet with the Interim Executive Director of People (Children) in relation to the audit in connection with staffing risks within Slough Children First. It was

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noted that meetings had taken place and that the report had not been updated. The Executive Director (Children) placed on record that the comment was inaccurate and misleading.

The Head of Internal Audit presented details of the Internal Audit Plan 2022/23, stating that the programme had been developed which remained mindful of the continuing developments and financial challenges facing the council. The 2022/23 internal audit activity priorities were based on the corporate objectives and included risk based coverage on a number of areas including the Recovery and Renewal Plan, Workforce Recruitment and Retention and Budget Setting and Control.

Details of further areas of potential coverage not included in the 2022/23 plan but which could potentially be looked at in a three year strategy were also outlined.

The Chair referred to the red status (minimal assurance/poor progress) for audits relating to debtors and was informed that actions had been agreed which would show improvement in this area.

Resolved – That details of the Internal Audit Plan 2022/23 be noted.

56. Members Attendance Record 2022/23

Resolved – That details of the Members Attendance Record 2022/23 be noted.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.52 pm)