

**Audit and Corporate Governance Committee – Meeting held on Wednesday, 10th July, 2024.**

**Present:-** Councillors Anderson, Mohindra, Rana, Zarait

Co-Opted Members:- Tony Haines and Jen Simpson

**Also present under Rule 30:-** Councillors Akram and Hulme

**Apologies for Absence:-** Councillor O'Kelly and Satti

**PART 1**

**8. Election of Chair**

In the absence of the chair of the committee and the fact the vice-chair role was currently vacant, nominations were sought from amongst the elected members present to chair the meeting. Councillor Zarait was nominated by Councillor Mohindra and seconded by Councillor Rana. There being no other nominations it was agreed that Councillor Zarait chair the meeting.

**Resolved –** That Councillor Zarait chair for the duration of the meeting.

*(Councillor Zarait in the Chair)*

**9. Declarations of Interest**

Councillor Rana declared that he was a member of the Audit Committee of the Royal Berkshire Fire Authority. Councillor Rana stayed and participated in the meeting.

**10. Minutes of the Last Meeting held on 22nd May 2024**

**Resolved –** That the minutes of the meeting held on 22<sup>nd</sup> May 2024 be approved as a correct record.

**11. Action Progress Report**

Action relating to Minute Reference 6 – Strategic Acquisition Board. More detailed information requested from the Monitoring Officer had been collated and would be circulated to Committee prior to the next meeting.

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

**12. Backlog Statement of Accounts 2019/20 to 2022/23 and Balance Sheet Review Update Report**

The Committee considered a report that updated on the progress and revised timetable regarding the backlog of Statement of Accounts.

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Members noted the current position regarding the draft Accounts and Audit (Amendment) Regulations 2024, published in February 2024 which would amend the Accounts and Audit Regulations 2015, and set out a timetable and statutory deadline for audit of outstanding local authority Statements of Accounts to 2022/23. It was anticipated that the draft regulations would have been enacted before the election, but that did not happen. However, the Council was required to progress the production and publication for statutory public inspection the draft Statements of Accounts for 2019/20, 2020/21, 2021/22 and 2022/23 for them to be audited by the 30th September 2024, on the assumption the regulations would be enacted by the incoming Government.

The report set out the progress had been made and considered the revised outline timetable for the production of the statements of accounts between 2019/20 to 2022/23. A number of difficulties had been encountered in producing the accounts, which included the inadequacy of historic record keeping and audit trails. The public consultation had ended for the 2019/20 accounts and would close on 8<sup>th</sup> August 2024 for 2020/21. It was currently anticipated that the 2021/22 draft Statement of Accounts would be available for publication by 29<sup>th</sup> July 2024 with the 30-day statutory public inspection period ending on 9<sup>th</sup> September. Publication was 18 days behind the original timescale. The finance team were now operating on a critical path deadline with very little scope for any further slippage in delivery.

Members asked whether there were sufficient resources in the finance team to complete the work on time, given the significant challenges faced. Officers confirmed that they were confident a strong team was in place with the required skills to complete this work. A Member expressed concerns about the time that had been taken to progress the accounts given the fact the Council was approaching three years on from the issuing of the Section 114 notice, and asked by the Minimum Revenue Provision (MRP) figures continued to be revised. It was noted that significant mistakes had been made in the past in the calculation of MRP which had previously been underprovided for. Questions were also asked about the process for bank reconciliations and the Collection Fund.

In response to a question from a Member it was agreed that a timetable detailing when review of account balances (whether monthly or quarterly) and ownership of accounts would be provided to the Committee.

The Committee also noted the update on the work being done in conjunction with EY on an historic balance sheet review to identify any further legacy financial issues and risks. A report had been required to be presented to the Department for Levelling Up, Housing & Communities and full report would be presented to the Cabinet later in the year.

At the conclusion of the discussion the report was noted.

**Resolved –**

- (a) That the progress and current position regarding finalisation of backlog Statements of Accounts 2019/20 to 2022/23 be noted.
- (b) That the revised timetable for completion of backlog Statements of Accounts as set out in Appendix 1 to the report be noted.
- (c) That the findings of the draft Balance Sheet Review as set out in Appendix 3 to the report, and its implications on the Council's ongoing financial position be noted.

**13. Treasury Management Outturn Report 2023-24**

The Committee considered a report which set out the Treasury Management and investment activity for Slough Borough Council as at 31<sup>st</sup> March 2024.

This was in the context of the Council returning to a financially sustainable footing, principally by reducing debt and by disposing of assets. It was noted that the Council's short term debt had been reduced by around £131 million, which was £45 million less than assumed. The report also set out the Council's Treasury Investment Position and its investments in non-Treasury investments.

Officers responded to Members' comments and queries on the report including the fact that debt was not being reduced as had been previously expected due to the slowdown in the asset disposal programme and revenue overspends. It was responded that the trajectory of debt reduction was not as high as had been expected but was still within the parameters of the capitalisation directive. Debt levels would vary but the overall trajectory was coming down.

After due consideration, the report was noted.

**Resolved –** That the Treasury Management Outturn Report at Appendix 1 be noted.

**14. Annual Governance Statement 2023/24**

Members considered a report seeking approval for the Annual Governance Statement (AGS) for the previous financial year 2022/23. The AGS had been produced following a review of the council's governance arrangements and included an action plan to address the overarching governance issues identified. The AGS would remain in draft until the accounts for 2023/24 had been audited.

The report set out the progress that had been made in some of the key areas, although it was recognised that further work was required before the Council met its statutory best value duty. The recommendations set out in the report

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included a requirement to produce quarterly reports to the Committee on progress.

Referencing the Department for Levelling Up Housing and Communities Commissioners' fourth report of January 2024, as referred to within the appendix, a Member highlighted that the inexperience of members, inconsistent reports and variable quality of data remained a challenge for audit and highlighted that the Committee was not chaired by a member of the opposition, which was different to other authorities that were subject to government intervention.

*(Councillor Anderson left the meeting)*

In response to how improvement was monitored it was noted that a Corporate Plan was agreed in September 2023 which included a number of actions to deliver best value and how this would be measured. In addition, the Committee would receive quarterly updates on progress made.

At the conclusion of the discussion it was agreed that the AGS 2023/24 and progress against the action plan be approved.

### **Resolved -**

- a) That the Annual Governance Statement for 2023/24 set out at appendix 1 be approved.
- b) That progress against the approved action plan be approved.

## **15. External Audit - Progress Report and Sector Updates**

Julie Masci, the Council's Lead External Auditor from Grant Thornton, introduced the report. The report set out audit progress as at July 2024 that had been made as well as providing an overall update on the sector.

Referring to the financial statements audit, the Committee was informed that the completion timelines for risk assessment and planning were not met due to the unavailability of requested documents. Draft financial statements as of 31 March 2024 and prior periods (2021/22 to 2022/23) had not been submitted by the Council.

Members asked a number of questions, including the reasons why there was a delay in Officers responding to auditors' queries and what attempts had been made to resolve outstanding queries. Ms Masci stated that although auditors were working closely with the council to resolve outstanding queries – meetings with the finance team and matters escalated to the Section 151 Officer if required - it had to be recognised that this was an unusual position for current officers who were not in post for the time period to which the financial statements related to. It was submitted that culture was an important feature in helping the Council to move forward and work effectively.

Councillor Akram, speaking under Rule 30, sought clarification as to why the Assistant Director of Legal and Governance was not one of the officers

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spoken to as part of a series of meetings held with officers regarding Value for Money arrangements. It was noted that the position would be clarified and an update provided accordingly.

Responding to whether a proper valuation had been undertaken in relation to the disposal of the Akzo Nobel site, it was noted that discussions were currently taking place with the Council surrounding the accounting treatment and proposed plan for the recognition of the proceeds from this sale. It was noted that a report on the proposed use of capital receipts to mitigate the Minimum Revenue Provision deficit was due to be considered by Cabinet shortly.

A summary update was given on some of the issues and challenges that were impacting on local authorities nationally.

**Resolved** – That the External Audit Progress Report and Sector Updates be noted.

### **16. Audit and Corporate Governance Committee - Annual Report 2023/24**

The Committee considered details of the draft annual report 2023/24 of the Audit and Corporate Governance Committee. The report set out an overview of the range of work undertaken by the Committee to date, which included a draft work programme and training schedule. The report also set out key issues and challenges which the Committee would need to seek to address.

Whilst generally welcoming the report, it was proposed that Group Leaders give consideration to appointing members to serve on the Committee for a minimum of two years to ensure continuity and stability. It was agreed that the matter would be raised with Group Leaders.

At the conclusion of the discussion, it was agreed that the annual report be referred to Council.

**Resolved** – That the draft Annual Report 2023/24 be approved and recommended to Council for noting.

### **17. Date of Next Meeting - 4th September 2024**

The date of the next scheduled meeting was noted as 4 September 2024.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.10 pm)