

Audit and Corporate Governance Committee – Meeting held on Thursday, 7th March, 2019.

Present:- Councillors Sarfraz (Vice-Chair, in the chair), Ali, Minhas and Nazir

Apologies for Absence:- Councillors Amarpreet Dhaliwal and Plenty.
Alan Sunderland and Iqbal Zafar

PART 1

45. Declarations of Interest

None were declared.

46. Minutes of the Last Meeting held on 13th December 2018

Resolved – That the minutes of the meeting held on 13th December 2018 be approved as a correct record.

47. Regulation of Investigatory Powers (RIPA) Activity 2018

The Service Lead, Regulatory Services, updated the Committee on the activity undertaken by the Council in terms of its statutory powers provided for under the Regulation of Investigatory Powers Act (RIPA) 2000.

No applications were made by council officers during 2018 for the authorisation of covert investigative powers under RIPA, which was in line with the trend of low activity over recent years with 1 application in 2017 and none in 2016 and 2015. Members were informed that the council was required to submit an annual return by 31st March to the Investigatory Powers Commissioner's Office (IPCO) and this would be compiled by the RIPA Co-ordinator and approved by the Chief Executive and Monitoring Officer.

The Committee was assured that the Council was in compliance with its strict policy and guidance on RIPA and the report was noted.

Resolved – That details of the report be noted.

48. Risk Management Update - Quarter 4 2018-19

The Service Lead Finance introduced a report that updated the Committee on risk management activity and the Corporate Risk Register. Brexit was not currently in the Corporate Risk Register but a Steering Group reporting weekly to the Corporate Management Team had been established to identify and manage the potential risks.

The Committee raised a number of issues and in response it was confirmed that the actions on risk CR3 relating to homelessness were being addressed and that a new Homelessness Strategy was being developed. The risks

arising from the termination of the Arvato contract were noted and Members were informed that a clear process was in place to achieve a smooth transition of services back to the Council on 1st November 2019.

It was agreed to circulate clarification to Members on CR8 on resilience and continuity plans as there was a missing word on page 15 of the agenda.

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

Resolved – That details of the Risk Management Update be noted.

49. Internal Audit Update - Quarter 4 2018/19

The Service Lead Finance introduced a report that updated on the progress in finalising draft internal audit reports and on the implementation of internal audit recommendations.

Three of the seven outstanding draft internal audit reports detailed in section 5.1.1 of the report had been finalised and the other four were expected to be soon. The percentage of audit actions completed had increased substantially from the last report from 53% to 80%. Members asked a number of specific questions about outstanding actions detailed in the appendix and explanations were provided. It was recognised that good progress was being made but there was more to be done to provide evidence that actions had been completed. Members also welcomed the improved presentation of the report which assisted the Committee in properly monitoring progress and performance. The report was noted.

Resolved – That details of the report be noted.

50. Internal Audit Progress Report - Quarter 4 2018/19

The Head of Internal Audit introduced the Internal Audit Progress Report that summarised activity against the 2018/19 Internal Audit Plan as at 26th February 2019.

Six reports had been finalised since the last meeting in December, five of which had substantial or reasonable assurance opinions. A partial assurance opinion had been given for the Health & Safety audit and summary of the findings was set out at Appendix A. Concern was raised that completion rates for mandatory Health & Safety training was low. It was responded that action had been taken to significantly improve the rate since the report had been finalised and that there was a further audit planned in 2019/20 to review progress.

Good progress had been made overall and in relation to the 2018/19 Head of Internal Audit Opinion Members were informed that whilst there had been some negative opinions during the year they would not currently lead to a qualified overall opinion being issued.

Members asked that future reports regarding information and briefings (section 3.4) included details of financial implications specific to Slough. In relation to financial support to local authorities for Brexit preparations it was noted that Slough would receive £210k from the Ministry of Housing, Communities and Local Government.

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

Resolved – That details of the report be noted.

51. Internal Audit Plan 2019/20

The Head of Internal Audit introduced the Internal Audit Plan for 2019/20 which set out the proposed Internal Audit priorities and schedules for the year ahead.

The plan had been developed to ensure sufficient coverage of areas included in the Corporate Risk Register such as temporary accommodation, the delivery of the transformation programme, corporate health & safety and the contract management of Everyone Active. A Member asked about the Matrix contract for the management of agency staff which had received a 'no assurance' opinion in 2016. The way in which the contract worked was explained and it was reported that there would be a further review to ensure the identified weaknesses had been addressed.

At the conclusion of the discussion the Committee approved the Internal Audit Plan for the coming year.

Resolved – That the Internal Audit Plan 2019/20 be approved.

52. External Audit Plan

Julie Masci, Engagement Lead from the Council's external auditor, Grant Thornton, introduced a report on the External Audit Plan for the year ending 31st March 2019. The report provided an overview of the planned scope and timescale for the audit.

The statutory deadline for publication of audited accounts was 31 July 2019 and implementation of the plan was expected to enable this deadline to be met. The audit would be completed in two stages with an interim audit in March 2019 and the year end audit taking place in June and July. It was expected that the Committee would receive an audit findings report at its meeting in July. The planned audit fee would be £98,193 for the financial statements and £42,490 planned for Housing Benefit certification work.

The Committee reviewed the significant risks that had been identified that would require consideration during the audit. These included management override of controls and the valuations of investment property and land and buildings. The identified risk of the valuation and accounting for Lender Option Borrower Option (LOBO) loans was raised as it was considered to be

a significant risk to authorities generally. The Service Lead Finance informed Members of the Council's use of such loans noting that it had had three LOBO loans but had now reduced this to two.

The Committee noted the External Audit Plan for the year to 31st March 2019.

Resolved – That details of the External Audit Plan be noted.

53. Grants Claims and Returns Certification

The Committee received a report prepared by the Council's former external auditor, BDO, that summarised the main issues arising from the certification of grant claims and returns for the financial year ended 31st March 2018. The report was noted.

Resolved – That details of the report be noted.

54. Recommendations of Member Panel on the Constitution - Review of the Constitution

The Service Lead Governance introduced a report that sought approval to recommend revisions to the Constitution to Council.

The draft revisions, which had all been considered by the Member Panel on the Constitution, related to provisions about children's care proceedings; updates to the ethical framework; settlement agreements; Members' interests; the introduction of a maternity/paternity policy for councillors; amendments to the Whistleblowing Code; policy on donations and sponsorships; and amended terms of reference for the Joint Parenting Panel.

The Committee welcomed the proposed revisions to the section on Members' interests which was clearer and simpler to understand. A question was asked whether the maternity/paternity policy for councillors included provisions in the unfortunate event of child bereavement and it was confirmed that this would be covered in the revised version that the Cabinet would consider at its meeting later in March.

After due consideration the Committee agreed to recommend the revisions to the Constitution to Council.

Recommendation to Council – That the revisions to the Council's Constitution, as set out in the report be approved.

55. Donations Policy

The Service Lead Governance introduced a report that sought approval for a policy on the acceptance of donations and sponsorships. The policy had been drafted at the request of the Committee at its meeting in December 2018.

It was proposed that the policy be incorporated into the Counter Fraud and Corruption Strategy which formed Part 5.7 of the Council's Constitution. The policy was set out in Appendix A to the report and after due consideration it was approved by the Committee.

Resolved – That the policy on acceptance of donations and sponsorships, as appended to the report, be approved.

56. Amey Indexation Update

The Service Lead Governance introduced a report that updated on the issue of indexation provisions in the Council's contract with Slough Enterprise Limited, which was a subsidiary of Amey UK Plc.

The background to the issue was explained and it was noted that further investigation and consideration had been given to the potential historic overpayment to the contractor. Since the last meeting of the Committee, the Council had engaged external consultants, Ethical Commercial Services Limited, who had reviewed the matter, in particular the calculation as set out in the Part II appendix. Members were informed that on the basis of this work it had not been possible to establish a basis for the claim of overpayment to have been made. The Committee was therefore informed that the Council did not intend to pursue the matter further.

The Committee asked a number of questions including the potential level of the overpayment. It was clarified that the Council had paid the contractor correctly at the time and there was therefore no financial exposure to the Council. The sum in question was a notional amount that could potentially have been reclaimed if the basis for a claim could have been established but no provision had been made for any figure to come back to the Council. Several Members of the Committee expressed concerns about the fact the calculation methodology hadn't been fully clarified and that it not been definitively established whether the Council had made overpayments. Officers provided assurance that the Council had taken expert advice prior to the decision not to take any further action and highlighted that contract management processes had since been strengthened to avoid a similar situation occurring the future.

Resolved – That details of the report be noted.

57. Exception Reporting to Overview and Scrutiny Committee

The Committee was reminded that this was a standing agenda item to provide a formal mechanism to refer relevant matters to the Overview & Scrutiny Committee. No matters were referred.

Resolved – That no matters be reported to the Overview & Scrutiny Committee arising from the agenda.

58. Members Attendance Record

Resolved – That details of the Members' Attendance Record 2018/19 be noted.

59. Date of Next Meeting - 18th July 2019

The date of the next meeting was confirmed as 18th July 2019.

60. Exclusion of the Press and Public

Resolved – That the press and public be excluded from the meeting during the consideration of items in Part II of the agenda as they involved the likely disclosure of exempt information relating to the financial and business affairs of any particular person (including the authority holding that information) as defined in paragraph 3 of Part 1 the Schedule 12A the Local Government Act 1972.

61. Amey Indexation Update - Appendix

Resolved – That Appendix A, Officers' comparative calculations of indexation payments, be noted.

Chair

(Note: The Meeting opened at 6.36 pm and closed at 7.58 pm)