

Audit and Corporate Governance Committee – Meeting held on Tuesday, 30th July, 2019.

Present:- Councillors Sabah (Chair), Wright (Vice-Chair, from 6.36pm), Ali, Hussain, D Parmar, S Parmar and Plenty

Co-Opted Independent Members: Mr Sunderland and Mr Zafar

Parish Council Representatives: Parish Councillor Escott (Colnbrook with Polye) and Parish Councillor Ahmed (Wexham Court)

Independent Person (Observer): Dr Louis Lee

Apologies for Absence:- None.

PART 1

1. Declarations of Interest

None were declared.

2. Minutes of the Last Meeting held on 7th March 2019

Resolved – That the minutes of the meeting held on 7th March 2019 be approved as a correct record.

3. Audit and Risk Management Update - Quarter 1 2019/20

The Service Lead Finance introduced a report that updated the Committee on the finalising of draft Internal Audit reports and the progress of implementing Internal Audit recommendations.

(Councillor Wright joined the meeting)

There were eight reports currently in draft which was a significantly better position than in the past. The Risk & Insurance Officer regularly monitored the progress of implementation and this was set out in section 5.2 of the report. The proportion of completed actions had fallen from 80% to 68% since the previous report, however, Officers considered that overall progress remained good. The Committee queried why five of the eight 'red' management actions identified in the past two years had not been implemented and why there were outstanding recommendations from more than two years ago that had not been implemented. It was noted that the Risk & Audit Board met monthly and prioritised monitoring of high priority actions and Officers explained some of the reasons why actions on business continuity identified in 2016 had not yet being completed. Action had now been taken and the vast majority of business continuity planning actions were now in place.

Members raised a number of other points about specific aspects of the report and the following actions were agreed:

- Outstanding Medium Risk Actions: Neighbourhood ASB Enforcement (page 20 of the agenda). The update was from June 2018 and more recent information from the relevant directorate would be circulated to the Committee.
- Outstanding Medium Risk Actions Appendix to be amended to include a column showing “Revised Implementation Date”, which would also provide further narrative on the status of the audit.
- Outstanding Medium Risk Actions: Contract Procedure Rules (page 27 of the agenda). The small number of overpayments identified was discussed and the Council’s systems and processes were explained. Details relating to amounts of monies identified in duplicate payments and whether these had been recovered would be sent to Committee Members.
- Outstanding Medium Risk Actions: Rent Accounts (page 22 of the agenda). Details of the procedure implemented regarding void properties weekly rental charge stopping in a timely manner would be circulated to the Committee.

The issue of the potential historic overpayment in the Council’s contract with Slough Enterprise Limited was raised again. The Committee was reminded that a full report and discussion had taken place at the previous meeting in March 2019. Officers reiterated that the Council had fully investigated the issue, and taken expert advice, which concluded that a claim could not be substantiated and the matter was therefore closed.

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

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

4. Risk Management Update - Quarter 1 2019/20

The Committee considered an update on risk management activity including the current Corporate Risk Register and the amended terms of reference of the Risk Management Board.

Members raised a number of issues during the course the discussion including the risks of the termination of the Arvato contract, which potentially included a reduction in income collection, costs associated with any late payments and reputational damage. Approximately 200 staff would transfer back to the Council from 1st November 2019. The Director of Finance & Resources highlighted that controls had been put in place including a Council-wide Arvato group and internal governance processes to mitigate the potential risks. Members also noted the anticipated benefits from bringing services back in house, which included the opportunities to better utilise IT to deliver the Council’s Transformation Programme.

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In relation to the action on Risk Ref 38: Information Governance and GDPR, Councillor Wright asked whether the recruitment of a Data Protection Officer had taken place. Officers would check the position and update Councillor Wright accordingly.

The report was noted.

Resolved –

- (a) That details of the Risk Management Update Quarter 1 2019/20 be noted.
- (b) That the amended Terms of Reference of the Risk Management Board be noted.

5. Internal Audit Annual Report 2018/19

The Internal Audit Senior Manager summarised the Internal Audit Annual Report for 2018/19. The Head of Internal Audit Opinion for the year was positive in that “the organisation had an adequate and effective framework for risk management, governance and internal control.” However, it was noted the audit work carried out over the year had identified further enhancements that could be made and these were detailed on pages 46 and 47 of the agenda.

The Committee discussed the factors influencing the audit opinion and the scope and limitations of audit work. It was noted that the end of year opinion given was the second highest of the four possible opinions the auditor could issue. A Member asked about the finding in the Conflicts of Interest audit that Council and committee minutes did not document whether a potential conflict had been “reviewed for impact.” The Service Lead Governance commented that the report later on the agenda on revisions to the Constitution included further steps to strengthen the Council’s processes in view of the internal audit. Members discussed a number of other questions about some of the findings that had informed the audit opinion including on debtors management and health & safety compliance for Council owned properties used for temporary accommodation.

At the conclusion of the discussion, the Internal Audit Annual Report and Head of Internal Audit Opinion were noted.

Resolved – That details of the Internal Audit Annual Report be noted.

6. Internal Audit Progress Report - Quarter 1 2019/20

The Internal Audit Senior Manager introduced a report that updated the Committee on progress against the Internal Audit Plans.

Fourteen reports had been finalised since the last report to the Committee. Whilst the majority had received positive assurance opinions the Committee

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noted that three – Debtors; Creditors; and Follow Up Q4 – had no or partial assurance. It was considered that reasonable progress had been made in implementing recommendations arising from internal audits.

The Committee asked questions about a number of specific audits including those relating to services provided by Arvato and the key findings from the Creditors audit set out in Appendix A. Councillor Plenty asked about the draft report of the Allotments Audit and it was agreed that a copy of the draft audit would be sent to Councillor Plenty and that he would also be advised whether the report could be shared with the Chair of the Allotment Association.

At the conclusion of the discussion, the Internal Audit Progress Report was noted.

Resolved – That details of the report be noted.

7. Statement of Accounts 2018/19

The Service Lead Finance introduced a report that sought approval to publish Slough Borough Council's 2018/19 Statement of Accounts. A draft of the document had been published on the Council website since June and they had been open to public inspection in accordance with regulations.

It was noted that the external audit by Grant Thornton had been delayed due to the limited resources available in the audit sector in the peak period for local government audits. Auditing of the statements had commenced on 16th July and it was therefore expected that the audit report would be presented to the Committee at the next meeting in September 2019.

Members discussed the timing of publication and circulation to the Committee and it was agreed that next year the Financial Statements for 2019/20 would be circulated to the Committee when the draft was published to the website.

After due consideration, the Committee approved the 2018/19 Statement of Accounts for publication.

Resolved – That the Statement of Accounts 2018/19 be approved for publication.

8. External Audit Progress Report and Sector Update

Julie Masci, the Engagement Lead at Grant Thornton introduced a report setting out progress on external audit activity as at July 2019, including the audit of the Council's financial statements, Value for Money and other areas such as the certification of claims and returns.

As had been reported earlier in the meeting, the delivery of the 2018/19 audit had been delayed due to constraints on Grant Thornton's audit resources, namely a lack of available specialist public sector auditors. They decided that a satisfactory audit could not have been completed by the deadline of the end

of July and Grant Thornton had informed the Public Sector Audit Appointments body, taking responsibility for the delay. It was noted that the Council had a responsibility to publish an explanation of why the audited accounts would not be available by 31st July and providing it did this the Council would not be in breach of its requirements under the Audit and Accountability Act 2014. There were no financial consequences to the Council arising from the deferral of the audit, which was now underway.

The Committee noted the update.

Resolved – That details of the External Audit progress report be noted.

9. Revision of the Constitution

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

The proposed revisions were summarised. The principal changes were to update the contract procedure rules at paragraphs 16.1 to 16.81 of the Financial Procedure Rules; an amendment to the Code of Conduct to clarify the position regarding the declaration of company directorships; and an additional sub-clause 2.2.4 to the Confidential Whistleblowing Code to provide specific guidance on the process of identifying and raising concerns relating to conflicts of interest and the anonymised publication of details of these breaches.

After due consideration, the Committee agreed to recommend the proposed 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.

10. Annual Governance Statement

The Service Lead Governance introduced a report that recommended approval of the draft Annual Governance Statement for 2018/19. It was a statutory requirement to review the effectiveness of the authority's internal controls and to prepare an annual statement.

The Council sought to follow the guidance set out in the CIPFA/SoLACE Framework for Delivering Good Governance. In relation to Principle B which stated that all meetings should be open to the public, a Member highlighted that the Council's Trustee Committee met in private and the agendas and minutes were not published. The Service Lead explained that the Trustee Committee was not a statutory committee and had been established following external legal advice to strengthen the governance arrangements of a number of trusts for which the Council acted as a corporate trustee. Following the points raised by the Member, further external advice would be sought from the solicitors to check the status of these meetings and, if necessary, any

recommendations to change the processes would be made to the Member Panel on the Constitution.

It was noted that the Cabinet had recently agreed to establish a Commercial Sub-Committee to strengthen the governance on certain commercial and contract management matters. Reference was made to the Sub-Committee but it was not considered by Members to be particularly prominent and it was agreed that this would be considered and reflected in next year's Annual Governance Statement.

At the conclusion of the discussion, the Annual Governance Statement 2018/19 was approved.

Resolved – That the Council's Annual Governance Statement as set out in the Appendix to the report, be approved.

11. Schedule of Activity - Code of Conduct Complaints

The Service Lead Governance introduced a report that updated on the activity undertaken by the Council's Monitoring Officer in relation to the Councillors' Code of Conduct.

For the benefit of new members, the role of the Committee in relation to complaints about councillors or parish councillors was explained and it was noted that the purpose was to receive an overview of activity to ensure that procedures were being followed, rather than discussing details of specific complaints. Members asked a number of questions about the position and outcomes of several of the complaints and the Service Lead answered them where appropriate. It was proposed that a separate report on the lessons learned from Code of Conduct complaints be considered at the meeting in December to identify any trends or patterns. Future reports would also include "Lessons Learnt/Update in Procedures" column.

At the conclusion of the discussion the report was noted.

Resolved – That details of the report be noted.

12. Schedule of Activity - Whistleblowing Complaints

The Committee received an information report that updated on the activity undertaken by the Council's Monitoring Officer in relation to complaints received under the Confidential Whistleblowing Code. The report was noted.

Resolved – That details of the report be noted.

13. Local Government and Social Care Ombudsman - Complaints, Findings and Recommendations

The Committee considered an information report that updated on complaints to the Local Authority and Social Care Ombudsman and the findings and recommendations.

Members asked for further details on the complaint about the Home to School Transport Policy and it was responded that the policy was being reviewed in light of the Ombudsman's findings and would be adopted as soon as possible after the review was complete so that future applications would be considered under a revised policy.

The report was noted.

Resolved – That details of the report be noted.

14. Date of Next Meeting - 19th September 2019

The date of the next meeting was confirmed as 19th September 2019.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.45 pm)