

Audit and Corporate Governance Committee – Meeting held on Wednesday, 22nd November, 2023.

Present:- Councillors O’Kelly (Chair), E. Ahmed (Vice-Chair), Akram, Anderson, W. Sabah, Shaik and Zarait

Also present under Rule 30:- Councillors Mann and Muvvala

Apologies for Absence:- Councillor Rana and Naira Bukhari

PART 1

25. Declarations of Interest

Councillor O’Kelly declared that he was chair of governors at St Mary’s Church of England Primary School. He stayed and participated in the meeting.

26. Minutes of the Last Meeting held on 13th September 2023

Councillor Ahmed proposed an amendment to Minute 19 as follows:

Current wording:

“The Vice-Chair stated that he would continue to ask questions that he deemed relevant in regard to agenda items and would not be advised whether what he was asking was appropriate or repetition. Councillor Akram stated that she was leaving the meeting due to the discourteous manner in which the Vice-Chair had spoken to her.”

Amendment proposed by Councillor Ahmed, seconded by Councillor Shaik:

“The Vice-Chair stated that he would ask questions that he deemed relevant in regard to the agenda items and asked Councillor Akram not to make political scores but instead ask the specific questions if she has to the committee. Councillor Akram stated that she was leaving the meeting due to the discourteous manner in which the Vice-Chair had spoken to her.”

The amendment to the minutes was put to the vote and lost, with 2 votes for, 3 against and 1 abstention.

Resolved - That the minutes of the meeting held on 13th September 2023 be approved as a correct record.

27. Action Progress Report

A Member asked for an update following the meeting held on 1 November 2023 between the Chair, Commissioners, Monitoring Officer and Group Leaders regarding the committees terms of reference. The Chair informed the

meeting that he was awaiting a formal written response from the Lead Commissioner. The Deputy Monitoring Officer confirmed that the committee was properly constituted and able to conduct its business. Councillor Anderson stated that in his view no progress had been made since the last meeting and he did not believe the committee was properly constituted, therefore he would be staying as a member of the committee but would be abstaining on all resolutions made by the committee for the duration of the meeting.

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

(Councillor Anderson abstained from voting on the above)

28. Slough Children First Governance Review - Update on Progress

The Committee received the latest update report that summarised progress made on actions recommended following the Slough Children First (SCF) Governance Review.

The Assistant Director, Legal and Governance reminded Members of the background to the company and the governance review that had been undertaken. It was reported that some indicators had moved from 'Green' to 'Amber' since the previous update to the committee in September. These included the need for updated contractual key performance indicators (KPIs), formal contract monitoring meetings, reporting against the business and improvement plan and risk management. The steps being taken in each of these areas was summarised and it was noted that significant progress had been made which provided the reasonable prospect of improvements in the RAG ratings in the next report. One of the key areas of the progress was the development of a clear and focused business and improvement plan, including the updated KPIs, for which Cabinet approval would be sought in December 2023.

The new Chair of SCF, Simon Baker, and Nina Robinson, SCF Independent Non-Executive Director were welcomed to the meeting. Mr Baker acknowledged that the company's governance was an important part of the Council's wider recovery plan and outlined some of the areas of improvement that the SCF Board was prioritising.

Several members of the committee expressed concerns that some of the 'Amber' rated areas, such as updated KPIs, financial controls and risk management, were basic requirements expected of any well-run company and sought assurance that sufficient action was in place to move them to 'Green' in the short term. It was responded that the company had put in place new leadership during the year, including the recruitment of a permanent Director of Children's Services/Chief Executive of SCF in January 2023 and the new chair had been appointed in August 2023, and this was accelerating improvements. However, the legacy issues the company faced and considerable pressures on the costs, demands and complexity of children's

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services meant that it would take time to put in place and embed the necessary improvements.

A councillor highlighted that the Council's spending on children's services had risen significantly over the past decade to circa £40m, but it was not apparent that this additional investment had delivered a comparative improvement in service provision. The Chief Executive of SCF responded to the points raised and highlighted that significant financial controls had been put in place; that the average cost of placements was lower than in 2016 and the lowest in the South East; and that the actions taken to reduce legal costs and improve staff recruitment and retention were showing signs of success. Members requested that benchmarking data with Berkshire and comparative local authorities regarding the unit costs per child to the service be circulated to members of the committee. SCF representatives provided reassurance that the company was committed to driving down costs and to improve services for children.

Other issues raised included the change in the rating of the company's internal audit arrangements from 'Green' to 'Red' following a review of historic internal audit reports and the failure of the company to produce an annual report for 2022/23. Assurance was given that the internal audit and risk management issues were being addressed. The Cabinet would consider the requirement for the company's annual report in December.

In addition to the reports to the Audit & Corporate Governance Committee the opportunities for Members to scrutinise the progress of the company at Cabinet and through the Corporate Improvement Scrutiny Committee work programme were highlighted and the Chair of SCF invited Members who wished to discuss the issues raised in more detail would be welcome to contact him outside of the meeting.

At the conclusion of the discussion the report was noted.

Resolved – That progress made as set out in Appendix 1 to the report be noted.

(Councillor Anderson abstained from voting on the above)

29. Internal Audit Progress Report Quarter 3 2023/24

The Internal Audit Manager introduced the report setting out progress on the implementation of internal audit reports and actions for 2021/22 and 2022/23 and actions being taken by the Corporate Leadership Team and Department Leadership Teams to respond to internal audit reports and associated outstanding actions.

Details regarding internal audit actions were outlined as

- 2021/22 - 229 actions (70%) of actions due had been completed, with a further 98 actions that were overdue the agreed date of

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implementation. 9 of these were rated high, 55 medium and 34 low rated.

- 2022/23 - 90 actions (40%) of actions due had been completed, with a further 75 (33%) of actions not yet due for completion. 60 actions were overdue the agreed date of implementation - 18 of these were rated high, 30 medium and 12 low rated.
- 2023/24 – 67 recommendations made of which there were 15 high, 36 medium and 16 low rated. 46 recommendations had not been allocated an action owner due to audit reports not having been finalised. 14 actions (21%) not yet due for completion. 7 actions were overdue the agreed date of implementation - none of which were rated high, 4 medium and 3 low rated.

It was brought to Members attention that the implementation of AuditBoard was currently underway with an expected 'go-live' date of 15th December 2023. This would assist in building value-adding, fit for purpose audit services that would cater for the Council's present and future requirements.

A Member expressed concern that given the number of current vacancies within the internal audit team, the internal audit plan as agreed by the Committee in July 2023, would not be delivered; and asked what measures were being taken to address this. The Committee were informed that vacancies had been advertised and an update would be provided at the next meeting. In the event no suitable applications were received, option to bring in temporary resources, if required, would be considered. It was anticipated that AuditBoard would significantly assist the internal audit team in efficiencies and management of workload.

In response to how internal audit work was linked to external audit it was explained that it impacted on the council's Annual Governance Statement and provided indicators as to whether value for money was being delivered.

Resolved - That details of the report be noted, specifically

- that a detailed review of all outstanding recommendations continues to be carried out. The output from which has been shared with the Departmental Leadership teams for actioning overdue and other outstanding actions. Update analysis has been provided as of 3rd October 2023.
- the current and future resourcing issues that affect the delivery of the current audit plan for the financial year.
- the implementation of AuditBoard is currently underway with expected 'go-live' date of 15th December 2023. This will help build a value-adding, fit for purpose audit services that will cater for the Council's present and future requirements.

(Councillor Anderson abstained from voting on the above)

30. Risk Management Strategy

The Executive Director, Finance and Commercial presented details of the new draft Risk Management Strategy. The document set out the Council's strategy and approach to the management of risk, demonstrating its intention to continue to develop the maturity of Enterprise Risk Management (ERM) across the organisation during 2023/24 and beyond to support the delivery of the Council's strategic priorities and outcomes. The Committee was reminded that the strategy would be referred to Cabinet for formal adoption.

Members welcomed the draft strategy. It was noted that prior to submitting the strategy to Cabinet for consideration, Section Part 3 – Roles and Responsibilities - of the document would be updated to reflect that Cabinet had responsibility for approving the document.

Resolved -

(a) That the Risk Management Strategy for 2023/24 be endorsed which incorporates:

- i. Revised likelihood measures.
- ii. A quadrant-based system of risk treat allocation.
- iii. An outcome orientated approach to defining risk.
- iv. Pursuance of a systemised solution to the recording and management of risks.

(b) Recommend that the Risk Management Strategy be referred to Cabinet for approval.

(Councillor Anderson abstained from voting on the above)

31. Audit of Accounts 2018/19 Progress Update

Julie Masci from Grant Thornton, the Council's external auditor, introduced a report on the Audit of the Accounts 2018/19. The report had been prepared to seek to understand the root causes that led to the significant problems with the 2018/19 audit and included a range of interviews with Council officers. The objectives had been to learn lessons and avoid a repeat of the mistakes made during that period and help the Council put in place an adequate financial framework for the future.

The conclusion was that there had not been a single dominant causal factor, but the problems had been caused by a range of issues, some of which were linked to wider problems in the Council at that time. Key factors included the reduced size of the finance team at a time when demands were increasing due to increasing complexity of accounting transactions, particularly relating to property; the extensive use of interim staff; weaknesses in account processes and systems; poor quality or missing working papers; and issues relating to organisational culture with the finance function not sufficiently valued within the wider organisation.

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There had been significant focus on these issues since the Section 114 Notice had been issued in July 2021, with a comprehensive Finance Action Plan being developed and implemented. It was recognised that the depth of the problems in the Council and wide ranging set of actions to achieve the required improvements meant that it would take some considerable time to deliver and embed the action plan.

The Committee welcomed the report. Members asked a number of questions including about the current status of the 2018/19 accounts. It was noted that all audit work had been completed in relation to 2018/19 and the formal Letter of Representation from the Section 151 Officer and Chair of the Audit & Corporate Governance Committee was awaited shortly and would complete the process. An update was provided on the national local government audit backlog which would impact on the process and timescale for closing the accounts for subsequent years. It would not be value for money to carry out further detailed work on the financial statements for prior years until the national guidance was received.

Members discussed some of the specific lessons learned including accounting systems and processes and the importance of a strengthened internal audit function identifying any problems at a much earlier stage so the Council could address them.

At the conclusion of the discussion the committee thanked Ms Masci and her colleagues at Grant Thornton for the report which was then noted.

Resolved – That details of the report be noted.

(Councillor Anderson abstained from voting on the above)

32. Annual Governance Statement Progress Update

The Assistant Director, Legal and Governance, provided an update on progress against the Action Plan in the Annual Governance Statement 2022/23 (AGS). The AGS was a critical part of the Council's corporate governance processes and reviewing action against previous year's AGS's provided a means to assess whether appropriate focus was being applied to the improvement required.

The AGS contained a list of issues identified for specific action and progress against each of these was outlined. Specifically, measures implemented to supporting new and inexperienced members were highlighted.

Members were informed that the next update report would include a rating on whether satisfactory progress has been made to mark actions as complete. This would in turn inform which actions were required to be included in the development of the next annual governance statement.

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A Member asked whether closing of outstanding statement of accounts for previous years was on track. The Executive Director, Finance and Commercial provided an update position on outstanding accounts as –

- 2018/19 Accounts awaiting final sign-off from the auditors, Grant Thornton.
- 2019/20 Accounts prepared and sent to external audit.
- 2020/21 Accounts partially prepared but yet to be fully completed, in light of 2019/20 waiting audit.
- 2021/22 to be completed (work had started)
- 2022/23 to be completed (work had started)

Work was ongoing to complete all outstanding accounts and the latest position was subject to national guidance being issued around catch up arrangements for outstanding external audits across the country.

Julie Masci, from the Council's external auditors Grant Thornton, reiterated that the council was expected to produce statement of accounts but the level of audit required on these by external auditors was dependent on government guidance. It was anticipated that accounts up to 22/23 would not require detailed audits - recognising the failings of previous years and focus on recent years to see whether value for money was being delivered.

Resolved - That details of the update be noted.

(Councillor Anderson abstained from voting on the above)

33. Work Programme 2023/24

Resolved - That details of the work programme 2023/24 be noted.

34. Members Attendance Record

Resolved - That details of the Members attendance record be noted.

35. Date of Next Meeting - 17th January 2024

The date of the next meeting was noted as 17th January 2024.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.32 pm)