

Audit and Corporate Governance Committee – Meeting held on Wednesday, 17th January, 2024.

Present:- Councillors O’Kelly (Chair), Akram (Vice-Chair), Anderson, Rana (from 6.34pm), W. Sabah, Shaik and Zarait.

Co-Opted Members:- Naira Bukhari (from 7.15pm), Tony Haines, Rupa Sidpara and Jen Simpson.

Also present under Rule 30:- Councillors Mohindra and Muvvala

Apologies for Absence:- Councillor E. Ahmed

PART 1

36. 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.

Co-opted Member Rupa Sidpara declared that she was Vice-Chair of Governors at St Mary’s Church of England Primary School. She stayed and participated in the meeting.

37. Minutes of the Last Meeting held on 22 November 2023

Resolved - That the minutes of the meeting held on 22nd November 2023 be approved as a correct record.

38. Action Progress Report

It was noted that the update on outstanding IT actions, as set out in the action progress report, would be re-scheduled to discuss at the extraordinary meeting.

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

39. Update on Internal Audit

The Committee considered details of the internal audit progress report. The Internal Audit Manager summarised progress on the implementation of internal audit reports and actions for 2021/22, and 2022/23, progress on recruitment to the Internal Audit Team and the Risk and Insurance Team and highlighted details of a revised Internal Audit Plan for the remainder of 2023/24 together with an initial proposal for the 2024/25 Internal Audit Plan.

A Member asked what challenges there were in audits being carried out, specifically in obtaining necessary documentation and information required.

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The Internal Audit Manager explained that practices varied in directorates but generally, high turnover of staff and lack of organisational knowledge contributed to whether audits were being conducted and finalised in a timely manner.

Speaking under Rule 30, Councillor Mohindra raised a number of points. Referring to outstanding high risk relating to council tax debt, it was asked what was the amount of debt that would be written off and what controls and measures would be put in place to recoup the debt. The Executive Director, Finance and Commercial stated that a written answer would be provided regarding the amount of council tax debt written off and that future risk management reports would also include this information. Councillor Mohindra also raised the issue of duplication of creditors, noting that almost a third were duplicated during 22/23. It was explained that system changes were being implemented, with a report being run at the end of every month to identify and address any duplicate suppliers.

Referring to Commissioner comments within the report, a Member asked how testing was undertaken in providing an opinion as to whether actions had been completed. The Internal Audit Manager explained that evidence from officers, including documenting and evidencing that actions had been by completed, was a prerequisite in marking actions as done - verbal assurances were not accepted and all actions required a written evidence trail from the action owner.

Resolved -

- That the amended Internal Audit Plan for 2023/24 at Appendix C of the report be approved;
- That details of the draft Internal Audit Plan for 2024/25 be noted and to note that the Internal Audit Plan would be brought back to Committee in March 2024 for approval;
- That the progress update in relation to outstanding internal audit actions be noted.

40. Treasury Management Outturn 2022/23

Members received a report on the Treasury Management Outturn position for 2022/23. The report set out details of treasury activities of the Council during the financial year 1st April 2022 to 31st March 2023, its borrowings, investments and cash balances; demonstrating the Council's compliance to the approved Treasury Management Strategy, policies and its overall recovery vision. It was noted that the approach to returning to a financially sustainable footing, principally meant reducing debt by disposing of assets.

The key risks for future investment activity were highlighted as asset sales either not generating the expected receipts or being delayed. The mitigation was using external consultants to ensure best consideration was achieved through a managed asset disposal plan.

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Interest rates rising and therefore increased borrowing costs was also raised as a risk. It was brought to the Committee's attention that although the temporary borrowing portfolio was at risk of interest rate rises, this could be mitigated by locking into Public Works Loan Board borrowing and shifting the focus away from temporary borrowing.

It was stated that Treasury Management Outturn reports would be provided to the Committee on an annual basis to ensure that there was Member oversight to assess the performance of any investment programme and associated risks.

Resolved -

1. That the Treasury Management Outturn Report at Appendix 1 be noted.
2. That the report be referred to Cabinet for noting as part of the Council's budget setting process.

41. Treasury Management Quarter 1 2023/24

The Head of Treasury set out the Council's Treasury Management position for Quarter 1 of 2023-24. As of 30th June 2023, the Council had net borrowing of £433m arising from its revenue and capital income and expenditure. The Council had pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

A Member commented that net borrowing was currently at £433m and asked how the Council would reduce this down to the national average of £350m. It was stated that this would primarily be achieved via the asset disposal programme. It was noted that although the risk associated with short term borrowing had been eliminated; completion of asset disposals and volatility in interest rates remained the biggest risks to the overall treasury management strategy. Following a Member request, it was agreed that maturity dates for loans from the Public Works Loan Board would be included in future reports.

Resolved - That the Treasury Management Report Q1 2023-24, at Appendix 1, be noted.

42. Proposed Audit Fees

The Executive Director, Finance and Commercial introduced the report, setting out details of the increase of price for audit fees as set by the Public Sector Audit Appointments (PSAA) scheme. PSAA was the body responsible for appointing an external auditor and setting scales of fees for relevant principal authorities that had chosen to opt into its national scheme. Slough was one of 532 public sector organisations within the scheme.

It was explained that following a consultation by the PSAA in September 2023, audit fee costs would be calculated using the following formula:

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- the scale fee for the previous year (2022/23), as the starting point;
- adding in fees for any changes in the audit work now needed, replacing the need for fee variations where possible; and
- taking the total of the previous scale fee plus the additional work needed (a plus b) and applying the procurement adjustment of 151% for the new contract rates for audit firms

Concern was expressed with regard to the significant increase in fees and assurance sought whether value for money was being obtained. Members were informed that it was a statutory requirement to have external auditors and that the pressure was incorporated into the budget setting process within the draft budget presented to Cabinet in December 2023. Comment was made that additional work carried out for current and previous statements of account be used to inform the accounts going forward with a view to reduce the overall audit fee.

Resolved - That the increased audit fee from £98k in 2023/24 to £472k in 2024/25 be noted.

43. Work Programme 2023/24

The Executive Director informed Members that a timetable was being put together which would inform the Committee's future work programme with regard to receiving the outstanding Statement of Accounts.

Resolved - That details of the work programme be noted.

44. Members Attendance Record

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

45. Date of Next Meeting - 20th March 2024

The date of the next ordinary meeting was noted as 20th March 2024.

Members are also informed that there was likely to be an extraordinary meeting scheduled in February 2024 to consider the Treasury Management Strategy 24/25.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 7.55 pm)