

## **Audit and Corporate Governance Committee – Meeting held on Wednesday, 19th July, 2023.**

**Present:-** Councillors O’Kelly (Chair), E. Ahmed (Vice-Chair), Akram (until 6.48pm), Rana, W. Sabah (until 6.48pm) and Shaik

**Also present under Rule 30:-** Councillors Mann

**Apologies for Absence:-** Councillors Anderson and Zarait  
Co-Opted Member - Naira Bukhari

### **PART 1**

#### **1. 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.

#### **2. Audit & Corporate Governance Committee - Terms of Reference**

Details of the Committee’s terms of reference (ToR) were outlined for information. Referring to arrangements for membership of the Committee, queries were raised regarding Members ability to consider reports presented to the meeting, given that the ToR specified that Councillors should be selected following a skills audit of the committee and must have completed the CIPFA self- assessment, prior to serving on the Committee. A Member also questioned the appointment of the Chair of the Committee, reminding Members that CIPFA best practice stipulated that an opposition Member be appointed Chair of the audit Committee.

The Executive Director, Finance and Commercial reminded Members that a training session was held in June 2023 and further training would be provided during the municipal year which would be aligned to the work programme of the Committee. It was noted that the self-assessment form would be circulated to Members prior to the next meeting.

Concern was also raised that the ToR stated that up to four co-opted (non-voting) Independent Members be appointed to the Committee and that none were present. It was clarified that the ToR stated that there must be a minimum of one Independent Member appointed to the Committee, which was the case and arrangements were ongoing to appoint to the remaining vacancies.

In addressing the meeting, the Best Value Commissioner stated that although a number of valid points had been raised, the reports being considered by the Committee were not of a technical nature and that sufficient training had been provided to Members to consider the reports being presented at the meeting. Referring to training, it was noted that a training programme aligned to when

## **Audit and Corporate Governance Committee - 19.07.23**

specific reports were presented to the Committee would be preferable as opposed to training only being given at the start of the municipal year.

*(Councillors Akram and W Sabah left the meeting)*

**Resolved** - That the Terms of Reference be noted.

### **3. Minutes of the Last Meeting held on 14th March 2023**

**Resolved** – That the minutes of the meeting held on 14<sup>th</sup> March 2023 be approved as a correct record.

### **4. Action Progress Report**

The Head of Accommodation, Housing, informed the Committee that work had recently begun on formulating an approach to identify households which were no longer owed a duty to be accommodated under the Housing Act 1996 and that an update would be provided at the September meeting.

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

### **5. Internal Audit Annual Report 2022/23**

The Head of Internal Audit for 2022/23, Mr Harris, introduced the Internal Audit Annual Report for 2022/23 which provided the annual opinion on the overall adequacy and effectiveness of Slough Borough Council's risk management, control and governance processes.

The Committee noted that the 2022/23 opinion would be the final one issued by the outsourced internal audit team from RSM. The plan and internal audit provision from 1<sup>st</sup> April 2023 was now led by the new in-house team.

Mr Harris stated that internal audit plan for the 2022/23 financial year had been completed with 21 final reports issued and a further 6 still in draft awaiting management responses. An overview was provided of the audit conclusions and it was noted that a large majority of the 27 audits had received negative opinions - 9 with minimal assurance, 7 partial assurance, 3 with little progress for follow up audits and 4 advisory reviews where significant issues had been identified. The overall internal audit opinion for 2022/23 was a negative (qualified) opinion, which was the third qualified head of internal audit opinion in succession.

The Executive Director, Finance & Commercial highlighted that the annual report looked back over the year up to 31<sup>st</sup> March 2023 and that several of the reports later in the agenda would set out the progress being made to address the range of weaknesses identified and the work of the new internal audit team to strengthen processes, for example to improve the tracking of internal audit actions. The Committee sought assurance that there was sufficient commitment from management to seek to close down actions in a more timely

## **Audit and Corporate Governance Committee - 19.07.23**

way than had historically been the case. The Executive Director highlighted the processes in place to ensure directorates across the Council were reviewing and responding to the recommendations and actions arising from audits. Regular reports on the progress being made would be provided at future meetings.

Members commented on the format of the reports on the agenda and felt they could be more clearly presented in the future. Members feedback was welcomed and Officers would work with the new Chair to identify any areas in which the presentation of reports to the Committee could be improved, noting that the current format was in line with that requested by the previous committee. The report was noted.

### **Resolved –**

- (a) That the Internal Audit Annual Report 2022/23 be noted.
- (b) That the Committee expected management to ensure that the issues and weaknesses identified were being addressed in line with the timescales agreed.

## **6. Internal Audit Progress Report 2022/23**

The Head of Internal Audit for 2022/23, Mr Harris, summarised a report that set out the progress made to deliver the 2022/23 Internal Audit Plan for the Council. The report covered audits from the 2022/23 plan only, and a separate report later in the agenda detailed progress on the 2023/24 plan.

It was noted that 9 final reports from the 2022/23 audit plan had been issued since the previous meeting and 6 reports remained in draft. There were a number of reports where significant weaknesses to the internal control framework had been identified, which needed to be addressed. No changes to the 2022/23 Internal Audit Plan had been made since the previous meeting of the Committee in March.

The report was noted.

**Resolved –** That the Internal Audit Progress Report for 2022/23 be noted.

## **7. Revised Internal Audit Plan 2023/24 & Internal Audit Charter**

The Committee considered a report that updated on the revised Internal Audit Plan for 2023/24 and the draft Internal Audit Charter, which underpinned the plans and practice of the Council's internal audit team.

The Head of Internal Audit, Mr Mansour, summarised the key aspects of the report. The Internal Audit Plan for 2023/24 had been approved by the Committee in March 2023, however, the new internal audit had revised the plan to take into consideration the Council's recovery plans and the resources available. The plan was flexible and would be reviewed on a rolling 3-month

## **Audit and Corporate Governance Committee - 19.07.23**

basis and would take into account an evaluation of relevant information from across Council departments and emerging risks to the authority. It was considered there was adequate coverage across the Council.

Members asked about the how major risks were assessed for inclusion in the audit plan. The Head of Internal Audit explained the process undertaken which included a review of the Corporate Risk Register, the work being carried out to improve directorate risk registers, discussions with executive directors, CIPFA and DLUHC reports and the factors that contributed to the Section 114 notice and efforts to implement the recovery plan. In response to a question Members were assured that the plan as set out in Appendix 1 to the report had been developed and evaluated by the new in-house internal team and was not a 'legacy' plan from the outgoing internal auditor, RSM.

The Executive Director, Finance & Commercial explained the context of the new plan including the establishment of the new internal audit team and a new Committee following the elections in May 2023. The quarterly review process would give the Committee an opportunity to shape the plan as it identified potential audit areas over the course of the year and for the 2024/25 plan.

At the conclusion of the discussion the revised Internal Audit Plan and the draft Internal Audit Charter were approved.

**Resolved –** That the report be noted and the revised Internal Audit Plan and draft Internal Audit Charter be approved.

### **8. Internal Audit Progress Report - Quarter 1 2023/24**

The Internal Audit Manager introduced a report that set out progress on internal audit activity for the first quarter of 2023/24.

Members were updated on the progress of the recruitment of the new in-house internal audit team and the handover process with RSM, who would continue to deliver some Q1 2023/24 audits. Senior level posts in the new team had been successfully recruited and the Committee was informed that the team was able to operate at full capacity.

In relation to the tracking of internal audit actions, it was noted that good progress had been made with all historic actions from pre-2021/22 no completed. For 2021/22, 185 actions, which was 57% of the total, had been completed, however, 133 actions were overdue and there was a concerted effort across the Corporate Leadership Team to close the remaining actions. For 2022/23, 41 actions had been completed and 54 were overdue as of 9<sup>th</sup> June 2023. The Head of Internal Audit highlighted that a target of 0%, with a tolerance of 10%, of all high priority actions for audits performed in 2023/24.

Members asked a number of questions about the internal audit process including the timescales and reporting arrangements. Audits were at various stages of completion at any one point in time and there was a monthly

## **Audit and Corporate Governance Committee - 19.07.23**

monitoring process in place to review the progress of completed actions. Members recognised that there had been a significant historic backlog of internal audit actions that had built up over several years and sought assurance that these would still be followed up to ensure the weaknesses identified had been properly addressed. Officers had strengthened the arrangements for monitoring and verifying the completion of audit actions and Members were assured that they were only closed when management had provided evidence that the action had been completed.

The report was noted.

**Resolved –** That the report be noted including:

- The progress on recruiting to an in-house team with key members of the new in-house team being onboarded during February to June 2023.
- That there were no outstanding actions pre 2021/22.
- That a detailed review of all outstanding recommendations continued to be carried out to further cleanse the data, the output from which had been shared with the new Departmental Leadership teams for actioning overdue and other outstanding actions. Updated analysis had been provided as of 9th June 2023.
- A target of 0%, with a tolerance of 10%, had been introduced for all high priority audit actions for audits performed in 2023/24.

### **9. Risk Management Update - Quarter 1 2023/24**

The Committee received an update report on the corporate risk register.

The Executive Director, Finance & Commercial highlighted that the Corporate Leadership Team had recognised that further work was needed on the register and that a revised and updated version would be brought to the next meeting of the Committee in September. The departmental risk registers were also being improved and, in line with the suggestion of Commissioners, the Committee may wish to invite individual departments to future meetings to review their risk registers.

Members discussed some of the key risks identified in the register including the service, financial and governance risks in children's services which had been in intervention for a prolonged period. The Executive Director, People (Children) explained some of key aspects of the improvement plan and governance arrangements. A separate report on Slough Children First was to be considered later in the meeting.

The report was noted and it was agreed an updated risk register would be presented at the next meeting.

**Resolved –**

- (a) That the Council's corporate risk register be noted.

- (b) That the recruitment of the Head of Financial Governance, Internal Audit, Counter Fraud, Risk, and Insurance who together with the Risk and Insurance Manager and the Risk and Insurance Officer would be responsible for developing and taking forward the risk management strategy be noted.
- (c) That the introduction of a new Risk Register template and the efforts to explore software solutions that may further enhance the visual presentation of risk management reporting as well as facilitate the analysis, collation, and reporting of information be noted.

**10. Progress of the Corporate Fraud Team 22/23 and Plan for 23/24**

The Counter Fraud Manager introduced a report that set out the range of work undertaken by the Corporate Fraud Team (CFT). The Council had a statutory responsibility for the proper administration of its financial affairs which included having effective systems for the prevention, detection and investigation of fraud and corruption.

The report summarised activity, key highlights and future priorities of the CFT. The team worked in a range of high-risk areas included social housing fraud, Right to Buy fraud, Council Tax fraud, corporate and internal fraud, social care and the financial investigations including under the Proceeds of Crime Act. Some key achievements included the verification processes undertaken by the Council of Covid-19 business grants and successful financial investigations resulting in a confiscation order of £318k. During the 2022/23 financial year the CFT closed a total of 57 cases. The Fraud Risk Assessment was to be introduced in the 2023/24 financial year.

Members of the Committee commended the team for their important work and asked a number of questions including whether the team had the necessary support to continue to protect the authority from fraud. The Executive Director, Finance & Commercial highlighted the importance of fraud prevention and detection and confirmed the strong support of the Corporate Leadership Team for the work of CFT, including working closely with council departments such as housing, adult social care and internal audit. There was an opportunity to extend the bespoke training CFT had created on counter fraud awareness to more staff across the authority and to councillors. Members asked for assurance that where historic poor practice had been identified as a result of investigations that appropriate action was taken to strengthen processes and controls. The Executive Director confirmed that learning from incidents and addressing any weaknesses in processes that could have prevented them was an important priority.

At the conclusion of the discussion the report was noted.

**Resolved –** That the update on the Counter Fraud Team be noted.

## **11. Annual Governance Statement**

The Head of Legal outlined details of the Annual Governance Statement (AGS) for the previous financial year. The AGS was a statutory document, which explained the processes and procedures in place to enable the council to carry out its functions effectively. The draft statement had been produced following a review of the council's governance arrangements and included an action plan to address the overarching governance issues identified.

Members were reminded that whilst a draft AGS was prepared for 2020-21, this was not taken to Committee for formal approval, nor was there a draft produced for 2021-22. It was challenging for current officers to review governance arrangements and the suitability of action plans going back several years and a decision had therefore been taken to focus attention on the governance review of 2022/23 to inform the 2022/23 AGS.

It was explained that the AGS was a valuable means of communication which enabled the Council to explain to its residents, service users, tax payers and other stakeholders its governance arrangements and the controls it has in place to manage risks of failure to deliver its outcomes and priorities. Whilst this was important for all local authorities, it was even more critical for an organisation such as the Council, which had been identified to have failed in its corporate governance processes and to have failed to meet its statutory best value.

Issues that had been identified for specific action within the AGS were highlighted to the Committee, noting that these were widely drawn to reflect general areas of improvement and linked to the Council's recovery plans aligned to the DLUHC statutory direction. A number of points were raised in the ensuing discussion including a request for an update on Housing Management and it was noted that this would be provided at the next committee meeting.

Referring to the Closure of Statement of Accounts a Member asked what assurance could be provided that previous accounts would be closed off. The Executive Director, Finance and Commercial stated that the 2018/19 accounts were currently with the External Auditors awaiting sign off. However, it was brought to Members attention that there was a significant national backlog in local government relating to closure of statement of accounts and external auditors capacity to address this and that the issue was being looked at by CIPFA and the Department of Levelling Up, Communities and Housing. It was noted that there was a potential for previous years outstanding statement of accounts being closed in a more timely manner but further details from DLUCH were awaited. An update would be provided at the next meeting and an all member briefing arranged in due course. The Chair stressed the importance of resident engagement on this matter to provide them with assurance that lessons had been learnt and ensuring systems were in place to prevent the Council finding itself in a similar position in future.

## **Audit and Corporate Governance Committee - 19.07.23**

A Member sought assurance that actions identified regarding complaints had been put in place and it was noted that the Annual Statutory Complaints report would be scheduled for the September committee meeting.

### **Resolved -**

- (a) That the Annual Governance Statement for 2022/23, as set out at Appendix 1 of the report, be approved.
- (b) That the issues arising and proposed actions identified in Appendix 1 be noted and that progress against the actions be brought back to the Audit and Corporate Governance Committee on a quarterly basis.
- (c) That the Annual Statutory Complaints Report be scheduled for the September Committee meeting.

## **12. Slough Children First Governance Review - Update on Progress**

The Committee considered a report which set out summary of the progress made on actions recommended following a governance review of Slough Children First (SCF). The report updated the committee on the progress made since the previous report in March 2023. The Chief Executive of SCF, who also held the role of Executive Director of People (Children) at the Council, was present to update the committee and answer questions from Members.

The Head of Legal provided new members of the committee with the context to the report. SCF had been a Council-owned company since 2021 and had been subject to a governance review in the Summer of 2022. The Council had been subject to government intervention in children's services for several years. The Committee had previously agreed to receive regular updates on the progress being made to delivering the action plan that had been put in place following the review. The latest report showed some improvement had been made with the number of 'red' rated actions falling from 11 in September 2022 to 2 in June 2023. There had been significant improvements in terms of the recruitment of a senior leadership team and business planning, however, it was noted that the financial sustainability of SCF and alignment to the Council's budget envelope was such that quarterly reporting to Cabinet was required. The SCF business plan was due to be considered by Cabinet in September 2023.

Members asked about the financial sustainability of the company. It was noted that the Council had agreed to increase the contract sum to SCF from £32m to £36m and a key part of the business planning process was to set a realistic budget for the company that reflected the pressures and demands on children's services, which were a significant issue nationally. The SCF Chief Executive explained some of the challenges facing the service and stated that that part of the work the company was undertaking was to seek to reduce demand by improving the early help service and working closely with partner agencies. Progress was being made to reduce the level of agency staff and bring Slough more into line with national averages.



## **Audit and Corporate Governance Committee - 19.07.23**

Councillors asked about the progress in improving services for children in Slough and addressing the issues identified in successive Ofsted inspections, the most recent of which in January 2023 had rated the service as 'requires improvement to be good'. The SCF Chief Executive highlighted the improvements and activities made in recent months and commented that a focused inspection was expected at the end of 2023 which would give an indication of the progress being made to improve services.

The report was noted.

**Resolved** - That progress made on actions following the Slough Children First Governance review, as set out in Appendix 1 to the report, be noted.

### **13. Work Programme 2023/24**

The Committee noted details of the work programme and agreed that the Annual Complaints Report be added to the September Committee meeting. Members were reminded to contact the Chair and or Democratic Services should they wish to add/amend the work programme.

**Resolved** - That details of the work programme be noted and that the September meeting to include consideration of the Annual Complaints Report.

### **14. Date of Next Meeting - 13th September 2023**

The date of the next meeting was noted as 13<sup>th</sup> September 2023.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 9.13 pm)