

Audit and Corporate Governance Committee – Meeting held on Wednesday, 13th November, 2024.

Present:- Councillors O’Kelly (Chair), Anderson, Escott, Mohindra, Rana and W. Sabah

Co-Opted Members:- Tony Haines and Jen Simpson

Also present under Rule 30:- Councillors Akram, Hulme, Shaik and Smith

Apologies for Absence:- Councillor Satti and Zarait

PART 1

37. Membership Update

Members noted that Councillor Sabah had replaced Councillor Akram as the Slough Independent Group (SIG) member on the committee. The terms of reference prohibited Group Leaders from being members of the committee and as Councillor Akram was now the group leader of SIG she had been asked to resign from the committee and nominate a replacement from her group. Councillor Akram was present at the meeting and spoke under Rule 30. She expressed dissatisfaction with the way the matter had arisen and various procedural issues were raised and discussed.

This change created a vacancy for the role of vice-chair of the committee. This appointment would be a decision for full Council and a report would go to the meeting being held on 28th November 2024. A further issue that would need to be resolved by Council was that the terms of reference stated there should be limited cross-membership between the Audit and Corporate Governance Committee and Standards Committees which was currently being exceeded.

Resolved – That the membership update be noted.

38. Declarations of Interest

Councillor Sabah declared that he was a member of the Corporate Improvement Scrutiny Committee. Councillor Sabah remained and participated in the meeting.

39. Minutes of the Meetings held on 30th September 2024 and 31st October 2024

Resolved - That the minutes of the meetings held on 30th September 2024 and 31st October 2024 be approved as a correct record.

Audit and Corporate Governance Committee - 13.11.24

A Member queried why the agenda did not include an update on the Treasury Management Strategy (TMS) and was informed that a mid-year review of the TMS was scheduled for the December meeting.

40. Action Progress Report

Minute Reference 33 – Provisional Position 2021/22 Statement of Accounts

The Interim Finance Director (Corporate and Strategic) provided an update on both the latest position on the 2020/21 Statement of Accounts and all remaining outstanding accounts. Government release was awaited on the NNDR3 issue previously reported on to the Committee, following which the accounts would be put out for the public inspection period.

The timetable for finalising and conclusion of accounts for all other years was summarised. It was noted that significant process had been made on 2022/23 SoA's and it was expected that these would be concluded by the end of the month. The 2019/20 and 2020/21 accounts were in the process of being finalised and would be presented to the extraordinary meeting scheduled for 10 December 2024. Accounts relating to financial years 2021/22 and 2022/23 were currently in draft form.

A Member asked how achievable the timetable outlined was and Lead External Auditor, Julie Masci stated that based on discussions with officers it was expected that it would be met. Responding to whether financial sanctions would be imposed if the deadline for backstop of accounts was not met, the Committee was informed that there were no financial sanctions.

A number of questions were asked relating to the reasons that had led to a backlog of accounts and whether a robust internal audit process could have avoided the backlog. Ms Masci explained that a number of factors had led to the current position, including control inefficiencies, lack of skills within the workforce, inadequate recording systems and poor internal system controls. It was noted that these were significant legacy issues and officers were working towards addressing these.

The Committee were reminded that a Disclaimer of Opinion was issued for the 2018/19 accounts due to being unable to obtain sufficient evidence to form an opinion. It was explained that it was probably a number of years before a clean opinion on accounts could be issued as this was dependent on obtaining reliable evidence and data, which would only be achieved when there was confidence in the systems in place and assurance that the controls were working effectively.

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

41. Update on Annual Governance Statement 2023/24

Following the request at the last meeting, the Leader of the Council and the Chief Executive were in attendance and addressed the committee on various

Audit and Corporate Governance Committee - 13.11.24

governance matters arising from the recent External Auditors letter to the Council and the announcement that Government intervention would be extended for a further two years.

The report on the Annual Governance Statement (AGS) updated Members on the progress being made against the Action Plan from the 2023/24 AGS.

The Chief Executive acknowledged that the recent letters from both Commissioners and External Auditors raised important matters that the Council needed to address and explained the steps being taken in response. The Corporate Leadership Team (CLT) was committed to making further progress and a refreshed Recovery and Improvement Programme was being put in place to set out the pathway towards becoming a Best Value authority. The External Auditors had raised concern about the engagement with some SBC management and the Chief Executive assured the committee that liaison with them would be a priority and Grant Thornton would be invited to CLT. The Executive Director, Finance & Commercial met them on a fortnightly basis. The Council had prepared a response to the External Auditors letter which would also be taken to the full Council meeting on 28th November 2024.

The Leader of the Council confirmed that the administration was committed to addressing the continued weaknesses highlighted in the External Auditors letter, many of which had been long standing problems. It was a priority to clear the backlog of accounts and take the necessary action to close the remaining statutory recommendations. Work was ongoing to tackle the weaknesses in company governance. Progress had been made in performance management issues with a significant increase in completion of staff appraisals.

The Chair highlighted the weaknesses raised by the auditors in the Council's procurement processes and commented that these issues were not addressed in the AGS. The Executive Director, Finance & Commercial responded that a number of weaknesses had been identified through due diligence and a formal plan to strengthen procedures and controls was being developed and committee members would be updated.

Members of the committee raised a number of issues including the organisational culture and lack of a comprehensive workforce strategy to reduce reliance on interim staff; and the forward work programme for financial governance in the next year. Officers responded to the point raised and the Chief Executive acknowledged the comments made about moving towards a more stable workforce and stated that progress was being made to reduce the number of interim staff. A Member asked how best value was being obtained through the asset disposal programme and the Leader provided assurance that all disposals following the proper processes and were subject to independent advice and valuations.

Councillors Hulme and Akram spoke under Rule 30. Councillor Hulme expressed her concerns about the lack of in depth reporting of SEND improvement; lack of effective pre-budget scrutiny; and weaknesses in the

management of accounts relating to Council trusts. Councillor Akram commented that senior managers should be regularly attending meetings of the committee to detail progress in addressing weaknesses identified in internal audits. Progress in responding to and closing actions had been too slow for some time and faster progress needed to be made. The Chief Executive responded CLT took internal audit reports very seriously and officers would continue to regularly attend meetings of the committee.

At the conclusion of the discussion the Committee noted the report and updates from the Leader and Chief Executive. Quarterly updates had been provided on progress on the AGS action plan over the past two years and it was agreed that the next update would come to the committee in January 2025 which would include progress against the Grant Thornton recommendations.

Resolved – That the progress made against the actions contained in the Annual Governance Statement 2023/24 be noted and that the updated Action Plan come back to the committee in January 2025.

42. Risk Update Report

The Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance introduced a report that set out the status of the Council in preparing for the quarter 2 2024/25 Risk Update and a template for reporting of corporate risks to the Committee.

A number of weaknesses had been identified in the Council's historic approach to managing risks and it was essential that the authority had a robust risk register based on a sound methodology. Work was taking place to strengthen the approach and reporting arrangements. Members were informed that the Corporate Leadership Team (CLT) had provided assurance that it supported the new approach being taken and Appendix A to the report included a sample corporate risk dashboard.

Members of the committee welcomed the progress made and asked about the reporting frequency of the risk register and in response, it was noted that best practice was quarterly reporting. A Member queried how management was reviewing the risk register and the process for adding emerging risks onto the register. It was noted that Appendix C to the report set out the overall approach taken by the authority in managing risks. Each directorate had risk champions and a process was in place to escalate risks from and to CLT if required.

A Member raised a question about the proposed litigation by Thurrock Council in relation to Association of Public Service Excellence (APSE). Officers responded to confirm that Slough Borough Council (SBC) was not a member of APSE. *(It subsequently transpired that SBC was at the relevant time a member of APSE, but not a member of or subscriber to APSE Energy. The Monitoring Officer contacted the relevant committee member to update him*

Audit and Corporate Governance Committee - 13.11.24

and a briefing note to formally update committee members is appended to the Action Progress Report)

The recommendations were agreed.

Resolved –

- (a) That the work in progress of the Q2 2024/25 Risk Update be noted.
- (b) That the proposed Risk Management approach and revised Corporate Risk dashboard be endorsed.
- (c) That the proposed date for delivery of the draft refreshed Risk Management strategy to this Committee be noted.

43. Update on Internal Audit

The Interim Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance introduced a report that set out a summary of Internal Audits completed and in progress; internal audit resourcing; internal audit independence; an update on the Audit Charter; and information on overdue Internal Audit recommendations.

Four internal audits from the current financial year were ongoing. These were Corporate Memory, Contract Management and two schools audits. Four confidential audits were also in progress, although two were on hold pending information from external parties. Six audits had been completed during the current financial year included a number that had been brought forward from 2023/24.

In relation to Internal Audit independence, the officer reported that he had flagged a number of impairment issues to management and the Chair of the Audit and Governance Committee. Discussions with management to resolve these independence issues were ongoing. Members of the committee asked for further detail about the impairment issues and the Head of Internal Audit commented on the level of resources available to carry out internal audit functions and the reporting line to the Chief Executive. The Chief Executive responded that it was not normal practice in local government for the Head of Internal Audit to report directly to the Chief Executive, but provided assurance that he did have full access to the Chief Executive. The Council had a plan to address a wide range of governance issues raised in reports from various bodies that the priority was to implement that action plan. Slough's arrangements were similar to many other authorities and were kept under review to ensure accordance with good practice.

The update was noted.

Resolved – That the Internal Audit update be noted.

44. Finance and Commercial Internal Audit Recommendations - Update

The Executive Director Finance and Commercial introduced the report which set out the progress to date and next steps to close out the finance and commercial internal audit recommendations.

The Finance Consultant (FIP and Companies) highlighted that there were 50 internal audit recommendations (9 high risk and 41 medium/low risk) that remained outstanding covering the period 2021/22 to 2023/24. A review of the audit recommendations had been undertaken which identified those risks that evidence could be submitted for closure during November 2024 and those that required additional activity to close out and these would be incorporated within the Finance Improvement Plan (FIP). The appendix to the report set out the revised target dates for completion of recommendations in alignment with the FIP. It was explained that a target date had not been specified for a number of recommendations as evidence was ready to be submitted to internal audit and it was anticipated that these would be closed by the end of November 2024.

A Member asked how confident the team were in meeting the target dates for completion of recommendations and was informed that based on discussions held with service areas to which the recommendations related, realistic targets had been set which were achievable and teams would be held accountable in delivering these.

Speaking under Rule 30, Councillor Akram referred to the appendix and sought further clarification as to what a “not applicable” target date meant – whether this implied that the recommendation was imminent in being closed off or within a few weeks. Furthermore, it was suggested that recommendations with a target date of 31 March 2025 be looked at given that this date was after the last scheduled meeting of the Committee for the municipal year 2024/25. The Executive Director stated that it would be made explicit in future reports that where no date was set against a recommendation, that this was due to the fact that evidence was ready to submit to internal audit with a view to those recommendations being closed off, subject to the final internal audit check.

The Committee agreed that the Head of Internal Audit be authorised to update the target dates for outstanding recommendations as detailed in the appendix to the report.

Resolved –

- a) That the contents of the report be noted.
- b) Noted that management actions to address control weaknesses are progressing as part of the Finance Improvement Plan (FIP) and the revised target date for closure.
- c) That the revised dates to close recommendations are agreed, recognising the need to align appropriate resources and deliver the council’s financial recovery and improvement journey.

Audit and Corporate Governance Committee - 13.11.24

- d) That the Head of Internal Audit be authorised to update the target dates for outstanding recommendations as detailed in the appendix to the report.

45. Members Attendance Record 2024/25

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

46. Date of Next Meeting

It was noted that an extraordinary meeting had been scheduled for 10th December 2024.

The date of the next scheduled meeting was 22nd January 2025.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 9.30 pm)