

## **Audit and Corporate Governance Committee – Meeting held on Thursday, 9th December, 2021.**

**Present:-** Councillors Sabah (Chair), Wright (Vice-Chair), Ali, Brooker, J Davis, and Grewal.

Co-Opted Independent Member - Iqbal Zafar

**Also present under Rule 30:-** Councillor Strutton

**Apologies for Absence:-** Councillor Hussain, Parish Councillor Escott and Dr Lee (Independent Person)

### **PART 1**

#### **29. Declarations of Interest**

Councillor Brooker declared that he was Finance Committee Chair at a local school, DBS verifier for a local church and a Governor at Ryvers Primary School.

Councillor Davis declared that she was a co-opted Governor at Cippenham Nursery School.

Both Councillors remained and participated in the meeting.

#### **30. Minutes of the Last Meeting held on 30th September 2021**

**Resolved** - That the minutes of the meeting held on 9<sup>th</sup> December 2021 be approved as a correct record subject to the inclusion of the following comments:

*Section 106 funds* - A Member stated that he had sought clarification relating to the Section 106 (S106) funds owed to the Council. The Internal Audit report had stated £5.6m outstanding which did not correlate with information provide by officers that a total of £1.35m was due to the Council. The Head of Internal Audit explained that a final revised report had been issued with a total of £7m of S106 funds. It was explained however that this amount was not outstanding as £7m referred to the potential income for the Council, should specific trigger points be reached. Trigger points had been reached for £1.35m of which £80k had been collected. A further update would be provided at the next meeting regarding the total amount collected to date. It was noted that future reports would include explicit explanations relating to the figures in a format which was easily understandable by Members.

*Parked Invoices* - A Member had requested details relating to parked invoices. The Director of Finance stated that work was ongoing and that some of the parked invoices being looked at were from 2017. It was anticipated that this work be completed in line with the closure of the accounts by 31 March 2022.

### **31. Action Progress Report**

Details of the Action Progress report were considered and the Committee raised the following comments:

- Update on outstanding S106 funds due and amounts collected to date.
- Fly tipping - the number of prosecutions, fines and advisory letters that have been issued now that the service was fully staffed.
- DISH – memorandum and articles of association – details/web link to be circulated to Committee.
- Report detailing Slough Urban Renewal arrangements regarding partnership related to Moxy hotel development and value of units sold to be provided for the next scheduled meeting.
- List of outstanding member DBS checks to be sent to respective political leaders.
- Q2 internal audit report - negative opinions relating to Stephen Gibson's area – update to be provided at the next scheduled meeting.

The Chair queried why the LGA Governance Review Working Group had not been established. It was explained that the need for a working group on this topic had been superseded by the publication of the Grant Thornton report, CIPFA report and DLUHC Governance Review. Work to address action points identified was now reported to all members at full Council meetings.

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

### **32. Revised Terms of Reference**

Prior to consideration of the report, the Lead Commissioner addressed the Committee, advising that a number of changes be incorporated to the revised terms of reference. The current financial situation meant that a determined effort was required to set the Council on the path to recovery and strengthen governance processes. It was recommended that the Chartered Institute of Public Finance and Accountancy (CIPFA) model code be adopted and a requirement for mandatory training for members before they undertook their role on the committee. Self-assessment of effectiveness of the work of the committee was crucial to both support the planning of the audit committee work programme and training plans.

In the ensuing discussion, a number of points were raised relating to attendance at meetings and training requirements. The Chair highlighted the need for consistency in membership, to ensure a greater level of understanding of the work of the committee and issues identified; and suggested that consideration be given to appointing members for a two year period.

Members were advised to submit any further comments to the Monitoring Officer by the end of the week, following which an extraordinary meeting, to consider the updated report on the terms of reference, would be convened.

**Resolved** – That an extraordinary meeting be arranged to consider a report on the revised terms of reference, incorporating comments proposed by the Lead Commissioner.

**33. Appointment of External Auditors for 2023/24 to 2027/28**

The Director of Finance set out details of the report which explored the options available to the Council in appointing external auditors for the five year period from 2023/34. Options available were individual procurement, joint procurement or opting into the National Scheme. It was noted that legislation required a full Council decision but the Committee's views were being sought as to the preferred option.

A Member asked about the joint procurement option and was informed that this consisted of joining other local authorities to establish a joint Auditor Panel. At this stage it was unclear whether neighbouring local authorities were likely or not to opt into the collective arrangements.

The general consensus of the Committee was to recommend that the Council accepted the Public Sector Auditor Appointments invitation to opt into the sector led option for the appointment of external auditors.

Speaking under Rule 30, Councillor Strutton asked whether a request could be made that, Grant Thornton, the Council's current external auditors, be appointed to ensure consistency given the unique financial situation at Slough. The Director of Finance explained that the current external auditors would be in place until the 2022/23 accounts had been closed. The Finance Commissioner also stated that it was good practise for a change in auditors to take place.

**Recommended to Council** - That the Council accepts the Public Sector Audit Appointments' (PSAA) invitation to opt into the sector-led option for the appointment of external auditors for the five-year period from 2023/24.

**34. Local Government and Social Care Ombudsman - Complaints, Findings and Outcomes**

The Committee was provided with a summary of Local Government and Social Care Ombudsman complaints received since the matter had last been reported in December 2020. One compliant had been made and upheld by the Ombudsman and related to the Planning and Development department. Referring to lessons learnt, a Member asked whether the standards and behaviours information had been updated, as contained within the induction training for staff in the planning department, by the 11<sup>th</sup> October as indicated in the report. The Monitoring Officer undertook to confirm whether this had been actioned and report back to the next meeting.

**Resolved** - That details of the report be noted.

### **35. Member Training Programme**

The Committee was reminded that the CIPFA review published in October 2021 recommended that specific further training be provided to members of the Audit Committee. During the course of discussion, Members made the following comments:

- Training programme to include bespoke training for Chair/Vice-Chair of Committee
- Mandatory training for all Councillors regarding the accounts to be considered.
- Consideration be given to Members being appointed for a term of two years to the Committee to provide stability and greater understanding of issues.
- Cyber security training to be included in the training programme.

Speaking under Rule 30, Councillor Strutton welcomed the comments made by the Committee and emphasised the importance of Chairs understanding their obligations in fulfilling their roles.

Following discussion on the terms of reference agenda item and that an extraordinary meeting to be arranged in January 2022, the Monitoring Officer stated that an updated Member training programme, incorporating comments made, would also be scheduled for this meeting.

**Resolved** – That the Member training programme be updated and a revised report to be submitted to the extraordinary meeting.

### **36. Internal Audit Update Report Quarter 3 2021/22**

An overview on the progress of the implementation of internal audit management actions was provided, noting that eight internal audit reports had been finalised this financial year and a further seven had been received in draft. Officers were working with internal audit to ensure reports were finalised within two weeks of issuing the draft report.

A Member commented on the status of the high rated outstanding action on Children Missing Education and noted that this was overdue. The Director of Finance undertook to report further details on this action to the next meeting.

Following a query on the completion date for outstanding actions on debtors management, it was confirmed that this was 31 March 2022 and not 2021 as stated in the report. In response to comments that debt management and recovery should be a priority for the Council, Members were informed that a Debt Recovery Policy was agreed in December 2021 and assured that a more proactive approach would be adopted in future.

Concern was expressed regarding the high outstanding action relating to the investigation into the unreconciled difference identified via the Council Tax Direct Debit reconciliations. The Director of Finance stated that the entire process was being reviewed with a completion date of 31 March 2022.

A number of queries were raised relating to the Council's Subsidiary Companies review and the associated outstanding high actions. It was agreed that a detailed report on the Council's commercial/subsidiary companies - which would include the status of DISH, information on SLA for support staff and JEH gross rental income - would be scheduled for consideration at the next ordinary meeting of the Committee.

In response to when the Business Continuity and Disaster Recovery Plan was likely to be finalised and its effectiveness evaluated the Committee was informed that it was anticipated this would be completed by the end of the financial year.

**Resolved** – That details of the report and ongoing improvements to the outstanding actions be noted.

### **37. Risk Management Update Quarter 3 2021/22**

The Director of Finance reported details of the risk management update for Quarter 3 2021/22, highlighting that council companies and staffing risks within the Council and Slough Children First (SCF) had been added to the Corporate Risk Register. In addition, risks relating to financial sustainability and recovery and renewal plan had been substantially updated to reflect the current situation at the Council.

A Member commented on the staffing risks within SCF and it was explained that it was challenging to recruit and retain staff within this area and that SCF were implementing a number of measures to improve recruitment and thus reduce the reliance on agency staff.

Responding to the overall effectiveness of Our Futures Transformation Programme, the Committee were informed that although there were a number of challenges with the programme, that had resulted in a number of consequences; it was crucial the Council put in place appropriate processes to secure stability in the workforce and ensuring that it was fit for purpose. Whilst acknowledging Members wanted information referring to the overall cost of the programme and consultant fees, it was highlighted that the immediate focus should be on the recovery and renewal plan and action taken to improve the Council's financial sustainability.

Councillor Strutton addressed the Committee under Rule 30 and asked for details in regard to temporary accommodation - specifically how many residents had been evicted since and whether the Council held a register of landlords providing accommodation for residents and asylum seekers. The Chair advised that the matter should be referred to the Customer and Community Scrutiny Panel to examine further.

**Resolved** – That details of the report, including revisions to the risk register, be noted.

**38. Internal Audit Progress Report Quarter 3 2021/22**

The Head of Internal Audit summarised the Internal Audit Progress Report for the third quarter of 2020/21.

It was noted that a further three final reports had been issued since last meeting. The Business Continuity and Emergency Planning audit had a minimal assurance opinion and the key recommendations were summarised. Concern was expressed by Members about the lack of progress that had been made in this area over a period of time. A further 6 audits were in progress and it was noted that 1 from the 2020/21 was still to be finalised and the auditors were discussing this with management.

The Head of Internal Audit informed the Committee that four final reports with negative opinions had been issued so far in 2021/22. Taking into account the outcomes of audits to date and the potential for additional weaknesses in upcoming audits the Committee noted that it was likely the Head of Internal Audit would issue another qualified year end opinion in 2021/22. The Internal Auditors indicated that they were supportive the work being undertaken to increase the robustness of management actions in responding to internal audit recommendations.

Members asked a number of questions including why management had not responded fully to the two follow up audits of previous management actions from quarter 1 and quarter 2 in 2021/22. It was responded that as follow up reports required input from multiple officers they usually took longer to finalise. The internal auditors anticipated being able to bring the quarter 1 and 2 follow up on management actions as final to the next meeting.

At the conclusion of the discussion the report was noted.

**Resolved** – That the Internal Audit Progress Report be noted.

**39. Members Attendance Record 2021/22**

**Resolved** – That details of the Members Attendance Record 2021/22 be noted.

**40. Date of Next Meeting - 1 March 2022**

The date of the next scheduled meeting was confirmed as 1 March 2022.

An extraordinary meeting to be arranged for early/mid-January 2022 to consider the revised terms of reference and member training programme reports.

**41. Exclusion of the Press and Public**

Following comments by the Lead Commissioner, the Committee agreed that consideration of agenda item 14 would take place in Part I of the meeting.

**42. Structure of Internal Audit Options Appraisal**

The Committee were reminded that the DLUCH Governance Review had recommended that the Council conduct an independent review of the internal audit contract and establish an 'in house' function, as was the practice in many local authorities. The Director of Finance provided an overview of the options available. The Chair asked how recruitment difficulties would be addressed and was informed that work was currently on going developing a trainee programme and appropriate recruitment packages. The importance of investing in the finance team was emphasised for the long term financial sustainability of the Council.

Indicative responses from Committee Members suggested a preference for Option E or C as outlined in the report. It was agreed that an updated report would be considered at the next meeting and that this would include a timeline for implementation for the provision of internal audit services.

**Resolved** – That the report be updated and considered at the meeting scheduled for 1 March 2022.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.50 pm)