

Audit and Corporate Governance Committee – Meeting held on Thursday, 28th July, 2022.

Present:- Councillors Brooker (Vice-Chair in the Chair), Ali, Carter and Grewal

Co-Opted Members:- Naira Bukhari and Stefana Moldovan

Apologies for Absence:- Councillor Kelly and J. Davis

PART 1

1. Declarations of Interest

Councillor Brooker declared that he was Chair of the Finance Committee at Ryvers Primary School. He also declared that he had Special Educational Needs.

Councillor Carter declared that he was Chair of the Planning Committee. Both Councillors remained and participated in the meeting.

2. Minutes of the Meetings held on 1st March 2022 and 21st April 2022

Resolved – That the minutes of the meeting held on 1 March 2022 be approved as a correct record.

Resolved - That the minutes of the extraordinary meeting held on 21st April 2022 be approved, subject to an amendment to Minute 60 – Chair’s Remarks; the final sentence to include the Chair’s thanks to Internal Audit colleagues too.

3. Action Progress Report

The Committee received an update on the delivery of the Adult Social Care (ASC) Transformation Programme as requested at the last meeting. The Acting Executive Director, People, outlined the proposed savings and stated that the programme was on course to deliver a balanced budget by the end of the financial year. Monthly meetings were held to monitor the financial programme against each of the workstreams.

A number of points were raised in the ensuing discussion including whether suitable alternatives were offered to individuals following the closure of day care centres, parked invoices and which workstream was at most risk on delivering financial efficiencies. Referring to the closure of day care centres, the Committee was informed that there were sufficient alternatives available on the market to meet individual’s needs. It was explained that there were no parked invoices and the service worked closely with families to ensure, where applicable, payments were made. A Member stated that often families, not just the person receiving the service, required support and it was explained that a carers assessment was made for all individuals undertaking a carers role. The Acting Executive Director, People stated that procurement of

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services was challenging as it was difficult to quantify the scale of impact of cost of living costs on individual care packages. Projected savings had been written pre cost of living increases and that these costs would need to be explicit the final care packages to individuals.

It was noted that the presentation slides would be circulated to Committee Members after the meeting.

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

4. Audit and Corporate Governance Committee Terms of Reference

The Monitoring Officer outlined the Committee's terms of reference, which currently stated that the Chair and Vice-Chair of Planning and Licensing Committee could not serve as members of the Audit Committee. However, Members were informed that the Chief Executive had delegated authority to make minor changes and this restriction had been removed.

Committee Member and Chair of the Planning Committee, Councillor Carter, sought clarification as to whether it was appropriate for him to remain on the Committee. It was explained that there was no conflict of interest as Planning was a regulatory committee but that in any event the terms of reference had been amended to remove the restriction on membership.

Resolved – That the terms of reference be noted, including the amendment to membership removing the restriction of Chairs/Vice-Chairs of Licensing and Planning serving on the Committee.

5. Risk Management Update Quarter 1 2022/23

The Executive Director Finance outlined details of the risk management update and revisions made to the corporate risk register. Three new risks had been added, namely

- Risk 17: Cost of living/inflation – impact on residents and the local authority
- Risk 18: Failure to meet statutory service levels/new legislation requirements
- Risk 19: Slough Children First – added in response to the action from the March committee.

Responding to concerns regarding progress made on recruitment and retention, the Committee were informed that temporary staff had been engaged to fulfil specialist roles. Management and finance structures had also recently been agreed and it was anticipated that permanent recruitment to roles within those structures would be in place by September. Whilst it was accepted that vacancies be recruited to with permanent staff as soon as possible, it was essential that the right calibre of individuals be appointed.

A Member referred to the additional income from client contributions as stated within the Adult Social Care Transformation Programme and queried why the

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value had decreased from £889k last year to a target of £560k for the current year. The Acting Executive Director, People (Adults) explained that £889k related to backdated invoices. It was noted that £130k had already been collected from the £530k target set for the current financial year.

Details relating to the number of Ukrainian families housed in temporary accommodation and associated cost implications were requested and it was noted that these would be available at the next committee meeting.

A Member asked about the timescales involved in getting the overall risk management implications from an amber to green status and was informed that the next committee report would be updated to reflect this.

In response to whether borrowing was still taking place it was reported that no borrowing was taking place for any major capital projects. An update on progress of completion of the 2018/19 accounts was sought. The Committee was informed that these had been submitted to External Auditors and it was anticipated that these would be finalised by December 2022. External Auditor, Ms Masci concurred with the timeline set out, stating that an assessment would be made as to what impact potential incomplete records, would have on the overall formal opinion issued.

A Member sought an update on issues relating to Nova House and Slough Urban Renewal and was informed that the current number of council companies was 11, 6 of which would be closed down by end of August and a major review taking place of the remaining companies.

Concern was expressed with regards to Risk 19 Slough Children First (SCF) which noted an in year overspend of £4m and request for a further £1.1m to invest in Early Help to reduce costs in future years. The Director of Finance reported that work was on going to address the issue which included discussions with the Department for Education (DfE). It was also brought to Members attention that the DfE had notified SCF that it would be substantially reducing the grant it provided for annual running costs of £2.2m to in the region of £0.8m in 2023/24 and that the Council would need to give serious consideration to allocation of its limited resources.

A question was asked about whether an assessment had been made about the impact of rising costs of energy prices both on savings targets and the council's ability to provide services to residents. The Executive Director of Finance informed Members that the Council had recently entered a revised energy contract which would provide certainty in costs but inevitably there would be an impact on services.

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

6. Internal Audit Action Tracking Report Quarter 1 2022/23

Members considered a report which set out details of progress made on the implementation of internal audit management actions. The Director of Finance

highlighted the overall position as at 7th July 2022 with 291 actions (65%) completed from a total of 441 recommendations due for completion. This represented an increase in completed actions since the last meeting from 257 to 291.

A Member asked about Council Tax Reconciliations and was informed that this high rated management action had been completed. The Committee placed on record its acknowledgement regarding the amount of work that had taken place to complete/close off a significant number of recommendations.

Resolved – That details of the report be noted, including the ongoing improvements to the outstanding actions.

7. Risk Management Strategy

The Executive Director Finance and Commercial outlined details of the proposed new Risk Management Strategy. The document set out the Council's approach to the management of risk and demonstrated its intention to continue to develop the maturity of Enterprise Risk Management (ERM) across the organisation during 2022/23 and beyond to support the delivery of the Council's Strategic Priorities and Outcomes. Members were reminded that there had been an increase in resources in the recent finance team restructure to support work associated with risk management.

It was noted that the strategy was considered and approved at the Cabinet meeting held on 18th July 2022.

A Member commented that it was important to be able to identify individuals, not to proportion blame but in order to establish those responsible for decision making, how the Council had got into its current financial situation and lessons learnt. It was explained that there needed to be an appropriate balance of risks in place and the proposed strategy clearly set out the roles and responsibilities of those involved with risk management.

Resolved - That the Risk Management Strategy for 2022/23 be endorsed and key development activities to be undertaken during 2022/23, including risk management workshops with key stakeholders following the approval of the revised Corporate Plan, be noted.

8. Internal Audit Quarterly Progress Report

The Committee considered details of the Internal Audit Quarterly progress report. The Head of Internal Audit highlighted key messages from the 2021/22 Internal Audit Plan, reporting that 7 final reports had been issued since the previous committee meeting in March 2022 resulting in 2 minimal (negative) assurance opinions, 2 partial (negative) assurance opinions and 3 advisory reports. A further 15 draft reports had been issued which would be presented to Committee following receipt of management responses.

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In the ensuing discussion, Members raised the issue of duplicate supplier payments and were informed that two thirds of duplicated payments had been recovered. The Committee were informed that measures would be implemented to link to the agresso system to minimise the risk of duplicate payments were made. An update on the latest position regarding monies recovered would be provided to Members. The Head of Internal Audit reminded the Committee that a Creditors Payment review had been completed and specific management actions to control the framework had been recommended, details of which were as set out in the report.

Referring specifically to the temporary accommodation audit and absence of evidence provided it was noted that further details would be provided as to why this was the case. Information outlining the reasons for rent arrears and lengthy periods of duration individuals were housed in temporary accommodation to also be provided to the Committee.

A Member also requested that information relating to shared bank details – supplier and payroll records - and how and why these accounts had been set up/payments made be provided.

Resolved – That details of the report be noted.

9. Internal Audit Annual Report 21/22

The Head of Internal Audit introduced the Internal Audit Annual Report 2021/22 which concluded that the Council did not have an adequate framework of risk management, governance or internal control. A summary of key points that had contributed to this opinion were highlighted as set out in the report. It was acknowledged that it had been a challenging year for the authority with a number of reviews taking place and a high level of staff turnover.

Committee Members stressed the importance of a work culture where all staff were aware of and took responsibility regarding risk management. Following risk assessments ownership of issues should be taken by the top tier of management and filter through to all staff.

A Member expressed disappointment in reference to the partial assurance given to Whistleblowing given previous discussions the Committee had had on the issue. The Monitoring Officer stated that the Standards Committee had recently reviewed the Whistleblowing Code and amendments to the Code would be considered at a forthcoming meeting of Council. It was noted that the Code had been reviewed against national guidance and whilst the code and systems in place were sufficient a culture shift was required. It was highlighted that the Council required staff to complete mandatory whistleblowing training and was one of only a few local authorities to do so.

Resolved - That details of the report be noted.

10. Internal Audit Strategy 2022/23

The Head of Internal Audit introduced details of the Internal Audit Strategy 2022/23. The draft plan was presented for consideration by the Committee in March 2022 and was further updated following feedback at that meeting. The reviews proposed were highlighted and it was explained that the plan was developed taking into account the Council's corporate objectives, risk profile, and assurance framework. It was noted that although specific areas had been identified, the plan would be flexible to ensure it met with the Council's changing circumstances.

Resolved - That the Internal Audit Strategy 2022/23 and specifically the proposed audit reviews as set out in the report, be approved.

11. External Audit Progress Report

External Auditor, Ms Masci, provided the Committee with an update regarding the Value for Money (VfM) arrangements for the period covering 2019/20 and 2020/21. Members were informed that the 2018/19 accounts had been received and although a written report regarding these would be submitted to the September Committee meeting; based on the audit findings reported to the Committee in May 2021, an overall adverse conclusion on value for money was likely to be issued.

It was brought to the Committees' attention that in April 2020, the National Audit Office introduced a new Code of Practice which introduced a revised approach to the audit of VfM. Details of criteria and reporting arrangements were highlighted and Members welcomed the new reporting arrangements.

Resolved - That the External Audit Progress report be noted.

12. Exception Reporting to Overview & Scrutiny Committee

No items were referred to the Overview and Scrutiny Committee.

13. Date of Next Meeting - 29th September 2022

The date of the next meeting was confirmed as 29th September 2022.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.54 pm)