

## **Audit and Risk Committee – Meeting held on Thursday, 12th December, 2013.**

**Present:-** Councillors Nazir (Chair), Abe, Bal and Mr Kwatra (from 6.38pm)

**Apologies for Absence:-** Councillors Chohan and S K Dhaliwal

### **PART 1**

#### **21. Declarations of Interest**

Councillor Bal declared a personal interest as his daughter worked for Slough Borough Council.

#### **22. Minutes of the last meeting held on 22nd October 2013**

**Resolved –** That the minutes of the meeting held on 22<sup>nd</sup> October 2013 be approved as a correct record, subject to the addition of Councillor Sharif to the list of apologies for absence.

#### **23. Audit & Risk Management Update - Quarter 2 2013-14**

The Assistant Director Finance & Audit summarised the Management Update for Quarter 2 2013-14 and the Head of Internal Audit introduced the Internal Audit Progress report which comprised Appendix A to the report.

The Committee were informed that good progress continued to be made in terms of finalising internal audit reports at a more appropriate rate than previously. The two internal audits from 2012-13 that remained outstanding related to St Josephs School, which was an amber-green opinion, and an advisory report on the Carbon Reduction Commitment. Of the 2013-14 opinions issued, ten were outstanding, seven of which related to schools and the three draft reports specifically relating to the Council had been relatively recently issued.

The Assistant Director reported an improvement in the comparative assurance levels since 2012-13 with 60% of opinions green or amber-green in the current year compared to 42% last year. A reduction in the number of high risk recommendations was also reported with 11% in 2013-14 compared to 18% in 2012-13. Members welcomed the continued improvement both in terms of the process of finalising reports more quickly than during 2012-13; the reduction in the number of high risk recommendations; and the increase in green and amber-green opinions.

*(Mr Kwatra joined the meeting)*

The Head of Internal Audit informed the Committee that of the 21 reports issued for the current year to date, three red opinions had been issued on Training & Development e-learning, Montem Primary School and Parlaunt Park Primary School. Members discussed a number of the specific issues

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identified during these audits as set out in the report. Members expressed concern about the lack of a full cost-benefit analysis of the programme and the low levels of completion of mandatory e-learning courses on Information Security Awareness and Introduction to Health & Safety. It was agreed that the Assistant Director Finance & Audit, on behalf of the Committee, write to the Assistant Director Professional Services to seek an explanation for the low levels of completion and the actions undertaken to improve the position.

Members considered the weaknesses found during the audits of Parlaunt Park Primary School and Montem Primary School and expressed concern about both the common weaknesses identified in financial controls and the finding in the Parlaunt Park Primary School audit of three instances when staff had commenced employment without receipt of CRB clearance. After due consideration, it was agreed that the Assistant Director Finance & Audit, on behalf of the Committee, write to schools via the Schools Forum reminding them of the importance of completing the necessary employment checks and that the internal auditors also include this issue in the common themes they raise when attending the Schools Forum. It was also agreed that a copy of the schools common themes paper be circulated to the Committee.

The Committee also discussed the reasons why reports for schools were generally not finalised as quickly as those relating to Council activities. The Assistant Director stated that the onus was on schools, and particularly the governing body, to ensure finalising the reports was not unduly delayed and that the recommendations were responded to appropriately.

### **Resolved –**

- (a) That the Audit & Risk Management Update, including the Internal Audit Progress Report, be noted.
- (b) That the Assistant Director Finance & Audit, on behalf of the Committee, write to the Assistant Director Professional Services to seek an explanation for the low level of completion of mandatory e-learning courses.
- (c) That the Assistant Director Finance & Audit, on behalf of the Committee, write to schools to remind them of the importance of completing the appropriate employment checks.
- (d) That the internal auditors Schools Common Themes paper be circulated to the Committee, and presented to the Schools Forum.

## **24. Annual Audit Letter 2012/13**

The Council's external auditor, Mr Grant of BDO, summarised the key issues raised in the Annual Audit Letter 2012/13. The document had been finalised since the previous meeting of the Committee and had been published on the Council's website.

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Mr Grant confirmed that an unqualified opinion had been issued on the financial statements for 2012-13. An Action Plan was in place to improve the process to try to ensure that the statutory deadlines for the audit of the 2013-14 financial statements were met. The Annual Governance Report contained a number of recommendations for strengthening the Council's arrangements for preparing the annual financial statements including roles and responsibilities and the preparation of working papers.

The Committee noted that an unqualified Value for Money conclusion had also been issued and Mr Grant commented that clear leadership had been demonstrated in relation to the Council's financial governance arrangements. The General Fund balance of £8.1m was considered to be sufficient based on the Chief Financial Officer's assessment. However, it was also noted that the Council continued to face significant challenges with a cumulative resource gap of £30m between 2013 and 2017 and various options were being considered to address this gap. Mr Grant reported that a number of specific areas of work had been examined, including the management of the transactional services contract with Avarto; the Council Tax Support Scheme and the early work of the Slough Regeneration Partnership and Slough Wellbeing Board and that no significant concerns had been identified.

The Committee were informed that the audit of grant claims had met statutory deadlines and that the preparation of the Whole of Government Accounts return was in progress and it was anticipated to be completed in the following week. Mr Grant commented on a number of other matters including operational performance, which had been mixed, and advised the Committee that a recommendation had been made to the Council to further develop its performance targets to consistently follow SMART principles.

Members noted the report and discussed future risks such as the potential impact of demographic change and migration on services such as housing and education. The Assistant Director confirmed that 'Unpredicted Demographic Changes' had been recognised in the Corporate Risk Register and such matters could be considered for inclusion in the Internal Audit Plan 2014/15 which would come to the Committee in March 2014.

**Resolved** – That the report be noted.

### **25. Members Attendance Record**

**Resolved** – That the report be noted.

### **26. Date of Next Meeting - 13th March 2014**

**Resolved** – That the next meeting of the Committee be held on Thursday 13<sup>th</sup> March, 2014 at 6.30pm.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 7.21 pm)