

## **Audit and Corporate Governance Committee – Meeting held on Thursday, 5th March, 2020.**

**Present:-** Councillors Sabah (Chair), Wright (Vice-Chair), Ali, Akram, D Parmar, S Parmar and Plenty.

Co-Opted Members - Mr Sunderland and Mr Zafar.

Parish Councillor Ahmed (Wexham Court)

**Also present under Rule 30:-** Councillors Dar, Nazir and Strutton

**Apologies for Absence:-** Parish Councillor Brooker and Dr Lee (Independent Person)

### **PART 1**

#### **39. Declarations of Interest**

None were received.

#### **40. Minutes of the Last Meeting held on 9th December 2019**

**Resolved** – That the minutes of the meeting held on 9<sup>th</sup> December 2019 be approved as a correct record, subject to Cllr Plenty's attendance being recorded as present at the meeting.

#### **41. Regulation of Investigatory Powers (RIPA) Activity 2019**

The Service Lead Governance provided an update on the annual activity undertaken by the Council in terms of its statutory powers provided for under the Regulation of Investigative Powers Act (RIPA) 2000.

The Committee were informed that no applications were made by Council officers during 2019 for the authorisation of direct covert investigative powers under RIPA; which was in line with the trend of low activity over recent years with none in 2018, 1 application in 2017 and none in 2016 and 2015. It was explained that the low level of activity followed a national reduction in the number of RIPA authorisations sought by local authority investigators following changes to the legislation which required applications to be granted by a magistrate.

It was noted that the Council was required to submit an annual return to the Investigatory Powers Commissioner's Office by 31 March 2020 and that this would be complied and sent in due course.

Councillor Strutton, speaking under Rule 30, queried what training was made available to Members. It was explained that RIPA training was provided to managers and officers in January 2020 and that Members would be informed of any relevant training.

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

**42. LGA Peer Review on Governance - Interim Report**

The Service Lead, Governance outlined details on the informal feedback given by the Local Government Association (LGA) following the peer review of the Council's governance arrangements on 3-5 February 2020.

It was acknowledged that the Council had made "significant and tangible progress on governance issues over the last two years and people were confident of further improvements under the current leadership." However, a number of areas were highlighted that required further improvement, which included the practical importance of good governance which was not understood by all staff resulting in poor practice in some areas, the importance and purpose of the Audit and Corporate Governance Committee (ACGC); and weaknesses in the Council's scrutiny processes which meant that scrutiny was not sufficiently enabled to address the key strategic issues facing the authority.

The formal findings and evaluation of evidence were awaited and a final report upon these findings would be brought to the Committee, in conjunction with an action plan to implement the recommendations.

Speaking under Rule 30, Councillor Strutton asked what measures had been initiated to address the issues raised and when the final findings would be available. It was noted that discussions were being held at Corporate Management level to develop an action plan to address the issues that had been raised by the review. It was anticipated that the final formal report would be available in two weeks.

Members raised a number of points including clarity regarding there not being sufficient opportunity for member engagement and the ACGC not focusing on pertinent matters. It was explained that in order for Members to take ownership of issues, they should be involved in the formation of work programmes/agenda setting. Following discussion relating to the role of the ACGC, Members agreed that a Working Group be set up to examine its role and how its effectiveness could be improved going forward.

**Resolved** – a) That details of the interim report be noted.

b) That a Working Group (to include Cllrs Sabah and Ali) be set up to look at the issues raised by the review.

c) A questionnaire be sent to Committee Members for their feedback relating to the workings of the Committee.

**43. Schedule of Activity - Councillors' Code of Conduct**

The Service Lead, Governance provided the Committee with an update on the activity undertaken by the Council's Monitoring Officer in relation to the Councillors' Code of Conduct. Four complaints had been determined since the Committee had met in December 2019 and four remained outstanding. It was noted that no complaints were received since 9 December 2019.

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Councillor Strutton, speaking under Rule 30, expressed concern regarding a lack of transparency with regard to the complaints process; in that where a complaint had been upheld, the apology was made in private and not to the complainants. The Monitoring Officer explained that under the Localism Act 2011 (LA 2011) he had authority, in conjunction with the Council's Independent Person, to resolve matters in a manner in which they deemed most appropriate. The current scheme stated that findings regarding complaints be reported to the Audit and Corporate Governance Committee. However, should the Committee indicate that they wanted this to be amended to, for example that the findings be published to the website, then this was something officers could investigate further. It was however highlighted that apart from local resolution or referring matters to the Standards Determination Sub-Committee there were no other sanctions that could be imposed under the LA 2011.

Cabinet Member for Governance and Customer Services reiterated the need for a clear timetable for determination of complaints and recommended that the Monitoring Officer write to the Housing, Communities and Local Government Minister highlighting the challenges associated with implementation of the Localism Act in relation to standards matters.

Parish Councillor Ahmed stated that complaints had been outstanding for a number of months and sought clarification relating to the timeframe within which they were investigated and determined. Following discussion, it was agreed that the Monitoring Officer seek to amend the Code of Conduct, in consultation with the Chair, to include a timeframe for investigation and determination of complaints. It was also suggested that training regarding the Standards Complaint Process be provided to ensure that all Members were aware of what constituted a complaint within the Code of Conduct.

#### **Resolved –**

- a) That details of the report be noted.
- b) That the Code of Conduct be amended, in consultation with the Chair, to include timeframe for investigation of complaints.
- c) That the Monitoring Officer to examine the possibility of the Code of Conduct being amended to reflect that any findings of breaches of the Code of Conduct be published.
- d) That the Monitoring Officer to write to the Housing, Communities and Local Government Minister highlighting the challenges associated with implementation of the Localism Act with regard to standards matters.
- e) That training to be scheduled for all Members detailing the Standards Complaints Process.

#### **44. Local Government and Social Care Ombudsman - Complaints, Findings and Recommendations**

Committee Members were updated on the number of complaints, findings and recommendations made to the Local Government and Social Care Ombudsman since December 2019. A Member stated that it would be useful for future reports to include information outlining 'lessons learnt' and what, if any, changes to policy or procedure had been implemented to mitigate the chances of the same situation arising in the future. It was agreed that reports would be updated to ensure this information was included.

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

#### **45. Revision of the Constitution**

The Monitoring Officer introduced a report which outlined revisions to the Council's Constitution. The Member Panel on the Constitution (MPOTC), at its meetings held on 11 September 2019 and 25 February 2020 had considered and approved the following changes:

**Declarations of Members' Interests** – The Council's internal auditors had identified that there were several instances of declarations of interests by Members at meetings but no evidence of any review of the impact of such declarations and the action taken. These instances arose where Members declared a personal interest, such as a close relative working for the Council, but did not consider that the interest declared prejudiced their judgement and participated in the debate and vote on the item(s) under consideration. The MPOTC suggested that consideration be given to a simpler form of words that Members use to enable them to participate and vote, whilst at the same time ensuring that the minutes record the propriety of such actions. It was also recommended that members Declaration of Interest form be amended to allow repeat interests to be recorded and thus avoiding the necessity for Members to declare such interests at every meeting.

**Best Practice recommendations by the Cabinet Committee on Standards in Public Life (CSPL)** – Following a Corporate Peer Challenge Review of the Council in February 2019, the Local Government Association recommended that the Council consider the CSPL recommendations and how they pertain to Slough. The proposed changes were detailed in the report.

**Joint Parenting Panel (JPP) - Terms of Reference** - The terms of reference of the JPP were reviewed annually. Following discussions between the Director of Children, Learning and Skills Services and the Chief Executive and Non-Executive Director of Slough Children's Services Trust it was proposed to reconfigure the JPP to the Corporate Parenting Panel, as was previously the case, with effect from May 2020. There would be no change to the compulsory attendance of members or the current membership; and the proposed change would assist in improving services for young people.

A number of points were raised in the ensuing discussion, including concern that information relating to separate bodies/companies the Council had set up was not available in the public domain. The Deputy Monitoring Officer explained that all such details were reported for the first time in the Council's Annual Governance Statement 2018/19 and that this would be a feature for annual statements going forward. Furthermore, details of such bodies were registered with Companies House and available for public inspection.

Members also considered proposed amendments to paragraph 4.1 of the Councillors Code of Conduct, as tabled at the meeting. Responding to how the Code of Conduct was enforced if a criminal offence had taken place, the Monitoring Officer explained that the proposed changes clarified the position; in that where the Monitoring Officer was made aware of circumstances which may constitute a criminal offence under Section 34, they would report the matter to the police for their investigation before undertaking their own enquiries. Discussion took place relating to a Criminal Records Bureau (CRB)

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check to be carried out for Members. It was noted that whilst there was no statutory requirement for a CRB check the Council could adopt carrying them out as best practice. However, a number of issues would need to be looked at including data protection and financial implications before proceeding. It was agreed that the Monitoring Officer update the report for Council to include information regarding the implications of implementing CRB checks for Members.

#### **Recommended to Council –**

- a) That the revisions to the Council's Constitution as set out in the Report be placed before the Monitoring Officer and full Council for approval.
- b) The Monitoring Officer to update the report to include details of the implications of CRB checks for Members.

### **46. Members Performance Report - May 2019 to February 2020**

The Service Lead, Governance, introduced a report that outlined details of Members meeting and training attendance and number of casework submitted for the period May 2019 to February 2020. It was noted that the figures did not include Group meetings, internal meetings, outside bodies or briefings.

Referring specifically to casework, it was explained that the information did not represent all casework dealt with as Councillors could use other methods to deal with casework including going directly to departments or resolving issues at ward surgeries. Members were informed that all casework queries should be submitted to the Corporate Complaints Team and that this process should not be bypassed. It was explained that Members should be using the electronic dashboard system which specifically related to logging of casework and tracking of the query through to completion. Using this system would also ensure a consistent and reliable response to queries as well as being able to monitor service delivery.

Committee Members requested that future performance reports to include details relating to whether members were using the electronic dashboard software and the time period in which casework queries were being resolved; and that officers identify further indicators that could be used to monitor member performance.

**Resolved –** That Members attendance details at meetings and casework submitted for the period May 2019 to February 2020 be noted.

### **47. Internal Audit Plan 2020/21**

The Head of Internal Audit introduced the Internal Audit Plan for 2020/21 which set out the proposed Internal Audit priorities and schedules for the year ahead.

The areas identified for review as outlined in the plan would ensure that the Council's assurance needs for the forthcoming and future years were met. The Chair sought clarification in relation to an audit of the Accounts Preparation Process. It was explained that the Chief Executive had requested a review of the process undertaken by the Council in preparing for the annual

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accounts process. The scope of the review would be agreed with the Director of Finance and Resources.

At the conclusion of the discussion the Committee approved the Internal Audit Plan for the coming year.

**Resolved** – That the Internal Audit Plan 2020/21 be approved.

#### **48. Internal Audit Progress Report - Quarter 4**

The Committee was provided with a summary update on progress against the remaining reports from the 2018/19 internal audit plan and the 2019/20 plan. The one outstanding report from the 2018/19 plan - Housing Revenue Account - had been completed and had received a partial assurance. Nine reports had been finalised from the 2019/20 plan since the last meeting of the Committee in December 2019; of which three had received a negative opinion – asset register, cash handling and follow up Q2.

A number of points were raised in the ensuing discussion, including clarification relating to the submission of staff expense claim forms. It was explained that the existing requirement for expense claims to be supported with receipt evidence would continue but staff would also have to specify the exact mileage being claimed. It was noted that the Council would explore the possibility of implementing a system of spot checks to confirm the correct processing of expenses.

A Member expressed concern that strategic assets had been acquired by the Council during 2019/20 with a total value of £49.3m and in all these cases, the Asset Management Team had not been notified. Consequently, this meant that the Asset Register had not been updated, which could lead to inaccurate information being used by management possibly resulting to inaccurate financial statements. It was also queried as to why alternative legal teams to HB Law were being used for the purchase of such assets. The Director of Finance and Resources assured the Committee that due process had been followed in the purchase of strategic assets and that a review of the current Asset Management Procedure would be conducted to determine the responsibilities of all staff involved and ensure that the relevant teams across the Council were kept informed. The Committee were also informed that reconciliations had taken place between three different systems which would assist in ensuring accurate up to date information was available to the necessary teams across the Council. The Service Lead, Governance explained that given the large scale nature of the strategic asset purchases, it was necessary to engage specialist lawyers.

**Resolved** – That the Quarter 4 Internal Audit Progress Report be noted.

#### **49. Interim External Audit Findings Report**

Julie Masci, the Engagement Lead at the Council's external auditors, Grant Thornton, provided the Committee with a verbal update on the audit of the 2018/19 financial statements. The Committee was informed that a number of issues from both Grant Thornton and officers had meant that there had been further delays in the audit which had impacted on the audit and resulted in the

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accounts still not being. Following a meeting with officers in February 2020, including the Chief Executive, it was agreed that GT would clarify issues identified in writing to officers, make clear to officers the format in which papers were required and the necessary appropriate action to be taken to ensure issues encountered did not impact and continue in the next financial year.

The Chair expressed disappointment and concern that the audit for the accounts 2018/19 had still not been finalised; especially that assurances had been provided at previous meetings that the audit would be completed shortly. Furthermore, the delays had resulted in reputational damage to the Council. It was noted that of the 80 outstanding audits nationally, Grant Thornton were responsible for 17 of these. In response to what the primary cause in delay of finalising the audit was, Ms Masci stated that this was due to the production of working papers and slippage in the timetable regarding income and expenditure testing. Whilst accepting that the process could be improved, it was brought to Members attention that a number of findings meant that further evidence was required prior to presenting the findings to the Committee.

A number of Members stated that little or insufficient progress had been made since the Committee had last met in December 2019. The Committee were informed that Grant Thornton had doubled their resource base at Slough to ensure matters were concluded as quickly as possible. Whilst noting that there had been an increase in personnel, the Director of Finance and Resources expressed frustration relating to the experience of individuals carrying out the work and turnover in staff, with over seventeen staff involved with the audit in relation to Housing Benefits.

The Cabinet Member for Governance and Customer Services stated that it was unacceptable that the Committee were being provided with a verbal update and that the same reasons were being provided for the delay as those given in December 2019. A timetable was requested with a view to hold an extraordinary meeting in April 2020 to close the matter. Concern was expressed that the delays would also significantly impact the audit of the 2019/20 financial statements. Ms Masci informed Members that the priority was to finalise the interim findings report and that this could possibly be circulated to the Committee the following week.

The Chief Executive informed Members that she had requested a review take place of the external audit process and arrangements to both establish the causes of delay and ensure that lessons were learnt for future audits. It was suggested that any review be over seen by the Independent Person and it was noted that an independent overview of the process would be useful.

**Resolved** – That the verbal update be noted.

## **50. Risk Management Update - Quarter 4 2019/20**

The Service Lead Finance introduced a report that detailed the latest Corporate Risk Register. It was brought to Members' attention that the GDPR officer vacancy was on target to be advertised by the end of March 2020 and that the functions were currently being carried out within an existing officer's

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role. The Committee were informed that the register would also be updated to include coronavirus and associated risks.

A Member enquired about the amount of money owed to arvato following termination of the contract. The Director of Finance and Resources clarified that the Council had not paid arvato their final invoice and were currently assessing the claim and that it was not feasible to disclose further details due to commercial sensitivity.

**Resolved** - That details of the Risk Management Update be noted.

### **51. Audit & Risk Management Update - Quarter 4 2019/20**

The Service Lead Finance outlined details of progress made in finalising draft Internal Audit reports and implementation of Internal Audit recommendations. The percentage of completed actions had increased to 81% from last quarter's 70%. Referring to the management response to the high and medium priority recommendations, it was reported that 99% of these were complete or in progress.

Although Members welcome the additional information included in the appendices, the need for meaningful and accurate data was reiterated to ensure effective scrutiny by the Committee. The Chief Executive stated that the Corporate Management Team had emphasized this to officers and assured Members that the appendices would be updated accordingly.

**Resolved** – That details of the Audit & Risk Management Update Quarter 4 2019/20 be noted

### **52. Exception reporting to Overview and Scrutiny**

This was a standing agenda item to provide a formal mechanism to refer relevant matters to the Overview and Scrutiny Committee. No matters were referred.

**Resolved** - That no matters be reported to the Overview and Scrutiny Committee arising from the agenda.

### **53. Forward Work Programme**

**Resolved** – That details of the Work Programme be noted.

### **54. Members Attendance Record 2019/20**

**Resolved** – That the Members Attendance Record 2019/20 be noted.

### **55. Date of Next Meeting - 30th July 2020**

The date of the next meeting was confirmed as 30<sup>th</sup> July 2020.

Chair

(Note: The Meeting opened at 6.34 pm and closed at 10.11 pm)