

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Annual Council **DATE:** 20<sup>th</sup> May 2021

**CONTACT OFFICER:** Steven Mair, Associate Director of Finance

**WARD(S):** All

### **PART I** **FOR DECISION**

#### **2018/19 ACCOUNTS – SECTION 24, STATUTORY RECOMMENDATIONS**

1. **Purpose of Report**

To advise the Council of four Statutory Recommendations that Grant Thornton have made in relation to the 2018/19 accounts as per schedule 7 of the Local Audit and Accountability Act 2014

2. **Recommendations**

The Council is requested to:

- a) accept the recommendations of the auditors as set out in pages 6 to 9 of the enclosed report
- b) agree the management actions as set out in pages 6 to 9 of the enclosed report

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

3a. **Slough Wellbeing Strategy Priorities**

The Council has a statutory duty to prepare and have audited annual accounts which underpin good governance, the financial management of the Council and thus the ability of Departments to deliver their services and meet the priorities shown below

1. *Starting Well*
2. *Integration (relating to Health & Social Care)*
3. *Strong, healthy and attractive neighbourhoods*
4. *Workplace health*

3b. **Five Year Plan Outcomes**

As noted above the proposal will underpin delivery of all of the Five Year Plan outcomes as without sound finances the ability to action these will be impeded

4. **Other Implications**

(a) **Financial**

These are dealt with in the enclosed audit report

**(b) Risk Management**

There are no risks in agreeing the recommendations. Risks would arise if the Council decided not to accept the recommendations due to the need to address the auditors recommendations and take forward the financial service, address the excessive delay and quality issues in producing the accounts, improve the governance and increase the reserves

<b>Recommendation from the audit report</b>	<b>Risks/Threats/ Opportunities</b>	<b>Current Controls</b>	<b>Using the Risk Management Matrix Score the risk</b>	<b>Future Controls</b>
Finance capacity and skills	No risks if recommendation agreed	To be developed as set out in the report	0	To be developed as set out in the report
Robust arrangements for accounts preparation	No risks if recommendation agreed	To be developed as set out in the report	0	To be developed as set out in the report
Address the low level of revenue reserves	No risks if recommendation agreed	To be developed as set out in the report	0	To be developed as set out in the report
Effective financial and governance arrangements for the group relationships	No risks if recommendation agreed	To be developed as set out in the report	0	To be developed as set out in the report

**(c) Human Rights Act and Other Legal Implications**

Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014 set out the duties of appointed local auditors of relevant authorities. These include a duty to make a public interest report or recommendations in specified situations.

Paragraph 2 of Schedule 7 states that the local auditor may make recommendations during or at the end of an audit and the recommendation must be sent to the Secretary of State.

Paragraph 5 of Schedule 7 states that where a local auditor has made recommendations, the local authority must consider the recommendations at a meeting (of full council) held before the period of one month and at the meeting, the authority must decide whether the recommendations should be accepted and what, if any, action to take in response to the recommendation. Paragraph 9 requires that the meeting must be held in public.

(d) Equalities Impact Assessment

There is no adverse impact from the recommendations on race, gender or disability groups. There is also no possible impact for age, religion and sexual orientation

(e) Workforce

The proposals in the report will greatly enhance the skills and capacity of the finance service and will support the rest of the Council workforce through the benefitting from proper and robust financial management

5. **Supporting Information**

The Council's external auditors, Grant Thornton UK LLP, have responsibility to give an opinion on the Council's financial statements and assess its arrangements for securing economy, efficiency and effectiveness in its use of resources.

In addition to these responsibilities, they have additional powers and duties under the Local Audit and Accountability Act 2014. These include powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

Due to a number of adverse findings identified by the external auditors from their 2018-19 audit, they have concluded that it is appropriate to use powers to make written recommendations under section 24 of the Local Audit and Accountability Act. The issuance of statutory recommendations is rare as these are reserved for highlighting serious matters and areas of significant weakness.

The enclosed report from Grant Thornton sets out the areas of concern highlighted from their work, the statutory recommendations issued and the Council's responses to address the auditors' recommendations. The statutory recommendations report highlights:

- insufficient capacity and skills within the finance department,
- inadequate preparation of financial statements,
- inadequate general and earmarked revenue reserves,
- inadequate financial governance and monitoring over its outside groups and companies

The Council recognises its responsibility in responding to the Statutory Recommendations under section 24 of the Local Audit and Accountability Act 2014. The Act requires the Council to:

- a) Consider the recommendation at a meeting held within one month of the recommendations being sent to the Council; and
- b) at that meeting the Council must decide:
  - whether the recommendations are to be accepted, and
  - what, if any, action to take in response to the recommendations

Officers are recommending that the proposed management actions be agreed by the Council.

Following consideration of the attached report, the Council must notify the external auditors of its decisions and publish a notice containing a summary of final decisions reached.

**6. Comments of Other Committees**

The Accounts for 2018/19 and the two audit reports have been presented to the Audit and Corporate Governance Committee on the 18<sup>th</sup> May 2021.

**7. Conclusion**

This report will provide a starting point for a greatly enhanced financial service, quality financial management, better stakeholder engagement and allow the Council to meet its statutory duties

**8. Appendices**

'1' - Grant Thornton Statutory Recommendations and management response

**9. Background Papers**

'1' - Grant Thornton audit findings report and management response 2018/19

'2' - Statutory accounts 2018/19