

Audit and Corporate Governance Committee – Meeting held on Thursday, 4th March, 2021.

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

Co-Opted Members Alan Sunderland and Iqbal Zafar.

Parish Councillors Wright (Britwell) and Escott (Colnbrook with Poyle)

Dr Lee (Observer)

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

PART 1

29. Declarations of Interest

None received.

30. Minutes of the Last Meeting held on 10th December 2020

Resolved – That the minutes of the meeting held on 10th December be approved as a correct record.

31. Action Progress Report

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

32. Councillor Code of Conduct

The Monitoring Officer introduced a report which highlighted the recently published Local Government Association Model Code of Conduct for Councillors. Members attention was drawn to key changes which included application of the code, standards of conduct, interests and gifts and hospitality.

The Committee were also reminded of the recommendations made by the Committee on Standards in Public Life in its 2019 report on Local Government Ethical Standards. Progress made on the recommendations were detailed for Members consideration.

Resolved –

- a) That details of the LGA new model code of conduct be noted
- b) That progress in implementing the recommendations of the CSPL and specifically on recommendations 2, 3, 5, 7, 9 & 12, as set out in the report, be noted.

33. Schedule of Activity - Councillors Code of Conduct

The Monitoring Officer (MO) updated the Committee on activity undertaken on the Councillors' Code of Conduct in relation to complaints received. It was noted that three parish councillor complaints had been received and the matters resolved. In response to whether the Parish Councils had been advised regarding the new Local Government Association model code of conduct, the MO confirmed that they had been provided with the necessary details to do so.

Resolved – That details of the report be noted.

34. Members Performance Report - May 2020 to February 2021

Agenda item withdrawn.

35. Internal Audit Progress Report Quarter 4 2020/21

The Head of Internal Audit provided a summary update against the remaining audits from the 2019/20 internal audit plan and progress against the 2020/21 plan. Since the previous update to the Committee in December 2020, 7 further reports in the 2020/21 audit plan had been finalised of which 3 received partial assurance, 3 reasonable assurance and 1 advisory. Clarification was sought on whether the three high recommendations relating to the IT Patch Management Process had been completed. Details would be obtained and circulated to the Committee on whether the recommendations had been implemented. It was noted that a Cyber Security review was also scheduled in the Internal Audit Plan 2021/22. Speaking under Rule 30, Councillor Strutton asked about the impact of cyber attacks could have on the Council's public liability insurance and it was agreed that this specific issue would be looked into.

Referring to the Debt Collection Agencies review and whether a formal contract was in place with them for works undertaken on behalf of the Council, it was agreed that report to the next meeting would be updated to include this information.

Resolved - That details of the Internal Audit Progress Report Quarter 4 be noted.

36. Internal Audit Plan 2021/22

Details of the reviews proposed within the Internal Audit Plan (IA) 2021/22 were outlined for Members consideration. The plan had been produced which remained mindful of the continuing developments and challenges around Covid-19. Risk based reviews were linked to the Council's Corporate Risk Register and included amongst others, reviewing key capital projects Tower and Ashbourne and Stoke Wharf development. Follow up audits would be conducted on a quarterly basis and reported to the Committee to provide assurance that agreed actions were being implemented.

Members, including Councillor Strutton speaking under Rule 30, raised concerns in relation to the risks associated with General Data Protection Regulation (GDPR) and the consequences of fines and reputational damage to the Council. The Head of Internal Audit highlighted that a GDPR Post Implementation audit was scheduled within the IA Plan 2021/22 and the review would consider the extent to which the Council was complying with the GDPR requirements.

Resolved – That the Internal Audit Plan 2021/22 be agreed.

37. Financial Statements 2018/19

The Committee considered details of the report which set out the latest version of the Statement of Accounts for 2018/19. The accounts were being presented for information only at this stage as officers had recently discovered a possible overstatement of income due from one of the Council's commercial partners. If this overstatement was confirmed then there would likely be an impact on the Council's reserves; which was currently provisionally assessed as being more than £1.6 million. Further work was being undertaken to track the impact of the possible overstatement through the accounts and a definitive figure could not be provided until this exercise was completed. In response to when the overstatement was identified, Members were informed that the issue was discovered on 25th February 2021.

Members expressed concern that despite being given assurances at previous meetings that the accounts would be completed for sign off prior to this meeting, yet again the Committee were presented with a draft set. The Section 151 Officer and Chief Executive stated that work had been ongoing for a number of months to produce a final set of accounts and expressed their disappointment at not being in a position to present the final 2018/19 accounts for sign off. It was anticipated that outstanding matters would be resolved imminently and an extraordinary meeting of the Audit Committee would be convened prior to the next municipal year.

A Member asked whether outstanding matters relating to information required from the Berkshire Pension Fund Panel, as reported to the Committee in December 2020, had been obtained and it was confirmed that these details had been received.

Referring to the what the final bill from the external auditors was likely to be, it was reported costs to date were in the region of £223k and that the total cost bill would not be known until the accounts had been closed.

Speaking under Rule 30, Councillor Strutton raised concerns relating to a lack of transparency in the scrutiny of the various limited companies that had been established by the Council. Poor governance and accountability had contributed to a number of issues that had been highlighted as part of the work undertaken on the financial statements 18/19.

Resolved - That the latest version of the Statement of Accounts 2018/19 be noted.

38. Going Concern Statement - 2018/19 Accounts

The Section 151 Officer informed the Committee of his assessment of the Council as a “going concern” for the purposes of producing the Statement of Accounts for 2018/19. Details of the likely impact that Covid-19 would have on the Council’s financial position and performance were highlighted as set out in the report.

Members were informed that discussions were ongoing with the Ministry of Housing, Communities and Local Government (MHCLG) to seek permission for a Capitalisation Directive to help balance the budget in 2021/22. A capitalisation directive would permit the Council to capitalise revenue expenditure if it is unable to set a balanced budget and has considered all other options, has limited reserves, and is increasing its Council Tax by the maximum permitted. The direction could only be permitted by the Secretary of State and be granted in exceptional circumstances.

It was noted that the Council required flexibility due to two unique one-off funding pressures arising in 2021/22, namely:

- A 2019/20 Business Rates rebate (of £5.3m) following a Valuation Office Agency Tribunal decision; and
- The Department for Education (DfE) seeking Slough Borough Council to write-off the Slough Children’s Services Trust’s (SCST’s) historic deficit of approximately £5.5m when a new Local Authority Company, Slough Children First, is created from 1 April 2021.

MHCLG officials had indicated that Ministers were minded to permit the capitalisation of £12.200m of revenue spend in 2021/22 to balance the budget.

In the ensuing discussion, a Member asked whether financial support provided by central government covered the financial pressure the council was facing in terms of income lost and additional expenditure incurred due to the pandemic. The Section 151 Officer explained that although a total of circa £20m in general support funding had been given by central government this did not cover all losses. The Council had carried out a detailed assessment of the likely impact of Covid-19 on its financial position and performance during 2019/20, 2020/21 and beyond.

Speaking under Rule 30, Councillor Strutton expressed concern that issues identified previously had not been implemented and referred to the absence of an updated Business Continuity Plan as an example. The Committee were informed that although work was on going with RSM, the Council’s Internal Auditors, to ensure that the plan was updated; the Council had responded to a number of incidents very well (including flooding within the borough and a cyber attack) to ensure business continuity.

Resolved – That the assessment of the Council’s status as a “going concern” as a basis for preparing its 2018/19 Statement of Accounts be noted.

39. Audit Findings Report 2018/19

Julie Masci, the Engagement Lead at the Council’s external auditors, Grant Thornton, provided an outline of the key findings and other matters arising from the statutory audit of Slough Borough Council and the preparation of the Council’s financial statements for the year ended 31 March 2019 for those charged with governance, as set out in the report.

A number of Members sought assurance that the Council would not find itself in a similar position going forward and asked what measures were being taken to ensure that financial statements were signed off within the prescribed timeframes. The Chief Executive informed the Committee that work was currently being undertaken with the Section 151 Officer to establish a Financial Resilience Project Working Group which would in the first instance carry out an audit of the process and procedure in relation to the 18/19 financial statements but its’ remit would also include a review of the Medium Term Financial Strategy. It was anticipated that work would begin in the first quarter of the next financial year and findings reported to the Committee thereafter. Requests that backbenchers and the Chair of Audit Committee be involved with the work of the Working Group was noted.

The Committee noted details of the Audit Findings Report and agreed that the Cabinet Member with the portfolio for financial governance be invited to give account at the extraordinary meeting that would be convened to sign off the 18/19 financial statements.

Resolved - a) That details of the audit findings 2018/19 be noted.
b) That the Cabinet Member with responsibility for financial governance be invited to the extraordinary Audit and Corporate Governance meeting.

40. Progress Update on implementation of Internal Audit Actions

The Executive Director, Corporate Operations provided an update on progress of the implementation of agreed internal audit management actions. The percentage of actions completed were 88% and Quarter 1 and Quarter 2 follow up audits from internal auditors RSM showed that the Council had made “reasonable progress.” The medium priority actions were highlighted, as set in the appendix to the report and it was agreed that Members would be informed as to why the majority of actions were showing a revised completion target date as 30th July 2021.

Resolved – That details of the report be noted.

41. General Data Protection Regulation Update

The Committee received a report which set out details on the number of breaches of General Data Protection Regulation (GDPR) / DPA 2018 and any subject to legal action and to set out responsibility for GDPR / DPA 2018 in the new organisational structure. Details of breaches by service area were outlined and it was agreed that this information would be circulated to Members. From April 2020 to date, there were a total of 23 incidents recorded, of which 1 was reported to the Information Commissioners Office (ICO). In this instance, the ICO deemed no further action necessary and there was no fine applied to the Council.

The Chair requested details of the percentage of staff that had completed the mandatory GDPR training and it was noted that this would be circulated to the Committee. A Member suggested that the issue of adequate training and support for staff relating to GDPR be examined as part of Internal Audit's GDPR Post Implementation Audit scheduled for September 2021.

Resolved – That details of the report be noted.

42. Risk Management Update Quarter 4 2020/21

Members considered details of the Corporate Risk Register and action required. A Member queried why a number of the risks had no associated actions and it was explained that these issues were being satisfactorily managed which meant that no immediate action was required.

Resolved – That details of the Risk Management Update Quarter 4 2020/21 be noted.

43. Exception Reporting to Overview and Scrutiny Committee

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.

44. Members Attendance Record 2020/21

Resolved – That details of the Members Attendance Record 2020/21 be noted.

45. Date of Next Meeting - 29th July 2021

The date of the next scheduled meeting was confirmed as 29th July 2021.

Chair

(Note: The Meeting opened at 6.32 pm and closed at 8.35 pm)