

Audit and Corporate Governance Committee – Meeting held on Thursday, 29th July, 2021.

Present:- Councillors Sabah (Chair), Ali, Brooker, J Davis, Grewal and Hussain,

Co-opted Independent Member: Iqbal Zafar

Independent Person: Dr Lee (Observer)

Also present under Rule 30:- Councillor Gahir

Apologies for Absence:- Councillor Wright, Parish Councillors Wright and Escott

PART 1

1. Declarations of Interest

Councillor Brooker declared a non-pecuniary interest in that he was a member of the Finance, Audit and Risk Committee at Ryvers School.

2. Minutes of the Meetings held on 4th March 2021 and 18th May 2021

Resolved – That the minutes of the meeting on 4 March 2021 and the Extraordinary meeting held on 18 May 2021 be approved as a correct record.

3. Action Progress Report

The Committee considered and noted the Action Progress Report.

In relation to the response to action 35 from the meeting held on 4th March 2021 regarding cyber risks, the Chair asked for clarification to be provided on the statement that: “Cyber risks are excluded from the Council’s liability policies”. The service area would be asked to clarify the position and confirm to members of the Committee.

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

4. Whistleblowing Code and Guidance

The Monitoring Officer advised that SBC’s Whistleblowing Policy, which was a statutory requirement, had been reviewed following the Internal Audit carried out in 2020/21. RSM who had carried out the review, had proposed a number of amendments to the Policy, this included guidance regarding the process to be followed upon receipt of a complaint, implementing a formal logging process for complaints and a lessons learnt section.

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The Code had been revised in light of the recommendations and was included in the Appendix to the report. The Committee was being asked to approve the new policy for incorporation into the Constitution. The policy was last reviewed 2018 and would be reviewed annually going forward. It was noted that Officers had decided not to implement the recommendation of a Case Management System as it was considered unnecessary and unduly expensive due to the very low number of complaints. In response to a question, assurance was provided that proper records and processes would be followed whatever IT system was being used.

The Monitoring officer advised that no complaints had been received in the past two and a half years. The Committee queried whether a contributory factor could be that staff were not fully aware of the whistleblowing policy and process. It was noted that staff had been made aware of the existing policy but it was recognised that more could be done raise awareness of the policy and ensure it was properly embedded into the corporate induction programme as part of the suite of mandatory training.

A Member asked whether there was an independent mechanism to investigate complaints. In response it was noted that complaints would be referred to the Monitoring Officer in the first instance and the Monitoring Officer was independent of individual services about which such complaints would be raised. Members also discussed the evidence required to support complaints to avoid malicious accusations being made and the equalities impacts.

At the conclusion of the discussion the revised Whistleblowing Code was agreed and Officers would ensure further action was taken to raise awareness of the policy.

Resolved –

- (a) That the revised Whistleblowing Code, including new guidance, be approved for incorporation into the Council's constitution.
- (b) That the revised Schedule of Activity and the new arrangements for record keeping and formalised reviews of whistleblowing be noted.

5. Schedule of Activity - Councillors Code of Conduct

The Monitoring officer summarised the report which set out complaints received under the Councillor Code of Conduct.

Following questions and comments from Members, the Monitoring Officer confirmed that:

- All complaints handled during the period had been dealt with in accordance with 30 day timeframe set out.
- The new Code of Conduct had been approved by Council in May and was now in operation.

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- Complainants were provided with sufficiently detailed response to complaints they submitted.

The report was noted.

Resolved – That the updated Schedule of Activity on the Councillors' Code of Conduct be noted.

6. Members Performance Report - May 2020 to February 2021

The Chair advised that the report under consideration had been previously withdrawn from the March meeting of the Committee and expressed frustration that the same report had been re-presented.

The Committee clarified the additional information they expected to receive in the report:

1. Future timing of reports to include figures for a full municipal year or six month periods.
2. Attendance – further detail to be provided to record the committees each councillor was on.
3. Casework / Complaints – a breakdown of casework and complaints was requested by service/issue so the Committee could consider how casework data was used to inform policy and drive service improvements.

It was agreed that this further information would be added to the report and brought back to the next ordinary meeting of the Committee.

Resolved – That the report be noted and that a revised version be received at the next scheduled meeting of the committee on 30th September 2021.

7. Risk Management Update - Quarter 1 2021/22

The SBC Section 151 Officer summarised the report which provided Members with the opportunity to comments on the Corporate Risk Register.

It was noted that the register had been considered by the Risk & Audit Board which had been reinvigorated and Members should expect to see changes and improvements to the register in future reports.

Following a question from a Member the SBC Director advised that there were no risks in compiling the risk register however all risks had financial implications. The Committee could identify risks of particular concern and interest and request the relevant senior officer to attend and discuss such risks in more detail at future meetings.

The following points were noted from Members questions and the discussion that followed:

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- There were no direct risks or financial implications set out in the covering report but clearly there were significant risks and financial impacts of the issues in the risk register itself which were subject to regular review.
- The Committee again expressed its concern that there were some gaps in risk owners and officers responsible for actions. The Section 151 Officer recognised this and provided assurance that steps were being taken to improve the quality and rigour of the register. Members emphasised the importance of ensuring the report was accurate and up to date to provide assurance that management was regularly reviewing and taking the necessary actions to mitigate against the major risks in the register.
- A Member expressed concern about the waiting list to access Speech and Language Therapy (SALT) services. The Committee requested further information on the actions the Council was taking to address the risk and improve the service, particularly the 3 year waiting list.
- Several questions were asked about the financial sustainability risk given the repeated assurances given to the Committee historically. The Section 151 Officer summarised the wide ranging and detailed work that had been taking place in the past two months to manage these risks and referred to the section 114 notice, Chief Executives response and supplementary information provided to Council on 22nd July 2021 which set out the position in more detail. The programme of work would deal with all of the financial management issues raised and there would be regular reports to Council and to the Committee.
- The financial risks arising from the liabilities owed to the Council by Slough Children's Services Trust were raised. Officers updated on the position regarding historic debts and how the strengthened arrangements for financial and performance monitoring with the newly established Slough Children's First company.
- The viability of the Council's subsidiary companies was raised. The Section 151 Officer set out the detailed work underway to identify all of the issues relating to these companies and stated that issues would be regularly reported through to full Council. All assets and reporting from the companies would be explored and examined.

At the conclusion of the discussion the Chair stated that it was crucial that the Committee received a more accurate and higher quality report in the future. The issues with the historic risk reporting process were recognised and would be addressed in future reports.

Resolved – That the risk management update be noted.

8. Internal Audit Progress Report

The Internal Audit Manager introduced the Internal Audit Progress Report. It was noted that all reports from the 2019/20 internal audit plan had now been finalised and from the 2020/21 plan a further 19 had been finalised since March. Of these 8 had provided reasonable assurance, 7 partial and 1 no assurance.

Members review the detailed information in the Appendix on the key findings for finalised internal audit reports and discussed the plans in place to improve financial reporting. The Section 151 Officer explained the work underway on treasury management, savings proposals, financial controls, Dedicated Schools Grant and the Collection Fund. Questions were asked about the capability of the finance team to address the issues. The Committee was assured that the Council was bringing in financial experts in key areas. There had been significant turnover of permanent staff in the finance team, particularly in senior positions. The short term requirement was to bring in the necessary expertise to SBC on an interim basis with a clear plan to recruit, upskill and develop a capable and sustainable finance team in the medium term. This was a key part of the financial action plans that would be reported to Members over the coming months.

The following updates/further information were requested by the Committee outside of the meeting or in future reports:

- Parked invoices – updates on legal disputes with Arvato and First Beeline Buses and a report to be provided to the next meeting with an analysis of public sector debtors and updated position regarding debt recovery.
- Section 106 funds – report to be provided to the next meeting including on the position re the 50 agreements not yet invoiced which totalled £6.75m.
- From Internal Audit Annual Report (page 107) – Council Tax audit 2019/20 – what progress had been made in addressing the weaknesses identified in Council Tax processes and discrepancies identified.
- Progress in implementing actions relating to the Rent Arrears Recovery Audit.

The Committee expressed concern that the high number of actions, repeated issues and weaknesses identified in the internal audit reports went beyond individual issues that needed to be addressed by service managers and instead reflected a wider failure of systems to effectively monitor and implement internal audit actions.

Resolved – That the Internal Audit Progress Report be noted.

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9. Internal Audit Annual Report 2020/21

The Committee consider a report from the internal auditors that detailed the Head of Internal Audit Opinion for 2020/21 which concluded that: “The organisation does not have an adequate framework of risk management, governance or internal control.”

The reasons for that opinion were summarised and included a high number of high and medium priority management actions on audits such as the review of subsidiary companies, cyber security and whistleblowing and the fact Follow Up reviews highlighted a significant proportion of actions that had not been implemented. Weaknesses had been identified in the risk management process, although the Section 151 Officer and Chief Executive had agreed actions to strengthen the processes. Members discussed a number of matters such as the subsidiary companies, Annual Governance Statement and rent arrears recovery.

Following consideration of the issues highlighted in both the Internal Audit Progress Report and the negative Head of Internal Audit Opinion the Committee expressed serious concerns about the management response to internal audit recommendations over several years. Previous reports to the Committee from management had given a misleading impression that recommendations were being implemented, but it had become apparent that there were systematic issues to be addressed to improve the timeliness of action and reporting in response to internal audits. The Committee therefore agreed to hold an extraordinary meeting in early September at which the Chief Executive and Executive Directors would be required to attend to discuss the internal audit reports presented to the meeting.

Resolved:

- (a) That the report be noted.
- (b) That an extraordinary meeting of the Committee be convened in early/mid September at which the Chief Executive and Executive Directors would attend to respond to the concerns expressed about the lack of progress in persistence and long standing weakness in implementing management actions (e.g. in the Follow Up Audit to Q3); and the Head of Internal Audit opinion 2020/21.

10. Internal Audit Plan 2021/22

The Committee considered a report the Internal Audit Plan for 2021/22 which had been approved by the Committee in March 2021.

Since that time, Internal Audit had been in discussion with the new Section 151 Officer to revise the plan to ensure it reflected the challenges facing the Council including the Covid-19, Section 114 report and the need to re-audit a number of the qualified reviews undertaken in 2020/21. The report set out the

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new audit work and those proposed by Officers to be deferred to future years due to other priorities.

Members supportive the need to revised the plan to focus on higher priority audits. The Chair requested further information about whether and when there would be an audit of the HB Law contract. At the conclusion of the discussion the revised plan was endorsed.

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

11. Date of Next Meeting - 30th September 2021

Resolved –

- (a) The date of the next scheduled meeting be held on 30th September 2021.
- (b) That as agreed earlier in the meeting, an extraordinary meeting be arranged in early September to discuss the internal audit issues with the Chief Executive and Executive Directors.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.40 pm)