

## **Audit and Corporate Governance Committee – Extraordinary Meeting held on Wednesday, 18th January, 2023.**

**Present:-** Councillors Kelly (Chair), Brooker (Vice-Chair), Ali, Carter, J. Davis, Grewal

Co-Opted Member - Stefana Moldovan

**Also present under Rule 30:-** Councillor Strutton

**Apologies for Absence:-** Councillor Naira Bukhari (Co-Opted Member)

### **PART 1**

#### **36. Declarations of Interest**

None received.

#### **37. Internal Audit Action Tracking Report Quarter 3 2022/23**

The Director of Finance set out details of the report which provided an update on progress of implementation of internal audit actions.

Members were reminded that one of the recommendations of the CIPFA and DLUHC reports was to undertake an option appraisal of the Internal Audit function with a view to bringing it back in-house. The function had been outsourced to RSM since 2016. The option appraisal recommended that the service should be brought back in house as part of a broader team covering financial governance, counter fraud, risk and insurance. Following completion of the options appraisal, recruitment of a new team commenced. It was reported that appointments were recently made for roles of Audit Manager and Senior Auditor posts and subject to notice periods this would allow new senior internal audit staff to work alongside RSM in the development of the 2023/24 audit plan.

Good progress continued to be made with regard to completion of internal audit recommendations, namely -

- Pre 2021/22 audit actions – 8 actions from a total of 257 remained outstanding - 4 of which were medium rated and 4 low rated. It was noted that this had reduced from the 41 outstanding actions previously reported.
- The 4 internal audit reports outstanding from 2021/22 had now been finalised allowing completion of the Head of Internal Audit Annual Opinion for 2021/22.
- 2021/22 actions –128 actions completed as at end of December with a further 66 not yet due.

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- The number of outstanding 2022/23 actions has not changed as no further reports had been finalised, although 9 reports had been issued in draft which required a management response.

A Member asked whether the Council was making progress in returning to a sound financial position and the Director of Finance stated that whilst significant progress had been made, undoubtedly challenges remained going forward given the scale of the issues that had been identified. It was requested that a narrative be provided in the report to explain why deadlines had moved or been adjusted and it was noted that this would be included in future reports.

Following a more general discussion about the recruitment of interim and or agency staff within the finance department, it was explained that recruitment to such posts was critical due to the circumstances and the process to permanently appoint to these roles was underway. A permanent Director of Finance had been appointed, who was due to start shortly and interviews for two deputies were scheduled for early February.

A Member referred to Commissioner comments on the report and specifically disappointment relating to the slowness of the implementation of the 2021/22 recommendations with 117 remaining overdue. It was explained that whilst other matters such as financial accounts had taken priority, progress was being made albeit not at the pace required. An in house internal audit function would assist in improving matters.

In response to whether there was an up to date Housing Strategy in place to address issues relating to temporary accommodation and had actions with a target date of 31.12.22 been completed, it was noted that this information would be provided to Members.

Clarification was sought in relation to the high rated internal audit action for council tax specifically the amounts outstanding and the feasibility of collecting the outstanding monies. It was agreed that details would be circulated to the Committee. With regard to write off for council tax debts, a Member asked if there were procedures in place to obtain these and whether it was realistic to pursue outstanding debts from a number of years ago. The Director of Finance stated that whilst procedures were in place, these had not been implemented as rigorously as they should have been and a write off report was due to be considered by Cabinet in February to address the historical debt. Details of the policy/procedure relating to council tax debt recovery, including at what stage the matter was referred to debt recovery agencies, would be sent to Members.

Speaking under Rule 30, Councillor Strutton raised concern about the continued use of interim and agency staff within the IT department. The Director of Finance informed the Committee that a restructure had recently been approved and a permanent Head of IT had been appointed. A reduction in costs associated with agency staff both within the finance and IT departments would materialise in the 2023/24 financial year. Councillor

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Strutton also asked why the Council had written to central government with plans to increase council tax above the permitted threshold, especially given that good progress had been made with the sale of assets. Members were reminded that the scale of the financial issues identified was unprecedented and whilst significant progress had been made in reducing the capitalisation, financial challenges remained. Slough had a low council tax base and the Minister's decision was awaited. It was highlighted that the Council had put in place a Council Tax Support Scheme to assist residents most in need.

### **Resolved –**

- (a) Note the progress on recruiting to an in-house team in line with the recommendations made by CIPFA and in the Jim Taylor report
- (b) Note the reduction in outstanding actions pre 2021/22 from 41 to 8
- (c) Note the completion of all outstanding reports for 2021/22 thus facilitating the issuing of the Annual Head of Internal Audit Opinion for 2021/22
- (d) Note the progress and ongoing improvements to the completion of outstanding actions and detailed responses to high rated actions in Appendix A.
- (e) Note the work on-going to finalise all 9 outstanding 2022/23 internal audit reports and the work planned for the remainder of 2022/23 audit plan
- (f) Note that a detailed review of all outstanding recommendations is being undertaken to further cleanse the data, the output from which has been shared with Departmental Leadership teams for actioning overdue and other outstanding actions during December and January.

### **38. Internal Audit Quarterly Progress Report**

The Committee received an update on the key messages relating to the progress of the 2021/22 and 2022/23 internal audit plans.

Since September 2022, a further five final reports had been issued relating to the 2021/22 Internal Audit Plan of which one resulted in a minimal opinion, three partial assurance opinion and one little assurance opinion. A number of these final reports had contributed to a negative 2021/22 year end opinion as reported at the July 2022 meeting.

A further eleven draft reviews had been issued for the 2022/23 Internal Audit Plan and management responses to these were awaited and would be presented to the Committee in due course.

Concern was raised regarding the delay in reports being finalised, with a number awaiting management comments since July 2022. In addition, it was queried that action plans were not being implemented in a timely manner. The Director of Finance explained that competing priorities meant that matters

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hadn't been responded to as they should have been but high recommendations in reports had been prioritised and responded to. Bringing the internal audit function in house would also assist in matters.

Members asked for further details on audits relating to the Priory School and Health and Safety mandatory training and it was noted that these would be reported to the March meeting.

Referring to the appendix to the report, a number of specific issues were raised as set out below -

- Asset Management Property Records Procedure - whether management actions as part of previous audits (17/17 to 20/21) have been completed
- Processes to make agency workers permanent: medium/high actions with 31.12.22 target date and whether these were completed. A Member highlighted that it was unacceptable that weaknesses remained given the amount of funds spent on agency workers the Committee were reminded that recent restructures in the finance and IT departments had been completed and permanent appointments had been made. Whilst this would be reduce agency costs in these areas significantly, more generally across the council there would always remain an element of using agency workers for example due to specialist roles or posts that were difficult to recruit to.
- Britwell expansion budget setting & monitoring - clarification be provided on the variance in figures (total project cost £2.7m (September) and £3.2m (January) and contract sum as £3.02m) and explanation for the differential in figures.
- Britwell expansion risk management - further details to evidence project risks are being suitably monitored.
- Britwell expansion project contracts CCG & GP - details on funding agreement in place with CCG.
- Health & Safety - Directorate H&S Action Returns. Update on actions 5 and 6
- Leavers Processes: update on 27 leavers in possession of equipment and accounts remaining active after staff had left employment.

In response to whether actions recommended to make sure only authorised members of staff had access to Academy - council tax system - it was noted that an update would be provided in the next committee report.

A Member queried why there was a backlog of council tax inspections and was informed that in some instances although the required work had been carried out it hadn't been updated on the system. The Head of Revenues and Benefits was aware of the issue and as recommended in the audit, a schedule of property inspections would be developed to plan completion of inspections by the end of the financial year.

The Committee asked what continuity measures were in place following the departure of RSM as the Council's Internal Auditors. The Director of Finance informed Members that the contract with RSM had been extended to ensure

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that there was continuity in the service and that there would be a minimum three month handover period. The Committee placed on record its thanks to RSM for their work and contributions at meetings over the years.

**Resolved** – That details of the internal audit progress report be noted.

### **39. Internal Audit Annual Report 2021/22**

The Head of Internal Audit introduced details of the Internal Audit Annual Report 2021/22. For the 12 months ending 31 March 2022 the opinion concluded that the organisation did not have an adequate framework of risk management, governance or internal control.

A Member noted that the report referred to the Risk Management Strategy not having been reviewed by the Committee since 2018 and it was explained that findings of the annual report referred to matters from 18 months prior and that a number of actions since then had been implemented.

Committee Members made a number of comments on the report which included -

- Concern relating to £2.7m parked debt which was not actively being chased. It was noted that this referred to both business rates and council tax and accepted that the Council should be actively pursuing monies owed to it.
- Children Missing Education - further information whether lack of comprehensive policy/procedural guidance to support the processes in place translated in the Council breaching its statutory duties.
- Temporary Accommodation (96 applicants remained in TA for between 3-9 years, rent arrears levels contributing to council's non-compliance with responsibilities outlined within the Housing Act 1996) Update on revised strategy to address these issues.

**Resolved** - That details of the Internal Audit Annual Report 2021/22 be noted.

### **40. Date of Next Meeting - 14th March 2023**

The date of the next scheduled meeting was noted as 14<sup>th</sup> March 2023.

The Committee were informed that an extraordinary meeting had been arranged for Monday 20<sup>th</sup> February 2023 to receive the 2018/19 accounts.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.05 pm)