

**Audit Committee – Meeting held on Thursday, 3rd December, 2009.**

**Present:-** Mr Kwatra (Chair) Councillors Haines and Mann.

**Apologies for Absence:-** Councillor Chohan, Dale-Gough and Small

**PART I**

**19. Declarations of Interest**

Councillor Mann declared a personal interest in agenda item 3 – Procurement Report as his son worked for Oracle.

**20. Procurement Report**

The Assistant Director for Procurement introduced a report to the Committee which advised Members of projects that had been undertaken to ensure efficiency and financial savings in procurement. The Assistant Director noted a number of different activities that had resulted in savings or cost avoidance for the Council. There was also a number of future procurement projects that were underway which would result in savings for the Council.

In response to a query from the Audit Commission the Assistant Director responded that the Procurement Strategy had yet to be finalised as items were continually being added to the strategy and it was therefore being reviewed as it was felt that it was important to ensure that the document was not overly burdensome. It was reported that the document should be finalised by the end of the calendar year.

A Member asked what action the Council was taking to achieve efficiency savings in procurement in light of the shared services scheme. The Committee were advised that the three Councils were liaising on all procurement issues that arose to take advantage of any opportunities for joint procurement. The Assistant Director informed the Committee that the Oracle procurement system had been in place since July 2008 and one year's worth of information was now able to be obtained from the system. Each Service Area Manager was aware of the issues surrounding the procurement strategy and the steps that needed to be taken to improve.

**Resolved** – That the Procurement update report be noted.

**21. Minutes of the last meeting held on 14th September 2009**

The Minutes of the meeting held on 14th September, 2009 were agreed as a correct record.

**22. Matters Arising**

The Audit Commission advised that the issues raised concerning the draft Annual Governance report and the Use of the Resources report had now been resolved. The Council had approved a revised set of statement and the Audit Commission gave these a clean value for money conclusion.

**23. Treasury Management Presentation**

Aslam Abdulla, Head of Treasury Management made a presentation to the Committee which included information on different aspects of Treasury Management. It was felt that it would be useful for the compliance reporting of Treasury Management to come to the Audit Committee. At present a report was taken to Cabinet on a quarterly basis with information regarding treasury management in Slough. Members were informed that the current policy was to invest in AA rated institutions; however, there were a number of investments which were currently in building societies with an A rating. Members were advised that the treasury management at present was very good. The Director of Resources noted that treasury management was a complex area of finance and Councillors were reminded that, as the stewards of public funds, accountability needed to be associated with responsibility. Councillors had a duty to ensure that the investment strategy was sound. Members were advised that the role of the Audit Committee was to monitor compliance with the CIPFA rules. The performance of treasury management was a scrutiny function of the Council. An officer present from the Audit Commission noted that the decision making role in Treasury Management fell to the Cabinet and the Finance Director.

The Chair of the Audit Committee questioned who should monitor the day-to-day compliance of the Treasury Management Policy. The Section 151 Officer had this responsibility and the Audit Committee would monitor the systems and controls which were in place to hold the Section 151 Officer to account. The Audit Committee's responsibility was also to ensure that the treasury functions were discharged in a way that complied with the strategy set out. A Member was concerned about dividing the compliance and performance areas of treasury management and felt that because of this some issues could fall through the monitoring process and not be picked up by either side. The Head of Internal Audit and Risk Management (HoIARM) advised that an annual audit was carried out and a reporting line and monitoring were in place. A regular periodic item on how the treasury management function met the strategy rules and criteria could be reported to the Audit Committee.

**Resolved** – It was agreed that the format for future reporting for Treasury Management to the Audit Committee would be agreed with the Chair.

**24. Audit Commission - Audit Progress Report November 2009**

Alistair Rankin, who had recently taken over as the new Area Audit Manager presented the report to the Committee which detailed the plans for the Audit Commission's work over the forthcoming year. This would be reported as a regular item to the Audit Committee in future. The progress report showed the planned development from the start of the 2009/10 Audit cycle. In response to a question Members were advised that a shared services review had not been fully scoped but this was currently underway. It was noted that the workforce planning area of Use of Resources was a new KLOE area, as was medium term planning.

**Resolved** – That the Audit Progress Report be noted.

**25. Audit Commission - Use of Resources report**

Phil Sharman, of the Audit Commission presented a report which had previously been circulated in draft to the September meeting. A number of recommendations were contained in an action plan provided as an appendix to the report. The recommendations made in the action plan would be tracked to monitor their implementation. Officers suggested that it may be useful to have a traffic light system in place for monitoring actions. The HoIARM advised that a tracker had been developed for all external agencies' recommendations and would be brought to the Committee in the future.

A Member asked about the financial road map mentioned in an Appendix to the report. The Audit Commission noted that their publication on world class management could be used to track and create a financial road map. The Audit Commission advised that the Council would need to move from an annual to a medium term financial view which would be included in the financial road map. The road map needed to ensure that it clearly explained the strategic choices that could be made over the long term. A sensitivity analysis would be included on what could be achieved with differing levels of financial settlements. When the budget settlement was received each scenario should already be planned in order to advance. Members were also asked to note that an Annual Audit letter was due to go to Council at the next meeting. This was earlier than usual as it was not normally submitted until the Council meeting in March.

**Resolved** – That the Resources Report be noted.

**26. Work of Internal Audit - 2nd Quarter 2009/10**

The HoIARM presented a report to the Committee which included information on the work of Internal Audit from July to September, 2009. Members were informed of work on counter fraud arrangements. An anti-fraud and corruption policy had been created and training for this was provided, including a web based training package which cost approximately £1500 per year. The course could be taken by officers and Members whenever desired. A Member raised concerns regarding the local fraud hot line not functioning out of hours. It was felt that a number of instances of fraud were going under the radar. The HoIARM advised that the Head of Benefit Fraud could attend

the next meeting to explain further the outcome of their anti-fraud initiatives. Information on the prosecution of antifraud cases that had been brought to light would also be included. The HoIARM highlighted the areas that came under the responsibility of Internal Audit with relation to fraud. The only areas that fell outside of the scope of Audit were housing and council tax benefit, dealt with by the Housing Benefit Fraud Unit and electoral register queries which were dealt with by the Electoral Registration section.

A Member raised an issue regarding the whistleblowing policy and asked whether there was any proof that it was effective in practice. Officers responded that the whistleblowing was also included in training sessions and reporting on its effectiveness would be brought to a future meeting of the Committee.

The report detailed areas in which Internal Audit had issued recommendations but the recommendations had not been implemented. With regard to the issue at the previous meeting concerning Physical Disability, Other Care and Support, Members were advised that the recommendations had now been implemented. It was confirmed that if there were any recommendations that had not been implemented then officers would be invited to attend the Committee to present the reasons why these had not taken place. A Member asked for the number of people who had care plans with Slough Borough Council and it was agreed that this would be provided.

In response to a question the HoIARM detailed the investigation into the financial irregularities at Longcroft Care Home. Members were advised that the staff member involved was not in a position to pay back the money. However, for the police to go ahead with a prosecution they required a forensic accountant's report. At a low estimate this would cost approximately £8,000 and it was felt that the cost could not be justified, especially when it was unlikely that any of the monies would be returned. Some money had been reimbursed to clients and some had been written off. Officers advised that they had looked at the other large residential homes and these were found to be acceptable. There had been a breakdown of controls at Longcroft with a long standing member of staff. The other smaller residential establishments were due to be reviewed and any issues would be looked at again on a risk basis.

Members were advised of the current high profile of risk management and this had been reported to the Corporate Management Team. The roll out of the software packages for risk management had been delayed but had recently been rolled out. Risk registers had been recirculated to the relevant department and data had been collated. This would be presented to the next meeting. Members were advised that this was a living document with a number of amendments being made on a recurring basis. Members were advised of the risk management training sessions that would be taking place and were informed that it was exceptionally important for Members of the Audit Committee to attend. It was agreed that the corporate risk register and

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the five departmental risk registers would be submitted to the next meeting of the Audit Committee to provide examples of detail in risks

The HoIARM gave a briefing on the Annual Governance Statement (AGS) on the systems of internal control with the final accounts. The AGS advised whether the governance arrangements in the organisation were effective and whether any areas of concerns had been identified. Members were advised that the Leader and the Chief Executive sign off on the AGS.

**Resolved** – That the 2<sup>nd</sup> Quarter Report be noted and that the actions be approved as detailed above.

### **27. Date of the next meeting**

The date of the next meeting was confirmed as 4<sup>th</sup> March, 2010.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.23 pm)