

Draft

**Audit & Corporate Governance
Committee Annual Report**

2023/24

Contents

Chair's Introduction	3
Purpose of the Committee	4
Context	5
Committee members	6
Attendance and training summary	7-9
Committee self assessment	10-21
Key highlights and next steps:	
Governance, Risk and Control	22-23
Internal Audit	24-25
External Audit and Financial Reporting	26-27
Treasury Management	28-29
Forward Plan / Work Programming	30

Chair's Introduction



Cllr Frank O'Kelly
Chair, Audit &
Corporate Governance
Committee, 2023/24

Foreword by Cllr Frank O'Kelly-Chair

Since becoming the Chair of Audit and Corporate Governance Committee in May 2023, the committee members have grown in confidence, particularly those members who are new to local government and the role of this committee.

The role of the committee is critical to the success of the Council and whilst there have been examples of good quality reports, the committee is still not operating at a standard whereby it can effectively contribute to good governance, effective internal controls and strong public financial management within the Council.

The reasons for this are multi-faceted, but include issues with the quality of reports, late reports and a lack of capacity in teams contributing to internal control systems.

I would like to thank the members of the committee for the balanced, independent and objective approach they have applied to business of the committee and am pleased that we have brought an independent mindset and in general managed to put aside any party political differences.

Purpose of the Audit and Corporate Governance Committee

Statement of Purpose

1. This Committee is a key component of the Council's corporate governance. It provides an independent and high-level focus on the audit assurance and reporting arrangements that underpin good governance and financial standards.
2. The purpose of the Committee is to provide independent assurance to Members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Context: the need to improve governance in SBC

In October 2021 an external assurance review of Slough Borough Council was published. This included a governance review by Jim Taylor, dated September 2021 and a CIPFA finance review, dated October 2021, both commissioned by the former Secretary of State for the Ministry of Housing, Communities & Local Government (now Department of Levelling Up, Housing and Communities).

Jim Taylor's review referred to the significant delay in completing statements of accounts, issue of statutory recommendations by the external auditors, no adequate corporate ownership of internal audit, an inadequate strategic risk register, limited confidence in officer reports presented to the committee and an immature system of governance, including financial governance.

The CIPFA review identified the need for mandatory briefings and specific training for committee members, preparation of annual governance statements, including action plans and a lack of evidence of effective challenge by members to risk registers and updates to the committee.

Committee Members

Members bring with them a range of knowledge and skills from their working life and elected representative roles to the work of the committee. The committee consists of several very experienced elected members who bring historical knowledge of previous audit and finance activity within Slough. The skills and knowledge of the committee are further complemented by those of the co-opted members, who have brought a wealth of knowledge and experience in an audit and governance setting and have applied this knowledge, skill and experience to Slough Borough Council.

The committee consists of eight elected members and four co-opted members

Councillor Frank O’Kelly (Chair)

Councillor Ejaz Ahmed

Councillor Waqas Sabah

Councillor Mabu Shaik

Naira Bukhari Co-Optee Member

Tony Haines Co-Optee Member

Councillor Sabia Akram (Vice-Chair)

Councillor Robert Anderson

Councillor Neel Rana

Councillor Rifaqat Zarait

Jen Simpson Co-Optee Member

Rupa Sidpara Co-Optee Member

2023/24 Attendance and Training Summary

Members attendance record

Committee Attendance		
Councillor	Expected	Attended
O'Kelly	6	6
E.Ahmed	6	5
Akram	6	6
Anderson	6	4
Rana	6	3
Sabah	6	6
Shaik	6	5
Zarait	6	4

Training Attendance			
Councillor	7/6/23	13/9/23	17/1/24
O'Kelly	✓	✓	✓
E.Ahmed	✓	✓	✗
Akram	✓	✓	✓
Anderson	✓	✓	✓
Rana	✓	✓	✗
Sabah	✓	✓	✓
Shaik	✓	✓	✓
Zarait	✓	✗	✓

Training:

7/6/23
Role of Audit & Corporate Governance Committee

13/9/23
Role of External Audit

17/1/23
Treasury Management Training

2023/24 Attendance and Training Summary

The following training has been provided to members of the Committee in 2023/24:

- **7th June 2023** – all members of the committee received training on **Role of the Audit and Corporate Governance Committee** that was delivered by the Interim Director of Financial Management (an experienced S151 officer in Local Government)
- **13th September 2023**– the committee received training from our External Auditor, Julie Masci Audit Director, on the role of External Audit and included an update on the progress of catching up at a national level of the backlog of accounts.
- **17th January 2024**– training was delivered by David Blake from the Council's Treasury Management advisors, Arlingclose, on Treasury Management. All slides and materials were delivered not just to the committee but also all members of the Council. It has been agreed that further training will be delivered in 2024/25 to all councillors.

Chair's Training

Chairs Specific Training

18th Dec 2023 Navigating Finance Scrutiny:

9th -10th February 2024-Two day LGA course in Warwick university covering

- External Audit
- Effective Audit - Committees
- Financial Statements – Audit Committees
- Anti-Fraud and Assurance
- The Audit Committee, Internal Audit, Risk Management and the Annual Governance Statement

Committee Self Assessment – CIPFA Evaluation Tool

Evaluating the impact and effectiveness of the audit committee

An audit committee's effectiveness should be judged by the contribution it makes to and the beneficial impact it has on the authority's business. Since it is primarily an advisory body, it can be more difficult to identify how the audit committee has made a difference. Evidence of effectiveness will usually be characterised as 'influence', 'persuasion' and 'support'.

The improvement tool below can be used to support a review of effectiveness. It identifies the broad areas where an effective audit committee will have impact.

Figure 1: The influential audit committee



Committee Self Assessment – 29 April 2024

- The committee conducted a self assessment evaluation on 29 April 2024 against the principles set out in the CIPFA evaluation framework.
- Five elected members and two co-opted members attended.
- A summary of the assessment against each principle is contained in the following pages.
- The self evaluation has been used to identify next steps against the key areas of business for the committee

Principle 1 - Promoting the principles of good governance and their application to decision making

- Need for more training and understanding of good governance
- Training programme was delivered late and inadequate in some areas
- Significant change in committee membership, including elected members and co-opted members will limited local government experience
- Need consistency in membership over longer time period
- Need to consider effectiveness of questions, how to identify key lines of enquiry and formulate questions, how to answer questions without attributing blame, how to pursue issues if not satisfied with answers
- More time to consider forward planning and work programme
- Did have regular reports updating on Annual Government Statement action plan
- Did have more insight into issues arising from internal audit, made more aware of risk areas – issue is capacity and accountability of senior officers
- Not undertaken significant work on arms length arrangements, including partnerships

Principle 2 - Contributing to the development of an effective control environment

- History of an external internal audit service, decision made to insource service
- This built in risk and seems we are a long way from building an effective team
- Need to be focusing in high risk matters, but not always easy to identify these
- Meetings with internal audit held, concerned about number of old audit actions – desire to bring officers to meeting to explain reason for outstanding actions over 1 year old
- Internal audit reports attempted to identify themes – reports improved over time
- Clear the basics of a business are not in place in terms of internal control environment
- Lack of themes and lack of senior officer accountability for outstanding audits

Principle 3 - Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks

- Risk management reports – issues hidden and evidence of obfuscation
- Historic issues need to come with a summary
- No benchmarking data presented
- Need a better way of presenting risk matrix
- Unclear what mitigations are in place – expect the committee to be able to hold officers to account
- In a company expect monthly risk assessments and focus of audit and risk committee is primarily on risk – unable to give it that priority

Principle 4 - Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.

- Risk of having external review of internal audit too early is it will tell us what we already know
- Maybe better to timetable review later in financial year
- Need a system of assurance mapping setting out business processes and starting from key risks
- Where are we getting assurance from – consider useful tool to use for this

Principle 5 - Supporting effective external audit, with a focus on high quality and timely audit work

- Challenging due to delay in statements of accounts
- Good relationship with external auditors
- Good report on lessons learned / thematic review of issues with 2018/19 accounts
- Not seen reports on value for money
- Have had updates in formal and informal settings on statement of accounts progress and national picture – an update was given at the self evaluation event on 29 April 2024

Principle 6 - Supporting the quality of the internal audit activity, in particular underpinning its organisational independence

- Difficulty getting information from various departments
- In private asked questions as to barriers to delivery of internal audit activity, no questions asked in public meetings
- Question role of culture in the organisation
- Back to first principles – is the committee properly constituted, do members have financial skills, lack of drive to make this focus
- Held private meetings with head of internal audit
- Vested interest in organisation – is it interested in having effective audit committee?
- Want meeting with senior officers and head of internal audit to discuss issues with internal audit – need to get to position where this can be discussed in public – Chair would welcome attendance by experienced members
- Need to see this committee as serious part of governance, not seen as low priority – need to select members who will add value
- Some members completed self assessment, but things did not change until middle of the year

Principle 7 - Aiding the achievement of the authority's goals and objectives by helping to ensure appropriate governance, risk, control and assurance

- Committee not aware of system or structure for major projects
- Committee not aware of strategic framework – identify strategies and how deliver outcomes at top of organisation
- Impression given is of lots of departments running as separate entities – feels like we are auditing different companies
- Role of committee is to give assurance – are we getting assurance that we need that the mechanisms are in place – back to issue of assurance mapping
- Needs to feel like inter-departmental organisation

Principle 8 - Supporting the development of robust arrangements for ensuring value for money

- No value for money assessment from external auditors in year due to delay in statement of accounts
- Internal audit reports could provide assurance, but not been focus

Principle 9 - Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks

- Not sure when committee last saw fraud risk assessment
- Need a report updating on this
- Told strategy being worked on, but not had an update
- New internal audit standards require internal audit to do full risk strategy
- Audits identifying issues with cash handling and petty cash – potential red flag
- Discussion with previous head of service about need for focus on prevention, he appeared quite concerned about this area
- Three lines of defence – cash handling, line management, education programme for managers
- Fraud report – should identify issues, comment on prevention, understand why
- Appears to be emerging threat

Principle 10 - Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability

- Information needs to be disseminated in public forum so public understand
- Helpful having officers who are transparent about the issues and scale of problems
- If public watching committee meetings, would they understand issues?
- Not used power to report to Full Council or other member bodies – feel not ready to do this
- Opportunity for more of a regular standing in Full Council meetings – what is going on and themes we are seeing – annual report provides an opportunity for this
- Accept we are not always the right committee to look at things – consider where it better sits and use referral powers

Governance, Risk & Control

Key highlights in 2023/24

- Approved the 2022/23 Annual Governance Statement
- Considered updates on the Risk Management Strategy and in-year updates
- Continued to review to rectify the significant shortcomings highlighted in external audit, internal audit and other reports to contribute to the strengthening of the overall system of financial control
- Considered a report on LGSCO complaints and corporate complaints, including learning themes from internal complaints
- Considered a review on the governance of Slough Childrens First (SCF) and received progress report on actions

Governance, Risk & Control

Next steps for 2024/25

- To receive a report from external auditors on value for money assessments for 2019/20 through to 2022/23
- To receive other assurance information on the effectiveness of arrangements to secure value for money
- To receive an updated risk management strategy and assurance that the risk management framework is embedded within the Council and utilised to inform decision-making
- To monitor strategic and corporate risks throughout the year
- To receive a report on the effectiveness of internal controls and monitor implementation of any agreed actions
- To review effectiveness of assessment of fraud risks, counter fraud strategy, actions and resources
- To review the governance and assurance arrangements for significant partnerships and connected entities (companies, trusts and joint ventures)

Internal Audit

Key highlights in 2023/24

- The committee oversaw the finalisation of all prior year Internal Audit reports noting assigned actions owners and target dates assigned for all Internal Audit reports for that year.
- Oversaw the handover from RSM delivering the Internal Audit service to a new in-house team
- The committee approved the risk based audit plan for 2023/24
- Monitored progress against the internal audit plan both in-year but also considered outstanding actions from prior years (2021/22, 2022/23 and 2023/24) to ensure a reduction in outstanding actions
- Approved changes to the Internal Audit Plan during the year

Internal Audit

Next Steps in 2024/25

- Receive a report providing assurance on capacity in internal audit function
- Receive a report on external assessment of internal audit function
- Keep under review delivery and prioritisation of the approved internal audit plan
- Receive assurance that directorates are cooperating and responding promptly to internal audit reports and actions
- To consider periodic reports from the head of internal audit on internal audit performance and on any issues likely to inform annual report and opinion
- To receive assurance or details of action taken where head of internal audit has concluded that management has accepted a level of risk that may be unacceptable
- To provide free and unfettered access to the Chair and other committee members for the head of internal audit, including opportunities for private meetings with the whole committee

External Audit and Financial Reporting

Key highlights in 2023/24

- Reviewed the scope and depth of external audit work to ensure it offers value for money
- Met regularly with the S151 officer to support and assist where appropriate.
- Met regularly with the External Audit lead partner and senior manager to receive updates on external audit plan and progress
- Regular discussion with the Executive Director of Finance and the External Auditors, Grant Thornton regarding the timetable for completing the, 2019/20, 2020/21, 2021/22 and 2022/23 accounts and audit processes
- Chair began monthly meetings with the commissioners to report progress and issues within the committee.
- In conjunction with Grant Thornton and the S151, considered the in-depth lessons learned from the 2018/19 accounts

External Audit

Next Steps in 2024/25

- To receive and approve statements of accounts for 2019/20, 2020/21, 2021/22 and 2022/23
- To receive value for money assessments for 2019/20, 2020/20, 2021/22 and 2022/23
- To review lessons learned reports from external auditors on any themes arising from audits
- To receive updates on national and local pressures in delivery of audits
- To review and respond to any key recommendations or other statutory reporting by external auditors

Treasury Management

Key highlights in 2023/24

- Considered the performance against the Treasury Management Strategy in 2022/23 and the outturn position
- Having approved a 2023/24 Treasury Management Strategy as part of budget setting in February 2023, monitored performance against this on a quarterly basis
- Provided challenge and review of the Treasury Management Strategy for 2024/25
- Recognised the importance of a broader understanding of Treasury Management and our Capital Strategy amongst all Councillors.

Treasury Management

Next Steps in 2024/25

- To receive more bespoke training on treasury management
- To receive 2023/24 treasury management outturn earlier in the year
- To receive a mid-year review in the Autumn
- To receive assurance that the Council has the capacity and skills required to manage treasury management activity

Forward Plan / Work Programme

Date	Topic	Lead Officer
May 2024	Draft Statement of Accounts – 2019/20 Draft Statement of Accounts – 2020/21 Interim Value for Money Update for 2019/20 and 2020/21	Chris Holme – Deputy Director of Finance
July 2024	Draft Statement of Accounts – 2021/22 Treasury Management Outturn 2023/24 External Audit Plan 2019/20 to 2022/23 External Audit Plan 2023/24 Annual Report 2023/24 Annual Governance Statement 2023/24	Chris Holme – Deputy Director of Finance Julie Masci – Grant Thornton Julie Masci – Grant Thornton Sarah Wilson – Assistant Director Legal and Governance
September 2024 (split across two meetings)	Final Statement of Accounts – 2019/20 Final Statement of Accounts – 2020/21 Final Statement of Accounts 2021/22 Draft Statement of Accounts 2022/23 Interim Value for Money Update for 2021/22 to 2022/23 Treasury Management Quarter 1 Monitoring Final Statement of Accounts 2022/23 LGSCO / internal complaints report and review against Statutory Code AGS 2023/24 – Progress Update Risk Register Update Internal Audit Update	Chris Holme – Deputy Director of Finance Finbar McSweeney – Corporate Complaints Manager Sarah Wilson – Assistant Director Legal and Governance Mike Smith – Head of Internal Audit Mike Smith – Head of Internal Audit

Forward Plan / Work Programme

Date	Topic	Lead Officer
November 2024	Draft Statement of Accounts 2023/24 Treasury Management Mid Year Review Risk Management Strategy Update Interim Audit Update	Chris Holme – Deputy Director of Finance Mike Smith – Head of Internal Audit Mike Smith – Head of Internal Audit
January 2025	Treasury Management Strategy 2025/26 AGS 2023/24 Progress Update Risk Register Update	Chris Holme- Deputy Director of Finance Sarah Wilson – Assistant Director Legal and Governance Mike Smith – Head of Internal Audit
March 2025	Treasury Management Qtr 3 update Final Statement of Accounts 2023/24 Internal Audit Plan 2025/26 Independent review of Internal Audit AGS 2023/24 Progress Update	Chris Holme – Deputy Director of Finance Mike Smith – Head of Internal Audit Mike Smith – Head of Internal Audit Sarah Wilson – Assistant Director Legal and Governance

Training Programme

Date	Topic	Lead Officer
May 2024	Approving statements of accounts	Chris Holme – Deputy Director of Finance
July 2024	External Audit	Julie Masci – Grant Thornton
September 2024	Treasury Management LGSCO Code	Arlingclose / Chris Holme Finbar McSweeney
November 2024	Counter Fraud	TBC
January 2025	Internal Control Environment Improvement and Assurance Framework	TBC - Internal Audit TBC – Governance
March 2025	Refresher on Local Government Finance	TBC - Finance
April / May 2025	Self-Assessment to inform Annual Report	TBC - Governance