

GOVERNANCE, AUDIT, RISK MANAGEMENT AND STANDARDS COMMITTEE MINUTES

22 JULY 2014

Chairman: * Councillor Antonio Weiss

Councillors: * Ghazanfar Ali * Nitin Parekh
* Barry Macleod-Cullinane * Primesh Patel
* Amir Moshenson * Bharat Thakker

In attendance: Jeff Anderson All minutes
(Councillors) Pritesh Patel All minutes
Kantilal Rabadia All minutes

Co-optee: * Mr Derek Lawrence

* Denotes Member present

1. Attendance by Reserve Members

RESOLVED: To note that there were no Reserve Members in attendance.

RESOLVED ITEMS

2. Members' Right to Speak

RESOLVED: That, in accordance with Committee Procedure Rule 4.1, the following Councillors, who were not Members of the Committee, be allowed to speak on all the agenda items:

<u>Councillor</u>	<u>Agenda Items</u>
Jeff Anderson	All
Kantilal Rabadia	All
Pritesh Patel	All

3. **Declarations of Interest**

RESOLVED: To note that the following interests were declared:

Agenda Item 10 – Draft Statement of Accounts 2013-14

Councillor Jeff Anderson declared a non-pecuniary interest in that he was the Chair of governors at Kingsley High School, and a member of the Local Government Pension Scheme. He would remain in the room for consideration of the matter.

Councillor Kantilal Rabadia declared a non-pecuniary interest in that a close family member was a member of the Local Government Pension Scheme. He would remain in the room for consideration of the matter.

Councillor Primesh Patel declared a non-pecuniary interest in that he was a governor of Bentley Wood High School and a member of the NHS pension scheme. He would remain in the room for consideration of the matter.

Councillor Antonio Weiss declared a non-pecuniary interest in that he was a governor at Harrow College. He would remain in the room for consideration of the matter.

4. **Appointment of Vice-Chairman**

RESOLVED: To appoint Councillor Barry Macleod-Cullinane as Vice-Chairman of the Governance, Audit, Risk Management and Standards Panel for the 2014-2015 Municipal Year.

5. **Membership of Assessment and Hearing Review Sub-Committees**

RESOLVED: That the appointment of Members to the Assessment and Hearing Review Sub-Committees be agreed as set out in the list appended to the agenda.

6. **Minutes**

RESOLVED: That the minutes of the meeting held on 2 April 2014 be taken as read and signed as a correct record.

7. **Public Questions, Petitions & Deputations**

RESOLVED: To note that no public questions were put or petitions or deputations received at this meeting.

8. References from Council and other Committees/Panels

The Committee received a reference from the Cabinet meeting held on 26 June 2014 on the Treasury Management Outturn 2013-14, with a request to review and comment on the report

The officer outlined the key points in the report and Members discussed the following:

- the agreed objectives of safety, security and liquidity of funds;
- the parameters for borrowing and investment;
- benchmarking against the Libor rate over an average 3 month period;
- whether the result of the referendum in Scotland would cause volatility or greater risk.

Members agreed to receive a report from Sector (Capita Asset Management) at a future meeting which would address some of the points raised.

In response to queries from Members, the officer explained that the significant under-spend had been caused in part by delay in welfare projects for which contingency funds had been set aside but not used. The under-spend was monitored and reported on a monthly basis to Corporate Strategy Board and to Cabinet.

RESOLVED: That

- (1) the reference and Treasury Management Outturn 2013-14 report be noted;
- (2) a report from Sector (Capita Asset Management) be submitted to a future meeting of the Committee.

9. Draft Statement of Accounts 2013-14

The Committee received the report of the Director of Finance and Assurance, which set out the draft Statement of Accounts and draft Pension Fund Annual Report.

The officer reminded Members that the significant under-spend had been caused to a large degree by delays to welfare reform projects for which contingency funds had been set aside but not used.

A Member observed that some delays had been the result of local choices and not necessarily because of government policy. He also commented on how corporate priorities had changed according to the changes in administration during the previous year, and suggested that this should be explained in the narrative.

Members received clarification on the following points and on how these impacted on the Council's balances:

- the valuation of property and upward revaluation
- payments from schools;
- slippage on the schools expansion programme;
- a loan to the West London Waste Authority and associated interest.

The Chair asked that some further information be given in the foreword in respect of the funding mechanisms used to determine the Council's receipt and broad benchmarking against other London boroughs. A Member commented that the Council's receipt was based on 'needs criteria', and that the comparatively low level of funding reflected a lower 'needs' rating.

Finally, Members considered the advantage of producing a summary of the statement focussing on key themes, to facilitate greater understanding by the public.

RESOLVED: That the draft Statement of Accounts 2013-14 and draft Pension Fund Annual Report 2013-14 be noted.

10. Corporate Anti-Fraud Team Year End Report 2013-14 & Corporate Anti-Fraud Team Final Service Plan 2014-15

The Committee received the report of the Director of Finance and Assurance which provided information on the Corporate Anti-Fraud Team performance against the Service Plan for 2013-14.

The officer described the objectives, whether they had been met, and the reasons for non-compliance. He stated that the Council expected to join the London Housing Fraud Hub later in the year.

In response to Members' queries the officer outlined the process and data used to draft objectives and priorities for investigation, distinguishing between those which resulted in a greater avoidance of financial loss, and those which promoted better social responsibility. He explained the advantages of joining the Housing Fraud Hub and its potential applications, and also reported on government plans to create a single, central investigation service for benefit fraud.

Members considered the successes and resource availability of the Corporate Anti Fraud Team, the achievable balance between the cost of the staff resource and recoverable funds, and future developments which would impact on the service.

RESOLVED: That the Corporate Anti-Fraud Team Year-End report and Final Service Plan be noted.

11. Corporate Anti-Fraud Policy Review

The Committee received the report of the Director of Finance and Assurance which set out the draft Corporate Anti-Fraud Policy for review and comment.

The officer explained that the policy formed part of the Council's Constitution and would be signed by the Leader of the Council and the Interim Head of Paid Service.

In response to queries he clarified the following two points:

- employers held the ultimate responsibility for ensuring that employees had the right to work in this country;
- the whistle-blowing policy was intended to protect staff reporting allegations; other processes existed for members of the public.

RESOLVED: That the report be noted.

12. Draft Annual Governance Statement 2013/14

The Committee received the report of the Director of Finance and Assurance which set out the Council's draft Annual Governance Statement for 2013-14, in line with the requirements of the Accounts and Audit Regulations 2011.

The officer invited comments on the draft statement and stated that the final statement would be re-submitted to the Committee in September.

Members discussed the background to the drafting of the Council's corporate priorities, and the narrative to this, in the light of the changes to the administration in the past municipal year, and requested a re-wording to accurately reflect the consultation undertaken.

RESOLVED: That

- (1) the draft Annual Governance Statement be noted;
- (2) the amendments requested by the Committee be incorporated in the final Annual Governance Statement.

13. Internal Audit Year End Report 2013/14

The Committee received the report of the Director of Finance and Assurance which set out the draft overall audit opinion on the control environment and progress against the 2013-14 Internal Audit Plan.

The officer introduced the report and outlined the key points, including the following:

- currently the control environment was considered 'good';
- all performance indicators had been met or exceeded;

- 90% of salary overpayments were recovered;
- salary overpayments were largely caused by late notification to payroll;
- Internal Audit ceased to follow-up reviews once the assurance rating became amber;
- the Institute of Internal Auditors International Standards (IIAS) were adapted for local government to become the Public Sector Internal Audit Standards (PSIAS).

RESOLVED: That the report be noted.

14. Internal Audit Plan 2014/15

The Committee received the report of the Director of Finance and Assurance which set out the Internal Audit Plan 2014-15.

The officer explained that the programme of work for the year was developed as a draft plan which came to the Committee in April for review and comment, and then to the next meeting for approval. Between the two meetings, a detailed risk assessment was undertaken to identify high risk issues and match these to available resources. If there were insufficient resources to address a significant issue, this would be flagged up to the Committee.

RESOLVED: That the Internal Audit Plan 2014-15 be approved.

15. Exclusion of the Press and Public

RESOLVED: That in accordance with Part I of Schedule 12A to the Local Government Act 1972, the press and public be excluded from the meeting for the following item for the reasons set out below:

<u>Item</u>	<u>Title</u>	<u>Reason</u>
18.	Corporate Risk Register	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

16. Corporate Risk Register

The Committee received a confidential report of the Director of Finance and Assurance which contained the Corporate Risk register for Quarter 4 in order to allow the Committee to fulfil their monitoring role in line with their terms of reference.

The officer introduced the report and confirmed that the Committee's comments on 'overstated' risk had been taken on board and had formed part of a Management Assurance exercise, where managers were encouraged to

consider whether a stated risk had materialised and whether it remained at the same level.

It was noted that global issues were only considered to have impact if they were likely to affect investment.

RESOLVED: That the report and Corporate Risk Register be noted.

(Note: The meeting, having commenced at 7.35 pm, closed at 9.47 pm).

(Signed) COUNCILLOR ANTONIO WEISS
Chairman