

# GOVERNANCE, AUDIT, RISK MANAGEMENT AND STANDARDS COMMITTEE MINUTES

## 22 JULY 2015

**Chair:** \* Councillor Antonio Weiss

**Councillors:** \* Ghazanfar Ali \* Amir Moshenson  
\* Jeff Anderson (2) \* Nitin Parekh  
\* Barry Macleod-Cullinane \* Bharat Thakker

\* Denotes Member present  
(2) Denotes category of Reserve Member

### 56. Attendance by Reserve Members

**RESOLVED:** To note the attendance at this meeting of the following duly appointed Reserve Member:-

Ordinary Member

Reserve Member

Councillor Pamela Fitzpatrick

Councillor Jeff Anderson

### 57. Declarations of Interest

**RESOLVED:** To note the following Declarations of Interest:

9 - Draft Statement of Accounts 2014/15

Councillor Barry Macleod-Cullinane declared a non-pecuniary interest in that he was involved in the planning and implementation of the 2014-15 Budget, as a Member of the Cabinet at the time.

**58. Minutes**

**RESOLVED:** That the minutes of the meeting of 1 April 2015 be taken as read and signed as a correct record.

**59. Appointment of Vice Chair**

**RESOLVED:** To appoint Councillor Barry Macleod-Cullinane as Vice-Chair of the Governance, Audit, Risk Management and Standards Committee for the 2015-2016 Municipal Year.

**60. Public Questions, Petitions and Deputations**

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

**RESOLVED ITEMS**

**61. References from Council and other Committees/Panels - Treasury Management Outturn 2014/15**

The Committee received a reference from the meeting of Cabinet held on 14 July 2015 on the Treasury Management Outturn 2014/15, with a request to review and comment on the report.

**RESOLVED:** That the report would be reviewed and commented on at item 10 on the agenda.

**62. Draft Statement of Accounts 2014/15**

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

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

- there had been sharp increases in expenditure in some areas;
- valuation of assets that increased and decreased in value, such as school buildings;
- short-term and long-term debtors and creditors;
- the deficit in the pension fund;
- provisions for insurance claims and business rate appeals.

The Chair commented that he found the report to be clear and detailed. Members commented that the wording of some sentences could be improved and more detail could be provided. Officers undertook to amend the statement accordingly.

**RESOLVED:** That the draft Statement of Accounts 2014-15 and draft Pension Fund Annual Report 2014-15 be noted.

### **63. Internal Audit Year-end Report 2014/15**

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

During the consideration of this report, Members agreed to exclude the press and public for the discussion of this item in accordance with Part I of Schedule 12A to the Local Government Act 1972, as the discussion related to the financial and business affairs of any particular person (including the authority holding that information). Following the discussion, it was agreed that the press and public were re-admitted.

The Head of Internal Audit introduced the report, outlined key points and clarified the following:

- 90% of the plan had been achieved;
- high-risk areas were being managed well;
- all instances of suspected financial irregularity were recorded and investigations were carried out;
- all Right-To-Buy applications were reviewed by the Corporate Anti-Fraud Team.

**RESOLVED:** That the report be noted.

### **64. 2015/16 Internal Audit Plan**

The Committee received the report of the Corporate Director of Resources, which detailed the Internal Audit Plan for 2015/16.

The Head of Internal Audit clarified the following points with Members:

- the plan was ambitious in light of reduced resources;
- staffing had been a challenge, as it was difficult to find qualified, experienced auditors available for short-term cover such as maternity leave and secondment;
- employing auditors offered better value for money than available auditing software;
- the current team included a qualified accountant, a part-qualified accountant, and two qualified internal auditors and an ex-teacher.

**RESOLVED:** That the Internal Audit Plan for 2015/16 be approved.

### **65. Draft Annual Governance Statement 2014/15**

The Committee received the report of the Corporate Director of Resources, which set out the draft Annual Governance Statement 2014/15.

The Head of Internal Audit summarised the report, and clarified some points for Members, which included the following:

- references would be added regarding the Investors in People Core awarded to the Council and Gold awarded to the Resources and Housing Department;
- the report was only required to include significant governance issues.

The Vice-Chair of the Committee stated that it was the view of the Opposition that the Section 151 Officer should be a stand-alone position and not contained within a Corporate Directorate. He commented that for this reason, his Group believed that the Corporate Structure was flawed.

Members also requested that some distinction be noted in levels of mandatory Member Training, as some Panels required their Members to be fully trained before sitting or making a decision, but some did not.

**RESOLVED:** That the report be noted.

#### **66. Annual Health and Safety Report**

**RESOLVED:** That this item be deferred to the meeting of the Governance, Audit, Risk Management and Standard Committee on 10 September 2015, in order for Members to put questions and comments to the relevant Officer.

#### **67. Treasury Management Outturn 2014/15**

The Committee received the report of the Director of Finance (Interim) Treasury Management Outturn 2014/15.

Members received clarification on the following points:

- outturn slightly exceeded other London Boroughs;
- levels of borrowing and loans that had been paid off
- all rates of return for LOBOs were between 3.75 – 4.25 %;
- interest rates were forecast to rise slightly, but this forecast was uncertain;
- slippage on capital expenditure.

Officers also confirmed as per Member requests, more detail would be provided in future reports and all information provided in future would include the date.

**RESOLVED:** That the reference and Treasury Management Outturn 2014/15 report be noted.

#### **68. Corporate Anti-Fraud Team Year end report 2014-15**

The Committee received the report of the Corporate Director of Resources. The Head of Internal Audit summarised the report, and clarified the following points for Members:

- two targets had been exceeded, six had been met and five had not been met;
- the emphasis was on raising awareness of fraud to encourage people to report suspected fraud;
- anyone reporting suspected fraud would remain completely anonymous;
- emphasis was changing from reactive fraud investigation to pro-active fraud prevention;
- the switch to Universal Credit, and Housing Benefit fraud being investigated by the Department for Work and Pensions, would allow the team to focus their work in high-risk areas.

**RESOLVED:** That the report be noted.

#### **69. Corporate Anti-Fraud Team General Update and Service Plan 2015-16**

The Committee received the report of the Corporate Director of Resources.

The Head of Internal Audit summarised the report, and clarified the following points:

- the service plan was still subject to change;
- there had been a delay in the publication of the CIPFA self-assessment toolkit;
- the Direct Payment referenced on page 293 of the report referred to the Personal Budget from Adult Social Care.

The Chair and Vice-Chair stated that they had sought comments from Members of their respective political Groups, but no additional comments had been offered.

**RESOLVED:** That the CAFT Service Plan 2015/16 be approved.

(Note: The meeting, having commenced at 7.30 pm, closed at 9.05 pm).

(Signed) COUNCILLOR ANTONIO WEISS  
Chair