

Governance, Audit, Risk Management and Standards Committee

Minutes

26 January 2021

Present:

Chair: Councillor David Perry

Councillors: Ghazanfar Ali
Peymana Assad
Philip Benjamin
Kairul Kareema Marikar
Amir Moshenson
Kanti Rabadia

**Independent
Members:** Dr John Kirkland
James Coyle

133. Attendance by Reserve Members

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

134. Declarations of Interest

RESOLVED: To note that the Declarations of Interests, published in advance of the meeting on the Council's website, be taken as read; and that during the course of the meeting the following interest was also declared:

- Councillor Kairul Kareema Marikar declared a non-pecuniary interest in for item 11, as she was an investor in businesses within Harrow. She would remain in the meeting whilst financial matters was being discussed.

135. Minutes

RESOLVED: That the minutes of the meeting held on 1 December 2020 be taken as read and signed as a correct record.

136. Public Questions

RESOLVED: To note that no public questions were received.

137. Petitions

RESOLVED: To note that no petitions were received.

138. Deputations

RESOLVED: To note that no deputations were received.

139. References from Council and other Committees/Panels

RESOLVED: To note that there were none.

Resolved Items

140. Application for Dispensation

Members received a report which provided details of an application for a Dispensation from a Councillor under Section 33 of the Localism Act 2011.

An officer reported that in Councillor Varsha Parmar had submitted the request for a dispensation in December 2020. She reminded Members that this was required because a member of a relevant authority with a disclosable pecuniary interest may not (a) participate, or participate further, in any discussion at a meeting, or (b) participate in any vote, or further vote, taken on the matter at the meeting.

The application for dispensation related to Councillor Varsha Parmar's husband's employment with London Underground Ltd, which was part of Transport for London, and that currently, Councillor Varsha Parmar was the Council's Portfolio Holder for Environment.

Advice had been given by the officer that granting dispensation would be appropriate because of the structural and functional separation between London Underground Limited and TFL. In the event that a dispensation was granted, Councillor Varsha Parmar would be required to declare any interest in addition to the dispensation, when decisions involving Transport for London were considered.

In the discussion which followed, Members raised the following points:

- Concern was raised that clarification for the dispensation was being provided after the application was granted.

- The application for dispensation should have been applied for sooner. It was acknowledged by the officer that this is a way to regularise the position for the future.
- Information surrounding the seniority of Councillor Varsha Parmar's husband within London Underground Limited was not available.
- Concern was raised by Members that the clarification in relation to the application for dispensation would come after the dispensation request had been determined. It was questioned as to whether the dispensation was required if there was a degree of separation.
- The dispensation did not mention decisions made in relation to subsidiaries of Transport for London, but the officer confirmed that it was Transport for London in particular that decisions most likely be related to.

The Chair thanked the officer and noted that the aim of the application was to bring further transparency to the decision-making processes in the Council and therefore, was largely welcomed by the Panel.

Having noted the concerns raised by some Members of the Committee and clarification requested on a number of issues raised by the Committee.

RESOLVED: That Councillor Varsha Parmar's application for dispensation be granted.

141. Failure to comply with actions recommended by the Ombudsman

Members received a report which set out the Council's response to the Ombudsman in relation to the failure to implement agreed actions following recommendations made by the Ombudsman in February 2020.

In the discussion, Members and the officer highlighted the following:

- Moving forward, joint investigations would nominate a lead officer to co-ordinate the investigation, with quarterly updates improving monitoring.
- The report highlighted that there was a delay in paying out, as opposed to not paying out to the claimant.

RESOLVED: That the report be noted.

142. Treasury Management Strategy Statement and Annual Investment Strategy: Treasury Management Outturn 2019/20 and Mid-year Review 2020/21

Members received a report, which presented the mid-year review of Treasury Management activities for 2020/21 and the 2019/20 Outturn position.

During the presentation, the Director of Finance stated that there had been a focus on using cash reserves, that no Treasury Management activity had taken place and that there was enough finance available to reach the end of the financial year. No new borrowing had taken place in the last financial year as there had not been as much capital expenditure as originally anticipated, so debt levels remained at £422m. The Greater London Authority (GLA) offered a treasury management service which was being considered.

In the discussion, Members and Officers highlighted the following:

- There had been no borrowing since April 2019.
- The treasury management service could be outsourced and there were a number of potential services to choose from. A key factor of outsourcing treasury management would be to gain a strategic advantage to Harrow's debt management.
- It was noted that keeping the independent financial advice services separate could avoid complication and that the GLA was a well-established service used by a number of local authorities.
- Concern over the West London Waste Authority loan payback was raised, with clarification that payments were received annually, which had helped maintain the majority of the investment income budget. Further insight was required as to whether income was being generated as opposed to accruing interest.
- London Borough of Harrow or Harrow Council cash investments were generally short-term loans to other authorities. Unlike other authorities, there was no significant treasury management activity within Harrow.
- Concerns were raised over how and when Harrow Council's debt would be paid off and it was noted that offsetting existing loans had been regularly monitored, with redemption fees often making this an impracticable solution. This had led to the explanation that there would always be a need to borrow to run particular activities and that the debt profile was something to be looked into, options considered were the GLA services and the repayment of debt. It was suggested that going forward, more information surrounding the debt level would be included in future treasury management reports.
- The pension fund deficit should not be linked to the revenue account due to the pension fund being a separate arrangement with its own strategy.
- Harrow Council's Pensions Administration Team had recently won a team of the year award at the local government pension fund awards.

- Clarification was sought after by the Committee in relation to the difference in operational boundaries between 2019/20 and 2020/21. The Director of Finance advised that the Council anticipated borrowing £100m for commercial investments, however this policy was no longer going ahead.

RESOLVED: That the report be noted.

143. Information Report - Internal Audit and Corporate Anti-Fraud Mid Year report and Quarter 3 Update 2020/21

The Committee received the Internal Audit and Corporate Anti-Fraud Mid-year report and Quarter 3 Update 2020/21 report, which set out progress against the 2020/21 Internal Audit and Corporate Anti-Fraud Plan.

Members were advised that Internal Audit met or exceeded all its performance indicators at mid-year, however the pandemic had impacted the speed at which work could be done and this was reflected in the Quarter 3 progress. The Head of Internal Audit stated that she was confident that sufficient internal audit work could be undertaken to provide an unqualified Overall Audit Opinion at year-end. The Corporate Anti-Fraud Team were achieving four of the five performance indicators, with 10 of the 14 work streams underway and fewer fraud referrals. Processes had been affected by the pandemic; it was confirmed that a process for virtual interviews was being developed and tested. Confidence was expressed that standards were still being upheld and that, despite difficulties, year-end targets would be met.

In the discussion, Members and Officers highlighted the following:

- The Committee enquired how compliance was being met with virtual interviews taking place and the Head of Internal Audit highlighted that as long as the spirit of PACE was adhered to, then it could be seen as compliant, however the logistics of this were tough and continued to be developed.
- The Committee highlighted that the pilot membership of Cifas had been extended to March 2021. Asked if it would be likely to be extended further, the Head of Internal Audit acknowledged this could be possible.
- Testing was underway by Internal Audit on the Covid-19 business grants that had already been paid. Assurance would be provided that each claim had been risk assessed to make sure it was correct and accurate to pay out.
- CAFT focus had changed due the pandemic, which made some areas of fraud being difficult to access, along with Internal Audit supporting the revenues and economic teams development of the business grant schemes to be more robust against potential fraud. Considerable planning on proactive fraud streams had been put in place so that the team would be ready when needed.

RESOLVED: That the report be noted.

144. 2021/22 Internal Audit Planning Process and Consultation

Members received the 2021/22 Internal Audit Planning Process and Consultation report which aimed to help the Committee understand and contribute to the development of the Internal Audit Plan.

The Head of Internal Audit highlighted that topics such as equality and diversity, financial sustainability and climate change would be considered for inclusion in the internal audit plan. Recommendations from Members would be welcomed and would be discussed with managers and risk assessed before being included in the final plan. Members were invited to forward their suggestions to the Head of Internal Audit by the end of February 2021. Members were advised that information received would need to be risk assessed but that any areas not considered a high risk might not be included in the final plan. The Head of internal Audit undertook to provide the Committee with the audit requirements following the meeting.

RESOLVED: That the report be noted.

145. Motion to Exclude 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(s) for the reasons set out below:

<u>Item</u>	<u>Title</u>	<u>Reason</u>
15	Information Report - Internal Audit and Corporate Anti-Fraud Mid-Year report and Quarter 3 Update 2020/21 – Appendix 2	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).
16	Information Report - Quarter 3 2020/21 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)).

146. Information Report - Internal Audit and Corporate Anti-Fraud Mid Year report and Quarter 3 Update 2020/21

The Committee received a confidential appendix to the Internal Audit and Corporate Anti-Fraud Mid-Year report and Quarter 3 Update 2020/21.

RESOLVED: That the report be noted.

147. Information Report - Quarter 3 2020/21 Corporate Risk Register

Members received a confidential report in relation to Quarter 3 2020/21 Corporate Risk Register. The Head of Internal Audit undertook to incorporate comments made by the Committee into the Quarter 4 update of the risk register.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 6.30 pm, closed at 8.33 pm).

(Signed) Councillor David Perry
Chair