

GOVERNANCE, AUDIT AND RISK MANAGEMENT COMMITTEE MINUTES

29 NOVEMBER 2010

Chairman: * Councillor John Cowan

Councillors: * Mano Dharmarajah * Richard Romain
* Thaya Idaikkadar * Sachin Shah
* Nizam Ismail * Yogesh Teli

In attendance: Bill Stephenson
(Councillors)

* Denotes Member present

39. Attendance by Reserve Members

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

40. Declarations of Interest

RESOLVED: To note that there were no declarations of interests made by Members.

41. Minutes

RESOLVED: That the minutes of the meeting held on 28 September 2010, be taken as read and signed as a correct record.

42. Public Questions, Petitions, Deputations

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

RESOLVED ITEMS

43. INFORMATION REPORT - Whistle-blowing - Annual Report

The Corporate Director of Finance presented a report that set out how the Council deals with whistle-blowing complaints in accordance with the requirements of the Public Interest Disclosure Act 1998. She reported that the government were intending to introduce further protection for whistle-blowers working in the public sector. She added that the Council had received three complaints in the last year.

In response to questions, the Corporate Director advised that:

- The whistle-blowing policy made provisions for officers to raise concerns relating to reasonably substantive issues. There were several other ways in which officers could raise concerns. The policy did not explicitly provide guidance on the situation where a whistleblower incriminated themselves through their disclosures – this would be followed up.
- Investigating officers would discuss with the whistleblower whether they were prepared to be identified and if not seek to maintain the complainant's anonymity where possible;
- The policy was available on the Council's Intranet and the policy was regularly publicised internally;
- If an officer was found to have breached Council rules an appropriate internal sanction such as dismissal or disciplinary action would be imposed. The Metropolitan Police would also become involved in an investigation if an incident involved criminal activity.

RESOLVED: That the report be noted.

44. INFORMATION REPORT - Accounts and Governance Update Report

The Corporate Director of Finance presented a report that provided an update on signing the 2009/10 accounts and governance for the Council required to meet the requirements of the Chartered Institute of Public Finance and Accountancy/ Society of Local Authority Chief Executives (CIPFA/SOLACE) guidance and good corporate governance.

She reported that following the Governance, Audit and Risk Management (GARM) Committee meeting on 28 September 2010, the pension fund accounts were signed off as planned. Auditors deferred signing the final accounts pending an investigation into the management of some of the Council's capital projects. The Auditors concluded that the investigation did not have a material impact on the accounts, which were duly signed off on 28 October 2010. A report on the investigation would be presented to the Cabinet meeting on 15 December 2010 with a further report to the GARM Committee meeting on 19 January 2011. The Auditors would be invited to the GARM Committee meeting in January 2011 to respond to any questions.

RESOLVED: That the report be noted.

45. INFORMATION REPORT - Risk, Audit & Fraud Division Activity Update

The Committee received a report that outlined the current work streams of the Risk, Audit and Fraud. Officers advised that:

- A new Interim Risk Management Officer had been appointed since the report had been published. The appointee had been working on an Assurance Mapping project with the Service Manager for Internal Audit;
- The London Authorities Mutual Limited (LAML) Supreme Court case had been scheduled to commence in early December 2010;
- The Council were part of a consortium (Insurance London Consortium [ILC]) that had currently gone out to tender to appoint underwriters to manage the some of the Council's insurance arrangements. A separate tender for external claim handlers had also been initiated. To maintain existing levels of independence and objectivity, underwriters appointed by the Council were not employed to manage external claims against the Council.

In response to questions, an officer clarified that;

- Underwriters and external claim handlers were historically appointed separately to maintain independence;
- Housing benefit and Council tax overpayments usually arose when a resident failed to inform the Council of a change in their circumstances before payments had been processed.
- Most of the £100,000 issued in salary overpayments in 2009/10 had been recovered.
- More generally there was a possibility that any losses through fraud could be recovered through the Proceeds of Crime Act 2002;
- Officers would provide more detailed information on individual team activities in update reports presented at future meetings.

RESOLVED: That the report be noted.

46. INFORMATION REPORT - Half Year Health and Safety Report 2010/11

A report that summarised the Council's health and safety performance for the period from 1 April 2010 to 30 September 2010 and provided an update of activities and outcome measures, was presented to the Committee. An officer reported that:

- The Health and Safety Executive (HSE) had served three notices relating to the management of asbestos in schools. The notices had now been lifted since the necessary improvements had been implemented. The HSE are expected to make further visits to the Council in 2011;

- The Corporate Health and Safety group, which was chaired by the Assistant Chief Executive, continued to meet each quarter and was responsible for investigating and collating evidence for accident claims made by employees;

In response to a question raised by the Committee, officers clarified that the Council had completed a review of the evacuation procedure following an incident at the Civic Centre earlier in the year. Internal procedures had been updated to capture recommendations arising from this review.

RESOLVED: That the report be noted.

47. INFORMATION REPORT - Internal Audit Mid-Year Report 2010/11

An officer presented a report that set out mid-year progress against the 2010/11 Audit plan and key issues arising from work undertaken. The Committee were advised that:

- Following a review of Harrow Association of Voluntary Services (HAVS) by Price Waterhouse Coopers (PwC) the Overview and Scrutiny Committee had requested an Internal Audit of Grants to Voluntary Bodies;
- The government had abolished the Financial Management in Schools Standard. Internal Audit would consider how assurances on schools' financial management could now be obtained.

In response to questions, the officer reported that:

- Internal Audit was not fully staffed at present and the role profiles of two posts within the team were currently being reviewed. This was the first stage of the recruitment process. A draft specification relating to Internal Audit would be circulated to GARM Committee members once it had been finalised;
- The Council's external auditor would be excluded from the tender process;
- Some of the recommendations made by the Internal Audit team following the review of stock control processes within the borough's libraries had been implemented. Internal Audit would work with the Corporate Director of Community and Environment to consider a plan for implementing the outstanding recommendations.

RESOLVED: That the report be noted.

48. Risk, Audit and Fraud Review - Update

The Corporate Director of Finance reported that the matters to be discussed at this item had been referred to in Agenda Item 47 - INFORMATION REPORT – Internal Audit Mid-Year Report 2010/11.

RESOLVED: That the update be noted.

49. Exclusion of the Press and Public

RESOLVED: That the press and public be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of confidential information in breach of an obligation of confidence, or of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972:

<u>Agenda Item No</u>	<u>Title</u>	<u>Description of Exempt Information</u>
16.	INFORMATION REPORT – Internal Audit Mid-Year Report 2011/11 (Appendix 3)	Information under paragraph 1 (contains information relating to any individual) and paragraph 7 (contains information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime).
17.	INFORMATION REPORT – Green and Amber Internal Audit Reports with Follow Up Reports	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

50. INFORMATION REPORT - Internal Audit Mid-Year Report 2010/11

The Committee considered Appendix 3 to the Internal Audit Mid-year report at agenda item 12. An officer reported that there had been lower levels of payroll overpayments made than in previous years and that control measures to minimise fraudulent transactions against the Council had been successful.

RESOLVED: That Appendix 3 be noted.

51. INFORMATION REPORT - Green and Amber Internal Audit Reports with Follow Up Reports

The Committee received a report that included internal audit monitoring reports on governance and control mechanisms throughout the Council as well as follow up reports that provided an update on assurance actions taken between meetings.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 7.30 pm, closed at 8.45 pm).

(Signed) COUNCILLOR JOHN COWAN
Chairman