

## **General Purposes and Audit Committee**

**Meeting held on Wednesday 22 March 2017 at 6:30pm in Council Chamber,  
Town Hall, Katharine Street, Croydon**

### **MINUTES - PART A**

- Present:** Councillor Karen Jewitt (Chair)  
Councillor Kathy Bee (Vice Chair)  
Councillors Jeet Bains, Jan Buttinger, Patricia Hay-Justice,  
Bernadette Khan, and Joy Prince
- Mr Muffaddal Kapasi and Mr Nero Ughwujabo
- Also present:** Malcolm Davies, Head of Risk & Corporate Programme Office  
Chris Long and Martin Field, Grant Thornton, External Auditors  
Simon Maddocks, Director of Governance  
Lisa Taylor, Director of Finance and Deputy S.151 Officer
- Absent:** Councillors Sherwan Chowdhury, Jason Cummings, Mike Fisher and  
Humayun Kabir

### **MINUTES - PART A**

#### **A01/17 Minutes**

**RESOLVED:** That the Minutes of the meetings held on 29 November 2016 and 7 December 2016 be signed by the Chair as correct records.

#### **A02/17 Disclosure of Interest**

There were no disclosures of interest.

#### **A03/17 Urgent Business (if any)**

There were no urgent items of business.

#### **A04/17 Grant Thornton – Certification of work for the London Borough of Croydon for year ended 31 March 2016**

Chris Long, Grant Thornton, presented the certificate of work for the year ended 31 March 2016 and informed the Committee that due to the certification work the Council was due to receive around £100,000 from the Department for Work and Pensions. The value of £100,000 had been reached by extrapolating the data, however it was stated that it would not have been possible to get an accurate figure of how much was due to the Council without substantially more work which would cost the authority more.

**RESOLVED:** That the Certification of work for year ended 31 March 2016 be noted.

**A05/17**

**Grant Thornton – Audit Plan for year ended 31 March 2017**

Chris Long, Grant Thornton, presented the audit plans for the London Borough of Croydon and Croydon Pension Fund for the year ended 31 March 2017.

Chris Long noted that the transfer of the highways asset had been delayed indefinitely and so no additional audit requirements were included within the Plan for this work. It was noted that 2017 was the first year for consolidating Brick by Brick.

It was stated that work would focus on identified risks by taking into account the overspend that had taken place in the People department and work that had been undertaken to address the overspend and service demand. The integration of health and social care had also been identified as a risk.

In response to Member questions the Committee were informed that Value for Money work was only performed in the public sector and was based on a risk assessment of the objectives and an assessment of the robustness of the assumptions. It was high level work and it was stated that the experience of the external auditors was that there was a robust process in Croydon.

The Committee queried the focus on the work to integrate health and adult social care and were informed that it due to a need to understand the actions that had been taken. The work was to ensure that the level of integration that was required had taken place to deliver the savings and improved services that were required.

The Director of Finance and Deputy S151 Officer confirmed that in 2018 there would be a two month close down period and work had been underway to test the earlier close period in 2017 and it was on track. It was noted that the committee meeting calendar for 2017/18 would need to be reviewed to ensure the reports met the new close down deadlines.

**RESOLVED:** That

1. The London Borough of Croydon Audit Plan for year ended 31 March 2017 from Grant Thornton be noted; and
2. The Croydon Pension Fund Audit Plan for year ended 31 March 2017 from Grant Thornton be noted.

**A06/17**

### **Internal Audit Update Report April 2016 to January 2017**

Simon Maddocks, Director of Governance, presented the internal audit update report for April 2016 to January 2017 and informed Members that there had been a 100% delivery of audits to draft report stage by the year end with 95% receiving substantial or full assurance.

In response to Member questions the Director of Governance stated that there was often a time lag between recommendations being made and being accepted. It was noted that previously there had been a number of priority 1 recommendations that were outstanding from previous years however these had since been closed down. It was anticipated that the same would happen for the recommendations from 2015/16.

The Committee queried whether the Octavo Partnership was seeing the same issues as the Croydon Care Solutions, and whether audit of external organisations was extensive. The Director of Governance stated that officers were learning from previous mistakes and that the audit report of Octavo Partnership was an improvement and that there were particular concerns at the time.

Members queried the time frame that should be given for services to implement Priority 1 recommendations before being called to the Committee and were informed that by the meeting in September 2017 it was anticipated most recommendations would be implemented. Services would be requested to attend the Committee meeting if recommendations remained outstanding.

In response to Member questions the Director of Governance stated that internal audit did undertake targeted data analytics and it was programmed that an audit of payroll in 2017/18 would use analytics. As a Council work had been done to use analytics to enable the authority to direct people to right services.

The National Fraud Initiative enabled the authority to data match and it was anticipated the London Fraud Hub would enable officer to identify fraud and the associated trends. The Director of Governance suggested he provide the Committee with a presentation on the London Fraud Hub once the pilot stage had been completed. It was noted that officers were able to anticipate the types of fraud, but not whether someone intended to commit fraud.

**RESOLVED:** That the Internal Audit Report for April 2016 to January 2017 be noted.

**A07/17**

### **Internal Audit Charter, Strategy and Plan**

Simon Maddocks, Director of Governance, presented the Internal Audit Charter, Strategy and Plan and informed Members that one change had been made to the Charter, as outlined in the report. The

Internal Audit Plan had gone through a process of looking at risk management and the risk register.

The Director of Governance informed the Committee that officers rarely received requests to amend the Internal Audit Plan from councillors, however the meeting was an opportunity to influence the Plan. It was noted that if any items were to be added then an item would need to be removed to enable all the work to take place.

In response to Member questions the Director of Governance confirmed that the last quality assurance of the auditors took place in Autumn 2015 and there were four small recommendations.

The Committee were informed that where in the Plan it stated 12 days this was the length of time taken by one auditor to complete the full audit.

**RESOLVED:** That the Internal Audit Charter, Strategy and Plan of audit work for 2017/18 be approved.

#### **A08/17**

#### **Anti-Fraud Report 1 April 2016 – 31 January 2017**

Simon Maddocks, Director of Governance, introduced the anti-fraud report for the period 1 April 2016 to 31 January 2017 and informed the Committee that the figure of successful outcomes had risen to 118 and £1,025,000 of savings and overpayments identified.

The majority of the work undertaken by the Anti-Fraud team had been reactive, however the introduction of the London Fraud Hub would enable more pro-active work to be undertaken.

Work had been undertaken to produce an E-learning module for council staff members and publicity had continued. The review of the Anti-Fraud service had been positive with only four recommendations made.

In response to Member questions the Director of Governance stated that the team had circulated newsletters and run courses, however it was difficult to assess the level of engagement with the newsletter. The E-learning module was anticipated to help the service assess who was accessing it and enable officers to encourage those who would come across fraud most to complete the course.

Work was still ongoing with the NHS, however work had had to be completed with regards to data protection before it could proceed. Data matching would be undertaken with the National Fraud Initiative in July 2017.

The Committee congratulated officers on their work and their persistence, in particular in regards to the case that was shown in the BBC series 'Britain on the Fiddle'. Members queried the how a recovered property would have the value of £18,000 and were

informed that the value was a standard value which had been provided by the Audit Office and related to the cost associated to housing another resident temporarily who could have resided in that property.

Referrals of fraudulent activity were received via officers or the teams who dealt with the payments and undertook monitoring of the residents. For Blue Badges, referrals were also received from Parking Enforcement Officers. The Director of Governance informed the Committee that concerns of fraudulent claims that involved safeguarding were often received through two means. The Chair suggested that concerns of safeguarding and opportunities for vulnerable adults to be used for fraud should be raised and further suggested that the Member request the issue be reviewed by the Health and Adult Social Care Scrutiny Sub-Committee.

The Director of Governance stated that additional resources would enable the service to raise awareness of the work and would lead to more referrals, however an assessment would need to be made to ensure resources were being utilised appropriately and value for money was achieved. It was felt that there was sufficient resource to hit the targets.

The Committee noted that there were a number of phone numbers for people to call if there were concerns. The Director of Governance stated that only two of the numbers were council numbers and were answered by experienced staff who asked the appropriate questions. All referrals were assessed by an Intelligence Officer who judged whether an investigation was necessary. Each investigator worked on around 40 cases at a time and all cases were reviewed by the manager of the Fraud Team on a six weekly basis and would advise on the action to take.

The Director of Governance informed the Committee that the mix of cases was typical for a London Borough, however it was not possible to compare the volume of cases as boroughs recorded the figures differently. It was stated that the London Fraud Hub would assist in providing comparative data as the council's would work in similar ways.

**RESOLVED:** That

1. The Anti-fraud activity of the Corporate Anti-Fraud team for the period 1 April 2016 – 31 January 2017 be noted;
2. The pro-active anti-fraud plan of work for 2017/18 be approved; and
3. The London Borough of Croydon Anti-Fraud and Corruption Strategy be approved.

**A11/17                    General Purposes and Audit Committee Annual Report 2016/17**

The Director of Governance informed the Committee that figures within the report would be updated before it would be taken to Council in April 2017.

**RESOLVED** to recommend the report to Annual Council on 22 May 2017.

**A10/17                    Corporate Risk Register**

Malcolm Davies, Head of Risk & Corporate Programme Office, presented the report and informed the Committee that one risk had been de-escalated to high amber, as outlined in the report.

In response to Member questions the Head of Risk & Corporate Programme Office confirmed that the risks associated to applications of homelessness due to changes to housing benefits were contained within the risk register.

**RESOLVED:** That the contents of the corporate risk register as at March 2017 be noted.

**A11/17                    [The following motion is to be moved and seconded as the “camera resolution” where it is proposed to move into part B of a meeting]**

The Chair informed the Committee that there was no business to be conducted in Part B of the agenda, in accordance with the Council’s openness and transparency agenda.

**MINUTES - PART B**

None

The meeting ended at 19.23pm