

General Purposes & Audit Committee

Meeting held remotely using MS Teams on Wednesday, 7 October 2020 at 5.00 pm

MINUTES

Present: Councillor Karen Jewitt (Chair);
Councillor Stephen Mann (Vice-Chair);
Councillors Bernadette Khan, Joy Prince, Mary Croos, Jamie Audsley,
Jan Buttinger, Steve Hollands, Stuart Millson and Jason Cummings

Also Present: Nigel Cook, Head of Treasury and Pensions
Malcolm Davies, Head of Insurance and Risk
Matt Dean, Senior Manager, Grant Thornton
Jacqueline Harris Baker, Executive Director - Resources
David Hogan, Head of Anti-Fraud
Katherine Kerswell, Interim Chief Executive Officer
Sarah Ironmonger, Director, Grant Thornton
Simon Maddocks, Head of Internal Audit
Ian O'Donnell, Finance Consultant
Dave Philips, Senior Manager, Mazars
Lisa Taylor, Director of Finance, Investment and Risk

Apologies: Councillor Pollard and James Smith (Co-opted Member).

PART A

Before the formal business of the meeting commenced, the Chair, Councillor Jewitt, noted the late addition of an item to the agenda. This was for the Committee to receive and consider the Croydon Finance Review – Phase 1 report. The Chair acknowledged that this item had been added to the agenda less than two hours before the start of the meeting and that the report was considerable in length (120 pages). It was therefore agreed that whilst Members would be able to ask initial questions on the report at the meeting, a further meeting would be convened within two weeks to provide Members with a further opportunity to consider the report having had a longer time to read its contents.

24/20 **Minutes of the Previous Meeting**

The minutes of the meeting held on 17 March 2020 were agreed as an accurate record subject to one change (the reference in agenda item 18/20 to a *hard Brexit* occurring in September 2020 should have read December 2020).

25/20 **Disclosure of Interests**

Councillor Milson declared that he had commenced a new employed role which was yet to be notified to the register of interests.

26/20 **Urgent Business (if any)**

There were no items of urgent business.

27/20 **Presentation on Renewing Croydon: The Plan**

The meeting received a detailed presentation entitled Renewing Croydon provided by the Director of Finance, Insurance and Risk. This comprised information on the Finance Review Panel, the Croydon Renewal Plan, the Medium Term Financial Strategy and the first phase of the Finance Review.

The objectives and membership of the Finance Review Panel were detailed along with the immediate (in-year) savings workstreams and their consolidation. A summary of savings was presented. It was advised that savings were those that were considered deliverable as opposed to those that had been initially been proposed in the budget. It was highlighted that some savings remained categorised as amber or red denoting that they still required work.

The forecast outturn (overspend) was presented. The gross impact of Covid was £70.5m which was reduced to £42m as a result of Government Covid grants. With the impact of exceptional items (UASC) and a £5m contribution to reserves, the overspend was stated at £50.3m to the end of August 2020. Taking into account the savings agreed at Cabinet in September 2020, the remaining overspend to the end of August 2020 was £22.4m.

The risks that could increase the overspend figure and the limitations on the Council's financial resilience were detailed to the meeting. There was mixed confidence in the delivery of in-year savings and there was potential for the Government to apply further requirements on local authorities that would need funding. It was highlighted the 2019/20 accounts were still to be audited and that there might be adjustments to be made with an effect on the in-year budget.

The options available to the Council were explained. If the Government were to take control, the Council would not have any budget with which to make decisions. If the Council were to retain control of its budget it could either reconcile this by a process of slicing from budgets or go through a process of reshaping and renewing. The latter was the much better and favoured option.

The meeting was reminded of the responsibilities placed on the Chief Finance Officer under the Section 114 directive; that a report was required where expenditure incurred in a financial year was likely to exceed resources. It was

explained that in line with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance, the budget work and development of plans meant that a notice had not been issued. A capitalisation direction was explained as gaining Government permission to borrow money for revenue spending which was not usually allowed. A credible delivery plan to ensure that the budget would be balanced over next three years was required as the basis of the submission to Government. An illustration of the costs of borrowing for revenue spending was provided.

What needed to be done to successfully secure a capitalisation direction was detailed. This was underpinned by being able to give Government confidence in the Council's ability to reshape its future. This was being achieved by the work of the Finance Review Panel, the strategic review of group companies and the delivery of savings. It was critical that the budget be completely understood; it was not desirable to gain the capitalisation to find out that it was not for the right amount of money.

The work already undertaken was detailed including gaining the Cabinet's agreement to request a capitalisation direction from Ministry of Housing, Communities and Local Government (MHCLG). It was explained how this was Plan A with Plan B to undertake a further £22.4 of savings in-year and £47m next year should MHCLG not agree. In such a situation, should it not be possible to agree a further emergency budget, a Section 114 would be issued, after which there would be 21 days to agree a balanced budget.

The annual savings required for 2021/22, 2022/23 and 2023/24 were outlined with it being explained how the capitalisation direction would be used to smooth out the profile of the required savings over the three year period. Further work was being undertaken on the Medium Term Financial Strategy (MTFS) to understand how this would be affected by a variety of factors including inflation, Council Tax and care cost predictions.

The work of the Finance Review Panel and the first phase of its improvement plan was reviewed for the meeting and how this was addressing aspects such as financial management and monitoring of financial performance.

In response to a Member question regarding the auditor's concerns, the Director of Finance, Investment and Risk clarified that the audit for 2019/20 had only just begun and therefore this was a risk that further adjustments may be required. The auditor explained that whilst there had been regular contact with the finance team throughout the year, with items being identified and discussed. However, until the detailed work of the audit was undertaken, it was not possible to come to any conclusions. The auditor noted that the work of the audit might reduce the reserve position.

The Director of Finance, Investment and Risk explained, in response to a Member question, that reshaping, renewing and refocusing the budget had been considered at the time the budget was set for 2020/21. This approach was being brought back for the attention of Members due to the level of savings required.

It was explained by the Director of Finance, Insurance and Risk that it was not possible to provide the number of budgets that were at variance in 2019/20 given the volume involved. However, this would be addressed through the development of the MTFs which would determine which budgets required growth. The commitment was made to provide Members with details outside of the meeting on the success of measures taken to address budget overspends.

The Director of Finance, Investment and Risk verified that an increase in debt repayments of around £1.5m a year equated to a 1% increase in Council Tax.

Again in response to a Member question, it was confirmed that gaining income from the sale of assets was being explored with the focus on the Council's estate. This recognised that the Council was working differently because of the impact of the pandemic. However, it was also highlighted that any sale of property would need to happen at the best time to maximise the income generated. It was also confirmed that the costs of Special Educational Needs transport were a focus given the level of expense incurred. Some savings had arisen from lockdown when the service was not in operation. A reduction in costs was also anticipated as a result of schools being built within the borough reducing the extent of travel involved.

The auditor confirmed that the work on the audit of the 2019/20 accounts had not started. The legal timetable had been extended until the end of August 2020 to make allowance for the impact of Covid. However, this had been exceeded for a number of reasons including officers working on the Council's response to the pandemic and because there had been a loss in finance personnel. It was stressed that the Council's finance team was working closely with Grant Thornton to ensure the accounts were as strong as possible. It was acknowledged that there were other Councils that also had not completed the audit process. Despite the deadline being exceeded, there was still a commitment to make the accounts available for public inspection.

It was explained by the auditor that conversations were happening about concerns and that these were subject to additional review before the final accounts were submitted. Those issues that might impact on the reserve position were to be prioritised by the audit. It was acknowledged that there was work to do on asset valuations given the impact of Covid. It was hoped that the audit would commence before the end of October 2020. It was thought that whilst the Council may be acknowledged for not having completed its audit within the legal timeline, no further action was anticipated.

It was agreed to provide Members with the details of the number of agency workers employed by the Council during 2019/20.

The Director of Finance, Investment and Risk explained that it was unclear whether it would be necessary to identify in the submission MHCLG the additional £22.4m of in-year savings and the £47.1m of savings to be made 2021/22 if the capitalisation direction was not agreed. However, it was clear

that the main focus of this submission was how the Council planned to achieve a balance and sustainable budget supported by a capitalisation direction.

In response to a Member question regarding a Report in the Public Interest, the auditor noted that an adverse qualification had previously been made on value for money and it was not thought that this situation had improved. It was explained that when repeating a qualification, there was a need to consider if anything additional should be done in terms of the powers available to the auditor. Statutory recommendations might be considered for one or two specific issues and would mean that the Council would have to respond at a public meeting. A Report in the Public Interest was usually employed for a more pervasive issue with impact across the whole Council. Discussions would be had with officers and relevant Members as part of the consideration before issuing. Officers were to be kept informed as the audit progressed.

In response to Member comments regarding the welcomed transparency being provided at the meeting, the Chair informed the Committee of the intention to increase the number of meetings, giving greater opportunity to build familiarity with the Council's finances. It was intended to invite the relevant Cabinet Member to respond to Members' questions.

28/20

Croydon Finance Review - Phase 1 Report

The item was introduced by the Finance Consultant who apologised for the length of the report. This was explained as being caused by the report being based on best practice in local authority finance and therefore was necessarily very detailed. The CIPFA financial management code was cited as the framework used with the resulting work broken into phases in order to make this accessible. The first of these prioritised the areas most relevant to the Council's financial situation; financial planning, budget setting, budget monitoring.

It was explained that the financial management issues had been recognised in April 2020 at which point the decision had been taken to conduct a root and branch review. This was recognised in setting up the Financial Review Panel and commissioning the Financial Consultant who had an extensive background as a Section 151 officer.

The review acknowledged that the management of finances had clearly not been as effective as it needed to be. This was demonstrated by the magnitude of the overspend. This was explained as having been caused by process, culture and governance. The report made 75 recommendations related to the areas of financial planning, budget setting, budget monitoring. It was explained that Members would be given a further opportunity to ask questions on the report. It had been thought important to bring the report to the meeting to demonstrate the work being undertaken and to show that urgent action was being taken to address the issues identified. It was described how a new budget process had been put in place over the summer.

This included increasing budget monitoring to make it a monthly activity rather than quarterly. Medium term financial planning was being put in place as this had last been refreshed in 2018.

In response to a question from a Member regarding Best Practice Recommendation 23, the Financial Consultant gave reassurance that capital investment decisions had been made correctly as these had been agreed by full Council as required. The best practice recommendation referred to the quality of advice provided to Members when taking decisions. It had been set out in the financial regulations that the Growth Board was the internal vehicle to enable proper discussion about capital decisions. This was to allow all information to be tested before going forward to Members for decision. However, the Growth Board fell into disuse after it had been considered not to be working effectively. It had been the intention that this be replaced with part of its function being fulfilled by the Asset Board. It was explained that it did not mean discussion did not happen or that the decisions were wrong but that the Growth Board did not function which was in breach of the financial regulations. There had been an intention to change financial regulations but this had been overlooked.

In response to a further question from a Member regarding Best Practice Recommendation 46, the Financial Consultant provided additional information regarding how the correct level of reserves should be determined. It was described how this needed to take into consideration an assessment of risk, based on what was known about the future as set out in the MTFs. This needed to be determined by the Section 151 Officer. It was highlighted that this was explicitly not about affordability but had to be focused on the Council's ability to manage financial risk. It was highlighted that the MTFs had not been reviewed since 2018 at which point the decision had been made to set the target reserves at 5% nett of the General Fund figure. Whilst this target level was commonly used by local authorities, the level of risk had changed (the Council was experiencing exceptional times). It was therefore appropriate to review the level of reserves which was being undertaken as part of the budget setting process for 2021/22. The risk being faced would be reviewed and a view would need to be taken on the level of reserves required as a result. A £5m contribution would be made in the 2020/21 financial year to reserves which demonstrated the commitment to addressing the Council's reserve position. However, it was anticipated that this would be required to be increase considerably.

A Member asked the Financial Consultant to provide his observations on the statement in the Executive Summary regarding the Council's financial governance being inadequate and any correlation between this and the role of the Cabinet and political leadership. In response, the Financial Consultant described how the Council's governance arrangements were intended to ensure Members were properly informed of the implications of every decision. This included being provided with the appropriate financial information. Whilst it was clear that Members had been supplied with information, it had been established that some of the data used to inform those decisions had been out of date. The example of information on the establishment not being

reconciled with staffing budgets was given. It was explained that this made it difficult for Members to gain an accurate picture and therefore for them to understand the implications of decisions. As a result, the decision-making process was not robust. This was further illustrated by decisions regarding the capital programme. The information provided as the basis for decision-making had not been robustly tested with no audit trail available to demonstrate that the appropriate work had been undertaken. It was not the process at a democratic level that had been ineffective but rather the information provided to support decision-making which had not been up to the required standard.

The Member sought clarification on whether failure in the decision-making process had been recognised and if so, what steps had been taken for it to be addressed. The Financial Consultant described how this had been recognised since April 2020 which was demonstrated by the Financial Review being set-up. It was noted that the Finance Review Panel comprised two Cabinet Members who were supporting the process through their participation.

In response to a Member question regarding the specific decision-making process used for the purchase of the Croydon Park Hotel and the Colonnades, the Financial Consultant confirmed that this decision had been taken through the Asset Board.

The meeting was reminded that there would be a further opportunity to consider the Croydon Finance Review – Phase 1 report and to question the Financial Consultant on the recommendations made.

29/20 **Financial Performance Report**

The Director of Finance, Investment and Risk clarified that this report was the same as presented at Cabinet on 21 September 2020 and Council on 28 September 2020. It was being provided to the Committee for completeness and was for noting.

RESOLVED: The Committee AGREED to note the Financial Performance Report for Quarter 1 June 2020.

30/20 **Treasury Management Strategy Statement and Annual Investment Strategy End of Year Review 2019/2020**

The item was introduced by the Head of Pensions and Treasury. It was explained that the report was retrospective, looking back at the 2019/20 financial year. Its objectives were threefold: 1) to show compliance with the three strategies governing Treasury Management, 2) to review activity over the year and 3) show compliance with the set of prudential indicators designed to give assurance that capital investment was prudential, sustainable and affordable. It was explained that the report provided a commentary on interest rates and inflation which were seen as the most significant risk to Treasury Management. The Treasury and Investment

Strategies were reviewed within the report along with borrowing, capital expenditure and investment. Debt rescheduling was considered but this was not considered financially advantageous over the last period and therefore had not happened. Up-to-date prudential indicators were included along with the outturn report for the treasury function.

A Member posed a question regarding the operational boundary and authorised limit. It was stated that both had raised significantly over the last six years and therefore it was questioned what would happen to them given the Council's current financial position and anticipated rationalisation. Specifically, the Member wanted to know what would happen should the limits drop below the current borrowing level.

In response, the Head of Pensions and Treasury explained that in practice the operational boundary and authorised limit were always above the borrowing level due to the way they were calculated. However, should they become temporarily inverted this would have to be reported and an explanation provided. The operational boundary and authorised limit existed to give elected Members an indication of the extent to which capital expenditure and borrowing were within an overall plan. Where the level of capital investment and associated borrowing was being reduced, because the Prudential Indicators were calculated on an aggregation for the previous year, the indicators relating to the levels of debt would operate like a ratchet meaning that they would not decrease. The only way in which they could be eroded would be by contributing more to the minimum revenue provision.

It was the duration of the debt which was significant. The opportunity for this to be repaid as it matured was constrained by the fact that as debt had been taken out, the point of maturity had been spread over a range of dates up to as much as 70 years into the future. The rationale was to have approximately £10 – 20m of debt maturing at any time. It would be at the point debt was maturing that it would be considered whether or not that this should be repaid. However, over the recent period borrowing had been so cost effective that it had not been considered worth repaying. It was described how the cost of the Council's debt portfolio at the time of the meeting was 2.7%. It was considered remiss for debt to be repaid when it could be replaced with such cheap borrowing. In summary, it was a ratchet mechanism that gave limited opportunities for reducing borrowing.

In response to a Member question regarding assurance that investment income from the assets comprising the Asset Investment Fund was in excess of borrowing costs, the Head of Pensions and Treasury provided confirmation; investment properties that made up this Asset Investment Fund (the Colonnades, Imperial Way, Victor Way and the Croydon Park Hotel) had provided a £0.8m yield in 2019/20. This yield was greater than the average long run cost of borrowing. The Director of Finance, Investment and Risk committed to provide Members with a further breakdown of borrowing costs and investment income subsequent to the meeting.

In response to a further Member question, the Director of Finance, Investment and Risk confirmed that there was potential for the Council to dispose of assets. A review of the Council's asset portfolio was ongoing.

RESOLVED: The Committee AGREED to note the Treasury Management Strategy Statement and Annual Investment Strategy End of Year Review 2019/2020.

31/20 **Head of Internal Audit Annual Report**

The Head of Internal Audit introduced the item by highlighting that his annual report had only provided limited assurance. It was described how there had been a steady pattern over the last five years with the number of limited assurance finalised internal audits having increased whilst those judged substantial had declined. Over half of all internal audits (52%) during 2019/20 had a Limited or No assurance outcome.

It was described how from the outcome of internal audits conducted in 2019/20, it had been demonstrated that Key Financial and ICT systems were considered to be operating appropriately. However, the same could not be said for Operational and Departmental Systems along with Schools. With regard to the audits for both, over 60% showed issues. As a result, action plans had been agreed and were being followed-up. Many actions were reported as having been implemented but the rate of progress was slowing demonstrating that staff were under pressure.

Any areas of particular weakness were to be carried forward and featured in the Annual Governance Statement. These areas were contracts, financial management in social care teams, energy recharges to external organisations, privacy notices relating to the collection of personal data, schools in financial deficit with some weak financial control and the claiming, approving and recording of staff expenses. In order to bring greater focus to addressing areas of weakness, it had been agreed that action plans would have to be signed by the relevant Executive Director, they would then be responsible for the implementation of the action plan.

The Head of Internal Audit would also more frequently attend Departmental Leadership Team (DLT) meetings to discuss issues being reported to the Committee. The Head of Internal Audit would also be attending Executive Leadership Team (ELT) meetings prior to Committee meetings to ensure awareness of all the issues being raised. Assurance was given from already having attended two ELT meetings and a Corporate Leadership Team meeting where there was support for all the action being taken.

In response to a Member question, the Head of Internal Audit clarified that political oversight of the rise in the limited assurance categorisation was through the Committee to which the Cabinet Member for Finance and Resources was usually in attendance.

The Head of Internal Audit, in a response to a Member question, clarified that the issue regarding staff expenses did not concern fraudulent activity. Rather this was related to issues such as claiming after the permitted timeframe had expired, incorrect categorisation and claiming incorrectly where not entitled. It was confirmed to the meeting that the Council had a whistleblowing policy which was supported by a third party organisation to which disclosures could be made. The reference to union involvement was simply acknowledgement of the agreement that any change to the staff expenses policy also had to be agreed with representative unions.

In response to a Member question, the Head of Internal Audit, explained that where more than half of audits had obtained a limited assurance, this had to be reflected in the overall rating. Thought would have to be given to how examples of individual assurance reports could be shared with the Committee. It was confirmed that here was a correlation between those schools in deficit and those with limited or no overall assurance reports. It was being seen how this contributed to the overall deficit position.

It was explained that whilst there had been a lot of work to implement the requirements of the Guide to the General Data Protection Regulation (GDPR), the Council was a large organisation and it needed to be ensured that this had been implemented appropriately right across the organisation. Where it was becoming clear this had not happened, it was being picked-up and addressed.

In response to a Member question regarding why the issue on energy charges had remained unresolved for a year, the Head of Internal Audit explained that a contributory factor may have been a restructure that had occurred, with the responsible service being transferred. This had caused a disconnect which should have been identified.

The Head of Internal Audit clarified, in response to a further Member question, that reports regarding whistleblowing disclosures were made to the Ethics Committee and therefore had an established procedure for being reported in the public domain. The follow-up of outstanding management actions arising from audit activity would continue until all key recommendations were implemented with support to be gained through attendance at DLT meetings.

It was discussed whether it was appropriate to determine that the operation of Key Financial Systems was generally effective. The Head of Internal Audit highlighted that this judgement was made based on the outcome of the internal audit work on the big financial systems such as Business rates, Council tax, Housing benefit, Housing rents, Debtors, Creditors, Pensions etc, most of which were working well. It was stressed that the judgement did not generally take other factors into consideration.

RESOLVED: The Committee AGREED to note the Head of Internal Audit Annual Report.

Annual Governance Statement 2019/20

The Head of Finance, Insurance & Risk explained that the Annual Governance Statement was part of the annual accounts process as required by the CIPFA Solace framework (Delivering Good Governance in Local Government). It provided a retrospective view of governance arrangements for 2019/20. It was acknowledged that a lot of change had occurred over the previous six months. The statement was drawn from two main sources; the Head of Internal Audit Annual Report and the main risks from the Corporate Risk Register. The risks of significant concern detailed in the report were highlighted to Members and were summarised as around finance and the demand budget gap. These were acknowledged to pre-date the impact of Covid and had featured in the previous two budget years.

In response to a Member comment highlighting the risk associated with the long-term continued dependence on interim resources by Children's Services, the Head of Insurance & Risk acknowledge that in common with other authorities recruitment of permanent staff for Children's Services was a challenge. This could not be addressed through a single solution but would continue to be the subject of a range of measures.

In response to a Member question regarding the risk to the Council posed by the financial failure of a local authority school, the Director of Finance and Risk acknowledged that this was being closely monitored. It was described how the Children, Families and Education Department had good financial tracking mechanism and that meetings were being held with schools. The assets of any local authority school that closed would return to the Council and therefore would be used to offset any deficit.

The Head of Insurance and Risk acknowledged the risk of the request to MHCLG for a capitalisation direction not being agreed. However, it was highlighted that the Annual Governance Statement was retrospective for 2019/20. It was envisaged that this would be included in the half year annual statement.

The meeting discussed the degree to which the impact of Covid on performance should be reflected in the Annual Governance Statement given this only occurred towards the very end of the period covered. It was suggested by a Member that as drafted, that this did not strike the right balance. The Head of Insurance & Risk acknowledged the difficulty of getting this right. The Director of Finance, Insurance and Risk suggested that the balance was correct but that it would be reviewed again before final sign-off. Ultimately this was for determination by the Leader and the Chief Executive. The Member stated they would provide some suggested revisions.

RESOLVED: The Committee AGREED the recommendations in the report:

1. Approved the content of the Annual Governance Statement for the year 2019/20 at appendix 1 in the report.

2. Agreed the statement on 'outcomes' in relation to 'Issues raised in 2018/19 Statement and progress to date'. (Appendix 1, Table 2 in the report)
3. Agreed the significant governance issues identified in relation to 2019/20 and the actions being taken to mitigate those risks.(Appendix 1, Table 1 in the report)

33/20 **Anti-Fraud Update Report**

Councillor Prince left to attend a further meeting.

The item was introduced by the Head of Anti-Fraud who explained the report was brief because like other services, the work had been put on hold at the start of lockdown with resource redeployed to assist with the Council's emergency response. As a result, as shown in table 3.3, performance to date was at considerable variance from the targets set at the start of the calendar year. Activity had recommenced and was described as building momentum with the backlog in cases being addressed. It was highlighted to the Committee that cases were being picked-up where Covid business grants had been paid out incorrectly.

The Chair noted that fraudulent claims were inevitable especially where pressure had been applied to make allocations at speed. A good job had been done in distributing the funds and the request was made for thanks to be given to officers. The meeting discussed the risks of fraudulent claims being made given the speed at which allocations were made. The Head of Anti-Fraud explained that whilst the level of fraud experienced by Croydon in the distribution of Covid business grants had not been benchmarked, there was anecdotal evidence that Croydon's numbers were low.

RESOLVED: The Committee AGREED to note the Anti-Fraud Update Report.

34/20 **Internal Audit Review of Effectiveness**

The Director of Finance, Investment and Risk introduced the item. It was explaining that this was an Annual Report to the Committee giving an assessment of the internal audit function for 2019/20. This was being presented late due to the impact of Covid.

It was highlighted that there was more work to be done to finalise the Annual Audit Plan for 2019/20. An internal review had been completed on the function of internal audits. The Committee was reminded that this service was delivered by Mazars under contract. This contract had been re-let in 2018 for 6 years with the option of a two year extension.

A peer review of the audit function had been conducted by another local authority in 2015/16 with a good result. It had been hoped that another peer review would have been undertaken in 2020 but this had also been delayed by Covid. It was hoped this would be delivered in 2021.

Performance was reviewed with it being highlighted that this was slightly below target. However, as already explained to the meeting by the Head of Internal Audit, it was hoped that this position would be recouped. Progress with the issuing of reports was slightly behind but it was stressed that the report did also contain good performance data.

Croydon participated in the CIPFA annual audit club which provided benchmarking against other boroughs. This demonstrated good performance in some areas such as low costs per day leading to good level of activity and reports. Stakeholder audit feedback scored 100% on usefulness with an overall score of 92% which was compared with 75% in 2006/7. This demonstrated a good improvement in the quality of the audit work undertaken.

As a result of the self-assessment undertaken, it had been determined that the audit function generally conformed to standards. This meant the service had been judged to be demonstrating effectiveness for money. Whilst there was work that needed to be completed, the Director of Finance, Investment and Risk determined that she was satisfied with the quality of work of the internal audit function. This was described as incredibly thorough with there being no fear in issuing reports with recommendations.

A Member highlighted that it seemed unusual that the Director of Finance, Investment and Risk and Internal Audit were producing reports on each other's functions. It was noted that this would not happen in the private sector. It was asked if this structure was typical for local authorities. The Director of Finance, Investment and Risk confirmed that it was a similar structure across local authorities but that the Head of Internal Audit had a direct line to the Chief Executive should it be judged that something was not being administered appropriately. The Member stated that he would like to look at how this was achieved in other Councils just to explore other practice. It was also noted that the peer review would be shared with the Committee once completed.

RESOLVED: The Committee AGREED to note the Internal Audit Review of Effectiveness 2019/20.

35/20 **Update on In-Year Appointments**

RESOLVED: The Committee AGREED to note in-year appointments as detailed in the report.

36/20 **Exclusion of Public and Press**

This item was not required.

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The meeting ended at 7:42pm

Signed:

Date: