

## Audit & Governance Committee

Meeting of held on Thursday, 24 November 2022 at 6.30 pm in Council Chamber, Town Hall, Katherine Street, Croydon, CR0 1NX

### MINUTES

**Present:** Dr Olu Olasode (Independent Chair);  
Councillor Matt Griffiths (Vice-Chair);  
Councillor Claire Bonham, Simon Brew, Sherwan Chowdhury, and  
Danielle Denton

**Also Present:** Councillors Sean Fitzsimons and Mark Johnson

**Apologies:** Councillors Patricia Hay-Justice and Endri Llabuti

### PART A

#### 17/22 **Disclosure of Interests**

There were none.

#### 18/22 **Minutes of the Previous Meeting**

The minutes of the meeting held on 13 October 2022 were agreed as an accurate record of the proceedings.

#### 19/22 **Internal Audit Update Report**

Dave Phillips, Head of Internal Audit, introduced the item, summarising that there had been overall improvement in the number of audits being followed up but that it was still too early to get an indication of percentages of audits completed.

In response to questions officers explained that there were three tiers of priority audits, with those in the highest priority (Priority 1) being of significant concern, and that management would be expected to make efforts to remedy those concerns immediately. Officers also explained that the Corporate Management Team (CMT) had a monthly audit focus group meeting to address any issues. It was explained that individuals or directors involved in those audits could be brought before the committee to address the issues and explain the reasons for any delay in remedying issues. The committee was reassured that CMT took proactive control measures in such instances of particular directorates not performing.

The committee raised concerns about areas where internal auditors had not been given enough information to fully carry out audits of contracts. Officers assured the committee that in the example the committee raised regarding the developer chosen for the Taverner House site, that this was not a regular occurrence, and that Audit could not go back to this issue, but they needed to ensure it did not happen again. Officers assured members that the process was correct and followed properly, but that it was not possible to find out how that particular contractor had been chosen.

Officers also explained that there were four different levels of assurance, and that in the next Internal Audit Update they would include an appendix with definitions for the significance of recommendations to help the committee to understand these. Officers also explained that Internal Audit examined the process used to demonstrate Value for Money, and not whether Value for Money was achieved.

In response to questions regarding whether anything about any of the audits would change in light of the council having been issued a Section 114 notice, officers explained that a notice of this kind would inform how the annual audit plan was put together, but that it was not used by Internal Audit to form an opinion.

Officers also confirmed that it was likely that budget management was going to be crucial for the council going forwards, and the Chair suggested that the committee could do a deep-dive on this topic.

**RESOLVED**, to:

note the Internal Audit Report to 30 October 2022 (Appendix 1).

20/22

### **Treasury Management Mid-Year Review 2022-23**

Matthew Hallett, Interim Head of Treasury and Pensions, introduced the report to members. In response to questions, officers explained that the capital financing requirement was in place in case the forecast of the council's funds relative to debts did not peak. Officers also explained that the Chartered Institute of Public Finance and Accountancy (CIPFA) had issued benchmarking against which the council had performed very badly in previous years. Officers explained that the plan going forwards was to repay as much of its debts as possible, but that some refinancing would have to be done as well.

Officers also explained the Council had set the borrowing limits in line with CIPFA guidance, which was issued to ensure that the borrowing was affordable; however, the council had set its borrowing limits too high, as it was based on the council making returns which had not been achieved. The council's borrowing limit would be reset by Council in February.

**RESOLVED**, to:

note the contents of this report.

21/22

### **Anti-Fraud Update Report 1 April 2022 - 30 September 2022**

Malcolm Davies, Head of Anti-Fraud and Risk, introduced the report to members.

In response to members' questions officers explained that investigations of fraud were seen as an opportunity for learning, and that there was e-learning available for all staff to help people be proactive, and to raise awareness and prevention of fraud. Officers also explained that the council was part of some fraud investigator groups and the national anti-fraud networks where good practice was shared.

It was also explained that where the council had capacity it did random spot checks, and that this had uncovered some blue badge holder fraud. It was also explained that using anti-fraud software on council employees' computers raised certain privacy and trust issues, and that culturally the council was trying to build trust; and so the team preferred to use effective management as the way of assessing whether fraud is occurring.

**RESOLVED**, to:

Note the Anti-fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2022 – 30 September 2022

22/22

### **Enterprise Risk Management Health Check**

The Head of Anti-Fraud and Risk introduced the report and in response to members' questions explained that the key areas for improvement were communications on risk, a risk champions network, and further support around providing training and support for officers and members on the risk management framework. It was also explained that this was a standalone body of work which could be reported back to committee within its own

timeframes. It was also explained that staff surveys were being used to gain an understanding of culture.

The Chair suggested there could be a deep-diving session on this topic.

**RESOLVED**, to:

Endorse the recommendations of the Enterprise Risk Management Health Check action plan set out in Appendix 1, based on an action plan being produced.

The meeting ended at 8.05 pm