

Audit & Governance Committee Agenda



To: Dr Olu Olasode (Independent Chair)
Councillor Matt Griffiths (Vice-Chair)
Councillors Claire Bonham, Simon Brew, Endri Llabuti, Enid Mollyneaux,
Nikhil Sherine Thampi and Sean Fitzsimons

Reserve Members: Kola Agboola, Alisa Flemming, Simon Fox,
Mark Johnson, Stella Nabukeera and Helen Redfern

A meeting of the **Audit & Governance Committee** which you are hereby invited to attend, will be held **Thursday, 21 September 2023 at 6.30 pm. Council Chamber, Town Hall, Katherine Street, Croydon, CR0 1NX.**

Katherine Kerswell, Chief Executive
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

Hannah Cretney, Democratic Services
hannah.cretney2@croydon.gov.uk
www.croydon.gov.uk/meetings

Members of the public are welcome to attend this meeting.

If you would like to record the meeting, we ask that you read the guidance on the recording of public meetings [here](#) before attending.

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If you require any assistance, please contact Hannah Cretney, Democratic Services as detailed above

AGENDA

1. Apologies for Absence

To receive any apologies for absence from any members of the Committee.

2. Disclosure of Interests

Members are invited to declare any disclosable pecuniary interests (DPIs) they may have in relation to any item(s) of business on today's agenda.

3. Minutes of the Previous Meeting (Pages 7 - 14)

To approve the minutes of the meeting held on 20 July 2023 as an accurate record of the proceedings.

4. Urgent Business (if any)

To receive notice of any business not on the agenda which in the opinion of the Chair, by reason of special circumstances, be considered as a matter of urgency.

5. Audit & Governance Committee Action Log (Pages 15 - 16)

6. Audit & Governance Committee Work Programme 2023-24 (Pages 17 - 18)

7. Update on Cultural Transformation Programme

To follow.

8. Annual Head of Internal Audit Report (Pages 19 - 50)

This report details the work completed by Internal Audit in 2022/23 and the overall level of assurance for the Council's internal control environment to support the Annual Governance Statement (AGS). The AGS is included on the agenda for this committee and will be published on the Council's website in due course alongside the final accounts.

From the Internal Audit work undertaken in 2022/23, it is the Interim Head of Internal Audit's opinion that Internal Audit can provide only **Limited Assurance** in relation to the system of internal control, and that the internal controls within financial and non-financial systems operating throughout the year were unsatisfactory in some cases.

The Audit and Governance Committee is asked to note the Head of Internal Audit Report 2022/23 (Appendix 1) and the overall Limited level of assurance of the Council's systems of internal control.

9. Annual Treasury Management Report 2022-23 (Pages 51 - 78)

This Report reviews the Council's Treasury Management activities for the year 2022/23. It is prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) codes of practice in respect of capital finance and treasury management. The codes recommend that Members are advised of the treasury management activities for the whole of each financial year and of compliance with the various strategies and policies agreed by the Council. The report:

- Reviews compliance with the Treasury Management Strategy Statement and Annual Investment Strategy as agreed by full Council (Budget Council) on 7 March 2022 (Minute A6/21 applies);
- Reviews treasury borrowing and investment activity for the period 1 April 2022 to 31 March 2023; and
- Demonstrates compliance with agreed Treasury and Prudential Indicators (Appendix E) and the CIPFA 2017 Prudential Code for Capital Finance.

The Audit and Governance Committee is recommended to note the contents of the annual report on the treasury management activity for 2022/23.

10. Dedicated Schools Grant (DSG) Deficit Management Plan (Pages 79 - 86)

This report provides some important updates regarding the Dedicated Schools Grant (DSG) Deficit Management Plan which has been in place since 2019/20. The management plan had proved successful however there is a level of risks from increasing numbers of Children and Young People with complex Special Education Needs.

This report focuses on the overall performance of the DSG Deficit Management plan against key qualitative and quantitative performance metrics for the 2022/23 financial year as well as the outturn forecast as at period 2 of this financial year.

The Audit and Governance Committee is asked to note:

- a) The key performance targets set under the DfE Safety Valve agreement.
- b) The overall performance of the Deficit Recovery Plan against the target and challenges and risks of delivery.

- c) The impact on the accounting treatment of the DSG deficit as provided for in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003/3146, as amended by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 2) Regulations 2022.

11. Independent Member Appointment (Pages 87 - 94)

This report identifies the recommended candidate to be appointed as an independent co-opted non-voting Member on the Audit and Governance Committee.

The Audit and Governance Committee is asked to:

- Support the recommendation of the recruitment panel for the preferred candidate David Clarke to be appointed as an independent co-opted non-voting member of the Committee; and
- Recommend to Full Council that David Clarke be appointed as an independent co-opted non-voting member of the Audit and Governance Committee for an initial period of 1 year, to be extended thereafter for another 3 years and that said appointment be subject to standards of conduct which encompass the Nolan Principles.