

Audit & Governance Committee

Meeting of held on Thursday, 19 October 2023 at 6.30 pm in Council Chamber, Town Hall,
Katherine Street, Croydon, CR0 1NX

MINUTES

- Present:** Dr Olu Olasode (Independent Chair)
- Councillor Simon Brew, Endri Llabuti, Enid Mollyneaux,
Nikhil Sherine Thampi and Sean Fitzsimons
- Also Present:** Councillor Jason Cummings
- Apologies:** Councillor Matt Griffiths and Claire Bonham

PART A

22/22 **Disclosure of Interests**

There were none.

23/22 **Minutes of the Previous Meeting**

The Committee noted that the minutes of the previous meeting would be approved by at the 30 November 2023 meeting.

24/22 **Urgent Business (if any)**

There were no items of urgent business.

25/22 **Audit & Governance Committee Action Log**

26/22 **Audit & Governance Committee Work Programme 2023-24**

Dave Phillips, Head of Internal Audit advised the Committee the initial Assurance Mapping of the Committee Work Programme report would be circulated to committee members via the Chair ahead of the 30 November 2023 Committee meeting. It was noted that the Committee members would have ownership of the document.

Officers advised the note included on the Work Programme to 'Update the Committee on Fairfield Halls when information became available' was captured following discussions at a previous Committee meeting, the Kroll report remained with the Police and there was no update at present.

Annual Governance Statement 2022/23 and Action Plan

Stephen Lawrence-Orumwense, Director of Legal and Monitoring Officer gave the Committee a presentation on the Annual Governance Statement 2022/23 (AGS) and Action Plan.

Councillor Jason Cummings, Cabinet Member for Finance noted the complexity of Croydon's Annual Governance Statement (AGS) in comparison with other Local Authorities. The scale of actions from external reports incorporated in the AGS Action Plan reflected the historical issues in Croydon. There had however been significant improvements to the council's governance arrangements, these were acknowledged in the Improvement and Assurance Panel (IAP) Exit Strategy report.

Officers noted the Committee had received reporting on the issues included in the AGS throughout the year and similarly the council's internal control board continuously reviewed the various areas of improvement. The IAP utilised the AGS Action Plan and tracker to evidence the progress and embeddedness of improvements within the council. The future aim was to make the AGS a more accessible document once the legacy issues had been resolved. The AGS provided a useful overview of the council's governance arrangements.

The Committee commented on the comprehensive reporting of the council's governance arrangements, the helpful inclusion of colour coding, actions and impacts. It was suggested that future AGS reporting should include action's prioritisation and risks to highlight areas which may undermine the work being done. Also where actions were in progress, some narrative of the steps needed for completion would be useful.

In response to questions from the Committee officers advised the AGS gave the Monitoring Officers opinion on the effectiveness of the council's governance arrangements, it was for the Committee to decide whether to accept or reject this judgement.

Officers advised Corporate Directors and Heads of Service were engaged to account for progress on actions and to complete the document. Cllr Cummings commented that the process of capturing all the improvement actions together provided assurance that nothing would be missed.

The Committee queried amber (ongoing) actions where the completion deadline had passed and if plans were in place to progress these swiftly. Officers advised the Committee would receive regular updates on AGS Action plan, with the next update scheduled for the February 2024 meeting.

In response to questions, Officers advised the three key areas of higher risk were Housing, Finance and general transformational activities across

the council. Many of the resolved initial recommendations had prompted subsequent actions requiring ongoing completion.

The Committee raised concerns regarding improvements to Information Governance where the Freedom of Information (FOI) and Subject Access Request (SAR) targets were not being met, this was an area which had not been prioritised for many years. Officers advised the Information Management Internal Control Board met regularly and had oversight of all ongoing work to ensure compliance in this area. The risks attached to Information Management were noted with the Council current in receipt of an enforcement notice from the Information Commissioners Office. The retrospective nature of the document was noted and officers agreed to update the information management work and illustrate the culture change which had taken place in the next AGS update report. Internal Audits on Information Management areas including GDPR were expected to take place in 6-9 months.

The Committee raised concerns regarding the member enquiry case work programme's implementation. Officers advised the backlog of enquiries and implementation issues were areas of focus for the Corporate Management Team and an update on this would be included in the February AGS Update report. Councillor Cummings advised members of the enquiries feedback panel where members could raise issues via their party representatives.

The Committee requested for the Information Management actions to be updated in the 22/23 Action Plan and for any past dated deadlines to be updated.

Officers advised work to identify overlap between the AGS Action Plan and the IAP Exit Strategy actions would be undertaken and confirmed IAP Exit Strategy actions would be included in future AGS Action Plan update reports.

The Committee RESOLVED, to approve:

- a) the draft Annual Government Statement 2022/23 and Action Plan;
- b) the Local Code of Corporate Governance; and
- c) the Governance Framework.

28/22

Corporate Risk Register

Malcolm Davies, Head of Insurance, Anti-Fraud & Risk introduced the Corporate Risk Register report to the Committee.

The Committee requested assurance on the processes in place to reduce red risks through the introduction of new control actions if required. Officers noted improvements were needed to ensure deadlines for future control actions were met. Improvements under the new risk management

system had been implemented to address this, a control measure target deadline was now a mandatory field for completion by risk owners and could be used by Corporate Directors to hold risk owners accountable.

The Committee raised concerns around risks within the report where control measure target dates were in the past and queried if this was due to a lack of engagement by officers. Officers advised improvements to ensure the correct risks were on the register with the appropriate rating had been completed but work was ongoing to support capacity and cultural prioritisation of risk issues by officers.

Members asked whether the risks regarding temporary and exempt accommodation providers were captured on the risk register, noting these risks could affect some of the borough's most vulnerable residents and had potential financial impacts for the council. Officers advised exempt accommodation had been area of focus in 2022/23 as it had caused a financial overspend. A project had been initiated in 2022 to address the issues regarding support exempt accommodation, this had included information sharing with Birmingham council. At present the project was on track to deliver £1.6 million in savings this financial year. The council was working with all exempt accommodation providers in the borough to change the financial model. This would achieve compliance with both support expectations and housing benefit regulations, enabling the council to claim the Department of Work and Pensions (DWP) grant. The team was working with neighbouring local authorities to ensure consistency in their approach where service providers were delivering in multiple boroughs.

The Committee queried the speed of change in likelihood ratings within the register and questioned how objective owners had been in assessing likelihood of risks previously. Officers advised the risk framework guide was intended to clarify the rating levels for risk owners. The Risk Team challenged where high levels were not appropriate, encouraging use of the guidance which was more empirical.

On procurement risks, the Committee queried the scope, value and financial implications of the contracts in question. Officers advised contracts remained a challenge, work had been undertaken to complete the council's contract register which demonstrated a larger number of upcoming renewals. There was now transparency on what needed to be done over the next three years however there could be financial implications on budgets where contracts had not been renewed.

The Committee heard a Deputy Cabinet Member for Contract Management had been appointed for this area of focus. Work was ongoing to embed the timely processes required for procurement and cultural understanding of this within the council. Cabinet was receiving quarterly updates as part of the new procurement process, this reporting provided greater visibility and a deep dive into this area by the Committee would be welcomed.

In response to questions Officers advised risks were reviewed quarterly and confirmed the next Committee report would be updated with future control measure target dates.

Members queried the likelihood of progress for the Whitgift Centre. Officers advised this was static due its control measures being far in advance and other factors including wider regeneration and the U.K retail landscape.

The Committee raised concerns around the adequacy of the controls in place for the gas safety contract mobilisation risk. Officers suggested the Committee may wish to conduct a deep dive in this area and advised this issue had been prioritised and recently escalated to a red risk.

The Committee discussed topics for the risk deep dive report due at the November committee meeting. Members suggested contract management and procurement risks due to the potential financial and legal implications, noting this was a key component of best value. Members also suggested the gas safety contract mobilisation, as this would provide a practical example of how the new procurement process and how the Housing Team were managing the ongoing risks. Support was expressed for this due to timeliness of the potential issues.

It was agreed that the risk deep dive report would focus on procurement with repairs servicing and gas safety servicing to be included as examples.

The Committee RESOLVED, to:

Note the contents of the corporate risk register as at October 2023.

29/22

Update on Oracle Improvements Programme

Mark Moody, My Resources Programme Lead delivered a presentation to the Committee providing an update on the Oracle Improvements Programme.

The Committee requested for organisational culture change to be included in the improvement programme's guiding principles.

Members noted the issues which had taken place at Birmingham Council regarding Oracle change implementation and cost.

The Committee raised previous challenges to adopt software effectively in Croydon and queried whether there had been work undertaken to ascertain risks to all software across the council. Officers agreed software adoption was a difficult risk to manage within local authorities. The importance of culture change was embedded in the project, it had been in development for a year with 70 staff engaged via workshops at the early stages. Lead officer appointments for the project were individuals with

track records in systems and culture change and the staff Change Management Network was being re-established. Other software systems required further work to assess usage and engagement by staff. The need for senior leaders to champion Oracle use to teams was noted.

The Committee requested assurance on the Value for Money and effective use all major software systems utilised to deliver internal and external services.

Officers agreed to include the user and culture issues in future Oracle Improvement Programme updates.

The Committee requested a review of the other software systems within the council, to be brought to Committee in the future.

In response to questions officers advised 4 lead posts had been appointed for the scoping stage of the project, with technical support resourcing included in the budget for the later stages. The 4 work stream leads had experience of implementing Oracle in other organisations and were supported by Croydon's oracle support team and Mastek for technical support.

The Committee queried the Licensing costs of further Oracle implementation and if any finance or risk implications were anticipated. Existing unused licenses were being removed and other functionalities of Oracle would be utilised. Officers advised risks and financial implications would be identified during the scoping of the business case and included in the report to Cabinet in 2024.

Management adoption had been implemented in budget monitoring processes, but further improvements would support full adoption of the software as the project progressed.

The report to Cabinet was expected in March 2024 and the next update to the committee would coincide with this.

Cllr Cummings noted the improvements which had been made, and the expected further improvements once the project was completed.

The Committee RESOLVED, to:

Note the presentation and update.

30/22

Anti-Fraud Report

Malcolm Davies, Head of Insurance, Anti-Fraud & Risk introduced the 6 Month Anti-Fraud Update report to the Committee.

The Committee was pleased to see the inclusion of prevention and benchmarking in the report, areas of reporting previously requested by the committee. The challenge in evaluating the cost benefit of prevention work was noted.

Members were supportive of the focus on guardianship of Croydon's social housing stock and queried whether Registered Social Landlords (RSL) were also supported. Officers confirmed engagement work with RSLs was on the team's work programme, they faced the same issues as the council did under the HRA but had less anti-fraud resourcing available. Officers agreed to include an update on this work in the next Anti-Fraud Update report.

The Committee RESOLVED, to:

Note the Anti-fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2023 – 30 September 2023.

The meeting ended at 8.55 pm