

General Purposes & Audit Committee

Meeting held on Thursday, 4 April 2019 at 6.30 pm in Council Chamber, Town Hall,
Katharine Street, Croydon CR0 1NX

MINUTES

Present: Councillor Stephen Mann (Chair);
Councillor Joy Prince (Vice-Chair);
Councillors Clive Fraser, Patsy Cummings, Pat Clouder, Mary Croos,
Jan Buttinger, Ian Parker, Steve Hollands and Simon Brew (In place of Oni
Oviri)

Co Optees Muffaddal Kapasi and Nousheen Hassan

Also

Present: Cllr Simon Hall, Cabinet Member for Finance and Resources
Malcolm Davies, Head of Risk
Matthew Dean, Grant Thornton
David Hogan, Head of Anti-Fraud
Sarah Ironmonger, Grant Thornton
Simon Maddocks, Head of Internal Audit
David Philips, Mazars
Lisa Taylor, Director of Finance, Investment and Risk

Apologies: Councillor Oni Oviri

Before commencing the meeting, the Chair informed the Members of the Committee that due to ongoing legal matters, Item 5 had been withdrawn from the agenda and would be considered at the next available Committee meeting

PART A

1/19 Minutes of the Previous Meeting

The minutes of the meeting held on 6 December 2018 were approved as a true and accurate record of the decisions taken subject to the following change being made:

- 33/18, bullet point 2 – the word ‘county’ corrected as ‘country’.

2/19 Disclosure of Interests

There were no disclosures made.

3/19 **Urgent Business (if any)**

There were no items of urgent business.

4/19 **Grant Thornton Reports**

The Grant Thornton representative introduced the item and briefed the Committee on the External Audit Plan which included updates on the auditing framework.

There was specific reference to page 11 of the report which referenced a letter sent by Grant Thornton explaining the progress that had been made on the Housing Benefit Subsidy Claim submitted by the Council.

The Committee was informed that the final audit visits would take place in June and July 2019 and the Council's requirements in preparation for this were listed on page 15 of the report. It was reported that any 'clearly trivial' matters regarding uncorrected omissions and misstatements identified during the auditing procedure would be reported to the Committee. Small errors would generally not be a focus. In regards to value for money arrangements, it was stated that there were two significant risks: the Council's financial sustainability and the OFSTED inspection of Children's Services.

The reporting officer also informed the Committee of the non-audit services which would be provided including the Audit Social Care index (the first year would be a free subscription) and general work completed outside of the contract agreements.

In response to questions Members of the Committee heard:

- The Council was working with the auditors in order to downscale but this was a complex process
- Brexit's effect on the risk register will depend on what takes place in the 19/20 financial year. Areas such as Pension Fund Assets were less of a concern
- The areas identified for value for money would be assessed using the Code of Audit Practice and other sources such as regulatory reports and questioning officers
- The key metrics of other local authorities were monitored, although the arrangements for financial sustainability each one had in place was reported as varying greatly
- Developments around Brexit would continue to be monitored

The Committee **RESOLVED** to note the contents of the Grant Thornton Report.

5/19 **Presentation on an area of risk - Schools in Deficit**

This item was not considered.

6/19 **Internal Audit, Charter, Strategy and Plan**

The Head of Internal Audit introduced the item and informed the Committee of the Internal Audit Charter (Appendix 1), Strategy (Appendix 2) and Plan (Appendix 3).

This report was to be brought before the Committee for approval every year. Appendix 1 outlined what an internal audit purpose was and the responsibility of officers. It was noted that the Head of Internal Audit had no additional responsibilities and no conflicts of interest. Appendix 2 outlined the areas of focus for the Internal Audit Strategy and how recommendations were implemented. Appendix 3 showed a table of the proposed Internal Audit Plan for computer, contract and school audits amongst others which were to begin in April 2019.

In response to questions, the Head of Internal Audit said that when determining which schools needed auditing, the Council would check whether a new Head Teacher had recently started, when the last audit check was conducted and the outcome of this.

The Committee **RESOLVED** to approve the Internal Audit Charter (Appendix 1), Strategy (Appendix 2) and the plan of audit work for 2019/20 (Appendix 3).

7/19 **Internal Audit Update Report**

The Head of Internal Audit introduced the item summarised the Internal Audit Report from April 2018 – January 2019.

In response to questions the Committee was informed that there were periods during which the capacity of the Audit Manager varied and the Auditors struggled to obtain information for the internal audit. However those were not issues that had prevented staff from completing the task.

The Committee **RESOLVED** to note the Internal Audit Report for April 2018 to January 2019.

8/19 **Anti-Fraud Update Report**

The Head of Anti-Fraud introduced the item and informed the Committee that the Anti-Fraud Team was on target for 2018/19. The report contained a number

of case studies which demonstrated the work carried out by the Council for partner housing associations.

It was noted that not every local authority supported fraud investigation for housing associations; Croydon Council provided this service due to the importance of reclaiming homes for families to live in. In some instances, Croydon had assisted other boroughs, such as Lambeth and Merton, in their investigations. Furthermore, housing cases varied greatly and therefore so did the outcomes.

It was stated that there were successful outcomes; some fraud allegations were more difficult to investigate than others such as those relating to sub-letting and the use of Blue Badge permits.

In response to questions, the Committee heard that:

- The costs for the FTE's were difficult to quantify as some cases were won much quicker than others.
- Reducing temporary accommodation would help the Anti-Fraud Team make savings and improve quality of life for residents.
- The Anti-Fraud Team were considering using new tools to improve performance such as the Fraud Hub, which utilizes analytics. It was planned to bring a report to the Committee once use of this new system had gone live.
- Staff were trained to tackle fraud using cases to build their experience. They would have the opportunity to develop their skills within banks and post offices.
- An item on London-wide anti-fraud activity and how local authorities work together was expected to be presented to the Committee in approximately six months.

The Committee **RESOLVED** to note the Anti-Fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2018 – 31 January 2019.

9/19

Corporate Risk Register

The Head of Risk introduced this item and summarised the table of contents found in Appendix 1 of the report.

It was stated that risk had been identified in the special education budget and that the future risk ratings would be effected by Brexit depending on how things developed.

In response to questions, it was clarified that the Corporate Risk Register was reviewed on a quarterly basis. Escalated risks were brought back regularly to evaluate whether the actions taken to reduce risks were successful.

The Director of Finance, Investment and Risk confirmed that the existing controls for tackling risk scenarios were always evolving and that the risk assessment of schools in deficit could be brought back to the Committee.

The Committee **RESOLVED** to note the contents of the corporate risk register as at April 2019.

10/19 **General Purpose and Audit Committee Draft Annual Report 2018-2019**

The Chair introduced the item and informed the Committee of the GPAC Draft Annual Report, which provided details of the Committee's role.

In response to questions, members were informed that this report was drafted in accordance with the Constitution and needed to go to Full Council for consideration.

The Committee **RESOLVED** to approve the General Purposes & Audit Committee Draft Annual Report 2018/19.

11/19 **In-year Appointments**

The Director of Finance, Investment and Risk introduced the item and informed the Committee of the in-year appointments that had been made which included appointments to vacancies and outside bodies.

The Committee **RESOLVED** to note the in-year appointments listed in the report.

12/19 **Exclusion of Public and Press**

This was not required.

The meeting ended at 7.20 pm

Signed:

Date:

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