

Appendix B

Responses to the areas of assurance for the Audit and Governance Committee as raised by the Independent Chair

	Assurance sought	Response	Accountable Officer
1	Comprehensive assessment of costs implications of the legacy and emerging issues.	<p>Significant work has been completed in preparation for the Council Tax Setting which will be reported to Cabinet on 22 February 2023.</p> <p>Budgets have been comprehensively reviewed by the Finance Team and by Directorate Management Teams for accuracy. Where necessary corrections are being recommended for the budgets for 2023/24 and future years.</p> <p>The Openings the Books project is drawing to a close and a number of reports are being completed by the consultancy, Worth Technical Accounting Services. These should be available for publication shortly. PWC were also commissioned to undertake specific reviews that have also been completed. The outcomes of these reviews have also been built into the recommended budgets for 2023/24 and future years.</p> <p>It should be noted that the Council still has three years of accounts where the external audit has not been completed and there is a risk this work may uncover other unknown issues. Updates will continue to be provided to the AGC.</p>	Corporate Director of Resources and S151 Officer
2	Assessment of Balance Sheet assets, liabilities and reserves	<p>The work described above in 1 included reviews of the Council's balance sheet.</p> <p>Again, it should be noted that the Council still has three years of accounts where the external audit has not been completed and there is a risk this work may uncover other unknown issues. Updates will continue to be provided to the AGC.</p>	Corporate Director of Resources and S151 Officer
3	Capacity and capabilities to deliver turnaround and pace of change	<p>This continues to be a major focus for the Council.</p> <p>Achieved to date:-</p> <ul style="list-style-type: none">- Permanent Section 151 Officer and Deputy Section 151 Officer appointed	Corporate Director of Resources and S151 Officer

		<ul style="list-style-type: none"> - Budget Assurance meetings held monthly with the Chief Executive and S151 Officer to drive through the importance of financial management - CIPFA-led Finance Training rolled out to all managers <p>Focus for the coming year:-</p> <ul style="list-style-type: none"> - Further strengthening of financial management across the Council supported by CIPFA - Oracle ERP system continuous improvement project has been initiated - Interim management arrangements in place across the Finance Team are to be addressed and all vacant posts filled. Although a key risk will be limited availability of suitable candidates in the market which is affecting the whole of the public sector. 	
4	Risk assessment of decisions and priorities	<p>Risk management has been strengthened across the Council over the last couple of years.</p> <p>External risk management review has been undertaken by Zurich Municipal to review progress. This was reported previously to the AGC. Recommendations are being adopted.</p> <p>Risk management is being built into the new Project Management system being rolled out across the Council.</p>	Head of Insurance, Anti-Fraud and Risk
5	Compliance with legal advice and the Council's Constitution	<p>The Council's decision making process has been reviewed. A new Decision Report template has been introduced and report writing guidance has been issued. Sections requiring comments on compliance with legal advice and alignment with the Council's Constitution have been introduced.</p> <p>Training on decision making has been provided across the Council.</p>	Head of Legal Services and Monitoring Officer
6	Openness and engagement with staff, residents and partners	<p>Transparency has been improved in the last couple of years through the Monthly Financial Performance Report which is submitted to Cabinet. Improvements are built into this report on an ongoing basis and specifically further improvements will follow the outcome of the Worth TAS review.</p>	Corporate Director of Resources and S151 Officer

		<p>It is planned to publish the Worth TAS report on ‘Opening the Books’.</p> <p>The MTFS Update report that went to Cabinet on 30 November 2022 initiated a public engagement exercise on the Council’s financial position, the results of which will be reported to Cabinet and Council as part of the Council Tax Setting process.</p>	
7	<p>RIPIs 1 and 2, and Croydon Renewal Plan</p> <ol style="list-style-type: none"> 1. Progress report and risks 2. Culture change and financial discipline 3. Budget monitoring and financial reporting 	<p>The Finance, Risk and Assurance Internal Control Board monitors all outstanding corporate recommendations, including from RIPIs 1 and 2, and Croydon Renewal Plan, through to completion. Internal Audit also check that recommendations have been fully complied with.</p> <p>Progress against these recommendations was addressed in the report on the draft Annual Governance Statement 2021/22 which went to AGC on 19 January 2023.</p> <p>A more detailed update on the RIPI 2 recommendations is due to be provided to the AGC.</p> <p>Before it is finalised, the 2021/22 Annual Governance Statement will be reviewed again to ensure that culture change, financial discipline, budget monitoring and financial reporting are sufficiently covered in the 2021/22 AGS Action Plan.</p> <p>Progress against the outstanding recommendations and the 2021/22 AGS Action Plan will be reported to the AGC on a regular basis.</p>	<p>Corporate Director of Resources and S151 Officer</p>
8	Opening the Books	<p>Scheduled to be reported to the AGC on 3 March.</p>	<p>Corporate Director of Resources and S151 Officer</p>
9	Internal Control Boards	<p>The Internal Control Boards are now all operational and are driving improvement across the Council.</p> <p>The minutes of all the Internal Control Boards are passed through to the Corporate Management Team for information.</p> <p>The findings of the Finance, Risk and Assurance Internal Control Board are regularly reported to the AGC.</p>	<p>Director of Policy, Programmes and Performance</p>

		<p>The Capital Internal Control Board has significantly improved transparency and management of the Council's capital programme. Details are built into the recommended Capital Strategy to be approved as part of the Council Tax Setting papers.</p> <p>A report on the Internal Control Boards will be brought to a future meeting of the AGC.</p>	
10	<p>Governance Reports and Investigation</p> <p>Annual Governance Statement</p>	<p>Annual Governance Statement process has been strengthened for 2021/22.</p> <p>All governance and investigation reports are reported to the AGC and are covered in the Annual Governance Statement.</p> <p>Corporate Management Team undertakes detailed scrutiny on outstanding internal audit report actions and corporate type issues arising from audit reports in a dedicated meeting every two months.</p> <p>The draft 2021/22 Annual Governance Statement was reported to the 19 January meeting of the AGC. Once the external audit of the 2021/22 Accounts has completed, a further version will be reported to the AGC for final sign off alongside the audited accounts.</p> <p>The external auditors, Grant Thornton, will be issuing a consolidated annual report for Croydon for 2019/20, 2020/21 and 2021/22 in the late spring. This will be reported to the AGC.</p>	<p>Corporate Director of Resources and S151 Officer</p>
11	<p>CAH and Audited Accounts</p>	<p>Joint work is underway between the Council and the external auditors, Grant Thornton, to finalise the accounting for Croydon Affordable Homes in the 2019/20 accounts. This is one of the last substantive issues outstanding. The others are the adjustments that flow from the budget corrections that have been identified during 2022 through initiatives such as Opening the Books. The finalisation of all these issues will enable the 2019/20 financial accounts to be restated and for the AGC to approve the 2019/20 accounts shortly thereafter.</p> <p>The audit of the 2020/21 accounts is already underway but the outstanding issues will require the 2020/21 accounts to be restated and the 2021/22 financial accounts to be finalised.</p>	<p>Corporate Director of Resources and S151 Officer</p>

		The audit of the 2020/21 and 2021/22 accounts will follow, the results of which will be reported to the AGC.	
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