

## **THE LONDON BOROUGH OF CAMDEN**

At a meeting of the **AUDIT AND CORPORATE GOVERNANCE COMMITTEE** held on **THURSDAY, 16TH JUNE, 2022** at 6.30 pm in Committee Room 1, Crowndale Centre, 218 Eversholt Street, London, NW1 1BD

### **MEMBERS OF THE COMMITTEE PRESENT**

Councillors Sagal Abdi-Wali (Chair), Camron Aref-Adib, Matt Cooper, Eddie Hanson (substitute member), Jenny Mulholland, Tom Simon (substitute member) and Nanouche Umeadi (substitute member), and Richard Blakey (Independent Member)

### **MEMBERS OF THE COMMITTEE ABSENT**

Councillors Siân Berry, Anna Burrage, Richard Cotton, Judy Dixey and Samata Khatoun

**The minutes should be read in conjunction with the agenda for the meeting. They are subject to approval and signature at the next meeting of the Audit and Corporate Governance Committee and any corrections approved at that meeting will be recorded in those minutes.**

### **MINUTES**

#### **1. GUIDANCE ON HYBRID MEETINGS**

##### **RESOLVED –**

THAT the hybrid meeting procedures be agreed.

#### **2. ELECTION OF VICE-CHAIR**

##### **RESOLVED –**

THAT Councillor Matt Cooper be elected Vice-Chair of the Committee for the remainder of the 2022/23 municipal year.

#### **3. TERMS OF REFERENCE**

##### **RESOLVED –**

THAT the terms of reference of the Committee be noted.

**4. APOLOGIES**

Apologies for absence were received from Councillors Berry, Burrage, Cotton, Dixey and Khatoon. It was noted that Councillor Simon was substituting for Councillor Dixey, Councillor Hanson for Councillor Burrage and Councillor Umeadi for Councillor Cotton.

**5. DECLARATIONS BY MEMBERS OF STATUTORY DISCLOSABLE PECUNIARY INTERESTS, COMPULSORY REGISTERABLE NON-PECUNIARY INTERESTS AND VOLUNTARY REGISTERABLE NON-PECUNIARY INTERESTS IN MATTERS ON THIS AGENDA**

There were no declarations.

**6. ANNOUNCEMENTS (IF ANY)**

**Broadcasting of the meeting**

The Chair announced that the meeting was being broadcast live by the Council to the Internet and could be viewed on the website for twelve months after the meeting. After that time, webcasts were archived and could be made available upon request. Those who were seated in the meeting room or participating via Teams were deemed to be consenting to having their contributions recorded and broadcast and to the use of those sound recordings and images for webcasting and/or training purposes.

**7. DEPUTATIONS (IF ANY)**

There were no deputations.

**8. NOTIFICATION OF ANY ITEMS OF BUSINESS THAT THE CHAIR DECIDES TO TAKE AS URGENT**

There was no notice of urgent business.

**9. MINUTES**

**RESOLVED –**

THAT the minutes of the meeting held on 30<sup>th</sup> March 2022 be approved and signed as a correct record.

## **10. INTERNAL AUDIT ANNUAL REPORT 2021-22**

Consideration was given to a report of the Executive Director Corporate Services.

In response to a question, the Head of Internal Audit, Investigations and Risk Management remarked that under the Public Sector Internal Audit Standards (PSIAS), resource was focused towards areas of risk and the audit plan had to be risk based, rather than cyclical. She undertook to circulate last year's audit plan to Members, so that they could review the assurance map.

**ACTION BY:           Head of Internal Audit, Investigations and Risk Management**

She further explained that key areas of risk were identified with reference both to the Principal Risk Report and to other available intelligence, as well as areas identified by the Committee. The summary of assurance ratings set out at Appendix 2 was fairly typical of an ordinary year, with the majority of audits leading to a rating of moderate assurance and a handful of ratings of limited assurance. Ratings of substantial assurance were very rare, particularly where an audit plan was risk based.

A Member enquired as to whether the high risk recommendations at Appendix 2 would be added into the Annual Governance Statement (AGS) as areas for improvement. He added that it would be useful for the list of high risk recommendations to come back to the Committee regularly so that Members could keep them under review. The Head of Internal Audit, Investigations and Risk Management remarked that the high risk recommendations did not present significant governance issues but officers would reflect on whether they should be in the AGS. The Committee would receive an update on the implementation of audit recommendations at its meeting in November.

In response to further questions, the Head of Internal Audit, Investigations and Risk Management remarked that the reports noted as due to be finalised in June were mostly at the stage where the assurance rating had been agreed with management and final details of proposed actions were awaited. Positive meetings had been held with all areas and there were no areas that gave her particular cause for concern.

A Member expressed some reservations that such an important report was coming to the first meeting of a new Committee. The Head of Internal Audit, Investigations and Risk Management confirmed that the report on this occasion was just for noting, and Members would see a further report in November which would allow them to consider then how the recommendations from each audit had been implemented.

### **RESOLVED –**

THAT the report be noted.

## **11. INTERNAL AUDIT EXTERNAL QUALITY ASSESSMENT**

Consideration was given to a report of the Executive Director Corporate Services.

In response to a question about the good practice suggestions relating to the Committee, the Head of Internal Audit, Investigations and Risk Management commented that a training programme for Members of the Committee was already in place and a skills matrix would be produced in quarter 4. A review of the Committee's effectiveness would take place after the Committee had been operating for a year. In relation to recommendation 4, it was unusual for audit committees to have an independent chair, and most had a democratically elected Member as their chair.

A Member of the Committee suggested that a report on progress on the recommendations should be brought back to the Committee regularly, and the Head of Internal Audit, Investigations and Risk Management confirmed that this was the intention. The Member further asked about the breakdown of responses to the stakeholder survey between Camden and Islington Members, and whether other authorities had received negative reports from the London Audit Group review process. The Head of Internal Audit, Investigations and Risk Management responded that the Camden report was quite positive, and there were some authorities within London that had received some 'Partially Conforms' findings on some standards. Response levels to the survey were roughly the same for both Camden and Islington, and the Chair, the Section 151 officer, the Director of Finance and the Chief Executive were interviewed across both councils. Further updates would come to the committee on actions arising from the finding of the EQIA in due course.

A Member suggested that it would be useful to have the Camden and Islington survey responses separated out in future. The Head of Internal Audit, Investigations and Risk Management acknowledged that, but added that the assessors had indicated that feedback was consistent across the two boroughs. She further commented that having two audit managers within the shared service was helpful as this effectively provided internal checks and balances.

The Internal Audit team was thanked for a positive result on the External Quality Assessment.

### **RESOLVED –**

THAT the report be noted.

## **12. 2021-22 ANNUAL COUNTER FRAUD REPORT**

Consideration was given to a report of the Executive Director Corporate Services.

Members asked a number of questions about the process of blue badge enforcement as detailed in Table 5 of the report. Officers explained that some inspections were focussed on known hotspots and others were as a result of specific intelligence received. The joint working arrangement with the parking team meant that more inspections per patrol could now be undertaken than in previous years. Referrals/allegations of misuse had gone up after Covid-19 restrictions started to relax, perhaps as a result of people assuming there would be no enforcement. There were around 20 cases currently in the pipeline for potential legal action, but the process was quite a long one. The number of successful prosecutions had also been affected by the fact that during the pandemic the courts had prioritised cases that could be progressed in lockdown conditions.

In response to questions about the National Fraud Initiative (NFI), officers commented that the success rate could be low and there was a general feeling across London that the matches could be better and were often out of date at the point of receipt. However, it was not the only tool available to officers to detect fraud and the Cabinet Office was aware that the NFI was not working as well as it might and was in the process of developing an enhanced product.

A Member asked about the fluctuations in the types of fraud referrals. The Head of Internal Audit, Investigations and Risk Management remarked that the nature of fraud was that it tended to be opportunistic, as demonstrated by the types of fraud that arose during the pandemic. Officers did look to identify trends, but they were difficult to predict as levels of different types of fraud could vary considerably. She added that there was joint working taking place in London which was helpful in detecting fraud.

In relation to the low number of housing related prosecutions, the Landlord Services Manager remarked that this was due to the decrease in the number of visits that were able to take place during the pandemic to investigate sub-letting cases, and was likely to start rising again now. All Right to Buy applications were looked at by investigating officers before they were allowed to proceed to ensure, for example, that the would-be buyer was in fact in occupation – this meant that there were fewer prosecutions in this area.

#### **RESOLVED –**

THAT the report be noted.

### **13. TREASURY MANAGEMENT REPORT**

Consideration was given to a report of the Executive Director Corporate Services.

In response to questions about the impact of interest rate changes on treasury management, officers remarked that the increases were good news for the investment portfolio, but from a debt perspective it was less good although inflation made the debt look smaller. When the Council decided to borrow was of course key.

Reserves £329m at the end of 2019/20, though this was somewhat inflated by Covid grants. Reserves were generally between £150m and £160m, although some of these reserves were earmarked for specific things. It was always an option to pay back some of debt early, but there was a cost to paying back debt early as the lender would require reimbursement of lost interest.

In response to questions, the Head of Treasury and Financial Services explained that internal borrowing was sometimes used as it was cheaper than external borrowing, temporarily using some of the Council's own resources by reducing investment balances rather than taking on additional debt.

The Director of Finance explained that the Local Climate Bond had been launched in March with the intention of raising £1m for specific projects such as electric vehicle charging points and solar panels. The launch offer was a return of 1.75% to investors to be paid over the period of the investment which was five years. All being well there might be further community municipal investments in future to fund larger projects.

In response to questions about financing the Council's ambitions going forward, officers remarked that future borrowing would be based on what the Council thought was affordable and sustainable, working within the prudential indicators, to achieve a balance between aspiration and affordability. On environmental, social and governance standards risk, all investment counter parties had a minimum AA- rating, and something like a munitions manufacturer would be unlikely to have a strong enough balance sheet for the Council to invest in.

#### **RESOLVED –**

THAT the report be noted.

#### **14. CAMDEN LIVING FINANCIAL STATEMENTS**

Consideration was given to a report of the Director of Finance.

In response to a questions, the Finance Business Partner remarked that there was shared learning between Camden Living and the Council's internal housing team in relation to speeding up the turnover of void units, although they were dealing with different products. He explained that Camden Living had been set up to manage units which had originally been earmarked for private sale or shared ownership, to allow it to be let at an affordable 'Camden Living Rent' as part of the Council's intermediate housing strategy. It managed intermediate units, which it owned and did not sit on the Council's balance sheet, plus some council units which it managed under an operating lease agreement but still belonged to the Council. He confirmed that sums were being put aside regularly against future maintenance requirements.

**RESOLVED –**

THAT the report and Camden Living's Limited financial statements for the 12 month period to 31<sup>st</sup> March 2021 be noted.

**15. MEMBERS' ALLOWANCES SCHEME 2022/23 - AMENDED**

Consideration was given to a report of the Borough Solicitor.

A Member expressed the view that the allowances payable to Members should realistically reflect the costs of being a councillor in order not to deter people from standing for election, and he felt that this was not currently the case. Another Member highlighted that the dependant carers allowance did not reflect the actual costs of childcare.

The Borough Solicitor advised that the Committee was not bound by previous decisions and if it was minded to review the scheme then it could request a report back with options, costings and comparison figures, and could recommend amendments to Council later in the year if it wished to do so.

Following discussion, Members requested a further report to the Committee on the scheme once the final report of the Independent Review Panel had been published, which should set out options for increasing allowances and the associated costings.

**RESOLVED -**

- (i) THAT Council be recommended to
  - (a) Agree the Members' Allowances Scheme for 2022/23 as detailed in Appendix A, with the payment to be backdated to the beginning of the financial year.
  - (b) Authorise the Borough Solicitor to take all necessary steps in relation thereto including amendments to the Constitution, and publication and operation of the Scheme.
- (ii) THAT a further report be brought to the Committee once the final report of the Independent Review Panel has been published, setting up options and costings for increasing allowances.

**ACTION BY: Borough Solicitor**

**16. WORK AND TRAINING PLAN AND ACTION TRACKER**

Consideration was given to a report of the Borough Solicitor.

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A Member asked for a briefing note on fraud investigation methods, including surveillance and the use of data to identify risk, to be provided to Members of the Committee.

**ACTION BY:           Head of Internal Audit, Investigations and Risk Manager**

Members who wished to undertake external training were advised to speak with their group whips in the first instance.

**RESOLVED –**

- (i) THAT the work plan for 2022/23, as set out at Appendix A, be noted and agreed, subject to the addition of a further report on the Members' Allowances Scheme once the final report of the Independent Review Panel has been published;
- (ii) THAT the planned training sessions for members of the Committee be noted; and
- (iii) THAT the action tracker of actions arising from the previous meeting, as per Appendix C, be noted.

**17. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT**

There was no urgent business.

The meeting ended at 8.57pm.

**CHAIR**

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**MINUTES END**