

# Agenda Item 3

## GENERAL PURPOSES COMMITTEE 16 SEPTEMBER 2015

(19.15 - 21.06)

PRESENT Councillors Peter McCabe (in the Chair), Janice Howard, Laxmi Attawar, Tobin Byers, Ian Munn BSc, MRTPI(Rtd) and Agatha Mary Akyigyina

ALSO PRESENT Councillors

### 1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies for absence were received from: Councillors Adam Bush, Stephen Crowe, Mary Curtin and David Williams.

### 2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

No declarations of interest were made.

### 3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

The Minutes of the meeting held on 25 June 2015 were agreed as a correct record.

### 4 AUDITED FINAL ACCOUNTS 2014/ 2015 - INCLUDING THE EXTERNAL AUDITORS REPORTS ON THE COUNCIL AND PENSION ACCOUNTS (Agenda Item 4)

The Director of Corporate Services presented the report jointly with Council's External Auditors, which detailed the Council's Statement of Accounts, including the Pension Fund Accounts for 2014-2015. It was noted that the report included the external Auditor's reports and letters of representations on the Council and Pension Accounts respectively. Members were reminded that they had seen the draft accounts at their last meeting in June. Also they were informed that the pension fund account had been before the Pension Fund Advisory Committee for scrutiny and they had no further comments. It was noted, as requested by the Committee, that the summary of the accounts was now included at the front of the Statement of the Accounts.

In considering the external Auditor's results letters/reports, on the Council's Accounts, it was noted that the Auditors, were issuing an unqualified opinion on the accounts. A further unqualified opinion was issued in terms of the Council's approach to Value for money, namely in terms of securing economy, efficiency and effectiveness in use of resources.

The Members sought clarity on a number of issues within the report which included

- the level of useable reserves and what they were incorporating,
- seeking the reason why in the Statement of Account, it implies that there was a significant pension deficit, which seemed to be slightly at odds with the level of 'funded' pension shown within the Pension Fund Accounts.
- on the constancy of short term debtors

In respect on the Pension Fund, Members were informed that in 2013 when the last Pension Fund valuation occurred the Council's fund was ranked 9<sup>th</sup> best funded account out of 99 across the country.

## RESOLVED

That General Purposes Committee

1. approves the audited Statement of Accounts, including the Pension Fund Accounts.
2. notes any comments made by the Pensions Fund Advisory Panel in relation to the Pension Fund Accounts.
3. notes Ernst and Young's Draft Audit Results Report for the Council's Pension Fund accounts under the International Standard on Auditing (ISA) 260.
4. notes Ernst and Young's Final Audit Results Report for the Council's Statement of Accounts under the ISA 260.
5. approves that the Chair signs the Statement of Responsibilities in the Council's Statement of Accounts.
6. approves that the Chair signs the Letter of Representation for the Council's 2014/15 Statement of Accounts.
7. approves that the Chair sign the Letter of Representation for the Council's 2014/15 Pension Fund accounts.

## 5 INTERNAL AUDIT PROGRESS REPORT (Agenda Item 5)

The Head of Internal Audit and Investigations presented the report which provided the regular update on work carried out by the Internal Audit team up until September 2015, as well as detailing the planned work for the remainder of the year. It was noted that there had been 26 audit reports completed since the Committees last report in March of 2015 and of those reports 7 had been issued with limited assurance. Detail of the limited assurance reports were set out in Appendix B to the report.

To gain a greater depth of understanding and scrutiny of what had been done to address the issues identified within the 7 limited reports, the Chair of the General

Purposes Committee invited key officers responsible for each the areas to address the committee and answer their questions:

- I-Trent – Joint Head of Human Resources commented that one of the key problems has been recruiting a manager with appropriate technical experience to manager the team and to take forward the issues raised by the audit. Headway had been made on improving recording of processes and it would be completed by the end of the year. The Committee asked that it be recorded that there would be no circumstances where it would be acceptable that I-Trent received a limited assurance next year.
- Disabled Facility Grant – Head of Assessment and Commissioning, confirmed that the Council does now have formal agreements in place with the providers and now they were working on a revised model, leading to a tender process for the DFG's payments. It was acknowledged that one of the delays in tackling the issues raised by the audit, related to the service switching between different directorates within the Council.
- Treasury Management – Assistant Director for Resources, confirmed that all the recommendations made by the report would be implemented by the end of the year. Also to ensure greater resilience improved processes will be created and additional people trained within finance to support and cover the treasury management function, when necessary.
- Supporting People – Head of Assessment and Commissioning stated that she held her hands up over the retendering process issues and confirmed that a new procurement task group was being set up to address this matter. She confirmed that it would not be back before the committee in next year's report.
- Block and Spot Contracts – Head of Assessment and Commissioning, stated she actually welcomed the finding of the audit as it highlighted changes and improvement needed within the service. She confirmed to Members that the Block and Spot would not be back before the committee in next year's report.
- DBS – Joint Head of Human Resources confirmed that the new e-recruitment system was now in place and that would ensure that it would not be possible for the key issues raised in the audit report to occur again.
- Transport Fleet Management – Transport Services Manager confirmed that historically processes were not as tight as they should have been, especially over procuring vehicles. Now all the Council vehicles were on the fleet list and a new process for procuring a new vehicle has been established. In response to the question as to whether it would be returning next year, Members were told, that there was every intention, that it would not, but it could not be guaranteed, due to the historic nature surrounding the issue.

In concluding the discussion the Chair on behalf of the Committee requested that a response, from the Chief Executive and the Corporate Management Team be sought, within the next update Internal Audit Report in March 2016, with specific proposals on

how they will ensure that services do not have limited assurance reports for two years running.

RESOLVED:

That General Purposes:

1. notes the report and comments upon matters arising from the Internal Audit Progress Report
2. notes the progress of the South West London Fraud Partnership and the Shared Internal Audit Service.

## 6 VEHICLE MAINTENANCE FOLLOW-UP AUDIT REVIEW (Agenda Item 6)

The Head of Internal Audit and Investigations presented the requested report. Members were reminded of the background that in September 2014 internal audit was carried out on vehicle maintenance report and the related final audit report was issued with limited assurance and contained 30 recommendations of which 12 were high, and 16 medium priority.

Members were then informed that a follow up review had recently taken place focusing on how the 30 recommendations had been addressed. To date, 25 of the recommendations had been implemented with remaining 5 now ongoing and the audit option as a result had been upgraded to satisfactory assurance.

The Transport Services Manager and the Head of Street Scene and Waste answered a number of questions on how the service had changing to tackles the problems identified. The issues that were raised included:

- Why had the original management structure allowed the clear mistakes to occur?
- Were there still elements of servicing being outsourced, even though the related equipment had now been purchased and why
- Confirmation that processes both internally and externally, had been put in place to ensure that no conflict of interest in terms of use of outsourced or tendered services.

Members noted that the original audit had been requested by the service, due to senior officers concerns. The Transport Services Manager also asked that her thanks be recorded for the help of the audit team, in addressing the serious issues that were found.

RESOLVED

That the General Purposes Committee notes the progress made in response to the recommendations on the Vehicle Maintenance report

## 7 SHARED SERVICE ARRANGEMENTS (Agenda Item 7)

The Assistant Director of Business Improvement presented to Members the requested report which provided details of the shared services that the Council was involved in. The table included, which other councils were involved in the shared service, the practical arrangements and the governance arrangements.

In considering the report Members were pleased with having all the information about shared services in one clear format. They requested, for the benefit of all Members that the table within the report be published on the intranet and that the name of lead contact officer and their contact information, for each of the shared service be included in the table. The Committee also requested that the online table be a rolling document and updated as further joint services were formed. The Committee asked that they be kept updated on any new shared service including their governance arrangements, so they could consider if they required more information on that newly formed service and whether it should be brought before the Committee.

#### RESOLVED

That the General Purposes Committee:

- 1) noted and welcomed the report
- 2) requested that the table be published on the intranet update with contact information of the leader officer for each service, and
- 3) be kept update with an further shared service including their governance arrangements that are established.

#### 8 WORK PROGRAMME (Agenda Item 8)

#### RESOLVED

That the General Purposes notes its scheduled work programmed.

#### 9 EXCLUSION OF PUBLIC (Agenda Item 9)

#### RESOLVED

That the public were excluded from the meeting during consideration of the following reports on the grounds that they were exempt from disclosure for the reasons stated in the reports.

#### 10 REPORT ON THE USE OF TEMPORARY WORKERS AND CONSULTANTS (Agenda Item 10)

The Joint Head of Human Resources presented the update report on the Council's use of temporary workers and consultants and the various approaches being used to mitigate of the use of such temporary staff. Members were informed that senior HR officer now regularly attended directorate management meetings to work with senior

officers to look at their staffing requirements and seek justifications over the current use of consultants and temporary workers. Also at those meeting HR officers challenge the use of long term temporary staff. Members were pleased to learn that since their last update there had been a 7% reduction in the use of non-permanent staff, and questioned if there was a justification for a permanent officer instead.

It was noted that the report included a small set of benchmarking data on the Council's expenditure on agency workers compared to the London Council's research as detailed in paragraph 3.3 of the report. In response to the benchmarking Members requested three further sets of data comparing our expenditure on agency workers against other London Councils be sought in respect of Council's gross expenditure, work force size and per capita comparison.

Members noted that it was helpful that the report's appendices had been printed in A3 and asked that this continued. They also asked that the graphs be redesigned so that when there were printed in black and white the graph and its key were readable.

## RESOLVED

The General Purposes Committee:

- 1) noted the report and
- 2) requested a further update report for its meeting scheduled for 10 March 2016, with
  - the appendices to be printed in A3
  - redesigned graphs so they are readable in black and white, and
  - the requested benchmarking data