

# Agenda Item 3

## STANDARDS AND GENERAL PURPOSES COMMITTEE

30 JUNE 2016

(7.15 pm - 9.50 pm)

PRESENT Councillors Councillor Peter McCabe (in the Chair),  
Councillor Agatha Mary Akyigyina, Councillor Stephen Crowe,  
Councillor Mary Curtin, Councillor John Dehaney,  
Councillor Mary-Jane Jeanes, Councillor Ian Munn,  
Councillor Marsie Skeete, Councillor Gregory Udeh and  
Councillor David Williams

ALSO Stephen Bowsher, Chief Accountant  
PRESENT: Kim Brown, HR Lead  
Kim Carey, Head of Access and Assessment  
Margaret Culleton, Head of Internal Audit  
Caroline Holland, Director of Corporate Services  
Chris Lee, Director of Environment and Regeneration  
Yvette Stanley, Director of Children, Schools and Families  
Susanne Wicks, Democratic Services Officer

Paul King and Simon Mathers, Ernst & Young

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

Apologies were received from Councillor Adam Bush, Derek Prior and Suresh Patel.

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

There were no declarations made.

### 3 MINUTES OF THE STANDARDS COMMITTEE MEETING HELD ON 25 FEBRUARY 2016 (Agenda Item 3)

RESOLVED: That the minutes are agreed as an accurate record of the meeting.

### 4 MINUTES OF THE GENERAL PURPOSES COMMITTEE MEETING HELD ON 10 MARCH 2016 (Agenda Item 4)

RESOLVED: That the minutes are agreed as an accurate record of the meeting.

### 5 INTERNAL AUDIT ANNUAL REPORT (Agenda Item 6)

The report was introduced by the Head of Internal Audit who welcomed comments and questions. The key issues discussed were as follows:

Councillor Ian Munn noted his unease that the report appeared to be somewhat inconclusive, given that some actions recommended were overdue. He sought reassurance that senior officers oversee recommendations emerging from internal audits to ensure they are actioned.

The Director of Corporate Services advised that if any recommendations are not implemented within three months, this Committee would receive an update, and the appropriate managers would attend a meeting to respond to questions from the Committee.

At the recommendation of the Committee, the Head of Internal Audit undertook to further clarify the outcome of audits, to include substantial, satisfactory, limited and no assurance.

The Head of Internal Audit explained the process for deciding which schools will be subject to an audit, noting that it is based on a risk assessment and is intelligence led.

RESOLVED: That the Standards and General Purposes Committee reviews and comments on the Internal Audit Annual Report 2015/16.

#### 6 ANNUAL GOVERNANCE STATEMENT 2015/16 (Agenda Item 5)

The report was introduced by the Head of Internal Audit.

RESOLVED: That the Standards and General Purposes agreed the Annual Governance Statement 2015/16.

#### 7 EXPANSION OF THE SHARED AUDIT PARTNERSHIP (Agenda Item 7)

The Head of Internal Audit introduced this report and invited comments and questions.

Councillor Peter McCabe remarked that the level of savings achieved was lower than he had expected and the Director of Corporate Services explained that the joint service will assist in meeting current savings targets without the need to reduce staffing levels and performance in that regard will be reported to the Overview and Scrutiny Commission, but confirmed that cashable savings do exist and details will be provided within future reports to this Committee. She also highlighted that the shared service increases capacity and improves resilience.

RESOLVED: That the Standards and General Purposes Committee notes the approach:

- To extend the South West London Audit Partnership (SWLAP) to include the London Borough of Wandsworth Internal Audit from 1 October, and
- That the Fraud Partnership (SWLFP) and the SWLAP will merge from 1 October 2016, establishing a five borough audit and fraud investigation service.

#### 8 EXTERNAL AUDIT: 2015/16 AUDIT PROGRESS REPORT AND EY SECTOR BRIEFING (Agenda Item 8)

The report was introduced by Paul King (Executive Director) and Simon Mathers (Engagement Manager) from Ernst & Young LLP, who welcomed comments and questions.

Councillor David Williams pointed to the “key questions for the audit committee” as detailed within the report and suggested that the Committee should consider if they should raise those questions. The Director of Corporate Resources noted that some may be more appropriate for Cabinet but undertook to discuss with the Chair if this Committee is fulfilling its audit function.

Report received.

9 EXTERNAL AUDIT: 2015/16 MERTON PENSION FUND AUDIT PLAN  
(Agenda Item 9)

The report was introduced by and Simon Mathers (Engagement Manager) from Ernst & Young LLP.

With regard to the financial statement risks, Councillor Janice Howard asked if the risk of management override is an issue only for the Pension Fund and Simon Mathers advised that this is a consideration for all audits. He reassured the Committee that the test threshold is much lower than £5m, and noted his confidence that such a fraud would be detected.

Report received.

10 EXTERNAL AUDIT: FEE LETTERS FOR THE COUNCIL AND PENSION  
FUND ACCOUNTS (Agenda Item 10)

The fee letters were introduced by Simon Mathers (Engagement Manager) from Ernst & Young LLP.

Reports received.

11 DRAFT ACCOUNTS (Agenda Item 11)

The Director of Corporate Services introduced the report. She noted that for 2017/18, this Committee may not receive the draft accounts due to the amended timetable for the preparation, approval and audit of the final accounts. Comments and questions were invited.

Councillor David Williams highlighted the rate of slippage in the capital fund and questioned if members are sufficiently focussed on monitoring the capital budget. He also noted his concern about the variance in the revenue budget presented to Council on 2 March and that presented to Cabinet on 4 July, and questioned the controls in place to monitor expenditure. Councillor Peter McCabe agreed that members must be confident that the forecast budget presented to them is accurate.

The Director of Corporate Services acknowledged that budget monitoring should be improved, and outlined actions taking place to assist managers to do so. The Head of Internal Audit also noted that the capital fund is included in the Audit Plan for 16/17, and undertook to ensure the scope of the audit will include monitoring and controls.

Councillor Ian Munn asked about member involvement in monitoring the Council's assets, and giving advice on disposals and acquisitions. The Chair suggested that Councillor Ian Munn raise this issue at the Financial Monitoring Task Group, and with the relevant Cabinet Members. However, it was moved by Councillor Ian Munn, seconded by Councillor Linda Taylor and,

RESOLVED: That the Standards and General Purposes Committee recommends the establishment of a Land and Property working group.

With regard to the approval of the 2017/18 accounts, the Committee noted their wish to move the June 2018 meeting to late July in order to approve the budget.

RESOLVED: That the Standards and General Purposes Committee:

1. Notes the unaudited Statement of Accounts for the Council for the year end 31 March 2016.
2. Comments on the key statutory reporting changes introduced by the Accounts and Audit Regulations 2015, including earlier reporting deadlines from 2017/18.
3. Comments on the options for adapting to the earlier reporting deadlines from 2017/18.
4. Recommends the establishment of a Land and Property working group.

## 12 UPDATE ON RIPA AUTHORISATIONS (Agenda Item 12)

The Director of Corporate Services introduced this report and welcomed comments and questions.

In response to concerns raised by members about the decreasing rates of RIPA authorisations, the Director reminded them of the difference between open and covert surveillance and advised that the use of RIPA is low across London.

Councillor Peter McCabe noted member concerns but pointed out that the use of CCTV is not covered by RIPA legislation.

RESOLVED: That the Standards and General Purposes Committee notes the report.

## 13 COMPLAINTS AGAINST MEMBERS (Agenda Item 13)

The Director of Corporate Services advised that no complaints against members had been received since the last meeting of the Standards Committee.

#### 14 EXCLUSION OF PRESS AND PUBLIC (Agenda Item 14)

RESOLVED: That the press and public be excluded from the meeting during consideration of the Temporary and Contract Staff update report, on the grounds that it is exempt from disclosure for the reasons stated in the report.

#### 15 TEMPORARY AND CONTRACT STAFF UPDATE (Agenda Item 15)

The HR Lead, Kim Brown presented a detailed report of interim and temporary staff employed at a rate of £30 per hour or more.

At the request of the Chair, the Director of Environment and Regeneration, the Director of Children, Schools and Families, the Head of Access and Assessment and the Director of Corporate Services each gave details to the Committee of plans in place to reduce levels of temporary staff in their department, and the reasons why staff are needed. Members of the Committee raised a range of detailed questions to which officers responded.

Councillor Peter McCabe thanked the HR Lead for the detailed report and accepted the challenges described by officers in filling vacancies, but asked that they continue to think creatively about how to address the issue.

RESOLVED: That the Standards and General Purposes Committee notes the progress made to monitor and control the use of temporary workers and consultants.

#### 16 WORK PROGRAMME (Agenda Item 16)

At the suggestion of Councillor David Williams, the Committee asked that a report is brought to their November meeting about member learning and development, to include details of how training needs are identified and the different methods of delivering training.

#### 17 DATE OF NEXT MEETING (Agenda Item 17)

The suggested dates for future meetings were agreed by the Committee.

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