

Agenda Item 3

STANDARDS AND GENERAL PURPOSES COMMITTEE 21 SEPTEMBER 2021

(7.15 pm - 8.16 pm)

PRESENT Councillor Peter McCabe (in the Chair), Councillor Adam Bush, Councillor John Dehaney, Councillor Dickie Wilkinson, Councillor David Williams, Councillor Hina Bokhari, Councillor Mary Curtin, Councillor Andrew Howard, Councillor Brenda Fraser and Councillor Martin Whelton and Councillor Caroline Cooper-Marbiah

ALSO PRESENT Caroline Holland (Director, Corporate Services), Louise Round (Managing Director, South London Legal Partnership), Roger Kershaw (Assistant Director, Resources), Helen Martin (Deputy Chief Accountant), David Keppler (Head of Revenues and Benefits), Nemashe Sivayogan (Treasury and Pensions Manager), Amy Dumitrescu (Democracy Services Manager).

ATTENDING REMOTELY Elizabeth Jackson (External Audit), Ian Young (External Audit).

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies were received from Clive Douglas and Katy Willison. Apologies were received from Councillor Draper. Councillor Cooper-Marbiah attended as substitute.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of interest

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

RESOLVED: That the minutes of the meeting held on 22 March were agreed as a correct record.

4 FINAL ACCOUNTS (Agenda Item 4)

The Assistant Director, Resources, Reported that targets were achieved by 6 July, with intent to sign off by 30 September. EY have issued 2 results reports: main body accounts and pension fund. Adjustments made due to COVID grants due to whether we acted as principle or an agent for the treatment of those accounts. There are three issues emerging – ISA540 validating the process that the actuaries use in our pension fund; audit differences, our National non-domestic rates and section 106 grants for planning applications, should they be treated as capital grant in advance or a reserve – there is a technical discussion around where to allocate the money within the account

Ernst and Young reported that ISA540 revised accounting estimates is a national issue affecting all audit firms, , noting that work is ongoing and EY are in correspondence with National Audit Office. There is a risk to the audit opinion being signed by 30 September, depending on ruling from FRC. Work is continuing on this. The Property Plant and Equipment valuations report is being chased and expected shortly. Other items are normal audit business. There were changes to scope from the plan presented in March which has been updated for receipt of draft financial statements. There are two changes to audit risk and focus, first around new cash receipt system original classed as significant risk, no longer applies. Second around PFI scheme for schools - the area of focus with higher inherent risk. Work is being done on the financial statement, no changes to input and it is a detailed model and so can rely on work already done.

Under Significant Risk and Fraud Risks, EY reported that there are no weaknesses in control, no issues identified.

With regard to the pension fund, EY reported that changes in materiality value of NET asset statement increased to £9 million. Work on unrecorded liabilities and benefits has been completed. There is a national issue around Prudential and additional voluntary contributions.

There were no issues found with posting of Investment journals.

External Audit proposed an unqualified opinion for both sets of accounts will be issued this year.

In response to member questions the Assistant Director, Resources confirmed that COVID meant that some services were underspent as not needed, however we were now seeing an increase in service take up.

Section 31 grant income, compensates the council, it had to go into holding reserves to fund future payments through the retention scheme. We received a lot of covid funding late in the year and put them in reserves, so the timing of receipt of the funds swelled the reserves before they were applied for the purposes intended. The impact of COVID was still with us and flowing through income streams and business rates, council tax and welfare payments, so reserves come into play and allow the council to meet its commitments.

The Director, Corporate Services informed the committee that it could be seen from the monitoring report that we received grants in four tranches, so over the summer there had been concerns about funding, however the grant had now been received and therefore the uncertainty had reduced. It was noted that the cost of Covid-19 would need to continue to be monitored into future years.

EY had looked at the financial state of the council. NAO updated the way we do the Value for Money work, detailed risk assessment completed, no significant risks, Governance, Improving Economy Efficiency and Effectiveness and Financial Stability. No concerns raised, satisfied that the audit opinion can be issued, short to medium term Financial Stability is satisfactory.

External Audit advised that there had been an enhanced risk Assessment, identifying which properties and which areas that we think are more susceptible to valuation risk and fluctuations, difficult to do in the last year, testing and how we look at that, challenge of what management have assessed and the how they have assessed the value of the property, more discussion between EY and the council valuers on what they have based this on. Increased levels of documentation about how we have the discussion and review the data had also been put into place.

RESOLVED

1. That Committee approved the audited Statement of Accounts, including the Group Accounts and the Pension Fund Accounts (Appendix 2), subject to any further comments from the External Auditor.
2. That the Committee noted EY's Audit Results Report (Appendix 4) for the Pension Fund accounts under the International Standard on Auditing (ISA) 260.
3. That the Committee noted EY's Audit Results Report (Appendix 3) for the Statement of Accounts under the ISA 260.
4. That the Chair was authorised to sign the Statement of Responsibilities for the Statement of Accounts (Appendix 2)
5. That the Chair was authorised to sign the Letters of Representation (Appendices 3 and 4) for the Statement of Accounts and Pension Fund Accounts

5 UPDATE ON RIPA AUTHORISATIONS (Agenda Item 5)

The Monitoring Officer confirmed that there had been no requests in the last year, with the exception of one request for non RIPA activity in relation to age restricted sales

In response to Councillor questions, the Monitoring Officer informed the Committee that this had been standard for the last couple of years. Work continued to ensure that there isn't activity that should be authorised but isn't and work with departments was ongoing to ensure officers understand when they should seek authorisation. There is a pro forma attached to the revised policy which sets out the criteria.

RESOLVED

A. That members noted the purposes for which investigations have been authorised under the Regulation of Investigatory Powers Act (RIPA) 2000.

6 RECRUITMENT OF AN INDEPENDENT PERSON (Agenda Item 6)

The Monitoring Office informed the Committee that Clive Douglas' office expires in February 2022. The report sought permission to advertise the position, however it was noted that should Mr Douglas wish to extend for a further term of three years, this would not be required. A further report would be brought to the next meeting.

RESOLVED

1. That the Standards and General Purposes Committee agreed that an interview panel comprising one councillor from each political group should be appointed to interview and to recommend to Council the appointment of one Independent Person to serve for a period of three years

7 COMPLAINTS AGAINST MEMBERS (Agenda Item 7)

The Monitoring Officer reported that no formal complaints had been received since the last meeting. One complaint had been received and was at the preliminary stage and if required this would be reported on at the next meeting.

8 WORK PROGRAMME (Agenda Item 8)

The work programme was noted and agreed.

9 EXCLUSION OF THE PUBLIC (Agenda Item 9)

RESOLVED: That the public were excluded from the meeting during consideration of item 9 on the grounds that they were exempt from disclosure for the reasons stated in the reports.

10 TEMPORARY AND CONTRACT STAFF UPDATE (Agenda Item 10)

The Head of HR presented the report, noting that the use of contract and agency staff across departments continued to be challenged and monitored.

The Committee reviewed the report and RESOLVED:

A. That members noted progress made to monitor and control the use of temporary workers and consultants