

All minutes are draft until agreed at the next meeting of the committee/panel. To find out the date of the next meeting please check the calendar of events at your local library or online at www.merton.gov.uk/committee.

GENERAL PURPOSES COMMITTEE

12 MARCH 2015

(19.15 - 20.44)

PRESENT Councillors Councillor Peter McCabe (in the Chair),
Councillor Janice Howard, Councillor Adam Bush,
Councillor Tobin Byers, Councillor Stephen Crowe,
Councillor Mary Curtin, Councillor Abigail Jones,
Councillor Ian Munn and Councillor David Williams

ALSO PRESENT Margaret Culleton (Head of Internal Audit & Investigations),
Paul Dale (Assistant Director of Resources), David Keppler
(Head of Revenues and Benefits), Paul King (External Auditor,
Ernst and Young), Dean Shoemith (Joint Head of Human
Resources) and Chris Pedlow (Senior Democratic Services
Officer)

1 DECLARATIONS OF INTEREST (Agenda Item 1)

No declarations of interests were received.

2 APOLOGIES FOR ABSENCE (Agenda Item 2)

An apology was received by Councillor Laxmi Attawar, with Councillor Stan Anderson standing in for her at the meeting.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

The Minutes of the Meeting of the General Purpose Committee held on the 6 November 2015 were approved as a correct record.

It was noted that Councillors Daniel Holden and Stan Anderson were present and should have been recorded as such at the meeting on the 6 November 2014 as they were standing in for the absent Councillors Stephen Crowe and Mary Curtin respectively.

4 EXTERNAL AUDITOR: CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2013-14 (Agenda Item 4)

The Council's External Auditor, Paul King, presented the certification of claims and returns annual report. It was noted that the report only covers one claim that was required to be certified, which was on a housing benefit and council tax subsidy claim for £92,250,409 to the Department of Work and Pensions. Members were informed that fourteen extended tests occurred following the initial tests on the claim. From

those further tests, four main areas of identified errors and uncertainties were included within the qualification letter and were highlighted on page 11 of the report.

In response to a Member question, in relation to the summary of recommendations contained within section 4, and whether the council was on track to meet the 31 March 2015 deadline for three of the recommendations, it was confirmed that we were on track to meet them, but it was an ongoing process.

RESOLVED

Members noted the report.

5 EXTERNAL AUDITOR: AUDIT PROGRESS REPORT (Agenda Item 5)

The Council's External Auditor, Paul King, introduced the Audit Progress report, which provided a position statement of the audit work carried out by Ernst and Young during 2014-15. Members were informed that, within paragraph 1.6, it details proposed ways for the audit process which, it is hoped, would be smoother and more efficient in future years.

It was noted that from 2017-18 the Council would be required to close and produce its accounts a month earlier than the current deadline. Also those accounts would be required to be audited by the external auditor and their subsequent audit report issued by the end of July, two months earlier than currently process.

RESOLVED

Members noted the report.

6 EXTERNAL AUDITOR: AUDIT PLANNING REPORT FOR THE COUNCIL (Agenda Item 6)

The Council's External Auditor, Paul King, presented the Audit Planning report of the Council, which detailed the audits carried out by Ernst and Young during the year ending March 2015. Section 3 was highlighted to Members as it detailed the three areas of significant risks and the audit approach to them.

It was noted that the audit of the Council pensions scheme would be done separately and was not included in the report, but would be put to the committee in due course.

RESOLVED

Members noted the report

7 INTERNAL AUDIT: PLAN, STRATEGY AND CHARTER 2015/16 (Agenda Item 7)

Members considered the Internal Audit, Plan, Strategy and Charter 2015-16, presented by the Head of Internal Audit & Investigations. It detailed the proposed planned audits for the forthcoming year, the reasoning and rationale behind each audit and the expected length in time of the investigation. It was noted that some of the IT audits would be outsourced to a specialist with the technical expertise in the subject matter.

In considering the report, Members asked that the risk assessment level i.e. high, medium or low, be included in future with the audit plans. The Head of Internal Audit and Investigations said she did not believe this to be an issue but would look into the matter and confirm at the next meeting, her only possible concern was that, by categories, the risk may be detrimental to the officers who were being audited. If it is fine, a copy of the risk assessment for the forthcoming year's programme would be provided to members for their information.

RESOLVED

- 1) That members note the 2015/16 draft Internal Audit Strategy, Plan and Charter.
- 2). The Head of Internal Audit and Investigations to confirm as to whether the risk assessment levels would be included with the audit plans that come before the Committee

8 INTERNAL AUDIT: INTERNAL AUDIT PROGRESS AND FRAUD UPDATE (Agenda Item 8)

The Head of Internal Audit and Investigations presented the report which provided Members with their second update on the Internal Audit's progress against the Audit Plan 2014-15. It was noted that since the last update, 22 audit reports had been produced and, of those, four had been labelled as 'limited assurance', with further information contained within Appendix B of the report. Of those, 'limited assurance', one related to Sherwood School and that was a follow up audit, following previous concerns. We have ensured that, since the second audit, the recommendations have, or were being, implemented and they had requested a further follow up audit to show their improvements.

On the fraud investigations aspect of the report, there were 23 investigations with 10 proven to be inconclusive. It was noted that that 23 investigations were set out in Appendix C. Members also were informed that, from April 2015, a fraud partnership had been set up with 5 neighbouring boroughs, being led by Wandsworth. The Committee would still be receiving the same information on the investigations.

In considering the report Members were interested in the proposed work of the fraud partnership, especially their expected investigation into 'Blue Badge' fraud and how

they would be working with Circle Merton Priory Homes on various types of tenancy fraud.

RESOLVED

That the Committee

- 1) notes the Internal Audit Progress Report and comment upon matters arising from it.
- 2) notes the Whistleblowing update.
- 3) notes the proposal to join a 5 Borough fraud partnership led by Wandsworth Council.

9 WITHDRAWAL OF HOUSING BENEFIT AND COUNCIL TAX SUPPORT RISK BASED VERIFICATION (Agenda Item 9)

The Revenues and Benefits Manager presented the report to the Committee which details the proposed withdrawal of the risk based verification process and policy for new housing benefit and council tax support claims. The report also sought Members' agreement of the new verification policy, as the introduction of Universal Credit will see a reduction in new claims.

It was emphasised to the Committee that, with the expected commencement of Universal Credit in December 2015, it would see a significant reduction of new housing benefit claims that the council would be receiving or dealing with. It was noted that this proposal would lead to a budget saving from 2016-17.

RESOLVED

That the Committee

- 1) agrees that the risk based verification process adopted for Housing and Council Tax Benefit in April 2012 will be withdrawn from April 2015, or 1 July 2015, pending further discussions with the Department of Work and Pensions.
- 2) agrees that the new Verification Policy for Housing Benefit and Council Tax Support will be implemented from 1 April 2015 ,or 1 July 2015, pending further discussions with the Department of Work and Pensions
- 3) notes Section 151 officers agreement to this approach and policy

10 REVIEW OF NON-KEY DELEGATED EXECUTIVE DECISIONS (Agenda Item 10)

The Committee considered the requested update report on the use of the non-key delegated executive decisions. Members supported the proposals that further work is done by Democratic Services to embed the new process across each department of the Council. Members also confirmed that a further report will be required in a year's time to see how this has progressed.

RESOLVED

That Members;

- 1) note the report,
- 2) request that the Head of Democracy Services work with each departmental management team to fully embed the new processes, and;
- 3) requests a further review report to the meeting of General Purposes Committee in March 2016.

11 REPORT ON THE USE OF TEMPORARY WORKERS AND CONSULTANTS (Agenda Item 11)

The Joint Head of Human Resources presented the update report on The Use of Temporary Workers and Consultants, which was a further follow up report to the external auditors' report from 12 March 2014 on Review of Anonymous Whistleblowing statement.' Members were guided through the report, receiving an update on the actions taken to date against the each of the recommendations from the external auditors' reports. It was noted that those original recommendations were detailed within Section 2 of the report.

Members were informed that in respect of original recommendation 3, an internal audit would commence in April 2015 to ensure that the correct challenge had occurred in respect of the use of long term interim appointments and consultants as well as their charges. Challenge was also occurring through regular monthly reports being presented to Departmental Management Teams (DMT's) and the review of interims in each department with respective management teams. It was noted that the original recommendations 5, 6 and 7 had been fully implemented as the appropriate HR policies have been amended accordingly.

In considering the report Members asked a number of questions of the Joint Head of Human Resources including whether the recommendation was having a difference? In response, Members were informed that the rigor of recording and monitoring of interims was now in place to meet all the expectations from the original external auditors' report. The upcoming internal audit will help to show how far we have come and what needs to be improved. In response to a question, it was confirmed that, the approximate number of temporary contracted staff (390) form approximately 20% of

the 1850 non-teaching staff workforce. It was noted, however, that a number of those temporary contracted staff were on fixed projects. Other questions included questioning the nature of the 'expected end dates' and whether they were monitored to ensure that the temporary staff contracts had finished as expected.

The committee held an extensive discussion on the recruitment and retention of social workers, including how the recent pan-London Memorandum of Understanding was impacting on this. Members felt that there was an opportunity for the Council's scrutiny function to have a more in-depth investigation into the general recruitment and retention of staff generally, and especially in terms of social workers. Also it was felt further scrutiny could occur into the costing of temporary workers and consultants, possibly via the financial monitoring task group.

Councillor McCabe, offered to take those general suggestions forward to the Overview and Scrutiny Commission as part of their work programme formulation as the Vice-Chair of the Commission. He also confirmed that through his role as Chair of the Healthier Communities and Older People Scrutiny Panel, he would be quite happy to ensure that the Panel scrutinises the recruitment and retention of social workers during the forthcoming year.

Arising from the discussion, Members asked that for their next meeting they receive the following additional information:

- trend data (in a graph) on showing the overall use of temporary staff and consultants
- benchmarking data across the London Borough on the spend of temporary staff and consultants
- Further information and feedback on the challenge on why there had been the use of the temporary arboriculturalist since 2008 (p.21 of the exempt appendix)

RESOLVED

- 1) That the Committee notes the progress made to monitor and control the use of temporary workers and consultants
- 2) That the Joint Head of Human Resources be required to provide the requested information, as set out in the minute, for the next meeting of the Committee.
- 3) That Councillor McCabe put forward the Committee's suggestions through to the appropriate Scrutiny Commission and Panel for their considerations

12 LOCAL PENSION BOARD (Agenda Item 12)

The Assistant Director for Resources presented the report which proposed the establishment of a Local Pensions Board as required by statute. It also detailed a proposed Terms of Reference for the new Board, which was set out in Appendix A to the report.

Members acknowledged the statutory requirement of a Local Pension Board being established and thus endorsed the proposals to full Council.

RESOLVED

That the Committee agrees

- 1). the establishment of a Local Pension Board and the Terms of Reference as attached at Appendix A to the report and recommend approval by Council;
- 2.) to delegate to the Director of Corporate Services the authority to finalise all matters relating to the set-up of the Board, including the power to make changes to the Terms of Reference in order to ensure compliance with relevant legislation and guidance; and
- 3.) that the Pension Board submits an annual report to General Purposes Committee summarising its work.

13 WORK PROGRAMME (Agenda Item 13)

RESOLVED

Work Programme General Purposes Committee

JUNE

- Internal audit: Annual Governance Statement
- Internal audit: Annual Report
- External auditor: fee letters for audit and for the Council and Pension fund
- Finance: Draft Accounts

SEPTEMBER

- External audit: Audit Results Report for the audit of the Council and the Pension fund
- Internal audit: Progress on annual audit plan
- Finance: Final Accounts

NOVEMBER

- External auditor: annual audit letter
- Polling places
- Constitutional amendments
- Feedback on EY whistleblowing report

MARCH

- External audit: certification of claims report
- External audit: Audit Progress Report
- External audit: Audit Plans for audit of the Councils and Pension Fund

- Internal audit: Progress report
- Internal audit: Plan, strategy and terms of reference
- Internal audit: Whistleblowing policy and annual update
- Democratic services: Update report on Non-Key Delegated Executive Decisions

OTHER STANDARD ITEMS

SPECIFIC ITEMS

- Constitutional changes (when necessary)