

ROYAL BOROUGH OF GREENWICH
AUDIT AND RISK MANAGEMENT PANEL

WEDNESDAY, 17 JULY 2024 AT 6.30 PM

MINUTES

NB. The meeting had been postponed from an originally scheduled date of 19 June 2024

Present:

Councillor David Gardner (Chair), Dr Susan Blackall (Vice-Chair), Councillors Christine May and 'Lade Hephzibah Olugbemi

Under Standing Orders:

Councillor Denise Hyland (Cabinet Member Finance, Resources and Social Value)

Officers:

Interim Assistant Director of Finance & Deputy s151 Officer, Assistant Director of Finance - Governance and Audit and Finance Manager

Item

No.

1 Apologies for Absence

Apologies for absence were received from Councillors Dave Sullivan, Nick Williams and Mat Hartley

2 Urgent Business

There were no items of urgent business.

3 Declarations of Interest

Resolved -

That the list of Councillors' memberships as Council appointed representatives on outside bodies, joint committees and school governing bodies is noted.

4 Minutes

Resolved -

That the Minutes of the meeting of the Audit and Risk Management Panel held on 26 March 2024 be agreed and signed as a true and accurate record.

5 Draft work programme of the Audit and Risk Management Panel 2024-25

The Chair proposed that the Panel receive rolling reports on those cases not implemented following an Internal Audit, and that there be a 'deep dive' report on the capital programme with Councillor Dave Sullivan as the lead.

Action: The Chair to meet with Assistant Director of Finance (Financial Governance & Audit) to discuss format of reporting back on Internal Audit performance.

Resolved -

1. That the terms of reference for the Audit and Risk Management Panel (Appendix A of the report) be noted.
2. That the work programme for the Audit and Risk Management Panel for 2024/25 (Appendix B of the report), with the proposed additions, be approved.

6 Audit & Risk Management Panel - Self-Assessment and Evaluation

The Chair advised Members that training was required as part of being a member of the Panel, and that there was training scheduled for before the start of the next meeting.

The report was presented by the Assistant Director of Finance (Financial Governance & Audit). He added that because the start of the cycle of meetings had been delayed a month there was then the possibility that the evaluation might not meet the original target of September.

In response to questions from the Panel the Assistant Director of Finance (Financial Governance & Audit) replied it was for Panel Members to undertake the self-evaluation, Officers would be able to support.

The Chair commented that it might be difficult for Members who were new to the Panel to make an assessment on their effectiveness.

Action: The Chair to meet with Assistant Director of Finance (Financial Governance & Audit) to discuss how the self-evaluation would be conducted.

Resolved -

1. That the updated Chartered Institute for Public Finance and Accountancy (CIPFA) Position Statement: Audit Committees in Local Authorities and Police 2022, which sets out CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt (Appendix A of the report) be noted.
2. That the updated Chartered Institute for Public Finance and Accountancy (CIPFA) Audit Committees: Practical Guidance for Local Authorities and Police, which provides guidance on the purpose of the audit committee and its functions, and the responsibilities of committee members (Appendix B of the report) be noted.
3. That the CIPFA Position Statement and guidance and carry out the recommended self-assessment and evaluation using the attached RBG ARM Panel Self-Assessment & Evaluation tool (Appendix C of the report) be noted.
4. That the result of the Panel's self-assessment and evaluation together with any identified improvement actions will be reported in September 2024 be noted.

7 Internal Audit and Anti-Fraud - Annual Performance Report April 2023 to March 2024

The report was presented by the Assistant Director of Finance (Financial Governance & Audit). He drew Members' attention to the performance on the delivery of the Internal Audit Plan and the questionnaire feedback score. He highlighted that the Internal Audit Assessment for 2023/24 showed a good level of assurance, but the percentage might have been higher as there was some draft reports that were yet to be finalised. He indicated the arrangement with Bromley Borough Council.

In response to questions from the Panel about review performance, the Assistant Director of Finance (Financial Governance & Audit) replied that the low performance on Plan delivery was due to a mixture of things, for example a member of staff with long-term sickness absence, time given over to mentoring an apprentice, and more complex audits. He indicated that the 80% target for productivity level was set as an achievable target rather than being a figure derived from benchmarking. He explained that there was a problem in getting back information from some directorates following audit recommendations, and this matter had been raised at the Greenwich Management Team who had been responsive; if needs be, individual cases would then be escalated to the Audit and Risk Management Panel.

The Chair reiterated the request made under Item 5 that it be reported to the Panel why Internal Audit recommendations had not been implemented.

In response to questions from the Panel about fraud, the Assistant Director of Finance (Financial Governance & Audit) replied that the largest area for fraud was likely still housing benefit, although local authorities are no longer responsible for investigations in this area, local authorities have some concerns as to the Department for Work and Pensions investigate housing benefit fraud. He stated that the potential highest value loss to the Council would be housing tenancy fraud; proactive work was taken to address the matter. He indicated that direct payment fraud was problematic and was resource intensive to investigate. He explained that successful prosecutions for Blue Badge fraud did not cover the entire costs of the case. The focus tended to be on Blue Badges that had been reported stolen or lost, and on counterfeit Badges.

Resolved –

1. That Internal Audit and Anti-Fraud performance in relation to the delivery of the Royal Borough's Internal Audit Plan and the prevention, detection and investigation of fraud, for the year 2023/24 be noted.
2. That the Head of Internal Audit opinion on the soundness of the control environment in place within the Royal Borough as one part of the overall assurance assessment provided to Members as part of the Annual Governance Statement be noted.

8 Internal Audit Plan 2024/25

The report was presented by the Assistant Director of Finance (Financial Governance & Audit). He highlighted that they had been successful with recruitment and that would boost productivity.

In response to a question from the Panel about review performance, the Assistant Director of Finance (Financial Governance & Audit) clarified that in terms of audit coverage there were some areas where they were obliged to conduct reviews and so those received a block allocation of coverage, but as the year progressed it could be some areas received additional coverage.

Resolved -

That the Internal Audit Plan for 2024/25 as set out in Appendix A of the report be noted.

9 External Audit Plan

The Chair welcomed the representative from Forvis Mazars to the meeting.

Tom Greensill (Audit Manager) presented the report (at Appendix A) from Forvis Mazars. He highlighted that the field work would be starting in September and would run to January, which was because another client was not ready for their audit. He drew Members' attention to significant risks, the value for money arrangements and the follow up on previous recommendations, and the increase in scale fees as part of the audit fees, and the determination of materiality.

The Interim Assistant Director of Finance & Deputy s151 Officer confirmed that finance officers were prepared for the field work starting in September.

The Chair noted the September start was later than was customary for the Royal Borough of Greenwich. The Cabinet Member for Finance, Resources and Social Value commented that it was understood that there had been delays for local authorities due to the valuation of property. The Audit Manager from Forvis Mazars confirmed that was the case, that the increase in examination of property valuations while resources had not increased meant that previous reporting deadlines had become untenable.

Tom Greensill (Audit Manager) presented the report (at Appendix B) from Forvis Mazars. He drew Members' attention to significant risks, and the determination of materiality. The Accountancy and Business Change Manager (Pension Fund Investment and Treasury) added this would also be considered by the Pension Fund Investment & Administration Panel.

Resolved -

1. That the 2023/24 external audit plan for the authority (Appendix A of the report) be noted.
2. That the 2023/24 external audit plan for the Pension Fund (Appendix B of the report) be noted.

10 Community Municipal Investment and Green Finance Framework

The report was presented by the Accountancy and Business Change Manager (Pension Fund Investment and Treasury). He indicated the Community Municipal Investment (CMI) was previously known as the "Green Bond". He explained it was set to be launched in early September and that the minimum investment was £5. He commented on the Green Finance Framework and emphasised it was a draft. He advised that the Local Climate Bond Pledge of the Green Finance Institute was not legally binding but demonstrated a commitment to take action on climate change.

In response to questions from the Panel, the Accountancy and Business Change Manager (Pension Fund Investment and Treasury) suggested that Hackney Council were close to meeting their target. He advised that Officers would specify from capital projects which were already in the pipeline those that would receive the CMI borrowing, and that would be reported to the investors.

In response to questions from the Panel, the Interim Assistant Director of Finance & Deputy s151 Officer advised that in determining the interest rate they would consider the current PWLB rates, gilt rates and market conditions; the Accountancy and Business Change Manager (Pension Fund Investment and Treasury) confirmed those rates would continue to be monitored.

The Cabinet Member for Finance, Resources and Social Value indicated that it was understood that there was to be a fixed rate of return. The Cabinet Member noted the matter of risk, as stated in Section 6 of the report.

Resolved -

1. That the launch of the Royal Borough of Greenwich green Community Municipal Investment (CMI) to fund green projects be noted.
2. That the Draft Royal Borough of Greenwich Green Finance Framework as set out in Appendix A of the report be noted.
3. That the Council will be signing up to the Green Finance Institute (GFI) Local Climate Bond Pledge be noted.

The meeting closed at 7.30 pm

Chair