



CITY OF WESTMINSTER

MINUTES

Audit and Performance Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Wednesday 26th November, 2014**, Rooms 3 & 4 - 17th Floor, City Hall.

Members Present: Councillors Jean Paul Floru (Chairman), David Boothroyd and Tony Devenish

Also Present: Steve Mair, (City Treasurer), Sally Anne-Eldridge, (KPMG), Grant Slessor, (KPMG), Sue Howell, (Complaints and Customer Manager), Mo Rahman, (Strategic Business Analyst), Glen Peache, (Assistant Director for Looked After Children and Leaving Care), Chris Harris and Moira Mackie, (Baker Tilly), David Whitehouse-Hayes, (Counter Fraud Manager), Reuben Segal, (Committee and Governance Services)

Apologies for Absence: Councillor Judith Warner

1 MEMBERSHIP

- 1.1 It was noted that Councillor Tony Devenish had replaced Councillor Lindsey Hall.

2 DECLARATIONS OF INTEREST

- 2.1 There were no declarations of interest.

3 MINUTES

- 3.1 **RESOLVED:** That the minutes of the meeting held on 17th September 2014 be signed by the Chairman as a correct record of proceedings.

4 WORK PROGRAMME 2014-2015

- 4.1 Councillor Devenish suggested that the procurement workshop which had been arranged for the committee on 4 December, to which all members of the council have been invited, is moved to the second half of January in order to generate a better turnout.

4.2 Councillor Boothroyd suggested that it would be helpful for the committee to receive a report on the future of the council's internal audit and counter fraud service as a result of housing benefit fraud services transferring to the DWP's Single Fraud Investigation Service by March 2015.

4.3 **RESOLVED:**

1. That the Work Programme for the remainder of 2014-15 be endorsed subject to the inclusion of an item on the future of the council's internal audit and counter fraud service.
2. That the procurement workshop which has been arranged to take place on 4 December is rescheduled to the second half of January.

5 KPMG ANNUAL AUDIT LETTER 2013/14

5.1 The Committee considered the Annual Audit Letter issued by the Council's external Auditors KPMG. This set out the key findings from the audit of the Council's Financial Statements (Council and Pension Fund) for the year ending 31 March 2014.

5.2 Steven Mair, City Treasurer, welcomed the unqualified value for money conclusion and unqualified opinion on the council's financial statements. He stated that the Audit Commission Annual Report was expected in the following two to three weeks. This would reveal where the council came in the order of local authorities filing their financial statements for 2013/14.

5.3 The committee noted that due to the accelerated closedown timetable this year the auditors had identified a higher number of errors in the accounts than in previous years. It further noted that there is an intention to close down the accounts at the same time if not earlier next year. Members asked the City Treasurer whether he was confident that similar problems will not occur next year. In response, Mr. Mair provided the committee with details of the project plan and systems that were in place to minimise such issues occurring in future years. However, he explained that given the size of the organisation there will always be some errors that will require correction. Members noted that the high number of errors in the accounts had resulted in additional audit fees. Mr Mair acknowledged this was the case. However he explained the purpose for the accelerated closedown of the council's accounts which formed part of the financial transformation programme. This would in future reduce the overall cost of the finance service to the council.

5.4 The committee also noted that the auditors had not issued a certificate closing the audits for 2008/09 onwards as it has been considering a number of objections principally raised by one member of the public. Two objections were outstanding. These related to the parking pay by phone contract and the Phillips Bailiff contract. The first had been raised by the principal objector. At the request of the Chairman Sally Ann Eldridge, KPMG, provided a breakdown of the cost of work relating to the consideration of matters raised by the principal objector since 2008/09. This amounted to approximately

£80,000. The Committee was concerned that objections raised as far back as 2008/9 were still unresolved and the cost to the Council. However, it was recognised that some of the objections had identified weaknesses in council processes.

- 5.5 **RESOLVED:** That the Annual Audit Letter 2013/14 including the status of objections to the authority's accounts be noted.

6 CORPORATE COMPLAINTS 2013/2014

- 6.1 The Committee considered a report that set out the Council's Annual Complaints Review for 2014. The report summarised the Council's complaints performance (Complaint stages 1 and 2), those complaints received by the Local Government Ombudsmen (LGO), and a limited review of dealing with the Leader and Cabinet Member correspondence. The report also contained, as an appendix, a copy of the Local Government Ombudsman Annual Letter/Review for the year ending 31 March 2014 and a copy of CityWest Homes Complaint Report for 2013-14.
- 6.2 The committee noted the improvement in meeting the target response times at stage 1 but that there had been a slight decrease in the target response time at stage 2 against the previous year. Members asked about the 15% increase in the total number of complaints received since the previous year. Sue Howell, Complaints and Customer Manager, explained that there were a growing number of organisations that filter through complaints to the Council on behalf of others and that this could account for the increase.
- 6.3 Members referred to the fact that councillors and officers receive complaints on an informal basis which aren't logged. The committee asked to receive a process map that sets out how enquiries coming into the council lead to the formal two-stage complaints process. The committee also requested that in future years the report include a definition of what is deemed to be a corporate complaint.
- 6.4 The committee asked whether the person who investigates a complaint at stage 1 is independent from the person against whom the complaint is being made. Ms Howell stated that the council encourages complaints to be investigated by a manager who is independent from the individual, however, this is not always possible, such as where the service comprises of a small team. The stage 2 complaint process exists should a complainant be unsatisfied with the investigation into a complaint at stage 1.
- 6.5 CityWest Homes has its own complaints procedure which has been in operation since April 2012. However, in agreement with CityWest Homes their version of an annual complaint report was included in the annual review to facilitate some scrutiny of their complaint performance. The committee expressed concern that CityWest Homes has its own complaints procedure. There was also concern that to Members knowledge CityWest Homes had not set up the forerunner of the new tenants' panel to review complaints which

would otherwise be investigated by the council. This was one of the reasons cited for CityWest Homes being allowed to have their own procedure. Concerns were also raised about the number of members enquiries quoted in the CityWest Homes report which members believed to be significantly under-reported. The committee asked for a briefing note from CityWest Homes on whether the forerunner of the new tenants' panel has been established and how it is operating, and if not the reason for this.

6.6 Subsequent to the recommendation of the Local Government Ombudsman, Councillor Boothroyd asked for a statement on the amount of compensation that has been paid out by the Council to families who had been housed in temporary accommodation longer than the statutory limit.

6.7 **RESOLVED:**

1. That information about complaints set out in the Annual Complaints Review 2013/14 be noted.
2. That the request for further information as set out above be actioned.

7 QUARTER 2 FINANCE & PERFORMANCE BUSINESS PLAN MONITORING REPORT

7.1 The City Treasurer introduced the report relating to financial performance. He reported that there was an overspend in the council's annual budget of approximately £3.5 million at period 6. This was primarily due to an overspend in housing due to a combination of factors including high homelessness levels. He expected the budget to be back on track and balanced by the year's end.

7.2 Mo Rahman, Strategic Performance Team, introduced the remainder of the report which outlined progress made against the performance management framework between April and September 2014. It was noted that the evaluation of performance was based on progress against the business plans of each Executive Director portfolio.

7.3 In respect of the performance report, the committee requested that future reports are abridged and focus on the analytics of the Better City Better Lives objectives and service deliverables.

7.4 Following a request from the Chairman, Glen Peache, Assistant Director for Looked After Children and Leaving Care attended the meeting to explain the reasons for the impact on the target to reduce the proportion of young people coming into care aged 14-17 years. Mr Peache explained that this was due to an increase in the number of unaccompanied Asylum Seeking children. Traditionally the number of such children in Westminster has been quite low compared to neighbouring authorities. Since April 2014 changes have been introduced to ensure that there is a far more equal distribution across London local authorities. In addition to this, there has been an overall increase in the number of unaccompanied asylum seeking children in London due in part to an increase in children arriving from Albania. This matter was being discussed

with the Home Office and Border Control as it was suspected that some of those claiming asylum were older than stated and/or were economic migrants. The Committee was advised that there is a specialist assessment process if there is any doubt on the age of those seeking asylum.

- 7.5 The committee had requested that a senior officer from the Fostering Service attend the meeting to discuss the challenges for the recruitment of Foster Carers. Members were disappointed that no one was present. Members asked the Fostering Service to provide a note to the committee.
- 7.6 Councillor Boothroyd asked for details of the associated cost to Adult Services as a result of the new Care Act, the number of vulnerable people affected, the category level of care they receive and implications of the delay in implementing the service.
- 7.7 Councillor Boothroyd also requested more information regarding the planning permission and work programme for the Queens Park Leisure Centre and details of the corporate property portfolio, in particular the costs, income generated and breakdown of portfolio.
- 7.8 **RESOLVED:** That the content of the reports be noted and that the request for further information as set out above be actioned.

8 INTERNAL AUDIT AND COUNTER FRAUD MONITORING REPORT

- 8.1 The Committee considered a report that set out the key outcomes from the Internal Audit and Counter Fraud work in the year to date. Members noted the Internal Auditor's opinion that the Council's internal control systems based on the areas reviewed were generally effective, with the exception of those areas detailed in the report. It was emphasised that this was a positive opinion, with 77 % of the audits receiving a positive assurance opinion.
- 8.2 The Committee expressed concern about the limited assurance audits in respect of two Westminster schools (Queen Elizabeth II Special School and College Park Special School). Chris Harris, Baker Tilly, notified the committee of an error in the report that the red warning flagged up for College Park Special School should have been listed as amber. He stated that the result of the audits were disappointing given the significant amount of work that had been undertaken with the schools in the past to enable them to put robust processes in place. Moira Mackie, Baker Tilly, suggested that the cause for the less than satisfactory financial administration at one of the schools was due to a change in the bursar which had affected the quality of financial administration. The committee has asked that if the problems persist the Council's City Treasurer and Tri-Borough Director of Children's Services work with the schools to influence improvements in internal control systems.
- 8.3 The Committee then discussed the summary of housing benefit fraud investigations. Members asked officers why there were higher numbers of prosecutions in some inner London local authorities such as Southwark, Wandsworth and Hackney compared to Westminster. David Whitehouse Hayes, Counter Fraud Manager, explained that the number of prosecutions

undertaken by the Council varied per annum. Some forms of prosecution were more complex and lengthy. The counter fraud service had been tasked by the lead member for Counter Fraud to focus on these types of cases to create a greater disruption on fraud relating to subletting. To obtain a more accurate picture on housing benefit fraud prosecutions the committee asked for a summary of prosecutions undertaken by the Council and the money recovered over the last few years.

The Meeting ended at 8.20 pm

CHAIRMAN: _____

DATE _____