



CITY OF WESTMINSTER

# MINUTES

## Audit and Performance Committee

### MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Thursday 21st July, 2022**, Rooms 18.01-18.03, 64 Victoria Street, London, SW1E 6QP.

**Members Present:** Councillors Aziz Toki (Chair), Tony Devenish, Paul Fisher and Jessica Toale.

**Also Present:** Gerald Almeroth (Executive Director Finance and Resources), Jake Bacchus (Director of Finance), Rikin Tailor (Head of Corporate Finance), Neetu Singh (FM Deputy Head of Corporate Finance), Michelle Badham (SFM Accounts and Capital), David Hughes (Tri-borough Director of Audit, Fraud, Risk and Insurance), Moira Mackie (Head of Internal Audit), Mohibur Rahman (Head of Strategy and Performance), Nick Byrom (Strategic Performance Manager), Phil Triggs (Tri-Borough Director of Treasury and Pensions), and Clare O'Keefe (Temporary Joint Lead Policy and Scrutiny Advisor).

#### 1 MEMBERSHIP

1.1 There were no changes to the membership.

#### 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 27 June 2022 be signed by the Chair as a correct record of proceedings.

#### 4 UPDATE ON PERFORMANCE MANAGEMENT

4.1 Mohibur Rahman, Head of Strategy and Performance, introduced the report and provided to the Committee background information on the Quarterly Performance Report which enables the Committee to discharge its responsibilities for reviewing the performance of the Council. The Committee was informed that the approach to performance reporting (including an overview of structure and content) is provided in the report, setting out how

this enables focussed discussions on performance achievements and challenges. The Quarter 1 (April-June 2022) report will be produced for discussion at the Committee meeting scheduled for 7 September 2022.

- 4.2 The Committee held a discussion about key performance indicators and requested that officers notify the Committee Members immediately if there are significant changes to performance results rather than waiting for the next meeting of the Committee.
- 4.3 The Committee also stated that they would appreciate receiving the quarterly report in a reasonable amount of time ahead of the next meeting so that Members can see the detail in the report. This would allow the Committee to raise any questions prior to publishing as well as permit the relevant officers to be available to answer the relevant questions at the Committee. It was also decided that the Chair would meet with report authors prior to the next Committee.
- 4.4 **RESOLVED:**
  - 4.4.1 That the Committee noted the report.
  - 4.4.2 That the Committee would receive the next Quarterly Performance Report ahead of publishing and ask any relevant questions of officers.
  - 4.4.3 That the Chair would meet with report authors ahead of the next meeting of the Committee.

## **5 REVENUE AND CAPITAL OUTTURN 2021/2022**

- 5.1 Jake Bacchus, Director of Finance, introduced the report and advised the Committee of the Council's 2021/22 outturn positive for revenue and capital for the General Fund (GF) and Housing Revenue Account (HRA). As well as a summary of the pension fund and the Council's treasury management for the year.
- 5.2 The Committee held a discussion on property acquisitions and the need for reprofiling the budget when instances such as slippage occur. The Committee understood that compensation for lost income dropped off after Quarter 1 and it is difficult to compare underspend and overspend due to the changing levels of compensation.
- 5.3 The Committee enquired about the income shortfall at Sayers Croft, under the 2022/23 Environment and City Management variance in the report, and was informed by Gerald Almeroth, Executive Director of Finance and Resources, that there are opportunities to improve the service. It was confirmed to the Committee that Raj Mistry, Executive Director of Environment and City Management, would look into this.
- 5.4 The Committee held a detailed discussion on the Council's reserve fund and the status of its health. The Committee was advised that there had been a push to grow Council reserves and maintain a reasonable level; the

Committee noted that there is no formal guidance on the amount of reserves a Council should have but, informally, a minimum level of reserves should be around 10 percent of net revenue. The Committee understood that the Council has around 30 percent of net revenue in its reserves, but its budget is sensitive to economic activity. The Committee stated that it might be useful for Councillor David Boothroyd, Cabinet Member for Finance and Council Reform, to attend the Audit and Performance Committee when items relevant to his portfolio are discussed.

**5.5 RESOLVED:**

5.5.1 That the Committee noted the report.

5.5.2 That the case of improving the service of Sayers Croft would be investigated.

**6 STATEMENT OF ACCOUNTS 2021/2022**

6.1 Jake Bacchus, Director of Finance, introduced the report and advised the Committee of the key aspects of the 2021/22 statement of accounts. The Committee understood that the statement of accounts at the time of the meeting was in draft, and an audited version of the accounts will be presented to the Committee for sign-off in September 2022.

6.2 The Committee held a detailed discussion on the public inspection period of the 2021/22 statement of accounts. The Committee was pleased to note that queries and objections about historic accounts had been dealt with and these accounts had been fully certified and closed. A query was raised by the Committee about increasing accessibility to the statement of accounts and doing more to communicate the public inspection period and promote the ability of residents to feedback about the budget.

6.3 The Committee was informed about the accounting entry for the pension fund deficit and the assumptions provided for the pension liability sum; the Committee noted that the three-year review is approaching. The Committee was also advised of the reasons for the decrease in £15.404m in the Council's cash and cash equivalents and the Director of Finance agreed to distribute a summary what is publicly available regarding the last five years of changes to the balance sheet.

**6.4 RESOLVED:**

6.4.1 That the Committee approved the draft 2021/22 statement of accounts subject to the public inspection period and the audit currently underway.

6.4.2 That the Committee approved the draft Annual Governance Statement included in the statement of accounts subject to the public inspection period and the audit.

6.4.3 That the Committee approved to delegate authority to the Executive Director of Finance and Resources to make minor amendments to the accounts prior to formal publication of the draft accounts.

6.4.4 That the Committee would receive a summary of the last five years of changes to the balance sheet from the Director of Finance.

## **7 ANNUAL REPORT ON INTERNAL AUDIT AND INTERNAL CONTROL 2021/2022**

7.1 Moira Mackie, Head of Internal Audit, introduced the report to the Committee and advised the Committee of the work of Internal Audit in 2021/22, including an update on work completed since the previous report to the Committee, and provided the audit opinion of the Shared Services Director of Audit, Fraud, Risk and Insurance on the adequacy and effectiveness of the Council's framework of governance, risk management and control. The Committee understood that this opinion is provided for the use of Westminster City Council and is used to support its Annual Governance Statement.

7.2 The Committee noted that the Internal Audit team encourage services to approach them and follow up on all recommendations to ensure they are either fully or partially implemented; ratings for the implementation status were described to the Committee. The Committee welcomed the fact that all recommendations and implementation status are detailed in the quarterly review. David Hughes, Tri-Borough Director of Audit, Fraud, Risk and Insurance, observed that the Committee's interest in both the work Internal Audit undertake and the status's of implementation will be beneficial to the response from services.

7.3 The Committee noted that the fraud landscape has altered as a result of the COVID-19 pandemic and the team work closely with colleagues across services as well as hold a number of proactive fraud reviews to help prevent fraud. The Committee advised they would like to see a breakdown of how much work is solely undertaken by Council officers and what is carried out jointly with other organisations.

7.4 The Committee were informed of the use of the term 'advisory' in the report which refers to the team providing advice on better practices to support services and making sure that the controlled environment is improved. The Committee was pleased to note that the Internal Audit team have good engagement across the Council with an agile workplan and meet with Directors each quarter to understand priorities.

### **7.5 RESOLVED:**

7.5.1 That the Committee noted the report.

7.5.2 That the Committee would receive a breakdown of the work solely undertaken by Council officers and jointly with other organisations.

## **8 COUNTER FRAUD END OF YEAR REPORT 2021/2022**

8.1 David Hughes, Tri-Borough Director of Audit, Fraud, Risk and Insurance,

presented the report to the Committee and briefed Members on work undertaken by the fraud service from 1st April 2021 to 31st March 2022 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.

8.2 The Committee was advised that the Fraud team work closely with other authorities and networks to prevent and protect against fraud; examples including data matching exercises and using intelligence to identify cases of fraud. The Committee was pleased to note how much the Fraud team values the intelligence that ward Councillors provide, especially regarding tenancy fraud. The Committee was also pleased to note that the Fraud team had been increasingly using social media to promote public initiatives and working with the Council's Communications team to send out press releases.

8.3 The Committee held detailed discussions on notional values, the changing landscape of fraud and the overpayment of business grants. The Committee was advised that they would receive more information about the aforementioned topics.

8.4 **RESOLVED:**

8.4.1 That the Committee noted the report.

8.4.2 That the Committee would be provided with background information setting out how the team figure out notional values.

8.4.3 That the Committee would be provided with more information regarding the changing landscape of fraud when the six-monthly report is presented to the Committee.

8.4.4 That the Committee would be updated on the figures presented in 6.18 and 7.5 of the report.

8.4.5 That the Committee would be provided with an update on the actions taken to recover funds noted in 6.19 of the report.

**9 ANY OTHER BUSINESS**

9.1 The Committee commented that they would find it useful to have an additional agenda item to set out the Committee's work programme. The Policy and Scrutiny Advisor and officers agreed to work together, and with the Chair, to pull a work programme together.

9.2 The Committee advised that they prefer to receive the agenda and papers at least 7 full days in advance to the Committee meeting.

9.3 The Committee Chair reiterated that if Members have urgent questions, they should ask officers directly rather than waiting for the next Committee.

The meeting ended at 19:44.

**CHAIR:** \_\_\_\_\_

**DATE** \_\_\_\_\_