

Please note: *This was a fully remote meeting held using Microsoft Teams software and 'livestreamed' via a weblink publicised on the Council website in accordance with The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020*

PRESENT

Members of the Committee

Councillor Ian Wason (Chair)

Councillor David Lindsay (Vice-Chair)

Councillor Charles Williams

Co-opted non-voting Members

Mr Andrew Ling

Ms Liz Murrall

Ms Cosette Reczek

Officers in attendance

Mike Curtis (Executive Director, Resources)

Mat Dawson (Senior Finance Manager, Treasury and Pensions)

David Hughes (Director of Audit, Fraud, Risk and Insurance)

Andrew Hyatt (Head of Fraud)

Moira Mackie (Head of Audit)

Martyn Carver (Governance Manager)

Xing Rong (Treasury Manager)

Esme Sharry (Governance Administrator)

Public Agenda

A1. APOLOGIES FOR ABSENCE

Cllr Dent Coad sent her apologies.

A2. DECLARATIONS OF INTEREST

Cosette Reczek stated that she is an employee at Standard Charter Bank as there is principal outstanding from Standard Charter Bank in Appendix B of A5 Treasury Management Activity.

A3. MINUTES OF THE MEETING HELD ON 17 September 2020

Liz Murrall raised the issue that there was a difference between the emphasis of matter around the valuation of uncertainty in the auditor's report and what was signed in the audit report. She requested clarity from Grant Thornton.

Action by: Governance Services have emailed Ellen Millington for clarity.

Aside from this addition, the minutes of the meeting of the Committee held on 17 September were confirmed as a correct record.

A4. FORWARD PROGRAMME AND ACTION TRACKER

The Chair highlighted that a response was awaited on Grenfell expenditure. This had been raised by Cllr Dent Coad. David Hughes clarified that this information is now available and that he and Taryn Eves would discuss what was required with the Chair and then circulate to the members of the Committee. This information can be shared at the next meeting of the Audit and Transparency Committee.

Action: David Hughes to work with Taryn Eves to provide a report on Grenfell expenditure for the next meeting. David Hughes to circulate an overview of the report on Grenfell expenditure to the committee in the next month to allow the committee to agree the points of reference for this report.

Andrew Ling queried the difference between the GOLD and Strategic risk register. David Hughes clarified that GOLD is the emergency planning operation which comes

into force when there is a major incident such as the pandemic. The risk register is reviewed every 2 weeks by the GOLD. The strategic risk register looks at the Council's strategic risks, this will need to be added to the forward plan and focus on the Council's strategic risks which have been impacted by the pandemic.

A5. TREASURY MANAGEMENT ACTIVITY – QUARTER 2

Mat Dawson introduced the report and highlighted key points for the Committee. He drew attention to paragraph 2.5 which featured current bank rate and projections for up to 2022. He also pointed to paragraph 3.2 which presents how money market fund allocation as part of treasury strategy is capped at £150 Million. Investigation has begun into secure, low risk investments, such as DBS Bank, which has good returns on investments.

The Chair queried what the strategy is in place is for the potential of negative interest rates. Mat Dawson responded that the year's treasure strategy can't be amended without Full Council approval but there are mitigation plans in place for next year such as leaving surpluses in a current account or upping the limits of money market funds.

Cllr Williams queried why the Council borrows money if it is currently in surplus. Mat Dawson responded that a balancing act is essential, and, considering long-term planning, it is financially beneficial to borrow whilst rates are good.

Cosette Reczek questioned whether there is a possibility to renegotiate loans at a lower rate and why in the report in section 5.1 it states that the Council is planning to borrow £20 million in December. Mat Dawson responded that rates can be renegotiated and that HRA is still in the schedule but whether the borrowing will go forward is currently uncertain.

Cllr Lindsay queried the potential risks involved in lending to other local authorities. Mat Dawson confirmed that thorough due diligence is carried out. Mike Curtis added that no local authority has ever defaulted on any loans so this unlikely to ever happen.

Andrew Ling added that the Council's treasury strategy is very conservative and encouraged the committee to look at the risk and options available. He highlighted the concern over heading into territory of negative returns.

The Chair emphasised the need to review treasury management policy at the appropriate time rather than waiting for the annual approval at full Council.

Action: Mat Dawson to feedback at the next committee meeting as to the rules of when the strategy can be amended.

A6. ANTI-FRAUD HALF-YEAR REPORT

Andrew Hyatt presented the report and acknowledged that the need for emergency response during the pandemic has changed the nature of work carried out. Some officers have been redeployed as a result. Despite this, work continued.

Cllr Williams asked whether the parking permit fraud data matching programme could be expanded across London to catch those who have permits in more than one borough. Andrew Hyatt responded that this is an option and that the Cabinet Office is considering this.

Liz Murrall enquired as to how this report compared to previous years and asked for confirmations on discrepancies in table 1.6 and 1.7. Andrew Hyatt responded that the figures taken for the activity throughout the year are directly taken from the case management system but the 12 successful outputs which arose from the residents parking exercise are not included in the table as they were not physically opened on the case management system. This consequently caused a discrepancy in terms of positive outcomes in table 1.6 and 1.7. He explained that in terms of comparison to previous years, the pandemic has meant there has been a delay in prosecuting cases such as Blue Badge Fraud. He also highlighted the pandemic has made it difficult to monitor tenancy fraud. New emerging fraud risks include fraudulent claims for business grants provided by Central Government but checking and verification has helped to mitigate this risk.

The Chair queried how the sample of 354 discretionary business grants from a total of 1288 was selected. Andrew Hyatt responded that these were sampled based on risk assessments with the assistance of a Central Government tool.

A7. ANTI-FRAUD POLICIES REVIEW:

- i. Anti-Bribery Policy**
- ii. Anti-Money Laundering Policy**
- iii. Fraud Response Plan**

Andrew Hyatt summarised that there have been no material changes to these policies and asked for the committee's approval. He added that the whistleblowing policy will be brought to the committee in March.

Liz Murrall drew attention to some inconsistencies between papers, for example in the Anti-Money Laundering Policy there were provisions to make staff aware and targeted training, but this not similarly proposed for Anti-Bribery or Anti-Fraud. She also questioned why there is a record of fraud instances, but not for money laundering or bribery. Andrew Hyatt responded that training does need to be teased out in all 3 policies. However, he highlighted that overarching these policies is the Anti-Fraud and Corruption Strategy where bespoke training is discussed. Andrew Hyatt also responded that bribery and money laundering cases occur less regularly than fraud. Furthermore, when either do occur a corporate investigation would be launched. David Hughes added that he would look at carrying out an audit on corporate infrastructure.

Action by Andrew Hyatt to ensure training for staff is highlighted in these policies.

Cllr Williams questioned whether in regard to money laundering, the £10,000 limit is in line with other local authorities and whether this could be low. Andrew Hyatt responded that the figure is recommended by the National Crime Agency.

Cllr Lindsey asked how many staff are reporting to different areas of anti-fraud. Andrew Hyatt informed the Committee that there are 8 reporting officers on the RBKC side. These officers are mostly working on tenancy fraud as this is the most resource intensive. Currently, there are 4 officers working on tenancy fraud and 4 working on other areas of fraud such as corporate and disabled parking fraud.

Cosette Reczek commented that in the report on the Money Laundering policy it would be helpful to include mention in the main body of the paper of the possibility of criminal prosecution for tipping off customers.

Action: Andrew Hyatt agreed to incorporate this in the report for clarity.

Cosette Reczek also noted £10,000 is a high limit to be set for money laundering investigations and typically incidences of money laundering can happen well below the £10,000 limit. Andrew Hyatt responded that the removal of cash transfers has reduced the incidences of laundering happening below £10,000 and that big areas of risk are in rent accounts where specific training had been given. He added that he would reconsider the £10,000 limit.

Action by Andrew Hyatt

A8. PROGRESS REPORT ON INTERNAL AUDIT WORK

Moira Mackie presented this report. There were two audits to present, one of which was the direct payments audit which began at the end of the last financial year. There have been previous problems with direct payments as it is a complex area and there needs to be better understanding of responsibilities. She confirmed this as an area for improvement. The second audit was on bank reconciliation.

Cosette Reczek asked who is accountable for overseeing the work done in direct payments and how progress would be monitored. Moira Mackie responded that a follow up will be carried out this year to ensure implementation of recommendations. She confirmed that regarding direct payments, there is a need for many people to work together to get the right outcomes such as colleagues from Adult Social Care and Finance. Directors from both departments are aware that they are expected to report back to the Committee on the progress made.

Cosette Reczek questioned when the recommendations in the report on bank reconciliation will be completed. Moira Mackie replied that the response was due on 12 November and would be incorporated into the report.

Liz Murrall expressed concern in the direct payments report over sample testing which identified in 12 out of a sample of 20 cases financial reviews had not been undertaken in a consistent manner or the service user was over the 8-week

contingency amount. Moira Mackie responded that a sample of 20 cases was common and a test regime was applied to these cases.

Liz Murrall asked for clarity over approval and reviews of bank reconciliations. Moira Mackie responded that at the time of audit, bank reconciliations were occurring every 2 months. This has now changed to every month and evidence must be provided that reviews have been carried out.

The Committee agreed to ask the Director of Adult Social Care and the Director of Finance to attend the next meeting in March to discuss direct payments.

Action: Moira Mackie to raise this with Bernie Flaherty.

Andrew Ling suggested the wording in the direct payment report was not strong enough. He expressed surprise over the lack of any clear strategy. He also suggested that the wording of the bank reconciliation report was not strong enough.

Mike Curtis agreed that monthly bank reconciliations would be better than bi-monthly.

A9. RISK MANAGEMENT UPDATE

David Hughes presented this report which was an update on how the Council is managing risks during the pandemic. The first section of the report sets out the financial impact of the pandemic on the Council. The second part of report provides an update on the arrangements to manage risk during the pandemic. David Hughes added that further updates include the reinstatement of the Council hub which provides support to those identified as shielding in the first wave. A food shopping service has also been implemented. In addition to this, a local contact tracing system has been yielding positive progress. The Council buildings are open to staff but closed to customers. He underlined that GOLD has incorporated into the report risks posed by other major incidences, such as a Winter Flu pandemic and the potential for a No Deal Exit from the EU. It is important to ensure there are firm business continuity plans in place.

Cllr Lindsay asked whether the National Risk Register has been updated in relation to COVID. David Hughes responded that the London Risk Register has been updated.

Action: David Hughes agreed to take account of the National Risk register going forward.

Cosette Reczek questioned what the Council's response will be towards any increased hospital discharges. David Hughes confirmed that colleagues from Adult Social Care and Health monitor this constantly and look for instances where alternative provision may need to be put in place.

Andrew Ling queried whether local contact tracing is given enough profile within the Council's risk management work. David Hughes confirmed that local contact tracing is a key focus and regular item on the agenda of SILVER and GOLD weekly meetings.

Any other oral or written items which the Chair considers urgent.

Andrew Ling asked whether future meetings would continue to be hosted via video conference. The Chair stated that meetings must work to suit the entire committee and so it is likely they will continue to be hosted via video conference. The Chair suggested there may be a potential for hybrid meetings in the future, provided prevalence of the coronavirus is low.

The Committee noted that dates of future meetings would be agreed at the Annual Council meeting in May 2021.

No other matters were considered.

The meeting ended at 7.40pm

Chair