

THE LONDON BOROUGH OF CAMDEN

At a meeting of the **AUDIT AND CORPORATE GOVERNANCE COMMITTEE** held on **THURSDAY, 18TH JULY, 2024** at 6.30 pm in Committee Room 2, Town Hall, Judd Street, London WC1H 9JE

MEMBERS OF THE COMMITTEE PRESENT

Councillors Meric Apak (Chair), Steve Adams, Camron Aref-Adib, Richard Cotton, Judy Dixey and Nanouche Umeadi and Fehintola Akinlose and Alan Layton (Independent Members)

MEMBERS OF THE COMMITTEE ABSENT

Councillors Matt Cooper, Nasim Ali, Nazma Rahman and Lorna Jane Russell

The minutes should be read in conjunction with the agenda for the meeting. They are subject to approval and signature at the next meeting of the Audit and Corporate Governance Committee and any corrections approved at that meeting will be recorded in those minutes.

MINUTES

1. APOLOGIES

Apologies for absence were received from Councillors Ali, Cooper and Russell.

2. DECLARATIONS BY MEMBERS OF STATUTORY DISCLOSABLE PECUNIARY INTERESTS, COMPULSORY REGISTERABLE NON-PECUNIARY INTERESTS AND VOLUNTARY REGISTERABLE NON-PECUNIARY INTERESTS IN MATTERS ON THIS AGENDA

There were no declarations.

3. ANNOUNCEMENTS (IF ANY)

Broadcasting of the meeting

The Chair announced that the meeting was being broadcast live by the Council to the internet and could be viewed on the website for twelve months after the meeting. After that time, webcasts were archived and could be made available on request.

Nigel Mascarenhas

The Chair announced that, after 14 years at Camden, the Head of Treasury and Financial Services was moving on to a new role and on behalf of the Committee he thanked Nigel for this invaluable contribution over his time at Camden and wished him all the best in his new role.

4. DEPUTATIONS (IF ANY)

There were no deputation requests.

5. NOTIFICATION OF ANY ITEMS OF BUSINESS THAT THE CHAIR DECIDES TO TAKE AS URGENT

There was no notification.

6. MINUTES

RESOLVED –

THAT the minutes of the meeting held on 4th April 2024 be approved and signed as an accurate record of the meeting.

7. INTERNAL AUDIT ANNUAL REPORT 2023-24

Consideration was given to a report of the Executive Director Corporate Services.

In response to a question about how the internal audit function would be resident focussed, the Head of Internal Audit, Investigations and Risk Management commented that, in scoping audit activity, the team sought to strike a balance between examining key financial systems and looking at other systems that could have an impact for residents, for example in looking at the work of schools the team would not just look at financial matters but also at issues such as health and safety. In response to a question regarding the circumstances under which a management letter might be issued, she explained that this was the exception, rather than the norm, and would happen where it was not yet possible to give an assurance rating as system effectiveness could not yet be tested.

A Member queried the use of the term 'complete' against the audit of systems for the management of damp and mould inspections. The Head of Internal Audit, Investigations and Risk Management clarified that this simply indicated that the audit was complete and was not intended to indicate that damp and mould itself was no longer an issue. Officers would consider whether that distinction needed to be made clearer in future reports. In response to a question relating to whether there was

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sufficient control over the procurement of contracts within the Property Management service, she remarked that the audit follow up would take place later in the year but management had been very responsive in addressing the high priority findings.

In relation to the moderate progress made following the 'no assurance' rating resulting from the audit of the Chalk Farm Tenant Management Organisation (TMO), officers remarked that there were some challenging issues to be addressed but that there was a good relationship with the TMO and housing colleagues were also fully aware of the issues. There would be a further update to the Committee on this in November. In relation to the Godwin and Crowndale TMO, there was an agreed action plan in place and the aim was for it to be completed by Quarter 4. There was a dedicated monitoring officer for the TMOs and it was to be hoped that this timeframe could be achieved.

A Member remarked that it would be useful to know the percentage of audits that resulted in high priority recommendations and were therefore reported to the Committee. The Head of Internal Audit, Investigations and Risk Management responded that next year's report could include information on how many audits were carried out and how many of those resulted in limited or no assurance.

ACTION BY: Head of Internal Audit, Investigations and Risk Management

RESOLVED –

THAT the report be noted.

8. 2023-24 ANNUAL COUNTER FRAUD REPORT

Consideration was given to a report of the Executive Director Corporate Services and to an exempt addendum to the report contained in the supplementary agenda.

In relation to the suggestion that 1 in 20 social housing homes were linked to some kind of tenancy fraud, the Landlord Services Manager remarked that this was an estimated figure and related to the national picture. Whilst there was still a lot of work to be done, she considered it unlikely that the figure was that high in Camden. In response to a query about the number of referrals to the Housing Investigations Team, she commented that she did not have a figure for the number of referrals but could provide this after the meeting. However, referrals were not the only mechanism leading to recovery of properties – the team also checked every application to succeed to a tenancy or to buy a council home, so some recoveries were a result of these activities. It was not possible to say at this time how many referrals resulted in the recovery of property.

ACTION BY: Landlord Services Manager

The Head of Internal Audit, Investigations and Risk Management confirmed that all Council staff were required to complete mandatory anti-fraud training every three years. In relation to the outcomes from the National Fraud Initiative, officers commented that it was difficult to quantify the benefit to Camden as not all cases had a monetary value and some issues were a result of error rather than fraud.

A Member requested that future reports provide a little more detail about control enhancements recommended by the Anti-Fraud and Investigations Team during the course of its investigations.

ACTION BY: Head of Internal Audit, Investigations and Risk Management

A Member queried whether there was a better measure of the cost of tenancy fraud than that recommended by the Tenancy Fraud Forum and asked whether recovery of homes led to those evicted going back on to the waiting list for a council home. The Landlord Services Manager confirmed that not all the properties listed as recovered then became available for allocation as if, for example, someone was found to be ineligible to purchase their Council property they could simply remain in it as a tenant provided that they had not breached their tenancy conditions.

A Member queried the figures for numbers of vehicles inspected by street patrols. The Head of Internal Audit, Investigations and Risk Management clarified that the figures were estimates based on activity levels in a typical patrol and it was not fruitful for patrol officers to spend their time counting cars.

In relation to the 34 referrals relating to allegations of fraud or malpractice by Council officers, a Member asked for a breakdown of the Council directorates involved. The Head of Internal Audit, Investigations and Risk Management undertook to circulate this information to all Members of the Committee.

ACTION BY: Head of Internal Audit, Investigations and Risk Management

RESOLVED –

THAT the report be noted.

9. TREASURY MANAGEMENT REPORT

Consideration was given to a report of the Executive Director Corporate Services. The Head of Treasury and Financial Services reported that the situation had moved on somewhat since the report was drafted and as of 17th July investments stood at £742m and debt at £294m. During that period, two loans had matured and the NLWA had borrowed an additional £140m to further finance its new energy recovery facility, which was managed as part of Camden's investment portfolio. Several Australian banks had recently been upgraded by the major credit agencies and were

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now eligible for investment on the counter party list, and all major central banks were looking at cutting interest rates in the near future.

In response to questions, the Head of Treasury and Financial Services made the following points:-

- The cost value of investments in the UAE remained the same as in the previous quarter but investments overall had gone down.
- In relation to the future of NatWest, it was unclear if the new government was intending to continue with the previous government's plan to sell its stake in the bank but the Council would be little affected even if NatWest came off the counterparty list.
- In relation to Lenders Option Borrowers Option (LOBO) loans, there had been some called in recently but these had been LOBOs that were operating at very low interest rates. The ones held by the Council were at higher rates and the risk was considered to be low.

RESOLVED –

THAT the report be noted.

10. CAMDEN LIVING FINANCIAL STATEMENTS 2022/23

Consideration was given to a report of the Director of Finance.

A Member queried why there had been such a long gap between the accounts being signed off and them being submitted to the Committee. Officers remarked that the audit of the accounts had been completed earlier than anticipated and they would look at bringing these accounts to Committee earlier in future years.

ACTION BY: Director of Finance

In response to a query about Camden Living's size and function, the Finance Business Partner replied that there was a plan to expand the company, which was now a group with two subsidiaries, one of which was a registered provider of social housing. Camden Living had secured a lease for a further 29 units and there were expected to be more to come on the way to a five year target of between 300 and 500 properties. The Director of Finance added that the organisation was healthy and generated a small income for the Housing Revenue Account as well as providing affordable market rate homes. He undertook to check whether Camden Living's operations fell under the remit of the Housing Scrutiny Committee.

ACTION BY: Director of Finance

RESOLVED –

THAT the report and Camden Living Limited's financial statements for the 12 month period to 31st March 2023 be noted.

11. REVIEW OF THE COMMITTEE'S EFFECTIVENESS

Consideration was given to a report of the Executive Director Corporate Services.

Members commented that the effectiveness session has been useful and there had been general agreement that the Committee was operating effectively. There was however an outstanding question around training, not just training for those who were new to the Committee, but also ongoing training for Committee Members. The Director of Finance indicated that he was keen to hear suggestions for training and would think about content and timing. He also undertook to check whether the Annual Governance Statement should be going to the Standards Committee.

ACTION BY: Director of Finance

RESOLVED –

THAT the self assessment report and the recommended actions outlined in Appendix A be agreed.

12. WORK AND TRAINING PLAN AND ACTION TRACKER

Consideration was given to a report of the Borough Solicitor. The Committee Services Manager advised that she and the Director of Finance would give further consideration to the issue of Member training and update the Committee in the report to the next meeting.

ACTION BY: Director of Finance/Committee Services Manager

RESOLVED –

- (i) THAT the work plan for the remainder of 2024/25, as set out at Appendix A of the report, be noted; and
- (ii) THAT the action tracker for action arising from meetings in 2023/24, as per Appendix C of the report, be noted.

13. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT

There was no urgent business.

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The meeting ended at 7.48pm.

CHAIR

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MINUTES END