



Audit, Governance and Standards Committee

MINUTES of the OPEN section of the Audit, Governance and Standards Committee held on Monday 5 February 2024 at 6.30 pm at Ground Floor Meeting Room G01A - 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Barrie Hargrove (Chair)
Councillor John Batteson
Councillor Gavin Edwards
Councillor Hamish McCallum
Councillor Andy Simmons

**OTHER MEMBERS
PRESENT:**

**OFFICER
SUPPORT:**

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Sarah King and Graham Neale, and Nick Baker, BDO.

Councillor Sam Foster was present as a reserve member.

1. CONFIRMATION OF VOTING MEMBERS

The members present were confirmed as the voting members.

3. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

The chair agreed to hear item 21, Review of the code of corporate governance, after item 6, Governance conversation.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

5. MINUTES

The minutes of the audit, governance and standards committee of 15 November 2023 were agreed as a correct record.

6. GOVERNANCE CONVERSATION: DOREEN FORRESTER-BROWN

Doreen Forrester-Brown, assistant chief executive, governance and assurance, and Ben Plant, director of people and organisational development, addressed the committee. The committee had questions for the officers.

Members thanked the assistant chief executive and director for attending the meeting.

7. SOUTHWARK COUNCIL CORPORATE PEER CHALLENGE

Althea Loderick, the chief executive, and Rhona Cadenhead presented the report. Members had questions of the officers.

Officers undertook to ensure the council has publically visible SMART targets for the housing repairs plan going forward, with named officers responsible for them.

RESOLVED:

That the committee noted:

- The Local Government Association Corporate Peer Challenge Report
- The council action plan agreed by Cabinet on 17 January 2024.

8. IN-HOUSING OF THE LEISURE CONTRACT UPDATE

Toni Ainge, acting strategic director of environment, neighborhoods and growth, and Dave Pugh, head of leisure insourcing, presented the report. Members had questions for the officers.

Officers undertook to circulate next year's expected financial targets to the committee members.

RESOLVED:

That the Audit, Governance and Standards Committee noted the information in the report in relation to the insourcing of the leisure service and first seven months of operation.

9. RISK MANAGEMENT AND INSURANCE

Officers introduced the report.

RESOLVED:

1. That the audit, governance and standards committee noted the annual report on corporate risk and insurance.
2. That the audit, governance and standards committee reviewed the current corporate risk register and confirmed they would offer no comments to officers for their consideration prior to the publication of the register by the Strategic Director of Finance.

10. SOUTHWARK CONSTRUCTION - RETROSPECTIVE CONTRACT VARIATIONS

Officers introduced the report. Members had questions for the officers.

RESOLVED:

1. That the Audit, Governance and Standards Committee noted that the current governance process that is in place is not wholly aligned to the construction routes being undertaken, nor are they aligned to the current construction contracts which are the overriding legal context to which the council (the employer) needs to adhere to with the Contractor. Thus the Audit, Governance and Standards Committee noted that Southwark Construction has sought to exercise contract standing orders clause 6.7 to confirm additional costs, following their initial approvals as per the relevant JCT building contract, so as not to unduly delay the works on site and risk incurring additional costs as a result.
2. That the Audit, Governance and Standards Committee noted the actions taken by the Southwark Construction as set out in paragraphs 20-22 of the report to review and enhance the operational and governance arrangements for new build projects to mitigate against the risk of incurring additional unforeseen costs within their building programme in the future.
3. That the Audit, Governance and Standards Committee noted that Southwark Construction will move to a centrally managed contingency fund that covers all programme schemes, or sectional part thereof, such that localised spend is prevented and, instead, a more stringent route to managing contingency spend is established. This is likely to incorporate higher levels of control whereby the Managing Director of Southwark Construction will need to satisfy themselves that any additional call for expenditure has been thoroughly checked and tested with a view to cost prevention and only when that has been exhausted that a recommendation for use of the global contingency may be passed to the Strategic Director for final approvals. An expenditure monitoring tool will be established accordingly.

11. IT GOVERNANCE UPDATE - CYBER SECURITY

Officers introduced the report. Members had questions of officers.

RESOLVED:

That the audit, governance and standards committee noted the actions being taken in the

report.

12. 2021-22 AUDIT FINDINGS REPORTS FOR LONDON BOROUGH OF SOUTHWARK AND PENSION FUND

Grant Thornton introduced the report. Members had questions of Grant Thornton.

Officers undertook to come back to the committee after the 2022-23 accounts have been signed off with an action plan for internal improvements.

RESOLVED:

1. That the Audit, Governance and Standards Committee:
 - a) considered the matters raised in Grant Thornton's updated audit findings report for 2021-22 (appendix A of the report) before approval of the council's main accounts
 - b) noted the adjustments to the main accounts as set out in pages 27-30 of the updated audit findings report (appendix A of the report)
 - c) considered the matters raised in the Pension Fund updated audit findings report 2021-22 (appendix B of the report) prior to approval of the Pension Fund accounts
 - d) noted the adjustments to the Pension Fund accounts as set out in page 14-15 of the audit findings report
 - e) approved the letters of representation for the council and pension fund as required by Grant Thornton in order to conclude the audit of 2021-22 statement of accounts.

12. AUDITOR'S ANNUAL REPORT ON SOUTHWARK COUNCIL 2021-22

Grant Thornton introduced the report. Members had questions of Grant Thornton.

The committee thanked Grant Thornton for their work.

RESOLVED:

1. That the audit, governance and standards committee noted the external auditor's annual report for 2021-22, as attached at Appendix A of the report.

13. INFORMING THE AUDIT RISK ASSESSMENT FOR THE PENSION FUND 2022/23 AND EXTERNAL AUDIT PLAN FOR THE SOUTHWARK PENSION FUND 2022/23

Grant Thornton introduced the report.

RESOLVED:

1. That the audit, governance and standards committee noted the audit risk assessment for London Borough of Southwark and Pension Fund 2022/23 report, as attached at Appendix A of the report.
2. That the audit, governance and standards committee noted the external audit plan for 2022-23 for Southwark pension fund, as attached at Appendix B of the report.

14. INTERNAL AUDIT PLAN AND STRATEGY FOR INTERNAL AUDIT AND INTERNAL AUDIT CHARTER

BDO introduced the report. Members had questions for BDO.

Officers undertook to circulate comments and proposals on the repairs improvement plan to the committee members.

Officers undertook to either expand the audit for housing and street lighting together, or to audit the systems separately.

RESOLVED:

1. That the audit, governance and standards committee noted the report, as attached at Appendix A of the report.

15. PROGRESS REPORT ON THE WORK OF INTERNAL AUDIT

BDO introduced the report.

RESOLVED:

2. That the audit, governance and standards committee noted the report, as attached at Appendix A of the report.

15. PROGRESS REPORT ON THE WORK OF ANTI-FRAUD

BDO introduced the report.

RESOLVED:

3. That the audit, governance and standards committee noted the report, as attached at Appendix A of the report.

16. REVIEW OF COMPLAINTS MADE UNDER THE MEMBERS' CODE OF CONDUCT IN 2023

Officers introduced the report. Members had questions of the officers.

RESOLVED:

4. That the audit, governance and standards committee noted the report.

17. REPORT ON OPERATIONAL USE OF REGULATION OF INVESTIGATORY POWERS ACT

Officers introduced the report.

RESOLVED:

5. That the audit, governance and standards committee noted the report.

18. ANNUAL REPORT ON THE WORK AND PERFORMANCE OF THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE IN 2023-24

Officers introduced the report. Members had questions of the officers.

RESOLVED:

1. That the audit, governance and standards committee forward this report on its work and performance in 2023-24 to all councillors, subject to any amendments it wishes to make.
2. That the audit, governance and standards committee consider the CIPFA assessment questionnaire at appendix B be brought back to the audit, governance and standards committee in June 2024.

19. ANNUAL WORK PROGRAMME FOR FOLLOWING YEAR (2024-25)

Officers introduced the report. Members had questions for the officers.

Officers undertook to include a report on the governance workings in HR to the work programme in 2024-25.

The chair undertook to discuss the programme of governance conversations with the strategic director of finance before the next meeting of the committee.

RESOLVED:

1. That the audit, governance and standards committee considered the proposed draft work programme for 2024-25 and agreed to have the annual work programme brought back to the June 2024 meeting of the audit, governance and standards committee to confirm the format of the governance conversations.
2. That the audit, governance and standards committee, subject to any requested changes, agreed the work programme for 2024-25 set out in Appendix 2 of the report.

20. NOMINATIONS OF NON-VOTING CO-OPTED MEMBERS OF THE CIVIC AWARDS SUB-COMMITTEE FOR 2023-24

Officers introduced the report. Members had questions of the officers.

RESOLVED:

1. That the committee considered the nominations for the positions of co-opted members of the audit, governance and standards (civic awards) sub-committee outlined in closed Appendix 1 and agreed to select three of the nominations plus the position held for the Civic Society.

21. REVIEW OF CODE OF CORPORATE GOVERNANCE

Officers introduced the report. Members had questions for the officers.

RESOLVED:

1. That the audit, governance and standards committee formally adopted the revised code of corporate governance (attached at Appendix A of the report) with no changes.

Meeting ended at 9.20 pm

CHAIR:

DATED:

[CABINET ONLY]

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 17 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, [DATE].

THE ABOVE DECISIONS WILL NOT BE IMPLEMENTABLE UNTIL AFTER THAT DATE. SHOULD A DECISION OF THE CABINET BE CALLED-IN FOR SCRUTINY, THEN THE RELEVANT DECISION WILL BE HELD IN ABEYANCE PENDING THE OUTCOME OF SCRUTINY CONSIDERATION.