

# MINUTES

**Meeting: Audit Panel**

**Date: Tuesday 13 March 2012**

**Time: 3.30 pm**

**Place: Committee Room 4, City Hall, The Queen's Walk, London, SE1 2AA**

Copies of the minutes may be found at: <http://www.london.gov.uk/who-runs-london/the-london-assembly/committees/audit-panel>

**Present:**

Roger Evans (Chair)

Navin Shah (Deputy Chair)

**1. Apologies for Absence and Chair's Announcements (Item 1)**

1.1 Apologies for absence were received from Richard Barnbrook AM and Mike Tuffrey AM.

1.2 The Chair announced that on 29 February 2012 the Business Management and Administration Committee had agreed that the Audit Panel would receive the following regular reports, which had previously been considered by the Standards Committee:

- Monitoring of expenses of elected Members and senior staff;
- Gifts and Hospitality for elected Members, mayoral advisors and senior staff;
- Update on the local assessment of complaints against Members; and
- An annual report on the complaints with which the Monitoring Officer has dealt.

1.3 The Chair added that reports on the monitoring of expenses and gifts and hospitality were included at Items 9, 10 and 11 respectively on the agenda for this meeting. However, there was not a written report on the update on the local assessment of complaints against Members as no complaints against Members had been received since the report to the last meeting of the Standards Committee on 18 January 2012.

## **2. Declarations of Interests (Item 2)**

### **2.1 Resolved:**

- (a) That the list of memberships of functional bodies and London Borough Councils, as set out in the table at Item 2 on the agenda, be noted as personal interests;**
- (b) That the gifts and hospitality received by Members, as set out on the Authority's gifts and hospitality register, be noted; and**
- (c) That it be noted that Roger Evans AM declared a personal interest in Agenda Item 7 (London's European Programmes), as a Member of the Audit Committee of the London Thames Gateway Development Corporation.**

## **3. Minutes (Item 3)**

### **3.1 Resolved:**

**That the minutes of the meeting of the Audit Panel held on 14 December 2011 be confirmed and signed by the Chairman as a correct record.**

## **4. Summary List of Actions (Item 4)**

4.1 The Audit Panel received the report of the Executive Director of Secretariat. The report set out the progress made on the actions arising from previous meetings of the Panel.

### **4.2 Resolved:**

**That the completed and outstanding actions arising from the previous meetings of the Audit Panel be noted.**

## **5. External Audit Reports (Item 5)**

5.1 The Audit Panel considered the report of the Executive Director of Resources, to which was appended the District Auditor's Plan for 2011/12.

5.2 The District Auditor informed the Panel that the significant risk identified for the value for money conclusion was the folding into the GLA of the functions of the London Development Agency (LDA) and the responsibilities of the Homes and Communities Agency (HCA) London. She confirmed that officers had already undertaken detailed preparatory work on all

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the risks identified and were confident that appropriate controls had been put in place.

- 5.3 The District Auditor informed the Panel that the audit fee was set out in the Audit Plan, and that it was a reduction on the previous year's fee.
- 5.4 The Chair stated that he understood that the Authority's proposed new external auditor was Grant Thornton (which would be the external auditor for the London South area). The District Auditor explained that there would be a consultation period with audited bodies on appointments from 23 April to 13 July 2012 and the final approval of auditor appointments would not be until the week commencing 23 July 2012.
- 5.5 The Deputy Chair asked about the risk to the Authority arising from the creation of the Mayor's Office of Policing and Crime (MOPC) and the District Auditor commented that the major risk was to the GLA Group accounts. However, she had held a series of workshops with the GLA's accountants and a meeting would be held with the Chartered Institute of Public Finance Accountants (CIPFA). Hence, although there was a risk arising from the creation of the MOPC, measures had been put in place to mitigate that risk.
- 5.6 In response to a question about the risks arising from shared services, the District Auditor explained that she had not highlighted that as a risk but she would always look to ensure that proper control mechanisms were in place.

5.7 **Resolved:**

- (a) That the District Auditor's Audit Plan for 2011-12 be noted; and**
- (b) That the arrangements for the appointment of the Authority's external auditor for the audit of its 2012-13 accounts be noted.**

## **6. Internal Audit Reports (Item 6)**

- 6.1 The Audit Panel received the report of the Executive Director of Resources. Appended to the report were: five recent internal audit reports (one of which had received a full assurance with the others receiving substantial assurances); two follow-up review reports, the progress report of the Mayor's Office of Policing and Crime (MOPC), the GLA's internal auditor, and the draft Internal Audit Plan for 2012/13.

### **Internal Audit Reports**

- 6.2 The Panel considered the following recent internal audit reports (attached at Appendix 1 to the report):
- Review of Responsible Procurement;

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- Review of Letting, Award and Management of Major Contracts;
- Review of Corporate Governance, Strategic Planning and Performance Frameworks;
- Review of Creditors Payment Framework; and
- Review of Payroll.

6.3 In response to a query in relation to the Review of Corporate Governance, Strategic Planning and Performance Frameworks, about whether the revised Member's induction scheme would be implemented immediately after the elections, it was confirmed that it would be. The Monitoring Officer stated that the Members' induction pack would reflect the latest position on the Localism Act. The Chair congratulated officers on receiving a full assurance.

6.4 In relation to the Review of Letting, Award and Management of Major Contracts, the Assistant Director of Finance stated that he would undertake more work to reinforce the importance of making prompt payments to small and medium sized companies, as the GLA's targets had not been met.

6.5 The Panel received a follow-up review on virtual computing, which had received a full assurance and all the Internal Auditor's recommendations had been implemented. The Head of Technology explained that virtualisation enabled a reduction in the amount of IT infrastructure used to run the GLA's services, as well as reducing costs considerably

6.6 The Panel also received a follow-up review on mobile and portable devices, which had received a substantial assurance and the Internal Auditor's recommendations had been implemented.

6.7 In relation to the MOPC's progress report, the Panel noted that reviews and follow-up reviews currently in progress would be reported to the successor body to the Audit Panel, which would be established following the GLA elections.

6.8 The MOPC Director of Audit, Risk and Assurance stated that she had spoken to senior managers at the GLA when drawing up the draft Internal Audit Plan for 2012/13. The plan placed an emphasis on the functions that were transferring to the GLA, which would provide the external auditor with assurance in those areas.

6.9 **Resolved:**

- (a) That the contents of recent internal reports attached at Appendices 1a to 1e to the report, be noted;**
- (b) That the internal audit follow-up reviews attached at Appendices 2a and 2b to the report be noted;**
- (c) That the progress report from the internal auditor, attached at Appendix 3 to the report, be noted; and**

**(d) That the draft Internal Audit Plan for 2012/13, attached at Appendix 4 to the report, be noted.**

## **7. London's European Programmes (Item 7)**

- 7.1 The Panel received the report of the Executive Director of Resources. The report updated the Panel on audit issues relating to London's European programmes, responsibility for which had transferred from the London Development Agency (LDA) to the Greater London Authority (GLA) in July 2011.
- 7.2 The Chairman welcomed the European Programmes Director to the meeting. The European Programmes Director reported that the LDA had received an annual audit report on London's European Programmes, with additional reports by exception. This first report to the GLA's Audit Panel explained the fairly complex audit regime. The European Programmes Director gave an example of where there could be a risk to a project in the programme which could result in the auditors issuing a correction to the project, which would result in the GLA incurring expenditure.
- 7.3 The Chair suggested that a bi-annual report would be appropriate post the elections to enable the new Members of the Audit Panel to be brought up to date swiftly, particularly as this was a new area of responsibility for the GLA.
- 7.4 In response to a question about who was the managing authority for the programmes, the European Programmes Director stated that the GLA was the intermediary body whilst the Department for Work and Pensions was the managing authority for the European Social Fund programmes and the Department for Communities and Local Government was the managing authority for the European Regional Development Fund.
- 7.5 **Resolved:**

**That the audit environment for European programmes and the work currently underway be noted; and that it be agreed that the Panel receives a report on London's European Programmes at six monthly intervals.**

## **8. Risk Management (Item 8)**

- 8.1 The Panel considered the report of the Executive Director of Resources. The GLA's corporate risk register was presented to the Panel every six months.
- 8.2 The Head of Performance and Governance explained that the Corporate Management Team had looked at the risk register and had begun to scope out other areas that would be covered in the risk register, such as the new functions that were being transferred to the GLA and issues arising from the Olympics land legacy.
- 8.3 The Head of Performance and Governance explained that in future the risk register would show risks pre-mitigation and post-mitigation. At the current time it was presented in quite a static way but he hoped that in future it would be more interactive and would demonstrate in most cases that risks reduced after mitigation measures.
- 8.4 In response to a question about why the risk of riot recovery had been combined with regeneration, given that issues about compensation were still pending and a focus needed to be maintained on that issue, the Head of Performance and Governance stated that there was a question about whether riot recovery should have been identified as a separate risk in the first place. There were two aspects to the remaining risk: (i) regeneration and the physical rebuilding of damaged properties; and (ii) the issue of compensation, which the MOPC was leading on. The main issue for the GLA was the regeneration aspect, but there was a wider issue for the GLA Group about compensation.

8.5 **Resolved:**

**That the corporate risk register be noted.**

## **9. Monitoring of Expenses - Mayor, Elected Members and Senior Staff 2011/12 (Item 9)**

- 9.1 The Committee considered the report of the Executive Director of Resources. The report set out the expenses incurred by the Mayor, London Assembly Members and senior staff in the period 1 December 2011 to 31 January 2012.
- 9.2 The Assistant Director of Finance stated that he had presented the report in the same format in which he had presented it to the Standards Committee, whose Members had been particularly interested in the trends relating to expenses. The Deputy Chair commented that he thought Members would find it useful to see where there were particular trends in expenses, for example whether more expenses were being incurred on travel and how those expenses related to the previous quarter and the previous year. The Assistant Director of Finance responded that he had tried to include that comparative analysis in the report but that future reports could include a comparative analysis over a longer period. The Panel

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stated that that would be useful information for the Audit Panel's successor body, which would be established following the GLA elections.

9.3 The Chair suggested that the induction pack for new Assembly Members include information on expenses and the fact that they were reported to the Audit Panel.

9.4 **Resolved:**

**That the expenses incurred by the Mayor, London Assembly Members and senior staff in the period 1 December 2011 to 31 January 2012 be noted and that future reports include comparative analysis of trends in expenses over a longer period.**

## **10. Register of Gifts and Hospitality - Mayor and Assembly Members (Item 10)**

10.1 The Panel received the report of the Monitoring Officer. The report set out details of the gifts and hospitality declared by the Mayor, Assembly members and co-opted Members in the period from after 4pm on 4 November 2011 to 4pm on 27 February 2012.

10.2 **Resolved:**

**That the report and the contents of Appendix 1 to the report, which sets out gifts and hospitality declared by the Mayor, Assembly Members and co-opted Members in the period from 4 November 2011 (4 pm) until 27 February 2012 (4pm) be noted.**

## **11. Register of Gifts and Hospitality - Members of Staff - Report of the Monitoring Officer (Item 11)**

11.1 The Panel received the report of the Monitoring Officer. The report set out details of the gifts and hospitality received by staff in the period from after 4pm on 4 November 2011 to 4pm on 27 February 2012.

11.2 The Monitoring Officer stated that the Standards Committee had requested further details about a declaration made by the Mayor's Director for External Affairs. The further information was set out at paragraph 5 of the report and the hospitality in question had been provided by the Evening Standard.

11.3 **Resolved:**

**That the report and: (i) the attached Appendix 1 of declared gifts and hospitality by staff directly appointed by the Mayor under section 67(1) of the Greater London Authority Act 1999 (as amended); and (ii) the attached Appendix 2 of declared gifts**

**and hospitality of senior staff appointed by the Head of Paid Service, namely staff at grades Head of Unit and above, during the period from after 4pm on 4 November 2011 to 27 February 2012 (4pm), be noted.**

## **12. Date of Next Meeting (Item 12)**

12.1 The next meeting of the Panel would be held on 10 July 2012 at 3.30pm in Committee Room 5, subject to confirmation of the timetable of meetings at the Annual Meeting of the Assembly on 11 May 2012.

## **13. Any Other Business the Chair Considers Urgent (Item 13)**

13.1 On behalf of the Panel, the Chair thanked the officers who had supported the Panel during this Assembly administration.

13.2 There was no other urgent business.

## **14. Close of Meeting**

14.1 The meeting ended at 4.03pm

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Chairman

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Date

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