

London Borough of Merton Standards and General Purposes Committee Annual Report: 2022/23

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Introduction

I hope that this Annual Report helps to demonstrate to the residents of the Borough and the Council's other stakeholders the vital role that is carried out by the Standards and General Purposes Committee and the contribution that it makes to the Council's overall governance. As with other Council Committees, all scheduled meetings are open to members of the public and I would encourage residents to get involved and see the Committee in action.

I am pleased to note that the Committee has continued to make progress in discharging its responsibility to provide independent assurance on the Council's control environment and governance framework. As outlined in the body of this report, the Committee has been actively engaged with our Internal and External Audit functions and the results of their work. In addition, the Committee has taken a keen interest in governance developments such as the Council's participation in the South-West London Fraud Partnership.

Finally, I would like to express my gratitude to those officers who have, over the past year, attended the meetings to present and discuss reports and supported the previous Chair.

**Standards and General Purposes
Committee Chair**

Merton's Standards and General Purposes Committee: Frequently asked Questions

What does a Standards and General Purposes Committee do?

The Standards and General Purposes Committee is a key component of the Council's corporate governance. It provides an independent and high-level focus on the risk management framework, internal control environment and the integrity of the financial reporting and annual governance processes that underpin good governance and financial standards. Audit Committees in Local Authorities are necessary to satisfy the wider statutory requirements for sound financial management.

The Council's Standards function is undertaken by this committee, as well as discharging its responsibility as an audit committee.

Why do we need it?

The Standards and General Purposes Committee has a vital role to play in ensuring that residents of the Borough are getting good quality services and value for money. It also oversees the Council's annual financial reporting process comprising the Council's main financial statements and those of the Pension Fund. It ensures that the governance arrangements are robust.

When did the committee meet in 2022/23?

There were three scheduled meetings on: 21 July, 13 October and 28 November, starting at 7.30pm and lasting approximately 2 hours. The agenda items discussed are shown in Appendix A and the recording of the meetings, supporting papers and reports are publicly available on the Council's website, www.merton.gov.uk.

In 2022/23 the Committee membership consisted of twelve councillors in proportion to the Council's political composition, with an opposition Vice Chair, and two ex-officio members that sat on the committee by virtue of their position as Independent Persons under the Standards Regime set out in the Localism Act 2011.

What was its main workload in 2022/23?

A work plan was agreed at the start of the municipal year. For 2022/23 it included regular and ongoing review of the following:

- Member complaints
- Updates to the constitution
- The work of the External Auditor
- Internal Audit Reports and Activities
- The Council's Statement of Accounts
- The South West London Fraud Partnership updates
- Risk Management.

Specific details of the committee's activity during 2022/23 are shown in Appendix A. The planned agenda was supplemented by reports where

the committee requested additional information or assurances from management.

Taking the year as a whole, the Committee was successful in:

- Providing updates on member conduct
- Maintaining a comprehensive overview of internal control and governance
- Maintaining an overview of the Council's anti-fraud arrangements

What is the role of the Internal Audit function?

The South London Audit Partnership (SWLAP) carries out Internal Audit reviews throughout the year on the effectiveness of the Council's governance and internal control arrangements, including risk management. The Head of Internal Audit reports Internal Audit activity regularly to the Committee and also provides an Annual Report on the effectiveness of internal control. The investigation of fraud is provided by the South West London Fraud Partnership (SWLFP), they provide twice yearly updates to the committee.

Who is the Council's External Auditor?

The External Auditor is Ernst and Young. A representative attended all the Committee meetings in 2022/23 and reported progress on the annual cycle of external audit work, including planned activities and the fees for their work.

Does the Standards and General

Purposes Committee meet best practice standards?

The functions of the Standards and General Purposes Committee were aligned to those recommended by the Chartered Institute for Public Finance and Accountancy (CIPFA) in its 2022 publication "Audit Committees – Practical Guidance for Local Authorities".

A review of the committees' terms of reference against CIPFA's was undertaken in March 2023 resulting in a number of additions to be considered (see Appendix C).

A knowledge skills assessment was sent to all members of the committee for completion, 7 completed returns were received. These shows a good balance of knowledge, and the results will be used to identify any training requirements for 2023/24. (see Appendix D)

Training for members

A Member Development programme was agreed for all councillors in January 2022, covering 2022/23. Updates were provided to this committee on attendance and the move to on-line training. Additional training was provided in July 2022, to the members of the Standards and General Purposes Committee on the role of the committee.

Meetings schedules for 2023/24

Details of the meetings planned to take place during 2023/24 are shown in Appendix D with the provisional work plan.

Appendix A

Audit Committee Activity: 2022/23

Meeting: 21 July 2022

External Auditors Annual Report for 2020-21 Annual report for 2020/21

External Audit Planning Report Proposed audit approach and scope for the 2021/22 audit.

Annual Governance Statement. Statement on the annual governance arrangements in place during 2021/22.

Internal Audit Annual Report. Head of Internal Audit's opinion on the Council's internal control environment and the Annual Review of Effectiveness of Internal Audit

Amendments to the Constitution changes to the Constitution to update sections with current working practice and to amend any other sections.

Political Group Use of Council Resources options for the use of Merton letterheaded paper by councillors and establish a cross party working group to consider the options.

Freedom of the Borough To agree the nominations for Freeperson of the Borough Status

Complaints against Member Update on member complaints which have been received and dealt with since the last meeting.

Work Programme

Meeting: 13 October 2022

Appointment of Independent Person approval of the appointment of one Independent Person

Annual Complaints Report complaints received by the Monitoring Officer over the past two years.

Work Programme

Meeting: 28 November 2022

Internal Audit Progress Report on Annual Audit Plan Internal Audit's progress in delivering the Annual Audit Plan up to October 2022.

Fraud Update Report including RIPA authorisations. Fraud Progress report

with indicative plan for the application of resources for 2022/23, a review of activity completed during 2021/22 and 2022/23 to October 2022

Final Accounts revised Statement of Accounts, including the Group Accounts and the Pension Fund Accounts, Audit Results Report, Letter of Representation, delegate authority to the Executive Director of Finance and Digital to sign off the final accounts once completed.

Risk Management. Risk management framework and the associated control environment and Key Strategic Risks and Issues

Annual Gifts and Hospitality Report (members) Declarations of gifts and hospitality including reasons for acceptance and amended Gifts and Hospitality Protocol

Annual Gifts and Hospitality Report (officers) Yearly update on the registration by officers for gifts and hospitality

Hearings Sub-Committee subcommittee to undertake hearings as and when required to consider complaints against members.

Work Programme

Appendix B

Planned Meeting Dates & Provisional Work Plan: 2023/24

Meeting: 27 April 2023
External Audit 21/22 Final Audit Results Report for Council and Pension Fund
External Audit Plans for Council and Pension Fund Accounts
Internal Audit Plan
Whistleblowing Policy and Anti-Money Laundering Policy Review
Fraud Update Report
Process Review - Nominating Honorary Aldermen
Freedom of the Borough
Remuneration of Councillors
Amendments to the Constitution
Member Complaints
Work programme

Meeting: 19 July 2023
Annual Governance Statement
Internal Audit Annual Report
External Audit – Fee Letters for the Council and Pension Fund Accounts
External Audit of the Council and Pension Fund Accounts
Complaints against Members
Annual Complaints Report 2021/22
Work Programme

Meeting: 14 September 2023
Internal Audit progress report on annual audit plan
Final Accounts
Update on RIPA authorisations
Work programme

Meeting: November 2023
External Audit Annual Letter
Internal Audit progress report on annual audit plan
Final Accounts
Fraud Update Report
Annual Gifts and Hospitality report (members)
Annual Gifts and Hospitality report (officers)
Risk management
Temporary and Contract Staff update
Work programme

Meeting: March 2024
External Audit Certification of Claims report
External Audit progress report
External Audit Plans for Council and Pension Fund accounts
Internal Audit Plan
Internal Audit progress report
Update on RIPA authorisations
Temporary and Contract Staff update
Work programme

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