

**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
Committee Room 1 - Town Hall
24 September 2015 (7.00 - 8.00 pm)**

Present:

COUNCILLORS:

Conservative Group Viddy Persaud (in the Chair), Frederick Thompson

Residents' Group Julie Wilkes (Vice-Chair)

UKIP Group David Johnson

**East Havering
Residents' Group** Clarence Barrett

**Independent Residents'
Group** Graham Williamson

Unless otherwise indicated all decisions were agreed with no vote against.

Through the Chairman, announcements were made regarding emergency evacuation arrangements and the decision making process followed by the Committee.

15 MINUTES

The minutes of the meeting of the Committee held on 24 June 2015 were agreed as a correct record and signed by the Chairman.

16 ANNUAL GOVERNANCE STATEMENT

The Committee received a report which explained that the draft Annual Governance Statement had previously been agreed, subject to minor amendments, at the Audit Committee meeting which took place on 24 June 2015.

It was explained that since then, the final Annual Governance Statement, which incorporated amendments made by the Audit Committee, had now been signed off by the Leader of the Council and the Chief Executive. A copy of the agreed Annual Governance Statement was attached for Committee Members to view.

The Committee noted the contents of the final 2014/15 Annual Governance Statement.

17 ANNUAL STATEMENT OF ACCOUNTS 2014/2015

The report before Members advised that the Council's Statement of Accounts were required to be published after the conclusion of the external audit of accounts; no later than 30th September 2015.

It was explained that the Council's auditors, PricewaterhouseCoopers, would at this late stage in the process expect to issue an unqualified opinion on the Statement of Accounts.

Members were provided with a detailed run through of the Statement of Accounts for 2014/15 and informed that they would be signed by the Chairman of the Audit Committee and the Group Director for Finance and Commerce, subject to the Committee's approval.

The Committee:

1. Approved the Statement of Accounts confirming that no amendments are required to be made to the accounts in respect of the items set out in the auditors' report.
2. Noted that the audited accounts must be published by 30th September 2015
3. Noted the amendments to the accounting policies arising from the audit of the accounts.

18 REPORT TO THOSE CHARGED WITH GOVERNANCE - INTERNATIONAL STANDARD OF AUDITING (ISA) 260

The report before Members contained as an appendix the draft ISA 260 report from the external auditor PWC. It summarised their findings from the 2014/15 audit to date. The report also set out key findings that would be considered by the auditors when considering their opinion, conclusion and certificate. It was explained that Officers' responses were shown in the section "Summary of significant internal control deficiencies", of the draft ISA 260 report.

In addition, Members were referred to the draft Management letter, also attached as an appendix to the report, which set out the assurances required of the Group Director of Finance and Commerce by the auditors.

In response to a question, Members of the Committee confirmed that they were not aware of any fraud-related issues which needed to be disclosed.

On behalf of the Committee, the Chairman thanked the external auditor from PWC and staff within Finance & Commerce for their hard work in delivering the report.

The Committee noted the contents of the Report to Those Charged with Governance (ISA260) and the draft Letter of Representation.

19 HEAD OF INTERNAL AUDIT QUARTER 1 PROGRESS REPORT: 6TH APRIL 2015 TO 5TH JULY 2015

The report before the Committee advised on the work undertaken by the internal audit team during the period 6th April 2015 to 5th July 2015. An executive summary explained one Nil (Manor Green Pupil Referral Unit [MGPRU]) and one Limited (Members' Allowance Payments) compliance reports had been issued.

The report recommended that there be a full review of the arrangements for the Members' Allowance Payments process, which was changed in 2014. Members

were provided with a verbal update on the measures that had been introduced since the audit report had been issued. Members was satisfied with the new measures in place and asked the Committee Administration Manager to return in December to give an update.

In addition, there had been a follow-up Audit undertaken of the MGPRU. It was noted that this would be reported at the December Committee Meeting.

The report also referred to the new Accounts and Audit Regulations 2015 for local Authorities in England came into effect on 1st April 2015. A key change included the existing requirement for internal audit has been amended from undertaking an effective internal audit 'to evaluate the effectiveness of its risk management, control and governance processes, and taking into account Public Sector Internal Auditing Standards or Guidance'.

Furthermore, with the demise of the Audit Commission from April 2015, Councils were required to consider how they will procure External Audit. It was reported that the LGA had set up a company to oversee the existing contracts and councils would be required to determine if they wished to remain part of that arrangement or to look at an alternative. Members were advised that there would be an information report presented at the December Committee.

The Committee noted the contents of the report.

20 CORPORATE RISK REGISTER

The report provided the Committee with an update on the strategic risks the Council currently faces, the ratings applied to them and the mitigations and planned actions identified and documented through the risk management activity of the council.

The Committee noted the contents of the report and the risk register which was appended to the report.

21 ANTI-FRAUD AND CORRUPTION STRATEGY

The report before Members advised of the new Anti-fraud and Corruption Strategy of the oneSource Fraud Team for 2015/16. It was explained that the oneSource Anti-Fraud team offered a strategic fraud prevention and investigation service to all Council partners. The strategy enabled the Section 151 officers and senior leaders to meet their duties in safeguarding public funds, and by minimising loss through fraud councils would maximise service delivery. The Anti-Fraud and Corruption Strategy was appended to the report for Members to read and comment on.

Members welcomed the report, commenting that the strategy would act as a useful deterrent to any fraudulent activity within the Borough.

The Committee noted the contents of the report.

Chairman

