

**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
Town Hall, Main Road, Romford
24 April 2019 (7.00 - 7.55 pm)**

Present:

COUNCILLORS:

Conservative Group Matt Sutton (Vice-Chair) and +Robert Benham

**North Havering
Residents Group** Martin Goode (in the Chair)

Residents' Group Gerry O'Sullivan

**Upminster & Cranham
Residents' Group** Gillian Ford

Apologies were received for the absence of Councillors Roger Ramsey (Robert Benham substituted) and Viddy Persaud.

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.

22 MINUTES OF THE MEETING

The minutes of the previous meeting of the Committee held on the 30 January 2019 were agreed as a correct record and signed by the Chairman.

23 HAVERING PENSION FUND - AUDIT PLANNING REPORT

The Council's external auditor's Ernst & Young presented their audit plan for the Havering Pension Fund.

The plan summarised the external auditor's initial assessment of the key risks driving the development of an effective audit for the Pension Fund, and outlined their planned audit strategy in response to those risks.

The Audit Plan covered the external auditor's opinion on whether the financial statements of the Havering Pension Fund gave a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2019 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2019; and their opinion on the consistency of the Pension Fund financial statements within the Pension Fund annual report with the published financial statements of the London Borough of Havering Council. The indicative fee for the audit of the Pension Fund was £16,170.

The Committee requested a full rationale of risks and processes in place and were advised that Ernst & Young would present their findings of accounts, action required and recommendations at the next meeting.

RESOLVED:

That the Committee noted the 2018/19 Provisional Audit Plan.

24 GRANT CERTIFICATION REPORT

Officers submitted an overall summary of the 2017/18 audited grants claims compared to 2016/17.

For 2017/18, the PSAA arrangements required only the certification of the Council's Housing and Council Tax Benefits Subsidy (BEN01). The Housing and Council Tax Benefits Subsidy for 2017/18 had now been certified by Ernst and Young. There were no amendments to the claim for 2017/18, and there were none in 2016/17. The Housing and Council Tax Benefits claim for 2017/18 was unqualified, as was in 2016/17. Of the one claim audited for 2017/18, it met its Audit Commission/Grant Funding Body certification deadlines as did the claim for 2016/17. Members noted that the audit fee and the complexity of the audit work was reflected in the fee for 2017/18 which was £15,080.

The Teachers Pensions Authority and the Department of Communities and Local Government required external and independent certification of the Council's final statutory returns for 2017/18. These items were no longer covered by the Scope of the PSAA appointment of statutory audits, therefore the audit fees for these grants were negotiated separately with Grant Thorndon LLP.

- Teachers Pensions – assurance required against £36.2m total contributory salary which included £9.4 m of teachers pensions contributions. Grant Thornton was engaged and concluded that the End of Year Certificate had been prepared in accordance with the regulations underpinning the Teachers' Pension Scheme.
- DCLG Pooling of Housing Capital receipts – Certification of £13.9m Housing Capital receipts (indicative figure subject to final audit). Grant Thorndon had yet to provide the final assurance of the audit, however it was not expected that any issues would be raised.

RESOLVED: That

- i) The contents of the report be noted.**
- ii) The year-on-year grant claims performance be noted.**

25 ANNUAL AUDIT REPORT - 2018/19

Members received the annual report of the Audit Committee, which summarised the work of the Committee during 2018/19.

RESOLVED: That

- **The Committee approved the Annual Report 2018/19; and referred the report to Council.**
- **The Committee delegate to the Chairman and Vice-Chair approval of the final version of the report in order that issues covered at the committee meeting on the 24 April 2019 can also be included in the report.**

26 DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19

Officers advised the Committee that the Accounts and Audit Regulations required the Council to conduct at least annually a review of the effectiveness of its system of internal control and to approve an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control.

During discussion, Members were advised that the draft Annual Governance Statement had been presented to Cabinet, who were satisfied that all continuity plans had been updated. In future, the corporate risk programme would be reported to Cabinet.

RESOLVED:

That the Committee agreed the 2018/19 Annual Governance Statement, subject to any changes to the draft made as a result of recommendation one and any changes required by the Leader and the Chief Executive prior to signature.

27 HEAD OF ASSURANCE - PROGRESS REPORT QUARTER FOUR 2018/19

The Committee were provided with details of the work undertaken by the Internal Audit and Counter Fraud teams during quarter 4.

There had been seven final reports issued in quarter four. Of these reports, two were given an audit opinion of substantial assurance, two moderate assurance and the remaining three were not assigned an assurance rating due to the nature of work carried out. Three high risk recommendations were raised.

The Committee requested that a narrative be provided against those planned audits that had been cancelled.

Resolved:

That the report be noted.

28 INTERNAL AUDIT PLAN - 2019/20

The Committee received a report which set out the approach to producing the draft Internal Audit Plan for 2019/20, and invited Members to comment.

Members were advised that officers within the Assurance Service had been involved in discussions with the Section 151 Officer, Directors and senior management to review risks in their areas. This work identified that the Corporate

Risk Register required refreshing and hence the Council's Risk Management Strategy was revised.

The draft Internal Audit Plan had been developed in line with the Corporate Plan priorities 2019/20 and was flexible to allow for changes in the risk and operational environment in which the Council operates.

RESOLVED:

That the draft 2019/20 Internal Audit Plan and the Shared Service Internal Audit Charter and Strategy, was approved.

29 REVISED RISK MANAGEMENT STRATEGY

The Committee received a report which presented the revised risk management strategy for Havering Council and which provided details of how the risk management process would be strengthened within the Council.

Members were advised that the Assurance Service had been working to review the Havering Council risk strategy, as the current document was out of date. The aim of the exercise was to clearly define the roles of senior management and all officers involved in the risk management process and reiterate the significance of effective risk management.

RESOLVED:

That the contents of the report, be noted.

Chairman