

**MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE  
Committee Room 3B - Town Hall  
28 January 2020 (7.00 - 8.45 pm)**

**Present:**

**COUNCILLORS:**

<b>Conservative Group</b>	Viddy Persaud (Vice-Chair), Roger Ramsey and Judith Holt
<b>Residents' Group</b>	Gerry O'Sullivan
<b>Upminster &amp; Cranham Residents' Group</b>	Gillian Ford
<b>North Havering Residents Group</b>	Martin Goode (in the Chair)

Also present was Patrick Odling-Smee, Director of Housing Services

There were no apologies for absence.

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.

**37 MINUTES OF THE MEETING**

The minutes of the meeting of the Committee held on 23 October 2019 were agreed as a correct record and signed by the Chairman.

**38 CLOSURE OF ACCOUNTS TIMETABLE - 19/20**

The report presented to the Committee gave detail on the timetable for the closure of the 2019/20 accounts.

Havering would publish its draft accounts by 31<sup>st</sup> May 2020 and external auditors would complete their work by 31<sup>st</sup> July 2020. Members questioned whether late debtor invoices would be included; this was confirmed on the condition that the invoice is an income to the Council. It was explained to the Committee that some 2018/19 audits were still not complete so the 2019/20 audit had been delayed but was to be started in June 2020. Members were notified that the Pension audit would start in May 2020 and it was planned that some valuations were to be audited earlier but this was not feasible due to the lack of available auditors.

The Committee:

**Noted** the content of the report in particular the risk areas and the key dates in connection with the closure of the 2019/20 accounts.

39 **PENSION FUND AUDIT LETTER**

The report presented to the Committee gave details on the statutory Pension Fund audit letter published by Ernest & Young. The letter summarised the results of their 2018/19 audit of the Council and Pension Fund.

Members noted that the letter summarised the outputs from the audits and had to be published within 1 month of its completion. The Committee noted that errors may have arisen due to planned regeneration but that would not affect the bottom line figures.

The Committee:

- **Noted** the contents of the letter and considered any issues raised by the external auditor.

40 **TREASURY MANAGEMENT MID-YEAR UPDATE 2019-20**

The report presented to the Committee details the Council's Treasury Management Strategy Statement (TMSS) which is required by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Members noted that the Council is exceeding the LINK benchmarking Group average of 0.98% with returns of 1.068%, exceeding the benchmark for investments of surplus cash and on track to exceeding income budget targets. The Committee asked for a column to be added next to the weighted average rate % to show the monetary value. Committee members noted that the value of surplus cash that the Council had invested had dropped by £52 million due to the Council using internal services for capital projects. Members noted that temporary borrowing comes from banks or other Local Authorities and provisions have been made in next year's budget to allow for external borrowing at an interest rate of 3.6%.

The Committee:

- **Noted** the treasury management activities to December 2019 as detailed in the report.

41 **TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21**

The Treasury Management Strategy Statement 2020/21, which is a statutory document which is published annually, was presented before the Committee. The Statement ensured the capital programme is affordable and sustainable.

The Committee noted the capital finance had increased and the budget debt repayment had not changed since the previous report presented before the Committee. A member expressed that it was difficult for Audit Committee Member that were not in Cabinet to relate as they had not seen the budget or future regenerations plans but they were assured that all the figures had been approved by Cabinet.

## 42 GOVERNANCE & RISK UPDATE

The report presented to the Committee advised Members on the progress of the governance issues.

Members noted that the Council wanted the correct risk management but also noted that there was a good level of engagement across services. It was explained to the Committee that the Corporate Risk Register was to be presented at the following Audit Committee meeting. Members were positive to see all action taken were more transparent but expressed they would like a traffic light arrangement to illustrate which risks are of a higher severity or likelihood.

The Committee:

- **Noted** the contents of the report and appendices.

## 43 ACCOUNTING POLICIES - 19/20

The report presented to the Committee listed the Accounting Policies for 2019/20. Members were advised that it is good practice to put policies in for 2020/21 also.

The Committee noted that there had been no major changes to the policies from 2018/19 but for 2020/21, the Council would be including leased assets in their balance sheets for the Statement of Accounts, this was to comply with a new international standard. It was explained to the Committee that more detailed accounts would be presented at the end of the 2019/20 financial year and public audit would commence in June 2020.

The Committee:

- **Noted** the accounting policies applicable to financial year 2019/20 and 2020/21.

## 44 ASSURANCE PROGRESS REPORT

The report presented to the Committee outlined the Assurance Services work during the period of 1<sup>st</sup> September 2019 to 31<sup>st</sup> December 2019.

The Committee discussed the limit reports below:

- Procurement,
- Cloud Computing,
- Private Sector Landlords,
- Purchase cards, and;
- Financial Control Assurance

It was noted by the Committee that services had engaged well and the impact of some recommendations would be significant to the service. The Committee was assured that they would be presented with an update of progress against the high risk recommendations raised at future meetings. A committee member raised a question about why one report with a high risk recommendation was not classified

as Limited Assurance, when another report had been classed as moderate assurance. It was explained to the Committee that the decision had been made based on the impact of the risks identified to the Council overall.

The Committee:

- **Noted** the contents of the report and appendices.

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**Chairman**