

**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
via ZOOM
22 February 2022 (7.00 - 8.30 pm)**

Present:

COUNCILLORS:

Conservative Group Roger Ramsey and Judith Holt

Residents' Group Gerry O'Sullivan

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

**North Havering
Residents Group** Martin Goode (Chairman)

Apologies were received for the absence of Councillor Viddy Persaud.

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

Through the Chairman, announcements were made regarding virtual protocol and the decision making process followed by the Committee.

81 MINUTES OF THE MEETING

The meeting minutes of the Committee held on 28 October 2021 were agreed as a correct record and would be signed at a later date.

82 ASSURANCE PROGRESS REPORT

The Committee were presented with a report outlining the work undertaken by the Assurance Service during the period from 1st October to 31st December 2021.

The Committee noted that six audit reviews were completed during the period. Two were schools and both given a reasonable assurance. Of the other four system reviews, one was given Limited Assurance and one Reasonable Assurance. Of the remaining two, one was a Grant Review and one was an externally commissioned piece of work, where an assurance opinion was not usually provided. Section 6 of Appendix A shows the current position of the 2021/22 audit plan.

It was explained that there were six high risk recommendations raised in the reports and that the detail of these, including management responses and deadlines for expected completion was included within the report summaries in section 4 of Appendix A.

In terms of counter fraud, it was to be noted that the service were continuing to follow up, fraud referrals, desk based intelligence checks and investigations with

door step visits and Interviews under Caution where necessary (following all Covid-19 social distancing measures).

It was explained that during the 1st October to 31st January 2022 five referrals were received; four of which were Whistleblowing referrals. Two cases had been investigated and concluded and three referrals were currently being investigated.

The Committee **noted** the contents of the report.

83 **ACCOUNTING POLICIES 2022-23**

The Committee were presented with a report that summarised the main contents of the accounting policies adopted by the Council and the required changes to ensure the accounts for 2021/22 were prepared in accordance with accounting regulations.

It was noted that any further changes to accounting regulations would require the policies to be changed further, however none were anticipated at this stage. Any significant changes to the 2021/22 policies would be highlighted to the committee in the Statement of Accounts report in January 2022.

It was explained that there were three options to explore for procurement for the audit in 2022/23. Officers confirmed that most councils go through the PSSA route as it offered the highest cost saving and an economy of scale due the large group of authorities that chose it. Members confirmed that they **supported** the recommendation of going through the PSSA route and it was confirmed that the next step would be for it to be considered within an Executive Decision.

Discussion took place around valuation of assets, school valuations when it came to academies and clarification of heritage sites. Officers explained that the Council used external auditors for the valuation of assets and as there was queries on the classification of heritage sites they would need to come back to Members on that.

The Committee **noted** the report.

84 **CLOSEDOWN TIMETABLE 2021-22**

The Committee were presented with a report that advised them of the progress to date in preparing for the closure of the 2021/22 Accounts.

It was noted that the Council closed its accounts and prepared its Financial Statements for 2020/21 in the last week of July 2021. The external audit of the accounts was still ongoing at January 2022 and was due to be completed by the 30th September 2021 (an extension for Covid-19 as would have normally been done 31st July).

It was explained that the report outlined the Council's preparations to ensure the 2021/22 accounts were published and audited on time. The priority for the closure programme was to ensure that all key activities had been captured in the timetable, and that the roles and responsibilities had been identified and understood.

Furthermore, the date was being considered for 2021/22 accounts as it may even be reverted back to 31 May. The auditor's advice was to publish the draft by the deadline.

The Committee **noted** the report.

85 HOUSING COMPLIANCE AUDIT

The Committee were presented with a report that outlined the Council's duty to ensure all of its properties which were owned and managed through the Housing Revenue Account were safe and met all relevant statutory compliance.

It was also noted that as part of the Council's assurance and governance approach toward housing compliance it undertook an independent audit of its compliance activities, using an external consultant, Mazars, and the report provided a summary of that audit and an update on the outcomes and actions identified.

The Committee **noted** the report.

86 MID-YEAR TREASURY REVIEW 2021-22

The Committee were presented a report on the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code ("TM Code") required authorities to produce a mid-year report on their treasury management activities.

The Authority's Treasury Management Strategy Statement (TMSS) for 2021/22 was approved at the Cabinet meeting on 26th February 2021 and at Full Council on the 3rd March 2021.

The Authority borrowed and invested substantial sums of money and was therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The report covered activity on treasury managed investments and borrowings and the associated monitoring and control of risk.

The Committee **noted** the report.

87 TREASURY MANAGEMENT STRATEGY STATEMENT (TMSS) 2022-2023

The Committee were presented with a report that set out how the TMSS was part of the authority's reporting procedures as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) TM Code and its Prudential code ("The CIPFA Prudential Code") for capital finance in local authorities. The Local Government Act 2003 required authorities to comply with both codes. The TMSS also set out recently introduced changes to the legislative framework, which was generally designed to place restrictions on authorities' commercial activity.

It was also noted that the report fulfilled the authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA TM Code and Government Guidance, and it covered:

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- The Borrowing and Investment Strategies.
- Treasury Management and Prudential Indicators - there was a change to them from the revised CIPFA TM published in December 2021 and was discussed later in this report and will be reported upon in the 2023-24 TMSS.

The Committee **noted** the report.

The Committee also took the opportunity to thank Jane West for all her work over the years and wished her well with her future endeavours.

Chairman