

Public Document Pack

MINUTES OF A MEETING OF THE AUDIT COMMITTEE Council Chamber - Town Hall 18 April 2023 (9.15 am - 8.10 pm)

Present:

COUNCILLORS:

Conservative Group	Keith Prince and Timothy Ryan
Residents' Group	Julie Wilkes, David Godwin (Vice-Chair)
Labour Group	Jane Keane
East Havering Residents Group	TBC

Apologies were received for the absence of Councillors Michael White and Judith Holt (Councillor Timothy Ryan substituted).

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.

103 **MINUTES OF THE MEETING 24 JANUARY 2023**

The meeting minutes of the Committee held on 24 January 2023 were agreed as a correct record and would be signed by the Chairman.

104 **ASSURANCE PROGRESS REPORT**

A Committee were presented with a report that informed the Committee of progress on assurance work during 2022/23.

The report advised on the work undertaken by the Assurance Service (internal audit and counter fraud) during the period from 1st January to 31st March 2023.

It was explained that the Internal Audit follows up all high and medium risk audit recommendations with relevant service management. There was a rolling programme of follow up work, with each auditor taking responsibility for tracking the implementation of recommendations made in their audit reports. The implementation of audit recommendations, in systems where limited assurance was provided, and verified through a follow up audit review.

All high and medium risk recommendations due as at the end of March 2023 had been followed up and confirmed with management as implemented. Any recommendations that remain outstanding and are past agreed implementation dates will be reported to Audit Committee. A complete list of all recommendations raised during 2023/24 and their current status will be reported to Audit Committee alongside the annual report and Head of Assurance opinion in July 2023.

Recommendations were classified into three potential categories according to the significance of the risk arising from the control weakness identified and were as follows:

High	Fundamental control requirement needing implementation as soon as possible.
Medium	Important control that should be implemented.
Advisories	Pertaining to best practice.

The summary of findings was as follows:

- There is an overall lack of ownership for managing and coordinating the Council's CCTV operations, including ensuring compliance with local and legislative requirements.
- There is no central list setting out all areas where CCTV / applicable equipment is being used.
- Discussions with senior officers in Council departments contacted during this review highlighted that there is a lack of knowledge across the council in relation to the responsibilities in relation to CCTV.
- The lack of an agreed Council wide approach to cover the Council's CCTV activities, in addition to the absence of any overarching ownership has resulted in non-compliance with the DPIA requirements.

The overall audit opinion provided Limited Assurance that the Councils CCTV complies with DPIA. This means there were fundamental weaknesses in the internal control environment within the areas reviewed, and further action was required to manage risks to an acceptable level.

The Committee expressed concern over the findings in regards to the CCTV issues and Officers assured that they were aware of the issues and trying to find solutions.

The Committee **noted** the report.

105 **DRAFT INTERNAL AUDIT PLAN 2023/24 CONSULTATION**

The Committee were presented with a report that informed the Committee of the proposed audit plan for 2023/24

It was explained that the Public Sector Internal Audit Standards referred to the need to produce a risk-based Internal Audit Plan. This would take into account the requirement to produce an annual internal audit opinion and report that could be used by each Council to inform the Annual Governance Statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. To support this, the risk-based plan needed to include an appropriate and comprehensive range of work. The report set out the approach to producing the draft Internal Audit plan and invited comments from Members.

The Committee **noted** the report.

106 **RISK MANAGEMENT UPDATE**

The Committee were provided with a report that provided an update on the Corporate Risk Register.

It was explained that the Corporate Risk Register was subject to regular review and risks were discussed at monthly Governance and Assurance Board meetings, chaired by the Section 151 officer. The Audit Committee should receive an updated Corporate Risk Register every six months.

As part of this ongoing review, new risks may be added and existing risks amended or removed at any time changes are identified. A summary version of the current Corporate Risk Register was provided in Appendix 1 of the report which included current likelihood and impact scoring of the risks based on assessment by the risk owner (using the risk matrix from the Council's Risk Management Strategy and Toolkit).

The Committee **noted** the report.

107 **LBH PROVISIONAL AUDIT RESULTS REPORT & HAVERING PENSION FUND PROVISIONAL AUDIT RESULTS REPORT**

The Committee were presented with a report that informed them of the progress on the audit of the 2020/21 Draft statement of Accounts (found in the first Supplementary Document pack pages 1-100).

It was explained that the external auditor, EY advised the Committee on the work undertaken and that the Council published its draft statement of Accounts for the financial year 2020/21 in July 2021.

EY had previously presented their Audit Planning Report, at the 28 April 2021 meeting of the Audit Committee that provided an overview of our audit scope and approach for the audit of the financial statements.

The attached reports were the provisional Audit Results Report produced by the Council's external auditor, EY on the Council's accounts and the Council's Pension Fund accounts for 2020/21.

The reports attached were for the Audit Committee's consideration and were supported by a presentation from EY including an update on the progress of the audit to date and the remaining work required to complete it.

The Committee **noted** the report.

108 **ACCOUNTING POLICIES 2023/24 AND STATEMENT OF ACCOUNTS UPDATE**

The Committee were presented with a report that provided them with the accounting policies for 2023/24 and an update on the Statement of Accounts for previous years (found in the second Supplementary Document pack, pages 1- 32).

It was explained that the report was presented in two sections: Section 1 - Accounting Policies 2023-24, Section 2 - Statement of Accounts Update. Appendix A - Accounting policies 2023-24, Appendix B - DLUHC letter to LG and Audit Firms.

The Statement of Accounts for 2023/24 would be presented to the Audit Committee during 2024. The accounting policies statement would be included within the accounts and any significant changes made during the course of the closedown programme and/or audit (if completed) would be highlighted and explained by officers.

It was explained that there were no material changes proposed to Havering's accounting policies for the 2023/24 accounts. The requirement to include all leased assets on the balance sheet had been deferred for Local Government until 2024/25, this change should not have a material impact upon the Council's usable financial resources as the amounts payable under the leases would remain the same.

Officers were working with the auditors to complete the audit of the 2020/21 accounts. An update would be provided in the meeting. With CIPFA guidance on infrastructure accounting having been provided, the accounting policies had been amended to make reference. A review of the group accounting treatment of subsidiaries and joint ventures was being conducted. Once this review was complete, the 2020/21 accounts would be tabled at Committee for approval. The 2021/22 audit was due to commence later this year.

The 2020/21 and 2021/22 draft Statement of Accounts were now available on the Council website. Officers would be collating the 2022/23 Statement of Accounts in the coming weeks and planned to publish them by the Government deadline, currently 31st May 2023 (though there is a possibility the Government would extend this deadline).

The Committee **noted** the report.

109 **FUTURE AGENDA ITEMS**

Members were requested to email the Chair of the Committee on their preferences for future agenda items.

Chairman