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MINUTES OF A MEETING OF THE AUDIT COMMITTEE

Appointment Centre Rooms 7 & 8, Town Hall, Romford
30 January 2025 (7.00 - 8.18 pm)

Present:

COUNCILLORS:

Conservative Group Keith Prince and David Taylor

Residents' Group Julie Wilkes (Chair), Jacqueline Williams (Vice-Chair)
and John Crowder

Apologies were received for the absence of Councillors Philip Ruck.

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

11 **MINUTES OF THE MEETING**

The minutes of the previous meeting were agreed as a correct record and signed by the Chairman.

12 **STATEMENTS OF ACCOUNTS 2023/24 AND EXTERNAL AUDIT REPORTS TO THOSE CHARGED WITH GOVERNANCE**

The Committee received the Statement of Accounts and External Audit Report for 2023/24.

Members noted the draft accounts had been published by 31st May 2024 and the audits had followed with the Pensions Fund audit commencing in June 2025.

Members then received a presentation from Havering's external auditors, Ernst & Young (EY).

EY officers explained they were on track to sign an unqualified opinion. The materiality had been set to £9.7million with a minimum £500k limit set to report to the Committee. EY then explained the areas of risk which included fraud. Members questioned the audit and disclosure differences to which EY responded that collection fund was at £800k and not material and there had been changes in the cash flow settlement due to its nature but it was not significant.

The Committee:

1. **Considered** the following External Auditor's reports in relation to the financial year 2023/24:
 - Draft Council Audit Results Report (Appendix A)
 - Draft Pension Fund Audit Results Report 2023/24 (Appendix B)

2. **Approved** the Statement of Accounts for the financial year ended 31st March 2024 and to delegate authority to the Section 151 Officer and the Chair of the Audit Committee to sign the Accounts on behalf of the Council following any further audit adjustments that might be required before release of the audit opinion
3. **Approved** the draft Letters of Representations for Havering Council and Havering Pension Fund and delegate authority to the Section 151 Officer and Chair of the Audit Committee to update and sign on behalf of the Council once the audit opinions are provided (Appendix D and Appendix E).
4. **Approved** the 2023/24 Annual Governance Statement, signed by the Leader and the Chief Executive, confirming the governance arrangements that were in place during the year (Appendix F).

13 **HEAD OF ASSURANCE PROGRESS REPORT 2024/25**

The Committee received the Head of Assurance progress report for 2024/25.

Members noted that the items on the future reports list were not in any particular order and some should not have been shown as they had not been started. It was noted that complaints would be reported at a future meeting.

The Committee **noted** the report.

14 **RISK MANAGEMENT UPDATE**

The Committee received a risk management update.

Members noted the summary was reported twice a year. Members questioned how the likelihood matrix was scored to which officers explained a comprehensive risk strategy and toolkit sat behind the register which showed how the scoring is applied.

Members then discussed Risk 7 – Climate Change. Officers explained some risks have a subjective nature, of which this was one of them. The risk was set at medium to reach the 2040 ambition.

Members appreciated the report was clearer to read and follow.

The Committee **considered** the current level of risk to which the Council was exposed.

15 **ACCOUNTING POLICIES 2024/25**

The Committee received the Accounting Policies for 2024/25.

The Section 151 officer was responsible for setting the policies. The main change for 24/25 was with respect to leases as CIPFA had adopted the IFRS 16. Members noted the private sector had adopted the IFRS 16 in 2019 and the public sector were due to adopt it earlier but it was delayed due to the COVID-19 pandemic. This meant the new standard was for all leases will move onto the balance sheets. Members were assured there would be limited impact on the Council and it should not cause any additional pressure.

The Committee **noted** the Accounting Policies to be used in the preparation of the 2024/25 Financial Statements.

16 **TREASURY UPDATE - QUARTER 3 2024/25**

The Committee received the Quarter 3 2024/25 Treasury Update.

Members were given a brief overview up until the end of December 2024 given the financial position of the Council. There had been an additional £50million of borrowing as the liquidation buffer of £40million had been reached. Interest on investments was £3.1million and Year to Date was £1.8million above the budget. Members noted the debt was below the original estimate due to large amounts of internal borrowing.

The Committee:

1. **Noted** the treasury management activities to the end of December 2024 as detailed in the report.
2. **Noted** the treasury management performance to the end of December 2024
3. **Noted** the adherence to the prudential and treasury indicators

17 **TREASURY MANAGEMENT STRATEGY STATEMENT (TMSS) AND ANNUAL INVESTMENT STRATEGY 2025/26**

The Committee received the Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy for 2025/26.

Members noted this was presented to fulfil legal obligations. It had been presented to the Overview & Scrutiny Board on 29th January 2025 and was due to be presented to Cabinet in February and then to Full Council following that.

The 2027/28 capitalisation direction costs would be 12.7% of revenue. Members questioned the affordability of the costs to which officers explained that if the capitalisation direction surpassed the 16% it would be unreasonable and further action would need to be taken.

The Committee **reviewed** the TMSS for 2025/26.

Chairman

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