

Minutes



AUDIT COMMITTEE

29 September 2021

Meeting held at Committee Room 5 - Civic Centre, High Street, Uxbridge

	<p>Committee Members Present: John Chesshire (Chairman) Councillors Duncan Flynn, Richard Lewis and Tony Eginton (Opposition Lead)</p> <p>LBH Officers Present: Paul Whaymand, Corporate Director of Finance Lloyd White, Head of Democratic Services Sarah Hydrie, Head of Internal Audit & Risk Assurance James Lake, Head of Finance – Statutory Accounting & Pension Fund Muir Laurie, Deputy Director of Exchequer Services & Business Assurance Stephanie Rao, Internal Audit Manager Alex Brown, Head of Counter Fraud Anisha Teji, Democratic Services Officer</p>
138.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>Apologies for absence were received from Councillor Ray Graham and Councillor John Morgan, with Councillor Richard Lewis substituting.</p>
139.	<p>DECLARATIONS OF INTEREST (<i>Agenda Item 2</i>)</p> <p>Councillor Tony Eginton declared a non-pecuniary interest in respect of agenda item 6 arising from the fact that he was a retired member of the Local Government Pension Scheme. He remained for the discussion of all items.</p> <p>Councillor Richard Lewis declared a non-pecuniary interest in respect of agenda item 6 arising from the fact that he was a non – retired member of the Local Government Pension Scheme. He remained for the discussion of all items.</p>
140.	<p>TO CONFIRM THAT ALL ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THAT ANY ITEMS MARKED PART II WILL BE CONSIDERED IN PRIVATE (<i>Agenda Item 3</i>)</p> <p>It was confirmed that agenda items 1-9 were marked as Part I and would be considered in public.</p>
141.	<p>MINUTES OF THE MEETING HELD ON 29 JULY 2021 (<i>Agenda Item 4</i>)</p> <p>RESOLVED: That the minutes of the meeting held on 29 July 2021 be approved as a correct record, subject to the following amendments:</p>

Minute 134 to read 'loss prevention savings of £1.004m and immigration enforcement savings of £85k'. Minute 135 to read 'immigration enforcement savings of £20k'.

142. **REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE – MANAGEMENT UPDATE** (*Agenda Item 5*)

The Committee received a management update on the review of the effectiveness of the Audit Committee. The review had been awarded a reasonable assurance, with seven low risk recommendations for best practice and one notable practice observation identified.

A management action plan had been created to address the recommendations made in relation to the Committee's membership, Terms of Reference, the corporate risk register, attendance at meetings, training and pre-meetings.

Members welcomed the proposed actions and noted that the Committee membership would be considered post May 2022, although attendance at meetings was a matter for individual Members and any challenges for Member attendance had to be made by the office of the Chief Whips. A skills matrix had already been completed by Members, and training sessions took place prior to Audit Committee meetings. Although transparency concerns were noted, Members considered that pre-meetings with officers made Committee meetings more efficient and effective. The remuneration of the Chairman was also discussed and would be considered by Full Council alongside all other allowances at the appropriate time. With regard to any proposed changes to the Committee's terms of reference, it was noted that the Committee would need to make a recommendation for consideration by Council.

The Committee agreed to discuss the management action plan and advise Democratic Services of its progress.

RESOLVED: That the Committee noted the verbal update on the review of the effectiveness of the Audit Committee and any further proposed action would be notified to Democratic Services.

143. **APPROVAL OF THE 2020/21 STATEMENT OF ACCOUNTS AND DRAFT EXTERNAL AUDIT REPORT FOR THE YEAR ENDED 31 MARCH 2021** (*Agenda Item 6*)

The Committee was provided with a summary of the findings of Ernst & Young (EY), the External Auditor, on the external audit of the 2020/21 statement of accounts, including the pension fund accounts. The report detailed the Council's main financial statements and the pension fund accounts audit.

It was reported that the audit had not been completed by 29 September 2021, due to several pieces of outstanding work, one of which was a national issue relating to pension fund estimates. The Committee was informed that, based on the work undertaken to date, EY anticipated issuing an unqualified opinion on the Council's financial statements, subject to the completion of outstanding work.

The Committee was provided with details of key audit risks. It was noted that EY aim to complete the audit by the end of October 2021, however priority needed to be given to ensuring that the right opinion was provided. Following the conclusion of the audit, debrief sessions would take place with officers to discuss what had worked well and

any areas of learning. The Committee was keen to have EY attend in person for future meetings and it was noted that there were no regulatory or financial implications of late reporting of the audited accounts, however if not published, a notice of non-conclusion should be published by 30 September. It was confirmed the notice had been published.

Further information would be provided in relation to the fair value through profit and loss, Hillingdon First Ltd share capital and fair value assumption and the non-domestic appeal rates losses provisions to confirm the opening percentage.

RESOLVED: That the Committee:

- 1. Noted the progress of 2020/21 external annual audit.**
- 2. Subject to no material change in the attached draft accounts, delegated authority to the Corporate Director of Finance in conjunction with the Audit Committee Chairman to approve the audited 2020/21 Annual Statement of Accounts.**

144. **RISK MANAGEMENT ANNUAL REPORT 2020- 21** (*Agenda Item 7*)

The Committee considered the Risk Management Annual Report 2019/20 which provided an overview of the movement of individual corporate risks across the year, how they had been managed by the Council, and horizon scanning for the future.

It was reported that Business Assurance attended senior management team meetings to meet with individual officer leads to discuss the status of current risks and any new identified risks.

The Committee welcomed the focussed report and commented that it was good to see the risks by each directorate. Further information on membership of the corporate risk management group was requested in future reporting.

The organisational risk culture was described as progressive during the pandemic as there had been an increased awareness and adaptiveness by management to address risks. It was noted that climate change had been recorded as an emerging risk with discussion taking place on how targets and challenges were being met. The Committee discussed risk 5 and the ability to deliver a balanced budget in the medium term and noted that the nature of challenges had changed.

RESOLVED: That the Audit Committee reviewed the risk management annual report 2019/20 as part of its role to independently assure the Council's corporate risk management arrangements and made comments.

145. **2021/22 Q1 CORPORATE RISK REGISTER PART I** (*Agenda Item 8*)

The Corporate Risk Register for Quarter 1 (April to June 2021) report was presented to Members. The report provided evidence about how identified corporate risks had been managed and the actions which were being taken to mitigate those risks.

It was reported that there had been key movements in the Corporate Risk Register including changes to the following risks:

- Financial Resilience of Contracts;
- Asylum/Unaccompanied Minors/ Trafficked Children & Young People;
- High Speed 2 Rail Link;
- Cyber Security; and

- Brexit.

An update on the Hillingdon Outdoor Activity Centre was requested.

RESOLVED: That the Committee reviewed the Corporate Risk Register for Quarter 1 (1 April to 30 June 2021) as part of the Committee's role to independently assure the Council's corporate risk management arrangements.

146. **AUDIT COMMITTEE FORWARD PROGRAMME** (*Agenda Item 9*)

Consideration was given to the forward work programme for the Committee.

The following amendments were agreed:

- Internal Audit Strategy would be considered at the February 2022 meeting.
- The Counter Fraud Progress Reports would be presented by the Head of Counter Fraud.

RESOLVED: That the Audit Committee noted the Forward Work Programme for 2021/22 and amendments.

The meeting, which commenced at 5.10 pm, closed at 6.43 pm.

These are the minutes of the above meeting. For more information on any of the resolutions please contact Anisha Teji on 01895 277655 or email: ateji@hillington.gov.uk. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.