

## Decisions of the Audit Committee

16 July 2019

Members Present:-

Councillor Rohit Grover (Chairman)  
Councillor Peter Zinkin (Vice-Chairman)

Councillor Laithe Jajeh  
Councillor Kathy Levine  
Councillor Arjun Mitra

Councillor Alex Prager  
Councillor Alison Moore

Also in attendance

Geraldine Chadwick – Independent Member  
Richard Harbord – Independent Member

### 1. MINUTES OF LAST MEETING

**RESOLVED** that the minutes of the meeting held on 1 May 2019 were agreed as a correct record.

### 2. ABSENCE OF MEMBERS (IF ANY)

An apology for lateness was received from Richard Harbord, Independent Member.

### 3. DECLARATION OF MEMBERS' DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS (IF ANY)

Member	Item	Interest Declared
Councillor Alison Moore	Item 11 - Internal Audit Exception Recommendations Report and Q1 Progress Report 1st April to 30th June 2019 [Appendix 1]	She advised the Committee that she was a governor at the Squires Lane Learning Federation which covered Tudor School.

### 4. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

### 5. PUBLIC QUESTION AND COMMENTS (IF ANY)

Details of the questions asked and the published answers were provided with the agenda papers for the meeting. Verbal responses were given to supplementary questions at the meeting.

A public comment was made by Mr John Dix, on Item 9 – Annual Governance Statement and Code of Corporate Governance.

## 6. MEMBERS' ITEMS (IF ANY)

None.

## 7. REPORT OF THE CHIEF EXECUTIVE

The Chief Executive presented the report which provided the Committee with a detailed update on the progress made against the key governance and organisational challenges first reported to the Audit Committee in July 2018. The concerned the following areas:

- Children's improvement
- Improvement to Financial Controls
- Review of CSG and RE contracts
- Budgetary control and financial planning
- Council management structure; and
- Review of Governance

He further provided a summary on the plans put in place to address each of these areas.

**RESOLVED – That the Committee noted and commented on the report.**

## 8. ANNUAL INTERNAL AUDIT OPINION 2018-19

The Head of Internal Audit presented the Opinion which covered the internal audit work completed during the year up 31 March, including the increased focus on follow-ups from previous audit recommendations. The Opinion was also informed, where appropriate, by other third-party assurances, for example Ofsted and the Pensions Regulator.

With regards to the Limited Assurance Opinion for 2018/19 she explained this was consistent with previous year's Opinion. In 2018/19, 25% of audits received either No Assurance or Limited Assurance rating – these were:

- Temporary and Interim Work Force
- Schools Payroll
- Non-Schools Pay
- Facilities Management
- Equalities Data – Quality and Analysis
- Onboarding

She further explained that during this period due to agreed audit actions not being implemented within the agreed the time scales, performance against the 90% target was not met in any of the quarters during 2018/19. But she confirmed that in Q4 82% were implemented due to additional support and escalation by the Chief Executive.

With regards to the Grant Thornton review of the Compulsory Purchase Order (CPO) fraud 4 of the 32 actions remained partly implemented as at 31 March 2019

In conclusion, the key themes that led to the Limited Assurance Opinion were

- Financial control and fraud risk
- CSG Assurance Framework and Service Delivery
- Data quality and integrity
- Compliance/Policies and Procedures.

**RESOLVED - That the Committee note the contents of the Annual Internal Audit Opinion 2018-19.**

**9. ANNUAL GOVERNANCE STATEMENT AND CODE OF CORPORATE GOVERNANCE**

The Director of Assurance presented the Annual Governance Statement (AGS) and Code of Corporate Governance. The Annual Governance Statement outlined the governance framework, any significant governance issues that had been identified and what steps were being taken to mitigate those issues.

Reported alongside the AGS is the Code of Corporate Governance which is prepared in accordance with the CIPFA Delivering Good Governance in Local Government Framework 2016. Included in the code, the principle and sub-principles of good governance and how the council complies with them.

**RESOLVED -**

- 1. That the Committee comment on and approve the Annual Governance Statement for inclusion within the Statement of Accounts for 2018/19 as set out in Appendix A**
- 2. That the Committee comment on and note the Code of Corporate Governance 2019/20 as set out in Appendix B**

**10. ANNUAL REPORT OF THE AUDIT COMMITTEE 2017-18**

The Chairman introduced the report which set how the Audit Committee had met its objectives. It further detailed the work undertaken by the Committee to date and the outcomes achieved in 2018-19.

**RESOLVED – That the Committee recommend Full Council note and approve the Annual Report of the Audit Committee for 2018-19 as an accurate record of the outcomes and work programme for the year.**

**11. INTERNAL AUDIT EXCEPTION RECOMMENDATIONS REPORT AND Q1 PROGRESS REPORT 1ST APRIL TO 30TH JUNE 2019**

The Head of Internal Audit presented the reported which detailed the progress made against internal audit recommendation and work completed to date on the Internal Audit and Corporate Anti-Fraud (CAFT) plan 2018-19 and high priority internal audit recommendations. During this quarter (Q1) 15 reviews were completed, exceeding the target for the quarter.

Pension Fund Finance and Investment

It was noted that although the fund had a well-defined process for reviewing investment performance and recording transactions, there were weaknesses in monitoring the contributions due to the scheme.

It was further noted that there were a number of outstanding agreements with admitted bodies, including 13 admission agreements, 5 cessation agreements and the renewal of 10 admission bonds.

She confirmed that actions had been agreed with the Pensions and Treasury team to be implemented by 30th September and reported to the October meeting of the Audit Committee.

Hasmoneon Primary School and Menorah Foundation School

She confirmed that actions had been agreed with each school and with implementation by the end of the summer term. Progress on this would be reported back to the October meeting of the Audit Committee.

**RESOLVED - That the Committee note the work completed to date on Internal Audit Q1 progress report - 1<sup>st</sup> April to 30th June 2019**

**12. EXTERNAL AUDITOR'S AUDIT COMPLETION REPORT FOR THE YEAR 2018/19**

Leigh Lloyd Thomas from BDO, the Council's External Auditor, presented the Statement of Accounts and External Auditor's Audit Completion Report. The report summarised the results of the completing the planned audit approach for the year end 31 March 2019.

He explained that it was anticipated they would be issuing an unmodified opinion for the Council and consolidated Group financial statements

The audit identified some minor amendments to the Core Statements and Disclosure Notes. These amendments were set out Appendix B and would be reflected in the final published accounts.

Councillor Zinkin, duly seconded proposed the following amendments to the recommendations:

1. Recommendation 1 **(amended to read as follow)**: The committee approves, **subject to their being no material amendments**, the Statement of Accounts for 2018/19 and recommend that they be signed by the Chairman and the Director of Finance (S151 Officer) on behalf of the council.
2. **(add new recommendation 2)** Recommendation 2: The committee delegates to the Director of Finance (S151 officer) the ability to make necessary amendments to the Statement of accounts, in so far as there is no impact on the General Fund, based on any subsequent material findings of the External Auditor.
3. Recommendation 3 **(previously recommendation 2 remains the same)**: That the matters raised by the external auditor relating to detailed aspects of the 2018/19 accounts audit be noted.

The amendments were unanimously agreed.

**RESOLVED -**

1. The committee approves, subject to their being no material amendments, the Statement of Accounts for 2018/19 and recommend that they be signed by the Chairman and the Director of Finance (S151 Officer) on behalf of the council.
2. The committee delegates to the Director of Finance (S151 officer) the ability to make necessary amendments to the Statement of accounts, in so far as there is no impact on the General Fund, based on any subsequent material findings of the External Auditor.
3. That the matters raised by the external auditor relating to detailed aspects of the 2018/19 accounts audit be noted.

**13. CORPORATE ANTI-FRAUD TEAM (CAFT) Q1 PROGRESS REPORT 2019-20**

**RESOLVED – That the Committee note the CAFT Progress Report covering the period 1st April – 30th June 2019**

**14. COMMITTEE WORK PROGRAMME**

**RESOLVED – That the Committee noted the work programme.**

**15. ANY ITEM(S) THE CHAIRMAN DECIDES ARE URGENT**

None.

The meeting finished at 9.56 pm