

# Governance, Audit, Risk Management and Standards Committee

## Minutes

### 23 May 2023

**Present:**

**Chair:** Councillor Kanti Rabadia

**Councillors:** Ghazanfar Ali  
Govind Bharadia  
Dean Gilligan  
Kuha Kumaran  
Yogesh Teli  
Antonio Weiss

**57. Attendance by Reserve Members**

**RESOLVED:** To note the attendance at this meeting of the following duly appointed Reserve Members:-

Ordinary Member

Councillor Philip Benjamin  
Councillor Rashmi Kalu

Reserve Member

Councillor Govind Bharadia  
Councillor Dean Gilligan

**58. Declarations of Interest**

**RESOLVED:** To note that no declarations of interest were declared by Members.

**59. Minutes**

**RESOLVED:** That the minutes of the meeting held on 24 January 2023, be taken as read and signed as a correct record.

**60. Appointment of Vice-Chair**

**RESOLVED:** To appoint Councillor Antonio Weiss as Vice-Chair of the Governance, Audit, Risk Management and Standards Committee for the 2023/2024 Municipal Year.

**61. Public Questions**

**RESOLVED:** To note that no public questions were received.

**62. Petitions**

**RESOLVED:** To note that no petitions had been received.

**63. Deputations**

**RESOLVED:** To note that no deputations had been received.

**64. Establishment of the Standards Working Group**

**RESOLVED:** That a Standards Working Group be established to meet as required and comprise Councillors Yogesh Teli and Antonio Weiss and an Independent Person who would chair the meeting.

**65. References from Council and other Committees/Panels**

**RESOLVED:** It was noted that none were received.

**66. Annual Treasury Management Strategy Statement including Prudential Indicators, Minimum Revenue Provision Policy Statement, Annual Investment Strategy and Annual Capital Strategy for 2023/24**

The Committee received the Council's Annual Treasury Management Strategy Statement including Prudential Indicators, Minimum Revenue Provision Policy Statement the Annual Investment Strategy, and the Annual Capital Strategy for 2023/24.

This strategy was approved by Cabinet and Council in February 2023.

An Officer introduced the report and drew particular attention to page 17 of the report which set out the Council's borrowing requirements for 2022/2023. The Officer stated that although borrowing was going up, this would be funded through internal borrowing. One of the reasons why the Council's borrowing has gone up was due to the rise in interest rates. The Officer then provided a summary of the report and invited questions and comments from Members.

Members were then given the opportunity to ask questions and these were responded to accordingly by officers.

Action points:

1. The internal borrowing reconciliation was awaited from officers after the meeting as it did not tie up with the figures provided in the training.

2. The committee requested further training in MRP as a separate meeting

**RESOLVED:** That the report be noted.

## **67. Corporate Anti-Fraud Annual Plan 2023-24**

The Committee received a report which set out the 2023/24 Corporate Anti – Fraud Plan.

An Officer introduced the report and stated that the plan is a risk-based plan. The Officer explained that the risks are looked at and then risked in terms of likelihood and potential impact. The Officer stated that the plan is delivered by an in-house team of 5 Officers and highlighted the fact that all Officers were accredited counter – fraud trained.

The Officer highlighted the importance of allocating resources to those areas with the highest risk of fraud.

In response to comments and questions from Members it was clarified that:

- The Council's mandatory E-learning fraud training had a 90% completion rate. The Officer highlighted this figure was significant given it had only been rolled out for 6 months.
- The Officer confirmed that they were confident that the targets set out on page 84 of the report in relation to the CAFT key performance indicators 2023/2024 would be met.
- Internal Fraud referrals tend to be given an element of priority.
- Harrow regularly meet with Colleagues across London to identify the key risks and take any action as required
- The plan is flexible and if a risk were to be identified mid-year, the plan could be amended, and resources could be allocated accordingly.

**RESOLVED:** That

- (1) the Corporate Anti – Fraud plan 2023/24 be approved
- (2) the annual plan process, the plan develop process, and the resources available to complete the plan be noted.

## **68. 2021-22 Audit Completion Report**

An Officer introduced the report and requested that Members note the Audit Completion Report 2021/22. The purpose of the report was to Communicate to Members the completion of the audit of the Council's statement of accounts for the year ending 31 March 2022, highlighting remaining outstanding areas as set out in Section 02 (Status of the audit) of the report.

The Officer stated that the draft accounts were published before 31 July 2022, however the deadline for the audit accounts, 30 November 2022, was not

met. This was not met as the auditors experienced delays in finalising the audit work on the valuation of property, plant and equipment and investment property and there was a national issue in relation to accounting for infrastructure assets which impacted every local authority with material infrastructure balances.

Further work was needed on the subsequent - Actuarial report due to the Audit not having completed on time.

The Officer explained that that the Audit was paused in November 2022, however work commenced again in March 2023 and significant progress was made since then.

The Officer then set out to Members the outstanding areas of the audit:

- Audit opinion: Subject to resolution of the matters outlined in the report, the auditors anticipate issuing an unqualified opinion, without modification, on the financial statements.
- Value for Money (VFM): The auditors have yet to complete their work on VFM and are currently discussing some risks of significant weaknesses in arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources.
- Whole of Government Accounts (WGA): The auditors have not yet to receive from the National Audit Office their list of sampled components for WGA. They are unable to discharge our full responsibilities until such instructions have been received.
- Wider powers: The 2014 Act requires auditors to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Authority and to consider any objection made to the accounts. Whilst there had been some correspondence, there have been no objections made for 2021/22.

The Officer stated that the significant findings of the audit were set out in section 4 of the report.

The Officer explained that a new national issue has arisen in relation to the Council's reporting of its assets and liabilities associated to its membership of the Harrow Pension Fund and highlighted that this will impact upon the timing of the completion of the audit.

The Officer then went onto explain the risks highlighted by the External auditors in the report and updated Members on the Council's response to these risks.

Members were then given the opportunity to ask questions and were informed that:

- Harrow was not the only Local Authority experiencing a delay in the completion of the 2021/2022 external audit, and this was an issue faced by many other Council's as a result of the national issues explained in the report.

- The Council did not have to pay any penalty charge as a result of the delay.

The external auditors from Mazars were invited to present Appendix 1 audit completion report. The lead partner from Mazars clarified that the majority of the 2021/ 2022 audits across the UK had not yet been completed. The external auditor explained that one of the key risks identified was surrounding the valuation of the property, plant and equipment. It was confirmed that this has been an increasing area of scrutiny for all external auditors.

Members of the Committee were then given the opportunity to ask questions of the external auditors and were informed that:

- The lead audit partner from Mazars stated that he hoped that the 2021/2022 audit would be completed before 31 July. This was however dependent on the Mazars findings based on the recent guidance issued by CIPFA and The National Audit Office which was received after the report was published.
- It was confirmed that the work on the property, plant and equipment was now at a more progressed stage than in comparison to the previous GARMS meeting.
- The external auditors confirmed that each year they are required to look at different areas of the audit and introduce an element of randomness as required to do so by the auditing standards.
- It was confirmed that an updated version of the 2021/2022 audit completion report would come to the next GARMS meeting in July.

In light of questions asked and the information seen in the reports, the external auditors have been requested to review their management letter points in the below 4 areas: Valuation of Property, Plant and Equipment (PPE) and Investment Property (IP), Valuation of intangible assets, Valuation of Inventory and Net defined benefit liability valuation.

The Committee requested that the Audit be as near as possible to completion by the 5 July 2023 GARMS Meeting. The Committee also requested a follow up timetable and planning for the audit for 2022/2023.

The committee noted that the External Auditors should plan ahead and notify what it expects from the Council in terms of IFRS 16 Accounting and reporting requirements before its adoption in 2025, which will include restating comparatives, so that there is not a similar bottle neck to completing the 2021/2022 Audit.

**RESOLVED:** That the 2021/2022 audit completion report be noted.

(Signed) Councillor Kanti Rabadia  
Chair