

Governance, Audit, Risk Management and Standards Committee

Minutes

2 August 2022

Present:

Chair: Councillor Kanti Rabadia

Councillors: Ghazanfar Ali
Philip Benjamin
Kuha Kumaran
Varsha Parmar
Yogesh Teli
Antonio Weiss

**Apologies
received:** Dr J Kirkland

1. Appointment of Vice-Chair

RESOLVED: To appoint Councillor Antonio Weiss as Vice-Chair of the Committee for the 2022/2023 Municipal Year.

2. Attendance by Reserve Members

RESOLVED: To note that there were no Reserve Members in attendance.

3. Declarations of Interest

RESOLVED: To note that no interests were declared.

4. Minutes

RESOLVED: That the minutes of the meeting held on 25 January 2022, be taken as read and signed as a correct record.

5. Public Questions

RESOLVED: To note that no public questions were received.

6. Petitions

RESOLVED: To note that no petitions had been received.

7. Deputations

RESOLVED: To note that no deputations had been made.

8. References from Council and other Committees/Panels

9. Reference from Cabinet (18 July 2022) for Treasury Management Annual Outturn be reviewed

The Committee received a reference from Cabinet on 18 July 2022 on the Treasury Management Annual Report and Outturn 2021/22.

RESOLVED: That the report be noted.

Resolved Items

10. GARMS Committee Terms of Reference (Information Report)

The Committee received a report which set out the GARMS Committee Terms of Reference. The Head of Internal Audit and Corporate Anti-fraud introduced the report stating that its purpose was to bring the terms of reference to the attention of the new members of the Committee and to act as a reminder to those who had previously served on the Committee. It was noted that the terms of reference had last been reviewed in 2018.

RESOLVED: That the GARMS Committee terms of reference be noted.

11. Corporate Annual Health and Safety Year-End Report

RESOLVED: That consideration of the report be deferred to the next meeting.

12. Treasury Management Annual Report and Outturn 2021/2022

RESOLVED: That consideration of the report be deferred to the next meeting.

13. Internal Audit & Corporate Anti-Fraud Plans 2022-2023

RESOLVED: That consideration of the report be deferred to the next meeting.

14. External Audit Plans 2021-2022 (Information Report)

The Committee received a report from the Council's External Auditors on the External Audit Plans 2021/22. It was agreed that the report, on a supplementary agenda, be considered on the grounds of urgency as the Plans had not been available when the main agenda was published.

It was noted that it was the fourth year of a five year contract. The intention was for sign off of the Statement of Accounts by the Chair and Chief Executive subsequent to submission of the final report to the Committee in November.

The External Auditors went through the report in detail. Particular mention was made of the Civic Centre accounting treatment which was now with the Mazars Technical audit team. The fees for audit and other services for 2021/22 were indicative due to additional non-PSAA work and would be reported to a future meeting of the Committee.

In response to questions by Members, it was noted that the threshold of £10.5m for materiality was in accordance with the benchmark. A materiality level of approximately 3% of gross revenue expenditure was fairly standard for Local Authorities. Areas below that threshold would not be reported to GARMS unless it was material for reasons other than value. In relation to risks regarding pension and property, the Auditors would review the work of the Council's valuers and would use their own valuers to check any variances.

The Committee asked a number of questions with regard to the migration from SAP to D365. Members were informed that the external auditors were working with the finance department as to the level of archiving and level of migration. The Auditor's IT team would also work with the Council's IT section regarding the move to Sharepoint by the time SAP was decommissioned at the end of August. A minimum of six years plus the current financial year of data must be held to meet HMRC requirements. The Head of Strategic and Technical Finance confirmed that historical data would be archived and reviewed in due course.

With regard to the Pension Fund a Member asked whether experts reviewed the valuation of investments. It was noted that the standard tool was for the Auditors to use internal experts. The reports from fund managers were based on judgement and Mazars' experts reviewed a selection with the expectation that they be similar.

RESOLVED: That the External Audit Plans (Audit Strategy Memoranda) for the Council and the Pension Fund be noted.

15. Draft AGS 2021/22 (Information Report)

The Committee received a report which set out the annual governance process and the Draft Annual Governance Statement 2021/22 for information. The Head of Internal Audit and Corporate Anti-fraud introduced the report with particular mention that the draft statement reflected the annual review of governance so far and the process for the review was outlined in the report.

In response to a question from a Member regarding a potential issue in relation to the Council's commitment to acting in the public interest, the Head of Internal Audit and Corporate Anti-fraud confirmed that this would be covered by the annual review of governance and that any significant weaknesses identified would be included in the final Annual Governance Statement.

RESOLVED: That the report be noted.

16. Draft Statement of Accounts 2021-2022

The Committee received and considered the draft Statement of Accounts 2021-22. Members were introduced to the newly appointed Chief Accountant who presented a summary of the report.

Members asked a number of questions which were responded to (SOA disclosure note reference in brackets):

- Assets were focussed in Harrow with the exception of six commercial properties outside the borough (5.11).
- Termination benefits were reflected in the accounts for the department where the officer worked (5.32).
- The Director of Finance outlined the current borrowing structure including capital financing (5.9).
- An operating surplus was generated in year (4.1).
- Intangible assets included software costs (5.14).
- The write offs of uncollectable amounts within the Collection Fund takes place only in accordance with financial regulations. Write off procedures were being reviewed in liaison with the auditors to see if as astringent as possible (7.1).
- The Chief Accountant undertook to circulate information as to whether the cash flow figures had resulted from construction of property, plant and equipment (5.26). The External Auditor informed the Committee that any technical disclosures in the cash flows would be identified.
- Further information on the investment liabilities regarding derivative contracts would be provided to the Pension Fund Committee.

The Chair stated that a cross reference to the remeasurement of net defined benefit liability would be useful to identify what is attributed to as the difference warranted further investigation and to be included in the final version.

The Committee was invited to submit any further questions to the Chief Accountant in order that a summary of the responses be included in the final report.

RESOLVED: That the report be noted.

17. Exclusion of the Press and Public

RESOLVED: That in accordance with Part I of Schedule 12A to the Local Government Act 1972, the press and public be excluded from the meeting for the following item(s) for the reasons set out below:

<u>Item</u>	<u>Title</u>	<u>Reason</u>
17	Information Report – Q1 Corporate Risk Register 2022/23	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

18. Information Report - Quarter 1 Corporate Risk Register 2022/23

The Committee received a confidential report of the Director of Finance and Assurance, which set out the Council's Corporate Risk Register 2022/23 for Quarter 1 of the financial year to assist the Committee in monitoring progress on risk management in accordance with its terms of reference.

The Head of Internal Audit and Corporate Anti-fraud introduced the report and responded to questions from Members. The Committee requested that Quarter 2 be submitted to the next meeting if possible.

Members discussed the report at length, and it was

RESOLVED: That the report be noted.

19. Any Other Urgent Business - Establishment of the Standards Working Group

Consideration of this item was deferred to the next meeting.

(Note: The meeting, having commenced at 6.30 pm, closed at 8.42 pm).

(Signed) Councillor Kanti Rabadia
Chair