

# **Governance, Audit, Risk Management and Standards Committee**

## **Minutes**

### **21 September 2022**

**Present:**

**Chair:** Councillor Kanti Rabadia

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

**1. Attendance by Reserve Members**

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

**2. Declarations of Interest**

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

**3. Minutes**

**RESOLVED:** That the minutes of the meeting held on 2 August 2022, be taken as read and signed as a correct record.

**4. Public Questions, Petitions and Deputations**

**RESOLVED:** To note that no public questions were put or petitions or deputations received at this meeting.

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

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

## Resolved Items

### 6. Establishment of the Standards Working Group

The Committee was asked to agree the establishment of the Standards Working Group to meet as required and comprise one Member from each political group on the Council and an Independent Person who would chair the meeting.

**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.

### 7. Corporate Annual Health and Safety Year End Report

The Committee received a report which summarised the Council's health and safety performance for the year 1 April 2021 to 31 March 2022. The report provided an update of activities and provided information on outcome measures including Covid-19 response, training, audits and accidents. It also included the Health and Safety Strategy, Corporate Health and Safety Performance Plan and Policy, and information about Occupational Health.

The Acting Director of Human Resources and Organisational Development informed the Committee that the officers previously due to present the deferred report had left the Council's employ. The new Head of Corporate Health, Safety and Wellbeing had been recently appointed.

The Head of Corporate Health, Safety and Wellbeing presented the report and responded to questions from Members.

In response to questions from the Chair and Councillors Benjamin, Ali and Parmar, the Committee was informed that:

- there was engagement between Occupational Health and Health and Safety on any aspect that affected life/work balance;
- the remit of the report was Local Authority corporate responsibility. With the exception of Council owned property, liability for fire risks relating to buildings and flats rested with the owner of the site;
- it was not uncommon for asbestos surveys to result in capsulation or removal of asbestos. Such work was undertaken by a third party with oversight by an asbestos professional;
- all staff had access to the SHEAssure safety management system at the appropriate level.

The officer undertook to circulate the following information:

- an explanation of the impact of Covid on the 53% increase in accidents and incidents;

- the percentage of staff who had undertaken the training outlined in the report;
- how the provision of training in Harrow compared to that provided by other Councils;
- the number of schools in which asbestos had been found as a result of a survey.

**RESOLVED:** That the Accidents and Incidents report, the Health and Safety Strategy and Corporate Health and Safety Plan, the approved Corporate Health and Safety Policy, and the information on Occupational Health be noted.

## 8. The Treasury Management Annual Report and Outturn

At the request of Cabinet, the Committee reviewed the Council's Annual Treasury Management position for 2021/22. It was noted that the Council had complied with all elements of the Treasury Management Strategy Statement as the treasury management function.

The Head of Strategic and Technical Finance introduced the report and drew particular attention to the fact that the Council had maintained an internal borrowing strategy for a number of years, forgoing lost investment income on investments to use its cash balances to temporarily fund capital expenditure and avoid external borrowing costs. It was noted that the internal (or under) borrowing as at 31 March 2022 was £150m.

In response to questions, the Committee was informed that:

- the increase in investments from £82.4m to £98m reflected receipt of grants for capital schemes which remained in the Council's bank account until spent;
- borrowing included a range of term of fixed rates as detailed in tables 7 and 8 of the report. The potential increase in investment income would be known in the next month or so;
- the Council did not have the power to borrow above the Authorised Limit set in accordance with section 3 of the Local Government Act 2003;
- repayment of borrowing depended on availability of cash. The next bulk of repayment would be due in 2062 but smaller amounts would be paid from time to time. The council managed its cash reserves effectively to avoid taking more debt. An example of this is that capital receipts would be used to cover the costs of housing regeneration schemes that had recently been completed so that the Council does not incur more debt.

At the request of the Chair, the officer agreed to share the formula for the operation boundary and CFR

**RESOLVED:** That the Treasury Management outturn position for 2021/22 be noted.

## **9. Internal Audit & Corporate Anti-Fraud Plans**

The Committee received a report which set out the 2022/23 Internal Audit & Corporate Anti-Fraud Plans and the Internal Audit Charter. The Head of Internal Audit & Corporate Anti-Fraud introduced the report and drew particular attention to the need to carry forward much of the plan due to the substantial amount of work undertaken in relation to the significant governance gap detailed in the draft Annual Governance Statement. This and the local elections had also resulted in a delay in consultation with the Committee so a small amount of time had been included to enable a review to be undertaken on an area identified by the Committee.

A Member referred to the need for changes to the internal audit working practices as a result of the Covid-19 pandemic. The Committee was informed that some of the changes made during Covid were very successful would continue, for example, engagement with auditees over Teams. There had been an emphasis on electronic working papers and further streamlining was planned. It was planned to visit schools more in 2022/23.

In response to questions, it was noted that:

- work on the plan was undertaken taking into account the Corporate risk register and a new fraud risk had been added. Work on fraud risk was also being undertaken with each directorate including new fraud risks on directorate risk registers;
- it was to be expected that the majority of review areas on the Internal Audit Plan would have a high risk assessment due to the nature of the work. The Internal Audit Team was small so had to focus on high risk reviews.
- the number of vacant posts within the Team during 2021/22 had been a factor in the requirement to carry reviews forward to the following year;
- the Annual Governance Statement would be ready for final accounts. The report on the system review of Highways would be submitted to the next Committee meeting along with a follow up review for assurance on improvements made.

**RESOLVED:** That

- (1) the Internal Audit & Corporate Anti-Fraud Plans 2022/23 and the Internal Audit Charter 2022/23 be approved;
- (2) the annual plan process, Internal Audit Strategy and other sources of assurance set out in the report be noted.

## 10. Information Report - External Audit Progress Report 2021/22

The Committee agreed to consider the item as a matter of urgency in order to receive the most up to date information on the progress of the external audit. The External Auditor informed the Committee that following receipt of the draft financial statements, the initial audit review identified two significant changes within the balance sheet when compared to 2020/21. These were new material values for inventory and intangible assets.

Members were informed that the external auditors would look at the two changes in more detail. As the new material value in respect of inventory represented the implementation of new accounting treatment, consultation with the Mazars technical team would need to take place before it was progressed. In response to a question, the Committee was informed that the key was the useful life judgement which could change.

It was further reported that the material value in respect of the implementation of the new D365 accounting software and associated systems would be reviewed in detail because of the risk of misstatement or error. The audit was on track for submission to the next meeting of the Committee. In response to a question, it was noted that the software had been re-classified from assets under construction and consequently had its own line in the balance sheet.

The Committee noted that it had not been possible to conclude on the Council's Value for Money arrangements until the completion of the investigation on the governance gap.

**RESOLVED:** That the Audit Progress Report 2021/22 for the Council and the Pension Fund be noted.

## 11. Exclusion of the Press 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>
14.	Information Report - Quarter 2 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)).

## 12. Information Report - Quarter 2 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 2 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. It was noted that the position would be monitored in Quarter 3 as the Council's objectives and corporate themes were developed.

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

(Note: The meeting, having commenced at 6.00 pm, closed at 8.27 pm).

(Signed) Councillor Kanti Rabadia  
Chair