



Governance, Audit, Risk Management and Standards Committee

Minutes

5 July 2023

Present:

Chair: Councillor Kanti Rabadia

Councillors: Ghazanfar Ali Kuha Kumaran
Philip Benjamin Yogesh Teli

Apologies received: Councillor Rashmi Kalu Councillor Dr Antonio Weiss

69. Attendance by Reserve Members

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

70. Declarations of Interest

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

71. Minutes

The Chair of the Committee proposed some additional comments to the minutes of the meeting held on 23 May 2023. These additional comments were left on the desks for Members and the changes were highlighted in red.

RESOLVED: That the minutes of the meeting held on 23 May 2023 including the additional comments from the Chair, be taken as read and signed as a correct record.

72. Public Questions

RESOLVED: To note that no public questions were received

73. Petitions

RESOLVED: To note that no petitions had been received.

74. Deputations

RESOLVED: To note that no deputation had been received.

75. References from Council and other Committees/Panels

RESOLVED: To note that no references were received.

76. Treasury Management Annual Outturn Report 2022/23

The Committee received a report which set out the Treasury Management Outturn position for 2022/23.

An Officer introduced the report, stating that the Council held outstanding investment of £79.4 million at the end of the reporting financial year. The Officer explained that the actual borrowing CFR went down slightly by £8.4 million from the closing balance of £588.1 million to £579.7 million. The Officer highlighted the fact that the original borrowing CFR forecast for 2022/2023 was £655.2 million and the Council are not near that amount at all due to capital expenditure slippage. The Officer then went on to inform Members that the actual debt at the end of the current financial year stood at £432.2 million. From this amount, it was confirmed that the loans borrowing was £417,231 million and other liabilities such as PFI was roughly £15 million.

The Officer drew particular attention to the fact that during 2022/2023 the Council did not raise any new borrowing and only internal borrowing was used. The total amount that the Council paid in loans that have matured during the year was £5 million. The Officer explained that for this financial reporting year, all treasury management activities were carried out in accordance with the approved limits and the prudential indicator which was set out in the Council's treasury management strategy statement that was approved by full Council in February 2022.

The Officer then invited Members to ask questions and it was clarified that:

- When the treasury management strategy statement was put together back in February 2022, the interest rates forecast was not expecting things to be the way they are in the current environment.
- A Member sought clarification as to the reason why in the housing revenue account, capital receipts and capital grants had a substantial drop in figures as compared to the previous financial year. The Officer

confirmed that in the HRA it is normal to find that things fluctuate year to year. It was confirmed that Officers would circulate to Members the specific reasons for the variance in the HRA account.

- The Chair of the Committee requested that Officers provided clarification after the meeting regarding what has triggered the £3.2 million increase in capital receipts in the General Fund.
- The Council has an amount of cash in the bank which was made up of reserves, grants and cash in the bank (such as Council Tax money that comes in). The Officer confirmed that the Council has a trigger point of £30 million where the cash balance in the bank will not be held less than this amount. When the Council wishes to spend on the Capital Programme, rather than borrowing the money the Council would look to use any excess in the cash balance above the trigger point and this was referred to as internal borrowing.
- The Officer confirmed that Harrow was an under-borrowed Council.
- When the Council put money into the Capital Programme, the absolute limit in terms of what could be borrowed is all linked to what is both sensible and affordable for the Council to pay back. The Officer stated that the Council has an approximate £5 million surplus in the Capital Financing budget. This meant that if borrowing was required, there would be the revenue budget to fund this.
- The Chair of the Committee sought clarification regarding the Capital Financing cost in particular the budget for each category and the actual spends in each category as of March 2023. It was confirmed that the budget figures and actual capital finance costs would be provided to Members as a follow up.
- The Council keeps a high amount of money in its current account, meaning instant access can be given if urgently required for an investment.

RESOLVED: That

- (1) the Committee notes the Treasury Management outturn position for 2022/23;
- (2) the Committee refers the Treasury Management Annual Outturn Report 2022/23 to Cabinet for noting.

77. INFORMATION REPORT - Audit Update 2021/22

The Committee received a report which provided an update on the completion of the audit of the Council's statement of accounts for the year ending 31 March 2022.

An Officer introduced the report and provided Members with an update on the latest position of the two aspects of the Council's accounts where the audit was incomplete:

- 1) Valuation of property, plant, and equipment – At the last GARMS meeting on the 23 May, it was reported that the external auditors had identified several issues with the Council's valuation of its property, plant and equipment. Part of the work in this area had been completed and some material adjustments to the accounts were identified.

The Officer explained that there was currently some remaining work to complete where the auditors are waiting for the Council to provide some further information, confirm subsequent amendments, select additional samples for testing and then complete that testing.

- 2) Pensions valuation – At the last GARMS meeting, the external auditors reported that there was a national issue relating to the Council's pension assets and liabilities as at 31 March 2022.

The Officer stated that it had now been agreed that the auditors would carry out a programme of work on the pension fund membership data in early July. The Officer confirmed that this work remained as planned and the auditors expect completion by the end of the July.

The Officer then explained that as a result of the 2 outstanding items, the audit remains substantially complete, and work was expected to conclude in late July.

The Officer provided an update regarding the status of the 2022/2023 audit, stating that the draft accounts should be published by the end of August and would be presented to the Committee at its September meeting. The Officer explained that this was dependent on the 2021/2022 accounts being concluded by the end of July.

It was clarified that the statutory deadline for the 2022/2023 draft accounts was the 31 May 2023; as this was not met the Officer explained that the Council had published a notice of this delay on the website as required by the law.

Members were then given the opportunity to ask questions of the Officers and the external auditor from Mazars and it was clarified that:

- The external auditor confirmed that the intention was still that by the end of July the auditors would be in a position where they are satisfied to close the accounts.
- The external auditor stated that the intention was to publish the draft accounts for the 2022/2023 audit and that he believed this was still on track.
- A Member sought clarification regarding the date at which properties were valued and it was confirmed that the effective date for this was 31 March 2022.
- The Chair of the Committee stated that he hoped the 2021/2022 audit would be signed off within the next 2 or 3 weeks. The external auditor confirmed that this was the commitment to have the audit signed off by the end of July assuming the requested samples were received.

- It was confirmed that once the work has been completed and finalised, the audit could be published, and the publication of the Year ended 31 March 2023 accounts did not have to wait till the end of August.

RESOLVED: That the Committee notes the following Audit Update 2021/22 for the Council.

78. 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:

Agenda Item No	Title	Reason
12	Information Report – Q4 Corporate Risk Register 2022/23	Information relating to the financial or business affairs of any particular person (including the authority holding that information).

79. INFORMATION REPORT – Q4 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 4 of the financial year to assist the Committee in monitoring progress in risk management in accordance with its terms of reference.

The chair of the Committee wished to welcome the new Interim Head of Internal Audit and Corporate Anti – Fraud to the Council and the Committee. The Officer introduced the report drawing particular attention to the most significant risks faced by the Council as well as explaining the new risks identified and informing Members of the risks that were closed this quarter.

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

RESOLVED: That the Q4 Corporate Risk Register 2022/23 be noted.

(Note: The meeting, having commenced at 6.30 pm, closed at 7.34 pm).

(Signed) Councillor Kanti Rabadia
Chair