



LONDON BOROUGH OF
HARROW

Governance Audit, Risk Management & Standards Committee

2022/23

Annual Report

Chair's Foreword

I am pleased to present the to Full Council the Governance, Audit, Risk Management and Standards Committee Annual Report for 2022/23.

This is an annual report of the Committee presented to the full Council and as such a detailed explanation of the role of the Committee has been omitted but can be found in the Committee's Terms of Reference. The report shows that the GARMS Committee has undertaken its role effectively during 2022/23; covering a wide range of topics and ensuring that appropriate governance and control arrangements are in place to protect the interests of the Council. The Committee considered and reviewed a number of policy areas throughout the past year and this can be seen within the summary of the programme of works below.

The Committee has ensured that best practice has been followed throughout our workings and where issues need to be raised, they have been discussed at length at Committee meetings and the right level of scrutiny and challenge has occurred.

As the Chair of the Committee I would like to express my thanks to the Committee members for their contributions this year in carrying out the vital and important responsibilities the Committee oversees. I would also like to express my appreciation to the Council officers for their robust work throughout the year along with our external auditors.

Cllr. Kanti Rabadia

Chairman - Governance, Audit, Risk Management & Standards Committee

Introduction

1. The purpose of the Governance, Audit, Risk Management and Standards (GARMS) committee is to provide independent assurance to members of the adequacy of the London Borough of Harrow's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place. It also acts as the Standards Committee.

Terms of Reference and Membership

2. The Committee's Terms of Reference requires the Committee:
 - To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

- To report to full Council on an annual basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
 - To publish an annual report on the work of the committee.
 - The Terms of Reference were reviewed in August 2022
3. The membership of the Committee for 2022/23 consisted of the following:
- Councillor Kanti Rabadia (Chair)
 - Councillor Ghazanfar Ali
 - Councillor Philip Benjamin
 - Councillor Kuha Kumaran
 - Councillor Varsha Parmar
 - Councillor Yogesh Teli
 - Councillor Antonio Weiss (Vice-Chair)
4. The Committees membership rules, compiled during 2022/23, state that:
- An Elected Mayor, the Leader or members of the Executive are excluded;
 - The Chair of the Committee must not be a Member of the Executive;
5. The Committee usually meets five times a year (April, July, September, November/December and January) however during 2022/23 the April meeting was cancelled and the July meeting was deferred until August.

The Committee's Programme of Work

6. The Committee has a broad remit that includes:
- Governance
 - Risk Management
 - Internal Audit
 - Countering Fraud and Corruption
 - External Audit
 - Financial reporting
 - Treasury Management
 - Health & Safety
 - Standards
7. The following sections provide details on each area and the Terms of Reference specifies the Committee's powers and duties within each area of responsibility. This was last reviewed by the Committee in August 2022.

Governance

8. The Committee received a report on the 2021/22 Annual Governance Statement that included an Evidence Table detailing the assurances obtained to support the statement. This included assurances from the Council's Legal and Finance teams,

assurance on arrangements to secure VFM, assurance on how the Council's framework of assurance addresses the risks and priorities of the Council and assurances on arrangements for the Council's significant partnerships.

9. The Head of Internal Audit's opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control and the rationale behind it was reported to the committee at the same meeting as part of the Internal Audit Year-end report and was also included in the Annual Governance Statement. The opinion stated that:

'The adequacy and effectiveness of the organisation's control environment for the 2021/22 financial year has been assessed as "Good with some significant improvements required in a few areas.'

10. The statement itself detailed progress on the significant gaps identified as part of the 2020/21 Annual Governance Statement.
11. The Committee considered one additional governance report during the year covering Complaints.

Risk Management

12. During 2022/23 the committee received three reports on risk management covering Quarters 1, 2 and 3 respectively. These reports enabled the Committee to monitor progress of risk related issues facing the Council.
13. During Quarter 4 the opportunity was taken to review and potentially streamline the format and detail contained in the Corporate Risk Register, which had become unwieldy throughout the year, with the aim of publishing it as a public document in the future.
14. Consideration was also given in Quarter 4 to whether there are risks on the register which could be transferred and/or de-escalated to directorate risk registers for on-going management and monitoring. It is intended that those risks that remain or are captured on the corporate risk register, are the critical but few risks, which are significant, live and active barriers to the achievement of the Council's new vision of Restoring Pride in Harrow and to the new and changing strategic direction it is embarking upon. In this way information overload on risk management can be avoided. Work in this area will continue in 2023/24.

Internal Audit

12. The Internal Audit Charter is presented and approved annually. In 2022/23 the Charter was presented for approval to the August meeting along with the draft Internal Audit Annual Plan for 2022/23.

13. The Committee also received the year-end report covering output and performance of the Internal Audit Service for 2021/22 and a report on the internal audit planning process.
14. During the year the committee considered 1 red internal audit report as well as 1 follow-up of a red assurance report from the 2021/22 internal audit plan. Managers from the relevant services attended the GARMS Committee meetings for these items to answer Members questions and provide assurance on action being taken to address audit recommendations.
15. The draft Annual Governance Statement 2021/22 that included a report on the effectiveness of internal audit was provided to the committee for information in August 2022 (as above).
16. The Head of Internal Audit was provided with free and unfettered access to the GARMS Committee Chair during 2022/23.
17. During 2022/23 there were no new proposals made in relation to the appointment of external providers of internal audit services and no external providers were used during the year.
18. Members raised a number of queries with regard to work on the plan taking into account the Corporate Risk Register, risk assessment of reviews on the plan, carry forward of reviews, and the Annual Governance Statement.

Countering Fraud and Corruption

19. During 2022/23 the Committee received reports on the corporate anti-fraud plan for approval and the year-end report covering the output and performance of the Corporate Anti-Fraud Team for 2021/22.
20. During the year Members raised several queries including the following:-
 - having a performance indicator for the Corporate Anti-Fraud and Corruption Strategy,
 - the overall recoverable fraud losses attributable to business rates/council tax,
 - the number of fraud referrals,
 - the tenancy recovery value and the authorities' fraud loss formula how the amount of resource available to the team relates to the collection rate.

External Audit

21. The external auditors (Mazars) presented reports on the 2020/21 Statement of Accounts and the Harrow Pension Fund in August 2022 along with a report on the 2021/22 External Audit Plans (Audit Strategy Memorandums).
22. The external auditor's assessment of their independence was included in Mazar's Audit Strategy Memorandum 2019/20 presented to the committee in January 2020.
23. Throughout the year the committee received updates from Mazar's about the progress of the 2021/22 audit. The timeline for approving the accounts was affected by delays resulting from the requirement for further evidence to support the valuation of property, plant and equipment and investment property. It was reported there was a national issue in relation to accounting for infrastructure assets which impacted every local authority with material infrastructure balances.
24. The committee were advised that a new national issue arose in relation to the Council's reporting of its assets and liabilities associated to its membership of the Harrow Pension Fund and this will further impact upon the timing of the completion of the audit.
25. Members queried the delays being experienced in completing the audit of the accounts; VFM; valuations of properties; penalties that might be incurred due to failure to meet statutory deadlines.

Financial Reporting

26. In addition to the queries noted in paragraphs 23 and 24 above Members questioned the valuation of pension fund investments, migration from SAP to D365 and the materiality figure used when auditing the statement of accounts.

Treasury Management

27. The committee considered two reports on Treasury Management during the year, the 2022/23 outturn report in September and the 2022/23 mid-year report in January 2023.
28. Members asked a number of questions in relation to the various tables set out in the appendices to the reports. They enquired about the increase in investments, borrowing arrangements including fixed rates, the borrowing authorised limit and the repayment of borrowing.

Health & Safety

29. During the year the committee received the Annual Health & Safety report summarising the Council's health and safety performance for 2021/22 and providing an update of activities together with statistics on training, audits and accidents, including schools.
30. Members raised queries about engagement between Occupational Health and Health & Safety on aspects that affect life/work balance, Local Authority corporate responsibility, asbestos surveys, and staff access to the corporate system.

Complaints

31. As mentioned in paragraph 11 under governance a report covering complaints was presented in January 2023. This was the first report to the Committee pulling together themes surrounding complaints.

Conclusion

32. The Committee has successfully fulfilled its purpose/roles and responsibilities as outlined in its Terms of Reference.