

Minutes of the meeting of the Audit Committee

Date: Thursday, 7 December 2023

Venue: Committee Room 5 - Perceval House

Attendees (in person): Councillors

Y Johnson (Chair), F Mohamed, I Kingston and G Busuttil

Attendees (virtual):

T Hyun (independent member)

Apologies:

S Khan (Vice-Chair)

1 Apologies for Absence and Substitutions

Apologies were received from Councillor S Khan.

2 Urgent Matters

There were none.

3 Declarations of Interest

There were none.

4 Matters to be Considered in Private

There were none.

5 Minutes

RESOLVED:

That the minutes of the meeting held on 27 September 2023 be agreed and signed by the Chair, as a true and correct record.

6 Treasury Management Q2 Update 2023-2024

Bridget Uku, Group Manager Treasury & Investments, introduced the report which was an update on treasury management in quarter 2. Ms Uku noted that investment stood at 547.2 million, borrowing had slightly decreased and that all treasury management in the period had been conducted within the confines of the permissions given to the management team.

The committee was invited to ask questions based on the information in the report. Emily Hill, Strategic Director for Resources, provided the following response:

- Included in the report was information about investments which the council held on behalf of West London Waste Authority and the Board of Mortlake Crematorium. The investments were not made with the Council's funds and the associated risks sat with the West London Waste Authority and Mortlake Crematorium respectively rather than the Council.

The committee requested that, in future, the Council's investments and risks were reported separately from those that the Council was managing on other organisations' behalf.

RESOLVED:

That the committee noted:

1. Noted the Treasury Management activities and performance against targets for the period to 30 September 2023.
2. Noted the Council's investment balance of £547.235m as at 30 September 2023 of which £455.000m was invested in Debt Management Office (DMO).

7 Progress Report on audit recommendations 2020/21 and 2021/22

Emma Horner, Assistant Director Technical Finance, introduced the report and provided an update on Deloitte's draft recommendations for 2020/21 and 2021/22 for the London Borough of Ealing and the Pension Fund. Ms Horner referred the committee to appendix 1, which included the draft recommendations and their implementation to date. Ms Horner noted that 73% of recommendations had now been completed and the remaining recommendations were in progress. Of the 11 still in progress, officers confirmed that 8 had not yet been implemented due to the short period between receipt of the recommendations and the closure of accounts for 2022/23.

The committee was invited to ask questions relating to the report. Ms Horner responded that target dates for completion of recommendations would be added for the remaining recommendations for future reports.

RESOLVED:

That the audit committee noted:

1. Noted the progress made on the draft ISA260 recommendations as illustrated in appendix 1; and
2. Noted that 73% of recommendations are complete and 27% of recommendations are in progress. There were no recommendations

that had not yet started.

8 Accounting Policies

Emma Horner introduced the report which set out the accounting policies which were to form the basis of accounting for the financial year 2023/24. Ms Horner informed the committee that there were no significant changes to the policies from the previous year. It was noted that CIPFA/LASAAC had decided to defer the mandatory implementation of IFRS 16 Leases until 2024/25. Although the Council had the option to adopt this policy early, officers had decided not to adopt it to allow for audit approaches to be agreed and to avoid any further audit delays.

The committee was invited to ask questions relating to the report:

- The decision not to adopt the IFRS 16 Leases policy early was going to be a disclosure in the Council's accounts rather than in annual audit reporting.

RESOLVED:

That the audit committee noted:

1. Noted the accounting policies for the determination of the Council's Statement of Accounts for 2023/24; and
2. Noted the implications of changes in accounting standards for future years.

9 Progress report on the work of internal audit and anti-fraud Q2 2023-24

Mike Pinder, Assistant Director of Audit and Investigation, presented the report, which provided an update on internal audit and investigation in quarter 2 of 2023 – 24. Mr Pinder provided key highlights from the report, including that the audit and investigations team was on target to meet its 2023/24 audit delivery targets, although in quarter 2 of 2023/24 it was slightly behind by one report. Only one finding of limited assurance had been made over the first two quarters and this related to the use and control of credit cards in the Council. In terms of follow up actions from previous audit investigations, the committee was informed that there had been some actions for Ealing Music Service which had not been implemented following reports.

Mr Pinder also provided an update on counter fraud and investigations performance. Performance in counter-fraud was strong and proactive work relating to the national fraud initiative, reviewing the housing waiting list and pilot data match projects had made a valuable difference to the savings made by the Council.

The committee was invited to ask questions relating to the report. In response to questions, Mr Pinder responded:

- From time to time, requests to carry out audits arose mid-year. Some resource from deferred audits was sometimes used to meet these additional requests.
- The deferred audit relating to HR policies was likely to be replaced by another HR related audit.
- Officers agreed that the national fraud initiative was successful, but it was one amongst several projects which were successfully targeting fraud. Officers considered that, in general, the right amount of resource was being allocated to the national fraud initiative at present.
- The council had recently subscribed to the national fraud initiative hub, which was a new facility focused on counter fraud data sharing more regularly, which a number of London Boroughs had signed up to.
- In terms of savings which had arisen from reactive investigations to date during 2023/24, the investigations team had made around £960,000 in savings, in comparison to around £200,000 at the same time the year before.
- Some savings which arose from investigations were notional, which meant that they were not direct financial savings but rather savings which arose from returning a council asset to its proper use. An example was given of the Council recovering the use of one of its council houses from someone who had been allocated it through fraudulent means, allowing the Council to allocate it to someone with a genuine need.
- Where actual financial savings were made, in most cases these were returned to the services in question, although if the savings were large, there was discretion for the council to consider whether the savings would be better used elsewhere in the organisation.

RESOLVED:

That the committee:

1. Noted the performance of the Internal Audit & Investigation team and key issues arising during the period 1 July 2023 – 30 September 2023.
2. Agreed the update to the audit committee report.

10 Date of Next Meeting

The date of the next meeting was 27 February 2024.

Meeting commenced: 7.04 pm

Meeting finished: 7.28 pm

Signed:

Dated: Tuesday, 27 February 2024

Y Johnson (Chair)