

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE AUDIT COMMITTEE

HELD AT 6.33 P.M. ON THURSDAY, 29 JULY 2021

**C1 AND COUNCIL CHAMBER, TOWN HALL, MULBERRY PLACE, 5 CLOVE
CRESCENT, LONDON E14 2BG**

Members Present:

Councillor Val Whitehead (Chair)

Councillor Kevin Brady
Councillor David Edgar
Councillor Andrew Wood
Councillor James King*
Councillor Ayas Miah*
Councillor Kyrsten Perry*
Councillor Leema Qureshi*
Charlotte Webster – (Independent Person)

Other Councillors Present:

Councillor Candida Ronald*

Officers Present:

Agnes Adrien	– (Head of Litigation, Legal Services)
Ahsan Khan*	– (Chief Accountant)
Allister Bannin*	– (Head of Strategic and Corporate Finance)
Ann Sutcliffe*	– (Corporate Director, Place)
Ben Jeffrey*	– Senior PFI Client Officer
Bharat Mehta*	– (Audit Manager)
Denise Radley*	– (Corporate Director, Health, Adults & Community)
James Thomas*	– (Corporate Director, Children and Culture)
Kevin Bartle*	– (Interim Corporate Director, Resources and Section 151 Officer)
Marion Kelly*	– (Finance Improvement Team - Programme Director)
Paul Rock	– (Head of Internal Audit, Anti-Fraud and Risk)
Terry Bryan*	– (Service Head (Pupil Access and School Sufficiency))
Farhana Zia	– (Democratic Services Officer, Committees, Governance)
Matthew Mannion*	– (Head of Democratic Services, Governance)

*attended virtually – online

1. DECLARATIONS OF INTEREST

There were no pecuniary declarations of interest declared at the meeting by members.

2. APPOINTMENT OF VICE-CHAIR

Councillor Val Whitehead proposed Councillor David Edgar for the position of the vice-chair of the Audit Committee. The nomination was seconded by Councillor Kevin Brady and Councillor Wood.

The Audit Committee **RESOLVED** to:

1. Elect Councillor David Edgar as the vice-chair of the Audit Committee for 2021-22.

2.1 Audit Committee Terms of Reference, Membership, Quorum and Dates of Meetings

Ms Farhana Zia, Democratic Services Officer presented the report, asking members to note the Audit Committee's terms of reference, membership, quorum and dates of meeting for the municipal year 2021/22.

She informed members these had been agreed at Full Council on the 19th May 2021.

The Audit Committee **RESOLVED** to:

1. Note its Terms of reference, Quorum, Membership and Dates of future meetings as set out in Appendices 1,2 and 3 in the report; and
2. AGREED to hold scheduled meetings of the Audit Committee at 6:30 p.m.

3. MINUTES OF THE PREVIOUS MEETING(S)

The minutes from the meeting held on the 7th April 2021 were agreed to be an accurate record of the meeting and were approved by the Committee.

4. DELOITTE ITEMS FOR CONSIDERATION

There were no reports from Deloitte for consideration.

5. TOWER HAMLETS ITEMS FOR CONSIDERATION**5.1 Progress update on the completion of the accounts and an update on the Finance Improvement Programme**

Mr Kevin Bartle, Interim Corporate Director for Resources and Section 151 Officer, and Ms Marion Kelly, Programme Director for the Finance Improvement Team presented an update in relation to the Accounts and the Improvement Plan.

Mr Bartle reminded Members that the Finance team was working to restate the accounts for 2018-19 and 2019-20, with the hope of bringing the accounts to this meeting. Mr Bartle said this had not been possible due to the number of significant queries still outstanding. He said good progress had been made but it had been relatively slow as some of the issues related to historic records. He said the finance team were hopeful that we could bring the restated and signed off accounts to the next meeting of the Committee and presently, they were on track for this to happen, although nothing could be guaranteed. Mr Bartle continued saying he hoped that all three sets of accounts, including the 2020-21 accounts, could be presented to the Committee. Mr Bartle also clarified the next meeting would be in October as advertised on the Council's website rather than September as agreed by Full Council at the AGM meeting, in May 2021.

Mr Bartle then referred to the audit certificates outstanding from the financial years 2016-17 and 2017-18, which the previous auditors, KPMG, were to issue. He said that whilst KPMG had provided their opinions, they had not issued the final certificates. Mr Bartle explained that once certificates have been issued nothing further can be done in terms of amendments to those accounts. He said however if the auditors have material matters drawn to their attention before the final certificate is issued then they would be obliged to consider those matters, He said that there were issues of a material nature emerging from the 2018-19 and 2019-20 accounts that would affect the previous years of accounts and as such the Finance Team had liaised with KPMG and had met with them to resolve the matters. He said this was uncharted territory for both the Council and the former auditors who were now taking this matter seriously. Mr Bartle said KPMG and the Council were taking advice on the two options available (1) to treat the adjustments as prior year adjustments for 2018-19 or (2) to restate the accounts for both 2016-17 and 2017-18. Mr Bartle said any decision regarding these accounts would be brought back to the Committee, especially knowing the enormity of the challenge of working on 5 years' sets of accounts at one time and also trying to produce the accounts when staff from that time no longer work for the organisation.

In response to questions and comments from members the following was noted:

- It was uncertain if Deloitte's would issue their opinions at the next Audit Committee. No final decision had yet been reached given the audits are on-going. Ideally, if the KPMG issue is resolved, there is a possibility of getting an opinion from Deloitte's by October. Mr Bartle said not having the two certificates from KPMG was a significant hurdle.

- Councillor Edgar stated at the moment he'd veer towards the first option regarding the 16-17 and 17-18 accounts but would not form a firm opinion until conclusions had been reached.
- Councillor Wood expressed preference for option 2, saying that no solution would be ideal, but he'd certainly look over past accounts and opinions. Mr Bartle thanked the Councillors for their views and said at this time he was undecided from a professional perspective of the most appropriate option, he said there were pros and cons to both.
- In reference to what the difference is between an opinion and a certificate, Mr Bartle explained the opinion is issued once the accounts have been audited by the external auditor. It confirms that the accounts represent a true and fair view of the financial position of the Council. He said there then is a period of consultation with stakeholders, who could raise an objection which would require investigation by the auditor, before a final Certificate can be issued by the auditor.
- Regarding the Certificates for 2016-17 and 2017-18, Mr Bartle said he discovered quite early on in his time with the Council, that these had not been issued. He said it had taken several emails and reminders and ultimately an escalation to the PSAA to get KMPG to engage on why certificates had not been issued. He said one reason maybe that KPMG no longer worked in the local government audit market and as such their attention is on other matters.
- **ACTION:** Ms Webster asked for the Audit Committee to be kept up to date regarding decisions relating to the issue of the certificates.
- In response to if one of the reasons not to restate the previous years' accounts was due to staff no longer being employed at the Council, Mr Bartle said this was a factor but by no means the only one. He said other factors included obtaining information from schools that had become academies, schools that had closed and retrieving and accessing very old data were significant challenges.

The Chair thanked Mr Bartle for his update in relation to the Accounts.

The Committee then heard from Ms Marion Kelly, the Programme Director for the Finance Improvement Team. Ms Kelly provided a detailed update in relation to the Finance Improvement Plan. She said most of Phase 1 of the plan had been completed, with a few items carried forward to Phase 2.

Ms Kelly stated that the Budget Realignment work in Phase 2 of the plan would examine each cost centre and budget. She said that budgets would be re-aligned; this would improve budget management and ensure that all the council's budget and internal recharge processes were robust and performing how they should be. Ms Kelly said this is a big workstream and as such CLT had agreed to support the funding for four interims to do the work, one of each directorate. She said the reviews would be led by the DLT's to ensure budget holders were on board with the Finance Team supporting them.

Ms Kelly said another key area was to bring enhancements to the Tech Forge system (Fixed Assets Register - we plan to implement the much needed finance module); we will review journals, control accounts and reconciliations as well as undertake a review of the VAT and Payroll systems. She said the Resources Directorate were also looking at the possibility of acquiring an ERP (Enterprise Resources Planning) system, as suggested by the Worth report, to see if this was a better option for the Council to adopt, rather than having separate systems with interfaces. However due to capacity and resources issues, research into this had been deferred. Ms Kelly said an independent review of the Agresso system would be done in preparation of the wider review. She said no date had yet been set for this work and the primary focus for now was to complete the accounts and audits for the outstanding years.

In response to questions and comments from Members the following was noted:

- Members acknowledged a considerable amount of work had been undertaken as summarised at paragraph 2.8. In terms of when Phase 2 would be completed, Ms Kelly stated that the planned deadline for completion was November 2021. However, there was a lot of work that needed to be achieved by that date and that it was already clear now that some workstreams would need to be carried forward to a potential Phase 3.
- In respect of the ERP system, Mr Bartle confirmed such a system would take a minimum of two years to implement. He said he hoped the review could start in October/November 2021 to see if this was a viable option for the Council. He said in the meantime the Agresso system had been updated, with the latest version now being used by officers of the Council.
- Councillor Perry, the Chair of the Pensions Committee, stated that a considerable amount of work had been undertaken by the Pensions Team looking at Pension Administration, which had its own workstream and which reported to the Pensions Committee. She commended the team for their hard work.
- Mr Bartle and Ms Kelly concurred they had sufficient staff to undertake the improvement work which was required.

The Audit Committee **RESOLVED** to:

1. Note the progress with the 2018/19 and 2019/20 Accounts' Audit
2. Review the actions set out in the detailed IP for Phase 1 of the IP; and,
3. Note the content and timelines of Phase 2;

5.2 Treasury Management Outturn Report for 2020-21

Mr Kevin Bartle, Interim Corporate Director for Resources and Section 151 Officer, and Mr Allister Bannin, Head of Strategic and Corporate Finance presented the Treasury Management Outturn Report for 2020-21.

Mr Bannin stated the Outturn report for 2020-21 set out how the Council's investments had performed, in relation to the Treasury Management Strategy and the Key Prudential Indicators that had been agreed by the Council in February 2020. He said £2.74M had been invested as set out in Appendix 1, which provided information on the outstanding investments as at 31st March 2021.

He said the Council had received £2.4M in investment income, which was slightly above the revised budget of £2.3M but lower than the 2019 performance when £5.4M was achieved. He said this was due to the impact of the pandemic as well as an historic low Bank of England base rate.

With respect to pooled funds, the value of these had dropped to £69.4M at the end of 2019/20 due to the impact of the pandemic on the economy however had bounced back to £76M as at the end of 2020/21. Mr Bannin said the Council's total return on investments were higher than the benchmark group of local authorities. He said an average credit rating of A+ on the portfolio which was in line with the average of the other local authorities and above the minimum target of A-.

In respect to borrowing, we had repaid a Public Work Loan Board (PWLB) loan of £765K on its maturity date. Mr Bannin said this reduced the total borrowed from £72.3 M to £71.5M as at 31st March 2021.

In response to questions and comments from Members the following was noted:

- Members stated the summary at page 61 of the agenda was useful. In respect to the total of returns, the strategic corporate funds did well in 2020/21 and for that reason the Council had acquired a higher return than other local authorities.
- In reference to page 67 of the agenda, the Council was not looking to borrow but would look at all the options when deciding the capital programme. The council's exposure to cash levels varies day to day but the Council does have access to funds when required.
- Regarding the consultation mentioned at paragraph 3.9, the Council does link with other organisations such as London Councils to respond to consultations. Mr Bartle said CIPFA were looking to tighten the code and make the regulations more stringent in regard to how much local authorities can borrow and for them not to make a profit from consequent investments using borrowed funds.
- Councillor Wood asked for clarity regarding the £5M loaned to Slough Borough Council and if this money was safe. Mr Bartle confirmed it was not at risk. He said no local authority had gone bankrupt and said the Government had bailed them out. He said the money was borrowed prior to the problems experienced by Slough and was due to be returned within the next two weeks. Mr Bartle said he was confident

this would happen. (note post Audit Committee meeting; the loan has now been fully repaid by Slough Council in accordance with the terms of the loan).

- Referring to table 3, page 67, Councillor Wood asked why the Banks fixed term rate was 4.34%. He said this was high and asked if this could be reduced? Mr Bartle responded stating decisions taken at the time, without knowledge of what would happen in the future, in relation to interest rates, meant sometimes a higher rate is agreed. He said the Council would have had advice at the time of the borrowing. Mr Bartle said it was difficult to subsequently renegotiate a reduced rate of interest especially as there would be penalties to do so. He said Treasury Management always reviewed the loans taken and considered if it was worth reprofiling the loans however in most cases this was not advisable due to the punitive penalties.

The Audit Committee **RESOLVED** to:

1. Note the contents of the treasury management activities and performance against targets for the year ending 31 March 2021.
2. Note the Council's investments as set out in Appendix 1. The balance as at 31 March 2021 was £273.9m.

5.3 Internal Audit Strategy and Annual Plan for 2021-2022

Mr Paul Rock, Head of Internal Audit, Anti-Fraud and Risk presented the updated Internal Audit Strategy for 2020 to 2023 and the annual Internal Audit and Anti-Fraud Plan for 2021/22. He said the strategy and the internal audit plan were in keeping with best practise and set out the aims of the Internal Audit Team. He said the team would be focussing on supporting management in mapping its sources and offering assurance against the corporate risks.

Mr Rock said he wanted a more systematic approach in sharing best practice and as such he would be looking to improve areas such as contract management. He said fraud prevention would be integrated in the work of the team, following the restructure of the team. Mr Rock said an officer from the investigation service had moved to the Internal Audit team solely to focus on prevention activity.

In relation to the Internal Audit Plan, as in previous years, management had been widely consulted. A review of the Corporate Risk Register as well as Directorate Risk Registers had been undertaken. Due to the size of the plan, this had been split into two – priority one and two. BDO had been appointed to assist with the auditing. Mr Rock said the plan would remain under review to consider the changes to risks throughout the year and asked members to review and agree the Strategy and Plan.

In response to questions and comments from members the following was noted:

- In response to what was being done to fill the vacancies within the team, Mr Rock said he'd be looking at the redeployment list to see if anyone with the right skills could move into the team. Mr Rock said failing that he'd have to follow the normal recruitment process to fill the roles. He said he's intention would be to advertise in August. He said some of the roles were of a junior level and as such he was working with the Children's Directorate and the Corporate Parenting Board to see if the role could be filled by the Council's Looked After Children on an apprenticeship basis.

The Audit Committee **RESOLVED** to:

1. Agree the updated Internal Audit Strategy for 2020 to 2023
2. Agree the Internal Audit and Anti-Fraud plan for 2021/22; and
3. Note the current level of internal audit resource and the plans to increase resources and subsequently the internal audit plan.

5.4 Head of Internal Audit Annual Report 2020-2021

Mr Paul Rock, Head of Internal Audit, Anti-Fraud and Risk stated the report provided Members with the annual audit opinion of the Head of Internal Audit in accordance with the requirements of the Public Sector Internal Audit Standards. The opinion supports the governance conclusions included within the Annual Governance Statement, which forms part of the statement of accounts required under the Accounts and Audits Regulations 2015.

Mr Rock said on the balance of internal audit work and the significant issues with the statement of accounts for the last two years, a limited opinion had been given. Mr Rock said there had been areas of improvement with better management responsiveness to the implementing of agreed management actions. He said the culture of risk maturity had improved over the year and this has been highlighted by the pandemic especially the work of Gold and Silver command, who have embraced risk management.

Mr Rock continued stating there had been a good positive outcome from the investors in people assessment and that he'd been able to use that to inform his opinion. He said none of the assurances given had achieved a 'no assurance' rating which the Council had achieved for the third consecutive year. He said since the changes made to the grading system, 'substantial' assurance had been achieved by Treasury Management. Mr Rock said there had been several successes over the last quarter and he hoped that by next year's opinion, the Council would be moving towards a reasonable assessment.

Lastly, Mr Rock thanked his team for their hard work especially during the pandemic and said the perception survey demonstrated that Internal Audit was adding value despite the challenging circumstances.

In response to questions and comments from Members the following was noted:

- The Chair on behalf of the Audit Committee acknowledged the work the Internal Audit Team and said the work undertaken helped the Council make improvements to services provided by the Council.
- In response to what key things had to change in order for a better annual opinion, Mr Rock said it would be a balance of reasonable and substantial assurances. He said this would be his baseline plus assurances from other sources, such as Ofsted, CQC and Health & Safety Executive. He said the statement of accounts also needed to be resolved in order to improve the opinion given.
- Councillor Wood agreed with the 'Limited' opinion and said table 2, on page 122 of the agenda clearly showed why such an opinion had been given.
- Referring to Table 2, page 128 of the agenda, Mr Rock clarified the actions agreed with management were actions and recommendations raised and followed up by Internal Audit. He said high priority actions were always followed through by the Internal Audit team whereas medium priority actions were followed up based on risk and professional judgement, low priority actions were not normally followed up and instead internal audit relied on updates from management. . He said management were required to complete a self-assessment and based on the evaluations, the Internal Audit Team were required to test and check if actions had been effectively implemented.

The Chair thanked Mr Rock for his report before inviting the Officers to address their individual reports which had received 'limited' assurance following Internal Audit's assessments.

Grouped Schools PFI – Contract Monitoring

Mr James Thomas, Corporate Director for Children and Culture stated the audit report was helpful, as it identified the weaknesses in contract management. He said he had asked Internal Audit to widen its remit and to look at finance issues. He said they accepted the recommendations made by the audit team and would be working to implement these.

Members then heard from Mr Terry Bryan, from Pupil Services and Mr Ben Jeffrey, the Senior PFI Client Officer. Mr Bryan provided a detailed update on how each of the recommendations were being taken forward. Mr Jeffrey added that some of the delays such as the Health and Safety recommendations identified were complex in that schools required assessments by their Facility Management Teams. He said the Council was working with the PFI contractors to ensure the early resolution of these concerns.

Members of the Committee had no questions for Mr Bryan and Mr Jeffrey.

Place Directorate Level Governance

Ms Ann Sutcliffe, Corporate Director for Place said her Directorate was a pilot for looking at governance and decision-making arrangements, within the

Directorate. She said most of the recommendations made by Internal Audit had either been implemented or in the process of being implemented, with timed responses to each.

Mr Rock confirmed the Directorate was a pilot and said Internal Audit were planning to do the same with each other Directorate. He said he wanted to be able to provide the Committee with an assurance that the governance arrangements from the top follow through to each Directorate. He said some of the recommendation made were in relation to how the DLT's interact with CLT.

In response to questions and comments the following was noted:

- Councillor Wood commented that the Overview and Scrutiny Committee (OSC) were looking at the Saville's report and how £1.7M of the HRA would be spent over the next 30 years. He said the OSC had some concerns about how the process would work and said the findings of that report were relevant to the findings of this report.

The Audit Committee **RESOLVED** to:

1. Note the content and opinion of the Head of Internal Audit as outlined within the Head of Internal Audit Annual Report which includes a summary of the work undertaken during 2020/21.

5.5 Annual Risk Report 2020-2021

Mr Paul Rock, Head of Internal Audit, Anti-Fraud and Risk said the report summarised the risk management activity during the course of 2020/21. He said it provided an update on progress made against the previously agreed actions and proposed an action plan for 2021/22.

Mr Rock said his approach had been different in this report. He had summarised the activity over the year and had provided charts and illustrations of the risk management profile of the Council, which he hoped Members would find useful. Mr Rock said a high proportion of the risks were appearing in Place and Resources Directorates however this was just a matter of timing. Mr Rock said he had worked with the Children and Culture Directorate and the Health, Adults & Community Directorate to focus on their risks and to bring into sharp focus the level of risk in these Directorates. He said time and energy had been spent decluttering older risks, some of low value, to allow more time and energy to be spent in the right areas. He said a similar task would be undertaken with the Place and Resources Directorates.

Mr Rock said that as stated in his Annual Opinion report, the Council's approach to risk management had matured and as such he was hopeful the Council would continue to make improvements.

In response to questions and comments from Members the following was noted:

- The Chair, Councillor Val Whitehead suggested it may be useful for the Committee members to have an off-line discussion/ meeting to brainstorm what they would consider as being risks to the Council and see how this compared to the risks identified by Officers. Councillor Wood and Councillor Edgar agreed with this suggestion.
- **ACTION:** Mr Paul Rock to arrange a session with Committee Members for the offline discussion/meeting.
- In reference to Chart 3, page 162 of the agenda, Charlotte Webster the Independent Person asked about the risks overdue for review, which were at 44%. She asked who were they overdue for? Mr Rock clarified these were risks that were overdue for the Risk Owner where the risk was overdue for more than fourteen days.

The Audit Committee **RESOLVED** to:

1. Note the annual risk management report and agree the proposed risk management action plan for 2021/22.

5.6 Corporate Risk Register and Children's Directorate Risk Register

Mr Paul Rock, Head of Internal Audit, Anti-Fraud and Risk said the report presented was the regular quarterly report to the Committee, which provided an update on the Corporate Risk Register. Mr Rock said Mr James Thomas, the Corporate Director for Children and Culture was also present for any questions in relation to the Directorate's risk register.

Mr James Thomas then addressed the Committee and said that the Corporate Risk Register set out the strategic risks for his Directorate. He said the Directorate had key responsibilities which are all about managing risks, most obviously in relation to protecting children from abuse and neglect and seeking to ensure that children and young people were not victims of serious violence or crime.

The Chair, Councillor Whitehead said the Committee had previously discussed the corporate risk CSD0016 "Death or Serious Harm to a child" and asked Mr Thomas to provide some background to this.

Mr Thomas said it was important to recognise that the risk of child death is not possible to eliminate. He said this was his sixth local authority as a Corporate Director and this risk was reflected in the same way as other local authorities. He said one of the most significant reviews into Child Protection was carried out by Professor Eileen Munro, published in 2011. Mr Thomas quoted from the report and said, "uncertainty pervades the work of child protection, risk management cannot eradicate risk, it can only try to reduce the probability of harm, the big problem for society and consequently for professionals is working at a realistic expectation of a professional's ability to predict the future and manage risk harm to children and young people."

Mr Thomas continued saying sadly child death does occur and occurs in every local authority area. He said Westminster Council had been rated outstanding by Ofsted for several years but have a case of child death. He

said sadly in Tower Hamlets there was also a case being investigated. Mr Thomas said the job of Children Services was to take every possible mitigation against these tragic outcomes.

Mr Thomas said following the Ofsted inspections of 2017 and 2019, they had well-established core mitigations, which were rooted in systems. He said the strength and rigour of the systems as well as the people, in terms of strength and quality of staff, helped to ensure this risk was mitigated as best as possible. He said the Children and Social Care Improvement Board continued to meet monthly since the inspection of 2019. He said the use of the use of management information and data, systematic quality assurance, and the multi-agency dimension of the partnership have helped to strengthen the way in which child safeguarding practises are undertaken. Mr Thomas said there were external peers on the Improvement Board, and he was satisfied they had a robust system in place.

In response to questions and comments from the members the following was noted:

- Ms Charlotte Webster, Independent Adviser to the Committee, thanked Mr Thomas for his detailed email reply to the questions raised at the previous meeting of the Committee. She said it was a question of how the risk is captured, measured, and reflected on. She said the nub of her query related to how scoring is applied as this can be subjective, as well as reducing the probability and likelihood of the risk. Mr Rock responded saying getting the consistency for rating, impact and risk factors as well as descriptors correct was subjective and said it was hard for a descriptor to capture every area that was being assessed. He said this continued to be a challenge for risk professionals.
- In response to what impact had been experienced in relation to pupil placement planning and the intake for September 2021, Mr Thomas said Tower Hamlets had seen a 2.5% drop in intake compared to 6.5% in London overall. He said factors around demographic planning had been made more complex with the uncertainty of the economy, pandemic and Brexit.
- In reference to page 207 of the agenda, Councillor Edgar asked what planning had taken place in the event of a cyber-attack. Ms Denise Radley, Corporate Director for Health, Adults and Community stated a table-top exercise involving the Corporate Leadership team had taken place with plans to roll out to the Civil Contingency Board and senior leadership teams more widely. Ms Radley said they had drawn on the experiences of other local authorities and were working on this complex issue which would involve multiple teams.

The Audit Committee **RESOLVED** to:

1. Note the corporate risks, and where applicable request risk owner(s) with risks requiring further scrutiny to provide a detailed update on the treatment and mitigation of their risk including impact on the corporate

objectives at the next Committee meeting (or separately before the meeting if urgent).

2. Note the Children's and Culture Directorate risks and where applicable request risk owner(s) with risks requiring further scrutiny to provide a detailed update on the treatment and mitigation of their risk including impact on the directorates objectives at the next Committee meeting (or separately before the meeting if urgent).

5.7 Anti-Money Laundering Policy

Mr Paul Rock, Head of Internal Audit, Anti-Fraud and Risk stated the report recommended the Audit Committee to note and approve the Council's Anti-Money Laundering Policy and Guidance ("the AML Policy") that all Council employees are expected to comply with. He said the policy had been reviewed and updated and would be presented to the Committee annually, going forward. He said it was a long report however the money laundering legislation was a high priority for the Council and aimed to develop a robust and vigilant anti-money laundering culture within the organisation.

In response to questions and comments from members the following was noted:

- One of the key areas where the AML policy applied was in relation to 'Right to Buys'. Mr Rock said as this involved large sums of money, both the Housing and Anti-Fraud team were experienced to identify this. Mr Rock said he was not aware of the wider application of the policy in other areas of the Council. He said the aim was to develop a AML training programme which would target specific areas rather than the training being part of the mandatory training for everyone.

The Audit Committee **RESOLVED** to:

1. Note and approve the Council's AML policy
2. Note the equalities impact assessment / specific equalities considerations as set out in paragraph 4.

5.8 Code of Corporate Governance

Mr Matthew Mannion, Head of Democratic Services presented the revised Code of Corporate Governance. He said this had been refreshed following comments by Members at the previous meeting of 7th April 2021. He said the code set out the framework of how the Council meets the good governance principles, with the Annual Governance Statement reviewing how those policies have been applied and adhered to. Mr Mannion said Members felt the language used was too optimistic and as such the Code for Corporate Governance had been reviewed and refreshed.

In response to comments and questions the following was noted:

- Councillor Edgar commented the document was much clearer than before and said the document clearly set out the aims. However in reference to page 265 of the agenda and the introduction, he asked the wording to read “This document describes how the Council *aims to achieve...*” rather than “This document describes how the Council achieves”.
- Councillor Edgar added that the abbreviations used such as CIFPA/ SOLACE should also be explained.

The Audit Committee **RESOLVED** to agree the recommendations in principle, with the above amendments being made:

1. Review and comment on the revised Code of Corporate Governance
2. Endorse the Code and agree that it be published on the Council’s website.
3. To delegate to the Head of Democratic Services, following consultation with the Chair of the Audit Committee and the Head of Internal Audit, Fraud and Risk, the authority to make minor changes to the Code as required before final publication on the Council’s website.

6. **AUDIT COMMITTEE WORK PLAN**

Councillor Wood suggested the Committee look at complaints made to the Local Government Ombudsman and seek to learn lessons from complaints upheld.

The Chair agreed this would be a useful exercise.

- **ACTION:** Mr Paul Rock to discuss with the Complaints Lead on how best to facilitate this.

7. **ANY OTHER BUSINESS THE CHAIR CONSIDERS URGENT**

There were no urgent business to be discussed.

The meeting ended at 8.44 p.m.

Chair, Councillor Val Whitehead
Audit Committee