

**LONDON BOROUGH OF TOWER HAMLETS****MINUTES OF THE AUDIT COMMITTEE****HELD AT 7.01 P.M. ON THURSDAY, 23 MAY 2024****COMMITTEE ROOM - TOWER HAMLETS TOWN HALL, 160 WHITECHAPEL ROAD, LONDON E1 1BJ****Members Present in Person:**

Councillor Harun Miah	Chair
Councillor Amin Rahman	Vice-Chair
Councillor Kabir Ahmed	
Councillor Abdul Malik	
Councillor Asma Begum	
Councillor Mufeedah Bustin	
Councillor Marc Francis	
Charlotte Webster	Independent Person

**Others Present in Person:**

Stephen Reid	EY
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**Others In Attendance Virtually:**

Hayley Clark	EY
Dan Spiller	EY

**Officers Present in Person:**

Jill Bayley	(Head of Legal Safeguarding)
David Dobbs	(Head of Internal Audit, Anti-Fraud and Risk)
Andy Grant	(Interim Programme Director for Procurement)
Abdulrazak Kassim	(Director Finance, Procurement and Audit)
Julie Lorraine	(Corporate Director Resources)
Farhana Zia	(Democratic Services Officer, Committees, Governance)

**Officers In Attendance Virtually:**

Ahsan Khan	(Chief Accountant)
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**1. APPOINTMENT OF VICE-CHAIR**

Councillor Abdul Malik moved, and Councillor Kabir Ahmed seconded, that Councillor Amin Rahman be appointed as the Vice-Chair of the Audit Committee for the 2024-25 municipal year.

This was put to the vote and was agreed:

**RESOLVED**

1. That Councillor Amin Rahman be appointed Vice-Chair of the Audit Committee for the 2024-25 municipal year.

## 2. **DECLARATIONS OF INTEREST**

There were no Declarations of Disclosable Pecuniary Interest.

## 3. **MINUTES OF THE PREVIOUS MEETING(S)**

The Audit Committee **RESOLVED**:

1. That the unrestricted minutes of the Audit Committee held on 23<sup>rd</sup> April 2024 be approved and signed by the Chair as a correct record of proceedings.

## 4. **AUDIT COMMITTEE TERMS OF REFERENCE, MEMBERSHIP, QUORUM AND DATES OF MEETINGS 2024- 2025**

Ms Farhana Zia, Democratic Services Officer introduced the standard Terms of Reference report. She explained that each Committee is presented with its Terms of Reference and related information for noting.

In discussion of the report, most members were pleased with the changes that had been made to the membership and composition of the Committee with some expressing concern the changes did not go far enough as there was still a Cabinet Member on the Committee.

Ms Jill Bayley, Deputy Monitoring Officer explained to new members of the Committee that each recommendation had been voted on by the Audit Committee and this was the agreed change to the Committee.

The Audit Committee **RESOLVED** to:

1. Note the Terms of Reference, Quorum, Membership and Dates of future meetings as set out in Appendices 1,2, and 3 of the report.
2. Determined the preferred time at which to schedule meetings will be 6:30 p.m.

## 5. **EY ITEMS FOR CONSIDERATION**

Mr Stephen Reid from EY (Ernst & Young) introduced himself and his colleagues who had joined online and said EY would be taking over from Deloitte as the external auditor for the 2023/24 accounts onwards. He said progress was being made regarding the accounts and he hoped to present their findings at the next scheduled meeting of the Audit Committee.

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

- Mr Reid confirmed preliminary discussions had taken place with Deloitte regarding the handover and both firms were cooperating. There were no concerns from EY.
- In response to members being informed of any concerns as soon as possible, Mr Reid stated there was a set procedure that both firms had to follow. Therefore, whilst the judgements of the external auditors may differ, this would be reported in their report with an explanation as to why.

The Chair thanked Mr Reid for his update and welcomed EY to London Borough of Tower Hamlets. He hoped the Audit Committee would have a good working relationship with EY.

## 6. TOWER HAMLETS ITEMS FOR CONSIDERATION

### 6.1 Annual Governance Statement 2023/24

Mr David Dobbs, Head of Internal Audit, Anti-Fraud and Risk introduced the Annual Governance Statement (AGS) for 2023/24. Mr Dobbs stated the Audit Committee had remediated the backlog of AGS's for previous years and was now in synchronisation with the accounts closure timetable. He explained the AGS formed part of the accounts closure process.

Mr Dobbs said the progress made against significant Governance issues identified in the previous AGS 2022/23 were listed on page 29 of the supplementary agenda. Recommendations from the LGA Peer Review and Best Value Inspection had been considered.

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

- Members commented the AGS Statement was well presented however thought that it could be more balanced with the positives and negatives that were identified by the Peer Review and the BV inspection. Mr Dobbs said the statement presented was seeking comments of members and that this would be further reviewed before being presented to the Committee at its July meeting. He said it was a public document and was anodyne in nature.
- Referring to page 31 of the supplementary agenda members asked if more clarity to be provided about the 'respective savings'. What were the risks if the savings were not delivered. Likewise referring to page 33 about the 'reliance on agency' staff, members wanted to know how much of a saving this would be.
- Councillor Bustin stated the conclusion needed to be strengthened, with a more balanced view of the Council's governance arrangements.
- **ACTION:** Mr Dobbs said he would reflect on the comments made and would sense-check the AGS, by sharpening the conclusion and providing more information where appropriate.
- Ms Lorraine, Corporate Director for Resources explained the AGS was a commentary on the governance processes in place. She said the

Audit Committee's role was to ensure the controls were effective and the statement met with CIPFA guidelines and was a true and fair reflection of the CURRENT situation, that situation would change over time and, at the point of approving the final signed statement, events would be updated e.g. the outcome of the BVI inspection would be clear and then reflected. She said individual views were subjective, but observations made by Audit committee members would be noted in the minutes and appropriate, reflected in the final document.

The Audit Committee **RESOLVED** to:

1. Note the Annual Governance Statement for 2023/24 and the comments made by members, with Officers reflecting on the comments made before presenting the AGS with the Annual accounts.

## **7. AUDIT COMMITTEE WORK PLAN**

Members of the Audit Committee noted the Committee work plan and made the following suggestions:

- External Reviews such as the CIPFA review be added to the work plan.

Ms Lorriane, Corporate Director for Resources stated internal controls and assurances were provided as part of the quarterly internal audit report. The Committee's role was to ensure the control environment was effective and systems were in place to address any weaknesses. Ms Lorraine reiterated the importance of the committee's oversight of the framework of internal controls.

The Audit Committee **RESOVLED** to:

1. Note the Committee workplan for 2024-25.

## **8. ANY OTHER BUSINESS THE CHAIR CONSIDERS URGENT**

There was no other business to be discussed by the Committee.

Councillor Marc Francis questioned why the next item on the agenda was private and confidential. Ms Lorraine, Corporate Directorate for Resources stated she was acting on advice and, due to the on-going investigation, the report remained confidential.

## **9. EXCLUSION OF PRESS AND PUBLIC**

The Chair **MOVED**

And it was **RESOLVED** that

"In view of the contents of the remaining items on the agenda the Committee is recommended to adopt the following motion: "That, under the provisions of Section 100A of the Local Government Act 1972, as amended by the Local

Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government Act, 1972.”

**9.1 Adult Social Care Procurement**

The minute for this item is restricted.

The meeting ended at 9.04 p.m.

Chair, Councillor Harun Miah  
Audit Committee