

# Audit Committee

## Agenda

**Monday, 8 July 2024 at 6.30 p.m.**  
**Committee Room - Tower Hamlets Town Hall,**  
**160 Whitechapel Road, London E1 1BJ**

### **Members:**

**Chair:** Councillor Harun Miah

**Vice Chair:** Councillor Amin Rahman

Councillor Kabir Ahmed, Councillor Abdul Malik, Councillor Asma Begum, Councillor Mufeedah Bustin and Councillor Marc Francis

### **Independent Member:**

Charlotte Webster

**Substitutes:** Councillor Sabina Akhtar, Councillor Bodrul Choudhury, Councillor Jahed Choudhury, Councillor Shahaveer Shubo Hussain, Councillor Asma Islam and Councillor Ahmodur Khan

[The quorum for the Audit Committee is 3 voting Members]

### **Contact for further enquiries:**

Farhana Zia, Democratic Services,

farhana.zia@towerhamlets.gov.uk

020 7364 0842

Town Hall, 160 Whitechapel Road, London, E1 1BJ

<http://www.towerhamlets.gov.uk/committee>



## Public Information

### Viewing or Participating in Committee Meetings

The meeting will be broadcast live on the Council's website. A link to the website is detailed below. The press and public are encouraged to watch this meeting online.

**Please note:** Whilst the meeting is open to the public, the public seating in the meeting room for observers may be limited due to health and safety measures. You are advised to contact the Democratic Services Officer to reserve a place.

### Meeting Webcast

The meeting is being webcast for viewing through the Council's webcast system.

<http://towerhamlets.public-i.tv/core/portal/home>

### Electronic agendas reports and minutes.

Copies of agendas, reports and minutes for council meetings can also be found on our website from day of publication.

To access this, click [www.towerhamlets.gov.uk/committee](http://www.towerhamlets.gov.uk/committee) and search for the relevant committee and meeting date.

Agendas are available on the Modern.Gov, Windows, iPad and Android apps



Scan this QR code to view the electronic agenda



## **A Guide to Audit Committee**

The Audit Committee is responsible for considering the Council's arrangements for internal control, governance and financial management and recommending any actions accordingly.

This includes:

- Audit Plans.
- Reports from external audit (such as the Annual Audit Letter and Governance Report).
- The Annual Governance Statement.
- Anti-fraud and corruption initiatives.
- Authority's Risk Management Arrangements.
- The administration of the Council's financial affairs.
- Approving the Authority's Statement of Accounts.

## **Public Engagement**

Meetings of the committee are open to the public to attend, and a timetable for meeting dates and deadlines can be found on the council's website.

# London Borough of Tower Hamlets



## Audit Committee

Monday, 8 July 2024

6.30 p.m.

### APOLOGIES FOR ABSENCE

#### 1. DECLARATIONS OF INTEREST (PAGES 7 - 8)

Members are reminded to consider the categories of interest, identified in the Code of Conduct for Members to determine: whether they have an interest in any agenda item and any action they should take. For further details, see the attached note from the Monitoring Officer.

Members are also reminded to declare the nature of the interest at the earliest opportunity and the agenda item it relates to. Please note that ultimately it is the Members' responsibility to identify any interests and also update their register of interest form as required by the Code.

If in doubt as to the nature of an interest, you are advised to seek advice prior the meeting by contacting the Monitoring Officer or Democratic Services.

#### 2. MINUTES OF THE PREVIOUS MEETING(S) (PAGES 9 - 14)

To confirm the unrestricted minutes of the Audit Committee held on 23<sup>rd</sup> May 2024.

#### 3. KEY ITEMS FOR CONSIDERATION

#### 4. TOWER HAMLETS ITEMS FOR CONSIDERATION

4.1 School Audits: Annual Report for 2023-24 (Pages 15 - 32)

4.2 Risk Management: Annual Report for 2023/24 (Pages 33 - 46)

4.3 Insurance: Annual Report for 2023-24 (Pages 47 - 58)

#### 5. AUDIT COMMITTEE WORK PLAN

#### 6. ANY OTHER BUSINESS THE CHAIR CONSIDERS URGENT



**Tower Hamlets Council**  
Tower Hamlets Town Hall  
160 Whitechapel Road  
London E1 1BJ

## 7. EXCLUSION OF PRESS AND PUBLIC

### **Exclusion of Press and Public**

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.”

### **EXEMPT SECTION (Pink Papers)**

The Exempt/Confidential (pink) papers for consideration at the meeting will contain information, which is commercially, legally or personally sensitive and should not be divulged to third parties. If you do not wish to retain these papers after the meeting, please hand them to the Democratic Services Officer present or dispose of them in the confidential bins.

### **7.1 RESTRICTED MINUTES FROM THE PREVIOUS MEETING (Pages 67 - 72)**

To confirm the restricted minutes of the Audit Committee held on 23<sup>rd</sup> May 2024.

#### **Next Meeting of the Audit Committee**

Thursday, 10 October 2024 at 6.30 p.m. to be held in Committee Room - Tower Hamlets Town Hall, 160 Whitechapel Road, London E1 1BJ



This page is intentionally left blank

# Agenda Item 1

## **DECLARATIONS OF INTERESTS AT MEETINGS– NOTE FROM THE MONITORING OFFICER**

This note is for guidance only. For further details please consult the Code of Conduct for Members at Part C, Section 31 of the Council's Constitution

### **(i) Disclosable Pecuniary Interests (DPI)**

You have a DPI in any item of business on the agenda where it relates to the categories listed in **Appendix A** to this guidance. Please note that a DPI includes: (i) Your own relevant interests; (ii) Those of your spouse or civil partner; (iii) A person with whom the Member is living as husband/wife/civil partners. Other individuals, e.g. Children, siblings and flatmates do not need to be considered. Failure to disclose or register a DPI (within 28 days) is a criminal offence.

Members with a DPI, (unless granted a dispensation) must not seek to improperly influence the decision, must declare the nature of the interest and leave the meeting room (including the public gallery) during the consideration and decision on the item – unless exercising their right to address the Committee.

**DPI Dispensations and Sensitive Interests.** In certain circumstances, Members may make a request to the Monitoring Officer for a dispensation or for an interest to be treated as sensitive.

### **(ii) Non - DPI Interests that the Council has decided should be registered – (Non - DPIs)**

You will have 'Non DPI Interest' in any item on the agenda, where it relates to (i) the offer of gifts or hospitality, (with an estimated value of at least £25) (ii) Council Appointments or nominations to bodies (iii) Membership of any body exercising a function of a public nature, a charitable purpose or aimed at influencing public opinion.

Members must declare the nature of the interest, but may stay in the meeting room and participate in the consideration of the matter and vote on it **unless:**

- A reasonable person would think that your interest is so significant that it would be likely to impair your judgement of the public interest. **If so, you must withdraw and take no part in the consideration or discussion of the matter.**

### **(iii) Declarations of Interests not included in the Register of Members' Interest.**

Occasions may arise where a matter under consideration would, or would be likely to, **affect the wellbeing of you, your family, or close associate(s) more than it would anyone else living in the local area** but which is not required to be included in the Register of Members' Interests. In such matters, Members must consider the information set out in paragraph (ii) above regarding Non DPI - interests and apply the test, set out in this paragraph.

### **Guidance on Predetermination and Bias**

Member's attention is drawn to the guidance on predetermination and bias, particularly the need to consider the merits of the case with an open mind, as set out in the Planning and Licensing Codes of Conduct, (Part C, Section 34 and 35 of the Constitution). For further advice on the possibility of bias or predetermination, you are advised to seek advice prior to the meeting.

### **Section 106 of the Local Government Finance Act, 1992 - Declarations which restrict Members in Council Tax arrears, for at least a two months from voting**

In such circumstances the member may not vote on any reports and motions with respect to the matter.

**Further Advice** contact: Linda Walker, Interim Director of Legal and Monitoring Officer, Tel: 0207 364 4348

## **APPENDIX A: Definition of a Disclosable Pecuniary Interest**

(Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, Reg 2 and Schedule)

Subject	Prescribed description
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to the Member's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and (b) either—  (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or  (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.



**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
--------------	----

**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)
------------	--------------------

**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

This page is intentionally left blank

Non-Executive Report of the:  <b>Audit Committee</b>  Monday 8 <sup>th</sup> July 2024	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Julie Lorraine - Corporate Director, Resources	<b>Classification:</b> Open (Unrestricted)
<b>Schools Audits: Annual Report for 2023-24</b>	

<b>Originating Officer(s)</b>	David Dobbs – Head of Internal Audit, Fraud & Risk
<b>Wards affected</b>	(All Wards)

## Executive Summary

This report provides a thematic summary of the work of Internal Audit in relation to the audit of schools for the financial year 2023-24.

## Recommendations:

The Audit Committee is recommended to:

1. Note the contents of this report including the themes highlighted by Internal Audit in relation to the audit of schools as undertaken during 2023-24.

### 1. REASONS FOR THE DECISIONS

- 1.1. The Audit Committee has responsibility for oversight of the arrangements for governance, risk management and control and this report assists the Audit Committee in discharging its responsibilities.

### 2. ALTERNATIVE OPTIONS

- 2.1. None.

### 3. DETAILS OF THE REPORT

- 3.1 The purpose of the report is to provide an overview of Internal Audit findings and facilitate a thematic assessment of the matters raised by Audit. It is envisaged that this assessment will be used by the Schools Finance Team and the Schools Governance Team to

enhance the financial management and governance framework within the Local Authority maintained schools.

- 3.2 During the Covid-19 pandemic, the cyclical programme of audit visits to schools to carry out regularity and compliance audits was paused with the agreement of the Corporate Director of Children and Culture in consultation with Headteachers. The programme of schools' visits resumed in 2022-23 and 15 school audit visits were carried out by the Internal Audit contractor BDO LLP.
- 3.3 During 2023-24, 14 schools' audits were carried out. Each audit visit involved compliance testing of system and procedures in seven key areas of control in accordance with a pre-agreed audit test programme. The detailed annual report for schools is appended to this report.

#### **4. EQUALITIES IMPLICATIONS**

- 4.1 There are no specific statutory implications.

#### **5. OTHER STATUTORY IMPLICATIONS**

- 5.1 The Accounts and Audit Regulations 2015 require authorities to ensure they have a sound system of internal control which:
- facilitates the effective exercise of its functions and the achievement of its aims and objectives;
  - ensures that the financial and operational management of the authority is effective; and
  - includes effective arrangements for the management of risk.

#### **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 There are no specific financial implications arising from the content of this report.

#### **7. COMMENTS OF LEGAL SERVICES**

- 7.1 This report and the appendices comply with the Council's legal obligations in respect of auditing and the management of risk. It also demonstrates that the Council has appropriate systems in place to manage its financial affairs in compliance with the Corporate Director Resources' duties under s.151 of the Local Government Act 1972.



## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- None.

### **Appendices**

- Appendix – Schools Annual Report for 2023-24

### **Local Government Act, 1972 Section 100D (As amended)**

#### **List of “Background Papers” used in the preparation of this report**

List any background documents not already in the public domain including officer contact information.

- None.

#### **Officer contact details for documents:**

David Dobbs – Head of Internal Audit, Anti-Fraud & Risk

Email: [david.dobbs@towerhamlets.gov.uk](mailto:david.dobbs@towerhamlets.gov.uk)

This page is intentionally left blank

# INTERNAL AUDIT SUMMARY REPORT

LONDON BOROUGH OF TOWER HAMLETS

SCHOOLS PROGRAMME 2023-24

---

# CONTENTS

	Page
<b>1. Introduction and background</b> <ul style="list-style-type: none"><li>- Purpose of report</li><li>- Internal audit</li><li>- Approach to internal audit of schools</li><li>- Recommendations and assurance opinions</li></ul>	2
<b>2. Individual school's assurance opinions and number of recommendations</b>	5
<b>3. Summary of assurance opinions and number of recommendations</b>	8
<b>4. Common themes arising</b>	10
Appendix 1: Definitions of Opinion and Recommendation Significance	12



---

# 1. INTRODUCTION AND BACKGROUND

## PURPOSE OF REPORT

This report summarises the outcomes of the London Borough of Tower Hamlets (the “Council”) school audit programme completed during 2023/24 by BDO LLP on behalf of the Council. It draws together the assurance ratings and number of recommendations made across each risk area, highlights common themes, and compares these to those summarised in the 2022/23 report.

## APPROACH TO INTERNAL AUDIT OF SCHOOLS

A cyclical plan is followed that aims to complete an internal audit of all schools over a three to four year period. The programme of audits is assigned to BDO LLP by the Council’s Head of Internal Audit, Anti-Fraud and Risk following agreement with the Corporate Director of Children’s Services. A programme of 14 schools was completed in 2023/24.

The purpose of a school audit is to assess whether adequate controls are in place to help prevent financial management weaknesses within the school that could result in budget overspend or inappropriate expenditure.

The school audit work programme for 2023/24 was consistent with that applied in 2022/23 and was designed to assess the design and operational effectiveness of the controls in place to mitigate the key risks in eight areas:

1. **Governance Arrangements** are inadequate or not formally documented to support effective governance and decision making that is in the best interests of the school.
2. **The School's Budget** is not balanced or aimed at recovering a deficit or achieving a prudent, but not excessive, level of unspent balances resulting in inefficient use of school funds.
3. **The Bank Account** is not adequately controlled, monitored, and reconciled to avoid the school becoming overdrawn or suffering financial loss.
4. **Procurement and Leasing** are not well controlled resulting in purchases of goods and services that are not appropriate or do not provide value for money.
5. **Income Collection and Banking** is not controlled leading to unidentified loss or theft.
6. **Payroll and Personnel Controls** are inadequate without appropriate checks and separation of duties for making changes to personnel and payroll data leading to invalid or inappropriate payments.
7. **Data** is not adequately protected by allowing unauthorised access, leading to potential misuse or risk of harm to pupils and staff.

The limitations to the scope of our work were as follows:

- Testing was performed on a sample basis, selected from transactions processed in the previous 12 months.
- The audit did not assess the adequacy of teaching arrangements at the school.

In addition, the work of internal audit does not provide any guarantee against material errors, loss, or fraud, nor provide an absolute assurance that material error, loss or fraud do not exist.

## RECOMMENDATIONS AND ASSURANCE OPINIONS

Recommendations are rated based on the risks associated with the findings arising from the internal audit work and are linked to controls that are not in place or are not being complied with. Recommendations are rated as High, Medium, or Low priority.

---

We provide an overall assurance opinion based on the priority and numbers of recommendations. The definitions for the highest and lowest definitions are provided below. Please refer to Appendix 1 for all definitions of assurance opinions and recommendations.

- The highest opinion is Substantial Assurance - A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
- The lowest opinion is No Assurance - Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and/or control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

## 2. SCHOOLS AUDITED IN 2023/24

The table below provides the financial context for the year and summarises the recommendations raised, and audit assurance opinions provided for each school audited in 2023/24.

The results of our work highlights that the financial control environment operating in the Borough's Council-maintained schools continue to require strengthening. However, overall there has been year on year improvement, shown by the levels of assurance and number of recommendations raised (see section 3 for more details).

SCHOOL	FINAL REPORT	FINANCIAL CONTEXT	H	M	L	ASSURANCE OPINION
Ben Jonson Primary School	February 2024	The agreed budgeted income for 2023/24 was £5,705,553 and expenditure was £5,658,520, resulting in a planned in-year surplus of £47,034.  The brought forward balance from 2022/23 was £234,952, resulting in a cumulative budgeted surplus of £281,986.	2	3	4	Reasonable
Bonner Primary School	February 2024	The agreed budgeted income for 2023/24 was £6,453,394.21 and expenditure was £6,453,213.38 resulting in a planned in-year surplus of £180.83.  The brought forward balance from 2022/23 was a surplus of £225,472.42 resulting in cumulative budgeted surplus for 2023/24 being £225,653.25.	-	-	4	Substantial
Cayley Primary School	October 2023	The agreed budgeted income for 2023/24 was £4,178,616 and expenditure was £4,269,581 resulting in a planned in-year deficit of £90,965.  The brought forward balance from 2022/23 was £381,485 resulting in cumulative budgeted surplus for 2023/24 being £290,520.	-	4	2	Reasonable
Columbia Primary School	July 2023	The agreed budgeted income for 2023/24 was £3,463,793 and budgeted expenditure was £3,482,274 resulting in a planned in-year deficit of £18,481.  The brought forward balance from 2022/23 was a surplus of £163,350 resulting in cumulative budgeted surplus for 2023/24 being £144,868.	1	5	3	Reasonable
Halley Primary School	November 2023	The agreed budgeted income for 2023/24 was £1,706,431 and expenditure was £1,725,436 resulting in a planned in-year deficit of £19,005.	-	4	6	Reasonable

SCHOOL	FINAL REPORT	FINANCIAL CONTEXT	H	M	L	ASSURANCE OPINION
		The brought forward balance from 2022/23 was £26,956 surplus resulting in cumulative budgeted surplus for 2023/24 being £7,951.				
Malmesbury Primary School	February 2024	The agreed budgeted income for 2023/24 was £4,066,080 and expenditure was £3,966,447 resulting in a planned in-year surplus of £99,633.  The brought forward balance from 2022/23 was a deficit of £97,654 resulting in cumulative budgeted surplus for 2023/24 being £1,979.	2	4	2	Limited
Langdon Park School	May 2024	The agreed budgeted income for 2023/24 was £10,961,812 and expenditure was £10,931,773 resulting in a planned in-year surplus of £30,039.  The brought forward balance from 2022/23 was £1,545,802 resulting in cumulative budgeted surplus for 2023/24 being £1,575,841 and a formal plan is in place on the use of this amount.	1	4	2	Reasonable
Olga Primary School	February 2024	The agreed budgeted income for 2023/24 was £4,841,838 and expenditure was £4,736,514 resulting in a planned in-year surplus of £105,324.  The brought forward balance from 2022/23 was £21,453 resulting in cumulative budgeted surplus for 2023/24 of £126,778.	-	2	2	Reasonable
Phoenix Primary and Secondary Schools	February 2024	The agreed budgeted income for 2023/24 was £18,195,126, the budgeted expenditure was £19,415,651 resulting in a planned in-year deficit of £1,220,525.  The brought forward balance from 2022/23 was a surplus of £3,950,910 resulting in cumulative budgeted surplus for 2023/24 being £2,730,385.	1	3	2	Reasonable
St Anne's and Guardian Angels Catholic Primary School	September 2023	The agreed budgeted income for 2023/24 was £2,110,167 and expenditure was £2,275,940 resulting in a planned in-year deficit of £165,773.  The brought forward balance from 2022/23 was £298,770 resulting in	1	4	2	Reasonable



SCHOOL	FINAL REPORT	FINANCIAL CONTEXT	H	M	L	ASSURANCE OPINION
		cumulative budgeted surplus for 2023/24 being £132,997.				
Stephen Hawking School	February 2024	The agreed budgeted income for 2023/24 was £4,779,884, resulting in a planned in-year deficit of £614,589.  The brought forward balance from 2022/23 was £804,527 resulting in a cumulative budgeted surplus for 2023/24 being £189,938.	-	-	3	Substantial
Thomas Buxton Primary School	December 2023	The agreed budgeted income for 2023/24 was £3,626,857 and expenditure was £3,626,857 resulting in a planned breakeven position.  The brought forward balance from 2022/23 was £93,972 resulting in cumulative budgeted surplus for 2023/24 of £93,972.	2	5	2	Reasonable
Wellington Primary School	October 2023	The agreed budgeted income for 2023/24 was £3,431,901 and expenditure was £3,424,414 resulting in a planned in-year surplus of £7,487.  The brought forward balance from 2022/23 was a surplus of £117,232 resulting in cumulative budgeted surplus for 2023/24 being £124,719.	-	-	1	Substantial
Woolmore Primary School	September 2023	The agreed budgeted income for 2023/24 was £5,518,621.56 and expenditure was £5,476,422.26 resulting in a planned in-year surplus of £42,199.30.  The brought forward balance from 2022/23 was £800,438.56 resulting in a cumulative budgeted surplus for 2023/24 being £842,637.86.	2	5	4	Reasonable

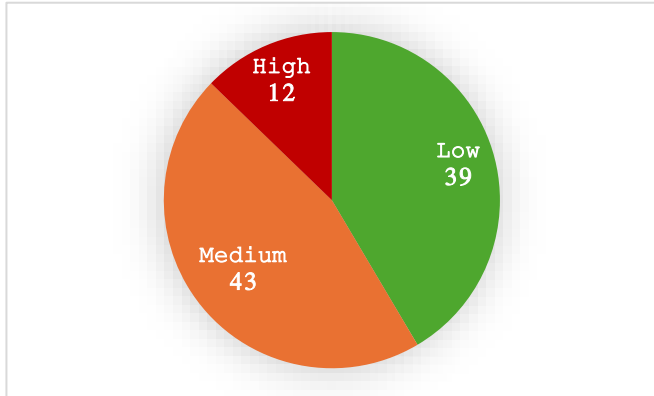
### 3. SUMMARY OF RECOMMENDATIONS AND ASSURANCE OPINIONS

The summaries of recommendations and assurance opinions for 2023/24 and 2022/23 for comparison purposes are shown in the pie-charts below.

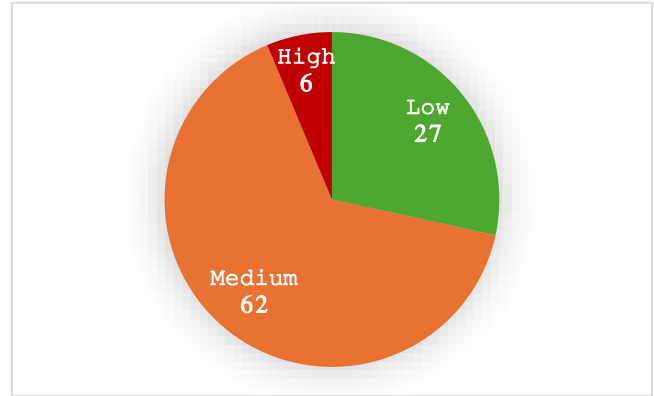
#### Total Number of Recommendations

The number of recommendations raised for each priority rating of High, Medium, or Low were as follows:

2023-24



2022-23

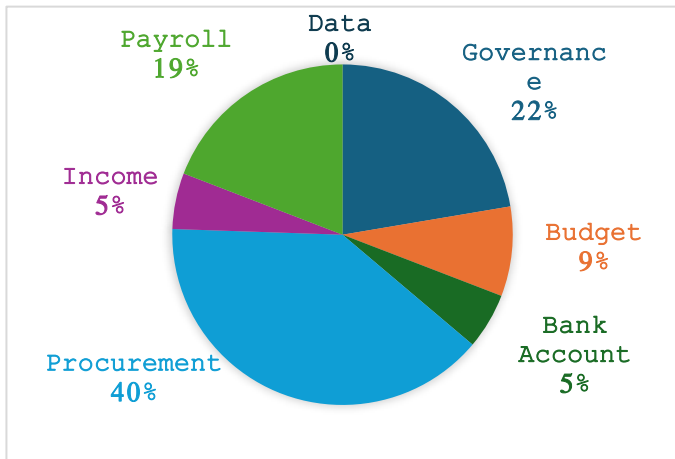


In 2023-24 a total of 94 recommendations were raised across 14 schools. This represents an average of seven recommendations raised per school with the Borough’s Council maintained schools. This compares to an average number of six recommendations made in 2022-23, indicating that schools have maintained similar levels of financial control.

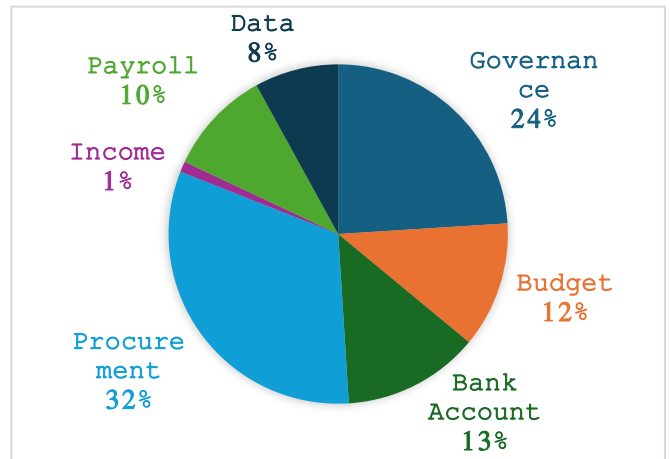
#### Proportion of Total Recommendations by Risk Area

The proportion of recommendations raised in each risk area were as follows:

2023-24



2022-23



---

As in

previous audit cycles, most recommendations continue to be raised in the areas of governance and procurement. The number of findings relating to income and payroll have increased and those relating to all other areas have decreased.

### Assurance Opinions

The percentage of each assurance levels provided to schools during 2023-24 and 2022-23 are summarised in the table below:

Overall Audit Opinion	2023-24	2022-23
Substantial	21% - 3 schools	6% - 1 school
Reasonable	71% - 10 schools	67% - 10 schools
Limited	8% - 1 school	27% - 4 schools
No Assurance	0%	0%

The relative proportions across assurance opinions shows some improvement between the two years, with fewer limited opinions and more substantial opinions.

## 4. COMMON THEMES 2023/24





Area	Number of Recommendations			Common Themes 2023/24
	H	M	L	
<b>Governance Arrangements</b>	1	5	15	<ul style="list-style-type: none"> <li>Key strategic documents, including the Scheme of Delegation, Terms of Reference and Financial Procedures Manual were all in place, however in several cases they were not up to date with evidence of regular review by the Governing Body.</li> <li>In several schools, the Register of Business Interests was not up to date with missing declarations or incomplete declarations for Governors on the Governing Body and staff with financial management responsibilities.</li> <li>The key policy and procedure documents were not formally reviewed and approved by the full Governing Body and a Register of Policies was not maintained to aid the timely review of policies.</li> <li>There were instances where evidence of the Governing Body and sub-committee meeting minutes being approved by the appropriate Chair could not be evidenced.</li> </ul>
<b>Budgets</b>	-	4	4	<ul style="list-style-type: none"> <li>In most cases, budget monitoring reports had not been evidenced as reviewed by the Head Teacher and were not appropriately signed to evidence the review.</li> <li>In some instances, the budget plan approval was not evidenced adequately in minutes of meetings. In addition, the plan did not always include resource requirements and relevant costings where appropriate.</li> </ul>
<b>Bank Accounts</b>	-	2	3	<ul style="list-style-type: none"> <li>Bank reconciliations had not been signed by both the individual performing the reconciliation and the individual conducting the independent review to evidence the segregation of duties.</li> </ul>
<b>Personnel and Payroll Management</b>	9	19	6	<ul style="list-style-type: none"> <li>From the examination of samples of payments made to self-employed individuals, there was no evidence that the suppliers have confirmed that they are fully responsible for their NI and Tax payments.</li> <li>Evidence of pre-recruitment checks was not always obtained / retained, such as identity checks, references, right to work checks, medical checks, and qualifications checks. Letters of resignation / termination and other relevant documentation were not always held on file in respect of leavers.</li> <li>Payroll reconciliations were undertaken in all schools. However, in many cases there was no evidence of a staff having performed an independent review of the reconciliation.</li> </ul>

Area	Number of Recommendations			Common Themes 2023/24
	H	M	L	
Procurement	2	5	2	<ul style="list-style-type: none"> <li>Purchase orders were not always raised for all appropriate purchases and authorised in accordance with the Financial Procedures Manual. In addition, a clear segregation of duties was not always evident between the raising of purchase order and the receipting of goods/services.</li> <li>Some invoice payments were more than 30 days overdue, and some purchases were not supported by a valid invoice.</li> <li>There was a lack of documentary evidence in some instances that the goods received are checked for accuracy and that delivery documentation was appropriately annotated.</li> <li>In several instances, the appropriate number of quotes were not obtained as part of the procurement process and retained on file in line with the School's Financial Procedures. In several instances an adequate audit trail was not maintained for final supplier selection. In some cases, Governing Body approval was not obtained for higher value purchases.</li> <li>Weaknesses in the petty cash process were identified including vouchers not being authorised, no petty cash reclaim limit being in place and missing petty cash banking documentation.</li> </ul>
Income Collection and Banking	-	8	9	<ul style="list-style-type: none"> <li>No cash handling procedure document in place to ensure a consistent approach to handling and recording cash.</li> </ul>
Data	-	-	-	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>TOTALS</b>	<b>12</b>	<b>43</b>	<b>39</b>	




# APPENDIX - DEFINITIONS

The table below sets out the Council’s definitions of assurance opinions and risk ratings, which are used for all internal audit assurance engagements.

## Assurance Opinions

 <p><b>Substantial</b></p>	<p>A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p>
 <p><b>Reasonable</b></p>	<p>There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</p>
 <p><b>Limited</b></p>	<p>Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and/or control to effectively manage risks to the achievement of objectives in the area audited.</p>
 <p><b>No Assurance</b></p>	<p>Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and/or control is inadequate to effectively manage risks to the achievement of objectives in the area audited.</p>

## Risk Ratings

 <p><b>High</b></p>	<p>Fundamental weaknesses in governance, risk management and/or control where there is substantial risk of loss, fraud, error, impropriety, poor value for money, or failure to achieve organisational objectives. If these risks materialise it could lead to a significant adverse impact on the Council. Urgent remedial action is requirement by management.</p>
 <p><b>Medium</b></p>	<p>A weakness in the governance, risk management and/or controls which, although not fundamental, relate to shortcomings which expose individual systems to a less immediate level of risk and/or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.</p>
 <p><b>Low</b></p>	<p>A minor weakness in governance, risk management and/or control that individually has little impact but would benefit from improvement to develop effectiveness and/or efficiency.</p>

---

FOR MORE INFORMATION:

**AARON WINTER**

+44 (0)7442 851 860

[aaron.winter@bdo.co.uk](mailto:aaron.winter@bdo.co.uk)

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

© 2024 BDO LLP. All rights reserved.

[www.bdo.co.uk](http://www.bdo.co.uk)

This page is intentionally left blank



Non-Executive Report of the:  <b>Audit Committee</b>  Monday, 8 <sup>th</sup> July 2024	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Julie Lorraine - Corporate Director, Resources	<b>Classification:</b> Open (Unrestricted)
<b>Annual Risk Management Report 2023-24</b>	

<b>Originating Officer(s)</b>	David Dobbs – Head of Internal Audit, Fraud & Risk
<b>Wards affected</b>	(All Wards)

## Executive Summary

The following report summarises the Risk Management activity during the course of 2023-24 and provides details of the actions and priorities plan designed to improve the Risk Management framework across the Council during 2024-25.

### Recommendations:

The Audit Committee is recommended to:

1. Note the annual Risk Management report.

### 1. REASONS FOR THE DECISIONS

- 1.1 The Accounts and Audit Regulations 2015 state that a relevant authority must ensure that it has a sound system of internal control which:
  - facilitates the effective exercise of its functions and the achievement of its aims and objectives;
  - ensures that the financial and operational management of the authority is effective; and
  - includes effective arrangements for the management of risk.
  
- 1.2 The terms of reference of the Audit Committee state the committee has responsibility for providing independent assurance for Members over the adequacy of the risk management framework and the internal control environment. It is responsible for monitoring the effective development and operation of risk management in the

Council and progress in addressing risk-related issues reported to the committee.

- 1.3 This report summarises the risk management activity undertaken during 2023-24 and supports the Audit Committee in discharging its responsibilities.

## **2. ALTERNATIVE OPTIONS**

- 2.1 None.

## **3. DETAILS OF THE REPORT**

- 3.1 The attached report and associated appendices summarise the risk management activity during the course of 2023-24, provides an update on progress made against the previously agreed actions and details actions and priorities for 2024-25.

## **4. EQUALITIES IMPLICATIONS**

- 4.1 There are no specific statutory implications.

## **5. OTHER STATUTORY IMPLICATIONS**

- 5.1 The Accounts and Audit Regulations 2015 require authorities to ensure they have a sound system of internal control which:
  - facilitates the effective exercise of its functions and the achievement of its aims and objectives;
  - ensures that the financial and operational management of the authority is effective; and
  - includes effective arrangements for the management of risk.

## **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 There are no specific financial implications arising from the content of this report. General comments with regards the importance of effective risk management and the consequences of failure to monitor and manage organisational risks are contained within the body of the report and the appendices.

## **7. COMMENTS OF LEGAL SERVICES**

- 7.1 The management of risk has a direct impact on the Council's ability to deliver its functions in a manner which promotes economy efficiency and effectiveness. Therefore, the consideration of this report demonstrates the Council's compliance with its Best Value Duty.
- 7.2 The Council is also legally required to ensure that it has a sound system of internal control facilitating the effective exercise of the Council's functions. This includes arrangements for the management of risk and an effective system of internal audit to evaluate the effectiveness of its risks management, control, and governance processes, taking into account the public sector internal auditing standards and guidance. This report also demonstrates compliance with these legal duties.

---

### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- NONE

#### **Appendices**

- Appendix – Annual Risk Report for 2023-24.

#### **Local Government Act, 1972 Section 100D (As amended)**

#### **List of "Background Papers" used in the preparation of this report**

- NONE

#### **Officer contact details for documents:**

David Dobbs, Head of Internal Audit, Fraud and Risk

Email: [david.dobbs@towerhamlets.gov.uk](mailto:david.dobbs@towerhamlets.gov.uk)

This page is intentionally left blank

# Risk Management Annual Report 2023-24

## 1. Background

### Introduction

- 1.1 Risk is inherent in running any business – understanding those risks and knowing how much risk to take is often the difference between success and failure. Many high-profile failures in organisational governance have shone a light on Risk Management and heightened the expectations on senior management for not only understanding and approving Risk Management processes, but also identifying and assessing key risks. This has led to the practice of Risk Management evolving into a more fully developed, integrated process in which senior management, directorates, service managers and the risk team all have distinctly defined roles – this approach has informed the Risk Management strategy at the Council.
- 1.2 The Accounts and Audit Regulations 2015 require that a relevant authority must ensure that it has a sound system of internal control which:
- a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
  - b) ensures that the financial and operational management of the authority is effective; and
  - c) includes effective arrangements for the management of risk.

### Audit Committee

- 1.3 The terms of reference of the Audit Committee state that the committee has responsibility for providing independent assurance for Members over the adequacy of the Risk Management framework and the internal control environment. It is responsible for monitoring the effective development and operation of Risk Management in the Council and progress in addressing risk-related issues reported to the committee.
- 1.4 This report summarises the Risk Management activity undertaken during 2023-24 and supports the Audit Committee in discharging its responsibilities.

## 2. Risk Management Strategy

### Approach

- 2.1 Management has articulated a five-year Risk Management strategy that was updated and ratified by CMT and the Audit Committee during 2020-21. The strategy sets out a formal and structured approach to identifying, assessing, managing and reporting risk within the Council and describes six objectives:
- 1) Ensure that Risk Management effectively supports corporate governance arrangements in the Council
  - 2) Maintain and improve leadership and collaboration of Risk Management activity across the Council
  - 3) Integrate Risk Management into the culture of the Council as well as into its key management processes, programmes, projects, performance and financial management
  - 4) Ensure that the Risk Management process for identifying, evaluating, controlling, reviewing, reporting, and communicating risks across the Council is in line with best practice, consistently applied, understood, and owned by all staff

- 5) Ensure that the Corporate Management Team, Directorate leadership teams, Audit Committee, Mayor’s Advisory Board, external regulators, and other stakeholders obtain necessary assurance that the Council is managing and mitigating its risks effectively
- 6) Continuously improve Risk Management through learning and experience and actively communicate the LBTH Risk Management approach to all employees and stakeholders.

### 3. Risk Management Audit

#### Recent audits

- 3.1 The Council's approach to Risk Management was subject to an outsourced audit review in early 2020, with the outcome reported to CMT and the Audit Committee. This resulted in a spilt assurance opinion. The auditors assessed the design of the Council's approach to Risk Management as Substantial but its application/operation as Limited. Whilst the framework, strategy and procedures are well documented, compliance with these was variable across the Council and review and engagement with Risk Management by directorates required improvement. However, progress in implementing the improvements was impacted by the Covid-19 pandemic, which required the Council to prioritise a very specific set of operating responses outside of the BAU Risk Framework.
- 3.2 A further review was undertaken by the [then] new Head of Internal Audit in July 2023. This concluded that *'... the [current] position at the Council is that Risk Management practices are established but not fully embedded and mature. Moreover, there are inconsistent levels of engagement in the underlying processes (reviewing risk articulation, updating controls, removing redundant risks), and consequently there is limited confidence that the underlying risk data held on JCAD is accurate and useful as a tool for managing risk.'*

#### Previous actions

- 3.3 The audit review that was completed during 2023 included six key actions that were agreed with CMT and the Audit Committee. These actions are listed in **Appendix 1**, which also includes details of how they have been progressed during 2023-24 and their current status. **Section 5** of this report provides details of the priority areas for action that will be taken forward during 2024-25.

### 4. Risk Management Activity during 2023-24

#### Challenges

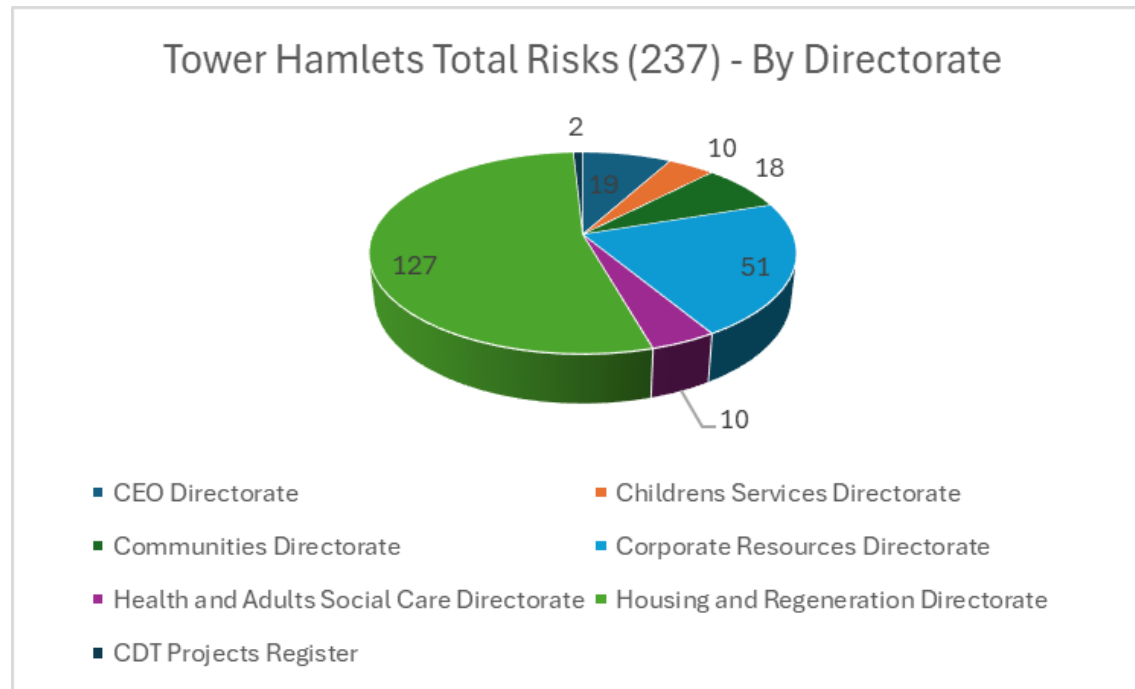
- 4.1 There have been many challenges during 2023-24, with an organisational restructure and numerous changes in nominated risk and control owners. Despite this, there has been good traction in improving the Council's Risk Management arrangements during the year and notable activity during this period has included:
  - The JCAD software was upgraded from Version 4 to Version 5 in June 2023 providing enhanced features and a refreshed user interface
  - Recruitment for Risk Officer post completed in November 2023 and the Officer commenced in post during February 2024
  - In April 2024, the Pension Fund's Risk Register was integrated to JCAD, after previously being held separately

- Extended outreach provision and development of key internal stakeholders e.g. Health and Safety, Civil Protection Unit, Business Continuity
- All former THH staff have been migrated to the Housing and Regeneration Business unit within JCAD. The risks formerly held by THH have been rationalised and migrated to the appropriate LBTH risk registers.

4.2 The focus of the Risk Officer has been to assist Directorates in reviewing and rationalising Directorate and lower-level registers, to review and improve data quality and integrity on JCAD and to roll out basic system user training to Risk and Control measure owners. Training has also included 1 to 1 sessions with users and making available on-demand training videos via the Council’s intranet, The Bridge.

**Current position**

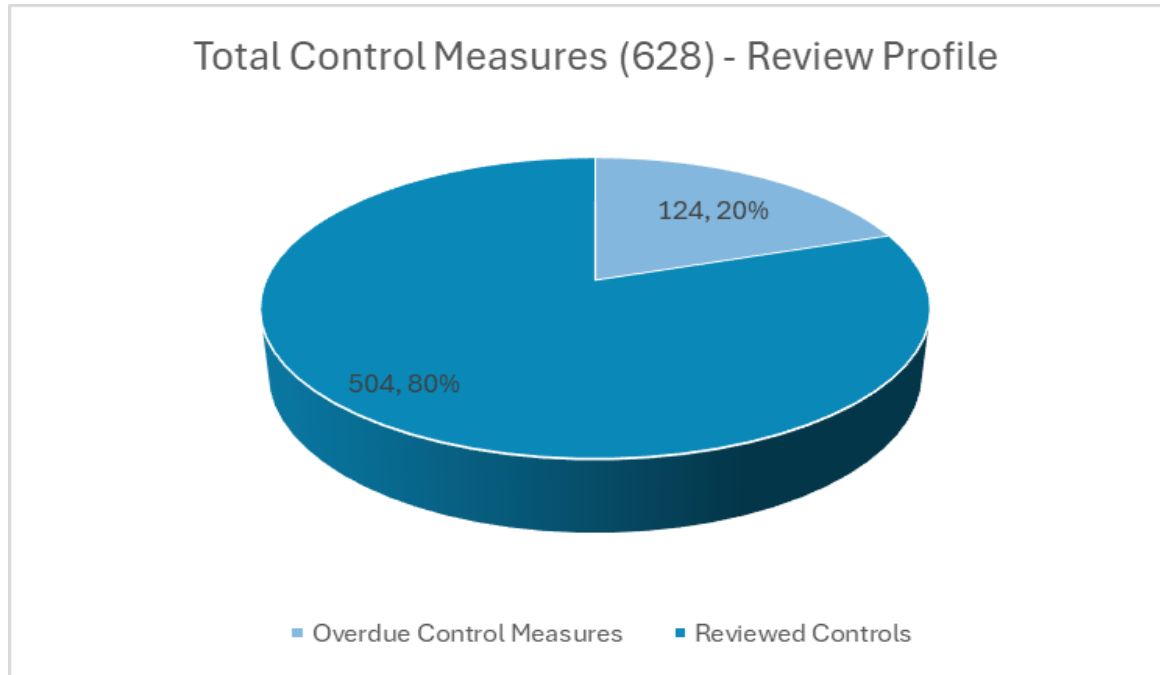
4.3 A summary of the Council’s current Corporate Risk Register is included at **Appendix 2** to this report and the organisational Heat Map is shown at **Appendix 3**. At the time of drafting this report, there are 237 active risks and 628 Control Measures recorded across the directorates, and they can be further analysed as follows:



\*CDT = Capital Delivery Team



4.4 As previously noted in last year's report, it is evident from the diagram below that not all mitigating controls recorded on JCAD are being reviewed and updated in a timely fashion. An improvement has been made in ensuring control measures are regularly reviewed and monitored. Last year, 40% of control measures were not being monitored in a timely manner. This has reduced to 20% this year and work is continuing to assist Directorates in ensuring that relevant risks and control measures are in place and monitored in line with recommended practices.



## 5. Planned Activity for 2024-25

### New strategy

- 5.1 Risk Management is a key feature of good governance and the Council's current approach relies on established processes and risk infrastructure. A key element of work during 2024-25 will be to fundamentally review and update the Council's Risk Management methodology and infrastructure as part of developing a new five-year Risk Management strategy.
- 5.2 The new Strategy will be developed in consultation with the Council's Corporate Management Team and to support and facilitate this exercise, the Council's main insurer, Zurich Municipal has been engaged to:
- Assist in reviewing framework and strategy, to undertake a 'health-check and to set out a road map to excellence.
  - Consider how to build a strategy that is consistent with the Council's risk appetite and target risk culture
  - Mentoring for the Risk Officer
  - Provide training for Members on the basics of Risk Management and their role/responsibility as members of the Audit Committee

### Other planned developments

- 5.3 Training will continue to be a priority area for 2024-25 and JCAD system training will be delivered to all Risk Owners and Risk Control Owners. A 'risk talk' programme will also be developed as a forum for learning and discussion in a group setting. As noted in **Appendix 1** the reconstitution of the Risk Champions group is also under consideration.
- 5.4 Other work will entail using the risk data from JCAD to provide better user insights and trend analysis. To this effect, Microsoft Power BI (a tool that helps users visualize data in a way that's easy to understand) will be utilised to help create interactive dashboards and reports that can help users gain insights and make informed decisions

## 6. Conclusion

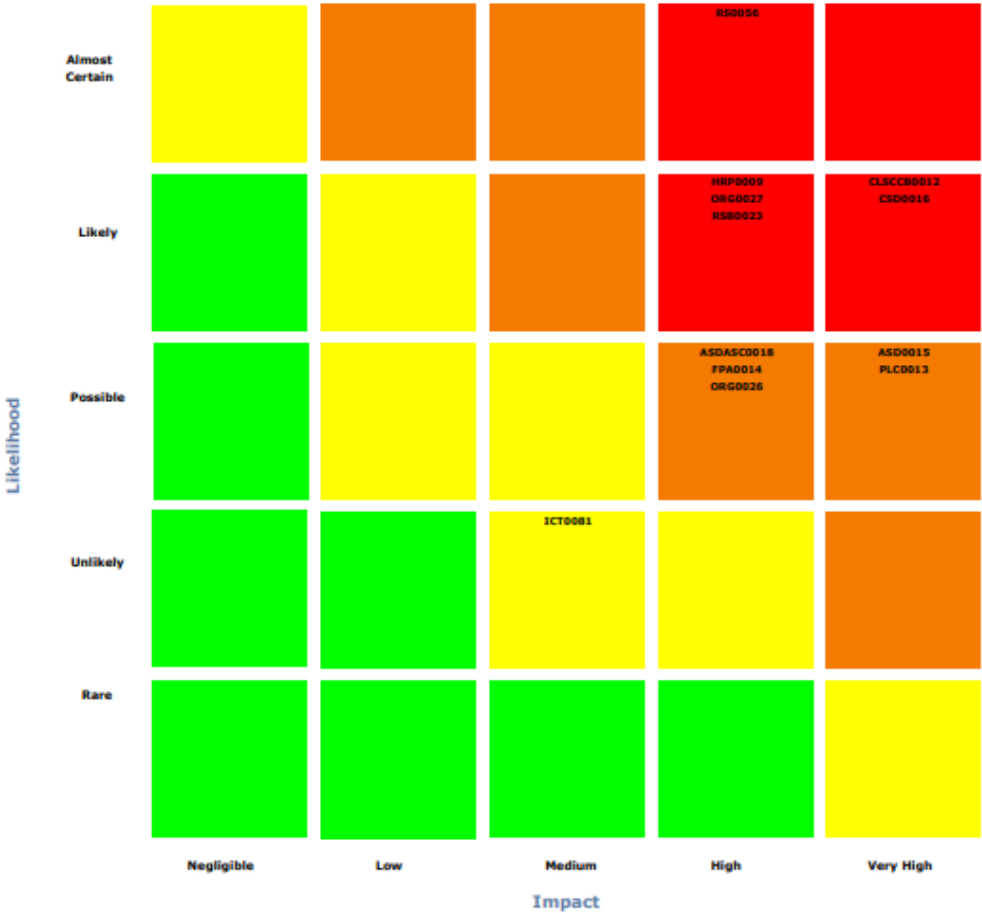
- 6.1 While good progress has been made to re-energise and improve the Risk Management arrangements during 2023-24, there is still work to be done to further embed the risk management framework within the Council's culture and organisation. Improvements have been seen in many areas but there is still work required to ensure that the Council has the right tools, knowledge and support to effectively manage risks. By redrafting the framework, strategy and policy statement, and by delivering appropriate Risk Management Training we will provide a solid foundation for our Risk Owners and Audit Committee to work from.

#	Action	Progress	Status
1	Permanent recruitment to the post of Risk Officer to be initiated by Internal Audit during 2023.	A Risk Officer was recruited internally and in post from 1 <sup>st</sup> February 2024.	Complete
2	Data held in JCAD to be reviewed in conjunction with DLTs and cleansed appropriately (e.g. to remove redundant risks, update user access etc).	The Risk Officer has been meeting with Directorates and holding follow up with meetings with Directorate Leadership Teams.  Following the insourcing of THH, focus has been on the Housing and Regeneration Directorate and good progress has been made to bring the divisional and service level risks up to date.	In Progress
3	Provide annual Risk Management awareness/training to Divisional Leadership Teams and wider management groups across the authority through risk workshops, bespoke training, e-learning and drop in Risk Talks.	One-to-one JCAD system training between the Risk Officer and Risk Owners has commenced. This is being offered to all Risk or Control Owners to support their use of the system on a needs/request basis. Wider training will commence once the Risk Management Health Check that is currently being conducted by Zurich Municipal has been completed.	Started
4	Refreshing and re-energising the Directorate Risk Champions network to support risk maturity across the Council and help to co-ordinate and support more periodic new risk identification exercises within each Directorate.	This will be considered as part of the updated Risk Management strategy due in 2024/25.	Not Started
5	Review the functionality of JCAD and ensure it remains fit for purpose and useful in supporting the Council in managing its risks, sourcing an alternative if needed. This will include consideration of how other Councils have successfully utilised JCAD.	The JCAD Support Team are working with the Risk Officer during June & July 2024 to adjust/customise the system so that it is fit for LBTH current requirements. Whilst some changes have been made since Risk Officer commenced in post, the system is still very much set to historic requirements and support will be needed to bring the system in line with current objectives and risk appetite.	In Progress
6	Enhanced quarterly reporting of the Corporate Risk Register to CMT to implemented to include consideration of:  - Decision-making on the addition/removal of individual risks to/from the Corporate Risk Register  - Systematic horizon scanning to inform CMT discussion on new /emerging risks (e.g., regulatory, or technological developments)  - Deep dives on individual risks from the Corporate Risk Register	This is being actively progressed through the development of reporting templates and cyclical reporting to DLTs and other teams.  Horizon scanning is under development.  Deep dives are in for Directorate Risk Register, with deep dives for individual Corporate Risks under consideration.	In Progress

#	Risk Reference	Risk Definition	Date Entered to registers	Date Elevated to Corp Level	Original Risk Score	Current Risk Score
1.	CSD0016	Death or serious harm to a child that was or should have been in receipt of services, either from the council or a partner agency. There is an on-going need to ensure that services to all vulnerable children and young people have a focus on safeguarding and prevention of harm.	15/05/2013	05/03/2014	15	20 (Set on 17/06/2024)
2.	CLSCCB0012	Major Health and Safety Incident affecting Council employees, Buildings or related Infrastructure.	22/06/2023	22/06/2023	20	20
3.	RS0056	There is risk to Council's Financial Standing from overspending its revenue budget, failing to deliver savings and a reliance on reserves. (Reserves remain robust but there is a risk that the Medium-Term Financial Strategy may require a drawdown of reserves. Reserves can only be used once and therefore should not be used to plug permanent budget requirements).	31/03/2020	31/03/2020	16	20 (Set on 30/07/2020)
4.	HRP0009	There is a risk that historical errors in Pension Scheme member data will lead to materially incorrect calculation of the Pension's liability figure and qualification of the Council's Statement of Accounts and Pension Fund Accounts.	29/11/2023	29/11/2023	16	16 (Set on 05/12/2023)
5.	ORG0027	There is an ongoing risk of a Cyber Attack and a consequential Data Breach, Financial Loss and Business Interruption.	14/02/2022	14/02/2022	20	16 (set on 19/04/2023)
6.	RSB0023	There is a risk that the Statement of Accounts will receive a qualified opinion for 2020-21 and onwards	19/05/2014	10/09/2020	12	16 (set on 29/06/2021)
7.	ASD0015	Death or serious harm to a Vulnerable Adult who was or should have been, in receipt of services, either from the Council or a Partner Agency.	10/08/2015	10/08/2015	15	15 (set on 11/08/2015)
8.	PLC0013	Following the Grenfell Fire tragedy residents of tower blocks in the borough are not safe or do not feel safe from fire following reassurance, advice, interim measures and completed, in progress or scheduled remedial actions to improve Fire Safety.	28/09/2017	05/12/2017	25	15 (set on 29/11/2017)
9.	ASDASC0018	Regulatory censure and Safeguarding failure arising from deficient process for new and ongoing employee vetting (i.e. pre-employment	19/12/2023	19/12/2023	16	12 (set on 22/12/2023)

		checks, ongoing vetting of DBS status, verification of qualifications and other suitability/ screening checks).				
10.	FPA0014	The risk of being unable to reclaim VAT from HMRC owing to weaknesses in accounting for VAT and underlying non-compliance with HMRC requirements	29/11/2023	29/11/2023	12	12
11.	ORG0026	There is a risk the Council will be unable to deliver critical and essential services owing to a Business Continuity Incident.	14/09/2020	14/09/2020	15	12 (set on 16/02/2022)
12.	ICT0081	Risk of exploitation of Supply Chain vulnerabilities or shocks impacting Council Services, Vendors and Partners.	25/3/2022	25/3/2022	16	6 (set on 08/04/2024)
13.	LPG0036	Community Cohesion: A loss of social capital and a fracturing of the community and local networks <i>(New Risk - Currently Unassessed)</i>	02/05/2024			
14.	LPG0037	People First Transformation: A failure to fully execute, implement and realise the benefits from the Council's core transformation programme <i>(New Risk - Currently Unassessed)</i>	02/05/2024			

Heatmap Current Profile



Non-Executive Report of the:  <b>Audit Committee</b>  Monday, 8 <sup>th</sup> July 2024	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Julie Lorraine - Corporate Director, Resources	<b>Classification:</b> Open (Unrestricted)
<b>Insurance: Annual Report for 2023-24</b>	

<b>Originating Officer(s)</b>	David Dobbs – Head of Internal Audit, Fraud & Risk and Cheryl Williams – Insurance Manager
<b>Wards affected</b>	(All Wards)

## Executive Summary

This report is presented annually to the Audit Committee and provides the Committee with an overview of the internal insurance service and performance, which is part of the Internal Audit, Anti-Fraud and Risk department.

## Recommendations:

The Audit Committee is recommended to:

1. Note the contents of this report.

### 1. REASONS FOR THE DECISIONS

- 1.1 The Accounts and Audit Regulations 2015 state that a relevant authority must ensure that it has a sound system of internal control which:
  - facilitates the effective exercise of its functions and the achievement of its aims and objectives;
  - ensures that the financial and operational management of the authority is effective; and
  - includes effective arrangements for the management of risk.
- 1.2 The Audit Committee has responsibility for oversight of the arrangements for governance, risk management and control and this report assists the Committee in discharging its responsibilities.

### 2. ALTERNATIVE OPTIONS

- 2.1 None.

### 3. DETAILS OF THE REPORT

#### **Background**

- 3.1 Through the identification and evaluation of risks facing the authority, the Insurance Section organises the procurement of Insurance policies and manages the annual renewals to protect the Council's assets, liabilities and to promote effective financial management in the pursuit of value for money.
- 3.2 The Insurance Section provides expert advice and guidance to all levels of staff, Members and residents on any issues related to risk, insurance and claims, working collaboratively with key stakeholders including Divisional Directors, Heads of Services, Headteachers, Governors, partner organisations, Insurance London Consortium (ILC)<sup>1</sup>, brokers and Insurers.
- 3.3 The Insurance Service provides insurance cover to its stakeholders through a combination of self-insurance and external 'catastrophe' insurance. It also provides in-house claims handling services for all claims up to the policy excess. The 2023/24 main external policies had the following excesses and aggregate limit per year. The aggregate limit is the maximum amount the insurer will reimburse for all covered losses during the policy year.

3.4

<b>Policy</b>	<b>Excess Per Incident</b>	<b>Aggregate Limit Per Year</b>
Liability	£533,500	£2,998,270
Property	£2 million	£4 million
Motor	£0 (Zero)	£0 – No Aggregate/Stop Loss

- 3.5 Most losses will fall within the policy excess and are self-insured by the Council's insurance fund. There is also financial protection of the insurance fund through the aggregate limits, restricting the exposure per policy year. The insurer funds all claim costs above the excess or aggregate (if breached). The annual fund review carried out by an external insurance actuary assists the Council in maintaining an appropriate fund.

- 3.6 Below are the limits of cover under our policies.

<b>Policy</b>	<b>Limits</b>
Public/Employer's Liability	£50m for any one occurrence or all occurrences attributable to one cause
Property	Full reinstatement value as disclosed to insurers less deductible

---

<sup>1</sup> The ILC was formed in 2008 and consists of nine London Boroughs (Croydon, Camden, Haringey, Harrow, Islington, Lambeth, RB Kingston, Sutton and Tower Hamlets).



Motor	£50m for any third-party motor vehicle £25m for commercial vehicles
-------	--

3.7 This method of risk transfer is the most cost-effective for large organisations because it limits the sums paid to insurance companies. This is the case because insurance companies must consider the following factors when determining the premiums they charge:

- historic claim losses and the expected level of future losses adjusting for trends;
- provision to a common pot for large and infrequent losses;
- their own accommodation, general expenses and staffing costs; and
- the need to produce profit on their business activities.

3.8 Typically, this means that, on average, the approximate target for an insurer is for claims levels to not exceed 60% of the premium charged, thereby allowing for the above expenses and profit margins.

3.9 This approach also generates additional savings and benefits to the Council such as:

- Reduced premiums and a reduction in its Insurance Premium Tax liability, which is currently charged at 12%;
- The possibility of additional income from the investment returns earned on the insurance fund reserve; and
- increased risk ownership which reduces insured losses; the savings from which are immediately realised by the Council rather than awaiting the prospect of future insurance premium reductions.

3.10 Finally, reduced dependence on external insurance enables improved budget control by:

- lessening the impact of insurers' reactions to UK and Global events, which would result in increased premiums.
- lessening the impact of the typical business cycles between 'soft' and 'hard' markets. A hard insurance market is characterised by a high demand for insurance coverage and a reduced supply. Insurers impose strict underwriting standards and issue a limited number of policies. Premiums are high and insurers are disinclined to negotiate terms. A soft insurance market is when the market is soft many insurers are competing for business and premiums are generally low. Insurers relax their underwriting standards and coverage is widely available. Underwriters are

generally flexible and willing to negotiate coverage terms. Broad coverage is available with some extensions available for free.

- having the ability to self-fund risks rather than incur external insurance premiums for example Assault, Office Machinery, Money and Computers.

- 3.11 The Insurance Section currently handles personal injury, property damage and employer's liability claims in-house. Motor claims are handled by the external insurer as the cover is 3<sup>rd</sup> party and there is a Nil policy excess.
- 3.12 All claims are investigated in-house with site visits where necessary to assist claims handlers establish liability. External specialist solicitors are used to support liability decisions when necessary. In the event of legal proceedings being issued, external solicitors are appointed but importantly, the Council remain the decision makers and drive the case management.
- 3.13 Over the past year, the Insurance Section has continued to work with the Finance Department to streamline recharging processes. This collaboration has led to the centralisation of certain insurance premiums, the development of improved methods for supporting premium allocations, and the refinement of claims reporting.
- 3.14 Most claims pertain to the Communities and Housing & Regeneration Directorates, as a result we have continued to provide quarterly claims reports. Additionally, we have begun reporting on new claims received to allow departments to better monitor incoming claims, expedite the confirmation of allocations and mitigate future recharging issues.
- 3.15 As a result of the claims defensibility review, we have enhanced our claim forms, clarified claims handling procedures, and refined claim workflows. The report identified several areas for improvement within the Housing department, prompting us to initiate conversations regarding repair information and claims involving contractors. These discussions will continue over the next year as improvements are expected to contribute to claims costs savings.
- 3.16 The Underwriting Officers have been working closely with Environmental Health regarding Maddocks House fire, which occurred in March 2023. Their joint effort aims to make legal recovery under the Proceeds of Crime Act for expenses incurred by the Council due to the fire, which are not recoverable from external insurers.
- 3.17 With regards to the Bentworth Court fire, which took place in August 2022, underwriting officers are continuing discussions with loss adjusters and insurers to cover as much expenditure following the fire as possible.

- 3.18 The underwriting officers have worked closely with brokers and insurers to secure insurance coverage for the activities and buildings associated with leisure services. They are now working with colleagues within the Council to establish proper due diligence for the appointment of third parties using the centres to mitigate risk to the Council moving forward.
- 3.19 A recent situation with capital project has brought to the attention of underwriting officers that colleagues within the Council responsible for arranging building works under JCT contracts require a better understanding of insurance requirements to meet contractual obligations. Officers have been working with colleagues to establish working relationships and offer advice.
- 3.20 The underwriting officers have successfully renewed THH's Directors and Officers policy and agreed with insurers a plan of action to put the policy into runoff once THH is formally wound down and dissolved on Companies House.
- 3.21 The Insurance and Risk Apprentice successfully obtained the Certificate in Insurance qualification, issued by the Chartered Insurance Institute. The Apprentice has now secured and transitioned to a permanent role in the team as Risk Officer, as of 1<sup>st</sup> February 2024.

### **Partnerships**

- 3.22 The Council is a member of the Insurance London Consortium (ILC), a consortium of nine London Boroughs launched in July 2009 to provide strategic focus for insurance procurement and collaborative risk management. The consortium is governed by an agreement pursuant to section 101 Local Government Act 1972. Croydon Council is the accountable body and leads the procurement activity. Tower Hamlets continues to have an active role in ensuring underwriting criteria is met for procurement and renewal purposes and has an active role in the evaluation of all tenders.

### **Tenants (and leaseholders) Contents Insurance Scheme**

- 3.23 This opt-in scheme is provided for the benefit of Tower Hamlets tenants at their own discretion. Leaseholders (owner occupiers) can also take advantage of the scheme. The tenant or leaseholder has an arrangement directly with the insurer for appropriate cover. All claims are made directly with the insurer and the premium paid weekly/monthly/annually, whichever suits the financial situation of the insured. The scheme is operated by Crystal Insurance. There is no policy claims excess and has low sum insured options for persons over 60 years of age.
- 3.24 As of February 2024, the scheme had 273 policyholders out of circa 9,000 potential tenants. There are also a potential 9,000 leaseholders who can take advantage of the scheme. Although the take up is low,

the scheme offers insurance cover for tenants at preferred rates to meet their personal needs.

### **Insurance Fund and Provisions**

- 3.25 There are three separate lines in the Council's accounts that provide the funding for its insurance exposures. Those are as follows:
- Insurance fund reserve - held to fund deficits in the insurance trading account, incurred but not reported insurance claims and other unknown insurance exposures.
  - Insurance claims provision - the total outstanding reserve for all incurred and known insurance claims.
  - External insurance provision - provision held in respect of the Council's estimated final liability arising from the insolvent local government mutual insurer, Municipal Mutual Insurance (MMI).
- 3.26 The Council's self-insured losses are funded in year from the insurance trading account. At the end of the year, the surplus or deficit is taken from or transferred to the insurance fund reserve to balance the account.

### **Reserve and Provision Management**

- 3.27 The adequacy of the reserve and provisions is subject to annual actuarial reviews. The last of which was issued by Marsh in May 2024.
- 3.28 Analysis is based on data as of 17<sup>th</sup> April 2024. It covers the years 20014/15 to 2023/24.
- Their best estimate of the total historical funding requirement for these years is £4.95 million.
  - Adding amounts for known prior years and Municipal Mutual Insurance (MMI) gives a total, best estimate, funding requirement of £5.74 million.
  - Including a buffer at the 90% confidence level increases the total to £7.63 million.
- 3.29 Their best estimated loss forecast for 2024/25, covering the three main insurance classes (employers' liability, public liability, and property) is £1.58 million.
- 3.30 MMI insured many public sector authorities before it ceased underwriting operations in September 1992. Most of MMI's public sector members elected to participate in the Scheme of Arrangement and effectively became scheme creditors. In November 2012, following several years of deteriorating financials with a significant and growing deficit, the Directors announced that they were triggering the Scheme of Arrangement. The scheme's levy is currently 25%.

### **Insurance Recharge**

3.31 Every year the insurance service reviews the recharges required to sustain the insurance fund. The recharges are calculated in three parts and are always set prior to the applicable year:

- internal funding requirements – the amount of money calculated that will be spent in the following year on self-insured losses, i.e., those below external insurance policy excess;
- external insurance premiums – the cost of the external ‘catastrophe’ insurance which is estimated based on the current premiums plus inflationary uplifts; and
- share of service costs – the share of the costs to operate the service, including salaries, IT costs and any other expenses incurred.

3.32 The current arrangements for recharging remain under review as part of completing the Finance Improvement Plan. Insurances that are based on headcount i.e. Liability, Travel and Crime continue to be centralised.

### **Benchmarking**

3.33 In the past the Council has undertaken benchmarking using CIPFA’s benchmarking services. However, due to relevant comparators in that exercise falling below four, the Council no longer takes part because of its limited value. Benchmarking is likely to be undertaken in future by the ILC.

### **Claims summary**

3.34 During the period 1<sup>st</sup> April 2023 – 31<sup>st</sup> March 2024 a total of 262 claims were received, with a reserve value (potential cost) of £1,998,339.

3.35 A total of 107 claims have so far been repudiated, with a reserve value (potential cost) of £481,437. Considering £2,325 was incurred as defence costs, the total saving is £479,112. The tables below provide the breakdown of the high-level claims data:

<b>Public Liability</b>	
Claims received	247
Of which are Schools claims	5
Total estimated value	£1,868,107
No. Repudiated	101
Rep. value	£455,300
Settled	55
Value settled	£120,012
Outstanding claims	91
Outstanding claims value	£1,252,518

<b>Employers Liability</b>	
Claims received	10
Of which are School claims	5
Total estimated value	£107,682
No. Repudiated	4
Rep. value	£26,137
Settled	0
Value settled	£0
Outstanding claims	6
Outstanding claims value	£81,545

<b>Property &amp; Miscellaneous (in-house policies)</b>	
Claims received	5
Of which are School claims	4
Total estimated value	£22,550
No. Repudiated	2
Rep. value	£0
Settled	2
Value settled	£6,550
Outstanding claims	1
Outstanding claims value	£16,000

- 3.36 The majority of Public Liability claims are Highway/Roadway and Housing (THH) related.
- 3.37 Highway incident claims are in the majority equally divided between pavement tripping injuries (24) and vehicle damage (18) caused mainly by potholes. There are an additional 13 claims of other causes, such as defective utility covers and lighting defects. Of the 55 Highway incident claims 1 has been settled, 33 repudiated and the remaining 21 claims ongoing.
- 3.38 Housing (THH) incident claims totalled 133. Of these, 62 claims were water leak related (burst pipe) incidents. There were also 23 claims relating to roof leaks and back-surges/blocked drains. 13 claims were for trips/slips on the estate. The other 48 claims were for other building defects, fire, rodents, lifts falling objects and claims caused by third parties (contractors).
- 3.39 Of the 133 claims received 42 have been settled, 43 repudiated and the remaining 48 claims ongoing.

- 3.40 In comparison, the number of claims over the past 5 years has remained stable, as demonstrated in the table below, with the average being 247. There was a dip in claims for 2020-2021 which reflects the impact of the Covid-19 pandemic.

2019-2020	279
2020-2021	204
2021-2022	258
2022-2023	234
2023-2024	262

### **Future Plans**

- 3.41 The Insurance Section is made up of eight posts – currently there is one vacancy (Insurance and Risk Apprentice) for which recruitment has commenced. The Insurance Section is divided into two sub-teams – Underwriting, which deals with the procurement of insurance policies and renewals, insured loss and finance, and Claims, which deal with claimants who pursue the Council for negligence. Consideration will be given to streamlining claims operations in line with service needs.
- 3.42 The current Property, Terrorism and Liability policies were entered into on 1<sup>st</sup> April 2022 following a tender exercise via the ILC. The ILC also managed the tender for Engineering Inspections, Motor, School Travel, Business Travel, Crime, Commercial Property and Buildings Insurance for RTB Leaseholders. The policies are for a 5-year period and commenced on 1<sup>st</sup> April 2023.
- 3.43 The Legal Panel has been successfully tendered via the ILC. Rather than a traditional tender the ILC has established and maintains a Preferred Suppliers List of panel solicitors (liability litigation experts). There are 5 panel members, and the contract is for a 5-year period. This contract only relates to claims where external legal providers are appointed by Consortium members. Appointment is dependent on the nature/complexity of claim and where it is litigated, the majority of claims will be handled in-house.
- 3.44 Repudiation rates can rely heavily on the quality of information provided by services. We are therefore arranging training sessions for Highways, Waste and Housing. This training will provide insight into how claims are defended and how information is to be recorded so it can be used to support the Council's defence.
- 3.45 We will maintain ongoing discussions with Housing to improve repudiation rates. This effort will include a comprehensive review of the management of housing claims and the establishment of a channel for transferring claims involving contractors. This approach aims to reduce claims costs incurred by the Council.

- 3.46 The motor insurance premium has increased significantly at renewal. This is due to the net loss ratio exceeding 200%. In response we will work with Transport, Waste, and our insurance provider to review and develop enhanced risk management strategies. Additionally, we aim to implement a policy excess to reduce the overall premium cost. This initiative will require coordination with various departments to ensure they appropriately budget for potential claims (below the excess).
- 3.47 The Insurance section will continue to work closely with finance to further improve and document the recharge process.
- 3.48 We continue to work with One Consulting Group to ensure that property reinstatement values are part of the rolling valuation programme procured by Asset Management. It is an insurance requirement that buildings are valued every five years to ensure there is no under or over insurance. The valuation contract is due to be tendered this year.

#### **4. EQUALITIES IMPLICATIONS**

- 4.1 There are no specific statutory implications.

#### **5. OTHER STATUTORY IMPLICATIONS**

- 5.1 There are various statutory insurances the Council is required to hold by law. These include Employers Liability (Employers Liability Compulsory Insurance Act 1969), Fidelity Guarantee (Crime) Insurance (Local Government Act 1972), insurance and inspection services for boilers and lifts etc. (various Health and Safety Acts) and Motor Vehicle Insurance (Road Traffic Act of 1930). Other insurances purchased by the Council are not compulsory, however, having insurance is a safety net against an unforeseen incident where large losses may occur which exceed the policy excess in place. It is a requirement of the Civil Procedure Rules (low value pre-action protocol) that liability is admitted or denied within 30 days (Public Liability) and 40 days (Employers Liability) giving a short time frame for investigation.

#### **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 There are no direct financial implications from noting the annual insurance report for 2023/24. However, the report covers a number of financial aspects.
- 6.2 At 31st March 2024, the Council had an insurance provision of £3.4m and an insurance reserve of £8.1m in relation to self-insurance. The provision and reserves are supported by the external insurance advisor (Marsh) and are considered sufficient to meet future obligations. The Council also has insurance policies with their costs affected by market conditions and the number of claims. For 2024/25 there has been a



large increase in motor insurance, from £0.5m to £1.0m. Any budget pressures caused by changes to insurance premiums will be reported as part of the budget monitoring process for 2024/25.

## **7. COMMENTS OF LEGAL SERVICES**

- 7.1 The Council is lawfully entitled to hold reserves to cover various aspects and volumes of financial risk that might otherwise be covered by obtaining an external insurance policy. The mode of managing risk described in this report is therefore lawful and one that is similar to that followed by many larger local authorities. This allows the Council to balance premium levels against potential expenditure against the chance of crystallisation of such risks. This in turn means the Council is offered better value premiums as the market is itself protected from exposure to certain levels of risk that the Council is willing to take on itself.
- 7.2 However, the policies allow the Council to be protected from catastrophic levels of risk. There are some areas where the law requires the Council to have external policy cover.
- 7.3 The report therefore demonstrates that the Council has an appropriate methodology of risk management relating to insurance which complies with the Council's legal duties relating to risk management. Also, the mode delivers risk management in a way which is Economic Effective and Efficient and therefore compliant with the Council's Best Value Duty.

---

### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- NONE

#### **Appendices**

- NONE

#### **Local Government Act, 1972 Section 100D (As amended)**

#### **List of "Background Papers" used in the preparation of this report**

- NONE

#### **Officer contact details for documents:**

David Dobbs - Head of Internal Audit, Anti-Fraud and Risk

Email: [david.dobbs@towerhamlets.gov.uk](mailto:david.dobbs@towerhamlets.gov.uk)

This page is intentionally left blank



# AUDIT COMMITTEE WORK PLAN 2024/25

Contact Officer:	<b>Farhana Zia</b> Democratic Services
Email:	<a href="mailto:farhana.zia@towerhamlets.gov.uk">farhana.zia@towerhamlets.gov.uk</a>
Telephone:	020 7364 0842
Website:	<a href="http://www.towerhamlets.gov.uk/committee">www.towerhamlets.gov.uk/committee</a>
Last updated:	28 <sup>th</sup> June 2024

**AUDIT COMMITTEE WORK PLAN 2024/25**

REPORT TITLE	BRIEF SUMMARY	LEAD OFFICER	OTHER CTTEE MEETINGS
<b>20<sup>TH</sup> MAY 2024</b>	Audit Committee Training: Financial Management and Administration	TBC	
<b>23<sup>RD</sup> MAY 2024</b>			
1. Appointment of Vice-Chair	Appointment of the vice-chair for municipal year 2024-25.	Audit Committee	
2. Terms of Reference	Terms of reference 2024/25 to be approved by the Committee.	Farhana Zia/ David Dobbs	
3. Deloitte/EY (the Council's appointed external auditor)	Standing Item	Jonathan Gooding/Angus Fish	
4. Annual Governance Statement: 2023-24	The draft Annual Governance Statement for 2023-24 for approval	David Dobbs	
5. Internal Audit: External Quality Assessment	Report detailing the quality assessment carried out by Validera.	David Dobbs	Deferred until July 2024
6. Adult Social Care Procurement	CONDIFENTIAL REPORT	Julie Lorraine	
7. Audit Committee Work Plan	Review and agree items on the work plan for the Committee.	Audit Committee Members	

**AUDIT COMMITTEE WORK PLAN 2024/25**

REPORT TITLE	BRIEF SUMMARY	LEAD OFFICER	OTHER CTTEE MEETINGS
<b>27<sup>TH</sup> JUNE 2024</b>	<b>EXTRAORDINARY</b>		
1. Adult Social Care Procurement: Update Report		Julie Lorraine	
<b>15<sup>TH</sup> JULY 2024</b>	Audit Committee Training: Treasury Management (to be provided by Arling Close)	TBC	
<b>18<sup>TH</sup> JULY 2024</b>			
1. Deloitte/EY	Standing item	Jonathan Gooding / Angus Fish	
2. Internal Audit: Annual Report for 2023-24	Annual report on all internal audit and counter-fraud activity	David Dobbs	Deferred to October 2024
3. School Audits: Annual Report for 2023-24	Annual report detailing the results and themes from school audits undertaken during 2023-24	David Dobbs	
4. Risk Management: Annual Report for 2023-24	Annual report on Risk Management activity undertaken during 2023-24	David Dobbs	
5. Insurance: Annual Report for 2023-24	Annual report on Insurance activity undertaken during 2023-24	David Dobbs	
6. Public Interest Reports		Karen Swift/Leah Sykes/Usman Zia	
7. Internal Audit: External Quality Assessment	Report detailing the quality assessment carried out by Validera.	David Dobbs	Deferred from June 2024 mtg
8. Audit Committee Work Plan	Review and agree items on the work plan for the Committee.	Audit Committee Members	

**AUDIT COMMITTEE WORK PLAN 2024/25**

REPORT TITLE	BRIEF SUMMARY	LEAD OFFICER	OTHER CTTEE MEETINGS
<b>7<sup>TH</sup> OCTOBER</b>	Audit Committee Training: Statement of Accounts	TBC	
<b>10<sup>TH</sup> OCTOBER 2024</b>			
1. EY	Standing item		
2. Internal Audit: Annual Report for 2023-24	Annual report on all internal audit and counter-fraud activity	David Dobbs	Deferred to July 2024
3. Risk Management Report 2024-25: Progress update & Directorate Risk Register	Progress update	David Dobbs	
4. Internal Audit and Anti-Fraud 2024-25 Progress update	Progress update	David Dobbs	
5. Annual Whistleblowing Report and Policy Review	Annual policy review.	David Dobbs	
6. Annual Review of the Anti-Money Laundering Policy and Guidance	Annual policy review.	David Dobbs	
7.			
8.			
9. Audit Committee Work Plan	Review and agree items on the work plan for the Committee.	Audit Committee Members	

**AUDIT COMMITTEE WORK PLAN 2024/25**

REPORT TITLE	BRIEF SUMMARY	LEAD OFFICER	OTHER CTTEE MEETINGS
<b>6<sup>TH</sup> JANUARY 2025</b>	Audit Committee; Capital Accounting	TBC	
<b>9<sup>TH</sup> JANUARY 2025</b>			
1. EY	Standing item		
2. Risk Management Report 2024-25 – Progress update & Directorate Risk Register	Progress update	David Dobbs	
3. Internal Audit and Anti-Fraud 2024-25 Progress update	Progress update	David Dobbs	
4.			
5.			
6.			
7.			
8. Audit Committee Work Plan	Review and agree items on the work plan for the Committee.	Audit Committee Members	

**AUDIT COMMITTEE WORK PLAN 2024/25**

REPORT TITLE	BRIEF SUMMARY	LEAD OFFICER	OTHER CTTEE MEETINGS
<b>21<sup>ST</sup> APRIL 2025</b>	Audit Committee Training: Internal Audit	David Dobbs	
<b>24<sup>TH</sup> APRIL 2025</b>			
1. EY	Standing item		
2. Internal Audit: Annual Plan and Audit Charter 2025-26	Annual Internal Audit and Counter-Fraud Plan for 2025-26	David Dobbs	
3. Internal Audit And Anti-Fraud 2025-26 Progress Update	Progress update	David Dobbs	
4. Risk Management Report 2025-26 – Progress Update & Directorate Risk Register	Progress update	David Dobbs	
5. Annual Review Of The Anti-Bribery Policy	Annual policy review	David Dobbs	
6.			
7.			
8. Audit Committee Work Plan	Review and agree items on the work plan for the Committee.	Audit Committee Members	
<b>CARRY FORWARD ITEMS – 2024/25</b>			
1.			



**AUDIT COMMITTEE WORK PLAN 2024/25**

REPORT TITLE	BRIEF SUMMARY	LEAD OFFICER	OTHER CTTEE MEETINGS
2.			
3.			

DRAFT

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank