

**LONDON BOROUGH OF TOWER HAMLETS**

**MINUTES OF THE AUDIT COMMITTEE**

**HELD AT 7.00 P.M. ON TUESDAY, 26 JUNE 2012**

**C1, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT,  
LONDON, E14 2BG**

**Members Present:**

Councillor Carlo Gibbs (Chair)  
Councillor Khaled Uddin Ahmed  
Councillor Craig Aston  
Councillor Anwar Khan  
Councillor Carli Harper-Penman

**Other Councillors Present:**

none

**Officers Present:**

Robin Beattie	– (Service Head, Strategy & Resources & Olympic Impact, Communities Localities & Culture)
Minesh Jani	– (Head of Audit and Risk Management , Resources)
Alan Finch	– (Service Head Financial Services, Risk & Accountability, Resources)
Bharat Mehta	– (Audit Manager)
Kevin Miles	– (Chief Accountant, Resources)
Chris Naylor	– (Corporate Director, Resources)
Richard Parsons	– (Service Head Procurement and Corporate Programme, Resources)
Tony Qayum	– (Anti Fraud Manager, Internal Audit, Resources)
Jamie Blake	– (Service Head of Public Realm, Communities Localities and Culture)
Ann Sutcliffe	– (Service Head Strategic Property, Development and Renewal)
Simone Scott-Sawyer	– (Democratic Services)

**Others In Attendance**

Jon Hayes	– Audit Commission
Mike Clarkson	– Deloitte & Touche

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Ullah and Eaton.

**2. DECLARATIONS OF INTEREST**

There were none.

### 3. APPOINTMENT OF VICE-CHAIR

The Chair called for nominations for a Member to serve as Vice-Chair of the Committee for the municipal year 2012 - 13.

Councillor Khales Uddin Ahmed MOVED that Councillor Anwar Khan be elected Vice-Chair and this was SECONDED by Councillor Carlo Gibbs.

No further nominations were received and it was therefore

#### RESOLVED

That Councillor Anwar Khan be elected Vice-Chair of the Audit Committee for the municipal year 2012-13.

### 4. UNRESTRICTED MINUTES

That the minutes of the meeting of the Audit Committee held on 20<sup>th</sup> March 2012 be agreed as a correct record of the meeting and the Chair be authorised to sign them accordingly.

#### VARY ORDER OF BUSINESS

The Chair **Moved** that the order of business be varied. Accordingly, item 7 was taken first, followed by items 5, 6 and 8.

### 5. UPDATE ON THE COUNCIL'S WORK PREPARING FOR THE OLYMPICS

Robin Beattie, Service Head Strategy & Resources, introduced gave a PowerPoint presentation to Members. He informed Members that he had corporate responsibility for the Olympic planning process and highlighted the following points:

- The HR Olympic Policy Development Team sits alongside the “smarter working” plan which dovetailed seamlessly into the Olympic Plan. This covered topics such as home-working to ameliorate traffic flow etc
- There was a pre-games audit planned to test the nature of planning at Directorate level;
- There was work to be done with local pharmacies to gauge the impact on the National Health Service;
- An Olympic Control Centre will be going live on 9<sup>th</sup> July 2012.

In response to some Members' concerns and questions, Mr Beattie further outlined the following points:

- The Blackwall tunnel will be reduced to one lane during the Olympic period as one lane will be dedicated to Olympic traffic;

- Olympic Employment benefits for Tower Hamlets residents – the Olympics had generated employment opportunities and Mr Beattie promised to obtain the data on this for Members;
- Security – this remained unclear at present as Central Government had failed to provide support for the borough. However, the Council would continue to lobby the Government;
- Emergency Planning – Mr Beattie knew of one emergency scenario to be trialled before the Olympics and promised to provide further information to Members outside the Committee meeting. They were currently trialling the BOC [??] arrangements;
- “Green” Olympics – Mr Beattie was aware of the promises that had been made by Lord Coe in this respect, however due to budgetary constraints, some of these promises had not materialised. This was outside Mr Beattie’s remit;
- Critical Services –those members of staff with core responsibilities may need to leave earlier and service managers would therefore need to draw up effective rota systems;
- Officers ensured that they collaborated with other borough by attending the 6-host borough group meetings. This would comprise the Chief Executive, leaders and the Mayor who regularly met to discuss common issues, risks etc The Mayor of Tower Hamlets was usually represented at these meetings or would attend with officers from the Council Management Team [CMT].

**RESOLVED:**

That the presentation be noted.

**6. AUDIT COMMITTEE TERMS OF REFERENCE AND MEMBERSHIP**

Simone Scott-Sawyer, Senior Committee Officer, Democratic Services introduced the report.

Simone Scott-Sawyer, Democratic Services, highlighted the main issues for Members to note as follows:

- Appendix 1 – the terms of reference of the Committee;
- Appendix 2 – Audit Committee Membership 2012/13;
- Appendix 3 – Audit Committee meeting dates 2012/13.

**RESOLVED**

That the Audit Committee’s Terms of Reference, Membership and meeting dates for the 2012/13 municipal year be noted.

**7. UNRESTRICTED AUDIT COMMISSION REPORTS FOR CONSIDERATION****7.1 PROGRESS REPORT**

Jon Hayes, District Auditor, Audit Commission introduced the report. He highlighted the salient points on pages 26 – 30 and informed Members that another report would be submitted to the Committee in September.

**RESOLVED:**

That the report be noted.

**8. UNRESTRICTED TOWER HAMLETS REPORTS FOR CONSIDERATION**

**8.1 INTERNAL AUDIT REPORT**

Minesh Jani, Head of Risk Management and Audit, introduced the report. He pointed out to Members that Appendix 4 contained a list of the pieces of work which had been carried out by the Audit department last year. 77% were classified as substantial or full assurances and 23% were classified as limited or nil assurances.

Officers outlined the following additional points for Members:

MELA – human trafficking issues

Minesh Jani stated that this was an area of concern for officers in the Communities, Localities and Culture department. A new Governance system had been set up at the British Mela and the intention was to share information with Tower Hamlets Council. A risk analysis was due to be carried out by the British Trust to look at how they would deliver the MELA.

Limited Assurance - management of asbestos and legionella

Ann Sutcliffe, Head of Building Schools for the Future, state that one of the areas of concern at present was asbestos certificates were not immediately visible to operatives. Therefore a “gap” analysis was being carried out to identify where work needs to be done and the Council was considering implementing new software to store all certificates centrally.

Management of voids [limited assurances]

Minesh Jani stated that there was an area of concern regarding the accuracy of information. It was often difficult to ascertain when a property becomes void and it was often not clear when a tenant surrendered his tenancy. Occasionally, there was a discrepancy between the actual surrender date and the date on the form.

Vehicle removal contract

Minesh Jani stated that this was an area which officers were keen to improve and the methodology was now in place to ensure that checks and balances were carried out. Six monthly reviews had also been implemented.

**RESOLVED:**

That the Internal Audit Annual Report be noted.

**8.2 ANNUAL GOVERNANCE STATEMENT 2011/12**

Minesh Jani, Head of Risk Management and Audit, introduced the report. He informed Members that this was a statutory document which must accompany the statement of accounts. The guidance and guidelines were obtained from the Chartered Institute of Public Finance and Accounting [CIPFA].

**RESOLVED:**

That the Annual Governance Statement 2011 – 12 be noted.

**8.3 ANNUAL FINANCIAL REPORT 2011/12**

Alan Finch, Service Head, Finance, tabled some additional information for Members and gave them an update on the figures.

In response to a question by the Chair, Minesh Jani stated that an officer from the DNR [??] was charged with scrutinising the work of Tower Hamlets homes.

It was agreed that the DNR would attend a committee meeting to give an account to Members.

**RESOLVED:**

That the Annual Financial report 2011 – 12 be noted.

**8.4 2011/12 TREASURY MANAGEMENT OUT-TURN REPORT - UPDATE TO 31ST MAY 2012**

Alan Finch, Service Head, Finance, introduced the report and highlighted the following points:

- The average return on investment was 1.49 % which was above the target of 1.25%;
- The shrinking nature of the returns had been noted, although there was no cause to panic at the moment as the investment decisions were led by Fitch ratings.

**RESOLVED:**

That report be noted.

The meeting ended at 9.00 p.m.

Chair, Councillor Carlo Gibbs  
Audit Committee