

**LONDON BOROUGH OF TOWER HAMLETS**

**MINUTES OF THE AUDIT COMMITTEE**

**HELD AT 6.34 P.M. ON TUESDAY, 23 APRIL 2024**

**COMMITTEE ROOM - TOWER HAMLETS TOWN HALL, 160 WHITECHAPEL ROAD, LONDON E1 1BJ**

**Members Present in Person:**

Councillor Harun Miah	
Councillor Kabir Ahmed	(Cabinet Member for Regeneration, Inclusive Development and Housebuilding)
Councillor Saied Ahmed	(Cabinet Member for Resources and the Cost of Living)
Councillor Abdul Wahid	(Cabinet Member for Jobs, Skills and Growth)
Councillor Rachel Blake	
Charlotte Webster	Independent Person

**Members In Attendance Virtually:**

Councillor Maisha Begum\*

**Apologies:**

Councillor Mufeedah Bustin  
Councillor Asma Islam

**Others Present in Person:**

Angus Fish	Deloitte
Jonathan Gooding	Deloitte

**Officers Present in Person:**

Paul Audu	(Interim Head of Pensions & Treasury)
Pat Chen	(Head of HR)
David Dobbs	(Head of Internal Audit, Anti-Fraud and Risk)
Abdulrazak Kassim	(Director Finance, Procurement and Audit)
Ahsan Khan	(Chief Accountant)
Julie Lorraine	(Corporate Director Resources)
Dr Somen Banerjee	(Director of Public Health)
Sarah Murphy	(Principal Social Worker - Adult Social Care Services)
Warwick Tomsett	Joint Director, Integrated Commissioning
Farhana Zia	(Democratic Services Officer, Committees, Governance)

**Officers In Attendance Virtually:**

Leah Sykes  
Usman Zia

(Head of Customer Services)  
Head of Information Governance

**APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Asma Islam and Councillor Mufeedah Bustin.

\*Councillor Maisha Begum joined the meeting virtually for the first item only.

**1. DECLARATIONS OF INTEREST**

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

**2. MINUTES OF THE PREVIOUS MEETING(S)**

The Audit Committee **RESOLVED**:

1. That the unrestricted minutes of the Audit Committee held on the 22<sup>nd</sup> January 2024 be approved and signed by the Chair as a correct record of the proceedings.

**3. DELOITTE ITEMS FOR CONSIDERATION**

Officers from Deloitte were in attendance. Their report was appended at appendix 1 of item 4.1 and they contributed to that item when it was discussed.

**4. TOWER HAMLETS ITEMS FOR CONSIDERATION****4.1 Addressing the Local Audit Backlog and Update on Outstanding Audit of Accounts 2020/21, 2021/22 and 2022/23**

Mr Ahsan Khan, Head of Strategic Finance and Chief Accountant presented the backlog report and update on the outstanding accounts of 2020/21, 2021/22 and 2022/23.

Mr Khan explained that the backlog in Local Authority accounts had grown to unacceptable levels and as such the Government published a statement in July 2023 setting out proposals to tackle the local audit backlog. He said organisations involved in the regulation and oversight of local body financial reporting and audit ("system partners") had been working collectively to agree a proposed solution to clear the outstanding historical audit opinions and ensure that delays did not return.

He referred to paragraph 3.4 onwards, of the supplementary agenda and said the proposed measures consisted of three phases: Reset, Recovery and Reform. Mr Khan explained to the Committee, what each stage would involve.

He said the finance team were focussed on delivering the outstanding accounts by the September 2024 deadline.

Mr Jonathan Gooding, external auditor from Deloitte said it was vital that the 'backstop' dates as mentioned at paragraph 3.7 of the report were met. He said they were making progress and would report back to the Committee as part of the Annual Auditor's report.

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

- In response to the tight timetable and what the implications would be, if the deadlines were not met, Mr Gooding stated that sector wide guidance in this regard was evolving. He said that if local authorities did not meet the deadlines, they would be expected to report and explain why.
- Mr Khan added the finance team would to their utmost to meet the deadlines and said they had reviewed their resources as well as priorities. They were very much focussed on meeting the deadlines and undertake the value for money exercise thereafter. He said they had met with the new auditors EY, who would be appraised of any additional work required.
- Ms Julie Lorraine, Corporate Director for Resources and Section 151 Officer stated the Government consultation was due to the backlog in public sector audits, which the Government recognised. She said the proposal was to clear the backlog in the most practical way. Resources had been devoted to meet the backstop deadlines and she hoped opinions would be issued by the external auditors soon after. She said 'as a nation' it was important to 'reset' public sector audits.

The Audit Committee **RESOLVED:**

1. To note the summary proposals for addressing the Local Audit Backlog in England
2. To note Deloitte's briefing paper to the Council on Plans for Addressing the Backlog in Local Audits (Appendix A)
3. To note the position on the outstanding external audits of the Council's Statement of Accounts for 2020/21, 2021/22 and 2022/23
4. To note the councils latest draft accounts for 2020/21, 2021/22 and 2022/23 (Appendix B, C and D respectively)

#### **4.2 Internal Audit Plan and Charter 2024-25**

Mr David Dobbs, Head of Internal Audit, Anti-Fraud and Risk, introduced the report and stated that the Internal Audit Plan and Charter for financial year 2024 -25 was attached to the report for the Committee to review and agree.

He said the Audit plan appended at appendix 1 provided an explanation of the methodology used and listed the planned audits for 2024/25 at page 25 of the agenda. Planned school audits were listed on page 27. He said he had taken on board the suggestions made by the Committee last year and had

consulted a wide range of stakeholders including the Senior Leadership Team.

In response to comments and questions the following was noted:

- Mr Dobbs said the range and quantity of planned audits was deliverable by the team and said various stakeholders include the Institute of Internal Auditors had been consulted.
- Councillor Blake asked if the two audits highlighted at the January 2024 meeting – ‘Management of Lettings’ and ‘Management of Markets – Follow up’ were to be brought back to the Committee. Mr Dobbs replied they would be brought to the Committee if they achieved a ‘limited assurance report’. He said he was happy to make available to the Committee the full reports of any audits, members were interested in.

The Audit Committee **RESOLVED** to:

1. Agree the Internal Audit plan and Charter for 2024-25 attached at Appendix A.

#### **4.3 Internal Audit and Anti-Fraud - Progress Report**

Mr David Dobbs, Head of Internal Audit, Anti-Fraud and Risk introduced the report and stated the report provided an update on the progress made against the delivery of the 2023-24 Annual Internal Audit Plan. The report also provided an update on the investigation activity, fraud prevention and anti-fraud work. Mr Dobbs referred members to paragraph 3.1 and the appendix attached to the report and said 47% of audit opinions had resulted in Reasonable or Substantial assurance compared to 65% for year 2022-23. He said this was an interim figure and was subject to change.

Mr Dobbs stated that officers were present at the meeting to answer questions relating to the limited assurance reports.

- Scheme of Publication
- Attendance Management
- RFQ Process

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

- Referring to Appendix A of the report and the ‘advisory’ opinion, Mr Dobbs explained the opinion was likely to change if the service improved their policies and procedures. He said it was necessary to ensure a balanced opinion was given.
- In response to the ‘limited assurance’ cited on page 45 for Malmesbury Primary School, Mr Dobbs said that the internal audit team would be working with the school’s finance team to address the weaknesses identified.

- Referring to the Attendance Management limited assurance report, Ms Lorraine, Corporate Director for Resources and Section 151 Officer said accountability for attendance was the responsibility of the manager and the service - and not HR. She said they were looking to have software in place which would make it easier for staff members to report absence and for managers to record absence.
- Ms Julie Lorraine, Corporate Director for Resources and Section 151 Officer said there had been a review of the RFQ Process and the procurement thresholds used internally. An independent review had been undertaken to review the thresholds so there was less burden on budget holders to approve thresholds less than a £100,000. She said CIPFA recommendations had been taken into consideration.
- In answer to if staff training was provided for the RFQ process, Mr Dobbs confirmed it was however said this would need to be reviewed in light of the suggested changes.
- **ACTION:** When asked if there was an action plan for the recommended changes, Mr Dobbs said this would be circulated to the Committee.

The Audit Committee **RESOLVED** to:

1. Note the contents of the attached report and the overall progress and assurance opinions for audits carried out as part of the 2023-24 Audit Plan.

#### **4.4 Risk Management – Corporate and Directorate Risk Registers**

Mr David Dobbs, Head of Internal Audit, Anti-Fraud and Risk, introduced the Risk Management report and said the Corporate Risk Register (Appendix A) and the risk register for Health and Social Care Directorate (Appendix B) were attached to the report. He referred members to paragraph 3.4 of the report and said three new risks had been identified for the Corporate Risk Register. He said Officers from the Health and Social Care Directorate were in attendance to answer questions relating to their risk register.

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

- Councillor Kabir Ahmed requested the column for responsibility be updated to show the interim Corporate Director for Health and Social Care rather than the Corporate Director who had left the Council. Mr Dobbs said this would be updated in due course, as the information at the time of publication was correct.
- Mr Dobbs confirmed he was working with services who had recently come 'in house' such as Tower Hamlets Homes to fill gaps in using the JCAD system and to identify risks.
- Mr Somen Banerjee, Interim Corporate Director of Health and Social Care Directorate said their risk register was in reasonable shape as they continued to use the methodology and processes adopted by the previous Director. Mr Warwick Tomsett, Joint Director for Integrated

Commissioning, added they followed a regular cycle of review and discussion of risks.

- Mr Dobbs said the ownership of risks lied with the risk owner who was either the Head of Service or the Corporate Director.
- **ACTION:** Mr Dobbs said he would bring to the July meeting the Risk Management Annual Report including details of how current and target risks had changed over a period. He said the software was able to produce this information.

The Audit Committee **RESOLVED** to:

1. Note the updated Corporate Risk Register and where applicable, request risk owner(s) with risks requiring further scrutiny to provide a detailed update on the treatment and mitigation of those risks including impact on the corporate objectives at the next Audit Committee meeting (or separately before the meeting, if urgent).
2. Note the proposed changes to the Council's risk registers, as set out in paragraphs 3.4 and 3.5.
3. Note the updated Health and Social Care Directorate Risk Register and where applicable request risk owner(s) with risks requiring further scrutiny to provide a detailed update on the treatment and mitigation of their risks including impact on the directorate's objectives at the next Audit Committee meeting (or separately before the meeting if urgent).

#### 4.5 Annual Review of the Anti-Bribery Policy

Mr David Dobbs, Head of Internal Audit, Anti-Fraud and Risk said the report recommended the Audit Committee to note and approve the updated Anti-Bribery policy. He said the policy had to be reviewed annually and formed part of the Council's Fraud and Risk Management arrangements.

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

- Mr Dobbs said training on Anti-Bribery and Fraud was part of the mandatory corporate training programme and the scenarios used in the training were updated and refreshed. He said new joiners were expected to complete this training as part of their e-learning programme.

The Audit Committee **RESOLVED** to:

1. Note and approve the Council's updated Anti-Bribery policy (Appendix A)

#### 5. AUDIT COMMITTEE WORK PLAN

Members of the Audit Committee noted the Committee work plan.

The Chair, Councillor Harun Miah informed members there would be a new workplan for the Audit Committee for 2024-25, at the start of the new municipal year.

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

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

The meeting ended at 8.02 p.m.

Chair, Councillor Harun Miah  
Audit Committee