

**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 Carli Harper-Penman  
 Councillor Anwar Khan

**Other Councillors Present:**

## Officers Present:

Chris Naylor	–	Corporate Director, Resources
Robin Beattie	–	(Service Head, Strategy & Resources & Olympic Impact, Communities Localities & Culture)
Jamie Blake	–	(Service Head of Public Realm, Communities Localities and Culture)
Alan Finch	–	(Service Head Financial Services, Risk & Accountability)
Minesh Jani	–	(Head of Audit and Risk, Financial Services Risk & Accountability, Resources)
Bharat Mehta	–	(Audit Manager)
Kevin Miles	–	(Chief Accountant, Resources)
Tony Qayum	–	(Corporate Fraud Manager, Internal Audit, Resources)
Ann Sutcliffe	–	(Service Head Building Strategic Property and Capital Delivery, Development & Renewal)
Jon Hayes	–	District Auditor, Audit Commission
Sally Ann Eldridge	–	Service Manager, Audit Commission
Mike Clarkson	–	General Manager - Deloitte
David Thomson	–	Acting Director, Neighbourhoods Services, Tower Hamlets Homes
Richard Parkin	–	Head of Neighbourhoods, Tower Hamlets Homes
Simone Scott-Sawyer	–	(Democratic Services)

**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 the report and gave a PowerPoint presentation to Members. He informed Members that he had corporate responsibility for the co-ordination of the Olympic planning process and highlighted the following points:

- The HR Olympic Policy Development Team sat 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 robust 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, Robin 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 Robin 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 – Robin 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 Borough Olympic Co-ordination Centre[BOCC] arrangements;
- “Green” Olympics – Robin 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 the Council's remit;
- Critical Services –as regards those members of staff working from home and those with care responsibilities who may need to leave earlier, the service managers would need to draw up effective rota systems;
- Officers ensured that they collaborated with other boroughs by attending the 6-host borough group meetings. This was an important part of the Olympic planning process and 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 Corporate 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 and 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 Internal Audit department last year. 77% of the audit areas were classified as substantial or full assurance and 23% were classified as limited assurance.

Officers outlined the following additional points for Members:

#### **MELA – immigration, human trafficking issues**

Minesh Jani stated that officers in the Communities, Localities and Culture directorate were aware of the risks in this area and would seek independent audit assurance to ensure the Boishakhi Mela Trust had complied with due processes. A governance system, which had been audited had been agreed for the Boishakhi Mela Trust and the intention was to audit the Mela's compliance with its own governance arrangements. The Boishakhi Mela Trust publish their own externally audited accounts of their income and expenditure, but Tower Hamlets would carry out an independent internal audit. Minesh Jani promised to share findings from this audit with the Committee once completed.

#### **Limited Assurance - management of asbestos and legionella**

Ann Sutcliffe, Head of Building Schools for the Future, stated that one of the areas of concern at present was that asbestos certificates were not immediately visible to operatives. Therefore a "gap" analysis was to be carried out to identify where work needed to be done and the Council was considering updating its software to store all certificates centrally and make them more accessible.

#### **Management of voids [limited assurance]**

Minesh Jani stated that there was an area of concern regarding the accuracy of information. It was often difficult to ascertain when a property became 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, hence its limited assurance status. David Thomson, Acting Director, Neighbourhoods Services, Tower Hamlets Homes, explained the actions planned and his intention to ensure agreed recommendations were implemented.

#### Vehicle removal contract

Minesh Jani stated that this was an area which officers were keen to improve on, particularly around payments. Jamie Blake, Service Head, Public Realm, added that the relevant methodology was now in place to ensure that checks and balances were carried out. Six monthly reviews had also been implemented.

#### **RESOLVED:**

That the Annual Internal Audit 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, giving further detail on “note 42” for Members and gave them an update on the figures.

The Chair pointed out some amendments to be made - firstly on page 196 as regarded related parties and the Council’s financial interests, as he was listed on the Tower Hamlets Community Housing Board twice. Secondly, the Chair was no longer the Council’s Enterprise Board representative. Alan Finch promised to contact the Chair outside the meeting to confirm the amendments.

#### **RESOLVED:**

That the Annual Financial report 2011 – 12 be noted.

### **8.4 2011/12 TREASURY MANAGEMENT OUT-TURN REPORT - UPDATE TO 31<sup>ST</sup> 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, in addition credit ratings and other intelligence sources.

**RESOLVED:**

That report be noted.

The meeting ended at 9.00 p.m.

Chair, Councillor Carlo Gibbs  
Audit Committee