

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE AUDIT COMMITTEE

HELD AT 5.32 P.M. ON THURSDAY, 28 JANUARY 2021

ONLINE 'VIRTUAL' MEETING - [HTTPS://TOWERHAMLETS.PUBLIC-I.TV/CORE/PORTAL/HOME](https://towerhamlets.public-i.tv/core/portal/home)**Members Present:**

Councillor Val Whitehead (Chair)
 Councillor David Edgar (Vice-Chair)
 Councillor Marc Francis
 Councillor Puru Miah
 Councillor Kyrsten Perry
 Councillor Dan Tomlinson
 Councillor Andrew Wood
 Charlotte Webster

Other Councillors Present:

Councillor Candida Ronald

Others Present:

Angus Fish – Deloitte
 Jonathan Gooding – Deloitte

Officers Present:

Ahsan Khan – (Chief Accountant)
 Allister Bannin – (Head of Strategic and Corporate Finance)
 Kevin Bartle – (Interim Corporate Director, Resources)
 Janet Fasan – (Divisional Director, Legal, Governance)
 Adrian Gorst – (Divisional Director, IT)
 Amanda Marcus – Divisional Director of HR
 Tim Harlock – Interim Chief Accountant
 Hitesh Jolapara – (Interim Divisional Director, Finance, Procurement & Audit)
 Roger Jones – (Head of Revenues)
 Marion Kelly – (Finance Improvement Team - Programme Director)
 Bharat Mehta – (Audit Manager)
 Tony Qayum – (Anti-Fraud Manager, Risk Management, Resources)
 Denise Radley – (Corporate Director, Health, Adults & Community)
 Paul Rock – (Head of Internal Audit, Anti-Fraud and Risk)
 Ann Sutcliffe – (Corporate Director, Place)
 Will Tuckley – (Chief Executive)

Craig Tucker
Farhana Zia

– Interim Chief Accountant
– (Democratic Services Officer,
Committees, Governance)

APOLOGIES FOR ABSENCE

Apologies for early departure were received from Councillor Marc Francis.

Councillor Puru Miah joined the meeting late and gave apologies for an early departure.

1. DECLARATIONS OF INTEREST

No declarations of disclosable pecuniary interest were made by the members.

For the record, Councillor Kyrsten Perry stated she is the Chair of the Pensions Committee and Councillor Andrew Perry stated he is a member of the Pensions Committee.

2. UNRESTRICTED MINUTES OF THE PREVIOUS MEETING(S)

The unrestricted minutes from the previous meeting of 12th November 2020 were agreed as an accurate record of the meeting and were signed off by the Audit Committee.

3. DELOITTE ITEMS FOR CONSIDERATION

There were no Deloitte items for consideration however Mr Jonathan Gooding and Mr Angus Fish were in attendance at the meeting to answer any questions Members may have in relation to the accounts.

4. TOWER HAMLETS ITEMS FOR CONSIDERATION

4.1 Audit of the Council's Accounts 2018/19 & 2019/20 - progress update

Items 4.1 and 4.2 were considered together. See below.

4.2 Presentation on the final Accounts improvement plan

Mr Kevin Bartle, Interim Corporate Director for Resources, Ms Marion Kelly Finance Improvement Programme Director and Mr Tim Harlock, Interim Chief Accountant presented the progress made in completing the accounts for 2018/19 and 2019/20.

Mr Bartle said he was tremendously pleased both set of accounts had been reproduced and reinstated with the draft set of accounts attached at item 4.1. He thanked his team for all their hard work in achieving this milestone and said this achievement was no mean feat. He informed members the presentation would discuss the findings of the independent review and provide a summary of the progress made to date in implementing the recommendations. He said it would also provide an update on the accounts

for both years as well as the Council's Improvement plan with key actions being triaged into Phase one and Phase two of the improvement plan.

With respect to the independent review Mr Bartle said this was now publicly available on the Council's website. The review had set out 24 recommendations in four sections, which had been summarised into two sets of higher-level recommendations. Those which the Council should do to complete the 2018/19 Audit and another set recommending what the Council needed to do to sustainably improve its Accounts process.

Mr Tim Harlock, Interim Chief Accountant then provided a summary of the challenges incurred in producing the 2019/20 accounts and the third version of the 2018/19 accounts. Mr Harlock said correcting the errors in areas such as discrepancies in CIL accruals, school accounting errors, Thames Water charges and leaseholders had taken an inordinate amount of time to resolve. He said smaller errors such as the completing of the NNDR3 form and valuations of assets had also impacted on resources with each query having to be worked through.

Ms Marion Kelly, the Improvement Plan Programme Director explained the Improvement Plan would be in two phases as it was simply not possible to implement all the changes in one go. Ms Kelly said in Phase One a series of reviews would be undertaken, and changes would be made before the end of March 2021 with a further set of changes being made by May 2021 before the 2020/21 accounts need to be produced. Phase Two would deal with key improvements that cannot be completed in a short timeframe and would be led by the soon to be appointed Chief Financial Officer.

Mr Kevin Bartle said a considerable amount of changes were required and hoped the detailed presentation provided sufficient detail on the challenges faced in producing the accounts. He said he hoped to have a set of qualified accounts to present at the July 2021 meeting.

The Chair thanked the Officers for their presentation and acknowledged the work of the finance team in producing the accounts as well as taking forward the improvement plan.

In response to questions from Members the following was noted:

- The Improvement Plan Governing Board would start reporting in February 2021 to the Corporate Leadership Team.
- Mr Bartle said the overhaul of Agresso was part of Phase Two because whilst this remained a concern any move to a new system or ERP solution would be a two-year project and therefore it was simply not advisable to do this straight away. Mr Bartle said the finance team was working alongside the IT team to ensure changes to the current software Agresso could be made with extra features such as better budget management and financial controls. He said he was confident these changes would help improve the collation of data in the production of the 2020/21 accounts. He said the changes which they wanted to make were broken down into phases in terms of what can be

achieved with the existing resource levels and with additional resources.

- Councillor Marc Francis asked why the presentation had not been made available to members before the meeting.
- **ACTION:** Mr Kevin Bartle said the presentation would be circulated to members directly after the meeting. He said the presentation summarised the detail in the full report attached to the agenda at item 4.1.
- In response to if the delays in producing the accounts were a result of the restructure of the finance team from Directorate level teams to a centralised team, Mr Bartle said the restructure did impact of the production of the accounts, as stated in the independent review. He said in his view, he would have done things differently and whilst some staff left the organisation at that point, staff remained in their directorates with some functions moving to the centre. For example, the HRA (Housing Revenue Account) was moved to the centre however he believed this should be the responsibility of the Place Directorate and therefore this has been moved back to that Directorate.
- In addition, Mr Bartle explained the work undertaken to investigate and conclude queries in relation to the accounts had been done substantially by existing staff. However, additional expertise had been recruited by way of interim staff to help mentor, coach and improve the process. He said it ought to be recognised that some of the issues stem from the software system not being set up properly. This had resulted in officers having to work much harder to attain the information they needed. For example, for one year there were over 100,000 journal entries and as such a piece of work is required to rationalise this, so staff can do their job more efficiently and effectively.
- Mr Tim Harlock, Interim Chief Accountant explained the £13m schools accounting errors could be broken down into two areas. He said £11.7m had been covered by General Fund resources, following a report to Cabinet in July 2020 to draw down from reserves but £1.3m did effect school balances directly. He said this was where advances had been made to Schools but had not been accounted for correctly in the general ledger. Mr Harlock said the £11.7m related to multiple errors. He said the accounting discrepancies lied with officers of the Council rather than officers in the schools. He said the £11.7m errors related mainly to one year, made by a temporary officer who no longer worked for the Council.
- In response to how many other finance functions, other than the asset register were reliant on Excel, Mr Bartle explained quite a few areas needed to be transferred to a proper accounting system. Mr Bartle said owing to the complexity of the work needed, the Improvement Plan had been broken down into bitesize chunks however more information could be provided to the Committee.
- **ACTION:** Mr Bartle to make available a list of finance functions reliant on Excel to be provided to the Members of the Audit Committee.

- In reply to what the criteria is to retain staff, given the enormity of the work required by the Improvement Plan, Mr Bartle said an assessment would be made regarding resources and this would be reported to the Chief Executive, CLT and Cabinet for decision. He said the demand for finance staff would need to be balanced against pressures in other parts of the organisation.
- In relation to the Thames Water charges £9m had been set aside for the compensation scheme, however decisions were required on how repayment would be made to current and past tenants.
- Leaseholders are consulted on works carried out to their property and are billed for this. The anomaly referred to in the slides relates to errors in accounting when there is slippage in the timing of billing into the next financial year.
- **ACTION:** Mr Harlock to consult with Tower Hamlets Homes to find out how much notice is given to leaseholders in relation to billing of works carried out to their properties.
- The school accounting errors centred around the Council's accounting of returns. More work is required to validate the returns made and to reconcile these. The independent review recommended monthly reconciliations however under the Improvement Plan, the finance team were aiming for quarterly reconciliation. The newly appointed chief finance officer for the Children's Directorate would be overseeing the process and building the relationship with schools.
- Councillor Edgar stated it was vital the central finance team had a strong level of control and oversight to improve the quality and delivery of outputs.

The Audit Committee **RESOVLED** to:

1. Note the progress on completing the 2018/19 and 2019/20 Accounts; and,
2. Note the contents of, and the initial response to, the Independent Review and the intention to bring a detailed Improvement Plan to the Audit Committee at its 7th April 2021 meeting.

4.3 Annual Governance Statement for 2019/20

Mr Will Tuckley, Chief Executive stated the Annual Governance Statement had been produced following a comprehensive and rigorous review of the Council's code of corporate governance. Each Corporate Director had reviewed their risks and had retrospectively looked at issues to see how they had been addressed. Mr Tuckley said the statement built on the internal audit plan identifying the key changes required. Some areas had been strengthened such as the Consultation Hub, to ensure consultations were consistent and people had access to this. He said other successes had been the recruitment of an Independent Person to the Audit Committee and the sustained process of prosecutions in relation to fraud.

Mr Tuckley said in other areas such as the financial management of the accounts a great deal of work was necessary to improve processes and

procedures. He said the Annual Governance Statement was clear on the key challenges facing the organisation, such as the aforementioned and issues to address the Pensions Administration Scheme however the Council had moved to a more mature place and was now aiming to address the issues to a higher standard.

Mayor John Biggs added he appreciated the work undertaken by the Audit Committee and said it was only right to hold to account the Council's progress, which was now focussing on the internal administration arrangements and good governance processes, following the period of reputational damage. He said the Statement provided a critique of the journey the Council was on and whilst the Statement referred to the 2020/21 it was in the context of that journey. He thanked the Chair Councillor Val Whitehead for her Chairmanship and Mr Paul Rock, Head of Internal Audit for the report and said this would require sign off when presented with the accounts.

In response to questions from Members the following was noted:

- Councillor Marc Francis stated he supported the Annual Governance Statement for this year as it was honest, straightforward and speaks of the issues that need to be dealt with. He said issues such as democratic governance and accountability were commonplace in such a large organisation but hoped these would be addressed in the future.
- In reference to the Annual Audit opinion, page 62 of the agenda, Councillor Wood asked what areas needed improvement. Mr Paul Rock responded stating the AGS was providing commentary on the 2019/20 position and at the time improvement was required in risk management, financial accounting, accountability and improvement in response times to internal audit reports and management actions. He said the audit plan submitted to the Committee in July 2020 listed a programme of work, which his team were undertaking. He said they were not looking at the same areas and unfortunately discovered new areas where they had to give limited assurance. Mr Rock said he hoped future audits would lead to reasonable and substantial assurances.
- Mr Tuckley added that whilst he wished for reasonable and substantive findings from the Internal Audit team, the reports needed to reflect a higher quality of administration across the Council. Mr Tuckley said changes were required in the way processes are managed and the 'reward and recognition' scheme and PDR's had to instil this change across the organisation. He said has a multi-faceted bureaucracy, changes had to be made to systems and processes as well as the culture. He said the Audit Committee played a crucial role in this and hoped going forward more areas would achieve better assessments', but the job of internal audit was to focus on the risk and worries of the organisation.
- Clarity was sought over the wording of 'I can provide limited assurance' given on page 62 of the report. Mr Rock said he would look at the wording on a yearly basis to ensure it was fit for purpose.

The Audit Committee **RESOLVED** to:

1. Review and agree the 2019/20 Annual Governance Statement.

4.4 Internal Audit and Anti-Fraud Progress Report

Mr Paul Rock, Head of Internal Audit, Fraud and Risk presented the Internal Audit and Anti-Fraud progress report. Mr Rock said the report provided an update on the progress against the delivery of the 2019/20 and 2020/21 Annual Audit Plan and highlighted any significant issues since the last report to the Audit Committee in November 2020.

Mr Rock referred to the draft reports and said the Local Community Fund report pending from 2019/20 audit workplan had been completed. He said good progress had been made in the implementation of agreed management action set out in Table 2, with 100% of high priority actions being fully or partially implemented. He said at this stage he'd be giving an overall 'limited assurance' however there were twenty plus reports in the pipeline and from initial indicators, he could forecast a better balance between the assurance categories of limited, reasonable and substantial.

Mr Rock referred members to paragraph 3.11 of the report and said he was pleased with the results from the first perception survey of Internal Audit's role. He said although there were areas which required improvement, he'd be working on this to achieve better outcomes. Regarding Anti-Fraud work, he said the pandemic had limited what could be done, however the team was working on Blue Badge misuse and with the Cabinet Office in relation to the Transliteration pilot. Mr Rock also informed members the Whistleblowing Policy and Anti-Fraud and Corruption strategy had been updated.

The Chair thanked Mr Rock for his report before inviting the Officer to address their individual reports which had received 'limited' assurances following Internal Audit's assessments.

Corporate Governance

Mr Will Tuckley, Chief Executive said a substantial amount of work had been undertaken to improve Corporate Governance such as the lifting of the MCHLG intervention, which had led to significant improvements. Mr Tuckley said despite this, he was disappointed with the internal audit findings of 'limited' assurance. He said since 2019 work to improve the strategic direction of governance had taken place and the Corporate Code for Governance had been reviewed. Check and balances were in place to ensure this is discussed at Corporate Leadership Team Board (CLT) and is presented to the Audit Committee for review and comment. He said the action plan for Corporate Governance is combined with the internal audit outcomes and the recommendations from the Grant Thornton report. He said it was vital that this sat at the heart of what the Council does.

In response to questions from Members the following was noted:

- Mr Tuckley acknowledged the CIFPA report referred to in the independent review and the work commissioned to Grant Thornton in 2017 ought to have been part of the corporate priorities of the CLT Board. He said reports commissioned should be owned by the CLT Board such as the work on the accounts and going forward this would certainly be the case.
- The Mayor added he concurred with Mr Tuckley that commissioned reports should be the priority of the CLT Board and said it was important Members were aware of the reports. He said attendance by senior managers to robustly defend or implement changes from internal audit reports must be taken seriously, if the organisation was to move forward.
- **ACTION:** The Chair requested reports commissioned by the CLT Board be shared with the Audit Committee. The Chief Executive agreed this ought to happen. Mr Paul Rock to circulate the referenced reports.

PCI and DSS Compliance

Mr Roger Jones, Head of Revenue Services said the 'limited' assurance related to the absence of a policy document stating how credit and debit card payment data is taken and stored securely. He said PCI and DSS compliance was dealt with by a third party - Capita, so there was no issue with the process. Mr Jones said they were hoping to have a policy document in place by April 2021.

In response to questions from Members the following was noted:

- Capita are required to submit a compliance certificate to say they are compliant. They must pass the yearly accreditation process to confirm the data stored by them is secure.

IR35 - Management and Control of Off Payroll Engagement

Ms Amanda Harcus, Divisional Director for Human Resources and OD and Mr Hitesh Jolapara, Interim Divisional Director for Finance, Procurement and Audit commented on the IR35 return.

Ms Harcus said progress had been made since the internal audit report in August 2020. She said they had a clear outline plan and were working through the recommendations. She said fewer workers were engaged outside of the IR35 arrangements, with regular reviews taking place. Mr Jolapara added Finance and HR colleagues were working jointly on this and an update had been provided to Mr Rock. He said compliance of the IR35 return was a devolved compliance model, but supply and checks were taking place. He said the guidance on the intranet had been updated, with training seminars commencing in February 2021.

In response to questions from Members the following was noted:

- Ms Marcus stated IR35 was now widely accepted. However there had been occasions when people who had applied for interim roles wanted to work outside of IR35. In those instances, HR have had conversations with the managers and employees to resolve this. Ms Marcus said there were a few roles, because of their independent nature, that fell outside of IR35 however the introduction of Addecco and Matrix software had resulted in better controls. Ms Marcus said the e-learning modules would also be updated and refreshed.
- In response to how many people were still self-employed, Ms Marcus confirmed 26 people were working outside of IR35. She said since the introduction of IR35 the number had dropped.

Management of Appointeeships and Deputyships

Mr Kevin Bartle, Interim Corporate Director for Resources and Ms Denise Radley, Corporate Director for Health Adults and Community provided an update regarding this limited assurance report.

Mr Bartle said it was clear this area required attention and as such an improvement plan was in place to ensure the recommendations made were followed through. He said resource had been an issue but a new member of staff in the Strategic Finance team within the Health, Adults and Community Directorate would be overseeing the improvement plan. Mr Bartle said he hoped to report back within the next few months on the progress made.

Ms Denise Radley added she was confident the issues highlighted within the report would be addressed quickly. She said the Office for Public Guardian had provided positive feedback in relation to the service. She said a medium priority in relation to financial documents from clients had been corrected with a simple checklist reminding staff to check for this when completing paperwork.

In response to questions from members the following was noted:

- Ms Radley said she could not fully answer why or how the issues identified within the limited assurance report had occurred but recognised this was a sensitive area involving vulnerable people. She said she was confident the issues could be easily put right, stating the annual external check undertaken by the Office of Public Guardian had provided positive feedback. Mr Rock said the internal report was a snapshot of a period in time and therefore the report was not suggesting this was a historic long entrenched problem.

Cyber and Network Security

Mr Adrian Gorst, Divisional Director for IT provided a detailed response to the limited assurance report. He said the audit report helped to identify the weaknesses in cyber and network security, thus assisting in tailoring the new contract when services are returned in-house from the 1st April 2021.

In reference to the recommendations Mr Gorst said he expected the number of privileged user accounts to drop by 80% when the service returned in-house. He said IT were looking to introduce the government endorsed Cyber Security programme, which was free to local authorities and would ask HR to add this to their list of mandatory training courses that all staff must complete.

In respect to Windows 7 machines, Mr Gorst said that most staff had been migrated to Windows 10, however they had tracked 26 machines that were operating on the old application. He said they were speaking to users to find out why they had not come forward to receive new laptops. There were three legacy software applications that needed to be migrated to new servers, which he hoped would be completed by the end of March 2021. Mr Gorst said they were reliant on their strategic partner in relation to procedures for managing major incidents, however they had worked with them to identify weaknesses and had started to rewrite procedures. Mr Gorst said they had had their annual government security review and were compliant with the PCN certificate for the next year.

In response to questions from members the following was noted:

- Councillor Edgar asked why the Government accreditation scheme had not picked up the issues that were identified in the internal audit report. Mr Gorst said the government accreditation followed a list of prescribed checks, whereas the internal audit team were directed to look at risks based on local knowledge based on working with the strategic partner for several years. Mr Gorst added that IT were also undertaking quarterly check themselves and meeting monthly to ensure cyber security is appropriate. He said this had taken on importance following the cyber-attack on Hackney Council.
- In response to what lessons had been learnt from the Hackney attack, Mr Gorst said he was in regular contact with Hackney and was a member of the London Information Security Network, from which a great deal of intelligence had been received. Mr Gorst said a simple mistake had led to the attack which had resulted in the systems not running or data being lost. Mr Gorst said this is the reason why backups are now encrypted and are stored at separate geographic locations.
- Mr Gorst continued stating it was imperative to move the shared drives to Microsoft Teams and was pleased 90% of this work had been achieved. He said the next step would be to conduct a series of test to see if data had been backed up and how it can be retrieved. He said collective thinking was required on how the Council would function if there was a prolonged period where IT systems were not available. Mr Gorst said he was working with the Civil Contingency Board to address this.

Following on from the presentations, general questions regarding the report were asked.

- With regard to the perception survey, Mr Rock said he knew of one other Council that had adopted a similar approach. He said the aim of the survey was to set a baseline so that he could plan his strategy and improvement around the areas identified. He said the comments provided were insightful because there was a tendency for auditors to look back and comment upon what had happened before rather than help improve governance, risk management and controls on what the organisation was working on presently. He said he had spoken with the Interim Corporate Director of Finance and would be working with other Directorates as part of the finance improvement plan.
- In relation to the number of responses received, Mr Rock said 34 responses were received out of 100 people the survey was sent to.
- Mr Rock confirmed Cabinet Members and the Mayor received final internal audit reports, which was now standard practice.

The Audit Committee **RESOLVED** to:

1. Note the contents of this report and the overall progress and assurance provided, as well as the findings/assurance of individual reports; and
2. Approve the Council's Whistleblowing Policy and the Anti-Fraud and Corruption Strategy.

4.5 Risk Management - Corporate Risk Register & Place Directorate Risk Register

Mr Paul Rock, Head of Internal Audit, Fraud and Risk presented the Risk Management Report. He said he was pleased with the progress made on the corporate risk register and said management of risk had improved during the pandemic, with increased responsiveness to Gold and Silver command. Mr Rock said the review of the risk registers at CLT and DLT had improved with owners being fully engaged in the management of the risk. He said the dedicate risk champions met regularly and whilst there were always areas to improve overall it was a positive picture.

Ms Ann Sutcliffe, Corporate Director for Place then presented the deep dive into her Directorate's risk register.

Ms Sutcliffe said she endorsed Mr Rock's view that there was increased ownership of risks and this had been embedded to be an integral part of business in day to day activity. Ms Sutcliffe said the Place Directorate had lost some of the momentum in updating and keeping abreast of risk register when the Officer responsible retired. However, this had been resolved with a new member of the team taking on the role, who had received training from Mr Rock's team.

Ms Sutcliffe said a review of the Directorate risk register and the service register commenced in November 2020, with five risks on the Directorate risk register being closed. Ms Sutcliffe said risk PMP0008 would be reallocated to

the Children and Culture Directorate, as Place are responsible for the asset management for the building and not the day to day running of it.

Ms Sutcliffe said one of the big issues for the Directorate had been fire safety. She said this was discussed at the last meeting of the Audit Committee and work was underway to adjust the risk in line with the Building Safety Bill, whereby Council's will be responsible for the safety of high-rise buildings. Ms Sutcliffe said a report was being prepared for CLT and Cabinet which would set out the roles and responsibilities; and the resource implications this would have. Ms Sutcliffe said emerging risks would be added to the Service and Directorate risk registers.

Other areas that required monitoring were risk associated with Judicial Reviews and the Capital works programme.

In response to questions from members the following was noted:

- Councillor Wood said he was surprised only five risks were on the Directorate risk register and asked how risks were recorded on the register. Ms Sutcliffe said risks are removed from the register once they had been mitigating against. For example, the management of the new Town Hall and the discovery of asbestos. This was on the risk register, throughout the period when decisions had to be made regarding the removal of asbestos however came off the register once it had been dealt with. Ms Sutcliffe said the real challenge facing her Directorate were risks associated with fire safety, cladding and tall buildings. She said the Council had to ensure it gets this right. Ms Sutcliffe said work was underway to identify the risks and what this would mean for the Council.
- Mr Paul Rock added that there was a staged risk management system in place, with service level, project level, Directorate or Corporate level registers. He said it was difficult provide a complete list of risks, as risks can change weekly. The register was providing a snapshot of risks currently on the Place Directorate's register.
- In respect to the two COVID-19 related risks on the Corporate register, Mr Rock explained these were seen as the overarching risks however there were an array of risks identified as high and medium risks which the Gold and Silver Command were managing separately from the Councils risk management software JCAD.
- Discussion regarding the scoring of risks took place. Mr Rock explained a 5x5 matrix was used, with descriptors to help the risk owner score the risk objectively. Ms Webster said risk owners needed to be mindful that sometimes from an impact perspective, the existing control measures and target controls could not be reduced due to circumstances which were beyond their control.

The Audit Committee **RESOLVED** to:

1. Note the corporate risks, and where applicable request risk owner(s) with risks requiring further scrutiny to provide a detailed update on the treatment and mitigation of their risk including impact on the corporate objectives at the next Committee meeting (or separately before the meeting if urgent).
2. Note the Place Directorate risks and where applicable request risk owner(s) with risks requiring further scrutiny to provide a detailed update on the treatment and mitigation of their risk including impact on the directorates objectives at the next Committee meeting (or separately before the meeting if urgent).
3. Note the progress made against the Annual Action Plan for Risk Management.

4.6 Treasury Management Strategy Statement, Investment Strategy and Capital Strategy Report for 2021-22

Mr Hitesh Jolapara, Interim Divisional Director for Finance, Procurement and Audit presented the Treasury Management Strategy Statement, Investment Strategy and Capital Strategy report for 2021-22. Firstly, he thanked his team for producing the report and said whilst this was a very detailed and technical report, it set out the treasury management framework which the Council was obliged to follow under the Local Government Act 2003 with regard to the CIPFA code and the MHCLG guidance on Treasury Management.

Mr Jolapara said the Council is required to produce three strategy documents, with progress updates provided in the mid-year report and the treasury management outturn report. He referred members to paragraph 3.7 and said the investment income budget was broadly on target as well as the prudential indicators.

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

- Mr Jolopara said in the event a local authority would experience financial stresses, the Government would need to step in, as a last resort. He said when lending money to other authorities checks, such as looking at their balance sheet, monitoring and reports from regulators would all be taken into consideration.
- Mr Bartle added that it would be unprecedented for a local Council to fail and stated he did not think the government would allow this. He said lending to other local authorities was done in line with the treasury management strategy, with due diligence to minimise the risk. He said lending to other authorities carried a relatively low risk.

The Audit Committee **RESOLVED** to:

1. Note the contents of the treasury management activities and performance against targets for the half year ending 30th September 2020; and
2. Note the Council's Investments as set out in Appendix 1. The balance outstanding as at 30th September 2020 was £180.90m.

5. AUDIT COMMITTEE WORK PLAN

The Audit Committee noted the work plan for the last meeting of the municipal year, scheduled for April 2021.

6. EXCLUSION OF PRESS AND PUBLIC

The Chair **MOVED** and it was

RESOLVED:

“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.”

7. RESTRICTED MINUTES OF THE PREVIOUS MEETING(S)

The restricted minutes from the previous meeting of 12th November 2020 were agreed as an accurate record of the meeting and were signed off by the Audit Committee.

8. ANY OTHER BUSINESS THE CHAIR CONSIDERS URGENT

There was no urgent business to be discussed.

The meeting ended at 8.22 p.m.

Chair, Councillor Val Whitehead
Audit Committee