

# AUDIT AND RISK INVESTMENT COMMITTEE MINUTES

Thursday 22 June 2023 at 7pm

## Members Present:

**In Person:** Councillor Eva Kestner (Chair), Councillor Billy Harding, Councillor James Rathbone, Councillor Luke Sorba, Councillor Hau-Yu Tam.

## Officers Present:

**In Person:** Rich Clarke (Head of Assurance), David Austin (Director of Finance), Tim Green (Head of Strategy & Technology), Kevin Ginn (Head of Operations), Hajera Khan (Committee Officer).

**Present Remotely:** Lasksimi Forster (Grant Thornton), Joanne E Brown (Grant Thornton), Paul J Jacklin (Grant Thornton), Kathy Freeman.

**Apologies:** Independent Member Stephen Warren, Councillor Suzannah Clarke

## 1. Election of Chair and Vice Chair

It was MOVED, SECONDED and AGREED that Councillor Eva Kestner be nominated as Chair of this Committee, and Councillor Billy Harding as Vice Chair.

## 2. Minutes

RESOLVED that the minutes of the meeting of the Pensions Board held on 14 March 2023 be agreed.

## 3. Declarations of Interest

No interest was declared.

## 4. External Audit Update

4.1 The Committee received and noted an update report introduced by the Chief Accountant on the following:

- The preparations for the 2022/23 closing of accounts and statutory external audit processes;
- The recommendations to the Action Plan 2021/22;
- Responses to the audit risk assessment for 2022/23; and
- The 2023/23 Audit Plan to be delivered by the Council's external auditors,

4.2 In considering the report, the Committee noted the following:

- That the deadline for concluding the Council's audit arrangements was missed in May 2023 but work on the interim activities was underway, with a view to publish the final report in November 2023.
- That actions related to the Value for Money (VFM) audit had been completed and closed.
- That officers were working on outstanding actions relating to the statement of accounts, with a view to finalise the recommendations.

4.3 The Committee also noted progress reported by the representatives from Grant Thornton the Council's external auditors as follows:

- That the activities for the 2021/22 external audit accounts were nearing completion, and most of the files had been revised with a view to publish the findings in November 2023.
- That due to a national issue, there had been a delay in the timetable for the current municipal year. Therefore, work to finalise arrangements for delivering the Audit Plan, Audit Findings Report, Audit Opinion and Auditor's Annual Report for the year ending 31 March 2023 would commence in July 2023 in time for a sign off in September 2023.

4.3.1 In response to a question, the external auditors advised the Committee that they are working within the timescales proposed.

REOLVED that the update report be noted.

## **5 Internal Audit Annual Opinion**

The Head of Assurance presented the report to Members giving an overview of the 2023/24 Plan.

5.1 The Committee received an annual opinion report for the year 2022/23 presented by the Head of Assurance in relation to the adequacy and effectiveness of the Council's framework of governance, risk management and internal council, together with the work undertaken to support the opinion.

5.2 In considering the report the Committee:

- Noted the Head of Assurance's statement of its independent completion in compliance with the Public Sector Internal Audit Standards
- Noted information relating to the internal audit opinion.
- Noted that the assessment of the Council audit service undertaken by the City of London was a positive one, and plans would be in place to apply the relevant standards and consult on the findings.
- That the conclusion of the final report to be developed regarding the current year's internal audit processes would be based on the audit findings.

5.2.1 The Committee recognised that the audit programme of schools which was entirely outsourced to a contracted audit firm had been brought in-house, and it welcomed information that schools were benefiting from the support provided by the Council's Audit Team. It was noted that schools the in-house arrangement had presented an opportunity for schools best practice share on issues they might have about audit expectations on a local scale. The Committee requested a report back on how schools were adapting to the in-house arrangements.

5.3. Members asked questioned for the support available to the schools' audit, the Head of Assurance advised the Committee that his team would be working with schools to develop an action plan and that assistance would be provided to schools when necessary. The Committee was pleased to note that schools were encouraged to discuss with other schools that had been audited with a view to identify improvement opportunities.

RESOLVED that the report be noted.

## **6 Risk Management Update**

6.1 The Committee received an update report presented by the Head of Assurance in relation to the corporate risk register.

6.2. In considering the report, the Committee noted recent rated risk listings on pages 152 and 153 of the agenda, including revisions to the risk register on page 156. It was recognised that as part of the review, actions were taken to manage mitigating factors with a view to minimise risk levels. The Committee also welcomed information that officers would be reviewing the Council's Risk Management Strategy and associated works throughout 2023/24 as indicated in the timeline guide on page 149 of the agenda report, with a view to develop a 'standard' Audit & Risk Committee framework by the autumn for reporting updates to the Committee. It was recognised that thereafter, officers would provide tailored reports on Members' requests, including support to any 'deep dive' reviews of individual risks that the Committee might want to undertake.

6.2.1 The Head of Assurance clarified to the Committee that the risks compiled in the corporate register were related to those which would affect key strategic objectives or with a broad influence across the Council, and not those that would affect individual service areas. The Head of Assurance added that the new management strategy considered in March 2023 proposed several changes to how the Council should assess risk with the principal aim of updating the risk register and feeding the information into decision-making process. It was recognised that Mayor and Cabinet would be overseeing the corporate register through regular progress updates, which would be delivered in a standard report matrix as illustrated on page 151 of the agenda, based on the rated impact and likelihood levels.

- 6.2.3 The Committee were satisfied that the corporate risk register would continue to be developed as an ongoing process, with a view to provide up-to-date information for identifying mitigating actions aimed at keeping risks at minimal levels. Information that the development of a risk management software was underway was welcomed by the Committee. It was noted that the new software would enable officers to scan audit trail on risks and track their movements, with viewing access for interested parties.
- 6.2.4 Further update noted by the Committee was that by September 2023, work would have commenced with the Council's strategic leadership team to undertake a comprehensive assessment of corporate risks, with a view to make it easier to apply scores across a scale of 1 to 5 when identifying and tracking their likelihood and impact levels.
- 6.5 Members asked questioned regarding risk, in response the Head of Assurance advised the Committee that, the risk lie with the officers. They want members to identify the risk and of there is anything out of the ordinary they can raise it. The risk register is an information led process. Members also asked if they can have further information on Reinforced Aerated Autoclaved Concrete (RAAC) at Lewisham Schools.

**Action: Provide Members further information on use of Reinforced Aerated Autoclaved Concrete (RAAC) at Lewisham Schools.**

**(Head of Assurance)**

It was RESOLVED that Members NOTED Corporate Risk Register

## **7 Exclusion of the Public and Press**

It is recommended that under Section 100 (A)(4) of the Local Government Act 1972, the public be excluded from the meeting during discussion of this item because it involves the likely disclosure of exempt information as defined in paragraphs 3, 4 and 5 of part 1 of Schedule 12A of the Act as set out below and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

“Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.”

Item 8. IT Asset Management

## **8 IT Asset Management**

- 8.1 The Committee received and noted an update report introduced by the Executive Director of Corporate Resources with the support of Head of Strategy & Technology and the Head of Operations.

8.2 Members asked questions that were answered by the Executive Director of Corporate Resources and Head of Strategy & Technology and the Head of Operations.

It was RESOLVED that Members NOTED the actions being taken to address the audit findings.

The meeting ended at 21:05