

## LEE VALLEY REGIONAL PARK AUTHORITY

### AUDIT COMMITTEE MINUTES 21 SEPTEMBER 2023

Members Present:     David Gardner (Chairman)                     Barry Lewis  
                                 John Bevan     Clive Souter  
                                 Mike Garnett     Terry Wheeler

Apologies Received From: Lesley Greensmyth

Officers Present:     Beryl Foster                     - Deputy Chief Executive  
                                 Dan Buck                         - Corporate Director (*remote*)  
                                 Keith Kellard                     - Head of Finance  
                                 Michael Sterry                     - Senior Accountant  
                                 Simon Clark                       - Head of IT  
                                 Victoria Yates                     - Head of Human Resources  
                                 Julie Smith                        - Head of Legal  
                                 Jon Carney                         - Corporate Director  
                                 Sandra Bertschin                 - Committee & Members' Services Manager

Also present:             Kevin Bartle                     - S151 Officer (London Borough of Enfield)  
                                 Debbie Hanson                     - EY (External Auditors) (*remote*)  
                                 Rachel Merez                       - EY (External Auditors) (*remote*)

#### Part I

#### 259     DECLARATIONS OF INTEREST

There were no declarations of interest.

#### 260     MINUTES OF LAST MEETINGS

**THAT the minutes of the meetings held on 22 and 29 June 2023 be approved and signed.**

#### 261     PUBLIC SPEAKING

No requests from the public to speak or present petitions had been received for this meeting.

#### 262     EXTERNAL AUDIT

The Chairman expressed his exasperation that the 2020/21 audit was not complete yet.

The External Auditors gave an oral update, including:

- a draft audit results report had recently been shared with the Finance team and it was proposed that this be reported to the Audit Committee at a meeting on 19 October after which a signed audit opinion and certificate would be issued;
- EY understood the frustration caused over delay in completing the 2020/21 audit but the historic issues identified were complex and took some time to resolve. These issues had been robustly worked through and relevant amendments made;

- the work completed provided a good baseline for future years;
- the historic issues identified related to the accounting treatment of plant and equipment, capital grants, unusable reserves, contingent liability and pension liability;
- thanks were expressed to the Finance team for their work and co-operation in resolving these historic issues.

In response to Members EY advised:

- the adjustments required were technical in nature and had no impact on the Authority's financial position;
- although some of the numerical adjustments were substantial they did not have a direct impact in terms of the underlying financial position of the Authority or as a going concern;
- capital accounting practices and processes had been in place for a number of years and the new audit team considered that some of these items were not reflected properly in the financial statements. Working with the Finance team an agreed understanding had been reached which placed the Authority in a strong position going forward;
- there was a significant backlog in the audit system nationally and stakeholders were currently consulting on how to reset the audit system to get back to a place where audits were undertaken on the latest set of financial statements. EY have paused work on audits not currently in progress until the impact of the expected guidance has been assessed. In the meantime work on value for money and pension funds was being undertaken on a timely basis;
- planning for the 2021/22 audit was dependent on conclusion of the prior audit and review of the expected guidance. An update would be provided at the meeting on 19 October.

Members requested from a governance perspective that they receive comprehensive explanation of the processes and procedures which led to the historic amendments and the new processes put in place.

The Chairman thanked EY for their update.

Debbie Hanson and Rachel Merez left the meeting.

The S151 Officer advised:

- the other audit firms he worked with had also paused work on new audits pending announcement of the guidance. His view was that the whole external audit system was broken and required simplification;
- the historic issues raised by the external auditors were of a technical and presentational nature and did not impact the Authority's bottom line, its activities, usable reserves or going concern status;
- issues identified at some councils had a significant impact on their bottom line but this wasn't the case for the Authority.

The Head of Finance advised that from an accounting perspective the processes and procedures which had required amendment had been in place from 2007 and been agreed with auditors year on year. However changes had been made to technical accounting processes to ensure correct presentation in future. Additionally a report would be presented to Members detailing what changes have been made to the accounts since the draft set were presented in July 2021 to those that are due to be approved in October.

The report was introduced by the Corporate Director, including:

- the major change on the Risk Register was the insolvency and appointment of administrators for Buckingham Group Contracting Ltd. A series of actions had been approved by Executive Committee earlier today to protect the Authority's position; and
  - feedback was welcomed on inclusion of the table in the report highlighting the changes to scores on the Risk Register as previously requested by Members.
- (1) the Corporate Risk Register included at Appendix A to Paper AUD/138/23 was approved.**

Dan Buck left the meeting.

264 INTERNAL AUDIT UPDATE

Paper AUD/136/23

The report was introduced by the Head of Finance.

A Member commented that as illustrated by the external audit there was potential for complacency through the use of auditors of long standing. In response it was advised that the London Borough of Croydon were expected to extend for two years the framework agreement to deliver internal audit services through which the Authority's internal auditors were procured. If it so wished the Authority could seek to procure alternative internal audit services following completion of the 2 year extension.

**(1) the report was noted.**

265 COUNTER FRAUD, BRIBERY AND CORRUPTION, AND WHISTLEBLOWING POLICIES

Paper AUD/137/23

The report was introduced by the Head of Finance.

In response to a Member it was advised that the recommendations arising from the allegation of fraud related to the tightening up of cash handling procedures and as such were not included in the revised Counter Fraud, Bribery and Corruption Policy.

- (1) the revised Counter Fraud, Bribery and Corruption Policy as set out in Appendix A to Paper AUD/137/23;**
- (2) the revised Whistleblowing Policy as set out in Appendix B to Paper AUD/137/23; and**
- (3) the Fraud Response Plan as set out in Appendix C to Paper AUD/137/23 was approved for recommendation to Authority.**

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Date

The meeting started at 1.06pm and ended at 2.10pm