

London Borough of Hammersmith & Fulham

Audit and Pensions Committee Minutes



Tuesday 24 November 2020

PRESENT

Committee members: Councillors Iain Cassidy (Chair), Jonathan Caleb-Landy, Rebecca Harvey, PJ Murphy, Alex Karmel and Matt Thorley

Officers:

David Hughes, Director of Audit, Fraud, Risk and Insurance
Emily Hill, Director of Finance
Rhian Davies, Director of Resources
Kim Smith, Chief Executive
Chris Harris, Chief Accountant
Moir Mackie, Head of Internal Audit
David Abbott, Head of Governance

External Auditors:

Paul Dossett and Ellen Millington from Grant Thornton

NOTE: This meeting was held remotely

1. APOLOGIES FOR ABSENCE

No apologies for absence were received.

2. ROLL CALL AND DECLARATIONS OF INTEREST

A roll call was carried out to confirm attendance which is listed above.

Councillor Alex Karmel declared a non-pecuniary interest in Item 4 as a deferred member of LBHF pension scheme.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED

The minutes of the meeting held on the 15th of September 2020 were approved as a correct record.

4. STATEMENT OF ACCOUNTS 2019/20, INCLUDING THE PENSION FUND ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT

Emily Hill, Director of Finance, introduced the report which presented the London Borough of Hammersmith and Fulham's 2019/20 Statement of Accounts, including the Pension Fund Accounts and Annual Governance Statement for approval.

Emily Hill explained that the accounts would usually be considered earlier in the year but as a result of the Covid-19 pandemic, deadlines were deferred to enable local authorities to deal with the pandemic as a priority. She noted that there had been some challenges due to the pandemic and working remotely so there were still some issues to work through, but no significant amendments were expected.

Paul Dossett, Partner at Grant Thornton, introduced the external auditor's Audit Findings Report including the auditor's findings and recommendations.

Ellen Millington, Audit Manager at Grant Thornton, took the committee through the Audit Findings Reports, highlighting that the audit was still ongoing for two main reasons:

- There was some outstanding information (detailed on page 5 of the report) though it was hoped that would be resolved in the coming week.
- Auditors required more information on a material investment held by the pension fund.

Ellen Millington added that she didn't expect significant changes. Due to the outstanding issues the draft letter of representation hadn't been tabled at the meeting and officers suggested the committee agreed that the Chair could approve it outside of the meeting.

Councillor Alex Karmel, noting that Croydon Council had recently issued a Section 114 notice due to 'severe and ongoing' financial difficulties, asked for assurance that H&F wasn't moving in the same direction. Emily Hill said H&F was not in that position. The Council expected a hit of around £2.5m to outturn due to Covid-19 but was managing that very carefully. There had been no significant draw on reserves that couldn't be managed.

Paul Dossett said they wouldn't be issuing an unqualified value for money conclusion, as set out in the Audit Findings report, if they had concerns on the order of Croydon, but it was a risky environment for local authorities at the moment.

Councillor Alex Karmel asked for an update on the Thames Water legal case. Emily Hill said there had been a test case in October from Kingston but they had been unsuccessful, so officers needed to consider the implications of that judgement. There was some more detail on page 160 of the pack.

The Chair asked if officers expected further significant adjustments. Emily Hill said there was further work to do but she didn't expect significant changes. There may be amendments based on the Thames Water case and the committee would be briefed on any changes.

Councillor Alex Karmel suggested a recommendation that any exercise of the delegation in recommendation 6 (below) be reported back to the committee. Members agreed.

RESOLVED

1. That the Committee noted the content of the external auditor's 'Audit Findings Report' (ISA260), including the auditor's findings, recommendations and the Council's response to those recommendations (Appendix 2).
2. That the Committee approved the 2019/20 Annual Governance Statement which is included in the Statement of Accounts (Appendix 1).
3. That the Committee approved the Statement of Accounts for 2019/20, including the Pension Fund Accounts (Appendix 1).
4. That the Committee approved the Pension Fund Annual Report 2019/20 (Appendix 4).
5. That the Committee noted that the accounts remain 'unaudited' until final sign-off by the external Auditor.
6. That the Committee agreed to delegate authority to the Chair of the Audit and Pensions Committee, in consultation with the Director of Finance, to approve the 2019/20 management representation letter and any further adjustments to Appendices 1 and 4 which may be required as part of the completion of the audit work.
7. That the Committee agreed that any adjustments approved by the Chair under recommendation 6 would be reported back to the Audit and Pensions Committee.

5. DATE OF NEXT MEETING

The next meeting was scheduled for 1 December 2020.

Meeting started: 6.00 pm
Meeting ended: 6.30 pm

Chair

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