

Subject: Report of the meeting of the Audit Committee held on 22 October 2012
Agenda item: Public item 5
Report No: 2
Meeting date: 05/12/2012
Report to: Board
Report of/by: Jonathan Dutton, Executive Director of Finance and Corporate Services

FOR INFORMATION

This report will be considered in public

1. SUMMARY

- 1.1. This paper provides an update to the Board on the meeting of the Audit Committee held on 22 October 2012.

2. RECOMMENDATIONS

- 2.1 The Board is invited to **NOTE** this report.

3. BACKGROUND

- 3.1. The main matters considered by the Committee were:
- a) 2013/14 budget submission
 - b) External Auditor
 - c) Treasury Management
 - d) Insurance arrangements
 - e) Internal Audit Plan for 2012/13
 - f) Risk Management and Internal Controls

4. ISSUES DISCUSSED

2013/14 budget submission

- 4.1. The Committee discussed the timetable for the 2013/14 Budget Submission for the GLA, noting that the Board would be able to have input into the process before approval is sought in December 2012. It also noted the budgetary pressures the Corporation is facing, particularly relating to revenue costs from 2015/16.

External Auditors

- 4.2. The Committee noted that the Audit Commission had appointed Ernst & Young as LLDC's External Auditors for a fixed term of 5 years, subject to LLDC agreeing an appropriate fee for their services.

Treasury management

- 4.3. The Committee discussed the proposal for LLDC to participate in the GLA's Group Investment Syndicate (GIS) through which the GLA would perform certain treasury management functions on LLDC's behalf, allowing LLDC to access considerably better deposit rates. The Committee agreed that this was a sensible approach but suggested that this should be subject to assurances from the GLA that deposits will continue to be held with one of the four major banks.

Insurance arrangements

- 4.4. The Committee received a report setting out LLDC's insurance arrangements, and agreed that it would receive regular updates including annual programme and details of claims, from the next Audit Committee meeting onwards.

Internal Audit Plan for 2012/13

- 4.5. The Committee considered the revised audit plan for 2012/13. This was approved by the Board at its 17th July meeting subject to an additional piece of work on Transformation assurance. The Audit Committee agreed the details of this work and agreed that it be extended to include a review of the Independent Investment Programme Advisory Group assurance on Transformation and of financial reporting.
- 4.6. The committee considered the internal auditors' report on the Corporation's Purchase to Pay finance system. It agreed that the auditors should be asked to spend a day reviewing the implementation of the recommendations in this report.

Risk Management and Internal Controls

- 4.7. The Committee noted the Corporation's update on risk and issues management.

5. LIST OF APPENDICES TO THIS REPORT

- 5.1. None

List of Background Papers

- Papers for the meeting of the Audit Committee held on 22 October 2012

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