

AUDIT COMMITTEE

11 MARCH 2015

Present: Councillor I Brown (Chair)
Councillor P Taylor (Vice-Chair)
Councillors A Khan and T Williams

Also present: Councillor Mark Watkin (Portfolio Holder for Democracy and Governance and Shared Services) and Richard Lawson (Grant Thornton)

Officers: Head of Democracy and Governance
Head of Assurance, Shared Internal Audit Service
Finance Manager
Committee and Scrutiny Officer

34 APOLOGIES FOR ABSENCE/COMMITTEE MEMBERSHIP

No apologies were received from Councillor Brandon.

35 DISCLOSURE OF INTERESTS (IF ANY)

There were no disclosures of interest.

36 MINUTES

The minutes of the meeting held on 10 December 2014 were submitted and signed.

37 REGULATION OF INVESTIGATORY POWERS ACT

The Committee received a report of the Head of Democracy and Governance which provided the annual update on the use of the Regulation of Investigatory Powers Act (RIPA) during 2014.

The Chair advised Members that the initials NAFN used in paragraph 3.2 referred to the National Anti-fraud Network.

In response to a question from Councillor Khan the Head of Democracy and Governance explained that the two authorisations referred to in the report related to requests for communications data, which included the log details from specific mobile phone numbers.

RESOLVED –

that the report be noted.

38

CORPORATE RISK REGISTER

The Committee received a report of the Head of Democracy and Governance, including the latest Corporate Risk Register, which was presented annually to the Committee.

Councillor Williams referred to the contract management of outsourced services, particularly the ICT contract. He asked if the Committee could be provided with the details of the latest situation regarding the contract.

The Portfolio Holder, Councillor Watkin, stated that the Council was not in the position where it wanted to be and was still pursuing service improvements from the provider. The Council was applying pressure from all levels of the organisation. Some minor improvements had been made. The contractor had brought in a new management team to work on the project. Currently the Council was focusing on achieving improvements from the contractor.

Following a question from Councillor Williams about the new team, the Portfolio Holder advised that the Council's ICT Client Section Head felt that the new team understood the work that was required. The Council wanted a realistic statement of what was achievable; promises should not be made if the contractor was unable to keep them.

Councillor Khan noted the description used for the 'reputational' category. He questioned whether officers should be involved in political matters.

The Head of Democracy and Governance responded that the term was not related to politics but the reputation of the Council as a public body. She explained that if some of the items listed in this category were not carried out, they could have an impact on the reputation of the local authority, for example the Public Services Network accreditation. If this was not completed correctly, the Council's remote access to government services could be disabled, thereby affecting housing benefit payments.

In response to a further comment from Councillor Khan, the Head of Democracy and Governance agreed to look at the description and present it to the next Risk Management Group meeting.

Councillor Khan said that he was concerned that some risk ratings were not reducing, for example homelessness. He asked what action would be taken to reduce the rating.

The Head of Democracy and Governance advised that the rating had not been reduced as the Council had received a record number of homeless applications. The Council was investigating options including if it was possible to develop

further hostel accommodation; working with the Council's partners; or discharging its duty to the private sector. Some of the risks in the report related to projects which were not the overall responsibility of the Council, for example Croxley Rail Link, although the Council did have a stake in it. She reminded members that the Risk Register recorded potential risks and causes.

In response to a question from Councillor Khan about the Foundation Trust status of West Herts Hospitals Trust, the Head of Democracy and Governance advised that officers were still waiting for the Trust to publish its strategy; this was likely to be after the General Election. There had been no more information about the Foundation status.

RESOLVED –

that the Corporate Risk Register be noted.

39

AUDIT COMMITTEE UPDATE

The Committee received a report of the Acting Head of Finance Shared Services which included Grant Thornton's 'Audit Committee Update'. The update provided Members with information about emerging national issues and developments that may be relevant to the Council.

Councillor Williams sought the external auditor's view on the removal of the New Homes Bonus and how it might affect Watford.

Richard Lawson advised that he had discussed this matter with the Director of Finance. It was likely that some other form of incentive would be introduced. It was not expected that the impact would be detrimental to Watford.

RESOLVED –

that the contents of the Audit Committee Update be noted.

40

EXTERNAL AUDIT - CERTIFICATION WORK REPORT 2013/14

The Committee received a report of the Acting Head of Finance Shared Services including Grant Thornton's letter regarding its certification work.

Richard Lawson informed the Committee that the auditor had certified one claim for the financial year 2013/14. The details were set out in the appendices to the report. The fees had not increased due to the improvements that had been made in the Benefits service.

RESOLVED –

that the contents of the certification work report be noted.

INTERNAL AUDIT PROGRESS REPORT

The Committee received a report of the Acting Head of Finance Shared Services which included the Shared Internal Audit Service's (SIAS) progress report.

The Head of Assurance highlighted aspects of the report and provided updated information on several of the performance indicators. She reported that two audits had included two high priority recommendations. They related to debt recovery in both audits. She added that the management had accepted the recommendations.

Councillor Taylor noted the request to extend the implementation dates for several recommendations which related to IT. He asked the Head of Assurance whether she felt the Committee should be concerned by the requested extensions.

The Head of Assurance stated that the audit team was aware of the challenges the Council faced. Internal Audit were satisfied with the Council's management of the contract. It was important that there was a clear view of priorities. She added that Watford had a challenging IT environment.

The Portfolio Holder commented that the Council had to prioritise the work. For example, it was important the Council met the requirements of the Public Service Networks directives and received accreditation. This accreditation ensured the Council was able to continue communicating with the Department for Works and Pension.

Councillor Khan said that IT was awful and needed decisive action. He referred to minutes in 2011 and how promises had been made that the matter would be resolved. He considered it necessary to make radical changes.

The Portfolio Holder responded that he was unaware of the recommendations the Councillor was referring to. He agreed that the situation was unacceptable. If the contract was broken it could cause major problems for the Council. The Council was doing the best it could but there had been a lack of clarity given by the provider.

Councillor Khan stated that the Shared Services Joint Committee had been provided with other options, but these had not been investigated. He added that in his opinion the Council had opted for the worst option.

Following a comment by the Chair, the Portfolio Holder said that the Council would consider an exit strategy, but that point had not yet been reached. The Council still needed to ensure that an IT service was provided.

RESOLVED –

1. that the Internal Audit Progress Report against the 2014/15 Audit Plan be noted.

2. that amendments to the Audit Plan as at March 2015 be approved.
3. that the removal of the implemented recommendations be agreed.
4. that the changes to the implementation date for 21 recommendations, as set out in paragraph 2.6 of the report for the reasons set out in Appendix 3, be agreed.

42 **INTERNAL AUDIT PLANS 2015-2016**

The Committee received a report of the Acting Head of Finance Shared Services which included the Watford Borough Council and Watford and Three Rivers Shared Services Internal Audit Plans for 2015/16.

The Head of Assurance explained that the first part of the report set out the process to be followed and its compliance with audit standards. She acknowledged that some people did not like the process, but her team worked hard to build trust with services and demonstrate how audit could benefit them.

RESOLVED –

that the Watford Borough Council and Watford and Three Rivers Shared Services Internal Audit Plans for 2015/16 be approved.

43 **WORK PROGRAMME**

The Committee received a report of the Acting Head of Finance Shared Services seeking Member's views about the work programme and asking them to consider whether there were any further topics they would like included at future meetings.

Councillor Williams suggested that 'Audit Committee effectiveness' could be added to the work programme for June. It was agreed that this would be incorporated into the agenda for 30 June 2015.

RESOLVED –

that the work programme be amended to include the topic requested by the Committee.

Chair

The Meeting started at 7.00 pm
and finished at 7.40 pm