

## **AUDIT COMMITTEE**

**15 March 2018**

Present: Councillor D Scudder (Chair)  
Councillor J Johnson (Vice-Chair)  
Councillors Ahsan Khan, B Mauthoor and T Williams

Also present: Andrew Brittain (Ernst and Young)  
Councillor Mark Watkin, Portfolio Holder, responsibilities  
including Finance

Officers: Head of Finance (Shared Services)  
Interim Head of Finance (Shared Services)  
Head of Democracy and Governance (for minute numbers 37 to  
42)  
Client Audit Manager, Shared Internal Audit Service  
Committee and Scrutiny Officer

### **37 Apologies for Absence/Committee Membership**

There were no apologies.

### **38 Disclosure of Interests (if any)**

There were no disclosures of interest.

### **39 Minutes**

The minutes of the meeting held on 7 December 2017 were submitted and signed.

### **40 Regulation of Investigatory Powers**

The committee received a report of the Head of Democracy and Governance, which explained that in the last year the council had not used the Regulation of Investigatory Powers Act (RIPA). There had been one amendment to the council's policy.

The Head of Democracy and Governance informed the committee that the inspector from the Office of the Surveillance Commissioners was due to inspect

the council in 2018/19. As the council rarely used the powers it had been suggested that a desktop exercise be carried out. If the inspector felt they still wanted to inspect the council after the desktop exercise they would inform the council.

RESOLVED –

1. that the committee notes that no RIPA authorisations have been made in this last financial year.
2. that the committee notes that the council is due to have its four yearly RIPA inspection by the Office of the Surveillance Commissioners in 2018.

41

### **General Data Protection Regulations (GDPR) Update**

The committee received a report of the Head of Democracy and Governance which presented an update on the steps the council was taking in relation to the introduction of the General Data Protection Regulations (GDPR).

The Head of Democracy and Governance confirmed that following the Mayoral and Borough elections on 3 May she would be holding a briefing session for all councillors about GDPR. It would take place before 25 May.

In response to questions about the current progress, the Head of Democracy and Governance advised that she was the lead officer for the project group. The council had carried out a data audit and officers were in contact with suppliers and contractors about the use of personal data. All services were working on their data retention policies. Several training sessions had been held for staff and the final one was due to take place in April. She stated that the council was able to show that processes were in place should it be necessary.

The Head of Democracy and Governance commented that as part of the accommodation moves across the council a clearer desk guide had been introduced. In addition much of the information held by the council was electronic and less paper was generated containing personal information. The council had two strong rooms in the town hall where it was possible to store information. Human Resources and Revenues and Benefits took the matter of security very seriously.

RESOLVED –

that the update be noted.

42

### **Corporate Risk Register**

The committee received a report of the Head of Democracy and Governance which included the revamped Corporate Risk Register. It was noted that the register before the committee showed the high level top corporate risks. Each service had its own risk register and in addition each project had a risk register. The Leadership Team reviewed the corporate risk register on a quarterly basis.

It was noted that the last column of item 16 had some words missing. The Head of Democracy and Governance confirmed the missing line read “options explored.”

Councillor Williams noted that some items on the previous register had been merged. He also commented that Watford Riverwell no longer appeared on the corporate risk register and asked for an explanation.

The Head of Democracy and Governance advised that Watford Riverwell was included in Place Shaping and Corporate Performance’s service risk register. There would also be a project risk register. It had been considered that Watford Riverwell did not need to be included in the latest corporate risk register due to the progress of the development.

RESOLVED –

that the Corporate Risk Register be noted.

43

### **Changes to Accounting Policies 2017/18 Annual Statement of Accounts**

The committee received a report of the Head of Finance advising that there were no significant changes planned whilst compiling the annual statement of accounts.

The Head of Finance said that he was confident that a plan was in place for the annual statement of accounts. The service was already working with the external auditor.

A suggestion was put forward that the July meeting could be moved forward if the accounts were ready early. However, it was recognised that there may be a problem moving it at this stage due to the committee calendar. The external auditor advised that if the meeting was moved it may clash with his need to be at another authority; currently there were no clash of meetings.

RESOLVED –

that there are no significant changes to the council's accounting policies be noted.

**44 Shared Internal Audit Service (SIAS) Internal Audit Progress Report**

The committee received a report of the Shared Internal Audit Service (SIAS) that detailed progress made in delivering the Council's Annual Audit Plan for 2017/18.

The Client Audit Manager introduced the report and provided some of the highlights within it. He referred to the performance management section of the report and advised that since the publication of the agenda there had been further improvement. The number of planned days was close to the profiled target and he was confident it would be met by 31 March. A further project had been completed to draft stage and four more draft reports would be completed before the end of March. One report was unlikely to meet the deadline. He felt the target would be reached.

RESOLVED –

1. that the Internal Audit Progress Report for the period to 23 February 2018 be noted.
2. that the amendments to the Audit Plan as at 23 February 2018 be approved.
3. that the removal of the implemented recommendations (as shown in Appendix C of the report) be agreed.
4. that changes to the implementation dates for nine recommendations (as shown in paragraph 2.5 of the report) for the reasons set out in Appendix C of the report be agreed.

**45 SIAS Internal Audit Plans 2018/19**

The committee received a report of the Head of Finance (Shared Services) and the Shared Internal Audit Service which included the internal audit plan for the next financial year.

Following from the earlier discussion about GDPR, the Client Audit Manager advised that internal audit would be reviewing the council's preparations in April, which would allow time for any changes to be made prior to 25 May.

RESOLVED –

1. that the Internal Audit Programme be agreed.
2. that progress against the programme to be reported to each Audit Committee, together with any recommendations from the Audit reports.
3. that delegated authority be granted to the Head of Finance to agree minor amendments to the programme with SIAS for operational reasons. Any amendments to be reported to the next available Audit Committee.

46

### **Certification of Claims and Returns Annual Report 2016/17**

The committee received a report of the external auditor, EY, which summarised the results of the auditor's work on the council's 2016-17 claims.

Andrew Brittain explained the process carried out when the housing benefit subsidy claim was checked and subsequently certified. He advised members that any amount was counted as an error, whether it was £200 or 2p. The report also included the auditor's fees which were determined based on a scale fee published by the Public Sector Audit Appointments Ltd. The final section looked forward to the arrangements for the 2017/18 and 2018/19 accounts.

In response to questions about the housing benefits errors, Mr Brittain explained that officers were often dealing with complex cases. Very few authorities had no errors in a year. The more variables in an application meant there was more risk of an error arising.

RESOLVED –

that the annual report be noted.

47

### **Watford Borough Council Annual Audit Letter 2016/17**

The committee received a report from the external auditor, EY, which set out the annual Audit Letter for the year ending 31 March 2017. The letter confirmed the work carried out by the external auditor during the year.

RESOLVED –

that the report be noted.

## **Watford Borough Council Audit Planning report 2017/18**

The committee received a report of the external auditor, EY, setting out how the auditor intended to carry out its work for the 2017/18 audit. The report included the significant accounting and auditing matters for the upcoming audit.

Andrew Brittain explained the three risk areas for focus. The auditor would review the provision the council had in its accounts for the future cost of repayments following successful rateable value appeals. It was noted that the Valuation Office was behind in its processing of appeals. The situation would be monitored during 2018.

Mr Brittain then referred to the 'Materiality' section. The auditor relied on the judgement of expert valuers when considering the work performed by the council's valuers. With regard to the council's pension valuation, the auditor liaised with a specialist pension fund auditor and the Hertfordshire Pension Fund auditor. He commented that with the change to the reporting timetable, the deadlines were very important. If a local authority did not meet the requested deadlines then the council would have to wait until other audits had been carried out.

Mr Brittain said that to date no significant risks had been identified in relation to 'Value for Money'. The committee would receive a further report in July.

Mr Brittain highlighted the 'Group Scoping' section under 'Materiality'. This referred to the council's group interests, for example the joint venture. There had been an increase in activity during the current year. This would be reviewed at the end of the financial year.

Mr Brittain highlighted further sections of the report, including the accelerated timeline for finalising the accounts.

RESOLVED –

1. that the report be noted.
2. that the Audit Committee confirms its understanding of, and agreement to, these materiality and reporting levels.

## **Committee Work Programme**

The committee received a report from the Head of Finance (Shared Services) setting out the committee's proposed work programme for 2018/19. The Head of Finance suggested that the committee could have a presentation/training

session at the beginning of the next meeting on the Statement of Accounts. This would tie in with items on the agenda.

Councillor Williams noted that the work programme did not include the Head of Democracy and Governance's reports on 'Freedom of Information requests', the Ombudsman's annual letter, the RIPA report and the Corporate Risk Register.

The Committee and Scrutiny Officer acknowledged these were missing and assured the committee they would be added to the work programme at the appropriate time.

RESOLVED –

that those items regularly reported to the committee by the Head of Democracy and Governance be added to the work programme.

50 **Bob Watson, Head of Finance**

The chair, on behalf of the committee, thanked Bob for all his work and support to the committee. He wished him well for the future.

Councillor Watkin, Portfolio Holder with responsibility for Finance, echoed the chair's comments. He had been a tremendous officer for the council, had increased financial discipline and strengthened the accounts.

Chair

The Meeting started at 7.00 pm  
and finished at 8.05 pm