

## **AUDIT COMMITTEE**

**6 December 2018**

Present: Councillor D Scudder (Chair)  
Councillors J Fahmy, A Khan, P Kloss and G Saffery

Also present: Councillor Mark Watkin, Portfolio Holder for Finance and Resources

Officers: Head of Finance  
Head of Community and Environmental Services  
Head of Service Transformation  
Head of Democracy and Governance  
Environmental Health and Licensing Section Head  
Environmental Services Client Manager (Parks & Streets)  
Client Audit Manager, Shared Internal Audit Service  
Committee and Scrutiny Officer

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

There was a change of membership for this meeting: Councillor Fahmy replaced Councillor J Johnson.

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

There were no disclosures of interest.

### **24 Minutes**

The minutes of the meeting held on 20 September 2018 were submitted and signed.

### **25 Shared Internal Audit Service - Internal Audit Progress report**

The committee received a report of the Shared Internal Audit Service (SIAS) that provided an update on SIAS's work on the audit plan for 2018/19 and outstanding recommendations.

The Client Audit Manager highlighted key aspects of the report. He provided an explanation for the second performance indicator's profiled target which appeared to be below target. He said that many of the planned projects were

key financial targets which were either starting now or in quarter four. All projects had been scheduled. There were no changes to the plan and officers had not requested any extensions to target dates for outstanding audit recommendations. There were a couple of recommendations which had been cleared.

RESOLVED –

1. that the Internal Audit Progress Report for the period to 23 November 2018 be noted.
2. that the removal of implemented recommendations as set out in Appendix C be agreed.

26

### **Internal Audit Recommendations update: Safeguarding 2015/16**

The committee received a report of the Environmental Health and Licensing Section Head which set out the progress on implementing internal audit's recommendations in the Safeguarding audit.

The Environmental Health and Licensing Section Head said that she wished to reassure councillors that there had been one outstanding recommendation which had now been completed. The review was presented to Leadership Team at its meeting in October. It was due to be presented to members this month. This would enable the recommendations to be closed.

Following a question about the delay in implementing the recommendation, the Environmental Health and Licensing Section Head advised that there had been no delay in the council carrying out its safeguarding duties. The delay had been in reporting to Leadership Team and members. The responsibility for carrying out the work had transferred from the culture and events team to Environmental Health and Licensing, as it linked closely to the team's community safety role. It had been agreed that an external review would be carried out. There had been some confusion about the recommendation. It could have been signed off in 2017 as it referred to the annual review. The recommendation had unfortunately been misinterpreted. The annual report for members would be part of the team's core work.

RESOLVED –

that the contents of the report be noted.

27 **Internal Audit Recommendations update: Tree Surveying 2016/17**

The committee received a report of the Section Head of Parks, Open Spaces and Projects which provided an update on the progress of implementing the outstanding recommendations for the Tree Surveying report.

The Section Head of Parks, Open Spaces and Projects explained that there had been two reasons for the delay in implementing the recommendations. The Arboricultural Officer based at Veolia had retired and a new member of staff had been employed to take on the role. The other reason related to the current contract with Veolia. He assured the committee that the strategy was in the process of being developed and would be presented to Cabinet in February 2019.  
RESOLVED –

that the progress made in line with ongoing work be noted.

28 **Internal Audit Recommendations update: Cyber Security 2017/18**

The committee received a report of the ICT Section Head which provided an update on the progress in implementing the outstanding recommendations for the Cyber Security report.

The Head of Service Transformation advised that the service was making good progress in implementing the internal auditor's recommendations. Since the report had been written further works had been completed. The outstanding servers' works should be completed by the end of December.

Following a request for assurance the works would be completed, the Head of Service Transformation explained that there were detailed plans in place which showed the work should be delivered by the end of December.

RESOLVED –

that the contents of the report be noted.

29 **Corporate Risk Register and Corporate Risk Strategy**

The committee received a report of the Head of Democracy and Governance including the Corporate Risk Register which had been requested at the last meeting and the latest Risk Strategy.

The Head of Democracy and Governance advised that an additional risk needed to be added to the register which related to safeguarding. In response to a question about Brexit planning, the Head of Democracy and Governance

commented that this related to the impact on the town and other employers in Watford. The council received very little funding from the European Union.

The Head of Finance added that the finance officers from across the county had discussed the matter. The county council was concerned about retaining exiting social care staff as a high proportion were EU nationals. Generally the district and borough councils were not as concerned.

The Head of Democracy and Governance commented that she was not aware of any council staff citing Brexit as a reason for leaving the Council. Plus she had not been made aware of any issues with suppliers. She was happy to put the question to HR and contractors. It was requested this also covered the supply chain for the council and its contractors.

RESOLVED –

that the contents of the report be noted.

30 **Freedom of Information Act Requests 1 April 2018 to 30 September 2018**

The committee received a report of the Head of Democracy and Governance which included details of the Freedom of Information Act requests received between April and September.

The Head of Democracy and Governance reported that the Head of Community and Environmental Services had advised that some of the requests had been sent replies and the information was incorrect in the report. She stated that she would ensure the list was updated and recirculated to the committee.

RESOLVED –

1. that the report be noted.
2. that the updated list be circulated to the committee.

31 **Training/briefing: Statement of Accounts and Audit Committee's role**

The Head of Finance gave a presentation on the committee's role in connection to the annual Statement of Accounts and the Annual Governance Statement. The Committee and Scrutiny Officer agreed to circulate the document from CIPFA.

Councillor Khan commented on the robustness of external auditors, particularly following a couple of recent high profile issues, for example Carillion and

Northamptonshire County Council. He asked whether the Audit Committee could do anything.

The Head of Finance stressed it was important that the committee read the Statement of Accounts before it was signed. Members would be able to pose questions to officers, including any obvious enquiries. Councillors could approach her direct if they did not want to ask a question in the meeting. She added that the Finance Reporting Council had increased its supervision of all external auditors. EY had required more information during the last final accounts process.

In response to a comment about local government taking more risks to acquire finances, the Head of Finance said that a key area for the Watford councillors to review was the group account balance sheet. It was an area discussed with the auditor last year.

RESOLVED –

that the presentation be noted.

### 32 **Treasury Management mid-year report 2018/19**

The committee received a report of the Head of Finance which provided a mid-year review of the Treasury Management function.

Following a question about the investment in the banks and building societies, the Head of Finance explained that Lloyds Bank plc was the current account and contained the day to day working balance. The funds held in Principality Building Society were was a short term investment.

RESOLVED –

that the contents of the 2018/19 mid-year review of the Treasury Management function be noted.

### 33 **Draft Capital Strategy 2019/20**

The committee received a report of the Head of Finance which included the draft capital strategy for 2019/20. The Head of Finance informed the committee that this was a new requirement for 2019/20. The capital strategy provided an overview of how the council determined its priorities for capital investments, how much it could afford to borrow and the risk appetite. The final version would be approved as part of the budget process.

Councillor Khan commented that the nature of local government was changing and this strategy was long overdue.

The Head of Finance advised that the strategy provided an assurance to the committee and council. Officers would take professional advice on the more complicated areas, for example property investment.

Councillor Saffery asked whether it would be possible for councillors to have training on this subject.

The Head of Finance agreed but it would be necessary to consider whether it should be for the members on Audit Committee or opened up to all councillors.

RESOLVED –

that the draft strategy has been reviewed and comments made.

34

#### **Audit Work Programme 2018/19 and 2019/20**

The committee received a report from the Head of Finance (Shared Services) setting out the committee's proposed work programme for 2018/19 and 2019/20.

Following on from the previous item Councillor Saffery raised the matter of training on the Capital Strategy. The Head of Finance agreed to speak to the relevant officers and discuss the best way of providing the requested training.

There was discussion about the draft Statement of Accounts being presented to Audit Committee at the end of May. The Head of Finance explained that the draft accounts were signed off by the Section 151 officer. The final Statement of Accounts was presented to the Audit Committee for approval at the end of July. The last draft statement may have been circulated by email.

The Head of Finance agreed to consider the request. The chair suggested that the meeting could be to consider that one item and nothing else.

RESOLVED –

1. that the work programme be noted.
2. that officers consider the request for training on the Capital Strategy.
3. that officers consider adding another meeting in 2019/20 to review the draft Statement of Accounts.

Chair

The Meeting started at Time Not Specified  
and finished at Time Not Specified