

## **AUDIT COMMITTEE**

**14 March 2019**

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

Also present: Maria Grindley, Associate Partner (EY)  
Jo Grindley, Manager EY  
Councillor M Watkin, Portfolio Holder for Finance and  
Resources

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

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

There were no apologies for absence.

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

There were no disclosures of interest.

### **37 Minutes**

The minutes of the meeting held on 6 December 2018 were submitted and signed.

### **38 Annual Ripa Report**

The committee received a report of the Head of Democracy and Governance which provided councillors with the annual report of the council's recourse to using the Regulation of Investigatory Powers Act (RIPA). It was noted that no authorisations had been required over the last year.

The Head of Democracy and Governance informed the committee that all authorised officers had undertaken refresher training. This had been recommended by the IPCO during its RIPA inspection.

RESOLVED –

that the committee notes that no RIPA authorisations have been made in this last financial year.

**39 External Auditor – Certification work report 2017/18**

The committee received the annual report from the external auditor on the certification of claims and returns for 2017/18.

Jo Taylor, from EY, highlighted key aspects of the report for the committee. She explained that the report summarised the work carried out by EY on Watford Borough Council's 2017/18 housing benefit claim. She acknowledged that the council had made progress in implementing the recommendations from the previous report. She advised that there had been some errors however they had not warranted further investigation.

RESOLVED –

that the Watford Borough Council Certification claims and returns annual report 2017/18 be noted.

**40 External Auditor - Progress report**

The committee was informed that this item was covered in the following item.

**41 External Auditor – Audit Plan 2019/20**

The committee received the external auditor's Audit planning report for the year ending 31 March 2019.

Maria Grindley, from EY, advised the committee that the key section within the report was the overview of EY's 2018/19 audit strategy. This highlighted the risks identified by the external auditor for the upcoming audit of Watford Borough Council. She explained that where a risk was identified as 'significant risk' it was required to review the specified area of focus and not because the auditor had concerns about the council's management. It provided the committee with an understanding of the assurance provided when the auditors gave their opinion. An explanation was provided in the final column. The inherent risks identified on page 52 of the agenda had been highlighted as they were complex areas.

Following a question from Councillor Khan about risks due to an increased investment portfolio, Maria Grindley responded that the risks were identified

depending on the size of a council's investments. The auditor's role was to monitor the investment and ensure there were no problems.

In response to a question from Councillor J Johnson about Croxley Business Park, Maria Grindley advised that the business park had been included due to the size and complexity of the investment. The external auditor would review whether it had been accounted for, disclosed and processed properly.

The Head of Finance informed the committee that the interim audit had started and the external audit team had been on site for the last week. There had been good engagement between the auditors and the finance officers.

Maria Grindley wished to reciprocate the Head of Finance's comments, who had been very helpful to the team. Currently there were no concerns about the timeliness of the work.

Following a question from Councillor Khan, the Head of Finance stated that the figure shown for the council's total reserves would be checked and an update provided to the committee.

RESOLVED –

1. that the Watford Borough Council Audit planning report for the year ended 31 March 2019 be noted.
2. that the level of reserves referred to on page 58 of the agenda be checked and the committee provided with an update.

42

### **Accounting Policies 2018/19**

The committee received a report of the Head of Finance setting out the accounting policies to be adopted in the preparation of the 2018/19 Statement of Accounts.

The Head of Finance informed the committee that two new standards had been introduced for 2018/19, details were included in the report. The accounting policies for 2018/19 incorporated the changes.

RESOLVED –

that the accounting policies to be adopted in the preparation of the 2018/19 Statement of Accounts be noted.

**SIAS – Internal Audit Progress report (SIAS)**

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 provided an update on data since the publication of the report. He assured the committee that all planned projects should be at the draft report stage by the end of March. There had been one request to extend the implementation date for one recommendation, which the committee would need to consider. He noted that there were far fewer outstanding recommendations compared to the last year or two. The report also contained information about the cancellation of the Commercial Strategy audit, which had been moved to 2019/20. The ten days set aside for the audit had been returned to contingency, some of which had been used to carry out additional testing of some of the existing key financial systems audits.

The Head of Finance thanked the committee for previously raising concerns about outstanding recommendations and requesting updates by the relevant officers.

The Chair noted that most of the recommendations were now being completed in time. He noted the outstanding recommendations regarding National Non-domestic rates and Council Tax.

The Client Audit Manager advised that officers had said they were confident the recommendations would be addressed in the indicated time, i.e. 31 March 2019. He said that he would be able to provide further information to the committee if required.

It was agreed that the Client Audit Manager would email the committee once he was able to provide a further update.

Following comments about the delays in the Tree Surveying recommendations from 2016/17, the Client Audit Manager advised that in December the committee had agreed to the deadline being extended to July 2019. It was agreed that officers would be asked to have completed the recommendations by the current deadline.

**RESOLVED –**

1. that the Internal Audit Progress Report for the period to 22 February 2019 be noted.

2. that the amendments to the Audit Plan be approved.
3. that the removal of implemented recommendations as set out in Appendix C be agreed.
4. that officers be informed that the Committee expects the tree Surveying recommendations to have been completed by the revised deadline.
5. that the change to the implementation date for one recommendation be agreed.
6. that the Client Audit Manager informs the committee of the progress in completing the Council Tax and National Non-domestic Rates audit recommendations with a 31 March 2019 target date prior to the next meeting.

#### 44 **SIAS – Internal Audit Plan 2019/20 (SIAS)**

The committee received a report of the Shared Internal Audit Service setting out the 2019/20 Internal Audit Plans for Watford Borough Council and Shared Services.

The Client Audit Manager explained that the plans set out the proposed audits for the year ahead. This followed discussions with Heads of Service and attending management meetings. He added that the audits tended to be back loaded and therefore it would appear that the work was going slowly at the beginning of the year.

RESOLVED –

that the proposed Watford Borough Council and Shared Services Internal Audit Plans for 2019/20 be approved.

#### 45 **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 and 2019/20.

In response to a question about the Treasury Management Annual report, the Head of Finance explained that this would cover borrowing and lending during 2018/19. The mid-year report in December should start to show information about Croxley Business Park.

RESOLVED –

1. that the work programme be noted.

Chair

The Meeting started at 7.00 pm  
and finished at 7.35 pm