

AUDIT COMMITTEE

12 March 2020

Present: Councillor D Scudder (Chair)
Councillors S Bashir, J Johnson, P Kloss and G Saffery

Also present: Councillor Mark Watkin, Portfolio Holder for Resources
Jo Taylor (EY)

Officers: Group Head of Democracy and Governance
Acting Shared Director of Finance
Interim Head of Finance
Client Audit Manager, Shared Internal Audit Service
Democratic Services Manager

28 Apologies for Absence/Committee Membership

There was a change of membership for this meeting, Councillor Saffery replaced Councillor Stotesbury.

29 Disclosure of Interests (if any)

There were no disclosures of interest.

30 Minutes

The minutes of the meeting held on 5 December 2019 were submitted and signed.

31 Annual RIPA Report

The committee received a report of the Group 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 Group Head of Democracy and Governance advised that the policy had been amended to reflect job changes and change of personnel.

RESOLVED –

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

External auditor - Audit Plan 2019/20

The committee received the external auditor's audit planning report for the year ending 31 March 2020. This set out how Ernst & Young (EY) intended to carry out their responsibilities as the council's auditor for the 2019/20 audit.

Jo Taylor provided an overview of the report and advised that it contained a couple of errors. She stated that an updated version of the full report would be circulated to the committee. She advised that there were two new areas for discussion 'Going Concern Compliance with ISA 570' and 'IFRS16 – leases'. The final audit was expected to commence on 24 August 2020 and would continue through to September 2020. This would mean that the audited accounts would need to be reported to the committee later than usual.

The Interim Director of Finance responded that the service would try to push for a sensible audit date. The PSAA were in the process of consulting district and county auditors.

The Chair suggested that at the next meeting members should be provided with an overview of the way leases worked.

RESOLVED –

that the Watford Borough Council audit planning report for the year ended 31 March 2020 be noted.

Accounting Policies 2020/21

The committee received the report of the Interim Head of Finance, who introduced the report. This set out the accounting policies to be used in preparing the council's 2019/20 statement of accounts.

Attention was drawn to the requirement to carry out an impact assessment regarding the implementation of IFRS16 – Leases, which would bring all leased assets worth over £15,000 on the balance sheet from 1 April 2021.

The Interim Director of Finance advised that the policies were similar to last year. It was unlikely that there would be a significant impact.

RESOLVED –

that the accounting policies to be adopted in the preparation of the council's 2019/20 Statement of Accounts be noted.

34 **SIAS - Internal Audit Plans 2020/21**

The committee received the report of the Shared Internal Audit Service (SIAS), which set out the 2020/21 internal audit plans for Watford Borough Council and shared services for the year ahead. It formed part of the council's wider assurance framework.

RESOLVED –

that the proposed Watford Borough Council and Shared Services Internal Audit Plans for 2020/21 be approved.

35 **SIAS - Internal Audit Progress Report**

The committee received the SIAS progress report, which provided an update on the service's work on the audit plan for 2019/20 and on any outstanding recommendations.

The Audit Manager highlighted aspects of the report. He referred to the Hertfordshire Home Improvement Agency (HHIA) audit, which had been finalised. However, the follow up audit had not yet been completed and therefore it was not possible for the committee to review it at the meeting.

The committee agreed that the final report for the follow up audit should be circulated as soon as it became available. Members would then discuss it at the next meeting.

RESOLVED –

1. that the Internal Audit Progress Report for the period to 28 February 2020 be noted.
2. that the amendments to the Audit Plan as at 28 February 2020 be approved
3. that the change to the implementation date for 5 recommendations (paragraph 2.5) for the reasons set out in Appendix C be agreed
4. that the removal of implemented audit recommendations (Appendix C) be agreed
5. that the status of High and Medium priority recommendations from the Hertfordshire Home Improvement Agency audit be noted.

6. that the final report of the follow up audit for the Hertfordshire Home Improvement Agency be circulated to the committee as soon as it is available.
7. that the Hertfordshire Home Improvement Agency report be added to the next meeting for discussion.

36 **Work programme**

The committee received a report from the Interim Head of Finance (Shared Services) setting out the committee's proposed work programme for 2020/21 and 2021/22.

The Interim Director of Finance advised that the work programme would be updated to reflect the discussion at the meeting.

RESOLVED –

that the work programme be noted and updated as discussed.

Chair

The Meeting started at 7.00 pm
and finished at 7.35 pm