

## **AUDIT COMMITTEE**

**25 November 2020**

Present: Councillor M Hofman (Chair)  
Councillor I Stotesbury (Vice-Chair)  
Councillors P Kloss, M Parker and M Turmaine

Also present: Councillor M Watkin (Portfolio Holder)  
Maria Grindley (AY)  
Jo Taylor (EY)

Officers: Interim Director of Finance (Shared Service)  
Group Head of Democracy and Governance  
Interim Head of Finance (Shared Service)  
Head of Parks, Open Spaces and Projects  
Client Audit Manager, Shared Internal Audit Service  
Contract Manager - Parks and Street Care  
Democratic Services Officer (AG)

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

There were no apologies for absence.

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

There were no disclosures of interests.

### **21 Minutes**

The minutes of the meeting held on 17 September 2020 were submitted and agreed; to be signed on return to the Town Hall.

### **22 Freedom of Information Act Requests April to September 2020**

The committee received a report of the Group Head of Democracy and Governance outlining the half yearly performance of the Council in responding to Freedom of Information Act requests received between 1 April and 30 September 2020.

The Group Head of Democracy and Governance introduced the report. She explained that 372 requests had been received and this was 33 more than in the

previous half year. Some requests had been responded to outside the 20 day period and only 6 requests had not been responded to at all. This was an improvement compared to 29 requests not responded to in the last half year.

The Group Head of Democracy and Governance advised that the Revenue and Benefits Service was attempting to get the backlog of requests down. They employed a dedicated officer to deal with the requests; who was assisted by an officer in the Customer Services Centre.

In addition, Group and Executive Heads had been given monthly details of requests received for their area to enable them to monitor response times to help get numbers down and improve the compliance rate. The requests received were wide ranging and varied with no trend identified.

In response to a question from the Chair, the Group Head of Democracy and Governance explained that the council did not publish every response. If a member had a particular question they could contact her or the Customer Service Centre and be provided with a copy of the question and answer. She added that some information was available on the 'What Do We know' website and reiterated that the council did not publish all data on-line.

RESOLVED –

that the report is noted.

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### **Treasury Management mid-year report 2020/21**

The committee received a report of the Interim Head of Finance (Shared Service) providing details of the 2020/21 mid-year review of the Treasury Management function.

The Interim Head of Finance (Shared Service) introduced the report. She advised that the report would provide members with the current performance and fulfil the requirements of the associated codes of practice.

The Interim Head of Finance (Shared Service) referred members to the table in paragraph 4.6 of the report in relation to capital expenditure. She advised that owing to the Covid-19 pandemic and the resulting delays in delivering the capital programme, there had been less expenditure than anticipated and this would result in reduced borrowing from an original estimate of £125m to £35m. Consequently, less interest would need to be paid.

The Interim Head of Finance (Shared Service) turned to paragraph 4.8 in the report regarding the authorised limit and advised that this had been revised down to the £35m figure; this could not be exceeded. She went on to discuss paragraph 4.9 in relation to the investment portfolio and advised that it was the Council's priority to ensure security of capital and liquidity and to obtain an appropriate level of return which was consistent with the council's risk appetite.

The Interim Head of Finance (Shared Service) concluded by discussing paragraph 4.12 of the report in relation to yield; where a higher return had been anticipated than that which was currently being achieved. She advised that 0.01% interest had been gained this year due to the Covid-19 pandemic. Interest rates were such at the moment that for the first time the Debt Management Office (DMO) were offering negative interest rates for short term investments and so if the council were to place money with the DMO it would receive less back than it had invested. The council had not used the facility since the rates became negative.

In response to a question from the Chair, the Interim Head of Finance (Shared Service) advised that there were no significant benefits in using the DMO at present. However, surpluses in current accounts may be placed with them as a last resort for less than a month for example. The Interim Director of Finance (Shared Services) added that the DMO could also be utilised if there were concerns about security elsewhere and confirmed that making use of the DMO was optional.

Following a further question from the Chair, the Interim Head of Finance (Shared Service) explained how borrowing against the capital programme would be examined following the Chancellor's statement.

RESOLVED –

that the Committee notes the contents of the 2020/21 mid-year review of the Treasury Management function.

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### **Draft Treasury Management Strategy 2021/22**

The committee received a report of the Interim Head of Finance (Shared Service) seeking comments of the Committee on the Draft Treasury Management Strategy for 2021/22.

The Interim Head of Finance (Shared Service) introduced the report. She advised that the Treasury Management Strategy 2021/22 would be presented for approval to council early next year and a draft was being shown to the committee for the information of members. The report was similar to last year's

document and contained details including the borrowing and investment strategy and borrowing options; such as from the DMO, banks and building societies. The report was currently in draft form pending the finalisation of budgets.

In response to a question from the chair, the Interim Director of Finance (Shared Service) clarified that the council did not have a credit rating but could apply for one if it was looking to raise funds in the markets. The UK government stood in support of councils.

RESOLVED –

that the Committee notes the contents of the Draft Treasury Management Strategy for 2021/22.

25

### **External auditor report and approval of the 2019/20 Statement of Accounts**

The Chair invited the Interim Director of Finance (Shared Service) to provide an update to the committee. The Interim Director of Finance (Shared Service) advised that the committee had received the draft accounts at the 17 September meeting.

The Interim Director of Finance (Shared Service) explained that as the external audit was not yet finished, delegated authority was being sought for the Chair to sign the Statement of Accounts on behalf of the committee and she advised on the role and responsibilities of the committee, the Chair and herself as the Interim Director of Finance in these circumstances.

Maria Grindley advised that it had been more difficult conducting the audit process due this year due to the Covid-19 pandemic where there had been additional work and a need to look in more depth at issues; for example in relation to going concern standards and the implications of valuations and investments held.

Furthermore, auditors had not been able to sit alongside council staff and engage in such aspects as accessing documents that had caused additional complications. Nevertheless, the two teams were working hard and with progress being made and pushing through in a number of areas.

Jo Taylor went on to explain in detail the main aspects where work was being undertaken to complete the audit, including in respect of:

- Property, plant and equipment.
- Investment property evaluation; such as the Croxley Business Park acquisition.

- Herts pension fund matters.
- Group audit work; such as in relation to the Riverwell Partnership.
- Going concern issues.

In response to a question from members, Ms Taylor explained that it was not possible to state exactly when the audit would be completed but there was a desire to conclude quickly and with the work at the top of their agenda.

Members expressed some disappointment that the accounts may not be signed off in line with the timeframes and asked whether there was a similar situation with other authorities. Ms Grindley explained that they were linking with colleagues up and down the country and that there were similar patterns elsewhere; Watford would not stand out in this regard. They were putting all their efforts in to getting the audit over the line and it should be concluded in the weeks following.

In response to a question from the Chair, Ms Grindley explained that she did not know of an estimate of the number of authorities in a similar situation to Watford but Public Sector Audit Appointments (PSAA) would be putting together a report with the figures in the coming months.

The Interim Director of Finance (Shared Service) concluded by advising that they would be pushing hard to get matters finalised by 30 November.

RESOLVED -

1. that the Committee approve the Statement of Accounts for 2019/20 subject to final agreement by the Section 151 Officer (Interim Director of Finance);
2. that the Section 151 Officer be delegated to finalise the Statement of Accounts for 2019/20 in consultation with the members of the Audit Committee;
3. that the Committee authorise and instruct the Chair to sign the Statement of Accounts for 2019/20 once finalised and signed by the Section 151 Officer to confirm that the statement of accounts presents a true and fair view of—(a)the financial position of the authority at the end of the financial year to which it relates; and (b)that authority's income and expenditure for that financial year,
4. and that the Statement of Accounts be published by 30 November 2020.

**SIAS Internal Audit progress report**

The committee received a report of the Client Audit Manager, Shared Internal Audit Service (SIAS) providing the committee with an update on progress against the Annual Audit Plan.

The Client Audit Manager introduced the report. He explained that this was the usual quarterly update and he advised on the impact of Covid-19 to the audit process; including the re-deployment of staff to assist in the Revenue and Benefits Service and with no audits conducted earlier in the year.

The Client Audit Manager referred members to page 82 of the report that provided a quick view of progress with projects. He advised that they were behind with Revenue and Benefits audits due to a member of staff being sick for a long period of time; with an alternative approach now being determined including the provision of information technology.

The Client Audit Manager turned to page 87 of the report relating to audit plan projected start dates. He advised that half of the plan would commence in December and January and it was hoped all audits would be completed by the end of March. He went on to explain that the Sports Development Audit had been cancelled due to the Covid-19 situation and would be considered for inclusion in the 2021/22 audit plan.

The Client Audit Manager concluded by advising that Appendix C to the report documented the progress with outstanding audit recommendations and that there had been four requests for dates of completion to be extended.

The Head of Parks, Open Spaces and Projects went on to discuss progress with the Tree Surveying audit recommendations, explaining that the Tree and Woodland Strategy had been adopted and all of the audit recommendations had now been completed. The delay in completion had related to changes in staff. However, a new tree officer had now been appointed and was working well with his service.

The Contract Manager Parks and Street Care continued by discussing progress with the Play Safety audit recommendations; with all of these now being completed. She provided a summary of the measures that had been introduced including:

- The creation of site specific spreadsheets that include inspection types.
- The introduction of a master spreadsheet containing all maintenance, repairs and priority matters.

- Quarterly meetings held with Veolia to view records.
- Play safety inspections discussed monthly with Veolia.
- All annual inspections e-mailed by Veolia to the council with associated risk assessments being site specific.

The Chair thanked the Head of Parks Open Spaces and Projects and the Contract Manager Parks and Street Care for attending the meeting and providing the very helpful updates.

RESOLVED –

1. Note the Internal Audit Progress Report for the period to 13 November 2020.
2. Approve amendments to the Audit Plan as at 13 November 2020.
3. Agree the change to the implementation date for 4 recommendations (paragraph 2.5) for the reasons set out in Appendix C.
4. Agree removal of implemented audit recommendations set out in Appendix C.

Chair  
Audit Committee

The Meeting started at 7.00 pm  
and finished at 8.00 pm