

## **AUDIT COMMITTEE**

**11 March 2021**

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)

Officers: Director of Finance (Shared Services)  
Group Head of Democracy and Governance  
Client Audit Manager, Shared Internal Audit Service  
Democratic Services Officer (AG)

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

Apologies for absence were received from Maria Grindley, Ernst and Young.

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

There were no disclosures of interests.

### **29 Minutes**

The minutes of the meeting held on 25 November 2020 were submitted and agreed; to be signed on return to the Town Hall.

### **30 Annual Risk Report**

The committee received a report of the Group Head of Democracy and Governance. The Group Head of Democracy and Governance introduced the report explaining that the report included the risk strategy and corporate risks with mitigations. She explained that since the last annual report the council had adopted a new Council Plan with new corporate themes.

There had also been a change in the internal governance arrangements with a Leadership Board now monitoring corporate risks and the Executive Project Management Office monitoring service and project risks. In addition, any risks in the project or service risk registers that had a score of nine or more after mitigation were now included in the corporate risk register. As a result, the corporate risk register was now larger than in previous years.

The Group Head of Democracy and Governance explained that the risk contained in the corporate risk register from last year that related to Brexit had been removed as the UK had left the EU. The new risk one in the register related to a breakdown of community cohesion, including issues post Brexit as well, as concern existed around community safety in relation to the pandemic and the road to recovery. She advised that politicians could assist by carrying out effective engagement within their communities. This risk was scored at nine; which was not as high as some of the other corporate risks contained in the register.

Members raised the issue of risks in relation to the forthcoming local elections and the Group Head of Democracy and Governance advised that it was important that elections could run in a Covid-19 safe way at polling stations and that changes had been made to some venues as a result; such as in relation to safe entry and exit. Schools would not be used as polling stations unless there was no alternative, although some schools in the town had arranged an inset day on 6 May and as a result would be utilised.

The Group Head of Democracy and Governance advised that guidance had been provided by Hertfordshire Public Health and some monies had been received from the county council to assist. The count would take place at the Colosseum to provide for social distancing. The building would also be used for postal votes to ensure Covid-19 safety. Protective screens would be used at the various election venues and voters should wear masks and bring their own pens. There were sufficient staff available to cover the polling station requirements. The election posed a high risk and was all the more challenging as three elections were taking place on Election Day.

In response to questions from members, the Group Head of Democracy and Governance:

- Advised that people who were not wearing masks could not be legally disenfranchised from voting. However, masks may be available outside polling venues and staff would encourage mask wearing. Should a lot of people refuse to wear masks it may be necessary to seek the assistance of the police.
- Explained that it may not be viable to include information about mask wearing on polling cards as these were standard documents that included guidance on nearest polling stations. However, the wearing of masks would be part of the council's communication plan and she would discuss the matter further with the Elections Manager.
- Informed the committee that it was too early to determine the level of postal voting. More would be known when the poll

cards had gone out. However, there had been no sudden upsurge so far.

- Advised on matters in relation to ventilation, drafts and staff numbers at the Colosseum and with a meeting being held by the Election Manager with the health and safety team on Friday 12 March.
- Discussed a number of risks contained in the corporate risk register including major projects not delivered on time, failure to comply with the General Data Protection Regulations and the failure of investments and commercial ventures.

Members asked about performance at the Croxley Business Park. The Director of Finance explained that income was holding up well. There had been a number of new lettings and with interest in Building One on the site. She discussed issues in relation to the rent paid by the council and inflation; that had been lower than expected. Matters were healthy in relation to the Park although it would remain on the corporate risk register.

RESOLVED –

that the Risk Management Strategy and Corporate Risk register be noted.

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### **SIAS Internal Audit Progress Report 2020/21**

The committee received a report of the Client Audit Manager, Shared Internal Audit Service (SIAS). The Client Audit Manager introduced the report explaining that this was the standard report on audit plan progress focussing on four key areas.

The Client Audit Manager discussed the impact of Covid-19 on delivery of the plan explaining that some of the team had been re-deployed and working with the Revenues and Benefits Service. The programme of work began in July and August of 2020 with the work backed up to the last four months of the current financial year.

He advised that as of the 26 February, of the 19 audits in the plan, seven had been completed. However, a further four audits had since been issued and completed since the date of the report and a further two audits would be completed next week. Five of the remaining six audits would be completed by the end of March. The one remaining audit, a recent addition relating to the council's response to the Covid-19 pandemic, would not be completed before the end of the financial year but would be completed in April 2021.

The Client Audit Manager reassured members that there were no concerns regarding the audit opinion to be made in July, as account would be taken of the 19 completed audits. He advised that delays in completing audits had been experienced across the client base.

In relation to the status of audit recommendations, the Client Audit Manager explained that there was only one extension to an implementation date by an action owner in relation to a recommendation from the 2019/20 Debtors Audit. This would be pushed back until the end of March and was effectively only a minor delay. The Client Audit Manager explained that this was a positive position and he asked the committee to approve the change.

The Client Audit Manager concluded by advising the committee on new Chartered Institute of Public Finance and Accountancy guidance providing consistency regarding internal audit opinions. As a result, some relatively minor changes to assurance opinions would come into effect in 2021/22 and these would be implemented across the whole of the public sector. A report on the matter would be provided to the committee at the next meeting.

RESOLVED –

1. Note the Internal Audit Progress Report for the period to 26 February 2021.
2. Approve amendments to the Audit Plan as at 26 February 2021.
3. Agree the change to the implementation date for 1 recommendation (paragraph 2.5) for the reasons set out in Appendix C.
4. Agree removal of implemented audit recommendations set out in Appendix C.

## 32 **SIAS Internal Audit Plans 2021/22**

The committee received a report of the Client Audit Manager, Shared Internal Audit Service. The Client Audit Manager introduced the report explaining that the report set out the intended programme of work for the next financial year.

The Client Audit Manager outlined the context and background to the development of the new audit plans. He explained that the primary source of audits contained in the plans was through meetings with Group Heads of Service and with some Heads of Service.

He referred members to paragraph 2.7 on pages 53 and 54 of the report explaining that some of the plan related to Watford Borough Council (WBC) audits, others in respect of shared services and the remainder in respect of Three

Rivers District Council. There had been an approximate 10% reduction in the number of audits to be carried out next year and this was similar to other authorities.

The Client Audit Manager advised that, currently, there would be 139 days allocated to WBC audits, 100 days to shared services and 123 days to Three Rivers District Council. A breakdown of the WBC and shared service days was shown in Appendices 'A' and 'B' respectively.

There had been a lot of change in the past year and this was likely to continue going forward. As a result, the audit plan was kept to a high level and with a refresh process in August/September to ensure the audits remained current. Any changes would be brought to the Audit Committee's September meeting.

The annual key financial systems audits in the shared services audit plan would usually be itemised; but this year the plan showed blocks of time allocated to the high level subjects. The actual audits would then be determined later in the year to provide for detailed auditing and drilling down in to the issues. These would be brought to the committee's attention at later meetings.

In response to questions from members, the Client Audit Manager:

- Advised that the revised planning system would maximise the number of audit days and result in a similar number of audits undertaken with perhaps one or two less than in previous years. The Director of Finance (Shared Service) added that the revised system was common with other authorities and brought planned audit days in to what had actually been delivered in the last few years. There would be no change in the level of audits.
- Explained that the new system would not require a restructuring of the SIAS team but there would be an examination of how to best deliver audits and of matters in relation to the skills of staff. He outlined initiatives that would be undertaken to help in the analysis of data. The Director of Finance (Shared Service) advised that this was a conversation that was happening across Hertfordshire and with discussions held at the SIAS Board as to how to utilise data analytics. There would be change for the better going forward.
- Clarified that there would be one IT audit carried out in 2021/22.
- Explained that SIAS was satisfied with how well audits had been undertaken in the present pandemic situation; that had resulted in a change to working practices. He outlined the

value in using video conferencing platforms and in sharing IT equipment; and how this enabled more time to be spent on analysis. There was a role for face to face activity but the hybrid model would seem best going forward.

Members discussed future working practices and the challenges faced by the Revenue and Benefits Service in the past year. The Director of Finance (Shared Service) reassured the committee about the work conducted by the service to ensure that the payments of grants were only made to bona-fide individuals and of the number of cases where payment were refused due to fraud.

RESOLVED –

that members are recommended to approve the proposed Watford Borough Council and Shared Services 2021/22 Internal Audit Plans.

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### **Accounting policies 20/21**

The committee received a report of the Interim Head of Finance. The Director of Finance (Shared Service) introduced the report explaining that the accounting policies set out in the appendix would be used in preparing the council's 2020/21 statement of accounts.

The Director of Finance (Shared Service) advised that some changes to lease issues in the policies had been expected but they had been delayed for another year due to the pandemic. These would not have a significant impact on Watford as the council would be well placed to implement the changes when they were introduced. There had been no changes to the policies from last year.

In response to a question from members, the Director of Finance (Shared Service) explained the process for how policies might be changed year on year and advised on a number of the more significant changes in recent years.

RESOLVED -

that Audit Committee are asked to review and comment upon the accounting policies.

Chair  
Audit Committee

The Meeting started at 7.00 pm  
and finished at 7.50 pm