

## **AUDIT COMMITTEE**

**29 July 2021**

Present: Councillor M Hofman (Chair)  
Councillor P Kloss (Vice-Chair)  
Councillor N Bell

Also present: Councillor Mark Watkin

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

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

Apologies were received from Councillor Turmaine. Councillor Devonish was absent.

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

There were no disclosures of interest.

### **3 Minutes**

The minutes of the meeting held on 11 March 2021 were submitted and signed.

### **4 Freedom of Information Act Requests October 2020 to March 2021**

The committee received a report of the Group Head of Democracy and Governance which included details of the Freedom of Information requests for the period October 2020 to March 2021.

The Group Head of Democracy and Governance introduced the report, advising that 422 requests for information had been received for the relevant period which was higher than the previous half year. 55 requests had not been replied to within the requisite time period and 16 had not been replied to at all. Steps had been taken to improve responses, with Executive and Group Heads receiving regular updates and more effective monitoring undertaken using the council's Firmstep system.

In response to members' questions, the Group Head of Democracy and Governance advised that there was no supporting data to explain the increased number of Freedom of Information requests, however a large number related to Covid business grants processed by Revenues and Benefits. The data period also covered the election period which had previously prompted a number of information requests.

Officers noted members' concerns about the number of requests to which no response had been provided. These mostly related to Revenues and Benefits which had seen a significant additional workload during the pandemic. Notwithstanding, the Director of Finance outlined the steps which had been taken to ensure that responsibility for this function was given a dedicated officer in future.

RESOLVED –

that the report be noted.

## 5 **RIPA**

The committee received a report of the Group Head of Democracy and Governance. This noted that in the last year the council had not had recourse to the Regulation of Investigatory Powers Act (RIPA) for directed surveillance. The Investigatory Powers Commissioner's Office had undertaken a remote inspection on 29 March 2021 and concluded that it was content with the council's policy and its compliance with previous recommendations. A further recommendation that refresher training be carried out for authorised officers, including the Managing Director, had been completed in the previous week.

There was a discussion around the council's limited use of RIPA. The Group Head of Democracy and Governance explained that the council's powers were limited. Under the Protection of Freedoms Act, local authorities could only use directed surveillance for offences likely to result in a six month custodial sentence or those relating to the underage sale of tobacco or alcohol. The authority dealt with few such cases. In addition, in the past year members of the fraud team had been seconded to the Revenues and Benefits team to help distribute Covid grants.

RESOLVED –

that the committee notes:

1. that no RIPA authorisations have been made in this last financial year

2. the outcome of the remote inspection by IPCO on 29 March 2021.

## 6 **Annual Fraud Report 2021**

The committee received a report of the Group Head of Democracy and Governance. This noted that in the last year the council had not had recourse to the Regulation of Investigatory Powers Act (RIPA) for directed surveillance. The Investigatory Powers Commissioner's Office had undertaken a remote inspection on 29 March 2021 and concluded that it was content with the council's policy and its compliance with previous recommendations. A further recommendation that refresher training be carried out for authorised officers, including the Managing Director, had been completed in the previous week.

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RESOLVED –

that the committee notes:

1. that no RIPA authorisations have been made in this last financial year
2. the outcome of the remote inspection by IPCO on 29 March 2021.

## 7 **WBC Annual Assurance Statement and Internal Audit Annual Report 2020-21**

The committee received a report of the Head of Assurance for the Shared Internal Audit Service, setting out the Annual Assurance Statement and Internal Audit Annual Report. The Client Audit Manager introduced the report, explaining that due to Covid work on the audit plan had not been started until July 2020. A number of staff had been redeployed resulting in less internal audit work being carried out. However, sufficient activity had been undertaken to give a strong level of assurance in audits of the council's financial systems and other operational areas.

It was confirmed that additional information could be provided on completed audit reports carried out by the Internal Audit Service. Information would be passed to the Democratic Services team to share with members. A similar service had recently been introduced for councillors at Three Rivers District Council.

RESOLVED –

1. that the Annual Assurance Statement and Internal Audit Annual Report be noted.
2. that the results of the self-assessment required by the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP) be noted
3. that the SIAS Audit Charter be accepted
4. that management assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2020/21 be noted.

Action: Democratic Services Manager

## **8 SIAS Update Report on Progress Against the 2021-22 Audit Plan**

The committee received a report of the Client Audit Manager setting out progress on the outstanding recommendations from previous audits and amendments to the current Audit Plan.

RESOLVED –

1. that the Internal Audit Progress Report for the period to 16 July 2021 be noted.
2. that the amendments to the Audit Plan as at 16 July 2020 be approved.
3. that the change to the implementation date for three recommendations (paragraph 2.5) for the reasons set out in Appendix C be agreed.
4. that the implemented audit recommendations (Appendix C) be removed.

## **9 Annual Governance Statement**

The committee received a report of the Director of Finance asking the committee to agree the Annual Governance Statement. The Client Audit Manager

introduced the report which was required each year and had been produced in collaboration with the Director of Finance. No significant issues had been brought forward and no new issues had been identified by senior officers of the council.

The Director of Finance advised that a correction was required to the date of the annual audit inspection letter for 2019/20. This would be amended to read July 2021 and not July 2020 as stated.

The Portfolio Holder questioned whether it was correct to state that the Mayor should have only elected members in his Cabinet. It was agreed that the Group Head of Democracy and Governance should be asked to clarify this point. He continued to commend the council on its response and resilience during the Covid crisis.

RESOLVED –

1. that the committee considers and approves the Annual Governance Statement
2. that, subject to any changes required before their signing, the Annual Governance Statement be included in the Statement of Accounts for 2020/21.

Action: Group Head of Democracy and Governance.

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### **Approval of the 2020/21 Draft Statement of Accounts**

The committee received a verbal update from the Director of Finance. She advised that the draft accounts would normally be published by the end of May and approved by Audit Committee following the end of the public inspection period. Due to Covid, the Accounts and Audit Regulations had been amended and the council was required to publish draft accounts by the end of July with the public inspection period beginning by 1st August at the latest. Formal approval was required by the Audit Committee by the end of September.

Officers were currently finalising the 2020/21 draft accounts, which would be published by the end of July. Due to the timing of the completion of the 2019/20 audit, officers had been unable to prepare the accounts in time for discussion at this meeting. It was noted that the legislation only required approval of the accounts by the Section 151 officer and that the accounts would be brought back to the committee in September for approval.

RESOLVED –

that the verbal update be noted.

#### 11 **External Auditors' Report on 2019/20 accounts**

The committee received the report of the external auditor, EY. Alison Kennett and Simon Luk from EY dialled in remotely to the meeting to provide an overview of their report highlighting changes to their risk assessment due to Covid 19 and particular areas of focus in their work. It was noted that adoption of IFRS16 had been deferred to April 2022. Alison Kennett confirmed that all audit work had been carried out remotely and was substantially completed. EY anticipated issuing an unqualified opinion.

In response to questions from members, it was confirmed that finance officers had worked closely with EY regarding Croxley Park over the past year. It was an extremely complex area of accounting. A number of reclassifications had been undertaken and, although the numbers appeared large, the figures produced few changes to the revenue account. The Director of Finance agreed to provide a more detailed briefing to members outside the meeting.

Following a query from the Portfolio Holder, Alison Kennett reiterated EY's conclusion that they were happy to issue an unqualified report for the accounts following correction of a small number of errors remaining in the final draft following the amendment of all the errors set out in the Audit Results Report.

RESOLVED -

that the report be noted.

Action: Director of Finance

#### 12 **Treasury Management Annual Report 2020/21**

The committee received a report of the Director of Finance which included the year-end review of the Treasury Management function. The Director of Finance introduced the report observing that for a period in the last year the government's debt management office deposit facility used by the council had had negative interest rates.

It was also reported that £18 million had been held in the council's bank exceeding the agreed Treasury Management Policy limit of £10 million. This had been decided as a result of urgent decision-making during the pandemic and in response to the significant amount of grant money received from government to distribute to local businesses.

It was confirmed that accounts relating to Croxley Park would remain separate from the council's other Treasury Management. This was in line with a decision taken by Full Council when the purchase of the park was agreed.

RESOLVED –

that the Committee notes the Annual Treasury Management Report.

13 **Committee work programme**

The committee received a report of the Director of Finance outlining the committee's work programme for the year. Members were invited to make any comments or to suggest changes to the programme. The Director of Finance noted that approval of the draft 2020/21 accounts would be added to the agenda for September's meeting.

RESOLVED –

that the committee considers and makes necessary changes to its work programme.

Chair

The Meeting started at 7.00 pm  
and finished at 7.55 pm