

## AUDIT COMMITTEE

9 March 2023

Present: Councillor M Hofman (Chair)  
Councillor M Devonish (Vice-Chair)  
Councillors K Clarke-Taylor, L Nembhard and M Turmaine

Also present: Simon Luk (EY)

Officers: Group Head of Democracy and Governance  
Democratic Services Officer (LM)  
Head of Finance  
Associate Director of Environment

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

There were no apologies for absence.

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

There were no disclosures of interest.

### 33 **Minutes**

The minutes of the meeting held on 24 November 2022 were submitted and signed.

### 34 **Annual Risk Report**

The committee received a report of the Group Head of Democracy and Governance. In March of last year, a Risk Management Strategy was presented to the Audit Committee, which had since been updated to reflect the new senior management structure and new council themes. The strategy's wording had also been adjusted to incorporate that certain risks scoring nine or above were shared across service risk registers and consolidated into a single risk in the Corporate Risk Register.

The Group Head of Democracy and Governance highlighted the following risks to the committee that had been categorised as a 12: Major Projects, failures of

investment and commercial ventures, IT, pandemic, cost of living crisis and the council goal of achieving net carbon zero by 2030.

In response to questions from the Chair in relation to the risk regarding the recruitment and retention of staff, the Group Head of Democracy and Governance discussed the challenges faced by the council with recruitment. This had been felt particularly in recruiting professional roles, for example, contract lawyers. One primary challenge was the limited pool of qualified candidates interested in working in the public sector. The council had a 'grow our own' initiative that offered apprenticeships.

The Group Head of Democracy and Governance explained the risk score of 4 for 'provide our statutory services at all times'. The ability to access external support included companies such as Veolia and the mutual assistance programme across the county. By working with external providers, we ensured that our statutory services were resilient and able to meet the community's needs.

In response to a question about training for members on risk the Group Head of Democracy and Governance stated that the council had provided training to the committee members on risk in 2018 and would offer training again in the new municipal year to the committee and open it out to all councillors.

There was a discussion by the committee on the new voter ID requirements that would be in effect for the upcoming local election in view of the risk referencing the election. The Group Head of Democracy and Governance discussed the public awareness campaign that the council had undertaken, which had included social media, household notification letters, website posts, poll cards and the national campaign. On the day of the election, poll clerks would make a note and report the numbers of those who were unable to vote and those who returned with ID. The council had taken action to provide additional support to those who required ID, such as postal votes Voter Authority Certificates. Councillor Devonish recommended that voter ID requirement be printed on the envelope for the poll card.

RESOLVED –

1. The Risk Management Strategy at Appendix 1 and the Corporate Risk Register at Appendix 2 of the report be noted.

35

### **Progress Report against the 2022/23 Internal Audit Plan**

The HCC Head of Assurance presented a report to the committee. He directed the committee to paragraph 2.9 of the report. As of 24 February 2023, the

council's audit plan for 2022/23 had been largely completed, with 86% of the planned audit days carried out for both WBC and Shared Services. It was anticipated that as many as 16 out of 18 audits would be completed by the financial year end. This was a strong outcome given the previously reported challenges with recruitment. However, one project, which was the climate emergency audit, had yet to reach the draft report stage due to taking longer than expected to obtain information from the service. Also, the Freedom Of Information audit was already scheduled to be carried over to April. He directed the committee to paragraph 2.4 of the report; this set out the table which provided a summary of the progress made in implementing all outstanding internal audit recommendations.

The Associate Director of Environment, spoke to the committee about the progress that had been made in the implementation of the audit recommendations for Watford Museum. The Watford Museum had developed a comprehensive plan to achieve the recommendations made in the audit report. The plan included a valuation of the current collection, establishing documentation standards and setting a confirmed deadline for completing the outstanding recommendations. The museum was committed to achieving accreditation. However, it was noted that some of the recommendations had not previously been achieved due to the long-term sickness of the museum curator.

The Associate Director of Environment responded to queries from members that the museum was also working on an application to the Heritage Lottery Fund; the application's success would affect the Arts Council application; therefore, advanced work on the accreditation application was not recommended. The museum accreditation was important as a hallmark of quality, to enable the ability to loan exhibitions and to help future funding applications.

The HCC Head of Assurance addressed the concerns raised by the committee regarding the significant challenge of recruitment for SIAS; the specialist nature of Internal Audit made it difficult for SIAS to compete with the private sector for higher-level roles, given the pay constraints local authorities were operating under. Despite ongoing recruitment efforts, vacancies continued to pose a challenge for SIAS. Although their 'grow your own' strategy for recruiting trainee auditors had proven successful, it was a medium to long-term solution and needed to address immediate capacity challenges.

In response to members' questions, the Head of Finance discussed the following year's audit plans. She described the process as exciting and highlighted that the plan was solid and affordable. The budget for SIAS had been discussed in depth at the partnership board by finance directors. She thanked the HCC Head of Assurance for his work on the audit.

The committee discussed the Watford Museum and its future plans. The committee acknowledged that the museum aimed to attract visitors from the local area and outside of Watford. They discussed the possibility of hosting an Elton John exhibit, similar to the Beatles experience in Liverpool. The Associate Director of Environment commented that the museum would be relocated to the new town hall quarter and would be a positive development for the museum, which would help to attract more visitors.

RESOLVED –

1. the Internal Audit Progress Report for the period to 24 February 2023 be noted.
2. amendments to the Audit Plan as at 24 February 2023 be approved.
3. the change to the implementation date for five recommendations (paragraph 2.5) for the reasons set out in Appendix C be agreed.
4. removal of implemented audit recommendations set out in Appendix C be agreed.
5. the implementation status of high priority recommendations be noted.

## 36 **2023/24 Audit Plan Report**

The HCC Head of Assurance updated the committee on the Audit Plan for 2023/24. It was noted that the plan would focus on addressing significant issues, such as the Croxley business park, which was an important area of risk for the Council. It was mentioned that the audit plan had been discussed in the previous agenda item.

RESOLVED –

that the proposed 2023/24 Watford Borough Council and Shared Services Internal Audit Plans be approved.

## 37 **External Auditor update**

Simon Luk provided an update to the committee. He informed them that the extended time taken to complete the 2019/20 audit would result in an additional fee which was currently under discussion with the PSAA. The 20/21 audit was progressing well, although EY were still awaiting responses on some areas. Simon explained that the fixed asset issue had affected the 19/20 audit and

consequently impacted the 20/21 audit. He further highlighted an upcoming busy period with NHS audits in May which would affect EY capacity and could push back the Watford audit.

In response to questions from the Chair, Simon Luk explained that a challenging aspect of the audits was that with complex areas of the audit, only a few staff members could answer questions, leading to a bottleneck. Despite this, it was noted that the Watford audit was not too far behind the completion rate of other council audits and was gradually catching up.

## 38 **Statement of Accounts Update**

The Head of Finance introduced the report on the Statement of Accounts. It was anticipated that work on the 20/21 audit could be concluded by the end of April to enable signing shortly after. EY would be busy with NHS audits in May, so work would start in July on 21/22 audit. There were no significant changes expected for the 22/23 audit which would follow on from the 21/22 audit. A return to the standard audit timetable of 4 to 6 weeks was likely to be achievable. It was essential to catch up with the audits before the new auditors started with the 23/24 audit. The new auditors had yet to contact the Head of Finance.

In response to questions from the committee, the Head of Finance explained that Watford signed up to the national procurement exercise run by the Public Sector Audit Appointments (PSAA) Ltd, which procured external auditors as a group bid. Watford had been allocated Azets Audit Services by the PSAA, new to public sector audits in England. EY had been Watford's external auditors for ten years, and rotating auditors was good practice.

A committee member asked the Head of Finance whether the new auditor understood the complex issues surrounding Croxley Business Park. In response, the Head of Finance acknowledged that it was indeed a complex area but expressed hope that it would be better in the future as there should be fewer amendments and a process to get things right the first time, thus reducing complexity.

RESOLVED –

1. To note the latest timetable for completion of the external audit of the statement of accounts for 2020/21, 2021/22.
2. To note the timetable for the 2022/23 Draft Statement of Accounts and Annual Governance Statement.

3. To ratify the Accounting Policies for 2022/23 as approved by the Director of Finance as set out in Appendix 1.

Chair

The Meeting started at 7.00 pm  
and finished at 8.15 pm