

Audit Committee  
28 September 2020

## WELWYN HATFIELD COUNCIL

Minutes of a meeting of the AUDIT Committee held on Monday 28 September 2020 at 7.30 pm using Zoom.

PRESENT: Councillors G.Michaelides (Chairman)  
S.Markiewicz (Vice-Chairman)  
M.Birleson, J.Boulton, L.Chesterman, F.Marsh and  
J.Skoczylas

ALSO Councillor D.Bell (Executive Member for Resources)  
PRESENT: Ernst & Young LLP (A.Brittain and N.Mohammed)  
SIAS (M.Chalkley)

OFFICIALS K.Ng, Corporate Director (Resources, Environment & Cultural  
PRESENT: Services).  
R.Baker, Head of Resources  
H.O'Keefe, Service Manager (Financial Services)  
Governance Services Manager (A.Marston)  
Principal Governance Officer (J.Anthony)

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### 30. MINUTES

The Minutes of the meeting held on 25 June 2020 were agreed as a correct record and noted by the Chairman.

### 31. DECLARATIONS OF INTERESTS BY MEMBERS

Councillor L.Chesterman declared a non-pecuniary interest in items on the agenda as appropriate by virtue of being a Member of Hertfordshire County Council.

### 32. RISK MANAGEMENT

Members received a report of the Corporate Director (Public Protection, Planning and Governance), which provided the current strategic and top operational risks facing the Council, as determined by the Corporate Management Team and Heads of Service. The risks had been reviewed at the performance clinic in August 2020 and reflected the assessments in place for the Quarter, July to September 2020, as viewed at July 2020. Members were reminded that if risks had not changed, the accompanying comments may not have been amended. This did not mean the risk itself had not been reviewed, merely that no new text was required to be added.

Members raised the following points and sought clarification:

- That particular attention be paid to safeguarding concerns given wider indication that domestic abuse had increased under Covid-19 restrictions and that there had been an increased risk to vulnerable children
- The need to ensure homelessness issues were being addressed. Officers agreed to review with the relevant team and provide a written update if appropriate.
- Risks highlighted in respect of trees. Whilst tree officers may have been prevented from inspecting trees during the national lockdown, it was important that essential checks were completed given the seasonal change in weather conditions, in particular high winds
- Difficulties in recruiting. Officers confirmed that recruitment had continued throughout this period, despite Covid-19 restrictions, with interviews and assessments carried out virtually. Planning and finance continued to be hard to recruit areas
- Supporting Council staff working from home. Officers informed Members that the Mental Health and Wellbeing Team was in place and a number of activities and information had been designed to support those working from home, Managers had also be instructed to stay in touch with their staff.

RESOLVED: That the current Strategic Risk Register and top operational risks be noted; together with comments in respect of each risk where shown.

### 33. SHARED INTERNAL AUDIT SERVICE - PROGRESS REPORT

Members received a report of the Shared Internal Audit Service (SIAS) which provided an update on the progress in delivering the Annual Audit Plan for 2020-21 as at 11 September 2020.

The 2020/21 Annual Audit Plan was approved by the Audit Committee at its meeting on 19 March 2020

The following points were raised and discussed:

- Two final reports had been issued since 12 June 2020. Disaster Recovery and Responsive Repair.
- Two further reports were being finalised. Absence Management and Regulating Private Housing
- Members noted that given the loss of available time to deliver the originally agreed plan, due to the impact of the Covid-19 pandemic, the SIAS Board had agreed to a reduction in the total number of planned days across the partnership. This amounted to a reduction of 26 days for Welwyn Hatfield Borough Council.
- Amendments to the Audit Plan included Food Safety (10 days) which had been cancelled and will be considered for inclusion in the 2021/22 audit plan; Joint Reviews and Shared Learning (5 days) which has been cancelled with assurance activities prioritised; Contingency (5 days) to be removed from the plan; Treasury Management reduced by one day (from 8 to 7 days); Climate Change and Sustainability reduced by one day (from

8 to 7 days); Finalisation of 2019/20 Projects reduced by three days; and Recommendations Follow Up reduced by one day. In total the proposed changes mean the number of days to be delivered in 2020/21 would be 279 days, reduced from 305 as originally approved in March 2020

- In terms of delivery progress the Council was on track but the next few months would be critical
- Looking ahead, the three key areas identified as being of interest to Members were Homelessness, Climate Change, and Cyber Security and GDPR

RESOLVED: (1) That the Internal Audit Progress Report for the period to 11 September 2020 be noted. (2) That the proposed amendments to the Annual Audit Plan be noted.

34. ANNUAL AUDIT LETTER FOR THE YEAR ENDED 31 MARCH 2020

Members received a report which provided them with the Audit Results report that had been prepared by Ernst and Young LLP.

The report noted that subject to concluding the outstanding matters listed in the report it was expected that an unqualified audit opinion on the financial statements would be issued prior to the statutory deadline. As a result of COVID-19, new regulations have been published and came into force on 30 April 2020. These are the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, and they changed the publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities.

There were no matters to report on the arrangements to secure economy, efficiency and effectiveness in the use of resources.

It was noted that the auditors were still awaiting assurances from the auditor of Hertfordshire Pension Fund before this part of the report could be completed.

It was noted that Covid-19 pandemic had created material uncertainties which had given rise to an additional risk relating to disclosures on the valuation of property, plant and equipment. This was particularly relevant for assets valued at fair value (such as investment properties) or some valued at existing use value (EUV) because of the paucity of reliable market information available at 31 March 2020 upon which to give those valuations. This was not a qualified/unqualified assessment, merely a recognition of the uncertainty in this area.

The auditors were in the process of reviewing the Authority's going concern assessment and new disclosure note. This would be completed once the full set of Financial Statements had been completed. Whilst the assessment was for the twelve months following the date of signature, no concerns were expected.

Members noted that there were still ongoing discussions between the auditors and Officers on the approach that should be taken when valuing Hatfield Swim Centre and community centres.

RESOLVED: That the contents of the report provided by Ernst and Young LLP be noted.

35. INDEPENDENT REVIEW INTO THE OVERSIGHT OF LOCAL AUDIT AND THE TRANSPARENCY OF LOCAL AUTHORITY FINANCIAL REPORTING ("REDMOND REVIEW")

Members received a report of the Corporate Director (Resources, Environment and Cultural Services) which brought Members' attention to the government commissioned independent review of local authority audit, and the reviews potential implications for the council.

The following points were raised and discussed:

- There was uncertainty, given current priorities, whether the government would act upon the recommendations in the review in the near future
- It was noted that primarily legislation would be required to make the necessary changes, with any changes potentially increasing audit costs for the council
- It was noted that the audit process seemed focused on private sector priorities, and potentially not on the priorities of the council's residents and businesses. This may be the result of a desire not to create two different audit frameworks, one for the private sector and one for the public sector

RESOLVED: That the contents of the report be noted.

36. REVIEW OF CORPORATE ANTI-FRAUD AND CORRUPTION POLICY AND ASSOCIATED POLICIES

Members received a report of the Corporate Director (Resources, Environment and Cultural Services) seeking comment from the committee on the proposed anti-fraud and corruption policies:

- Anti-fraud and corruption
- Anti-bribery
- Anti-money Laundering
- Preventing Tax Evasion

It was noted that to ensure consistency and a coherent framework these policies had been reviewed together, and the format redesigned.

The policies would be shared with Herts Shared Internal Fraud Service to undertake a review of these policies and provide guidance on requirements.

RESOLVED That the policies be presented to Standards Committee on 30 November 2020.

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Meeting ended at 8.25 pm  
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