

Audit Committee
30 January 2024

WELWYN HATFIELD BOROUGH COUNCIL

Minutes of a meeting of the AUDIT Committee held on Tuesday 30 January 2024 at 7.30 pm in the Council Chamber, Council Offices, The Campus, Welwyn Garden City, Herts, AL8 6AE.

PRESENT: Councillors Panter (Chair), J. Boulton, Platt, Watson, Thusu

ALSO Victoria Welburn (Independent Person)

PRESENT: K. Fuller SIAS
N. Jennings SAFS
Andrew Brittain, EYS

OFFICIALS

PRESENT: R.Baker, Executive Director (Finance and Transformation)
H.O'Keeffe, Assistant Director (Finance)
C.Cade, Governance Services Manager

19. UPDATE FROM THE EXECUTIVE DIRECTOR FINANCE

At the start of the meeting the Executive Director (Finance & Transformation) provided the Committee with a brief update on Risk Management Quarter 3 which would be brought to the next meeting of Audit Committee in March, and circulated to members of the Committee after the meeting. There were two key changes to the Risk Register in Quarter 2:

- The risk had increased for financial sustainability during Q2 following an update to the Medium Term Financial Forecast. The risk for Q3 would be lowered as a balanced budget had been proposed; and
- The residual risk score for fraud and corruption had reduced due to additional work that had been introduced since joining the shared anti-fraud service.

20. SUBSTITUTION OF MEMBERS

No substitute members were received.

21. APOLOGIES

Apologies were received from Councillor Pace.

22. MINUTES

The minutes of the meeting held on the 18th September 2023 were approved as a correct record.

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23. NOTIFICATION OF URGENT BUSINESS TO BE CONSIDERED UNDER ITEM 9

The minutes of the meeting held on the 18th September 2023 were approved as a correct record.

24. DECLARATIONS OF INTERESTS BY MEMBERS

There were no declarations of interest.

25. INTERNAL AUDIT PROGRESS REPORT

The Committee received the Audit Progress Report from the Shared Internal Audit Service which included the 2024 in-year Audit Plan Review and proposed amendments, the implementation status of the previously agreed audit recommendations and an update on performance indicators as of the 16th January 2024. A minor correction to report was reported that 10 satisfaction questionnaires had been returned from the 12 issued at a satisfactory level.

Members made the following points summarised below:

- It was noted that all the details in the Plan were in the planning stage as a minimum.
- It was good to see progress being made on the outstanding actions from the Council's managers.
- It was queried why the annual target was 95%, not 100%. It was clarified that historically the target had always been 95%, however, last year 100% was achieved.

The Committee noted the Internal Audit Progress Report and the implementation status of the internal audit recommendations and the management update.

26. SHARED ANTI-FRAUD SERVICE - ANTI-FRAUD PROGRESS REPORT 2023/24

The Committee received the Anti-Fraud Progress Report 2023/24 from the Shared Anti-Fraud Service. It was highlighted that training for officers on fraud awareness and fraud risk had been completed by officers. Additional work was taking place to develop further fraud training.

During the discussion members raised the following points:

- Concerns were raised about the use of Artificial Intelligence (AI) to review fraud. It was clarified that the Cabinet Office Pilot was using the AI to collect the data. It was confirmed humans were being used to review the data.
- It was clarified that live case loads for the referrals set out in Table 1 of the report were shared with managers and in the Annual Report all referrals were included with the action taken.

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- Areas of weakness, summaries of investigations and actions are shared with the Council to reduce the risk of further fraud happening in similar ways.
- Concerns were raised about whether AI had increased fraud. It was highlighted that cyber enabled fraud means people can apply for Council services from anywhere in the world. There was an increase in AI use by organised criminals to attack systems through things such as masked email accounts.

The Committee noted the progress by officers and the Shared Anti-Fraud Service to deliver the 2023/24 Anti-Fraud Plan for the Council.

27. EY - AUDIT RESULTS REPORT 2021/22

The Committee received the Audit Results Report 2021/22 from EY which summarised the conclusions from the 2021/22 audit. There were no qualifications or modifications to the audit report.

The following points were raised and are summarised below:

Members comments

- It was clarified that the audit was received late due to a combination of factors such as the 2021 delays, the pandemic and shortage of resources nationally.
- New legislation is expected for a back stop date for audits to bring accounts up to date.

The Committee noted the Audit Results Report for the year ended 31st March 2022.

28. 2021/22 STATEMENT OF ACCOUNTS

The Committee received the 2021/22 Statement of Accounts. It was highlighted that accounts are continually assessed until they are sign off. There were some unadjusted errors highlighted in the accounts, such as on differences in valuer opinion on the asset values. Officers had recommended not adjusting for these items as they are below the materiality threshold, and the restatement of 2021/22 accounts, would require further adjustments to opening balances in the 2022/23 for which audit is also overdue.

ACTIONS:

1. The Executive Director (Finance and Transformation) to provide details of the money the Council owed to the Government.
2. The Executive Director (Finance and Transformation) to provide details on Breaks Manor and grants during 2021/22.

The Committee approved the statement of accounts for 2021/22.

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29. SUCH OTHER BUSINESS AS, IN THE OPINION OF THE CHAIR, IS OF SUFFICIENT URGENCY TO WARRANT IMMEDIATE CONSIDERATION
None.

Meeting ended at 8.20 pm