

Audit Committee
25 June 2024

WELWYN HATFIELD BOROUGH COUNCIL

Minutes of a meeting of the AUDIT Committee held on Tuesday 25 June 2024 at 7.30 pm in the Council Chamber, Council Offices, The Campus, Welwyn Garden City, Herts, AL8 6AE.

PRESENT: Councillors D.Panter (Chair)
C.Watson (Vice-Chairman)
J.Boulton, K.Bonkur, R.Platt and V.Welburn-Smith

OFFICIALS R.Baker, Executive Director (Finance & Transformation)
PRESENT: H.O'Keeffe, Assistant Director (Finance)
C.Cade, Governance Services Manger
N.Jennings, Shared Anti-Fraud Service
K.Fuller, Shared Internal Audit Service
A.Brittain, EY

41. APOLOGIES & SUBSTITUTIONS

No apologies for absence were received.

42. MINUTES

The minutes of the meeting held on the 18th March 2024 were agreed as a correct record.

43. NOTIFICATION OF URGENT BUSINESS TO BE CONSIDERED UNDER ITEM 13

There were no notifications of urgent business.

44. DECLARATIONS OF INTERESTS BY MEMBERS

No declarations of interest were received.

45. EXTERNAL AUDIT - 2021/22 AUDITOR'S ANNUAL REPORT

The Committee received the External Auditor's Annual Report for the year ended 31st March 2024. It was highlighted that there was a requirement to report on the arrangements in place by the Council to achieve a value for money objective. The three criteria the arrangements were reviewed under are financial sustainability, governance and improving economy, efficiency and effectiveness. Based on the work performed, the Council had proper arrangements in place in

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2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

During the discussion members raised the following points.

- A member asked for clarification on the increase on pension liability and whether this would be shown in the 2023 balanced budget. It was clarified that an adjustment was made after the year end as the actuaries updated their triennial revaluation of the pension scheme. A renewed value for the liability was received on the 31st March 2022 and the adjustment was posted through the financial statements for 2021/22. It was confirmed by officers that the budget and the medium term financial strategy are based on the latest evaluation.

The Committee noted the External Auditors Annual Report for 2021/22.

46. SHARED INTERNAL AUDIT SERVICE (SIAS) PROGRESS REPORT

The Committee received the progress report from the Shared Internal Audit Service (SIAS) which provided details on the delivery of the Council's audit plan and performance indicators. Eight completed projects had been reported in the 2023/24 Audit Plan. There were no new high priority recommendations.

The summary for audit status and start dates for planned audits throughout the year were included in the agenda pack.

During the discussion the following points were raised:

- It was clarified that the 2023/24 Building Maintenance Compliance Audit was cancelled as the Council were already meeting the requirements to measure buildings over 18 metres.
- It was noted that the report references key risk indicators that were available for a number of risks, however, the Committee had not seen these. The Independent Member asked for more detail on the risk management development and said that it would be useful for the Committee to see which risk indicators are being used against the strategic risks.

The Committee noted:

1. The internal audit progress report for the period to 3 June 2024;
2. The amendment to the 2024/25 Annual Audit Plan; and
3. The implementation status of internal audit recommendations and the management update.

47. SHARED INTERNAL AUDIT SERVICE (SIAS) ANNUAL ASSURANCE STATEMENT AND INTERNAL AUDIT ANNUAL REPORT

The Committee received the 2023/24 Annual Assurance Statement and Internal Audit Annual Report which detailed the overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2023/24 from the Shared Internal Audit Service (SIAS).

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During the discussion the following points were raised.

- There is no set criteria around the opinions on the level assurances. Eight medium priority recommendations were made. However, there were not any high priority recommendations, so it was more based around the volume of things which needed to be improved but were not significant enough to put the Council at an immediate risk.
- A follow up on damp and mould will take place in Quarter 2.
- It was clarified that the SIAS had 3 trainee auditors, 5 auditors, 2 senior auditors and one assistant client manager, 4 client managers and 1 Head of Assurance working across the partnership.

The Committee:

1. Noted the Annual Assurance Statement and Internal Audit Annual Report;
2. Noted the results of the self-assessment required by the Public Sector Internal Audit Standards and the Quality Assurance and Improvement Programme; and
3. Approved the SIAS Audit Charter 2024/25.

48. SHARED ANTI FRAUD SERVICE ANTI FRAUD REPORT

The Committee received the Anti-Fraud Report 2023/24 from the Shared Anti-Fraud Service (SAFS). The report contains details of the work taken place by the Council and the Shared Anti-Fraud Service.

It was highlighted that there were the following corrections to the report:

- Page 37, Section 14 refers to Section 57 regarding the transparency code and should refer to section 59; and
- Page 74, Section 17 refers to the KPIs for the Shared Anti-Fraud service being at section 59 which should read section 64.

During the discussion members raised the following points.

- A member asked how useful referrals to the Anti-Fraud Service from members of the public are. It was explained that these are very useful as they provide additional information the service would not otherwise be aware of. All allegations are risk assessed prior to investigation.
- It was noted that it was a flaw in the system that it could not identify urgent reports. However, as reports are being responded to within 24 hours it would not be an issue.

The Committee noted:

1. The activity undertaken by the Shared Anti-Fraud Service to deliver the 2023/24 Anti Fraud Plan for the Council; and
2. All Anti-Fraud activity undertaken by the officers and the SAFS to protect the Council and the public funds it administers.

49. RISK MANAGEMENT REPORT QUARTER 4 2023/24

The Committee received the Risk Management Report Quarter 4 2023/24 from the Executive Director (Finance & Transformation).

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During the discussion members raised the following points.

- The commentary from the risk managers was more detailed and the Committee thanked officers for this.
- It was noted in the risk commentary that the probability of service standards had increased as tenants can now contact the Housing Ombudsman directly. Previously the Council had been able to rectify issues before the Ombudsman could investigate.

ACTION: The Executive Director (Finance & Transformation) to share the Part 2 Overview and Scrutiny Report on cyber security.

The Committee noted:

1. The Risk Register at quarter 3; and
2. The comments and actions in respect of the strategic and serious/severe operational risks.

50. WHBC DRAFT STATEMENT OF ACCOUNTS 2023/24

The Committee received the Welwyn Hatfield Statement of Accounts 2023/24 from the Assistant Director (Finance). The Statement of Accounts was published on the Council's website within the statutory deadline of 31st May 2024. The next stage for the accounts will be for them to be audited by the Council's external auditor.

The deadline for publication of audited accounts is 30th September 2024.

There are ongoing national discussions taking place regarding outstanding audits which had been deferred until after the General Election.

The Executive Director (Finance & Transformation) thanked officers for their work on the accounts.

During the discussion members raised the following points.

- KPMG have already started reviewing the Council's systems and have time booked in July. Until the 2022/23 accounts have been signed off it would be difficult to say whether the deadline would be met.

The Committee agreed to delegate authority to the Executive Director (Finance & Transformation) in consultation with the Chair of the Audit Committee to approve the statement of accounts for 2023/24 and sign the letters of representation.

51. DRAFT ANNUAL GOVERNANCE STATEMENT 2023/24

The Committee received the Annual Governance Statement from the Governance Services Manager. It was noted this was produced as part of an

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effective governance framework and to highlight to members any additional areas which need work, and how these were approached.

The Committee agreed the Annual Governance Statement for signing by the Leader of the Council and the Chief Executive.

52. REVIEW OF CORPORATE ANT-FRAUD AND CORRUPTION POLICY AND ASSOCIATED POLICIES

The Committee received a report on the Review of Corporate Anti-Fraud and Corruption Policy and associated policies (Anti-fraud and Corruption Policy, Anti-bribery Policy, Anti-money Laundering Policy and Preventing Tax Evasion Policy). The changes would be made following changes in the senior officers of the council, and the officers making decisions for the Shared Anti-Fraud Service.

It was noted that the agreement between the Shared Anti-Fraud Service and the Council runs until April 2026 and discussions will take place on what would happen after that.

The Committee agreed the changes to the Anti-fraud and Corruption Policy, and associated policies; and noted the updates will remove the requirement for the Council to maintain a separate Tenancy Fraud Policy.

Meeting ended at 8.30 pm