

Audit Committee  
15 January 2018

## WELWYN HATFIELD COUNCIL

Minutes of a meeting of the AUDIT Committee held on Monday 15 January 2018 at 7.30 pm in the Council Chamber, Council Offices, The Campus, Welwyn Garden City, Herts, AL8 6AE.

PRESENT: Councillors N.Pace (Chairman)  
H.Bower, G.Michaelides, H.Quenet and S.Roberts

ALSO Councillor D. Bell (Executive Member for Resources)  
PRESENT:  
Ernst and Young LLP (N. Harris)  
Ernst and Young LLP (C. Ryan)

OFFICIALS Executive Director (Resources, Environment and Cultural Services)  
PRESENT: (K. Ng)  
SIAS (T. Barnett)  
SIAS (M. Chalkley)  
Head of Resources (R. Baker)  
Principal Governance Officer (I. Colyer)  
Governance Services Officer (G. Paddan)

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### 16. APOLOGIES

Apologies for absence were received from Councillor K. Thorpe.

### 17. MINUTES

The Minutes of the meeting held on 23 October 2017 were confirmed as a correct record and signed by the Chairman.

### 18. SHARED INTERNAL AUDIT SERVICE (SIAS) INTERNAL AUDIT PROGRESS REPORT

Members received a report from the Shared Internal Audit Service (SIAS) which provided them with:

1. Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Plan for 2017/18 as at 2 January 2018.
2. Findings for the period 29 September 2017 to 2 January 2018.
3. Details of changes to the planned start dates of audits from the approved 2017/18 Audit Plan
4. Proposed amendments to the approved 2017/18 Council Audit Plan.
5. An update on performance management information as at 2 January 2018.

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The following points were raised and discussed:

1. Safeguarding arrangements have been put into place since the report was printed.
2. The report highlighted the need to be proactive in anti-fraud work and to produce an annual work plan. One of the options highlighted was to buy in expertise to provide accredited fraud investigating officers.
3. IR35 – Officers advised that this process would be in place by mid-February 2018.
4. Housing Service – benefit fraud covered by Department for Work and Pensions.

RESOLVED

That the report from SIAS which detailed the progress made to date and changes to the Plan for the remainder of year be noted.

19. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2016-17

Members received an Annual Report of Ernest and Young LLP on the Certification of claims and returns for 2016/17. The report detailed the scope of work carried out and noted that for 2016/17 only the certification of the housing benefits subsidy claim was required. In certifying this they followed the methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

The report noted that the Council's indicative certification fees for 2017/18 was £7,914 and this was set by PSAA based on the final 2015/16 certification fees. From 2018/19 the Council would be responsible for appointing their own reporting accountant to undertake the certification of the housing benefit subsidy claim in accordance with the Housing Benefit Assurance Process (HBAP) requirements that were being established by the Department of Work and Pensions.

The Auditors explained the Pension Liability valuation and that the scheme involved significant estimation and judgement of calculations for the balance sheet.

Members sought clarification on the number of housing benefit subsidy claims, unfortunately the information was not available at the meeting but the Executive Director for Resources, Environment and Cultural Services agreed to provide a written response.

**Post Minute Note:** A number of verbal updates were provided at the meeting and the external auditors provided a final version of the reports which were emailed to Members on 17 January 2018.

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The final version contained the following changes:

**2016/17 Certification Report**

- Updated the fee information on pages 1 and 2

**2017/18 Audit Plan**

- P8 – removed the paragraph starting ‘in addition’ as this refers to management override risk on the following page
- P9 – in the ‘what will we do’ box, added ‘Our procedures will include:’ and also adding the paragraph starting ‘in addition’ to this risk from the previous page
- P9 – updated the risk title to include/management override’
- P10 - Updated the wording of the response to the pensions valuation risk to say that PwC are appointed by the National Audit Office
- P28 - Updated the hyperlink to the transparency

RESOLVED

That the report be noted.

20. AUDIT PLANNING REPORT - YEAR ENDED 31 MARCH 2018

The Committee considered the Audit Planning report for year ended 31 March 2018. Auditors advised of the changes in statutory deadlines from the 2017/18 financial year the timetable for the preparations approval of accounts will be brought forward with draft account to be prepared by 31 May and audited accounts to be published by 31 July. The changes have brought new challenges for the Council and auditors.

Members sought clarification on the Pension Liability valuation and that the scheme involved significant estimation and judgement of calculations for the balance sheet.

The following points were raised:

- Two risks had been identified and these were explained – a) revenue and expenditure recognition and b) misstatement due to fraud or error.
- Level of materiality was clarified – currently set at £1.8m.
- Council to notify Ernest and Young LLP of any changes – e.g. system, staffing and limited assurances.
- A portal has been introduced by Ernest and Young LLP to increase efficiency and introduce savings in the future.

RESOLVED

That the report be noted.

Meeting ended at 8.05pm  
GP