

Audit Committee
24 July 2017

WELWYN HATFIELD COUNCIL

Minutes of a meeting of the AUDIT COMMITTEE held on Monday 24 July 2017 at 7.30pm 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, S.Roberts, K.Thorpe

ALSO T.Barnett – SIAS
PRESENT: N.Harris – Ernst and Young
C.Ryan – Ernst and Young

OFFICIALS Executive Director (Resources, Environment and Cultural Services) (K.Ng)
PRESENT: Principal Governance Officer (I.Colyer)
Risk and Resilience Manager (A.Cremer)
Governance Services Officer (S.Hulks)

1. APPOINTMENT OF CHAIRMAN

It was noted that Councillor N.Pace had been appointed Chairman of the Committee at the Annual Council meeting until such time as his successor was appointed.

2. MINUTES

The Minutes of the meeting held on 3 April 2017 were confirmed as a correct record and signed by the Chairman.

3. RISK MANAGEMENT

Report of the Executive Director (Public Protection, Planning and Governance) providing information on the current strategic risks facing the Council, as determined by the Executive Board.

It was noted that the register had been reworked and that the historic information was now irrelevant.

New software was being introduced as the current system was now old and unsupported.

Data from the Housing Service would be included in the report in future.

Members asked for Officers to provide further information regarding high staff turnover and the reasons for this.

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RESOLVED:

That the report which provided information on strategic risks and mitigation be noted.

4. ANNUAL GOVERNANCE STATEMENT

Report of the Chief Executive presenting the Draft Annual Governance Statement for the financial year 2016/17.

The Annual Governance Statement was divided into three sections:

- The Governance Framework
- Review of Effectiveness
- Significant Governance Issues

Members commented that showing tracked changes to the previous year's statement was particularly useful.

RESOLVED:

- (1) That the Draft Annual Governance Statement be approved.
- (2) That the Chief Executive, in conjunction with the Leader of the Council, be authorised to make any subsequent amendments to the Draft Annual Governance Statement as required.
- (3) That certification of the Annual Governance Statement by the Leader of the Council and the Chief Executive be recommended.

5. INTERNAL AUDIT PROGRESS REPORT

Members received a presentation which provided an overview of the Shared Internal Audit Service and the work that they undertook on behalf of the Council.

A report was then presented which provided details of the progress made in delivering the Council's Annual Audit Plan, findings to date, details of changes to scheduled audits and an update on performance management information. A further update was provided which stated that Planned Days were now at 16% and Planned Projects were at target.

It was noted that there were three projects remaining from the 2016/17 audit plan.

Of the audits planned for 2017/18, one had reached draft report status, three were in fieldwork and three were in the planning or terms of reference stage. This was in line with the agreed audit plan.

There were no new high priority recommendations made.

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RESOLVED:

That the internal audit progress report be noted and the amendments proposed approved.

6. SHARED INTERNAL AUDIT SERVICE (SIAS) HEAD OF ASSURANCE OPINION

Members received a report which explained that there was a requirement to provide an Assurance Statement stating that a review of the Council had been undertaken to ensure that it was complying with standards.

The Assurance Statement was issued every five years and during the intervening years a self-assessment was undertaken. The current self-assessment showed that the Council was still complying with standards.

The Statement confirmed that during the year there had been no matters that threatened SIAS's independence and SIAS was not subject to any inappropriate scope or resource limitations.

Substantial assurance was given on both financial and non-financial systems.

The Committee was required to formally adopt an Audit Charter which covered the authority and responsibility for an internal audit function.

Management assurance was given that the scope and resources for internal audit were not subject to inappropriate limitations in 2016/17.

RESOLVED:

- (1) That the Annual Assurance Statement and Internal Audit Annual Report be noted.
- (2) That the results of the self-assessment required by the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP) be noted.
- (3) That the SIAS Audit Charter be accepted.
- (4) That the management assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2016/17 be noted.

7. AUDIT RESULTS REPORT FOR THE YEAR ENDED 31 MARCH 2017

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

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The report stated 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 of 30 September 2017.

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

There had been some late amendments which were tabled for the Committee.

Members were advised that a disaggregation of payroll data for February and March 2017 would need to be undertaken following the integration of the Housing Trust.

A new requirement was the expenditure and income analysis.

The level of materiality had been set at 2% which was thought to be appropriate.

There were no matters for attention.

Members asked whether the auditors would comment if Council services were cut with no effort to generate income. They were informed that this would be highlighted, especially if there was a drawdown on reserves.

Members asked if there had been any projects identified that would generate income and were advised that discussions would take place.

RESOLVED:

That the contents of the report which provided information on the Areas of Audit focus, the Audit Report, Audit Differences, Value for Money, Other Reporting Issues and Assessment of Control Environment be noted.

8. 2016/17 STATEMENT OF ACCOUNTS

Report of the Executive Director (Resources, Environment and Cultural Services) presenting the Statement of Accounts for 2016/17.

The accounts were presented with an unqualified opinion with no material changes to the accounts.

Members commented that the briefing session held on 18 July 2017 had been of great benefit in helping them to understand the accounts.

Thanks were expressed to the Executive Director (Resources, Environment and Cultural Services) and her team for the hard work they had put in to present the accounts in such a timely manner.

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RESOLVED:

- (1) That the audited Statement of Accounts for 2016/17 and the accounting policies within it be approved and signed by the Chairman of the Committee.
- (2) That the Letter of Representation be approved and signed by the S151 Officer (Executive Director, Resources, Environment and Cultural Services) and the Chairman of the Committee.

Meeting ended at 8.35pm
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