

Audit Committee  
21 March 2019

WELWYN HATFIELD COUNCIL

Minutes of a meeting of the AUDIT Committee held on Thursday 21 March 2019 at 7.30 pm in the Council Chamber, Council Offices, The Campus, Welwyn Garden City, Herts, AL8 6AE.

PRESENT: Councillors G.Michaelides (Chairman)  
S.Markiewicz (Vice-Chairman)  
  
J.Boulton, J.Broach, S.Roberts, S.Wrenn and  
P.Zukowskyj

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

OFFICIALS PRESENT: Head of Resources (R. Baker)  
SIAS (M. Chalkley)  
Risk and Resilience Manager (A. Cremer) (for item 57)  
Governance Services Officer (G. Paddan)

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54. MINUTES

The Minutes of the meeting held on 17 January 2019 were confirmed as a correct record and signed by the Chairman.

55. ACTIONS UPDATE

The status of action agreed at the Audit Committee meeting on 17 January 2019 in the report of the Corporate Director (Public Protection, Planning and Governance) was noted.

56. DECLARATIONS OF INTERESTS BY MEMBERS

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

57. RISK MANAGEMENT

Report of the Corporate Director (Public Protection, Planning and Governance), which brought to Members' attention the current strategic and top operational risks facing the Council, as determined by Corporate Management Team and

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Heads of Service. These risks had been reviewed at the performance clinic in February 2019 and reflected the assessments in place for the quarter January 2019 to April 2019.

Members sought clarification on the risk relating to the Local Plan description and the Officer explained that the Cabinet Planning and Parking Panel had agreed a new timetable and that Head of Planning would be requested to review the concerns expressed by the Committee. It was suggested that the impact ought to be 5, not a 4 as shown within the report.

A Member expressed concern regarding the Lombardy Popular trees; risk identified as high.

It was suggested that a training session be organised for Members to commence at 6.15pm prior to the meeting at 7.30pm in June 2019.

#### RESOLVED

1. To note the attached current Strategic Risk Register and top operational risks and particularly;
2. Note comments in respect of each risk where shown.

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

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

- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Audit Plan for 2018/19 as at 8 March 2019.
- b) Findings for the period 14 September 2018 to 8 March 2019.
- c) Details of changes to the planned start dates of audits from the approved 2018/19 Audit Plan.
- d) Proposed amendments to the 2018/19 Annual Audit report.
- e) An update on performance management information as at 8 March 2019.

The Audit Plan updated Members on the following:

- a) Delivery of the Audit Plan and Key Audit findings – as at 8 March 2019, 88% of the 2018/19 Audit Plan days had been delivered. Appendix A provided a status update on each individual project within the Audit Plan.
- b) Changes to projected Audit start dates – Appendix B attached to the report detailed the agreed start dates. This schedule had been designed to facilitate smoother delivery of the Audit Plan through the year. There had been five days allocated from contingency to the

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- follow up of recommendation and as a result the contingency balance was noted as 3 days.
- c) Proposed Amendments to Audit Plan – noted that there had been no changes to the 2018/19 Audit Plan agreed with the Officers of the Council.
  - d) High Priority Recommendations – One new high priority recommendation was noted in respect of the work undertaken in the audit's details in paragraph 2.2 within the report and related to the use and retention of the Corporate Agency Worker Approval Form.
  - e) Performance Management – Members received the following updated figures for the Planned Days – Actual to 8 March 2019 was 91%, with Planned Project at 72% due to some reports being in draft form at the time of the publication of the documents; Officers advised that this would be at 94% at the end of the week.

The following points were raised and discussed:

- In terms of Audit Plan start dates agreed with management it was noted that the Public Health report would commence in March instead of February as stated. It was suggested that if any reports are delayed that this be brought to the Chairman's attention for consideration. It was further clarified that Members receive updates throughout the year and under normal circumstances no start dates are deferred for more than a month.
- Members requested that it would be helpful to have traffic light system for the data presented.

RESOLVED

- a) Note the Internal Audit Progress Report for the period to 8 March 2019 and;
- b) Note the proposed amendments to the 2018/19 Annual Audit Plan.

59. SHARED INTERNAL AUDIT SERVICE (SIAS) 2019/20 INTERNAL AUDIT PLAN REPORT

Report of the Shared Internal Audit Service (SIAS), which provided Members with the proposed Welwyn Hatfield Borough Council (the Council) 2019/20 Internal Audit Plan.

The Council's Internal Audit Plan set out the programme of internal audit work for the year ahead and formed part of the Council's wider assurance framework. It supported the requirement to produce an audit opinion on the overall internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, contained in the Head of Internal Audit Annual Report.

The Shared Internal Audit Service's (SIAS) Audit Charter which was presented to the June 2018 meeting of this Committee showed how the Council and SIAS

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work together to provide a modern and effective internal audit service. This approach complies with the requirements of the United Kingdom Public Sector Internal Audit Standards (PSIAS), which came into effect on 1 April 2013 and revised on 1 April 2018. An updated version of the SIAS Audit Charter will be brought to the June 2019 Audit Committee meeting for Member approval.

The PSIAS require that the audit plan incorporates or is linked to a strategic or high-level statement which:

- Outlines how the service will be developed in accordance with the internal audit charter.
- Details how the internal audit plan will be delivered.
- Evidences how the service links to organisational objectives and priorities.

Members considered the Planning Principles within the Audit Planning Process and commented on the allocation of the total annual number of purchased audit days for the year and it was noted that 2 additional days had been included in 2018/19. Savings had been made.

A question was raised regarding the last time an audit was completed on Food Safety; information to be provided to Members.

Post Minute Note: The last Food Inspection Audit was conducted in 2011/2012.

It was noted that if there were any issues of concern, these would be highlighted during the working meeting between SIAS staff and Council Officers. No issues of concern had been expressed due to the good working relationship.

RESOLVED

That the 2019/20 Internal Audit Plan report be noted.

60. AUDIT PLANNING REPORT - YEAR ENDED 31 MARCH 2019

Members received the External Audit Planning report from Ernst and Young LLP (EY) which provided the Audit Committee with a basis to review the proposed audit approach and scope for the 2018/19 audit in accordance with the requirements of the Local Audit and Accountability Act 2014. The plan summarised the initial assessment of the key risks driving the development of an effective audit for the Council and outlined the planned audit strategy in response to those risks.

The Chairman welcomed Mr Andrew Brittain from Ernst and Young LLP to the meeting.

The following headings were considered:

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1. Overview of 2018/19 Audit strategy – Chaptalisation of revenue spend this was due to the size of the Capital, as highlighted by the external auditors.
2. Audit risks – None identified.
3. Value for money risks.
4. Audit materiality – no change reported. For planning purpose, materiality for 2018/19 was set at £2.5m – this represents 2% of the Council's prior year gross expenditure on provision of service.
5. Scope of the Audit.
6. Audit team - Sheena Philips (new member at EY LLP).
7. Audit Timeline.
8. Independence.
9. Appendices – Appendix A (fee reduced; saving made by one auditor visiting the Council instead of three attending meetings).

RESOLVED

That the External Audit Planning Report by Ernst and Young LLP be noted.

61. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2017-18

Members received the External Audit Certification of Claims and Returns Annual Report 2017/18 from Ernst and Young LLP (EY) which covered the following headings:

- Housing benefits subsidy claim – Qualification letter received due to errors reported in underpayments, uncertainties and income incorrectly assessed. A regime had been agreed with DWP to resolve the issues. It was noted that this was a complex matter.
- Other assurance work.
- 2017/2018 certification fees.
- Looking forward – EY LLP to continue undertaking the work for the Council.
- Summary of recommendations – Housing benefits subsidy claim; agreed action and comment in respect of checks to help eliminate issues relating to rounding, reconciliation and how to represent unusual adjustments such as where adjustments are made to previous year subsidy.

RESOLVED

That the report of the External Auditors be noted.

Meeting ended at 8.50pm  
GP