

MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE HELD IN THE  
COUNCIL CHAMBER, WALLFIELDS,  
HERTFORD ON WEDNESDAY 20  
NOVEMBER 2013, AT 7.00 PM

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PRESENT: Councillor J Ranger (Chairman)  
Councillors M Pope, R Sharma, N Wilson,  
J Wing and J Wyllie.

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Democratic Services Officer
Chris Gibson	- Manager of Corporate Risk
Kevin Steptoe	- Head of Planning and Building Control Services
Adele Taylor	- Director of Finance and Support Services

ALSO IN ATTENDANCE:

Sarah Ironmonger	- Grant Thornton
Nick Taylor	- Grant Thornton

367 APOLOGY

It was noted that Paul Grady of Grant Thornton had submitted an apology.

368 MINUTES

RESOLVED – that the Minutes of the meeting held on 18 September 2013 be approved as a correct record and signed by the Chairman.

369 CHAIRMAN'S ANNOUNCEMENTS

The Chairman commented that this would be the last meeting for Nick Taylor of Grant Thornton, as he would be taking on responsibilities for Luton Borough Council. He thanked Nick for the work he had done with East Herts Council for the last few years on behalf of the Committee. The Chairman welcomed Sarah Ironmonger from Grant Thornton.

370 UPDATE ON SHARED INTERNAL AUDIT SERVICE REPORT: SECTION 106 AUDIT RECOMMENDATIONS

The Head of Planning and Building Control provided a summary of Section 106 procedures which had been implemented following recommendations by the Shared Internal Audit Service (SIAS), the detail of which was set out in the report now submitted.

The Chairman referred to the fact that the issue of Section 106 agreements was a high priority in terms of the SIAS recommendations. He welcomed the fact that all the recommendations had now been implemented. The Chairman sought clarification regarding how many section 106 agreements were over five years old and whether the Council had lost funds as a result of any "claw back" arrangements.

The Head of Planning and Building Control commented that as recommended by SIAS, regular reports were being submitted to Corporate Management Team (CMT). He stated that there were a "handful" of Section 106 legal agreements older than five years but that some agreements had a "claw back" period of as long as 10 years or none at all; so there was not a simple threshold that provided an indication of "claw back" risk. He agreed to provide Members with a written update on how many reports were over five years old.

Councillor J Wing sought assurances that sections within the Council were communicating with each other regarding Section 106 agreements and that there were no "blockages" preventing monies from being spent. The Head of Planning

and Building Control assured the Member that CMT had dealt with any “blockages” and that there were regular discussions with service areas to establish where monies could be best spent. He assured Members that the rigorous audit of Section 106 agreements undertaken by SIAS ensured that processes were robust.

The Head of Planning and Building Control referred to a recent meeting of Environment Scrutiny Committee which had considered the issue of the Community Infrastructure Levy (CIL) and its relationship with Section 106 agreements.

The Chairman stated that he had attended the meeting and referred to the possibility that the Council might not take up the CIL arrangement in this District and the importance of Section 106 agreements. The Chairman also referred to the need to widen the scope of the agreements when drafted and expressed his concerns that rural areas rarely seemed to benefit from Section 106 monies.

The Head of Planning and Building Control referred to the legislative restrictions of Section 106 agreements and the Council’s own policy, adding that the policy could be reviewed if Members wished. He stated that few schemes came forward in villages. Councillor R Sharma referred to a large development at Watton-at-Stone whereby a Section 106 agreement had resulted in the provision of a children’s centre.

In response to a query from Councillor J Wing regarding concerns of the District Council working in collaboration with Hertfordshire County Council regarding Section 106 monies being paid over, the Head of Planning and Building Control gave assurances that the Council also worked in collaboration with Town and Parish Councils and that the County Council gave the District Council updates on a six monthly basis on funding.

In response to a query from Councillor N Wilson regarding the report by SIAS and whether there would be sufficient funding for the infrastructure proposed in the District Plan, the Head of Planning and Building Control commented that this had been

recently discussed at Environment Scrutiny Committee in relation to the CIL. He stated that there were concerns about the work involved in creating a CIL and whether this would generate sufficient funding for the necessary infrastructure.

In response to a query from Councillor M Pope regarding further monitoring reports on this issue to Audit Committee, The Director of Finance and Support Services commented that as all the recommendations from the SIAS report had been implemented it would be unusual to ask that subsequent monitoring reports be submitted to Committee but that this was possible if the Committee considered this useful.

The Committee noted the report and supported a request that the Head of Planning and Building Control provide a written response on the number of Section 106 agreements which were more than five years old and what monies had been “clawed back”.

RESOLVED – that (A) the report which set out the update in relation to the SIAS audit of Section 106 procedures be received; and

(B) the Head of Planning and Building Control provide Members with a written response on the number of Section 106 agreements which were more than five years old and what monies had been “clawed back”.

#### 371 EXTERNAL AUDIT REPORT 2012/13 ANNUAL AUDIT LETTER

The External Auditor submitted a report summarising the key findings following work carried out at the Council for the year ending 31 March 2013. This included:

- Auditing the 2012/13 accounts and Whole of Government Accounts submission;
- Assessing the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources; and

- Certification of grant claims and returns

The External Auditor reminded Members that in 2012/13 they had provided an unqualified opinion that the accounts gave a true and fair view of the financial position as at 31 March 2013 and on the income and expenditure arrangements for the year. Additionally the External Auditor stated that they had issued an unqualified opinion in the arrangements for securing economy, efficiency and effectiveness in the use of resources and that no issues had been noted in relation to the Whole of Government Accounts submission.

The Chairman stated that he was pleased the External Auditors had found the Council was acting as it should.

The Committee received the report.

RESOLVED – that the report be received.

## 372 COUNCIL'S RESPONSE TO 2012/13 ANNUAL AUDIT LETTER

The Director of Finance and Support Services submitted a report addressing the issues raised in the Annual Audit Letter 2012/13, the detail of which was set out in the report now submitted and Essential Reference Paper "B". The Director referred to a previous report which had been submitted to Audit Committee regarding recommendations relating to IT systems. It was noted that the IT Strategy Group was overseeing policies and priorities. She acknowledged that there was more work to do, but was confident that timescales would be met.

The Committee received the report and endorsed the response to the Annual Audit Letter and action plans relating to the ISA 260 report and Value for Money arrangements.

RESOLVED – that (A) the report be received; and

(B) the response to the Annual Audit Letter and action

plans relating to the ISA 260 report and Value for Money arrangements set out in the report now submitted, be received.

373 EXTERNAL AUDIT REPORT - PLANNED AUDIT FEE FOR 2013/14

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The External Auditor submitted a letter setting out the Planned Audit Fee for 2013/14. It was noted that the fee scale, set by the Audit Commission, was £68,875 and that this had not changed from the fee set in 2012/13.

The Committee noted the letter.

RESOLVED – that the External Auditor's letter be noted.

374 UPDATE OF IMPLEMENTATION OF ANNUAL GOVERNANCE STATEMENT ACTION PLAN

The Director of Finance and Support Services submitted a report providing an update on the 2013/14 Annual Governance Statement Action Plan which identified seven measures to enhance the Council's internal control framework, the detail of which was set out in the report now submitted and supporting Essential Reference Paper.

The Manager of Corporate Risk referred to the measures which had been introduced in relation to the Shared IT Service. It was noted that there would be a report back to Audit Committee on 22 January 2014 on this issue. The Manager of Corporate Risk referred to the good reporting arrangements in place at Hertford Theatre and of the new processes in relation to Section 106 agreements which had been considered in more detail elsewhere on the agenda.

The Manager of Corporate Risk confirmed that he was not proposing to change the Red, Amber, Green, status of any actions.

The Chairman referred to the Review of Assets held by the

Council and queried when Members would receive a report. The Director of Finance and Support Services advised that this was already in hand and anticipated that it would be possible to report back on the matter to Audit Committee on 19 March 2014. She provided an update in relation to shared partnership working including ICT, printing and business improvement services.

The Committee received the progress made.

RESOLVED – that the progress made against implementing the action plan contained in the 2012/13 Annual Governance Statement of the report now submitted, be received.

375 RISK MANAGEMENT MONITORING REPORT JULY TO SEPTEMBER 2013

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The Leader of the Council submitted a report setting out the action taken to mitigate and control strategic risk during the period July to September 2013, the detail of which was set out in the report now submitted and supporting Essential Reference Paper “B”.

The Manager of Corporate Risk explained that the Strategic Risk Register had been updated to reflect controls implemented between July and September 2013 and that the scoring remained unchanged. The Manager of Corporate Risk provided an update in relation to 13SR7 (Availability and performance of IT systems and resources impacting on service delivery). It was noted that the information referred to was available on the Covalent system.

The Chairman referred to 13SR5 in relation to the delay in publishing the District Plan. He referred to the potential risk of damage to the Council’s reputation and asked that this be monitored.

The Committee approved the report.

RESOLVED – that the action taken to mitigate and

control strategic risks as submitted, be approved.

376 WORK PROGRAMME

The Director of Finance and Support Services submitted a report detailing the proposed work programme for Audit Committee. The Chairman asked if there were any Member training issues which could be identified for the next meeting. The External Auditor suggested that Members might want further training on Financial Resilience. This was supported.

The Committee also supported the inclusion of the report on the Review of Assets on the Work Programme for 19 March 2014.

RESOLVED – that the work programme, as amended be approved.

The meeting closed at 7.45 pm

Chairman .....
Date .....