

MINUTES OF A MEETING OF THE  
PERFORMANCE, AUDIT AND GOVERNANCE  
OVERSIGHT COMMITTEE HELD IN THE  
ROOM 27, WALLFIELDS, HERTFORD ON  
TUESDAY 21 MAY 2019, AT 7.00 PM

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PRESENT: Councillor M Pope (Chairman)  
Councillors A Alder, S Bull, L Corpe,  
A Curtis, T Stowe and A Ward-Booth

ALSO PRESENT:

Councillors G Williamson and J Wyllie

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Democratic Services Officer
Isabel Brittain	- Head of Strategic Finance and Property
Mike Edley	- Interim Scrutiny Officer
Robert Winterton	- Financial Services Manager

ALSO IN ATTENDANCE:

Suresh Patel - EY

23 APPOINTMENT OF VICE CHAIRMAN

It was moved by Councillor Pope and seconded by Councillor S Bull that Councillor T Stowe be appointed Vice Chairman for the civic year 2019/20. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that Councillor T Stowe be appointed Vice Chairman for the civic year 2019/20.

24 APOLOGY

An apology for absence was received from Councillor J Burmicz. It was noted that Councillor A Ward-Booth was substituting for the Member.

25 MINUTES - 12 MARCH 2019

It was moved by Councillor A Alder and seconded by Councillor T Stowe that the Minutes of the meeting held on 12 March 2019 be confirmed as a correct record and signed by the Chairman. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the Minutes of the meeting held on 12 March 2019 be confirmed as a correct record and signed by the Chairman.

26 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Members to the new Performance, Audit and Governance Oversight Committee. He asked those in attendance to introduce themselves.

27 EXTERNAL AUDIT - UPDATE ON TIMING OF THE AUDIT  
2018/19

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The Head of Strategic Finance and Property explained that a report on the accounts would normally be presented to Members by 31 July and of the difficulties that the Council's External Auditors (EY) were experiencing in being able to carry out the audit and sign off the accounts by the statutory deadline.

The External Auditor apologised to Members and explained that they were suffering from staff shortages and that as a result, their work with a number of local authorities would be approached with an emphasis on remote working to access the Council's accounts. He explained that External Auditors would be on site by 15 July and would spend a week on site. Of the 160 authorities that EY audit, 18 authorities had been advised that EY could not start their audit until the end of July and 12 authorities advised that the Audit would not be resourced until August, 2019. Members' sought and were provided with assurances that EY were doing all it could to address the recruitment issue and going forward, of lessons learned.

Councillor J Wyllie raised the issue of the pressures on Councils to produce accounts within 3-4 months whereas the private sector had a much longer period of time to produce accounts. He sought assurances that the costs of the impact on Officers in terms of additional hours which may be needed would be re-charged to EY. The Head of Strategic Finance and Property assured Members that they would work together to mitigate the impact and to address issues; she expressed concern in relation to staff who had booked holidays after what they had thought was the sign

off for the final accounts.

Concern was expressed by a number of members about EYs staffing issues and the degree of remote working proposed by them.

Assurances were sought and provided to Councillor A Curtis that the quality of the audit would not be compromised.

The Head of Strategic Finance and Property explained that there would be an informal briefing for all Members regarding the draft accounts on 16 July 2019.

Councillor A Curtis referred to the pressures on the service in terms of the management of projects. The Head of Strategic Finance and Property referred to the strong support she had from Officers.

Following the departure of the External Auditor, the Head of strategic Finance and Property explained that she had written to the PSAA requesting a change to the external audit provision.

With Members consent, the Head of Strategic Finance and Property said she would write again to the PSAA (Public Service Account Auditing) and reinforce the need to change the external audit provision. This was supported.

Councillor A Ward-Booth suggested the insertion of a Penalty Clause in any future external audit contract. Councillor J Wyllie emphasised the short lead in time for public accounts and the problems this caused for local authorities.

Members received the report.

RESOLVED – that (A) the report be noted;

(B) the Head of Strategic Finance and Property write to the PSAA expressing Members' concerns about the delays in carrying out the Council's Audit caused by the External Auditor's staffing resources.

## 28 STRATEGIC RISK REGISTER - ANNUAL REPORT

The Head of Strategic Finance and Property submitted a report on the Strategic Risk Register for 2019/20. She referred to a number of updates which would need to be addressed such as reference to the newly appointed Chief Executive and the Head of Planning and Building Control and the adoption of the District Plan. Members debated the report at length raising a number of concerns in relation to the risk allocation scores in respect of:

- 1a - Business rates: Members were advised that provision had been made in the Council's accounts and allocated in the event to Business Rate Appeals and reviewed on an annual basis - Members felt was too high).
- 2 - Workforce: from an HR perspective whether some departments were more at risk in terms of an inability to fill critical positions which could impact on the organisational structure. The Head of Strategic Finance and Property Services explained the difficulties experienced by Planning and Environmental Health in recruiting staff;
- 5a - Information Management: whether there were

plans to recruit a permanent Data Protection Officer (as the post was temporarily being covered by the Head of Legal and Democratic Services);

- 5b - Cyber risk: the likelihood score of 2 in relation to cyber management. The Head of Strategic Finance and Property explained that she was confident that the service was compliant and protected;
- 6 - Development of strategic sites: allocated a likelihood score of 3. Members asked whether the Master Plan would have a positive impact on this score? The Head of Strategic Finance suggested that the Portfolio Holder (Councillor G Cutting) might be able to provide more insight and suggested that an informal meeting be arranged to consider this further. This was supported. The quality of new build and how this might impact on the Council's reputation was also discussed.
- 8 and 9 – compliance with the Childrens' Act 2004 and Safeguarding Adults and the differentials in their scoring. Members' requested that the Head of Housing and Health provide an explanation;
- 10 - Encouragement of Economic Viability: whether the Council was flexible and sufficiently dynamic to respond to possibilities and of the need to ensure that there was a joined up approach across the entire District. Members requested an update from the Portfolio Holder and the Head of Communications, Policy and Strategy;
- 11 – Emergency planning: why the impact score was 3 and not 4. An update was requested from the Head

of Housing and Health;

- 12 - Referendum vote to leave EU: how this would impact on sources of Council procurement in terms of the decision to leave the EU in a “no-deal” scenario.

It was felt by Members that further clarity was needed as to the nature of the risks themselves, the rationale behind the scoring, and mitigation measures. A session to cover this as well as other aspects of PAGO work would be set up before the next committee meeting.

It was moved by Councillor M Pope and seconded by Councillor T Stowe that Members’ comments be referred to the Executive. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that Members’ comments detailed above, be referred to the Executive.

## 29 WORK PROGRAMME PROPOSALS 2019-20

The Chairman sought Members’ comments on the development of a Work Programme for 2019/20. He referred to the work programme for Performance Audit and Governance Scrutiny Committee and suggested that Members might wish to include the following on the work programme:

- Healthcheck (quarterly performance review)
- Treasury Management Strategy
- Audit Letter and Report
- SIAS and SAFs report
- Old River Lane – Oversight of progress

Councillor A Curtis asked when the KPIs were last reviewed. The Head of Strategic Finance and Property explained that these were reviewed within the context of the Quarterly Healthcheck reports.

The Chairman suggested that oversight of Section 106 monies and where these had been allocated. This was supported.

Councillor A Curtis queried the role of PAGO in the formation of the work programme. The Scrutiny Officer explained that PAGO's activities met a number of statutory requirements in relation to auditing, and budget setting and financial management with the result that the committee's forward plan is to some extent pre-determined.

Members supported the suggestion to include the items as detailed above, on the Work Programme for 2019/20.

It was moved by Councillor M Pope and seconded by Councillor T Stowe that a draft Work Programme be fleshed out including the items above, and that these elements as detailed above be approved for the civic year 2019/20

RESOLVED – that the draft work programme as detailed, be approved for the civic year 2019/20.

The meeting closed at 8.25 pm

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