

MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE HELD IN THE  
COUNCIL CHAMBER, WALLFIELDS,  
PEGS LANE, HERTFORD ON  
WEDNESDAY 28 NOVEMBER, 2007 AT  
7.30 PM

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PRESENT: Councillor J Hedley (Chairman).  
Councillors K Darby, M Pope, W Quince,  
R Radford, J P Warren and N Wilson.

ALSO PRESENT:

Councillors D Clark, P A Ruffles, M J Tindale

OFFICERS IN ATTENDANCE:

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| Anne Freimanis     | - Chief Executive                                 |
| Lorraine Blackburn | - Committee Secretary                             |
| Simon Chancellor   | - Head of Financial<br>Support Services           |
| Karl Chui          | - Trainee Performance<br>Officer                  |
| Dave Cooper        | - Performance Officer                             |
| Simon Drinkwater   | - Director of<br>Neighbourhood<br>Services        |
| Chris Gibson       | - Principal Internal<br>Auditor                   |
| Tony Hall          | - Interim Head of<br>Business Support<br>Services |
| Philip Hamberger   | - Director of Internal<br>Services                |
| Martin Shrosbree   | - Head of Property<br>Services                    |

ALSO IN ATTENDANCE:

Paul Dossett, Grant Thornton – External Auditor

## 381 CHAIRMAN'S ANNOUCEMENTS

The Chairman announced, with sadness, the recent death of the Wallfields Caretaker, Peter Brown. He commented that there would be a minute's silence at the next Council meeting as a mark of respect.

The Chairman announced that Peter Searle, Head of Business Support Services was in hospital and would not be returning to work for a number of months. He introduced Tony Hall, the Deputy Section 151 Officer and Interim Head of Business Support Services. Arrangements were in hand to increase staffing resources within the Audit Section.

The Chairman announced that Ceri Pettit, the Head of Strategic Direction (Shared) and Performance Manager had recently given birth to a daughter. Mother and baby were doing well.

## RESOLVED ITEMS

### 382 MINUTES

The Minutes of the meeting held on 5 September 2007 were submitted. Councillor D Clark had requested an amendment to Minute 246 - Risk Management Service Plans – third paragraph delete “questioned what processes were in place to ensure Officers’ objectivity and professionalism in relation to planning matters” and insert “sought clarification as to what controls were in place to protect Officers from undue influence in relation to planning matters”.

RESOLVED – that the Minutes of the meeting held on 5 September 2007 as amended, be confirmed as a correct record and signed by the Chairman.

383 EXTERNAL AUDIT REPORT – DATA QUALITY

Paul Dossett, (Grant Thornton), submitted a report detailing, the External Auditor's comments following a review of the Council's management arrangements; performance indicators and a spot check review of data. The report set out the key matters for the Council's attention which had arisen during the audit.

Overall, for 2006/07, the Council's management arrangements for ensuring data quality had improved and were "good". Some areas still required attention. A summary of these areas was set out in the report now submitted. Nothing in the performance indicators had given the External Auditors cause for concern.

The Chairman, on behalf of the Committee thanked the External Auditor for attending and for such a positive report.

RESOLVED – that the report be noted.

384 EAST HERTS RESPONSE TO DATA QUALITY AUDIT REPORT

The Leader of the Council submitted a report providing a summary of recommendations and the Council's management response following the Data Quality Audit 2006/07.

Overall management arrangements were good, performance indicators fell within their expected ranges and plans were in place to improve upon this further. A spot check review of BVPI 199 a – c and the non BVPI - data of percentage of total private sector homes vacant for more than six months, found that both PI's were satisfactory and fairly stated.

Clarification was sought and provided in response to a Member's concern about the interface between systems that might reduce the manual inputting of data into Covalent.

RESOLVED – that the report be noted.

385 USE OF RESOURCES REPORT 2006/07

The External Auditors submitted a report setting out the key matters arising from the 2006/07 audit. The assessment evaluated how well the Council managed and used its resources and focused on the importance of strategic financial management, sound governance and effective financial reporting arrangements. The review was linked to the financial year which was a change to previous arrangements. Five areas were reviewed and these were explained in the report and appendix now submitted.

In reviewing the Auditor's Score Judgement, it was noted that the Council had achieved a score of 4 in relation to Financial Reporting. Overall a score of 3 had been achieved which was in line with what the majority of Councils were achieving.

A Member commented on the Council's overspend of £417,000 and how this had impacted on the Council's Financial Standing score. The External Auditor commented that the scores were adversely affected by budget overspends and the need to keep within set budgets.

RESOLVED – that the report be noted.

386 USE OF RESOURCES JUDGEMENT 2006/07 –  
COUNCIL'S REPOSE TO ACTION PLAN

The Leader of the Council submitted a report which set out the Council's response to the Use of Resources Action Plan which the External Auditors, (Grant Thornton) had developed following the 2006/07 assessment. An updated Use of Resources Action Plan was tabled at the meeting.

The Director of Internal Services commented that the Action Plan had been drawn up in acceptance and recognition of the issues raised in the report.

Clarification was sought and provided in relation to the finalisation of the Business Continuity Plan. The Director of Neighbourhood Services confirmed that this had been approved by Corporate Management Team (CMT) on 30 October 2007. It was anticipated that it would be tested early next year.

RESOLVED – that the Council's response to the Use of Resources Action Plan be noted.

387 UPDATE ON IMPLEMENTATION OF STATEMENT OF INTERNAL CONTROL ACTION PLAN AND MATTERS ARISING FROM CHIEF OFFICER ASSURANCE STATEMENTS

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The Leader of the Council submitted a report on the progress made against implementing the action plan contained in the 2006/07 Statement of Internal Control (SIC) and updates arising from Chief Officer Assurance Statements.

The 2006/07 SIC now included the following two additional actions:

- to review budget setting and monitoring processes and its level of reserves to ensure that its financial management and financial health continue to be robust; and
- Audit Committee monitor the timeliness of completion of Internal Audit's core financial systems work and for the Audit Committee to satisfy itself that key financial controls are being reviewed on a timely basis.

In summary, as at 30 September 2007, three milestones had been achieved and satisfactory progress was being made in the remaining 14 areas.

The Chairman acknowledged the positive progress being made and thanked the Officers.

RESOLVED - that the progress made against implementing the Action Plan contained in the 2006/07 Statement of Internal Control and updates arising from Chief Officer Assurance Statements be noted.

388 UPDATE ON IMPLEMENTATION OF AUDIT RECOMMENDATIONS

The Head of Business Support Services submitted a report which provided an update on the implementation by management, of recommendations made by Internal and External Audit.

Officers were pleased to report that the Cashier's Manual was now in place. Good progress had been made in implementing recommendations but there were still some areas of concern. These were set out in the report now submitted. In relation to the ICT User Guide, only 10 staff had yet to sign up. It was acknowledged that the Members' IT protocol needed to be reviewed to take account of Councillors using Council equipment on Council premises.

It was noted that 16 outstanding recommendations had been resolved since the last meeting.

The Chairman commented that telephone expenses had been deducted from Member's allowances as necessary.

In relation to the back up tapes, the Director of Internal Services commented that back up procedures were in place to protect the Council's data. However, the Council had not yet carried out a test off site using a remote facility. It was anticipated that this would be resolved early next year.

RESOLVED – that the report be noted.

389 OPERATIONAL AND STRATEGIC RISK MONITORING – 1 JULY TO 30 SEPTEMBER

The Director of Neighbourhood Services submitted a report on the progress made in taking action to mitigate and control risks tracked by operational and strategic risk registers during the period 1 July to 30 September 2007.

Updates were provided in relation to the 34 Operational Risk Registers and the 24 Strategic Risk Registers. No adverse movements had been recorded in any of the registers.

RESOLVED – that (A) the progress taken to mitigate and control risks tracked by Operational and Strategic Risk Registers during 1 July 2007 to 30 September 2007 be noted; and

(B) the report be referred to the Executive.

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390 AUDIT COMMITTEE: WORK PROGRAMME

The Director of Internal Services submitted a report of the Audit Committee’s work programme for the remainder of this civic year.

The work programme had been modified since Audit Committee on 5 September 2007 by the inclusion of the Comprehensive Area Assessment and the Internal Audit Service April 2007 – February 2008 which had been included in the work programme for 26 March 2008.

RESOLVED – that the report, as amended, be approved.

The meeting closed at 8.10 pm.

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| Chairman | ..... |
| Date     | ..... |

