

MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY
26 NOVEMBER 2008 AT 7.30 PM

PRESENT: Councillor J P Warren (in the Chair).
Councillors K Darby, M Pope, W Quince,
R Radford, P A Ruffles (substitute for J Hedley),
N Wilson.

ALSO PRESENT:

Councillors N Clark, A P Jackson.

OFFICERS IN ATTENDANCE:

Anne Freimanis	- Chief Executive
Lorraine Blackburn	- Committee Secretary
Mike Collier	- Acting Director of Internal Services
Chris Gibson	- Internal Audit and Business Improvement Manager
Ceri Pettit	- Head of Strategic Direction (Shared) and Performance Manager

ALSO IN ATTENDANCE:

Justin Collings	- Grant Thornton - External Auditor
Paul Dossett	- Grant Thornton - External Auditor

434 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Justin Collings and Paul Dossett from Grant Thornton (External Auditors).

It was noted that Councillor P A Ruffles was substituting for Councillor J Hedley.

435 USE OF RESOURCES – 2009 ONWARDS
(PRESENTATION BY GRANT THORNTON)

Justin Collings gave a presentation on the Use of Resources from 2009 onwards.

The presentation provided an overview of the Use of Resources Framework, Key Lines of Enquiry (KLOEs) and where they applied for 2008/09 and key messages about the new approach, auditor guidance and accessing further information. It was noted that the new Comprehensive Area Assessment (CAA) framework would apply to the whole of Hertfordshire and would include local authorities, police authorities, fire and rescue and PCTs. The Audit Commission would still determine what KLOEs would apply. The first Use of Resources assessments would be reported as part of the Comprehensive Area Assessment (CAA) in Autumn 2009.

Justin Collings outlined what KLOEs had been specified for the 2008/09 assessment and the differences in the new assessment approach. He commented that it was the Audit Commission's intention to make the assessments more difficult.

In response to a query from Councillor R Radford regarding the use of the information provided, Paul Dossett explained that this information was used to assess the Council's performance and to demonstrate compliance with processes and highlight discrepancies. Generally, the information was used to improve the Council's performance overall and was reported to the Audit Commission.

In response to queries from Councillor P A Ruffles about natural resources and CAA Groupings, Justin Collings explained that the Audit Commission sought to ensure that Councils took account of their carbon footprint and had sustainable strategies in place. In terms of CAA Groupings he commented that the public did not look at organisations

in isolation and the Audit Commission wanted to assess the overall quality of public services provided. The CAA was designed to do this and would assess overall working arrangements.

In response to a query from Councillor P A Ruffles about the inclusion of Parish Councils, Paul Dossett explained that they would not be included specifically within this framework but could be included within the assessment of partnership working.

Councillor K Darby sought clarification about the likely measuring scale of the new framework and whether this accurately reflected performance. Paul Dossett commented that when the new assessment was introduced, many Councils would likely move from Level 3 to 2. He commented that relating this information was an issue of communication and that the External Auditors would ensure that it was made clear where any level changes were as a result of the new regime and that assessments were being made against new criteria.

In response to a query from Councillor N Wilson about poor performance of other bodies impacting on the Council's overall level, Justin Collings commented that this should not happen because of the methods of reporting.

Councillor N P Clark asked whether assessments would have to show linkages between a change in process which had lead to a change in outcome. Paul Dossett explained that linkages would be required and that Authorities would not be given credit for improvements in outcomes that they had not contributed to.

The Chairman, on behalf of Members, thanked Justin Collings and Paul Dossett for their presentation.

RESOLVED ITEMSACTION436 APPOINTMENT OF CHAIRMAN

It was proposed by Councillor N Wilson and seconded by Councillor W Quince that Councillor J P Warren be appointed Chairman of the Audit Committee for the meeting.

RESOLVED – that Councillor J P Warren be appointed Chairman of the Audit Committee for the meeting.

437 MINUTES

RESOLVED – that the Minutes of the meeting held on 3 September 2008 be confirmed as a correct record and signed by the Chairman.

438 EXTERNAL AUDIT REPORT – DATA QUALITY

The External Auditor, Grant Thornton submitted a report on the key matters arising following an audit. Overall, the Council had good management arrangements in place for ensuring data quality and had demonstrated good performance in respect of the financial year 2007/08. The Council's process of securing good data quality on internally generated data had been consistently good, but there were issues around understanding outcomes from having good data and arrangements around good quality data from partners.

The report concluded that the Council needed to work with partners in the 2008/09 assessment and in measuring outcomes in order to achieve the information needed in the new Use of Resources assessment. Recommendations for improvements were detailed in the Action Plan attached to the report now submitted.

The Chairman, on behalf of Members, thanked the External Auditors for a favourable report and extended thanks to

Officers for their role in the process.

RESOLVED – that the report be received and the recommendations contained in the Action Plan of the report now submitted be noted.

439 CORPORATE RESPONSE TO THE DATA QUALITY AUDIT

The Leader of the Council submitted a report detailing the Council's corporate response to the Data Quality Audit report by the External Auditors. Examples of the Council's achievements last year were set out in the report now submitted. The need for the Council to continue to improve how it managed data quality in relation to partnership working was noted.

The impact of changes in the Use of Resources assessment for 2008/09 was considered in the context of KLOE 2.2 and overall scoring. It was noted that the Council would aim to achieve a Level 3 for this KLOE in 2008/09. The Action Plan and the management response setting out how this could be achieved, was set out in the report now submitted.

It was noted that reports would be submitted to the Audit Committee on a six monthly basis.

The Committee supported the work to be undertaken in the Action Plan now submitted and agreed the proposed corporate management response as detailed in the report now submitted.

RESOLVED – that (A) the work to be undertaken in the Action Plan now submitted be supported; and

(B) the corporate management response be agreed as detailed in the report now submitted.

440 EXTERNAL AUDIT REPORT 2007/08 – USE OF RESOURCES

The External Auditors submitted a report detailing their conclusions on the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources. The report concluded that the Council had made improvements in its Use of Resources arrangements and performance during 2007/08 to attain an improved assessment rating in two of the five themes specifically, financial standing and internal control.

The External Auditors commented that the Council had a strong track record for improvement in priority areas. However, one or two areas continued to be higher in cost and appeared to perform less well compared to other neighbouring Councils. It was anticipated that the re-tender of the leisure management contract would improve customer satisfaction within leisure services. Significant savings had been achieved through procurement. There was scope for improvement for diverse communities in designing services to deliver VFM in outcomes and IT arrangements.

The External Auditors acknowledged plans by the Council to improve services and reduce overhead costs via the Customer Improvement Plan. The External Auditors concluded that the Council had strong arrangements for managing and improving Value for Money and had achieved a Level 3 overall. Within this, a score of 4 (the highest possible) had been achieved for Financial Reporting and a score of 3 for the other four themes.

It was noted that the new Use of Resources framework for 2009 would be more demanding and broader in scope, embracing wider resources issues such as people, the workforce and the use of natural resources. There would also be greater emphasis on the role of Members, the quality of scrutiny and in affecting outcomes.

Councillor P A Ruffles commented that in relation to the role of scrutiny, Members should thank Officers who had

played an important role in helping Members. He commented that the whole improvement process had come from Officers' inspiration and efficiencies within the system. Councillor Ruffles felt that the whole of the staff needed to be thanked for the Council's direction of travel and the progress made.

Councillor A P Jackson commented that Staff should be congratulated for the support given to Members and to use this as inspiration to push the bar higher. He commented that it was important that the Council continued to deliver outcomes to improve people's lives. He thanked the External Auditors for such a "good news story".

Members urged the Leader to publicise the good news at Council.

The Chairman, on behalf of Members thanked the External Auditors for a favourable report on the Council's performance.

The Committee received the report.

RESOLVED – that the report be noted.

441 EXTERNAL AUDIT REPORT 2007/08 – USE OF RESOURCES; COUNCIL'S RESPONSE

The Leader of the Council submitted a report setting out the Council's response to the recommendations contained within the External Auditor's report on the Use of Resources. The Council had retained a score of Level 3 for 2008. It was noted that the Use of Resources assessment for 2009 criteria would change to complement the new Comprehensive Area Assessment (CAA).

The Head of Strategic Direction and Performance Manager commented that the Council had significantly strengthened its use of resources score particularly in two of the five themes, i.e. financial standing and internal control. The External Auditors had made a number of recommendations to help the Council achieve under the new framework.

These were set out in the Action Plan attached to the report now submitted, together with the Council's Management response. The progress made within the Action Plan would be monitored and reported back to Audit Committee on a six monthly basis.

Members supported the Action Plan for 2008/09 attached to the report now submitted and the Council's response on the Use of Resources for 2007/08.

RESOLVED – that (A) the Use of Resources Action Plan for 2008/09 be approved; and

(B) the Council's response to the Use of Resources Assessment for 2007/08 be approved.

442 UPDATE ON IMPLEMENTATION OF ANNUAL GOVERNANCE STATEMENT: ACTION PLAN

The Internal Audit and Business Improvement Manager submitted a report detailing the progress made against implementing the Action Plan contained in the 2007/08 Annual Governance Statement. The Statement had been revised in the light of External Audit ISA 260 and had been submitted to Audit Committee on 3 September 2008. It was noted that there were 15 required enhancements to internal control which had resulted from the Annual Governance Statement. Progress had been made in all areas.

Position statements for various milestones were set out in the report now submitted together with their "traffic light" status.

In response to a query from Councillor M Pope on recording changes of status, the Internal Audit and Business Improvement Manager undertook to take this on board.

In response to a query from Councillor N Clark concerning Gershon efficiency savings, it was noted that these were incorporated within the budgets reported to Members

through the Healthcheck reports.

RESOLVED – that the report be received.

443 INTERNAL AUDIT AND BUSINESS IMPROVEMENT SERVICE – POSITION STATEMENT

The Internal Audit and Business Improvement Manager submitted a report which provided a position statement on activity undertaken by the internal audit section this financial year and what audit recommendations remained outstanding. The remit of internal audit and its staffing resources was explained.

The appendix to the report now submitted, detailed the progress made against implementing audit recommendations. Updates were provided on the current position. It was noted that 19 recommendations had been resolved since the last Audit Committee and good progress had been made on others.

In response to a query by Councillor N Clark about Leventhorpe School, Officers advised that the issue should be resolved shortly.

In response to a query by Councillor M Pope regarding compliance checks, it was noted that the issue would be revisited during the payroll audit and reported to the next Audit Committee.

The Committee noted the current audit opinion on the status of recommendations.

RESOLVED – that the report be received.

444 IMPLEMENTATION OF REVISED FINANCIAL REGULATIONS

The Internal Audit and Business Improvement Manager submitted a report on the progress made in implementing the revised Financial Regulations and what progress had been made in adopting changes to the Council's

processes. The new regulations were consistent with current CIPFA recommended practice.

Updates were provided in relation to a review of the Constitution, E-Procurement, Budget Monitoring, Financial Systems and in relation to a scoping document for the Payment of Creditors.

In response to a query from Councillor N Clark about the speed of payment of creditors, assurances were provided that creditors were usually paid promptly and well within 30 days.

The Committee noted the progress made in implementing the Financial Regulations.

RESOLVED – that the report be noted.

445 OPERATIONAL AND STRATEGIC RISK MONITORING REPORT (JULY - SEPTEMBER 2008)

The Leader of the Council submitted a report detailing actions taken to mitigate and control risks tracked by operational and strategic risk registers during the period July to September 2008.

There were no “adverse” movements recorded in either the Operational or Strategic Risk Registers.

RESOLVED – that (A) the progress in taking action to mitigate and control risks tracked by operational and strategic risk registers during the period July to September 2008 be noted; and

(B) the referral of the report to the Executive on 25 November 2008, be noted.

446 WORK PROGRAMME

The Internal Audit and Business Improvement Manager submitted a report on the revised work programme for the 2008/09 civic year. The Internal Audit and Business

Improvement Manager urged Members to contact him with regard to any specific training requirements.

RESOLVED – that the report be noted.

The meeting closed at 8.30 pm.

Chairman
Date