

MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY
2 SEPTEMBER 2009 AT 7.30 PM

PRESENT: Councillor J O Ranger (Chairman).
Councillors M Pope, R Radford, J P Warren.

ALSO PRESENT:

Councillors D Andrews, R Beeching, D Clark,
N Clark, M J Tindale.

OFFICERS IN ATTENDANCE:

Dave Cooper	- Performance Officer
Chris Gibson	- Internal Audit and Business Improvement Manager
Martin Ibrahim	- Senior Democratic Services Officer
Alan Madin	- Director of Internal Services

ALSO IN ATTENDANCE:

Justin Collings	- Grant Thornton - External Auditor
Paul Dossett	- Grant Thornton - External Auditor
Nick Taylor	- Grant Thornton – External Auditor

209 APOLOGIES

Apologies for absence were submitted on behalf of Councillors K Darby, J Hedley and A M Graham.

210 CHAIRMAN'S ANNOUNCEMENT

The Chairman welcomed the External Auditors to the meeting.

RESOLVED ITEMSACTION211 MINUTES

RESOLVED – that the Minutes of the meeting held on 29 June 2009 be confirmed as a correct record and signed by the Chairman.

212 EXTERNAL AUDIT REPORT ON 2008/09 ANNUAL ACCOUNTS – ANNUAL REPORT TO THOSE CHARGED WITH GOVERNANCE

The External Auditor, Grant Thornton, submitted a report highlighting the key issues arising from the audit of the Authority's statement of accounts 2008/09. Paul Dossett, Grant Thornton, referred to the public questions that had been raised and the need for these to be resolved before signing off the accounts.

The Committee's attention was drawn to the key highlights as detailed in the External Auditor's report. Mr Dossett advised that he anticipated providing an unqualified opinion on the statement of accounts and the value for money conclusion.

In response to Members' questions, Mr Dossett made a number of comments. He advised that the audit of the Hertfordshire County Council Pension Scheme had yet to be completed and so could impact on East Herts' pension liability and disclosures in the accounts. In respect of the need to alter the method for valuing car parks under

International Financial Reporting Standards, he commented that the Committee would need to understand the implications of this over the course of the next year.

Finally, he stated that the additional fees of £25k related to the provision of additional consultancy services.

In response to a Member's question on greater Member oversight of treasury management issues, the Director of Internal Services advised that the Chairmen of Audit and Corporate Business Scrutiny Committees would be invited to the quarterly meetings with the Council's treasury advisers.

The Committee approved the letter of representation and the annual accounts 2008/09.

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

(B) the letter of representation and the annual accounts 2008/09, be approved.

213 EXTERNAL AUDIT REPORT: TERMS OF REFERENCE FOR REVIEW OF SCRUTINY AND AUDIT COMMITTEE ARRANGEMENTS

Paul Dossett, Grant Thornton, submitted a report proposing the terms of reference for the review of the Authority's Scrutiny and Audit Committee arrangements.

The Committee Chairman referred to the Authority's desire to scrutinise outside bodies and requested any advice on how this could best be done.

In respect of the proposed scope and objectives, a non-Member of the Committee suggested an amendment to include Member/Officer groups. The Committee Chairman did not agree with this suggestion on the basis that these groups were not part of the scrutiny function. He commented that the wider constitutional question around such groups could be looked at elsewhere.

The Committee approved the terms of reference as now submitted.

RESOLVED – that the terms of reference for the review of the Council’s Scrutiny and Audit Committee arrangements be approved.

214 DRAFT ANNUAL GOVERNANCE STATEMENT 2008/09

The Leader of the Council submitted a report on the 2008/09 Annual Governance Statement. An initial draft of this had been considered at the previous meeting on 29 June 2009 (Minute 62 refers). The Statement had since been considered by the Corporate Business Scrutiny Committee on 14 July 2009 (Minute 99 refers) and the Standards Committee on 11 August 2009 (Minute 177 refers). A number of amendments arising from these meetings had been made to the Statement. The final document would be considered by the Executive on 8 September 2009.

The Committee suggested two amendments. In the second paragraph of the section, ‘Focussing on the purpose of the Council...’, the phrase “six visions” should be replaced with “six priorities”. In the seventh paragraph of the same section, the words “monthly and” should be inserted before “quarterly”.

A non-Member of the Committee queried why the Independent Remuneration Panel was referenced when it had not met during the period covered by the Statement. The Director of Internal Services commented that the reference was a statement of fact. The Committee Chairman stated that a delay in convening a meeting of the Panel had occurred due to the resignation of one of the members.

In response to a question on the “Amber” status of the outstanding governance action relating to working arrangements, the Director of Internal Services commented that this related to internal control arrangements and not

the programme itself.

The Committee supported the Annual Governance Statement 2008/09 as now submitted, subject to the two amendments now detailed.

RESOLVED – that the Annual Governance Statement 2008/09, as now submitted and subject to the two amendments now detailed, be supported.

215 INTERNAL AUDIT SERVICE – POSITION STATEMENT

The Internal Audit and Business Improvement Manager submitted a report providing a position statement on internal audit activity undertaken within the Internal Audit Service. He advised that the team was now fully staffed.

He detailed the progress made against implementing outstanding audit recommendations in Appendix 'A8' of the report now submitted. He referred to the taxi licensing item and advised that the Director of Neighbourhood Services had now actioned this item and should therefore be shown as resolved.

A non-Member of the Committee requested that the issue of the three Members who had failed to sign up to the IT protocol be taken up by the Chairman elsewhere. The Executive Member for Resources and Internal Support commented that some progress may have been made on this and undertook to check.

In response to a question on the control of collection of cheques, the Internal Audit and Business Improvement Manager advised that some progress had been made and that this would be resolved shortly.

In response to a question on the Leisure contract and the level of detail of information provided to Members, the Committee Chairman commented that it was for Scrutiny Committees to determine what information they needed.

A non-Member of the Committee referred to the number of IT related issues and commented on whether the Authority was prepared for home and remote working. The Director of Internal Services advised that a business case for each back office system would need to be made to enable remote access.

The Committee agreed to receive the report.

RESOLVED – that the report be received.

216 ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY
AND DISCLOSURE (WHISTLEBLOWING) CODE

The Internal Audit and Business Improvement Manager submitted a report on updating the existing strategies and policies relating to preventing fraud and corruption and enabling the reporting of suspicions of such activities without fear of reprisals.

Both documents had been submitted to the Human Resources Committee on 15 July 2009 (Minute 107 refers) and the Standards Committee on 11 August 2009 (Minute 178 refers). The Standards Committee had suggested some amendments to the Disclosure Code resulting in the two page summary appearing at the front of the Code. That Committee had also suggested that all references to “whistleblowing” should be removed from the Code.

Officers had considered this suggestion, but believed that the term was easily recognisable and more user-friendly. The Audit Committee supported the Officers’ view that the references to “whistleblowing” should be kept in the Code.

The Committee also suggested that the Code should be amended by the insertion of the word “knowingly” before “false” in the last bullet point of section 3 of the summary.

The Committee supported both documents as now detailed.

RESOLVED – that the Anti-Fraud and Anti-Corruption Strategy and Disclosure (Whistleblowing) Code be supported.

217 RISK MANAGEMENT MONITORING REPORT
(1 APRIL 2009 – 30 JUNE 2009)

The Leader of the Council submitted a report detailing actions taken to mitigate and control strategic risks during the period 1 April 2009 to 30 June 2009.

A non-Member of the Committee sought clarification on the closure of the 2008/09 register and when this had been approved. In particular, clarification was sought on the old SR10 relating to reputation risk. Officers undertook to clarify this and if necessary, report back to the next meeting. The Director of Internal Services commented that risks could be added to the register at any time they were identified.

In respect of SR4 relating to the Changing the Way We Work (C3W) programme, a non-Member sought clarification on the role of the C3W/ICT Member Officer group in approving the ICT Resources Plan, given the previous advice that such groups were advisory and not decision-making bodies. The Executive Member for Resources and Internal Support commented that this group was advisory in supporting him and the Executive. The Director of Internal Services stated that this related to the allocation of HR resources to IT projects and the group would have been consulted for any comments.

In respect of SR7 relating to the Council's financial plans, the Committee Chairman commented that C3W savings would need to be firmed up with phased timings. The Executive Member for Resources and Internal Services added that further work was needed to identify savings targets for each service area.

In respect of SR9 relating to partnerships, the Committee Chairman suggested that the final report of the Shared Services task and finish group should be referenced in the

mitigating actions column.

The Committee noted the report.

RESOLVED – that the action taken to mitigate and control strategic risks during the period 1 April – 30 June 2009 be noted.

218 REVIEW OF THE DATA SHARING PROTOCOL

The Leader of the Council submitted a report on the revisions to the Data Sharing Protocol, following the recommendations made by the External Auditor after the 2007/08 Data Quality Audit.

The proposed amendments were shown as tracked changes in the Appendix to the report now submitted. The Committee Chairman drew Members' attention to the tabled sheet which replaced page 11.16 of the report now submitted.

The Executive on 8 September 2009 would be considering the revised Protocol.

The Committee supported the amendments as now submitted.

RESOLVED – that the revised Data Sharing Protocol, as now submitted, be supported.

219 WORK PROGRAMME

The Internal Audit and Business Improvement Manager submitted a report on the revised work programme for the 2009/10 civic year.

It was noted that an additional meeting would be arranged for January 2010.

RESOLVED – that the revised work programme, as now submitted, be approved.

The meeting closed at 9.00 pm.

Chairman
Date