

MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE HELD IN THE  
COUNCIL CHAMBER, WALLFIELDS,  
HERTFORD, ON WEDNESDAY 17 MARCH  
2010 AT 7.30 PM

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PRESENT: Councillor J O Ranger (Chairman)  
Councillors K Darby, A M Graham, J Hedley,  
M Pope, R A K Radford and J P Warren

ALSO PRESENT:

Councillors M R Alexander, D Clark,  
N P Clark and P Grethe

OFFICERS IN ATTENDANCE:

Dave Cooper	- Performance Officer
Chris Gibson	- Internal Audit and Business Improvement Manager
Philip Hamberger	- Programme Director of Change
Alan Madin	- Director of Internal Services
Peter Mannings	- Democratic Services Assistant

ALSO IN ATTENDANCE:

Paul Dossett	- External Auditor
Guy Clifton	- External Auditor

647 APOLOGY

An apology for absence was submitted on behalf of Councillor R H Beeching.

648 MINUTES

RESOLVED - that the Minutes of the Audit Committee meeting held on 20 January 2010 be confirmed as a correct record and signed by the Chairman, subject to the following amendments:

Minute 510 - External Audit Report - Review of Scrutiny and Audit Committee Arrangements (findings).

Insert in 2<sup>nd</sup> Sentence, 8<sup>th</sup> paragraph -

‘....CfPS’

Minute 511 - Review of Scrutiny and Audit Committee Arrangements - Council’s Response.

Insert in 1<sup>st</sup> sentence, 4<sup>th</sup> paragraph -

‘.....Member Officer Groups’.

649 DECLARATION OF INTEREST

Councillor N P Clark declared a personal interest in Minute 655 - Risk Monitoring Report on the grounds that SR11 related to the Local Development Framework (LDF) and he was secretary of the Stop Harlow North Campaign Group.

650 EXTERNAL AUDIT REPORT - CHANGING THE WAY WE WORK (THE CAUSEWAY TRANSACTIONS)

The External Auditors submitted a report that reviewed the lessons to be learnt in respect of how the Council had approached the decision to implement the C3W programme.

Guy Clifton commented that local government electors had contacted Grant Thornton to raise a number of specific objections. He referred to the Executive

Summary in the report now submitted, for details of the concerns that had been raised.

The Committee was advised that the External Auditor was generally satisfied with the approach taken by the Authority in progressing the C3W programme. A majority of the work that had been undertaken was in line with recognised best practice.

Members were advised that there had been missed opportunities in terms of risk management and benefit realisation.

Guy Clifton advised that a number of recommendations had been made as to how the Council could improve the management of future major business transactions. He summarised the key findings of the report.

Councillor D Clark commented on whether the Council had adequately demonstrated the value for money of the C3W programme.

Paul Dossett stressed the importance of demonstrating that the programme was value for money as part of the benefit realisation process. He commented that detailed scrutiny of the programme should take place before any judgements could be made.

Councillor A M Graham expressed concerns that the evaluation framework used to evaluate and score options had not been agreed by Members. He stressed that the External Auditor's recommendation should include a suggestion that such criteria be approved by Members in future. Guy Clifton confirmed this suggestion was already covered in the report.

Councillor Graham commented whether there was any evidence for the statement that suggested the Council was happy to make the decisions that it had. Paul Dossett stressed that the wording in the report could be changed to reflect the fact that the Council had approved

the decision to progress the C3W programme.

The External Auditor emphasised that although there had been a sound process of stakeholder consultation, the Council should have adopted the best practice approach of ensuring there was a dedicated wider consultation strategy.

Councillor N P Clark commented that he had been in contact with the External Auditor in respect of his concerns that options 1a to 3b referred to on page 17 of the report now submitted had not been discussed in public and Members had not fully considered these options.

Councillor N P Clark further stated that the first sight Members had had of the final four shortlisted options was at a meeting of the Executive on 17 March 2009. Paul Dossett stressed that if any paragraphs were incorrect in the External Auditor's report then these could be amended.

In response to a query from Councillor D Clark in respect of how the Authority had reduced 8 options down to a final 4, Paul Dossett referred Members to recommendation 6 on page 18 of the report now submitted.

Councillor N P Clark commented on whether the Authority had taken a decision that was not covered by the provisions of the Council's constitution and was 'ultra vires'.

In response to a further query from Councillor N P Clark, Guy Clifton commented that it was clear there were lessons to be learnt. He stressed that the report submitted to the Executive in March 2009 had been inconsistent in respect of details relating to net present value time frames on the remaining commitment on the Council's lease on the Causeway Site.

In response to a query from Councillor Graham in relation to investment in a dedicated programme management office, the Director of Internal Services confirmed that in the event there was a request for supplementary funding, a report would be presented to the Executive.

Paul Dossett emphasised that Members should be aware that it would be unreasonable in terms of competitive pressure for the Authority to comply with every guideline detailed in the green book. He stressed however, that the Authority must be aware of all the guidelines in this publication when taking decisions.

Councillor N P Clark commented on why there had been no interviews with representatives of the Liberal Democrat Group. He stressed that this had resulted in a lack of political balance in the report. Guy Clifton advised that a number of Members had been identified by their roles in relation to the Scrutiny process.

Councillor J O Ranger stressed that there were valuable lessons to be learnt that were relevant to how the C3W process developed going forward. The Programme Director of Change reported that strategic benefit profiles were being worked up. He stressed that the next 15 months would be key in realising the benefits of the C3W programme.

The Committee received the report and noted the recommendations of the External Auditor.

RESOLVED – that the report be received and noted.

651 EXTERNAL AUDIT REPORT - AUDIT PLAN FOR 2010/11 AND FEES

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The External Auditors provided an explanation of the indicative fee for Annual Audit 2010/11 and how this was broken down in terms of audit work for national and local risks.

The Committee was advised that the fee had been higher in 2009/10 due to extra work in relation to International Financial Reporting Standards (IFRS). In response to a query from Councillor J O Ranger, the External Auditor confirmed that the fee for 2011/12 would be back to around £110,000 as there would not be the same levels of work around IFRS as was required during the transitional period.

Paul Dossett stressed that the proposed fee for 2010/11 reflected the Audit Commission's scale of fees.

The Committee received the report.

RESOLVED – that the report be received.

652 UPDATE ON IMPLEMENTATION OF 2009/10 ANNUAL GOVERNANCE ACTION PLAN

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The Internal Audit and Business Improvement Manager submitted a report updating the Committee in respect of the implementation of the Annual Governance Statement Action Plan. The Committee was advised that the status of a majority of the actions detailed in the plan were amber.

The Internal Audit and Business Improvement Manager detailed the completed actions that had been identified as green. The Committee was advised that the budget had been set for 2010/11 following a challenging Service planning process so the status relating to meeting the changing demands of the public was now green.

In respect of the Leisure Contract, Councillor A M Graham referred to the completion of the building works at the leisure centres. He sought clarification on the level of risk in relation to the failure of the contractor undertaking the works. The Director of Internal Services stressed that this was a risk for SLM Ltd.

RESOLVED - that the progress made against implementing the action plan contained in the 2008/09 Annual Governance Statement be noted.

653 INTERNAL AUDIT SERVICE - POSITION STATEMENT

The Internal Audit and Business Improvement Manager submitted a report detailing the internal audit activity undertaken since the previous meeting of the Committee. He provided an update on outstanding audit recommendations.

The Committee was referred to Essential Reference Paper 'B' for information in respect of the follow up of Audit recommendations. The Internal Audit and Business Improvement Manager commented on the recommendations that had been resolved since the previous meeting of the Committee.

Members were advised that all of the core audit work would be completed in preparation for the visit from the External Auditors next week. The Committee was advised that almost all Officers had returned the completed Annual Declaration Letter that had been sent to all staff in February 2010.

Councillor J O Ranger requested whether Members could be sent a copy of the draft Outline Business Case for Pathfinder Initiatives. The Director of Internal Services advised that once the Hertfordshire Chief Executives Group had approved the business case, this could be circulated to Members.

The Committee was referred to Essential Reference Paper 'C' that provided analysis of the current knowledge and training requirements of Audit Committee Members, substitutes and regular attendees. Seven areas to be taken forward had been identified.

The Committee received the report.

RESOLVED - that (A) the report be received and noted; and DIS

(B) That the areas identified as highest priority training needs form the basis of the Audit Committee Training Plan for the 2010/11 civic year; and

(C) the draft Outline Business Case for Pathfinder Initiatives be circulated to Members.

654 DRAFT STRATEGIC INTERNAL AUDIT PLAN 2010 TO 2013 AND INTERNAL AUDIT STRATEGY

The Internal Audit and Business Improvement Manager submitted a report requesting that the Committee consider the draft Strategic Internal Audit Plan covering the period 1 April 2010 to 31 March 2013.

The Committee was advised that the majority of this year's plan would be completed this financial year. Members were referred to Essential Reference Paper 'C' for the Internal Audit Strategy that details internal audit operations in line with the CIPFA Code.

RESOLVED - that (A) the content of the draft Strategic Internal Audit Plan covering the period 1 April 2010 to 31 March 2013 be referred to Corporate Management Team as part of the approval process; and DIS

(B) the content of the Internal Audit Strategy be referred to Corporate Management Team as part of the approval process. DIS

655 RISK MONITORING REPORT (1 OCTOBER - 31 DECEMBER 2009)

The Leader of the Council submitted a report relating to



the actions taken to mitigate and control strategic risks from 1 October to 31 December 2009.

Councillor M Pope expressed concern in respect of the risk rating shown against Strategic Risk SR1 in that the Authority may fail to meet and reprioritise the changing demands of the public.

The Director of Internal Services commented that the current financial situation could result in the authority failing to meet the demands of the public in relation to community leadership.

The Director stressed that the completion of the Medium Term Financial Plan 2010/11 to 2013/14 would ensure that the impact and likelihood figures would show an improvement for the next quarterly report.

RESOLVED - that the action taken to mitigate and control strategic risks during the period 1 October to 31 December 2009 be noted.

#### 656 ANNUAL REVIEW OF DATA QUALITY STRATEGY

The Leader of the Council submitted a report introducing the 2009/10 revisions to the Data Quality Strategy. Members were advised that the Authority was in control of Data Quality, in contrast to the current situation found elsewhere, for example at Health Authorities.

Paul Dossett commented that it was widely recognised that good quality data was absent from branches of the Health Service.

The Performance Officer advised that a representative of the East Herts Performance Team had attended a recent meeting of the Hertfordshire Performance Network (HPN) group at the Offices of Broxbourne Borough Council.

RESOLVED - that the minor revisions to the Data Quality Strategy be noted.

657 AUDIT COMMITTEE WORK PROGRAMME 2010/11 CIVIC YEAR

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The Internal Audit and Business Improvement Manager submitted a report on the proposed Audit Committee work programme for the 2010/11 civic year.

RESOLVED – that the work programme be approved.

The meeting closed at 8.40 pm

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