



MEETING : AUDIT COMMITTEE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : WEDNESDAY 22 JANUARY 2014
TIME : 7.00 PM

PLEASE NOTE TIME AND VENUE

MEMBERS OF THE COMMITTEE

Councillor J Ranger (Chairman)
Councillors W Mortimer (Vice-Chairman), M Pope, R Sharma, N Wilson,
J Wing and J Wyllie

Substitutes

Conservative Group: Councillors D Andrews

(Note: Substitution arrangements must be notified by the absent Member to Democratic Services 24 hours before the meeting)

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DISCLOSABLE PECUNIARY INTERESTS

1. A Member, present at a meeting of the Authority, or any committee, sub-committee, joint committee or joint sub-committee of the Authority, with a Disclosable Pecuniary Interest (DPI) in any matter to be considered or being considered at a meeting:
 - must not participate in any discussion of the matter at the meeting;
 - must not participate in any vote taken on the matter at the meeting;
 - must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;
 - if the interest is not registered and is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days;
 - must leave the room while any discussion or voting takes place.

2. A DPI is an interest of a Member or their partner (which means spouse or civil partner, a person with whom they are living as husband or wife, or a person with whom they are living as if they were civil partners) within the descriptions as defined in the Localism Act 2011.

3. The Authority may grant a Member dispensation, but only in limited circumstances, to enable him/her to participate and vote on a matter in which they have a DPI.

4. It is a criminal offence to:

- fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register;
- fail to notify the Monitoring Officer, within 28 days, of a DPI that is not on the register that a Member disclosed to a meeting;
- participate in any discussion or vote on a matter in which a Member has a DPI;
- knowingly or recklessly provide information that is false or misleading in notifying the Monitoring Officer of a DPI or in disclosing such interest to a meeting.

(Note: The criminal penalties available to a court are to impose a fine not exceeding level 5 on the standard scale and disqualification from being a councillor for up to 5 years.)

AGENDA

1. Member Training: Grant Thornton's National Financial Resilience Report

2. Apologies

To receive apologies for absence.

3. Minutes (Pages 5 - 12)

To confirm the Minutes of the meeting held on 20 November 2013.

4. Chairman's Announcements

5. Declarations of Interest

To receive any Member's Declarations of Interest and Party Whip arrangements.

6. External Audit - Grant Claim Certification Work 2012/13 (Pages 13 - 16)

7. Treasury Management Strategy Statement 2014/15 (Pages 17 - 38)

8. Shared Internal Audit Services Progress Report (Pages 39 - 66)

9. Update on Implementation of 2013/14 Annual Governance Statement Action Plan (Pages 67 - 76)

10. Work Programme (Pages 77 - 82)

11. Urgent Business

To consider such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration and is not likely to involve the disclosure of exempt information.

MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY 20
NOVEMBER 2013, AT 7.00 PM

PRESENT: Councillor J Ranger (Chairman)
Councillors M Pope, R Sharma, N Wilson,
J Wing and J Wyllie.

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Democratic Services Officer
Chris Gibson	- Manager of Corporate Risk
Kevin Steptoe	- Head of Planning and Building Control Services
Adele Taylor	- Director of Finance and Support Services

ALSO IN ATTENDANCE:

Sarah Ironmonger	- Grant Thornton
Nick Taylor	- Grant Thornton

367 APOLOGY

It was noted that Paul Grady of Grant Thornton had submitted an apology.

368 MINUTES

RESOLVED – that the Minutes of the meeting held on 18 September 2013 be approved as a correct record and signed by the Chairman.

369 CHAIRMAN'S ANNOUNCEMENTS

The Chairman commented that this would be the last meeting for Nick Taylor of Grant Thornton, as he would be taking on responsibilities for Luton Borough Council. He thanked Nick for the work he had done with East Herts Council for the last few years on behalf of the Committee. The Chairman welcomed Sarah Ironmonger from Grant Thornton.

370 UPDATE ON SHARED INTERNAL AUDIT SERVICE REPORT: SECTION 106 AUDIT RECOMMENDATIONS

The Head of Planning and Building Control provided a summary of Section 106 procedures which had been implemented following recommendations by the Shared Internal Audit Service (SIAS), the detail of which was set out in the report now submitted.

The Chairman referred to the fact that the issue of Section 106 agreements was a high priority in terms of the SIAS recommendations. He welcomed the fact that all the recommendations had now been implemented. The Chairman sought clarification regarding how many section 106 agreements were over five years old and whether the Council had lost funds as a result of any "claw back" arrangements.

The Head of Planning and Building Control commented that as recommended by SIAS, regular reports were being submitted to Corporate Management Team (CMT). He stated that there were a "handful" of Section 106 legal agreements older than five years but that some agreements had a "claw back" period of as long as 10 years or none at all; so there was not a simple threshold that provided an indication of "claw back" risk. He agreed to provide Members with a written update on how many reports were over five years old.

Councillor J Wing sought assurances that sections within the Council were communicating with each other regarding Section 106 agreements and that there were no "blockages" preventing monies from being spent. The Head of Planning and Building Control assured the Member that CMT had dealt

with any “blockages” and that there were regular discussions with service areas to establish where monies could be best spent. He assured Members that the rigorous audit of Section 106 agreements undertaken by SIAS ensured that processes were robust.

The Head of Planning and Building Control referred to a recent meeting of Environment Scrutiny Committee which had considered the issue of the Community Infrastructure Levy (CIL) and its relationship with Section 106 agreements.

The Chairman stated that he had attended the meeting and referred to the possibility that the Council might not take up the CIL arrangement in this District and the importance of Section 106 agreements. The Chairman also referred to the need to widen the scope of the agreements when drafted and expressed his concerns that rural areas rarely seemed to benefit from Section 106 monies.

The Head of Planning and Building Control referred to the legislative restrictions of Section 106 agreements and the Council’s own policy, adding that the policy could be reviewed if Members wished. He stated that few schemes came forward in villages. Councillor R Sharma referred to a large development at Watton-at-Stone whereby a Section 106 agreement had resulted in the provision of a children’s centre.

In response to a query from Councillor J Wing regarding concerns of the District Council working in collaboration with Hertfordshire County Council regarding Section 106 monies being paid over, the Head of Planning and Building Control gave assurances that the Council also worked in collaboration with Town and Parish Councils and that the County Council gave the District Council updates on a six monthly basis on funding.

In response to a query from Councillor N Wilson regarding the report by SIAS and whether there would be sufficient funding for the infrastructure proposed in the District Plan, the Head of Planning and Building Control commented that this had been recently discussed at Environment Scrutiny Committee in relation to the CIL. He stated that there were concerns about

the work involved in creating a CIL and whether this would generate sufficient funding for the necessary infrastructure.

In response to a query from Councillor M Pope regarding further monitoring reports on this issue to Audit Committee, The Director of Finance and Support Services commented that as all the recommendations from the SIAS report had been implemented it would be unusual to ask that subsequent monitoring reports be submitted to Committee but that this was possible if the Committee considered this useful.

The Committee noted the report and supported a request that the Head of Planning and Building Control provide a written response on the number of Section 106 agreements which were more than five years old and what monies had been “clawed back”.

RESOLVED – that (A) the report which set out the update in relation to the SIAS audit of Section 106 procedures be received; and

(B) the Head of Planning and Building Control provide Members with a written response on the number of Section 106 agreements which were more than five years old and what monies had been “clawed back”.

371 EXTERNAL AUDIT REPORT 2012/13 ANNUAL AUDIT LETTER

The External Auditor submitted a report summarising the key findings following work carried out at the Council for the year ending 31 March 2013. This included:

- Auditing the 2012/13 accounts and Whole of Government Accounts submission;
- Assessing the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources; and
- Certification of grant claims and returns

The External Auditor reminded Members that in 2012/13 they had provided an unqualified opinion that the accounts gave a true and fair view of the financial position as at 31 March 2013 and on the income and expenditure arrangements for the year. Additionally the External Auditor stated that they had issued an unqualified opinion in the arrangements for securing economy, efficiency and effectiveness in the use of resources and that no issues had been noted in relation to the Whole of Government Accounts submission.

The Chairman stated that he was pleased the External Auditors had found the Council was acting as it should.

The Committee received the report.

RESOLVED – that the report be received.

372 COUNCIL'S RESPONSE TO 2012/13 ANNUAL AUDIT LETTER

The Director of Finance and Support Services submitted a report addressing the issues raised in the Annual Audit Letter 2012/13, the detail of which was set out in the report now submitted and Essential Reference Paper "B". The Director referred to a previous report which had been submitted to Audit Committee regarding recommendations relating to IT systems. It was noted that the IT Strategy Group was overseeing policies and priorities. She acknowledged that there was more work to do, but was confident that timescales would be met.

The Committee received the report and endorsed the response to the Annual Audit Letter and action plans relating to the ISA 260 report and Value for Money arrangements.

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

(B) the response to the Annual Audit Letter and action plans relating to the ISA 260 report and Value for Money arrangements set out in the report now submitted, be received.

373 EXTERNAL AUDIT REPORT - PLANNED AUDIT FEE FOR 2013/14

The External Auditor submitted a letter setting out the Planned Audit Fee for 2013/14. It was noted that the fee scale, set by the Audit Commission, was £68,875 and that this had not changed from the fee set in 2012/13.

The Committee noted the letter.

RESOLVED – that the External Auditor's letter be noted.

374 UPDATE OF IMPLEMENTATION OF ANNUAL GOVERNANCE STATEMENT ACTION PLAN

The Director of Finance and Support Services submitted a report providing an update on the 2013/14 Annual Governance Statement Action Plan which identified seven measures to enhance the Council's internal control framework, the detail of which was set out in the report now submitted and supporting Essential Reference Paper.

The Manager of Corporate Risk referred to the measures which had been introduced in relation to the Shared IT Service. It was noted that there would be a report back to Audit Committee on 22 January 2014 on this issue. The Manager of Corporate Risk referred to the good reporting arrangements in place at Hertford Theatre and of the new processes in relation to Section 106 agreements which had been considered in more detail elsewhere on the agenda.

The Manager of Corporate Risk confirmed that he was not proposing to change the Red, Amber, Green, status of any actions.

The Chairman referred to the Review of Assets held by the Council and queried when Members would receive a report. The Director of Finance and Support Services advised that this was already in hand and anticipated that it would be possible to report back on the matter to Audit Committee on 19 March 2014. She provided an update in relation to shared

partnership working including ICT, printing and business improvement services.

The Committee received the progress made.

RESOLVED – that the progress made against implementing the action plan contained in the 2012/13 Annual Governance Statement of the report now submitted, be received.

375 RISK MANAGEMENT MONITORING REPORT JULY TO SEPTEMBER 2013

The Leader of the Council submitted a report setting out the action taken to mitigate and control strategic risk during the period July to September 2013, the detail of which was set out in the report now submitted and supporting Essential Reference Paper “B”.

The Manager of Corporate Risk explained that the Strategic Risk Register had been updated to reflect controls implemented between July and September 2013 and that the scoring remained unchanged. The Manager of Corporate Risk provided an update in relation to 13SR7 (Availability and performance of IT systems and resources impacting on service delivery). It was noted that the information referred to was available on the Covalent system.

The Chairman referred to 13SR5 in relation to the delay in publishing the District Plan. He referred to the potential risk of damage to the Council’s reputation and asked that this be monitored.

The Committee approved the report.

RESOLVED – that the action taken to mitigate and control strategic risks as submitted, be approved.

376 WORK PROGRAMME

The Director of Finance and Support Services submitted a report detailing the proposed work programme for Audit

Committee. The Chairman asked if there were any Member training issues which could be identified for the next meeting. The External Auditor suggested that Members might want further training on Financial Resilience. This was supported.

The Committee also supported the inclusion of the report on the Review of Assets on the Work Programme for 19 March 2014.

RESOLVED – that the work programme, as amended be approved.

The meeting closed at 7.45 pm

Chairman
Date



Grant Thornton

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Ms A Taylor
Director of Finance
East Hertfordshire District Council
Wallfields, Pegs Lane
Hertford, Herts
SG13 8EQ

8 January 2013

Dear Adele

Certification work for East Hertfordshire District Council for year ended 31 March 2013

We are required to certify certain of the claims and returns submitted by you. This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm your entitlement to funding.

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

We have certified two claims and returns for the financial year 2012/13 relating to expenditure of £82.8 million. Further details of the claims certified are set out in Appendix A.

There are no issues arising from our certification work which we wish to highlight for your attention. We are satisfied that you have appropriate arrangements to compile complete, accurate and timely claims/returns for audit certification.

The Audit Commission set an indicative scale fee for grant claim certification based on 2010/11 certification fees for each audited body. The indicative scale fee for 2012/13 is £11,250. This is set out in more detail in Appendix B.

Yours sincerely

For Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2012/13

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefits subsidy claim	£41,386,034.00	yes	0	No	-
National non-domestic rates return	£41,456,090.13	No	N/A	No	-

Appendix B: Fees for 2012/13 certification work

Claim or return	2011/12 fee (£)*	2012/13 indicative fee (£)	2012/13 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim	12,594	9,020	9,020	-	-
National non-domestic rates return	3,038	2,230	2,230	-	-
Total	15,632	11,250	11,250	-	-

* 2011/12 fee less 40% fee reduction applicable for 2012/13 onwards. This is shown in this way to make it comparable to the 2012/13 fee.

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EAST HERTS COUNCIL

AUDIT COMMITTEE - 22 JANUARY 2014

EXECUTIVE - 4 FEBRUARY 2014

REPORT BY EXECUTIVE MEMBER FOR FINANCE

TREASURY MANAGEMENT STRATEGY STATEMENT 2014/15
AND MINIMUM REVENUE PROVISION POLICY STATEMENT

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- The report sets out the 2014/15 Treasury Strategy Statement and Annual Investment Strategy together with the setting of Prudential Indicators.

RECOMMENDATION FOR AUDIT COMMITTEE:

That:

(A)	the Committee considers the 2014/15 Treasury Management Strategy Statement and Annual Investment Strategy and Prudential Indicators and makes comments to the Executive.
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RECOMMENDATIONS FOR EXECUTIVE:

That:

(A)	the 2014/15 Treasury Management Strategy Statement and Annual Investment Strategy and Prudential Indicators for East Herts Council be approved; and
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(B)	the Policy on Minimum Revenue Provision (MRP) be approved.
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1.0 Background

1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested with appropriate counterparties or

instruments that are able to provide sufficient liquidity to satisfy the Council's appetite for risk.

1.2 The second main function of the treasury management service is to fund the Council's capital plans. There is a need to understand the long-term cash flow implications required to fund the Council's Capital spending obligation. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.3 CIPFA defines treasury management as:
"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.4 The Act therefore, requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (included as paragraph 2.10); this set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

2.0 Report

2.1 The suggested strategy for 2014/15 in respect of the following aspects of the treasury management function is based upon the Treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury advisor. The strategy covers:

- treasury limits in force which will limit the treasury risk and activities of the Council;
- Prudential Indicators;
- the current treasury position;
- the borrowing requirement;
- prospects for interest rates;
- the borrowing strategy;
- debt rescheduling;
- the investment strategy; (including fund manager review)
- Minimum Revenue Provision (strategy)
- Responsibility of Treasury activities defined within the organisation

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:-

1. increases in interest charges caused by increased borrowing (or reduced interest earnings where capital receipts are used) to finance additional capital expenditure; and
2. any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

2.2 Treasury Limits for 2013/14 to 2016/17

- 2.2.1 It is a statutory duty under S.3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. In England and Wales the authorised limit represents the legislative limit specified in the Act.
- 2.2.2 The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is ‘acceptable’.
- 2.2.3 Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

2.3 Prudential Indicators for 2012/13 - 2016/17

- 2.3.1 The following prudential indicators (in table below) are relevant for the purposes of setting an integrated treasury management strategy.
- 2.3.2 The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. This was adopted in March 2002 by the full Council.

PRUDENTIAL INDICATORS	2012/13	2013/14	2014/15	2015/16	2016/17
(1) EXTRACT FROM BUDGET	£'000	£'000	£'000	£'000	£'000
	Actual	Probable	Estimate	Estimate	Estimate
Capital Expenditure	3,579	5,345	3,265	1,638	1,248
Financed By					
Capital Receipts	1,230	1,506	2,320	500	500
Capital Grants	288	233	200	175	175
Third Party Contributions	94	273	155	51	
Revenue	25	25	25	25	25
Net Financing need for the year	(1,942)	(3,308)	(565)	(887)	(547)
Ratio of financing cost to Net Revenue Stream(%)	(2.27%)	(1.84%)	(0.89%)	(0.05%)	(1.20%)
Net borrowing requirement					
Brought forward 1 April	(58,932)	(60,838)	(57,530)	(56,965)	(56,078)
Carried forward 31 March	(60,838)	(57,530)	(56,965)	(56,078)	(55,531)
In year borrowing requirement	1,906	3,308	565	887	547
reduction in amounts invested					
Capital Financing Requirement as at 31st March	(43,919)	(40,611)	(40,046)	(39,159)	(38,512)
Incremental impact of capital investment decisions increase in council tax (band D) per annum	£0.67	£1.07	£0.65	£0.32	£0.24

(2) TREASURY MANAGEMENT	£'000	£'000	£'000	£'000	£'000
	Actual	Probable	Estimate	Estimate	Estimate
Authorised limit for external debt					
Borrowing	14,750	15,600	15,900	16,000	16,000
Other long term liabilities	2,770	2,350	2,000	1,600	1,000
TOTAL	17,520	17,950	17,900	17,600	17,000
Operational boundary for external debt-					
borrowing	10,000	10,000	10,000	10,000	10,000
Other long term liabilities	2,770	2,350	2,000	1,600	1,000
TOTAL	12,770	12,350	12,000	11,600	11,000
Upper limit for fixed interest rate exposure expressed as either					
Net principal re fixed rate borrowing investments	100%	100%	100%	100%	100%
Investments	98%	98%	98%	98%	98%
Upper limit for variable rate exposure					
Net principal re variable rate exposure	50%	50%	50%	50%	50%
Borrowing					
Investments	95%	95%	95%	95%	95%
Upper Limit for total Principal sums invested for 364 days (per maturity date)	65,000	61,000	60,000	59,000	58,000

Maturity structure of new fixed rate borrowing during 2014/15	upper limit	lower limit
under 12 months	0%	0%
12 months and within 24 months	0%	0%
24 months and within 5 years	0%	0%
5 years and within 10 years	0%	0%
10 years and above	0%	0%

2.4 Current Portfolio Position

2.4.1 The Council's treasury portfolio position at 30.11.13 comprised:

	Principal		Ave Rate	
		£m	£m	%
Fixed rate funding	*PWLB	1.5		8.875
	Market	<u>6.0</u>		8.785
			7.5	8.803
Variable rate funding	PWLB	Nil		
	Market	<u>Nil</u>		
TOTAL DEBT			<u>7.5</u>	<u>8.803</u>
TOTAL INVESTMENTS			67.2	1.1%

*PWLB is Public Works Loans Board

2.5 Borrowing Requirement

2.5.1 The borrowing required in 2014/15 is nil as no borrowing is needed to support capital expenditure. A borrowing requirement will continue to arise in the forth coming years based on expected capital expenditure net of other sources of funding (capital receipts, grants, revenue contributions). However the continued use of investments will negate the need to borrow.

2.6 Prospects for Interest Rates

2.6.1 The borrowing and investment strategy is in part determined by the economic environment within which it operates.

2.6.2 The Council has appointed Capital (Asset Services) as treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates. (Please note that in prior years the company was known as "Sector Treasury Services") The following table gives their view on interest rates.

2.6.3 Capital Asset Services View Interest rate forecast – November 2013.

Annual Average %	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
March 2014	0.50	2.50	4.40	4.40
June 2014	0.50	2.60	4.40	4.40
September 2014	0.50	2.70	4.50	4.50
December 2014	0.50	2.70	4.50	4.60
March 2015	0.50	2.80	4.60	4.70
June 2015	0.50	2.80	4.70	4.80
September 2015	0.50	2.90	4.80	4.90
December 2015	0.50	3.00	4.90	5.00
March 2016	0.50	3.20	5.00	5.10
June 2016	0.50	3.30	5.10	5.20
September 2016	0.75	3.30	5.10	5.20
December 2016	1.00	3.60	5.10	5.20
March 2017	1.25	3.70	5.20	5.30

Capital Asset Services current interest rate view is that in respect of the Bank Rate:-

- Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from the end of quarter 2 of 2016.
- Growth prospects remain strong looking forward, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction.
- Unlike growth, wage inflation remains relatively flat and continues to significantly lag CPI inflation.
- The Bank of England also issued forward guidance with the Inflation Report which stated that the Bank will not consider raising interest rates until the unemployment rate has fallen to 7% or below.
- Although the UK has lost its AAA rating from Fitch and Moody's, this setback has not resulted in a negative reaction from the market or significantly impacted the UK's cost of borrowing

2.7 Economic (Forward View)

This challenging and uncertain economic outlook has several key treasury management implications:

- The Eurozone sovereign debt difficulties provide a clear indication of high counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2014/15 and beyond;
- Borrowing interest rates is still attractive and may remain relatively low for some time. The timing of any borrowing will need to be monitored carefully;
- The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring even higher borrowing costs, which are now looming ever closer, where authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt, in the near future;

2.8 Borrowing Strategy

2.8.1 It is anticipated that there will be no capital borrowings required during 2014/15. However under the prudential code borrowings are permissible but with a negative Capital Finance Requirement, this would be difficult to justify. The running down of investments also has the benefits of reducing exposure to interest rate and credit risk. This will be continually monitored in conjunction with the treasury advisers.

2.8.2 External v. Internal Borrowing

Comparison of gross and net debt positions at year end	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000
	Actual	Probable outturn	Estimate	Estimate	Estimate
Actual external debt (gross)	7,500	7,500	7,500	7,500	7,500
Cash balances	(67,220)	(67,220)	(60,220)	(60,220)	(60,220)
Net debt	(59,720)	(59,720)	(52,720)	(52,720)	(52,720)

The Council currently has a difference between gross debt and net debt (after deducting cash balances). The positive net debt will decrease as the Capital programme is financed from internal borrowing, or if a change of Policy of external borrowing was introduced. By not borrowing it reduces

the credit risk on investments.

2.9 Debt Rescheduling

2.9.1 Due to high rates of interest payable on the outstanding £1.5 million PWLB(Public Works Loans Board) loans and the expected low level of the corresponding discount rates for maturities, any potential restructuring or premature repayment of the loans would be very expensive as their repayment would attract heavy premiums (in excess of £1M). The situation is kept under review and if there are any changes, appropriate decisions will be taken.

2.9.2 If the market conditions do change, any opportunities will be investigated, to pursue any potential advantages to the Council.

2.9.3 All rescheduling will be reported to the Council, at the earliest meeting following its action.

2.10 Annual Investment Strategy

2.10.1 **Investment Policy**

2.10.1.1 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities are:-

- (a) the security of capital and
- (b) the liquidity of its investments.
- (c) The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

2.10.1.2 The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

2.10.1.3 Investment instruments identified for use in the financial year are shown below under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be set through the Council's Treasury Management Practices. These have been amended in accordance with the report to Council on the 4 July 2012.

Specified Investments

An investment is a specified investment if it satisfies the conditions set out below:-

- a) The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
- b) The investment is not a long-term investment (maximum of 1 year).
- c) The investment does not involve the acquisition of share capital or loan capital in any corporate body.
- d) Either of the following conditions is met:
 - 1) The investment is made with the UK Government or a local authority (as defined in section 23 of the 2003 Act) or a parish council or community council.
 - 2) The investment is made with a body or in an investment scheme which has been awarded a high credit rating (as specified in the tables below *) by a credit rating agency.
- e) These offer high security and high liquidity.

	*Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	-	In-house
Term deposits - UK government	-	In-house
Term deposits - other LA's (including police & fire authority's)	-	In-house
Term deposits - banks and building societies**	*Short-term F1 Long-term A, Individual_, Support 1,2,3	In-house and fund managers
Certificates of deposits issued by banks and building societies covered by UK Government guarantee	*Short-term F1 Long-term A, Individual_, Support 1	Fund managers
Certificates of deposits issued by banks and building societies NOT covered by UK Government guarantee	*Short-term F1, Long-term A, Individual _, Support 1,2,	Fund managers

	*Minimum 'High' Credit Criteria	Use
1. Callable deposits	*Short-term F1, Long-term A, Individual _, Support 1,2,3	Fund managers
2. Range trade	*Short-term F1, Long-term AA, Individual _, Support 1,2,3	Fund managers
3. Snowballs	*Short-term F1, Long-term AA, Individual _, Support 1,2,3_	Fund managers
UK Government Gilts	AAA-AA	Fund managers
Bonds issued by multilateral development banks	AAA	Fund managers
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs):		
1. Money Market Funds	*Short-term F1, Long-term AAA, Individual _, Support 1,2,3	Fund managers and In-house
2. Enhanced cash funds	*Short-term F1, Long-term AAA, Individual _,	Fund managers and in-house
3. Short term funds	*Short-term F1, Long-term A, Individual _, Support 1,2,3	Fund managers
4. Bond Funds	*AAA	Fund managers
5. Gilt Funds	*AAA-AA	Fund managers
Bonds issued by a financial institution which is guaranteed by the UK government	*AAA	In-house on a 'buy-and-hold basis. Also for use by fund managers
Sovereign bond issues (ie other than the UK govt)	*AAA	Fund managers
Treasury Bills	AAA	Fund Managers . In-house on a buy and hold basis.

** If forward deposits are to be made, the forward period plus the detail period should not exceed one year in aggregate.

Non-Specified Investments:

Do not meet the definition for specified investments i.e. maturities more than 1 year and subsequently the risk is considerably greater. The maximum to be held in each category of non-specified investments is as follows:-

	* Minimum Credit Criteria	Use	**Max% of total investments	Max maturity period
Term deposits - other LAs (with maturities in excess of 1 year)		In-house	60%	5 years
Term deposits - banks and building societies (with maturities in excess of 1 year)	*Short-term F1, Long-term A, Individual __, Support 1,2,3	In-house	80%	5 years
Term deposits with unrated counterparties : any maturity	Used to be unrated building societies and wholly owned subsidiaries)	Not permitted		5 years
Commercial paper issuance by UK banks covered by UK Government guarantee	*Short-term F1, Long-term A, Individual __, Support 1,2,3	Fund managers		5 years
Fixed term deposits with variable rate and variable maturities				
1. Callable deposits	*Short-term F1, Long-term AA, Individual __, Support 1,2,3	Fund managers	80%	5 years
2. Range trade	*Short-term F1, Long-term AA, Individual __, Support 1,2,3	Fund managers	10%	5 years
3. Snowballs	*Short-term F1, Long-term AA, Individual __, Support 1,2,3	Fund managers	10%	2 years
Certificates of deposits issued by banks and building societies with maturities in excess of 1 year	*Short-term F1, Long-term AA, Individual __, Support 1,2,3	Fund Managers	50%	5 years
UK Government Gilts with maturities in excess of 1 year	AAA-AA	Fund Managers	100%	10 years
Bonds issued by multilateral development banks with maturities in excess of 1 year	AAA	Fund managers	40%	10 years
Bonds issued by a financial institution which is guaranteed by the UK government with maturities in excess of 1 year	AAA-AA	Fund managers	40%	10 years
Sovereign bond issues (ie other than the UK govt) with maturities in excess of 1 year	AAA	Fund managers	50%	10 years

	* Minimum Credit Criteria	Use	**Max% of total investments	Max maturity period
Corporate Bonds : the use of these investments would constitute capital expenditure (bonds other than government bonds)	*AAA	Fund Managers(subject to regulation changes)	10%	5 years
Floating Rate Notes : the use of these investments would constitute capital expenditure unless they are issued by a multi lateral development bank (ie bonds with interest rate that varies in line with the market rate of interest, reset say every 3 months)	*AAA	Fund Managers but not permitted where the investment would constitute capital investment.	10%	5 years
Property fund: the use of these investments would normally constitute capital expenditure		Usable but the position regarding capital expenditure to be clarified before undertaking.	10%	10 years

** Note: When setting these limits it includes both in-house and externally managed funds.

The Council's external fund manager will comply with the Annual Investment Strategy.

The agreements between the Council and the fund manager additionally stipulate guidelines and duration and other limits in order to contain and control risk. In brief terms these are the maximum investment that is permissible with any one counterparty limited by value or percentage, with the exception of the UK Government.

For any in-house monies this Council uses the creditworthiness service provided by Capita Asset Services Treasury Services. This service has been enhanced and now uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moody's and Standard & Poors forming the core element. However, it does not rely solely on the current ratings of counterparties but also uses the following as overlap:-

- Credit watches and credit outlooks from credit rating agencies
- CD's spread to give early warning of likely changes to credit ratings
- Sovereign ratings to select counterparties from only the most credit worthy countries.

This modelling approach combines credit ratings, credit watches, credit Outlooks and CD spreads in a weighted scoring for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties.

Counterparty limits with individual banking groups would not exceed £10m with the exception of those already individually approved (Lloyds £20m and Nat West £20m)

Sole reliance will not be placed on the use of this external service. In addition this Council will use market data and information on government support for banks.

2.10.1.4 Local Authority Mortgage Scheme (LAMS)

The Funding that was provided in 2012/13 for the LAMS scheme is within the Capital expenditure programme and the financial parameters are not inclusive to treasury management.

2.10.2 In-House Funds

In-house funds are mainly cash flow derived and therefore investments will be made with reference to short term interest rates (ie rates for investments up to 12 months). Current policy has seen the withdrawal of the funds from Swip which have been redirected into fixed term deposits and recently a money market fund. The Investment board met during the year and will continue to do so to consider the maturing fixed term investments and liquid funds held in the money market fund. This will include assessing the feasibility of using Alternative and Enhanced cash funds. The daily cash flow funds staying with our own bankers.

2.10.3 Interest Rate Outlook: Capita Asset Services is forecasting that Bank Rate will stay flat until September 2016 with the first rise to 0.75%. This will continue until the rate rises to 1.25% in March 2017. It would therefore be prudent to look at the period of investments and their interest rates against this background information. For 2014/15 the Council has assumed investment return of 1.1% on the investments made in house. For the medium term planning process rates of 1.1% (2015-16) 1.4% (2016-17) have been assumed.

For its cash flow generated balances, the Council will seek to utilise its business reserve account or short term notice accounts in order to benefit from the compounding of interest and revisiting investing

short-term in money market funds. Where the opportunity is available we will be investing with other locals on a short term basis.

2.11 Fund Managers Review and Forecasts

East Herts Council employ only one fund manager Investec. The Funds from Scottish Widows (SWIP) were withdrawn during 2012/13 and now placed in short term money market funds.

2.11.1 Investec Asset Management

At 30 November 2013 Investec's holding on behalf of the Council was £21,921,830.

In the first quarter Investec focussed on the CD market and the floating rate notes and moved into the gilt market in the second quarter. During the second quarter of 2013/14, Investec returned 0.04% net of fees vs the Merrill Lynch 1-3 gilt of 0.11%, an underperformance of 7bps the previous quarter, the return for the period was also below the industry average of 0.10% by 6bps. For the financial year to date, Investec returned -0.10% against the benchmark of -0.26%, an outperformance of 16bps.

2.11.2 This performance is set out below:

	Merrill Lynch 03 yr gilt* benchmark	East Hertfordshire Investec fund net of fees	Variance
Quarter ended 30/06/2013	0.23%	0.13%	(0.10%)
Quarter ended 30/09/2013	0.11%	0.04%	(0.07%)
Half Year 2013-14	0.34%	0.17%	(0.17%)

In view of the weakness in the gilt position during 2013/14 and the associated low level of returns on this fund, we expect a return of 0.2% for the year ending 31/3/14, and 0.75% for 2014/15, 1.25% for 2015/16

In the second quarter of 2014/15, the council plan to withdraw £10m from Investec fund to be placed into Property fund while the remaining £10m will continue to be managed by the Fund Manager

2.11.3 Investment in Pooled Property Funds

The council is currently looking at the use of both Property Fund and also investment in property on a direct basis (Report to the

Executive on the 5th November, 2013) This continues to be explored but the aim is to have a balanced investment portfolio across all asset types.

The advantages of investing in a property fund is that it can be a simpler investment route. This is a more diversified form of investment than an individual purchase of property and would give greater geographic spread and access to assets that the Council could not afford to own through use of its own resources. However, this does not come with the advantages of controlling the type, placement and use of directly managed property that could have additional benefits of place-shaping, service provision or other local benefits.

Property fund would give the Council an exposure to a diversified portfolio of commercial property throughout the UK, without the issues of maintenance, management and repairs that would have if it were to own the property directly.

The property fund investment is anticipated to be at the level of approximately £20m representing 1/3rd of our capital investment sum and is for long term purposes.

They have entry and exit fees (anticipated to be around 0.4%) and are typically viewed as long term investments over 5 years or more. This fund will be invested in accordance with the council investment priorities which are security of the amount invested, liquidity of the capital invested and optimum yield commensurate with security and liquidity. Any investments within this category will only be considered after obtaining advice from our Treasury Advisor, Capita Asset Services.

2.11.4 Investment Property

With short term interest rates remaining lower for even longer than anticipated, our investment strategy will typically result in the lengthening of investment periods where cash flow permits. The council is considering further investment in property in conjunction with council's property advisors. This will be done by divesting from some of the funds we have with the fund manager as well as funds managed in-house. These are not treasury investments in the context of the strategy but will be capital expenditure. They will be included in the project within the Capital expenditure programme. Appropriate governance arrangements will be established to oversee any such acquisition. Separate reporting arrangements are in place.

2.11.5 **Scottish Widows Investment Partnership**

These funds were liquidated during 2012/13 (Reported to Audit Committee 19th September 2012) and invested in the short money market funds. This fund currently pays a return of 0.40%.

2.11.6 **End of year Investment Report**

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

2.11.7 Summary of Strategy

- No new borrowings to finance capital expenditure until capital receipts and other funding has been fully applied. This will be continually monitored in conjunction with the Treasury Advisers.
- Any debt rescheduling opportunities will be investigated.
- Fund Manager to trade gilts and Certificate of Deposit, Treasury Bills, Money Market Funds with objective of maximising yields.
- The Investment board will continue to meet and make decisions on maturing deposits and the funds held in money market funds in conjunction with the council's advisers, taking into account the fragility of banks and volatility of the money markets.
- A 0.70% return has been assumed (for investments other than the structured/ fixed deposit at 3.72% & 2%) in 2014/15 for budgetary setting. However this is subject to final review prior to the Council setting its budget.

2.12 Minimum Revenue Provision (MRP)

The Council needs to agree options for the MRP (the provision to repay debt) annually. Capital receipts from stock transfer mean that no new borrowings are anticipated in the medium term. The method which is most appropriate will be considered when any new borrowings are entered into.

- 2.12.1 For capital expenditure incurred on or after 1st April 2009, which is financed by borrowing or credit arrangements, one of the following options will be used:-

Option 1 – Asset Life Method

Here equal annual instalments of MRP will be made over the estimated life of asset financed by borrowing. Under this method, the concept of an “MRP Holiday” makes it debut. This provides the ability for an authority to defer MRP on a newly constructed building or infrastructure asset until the asset comes into service.

Option 2 – Depreciation Method

Using this approach will require an authority to charge MRP in accordance with the standard rules for depreciation accounting. As with Option 1 the “MRP Holiday” will be available for assets yet to be brought into service.

- 2.12.2 Under new regulations the method by which the Council provides for the repayment of it's borrowings for capital expenditure incurred before 1 April 2008, either of the two methods below can be used:-

Method 1 - Regulatory

Where debt is supported by RSG, authorities will be able to continue using the formulae used in the current regime, since the supported borrowing element of the RSG is also calculated in this way.

Method 2 – Capital Financing Requirement

This method will be based upon 4% of an authority's non-housing CFR at the end of the preceding financial year. Where the CFR is negative or nil, no MRP will be required as is the case at present. This method will be used by the council which will result in a nil requirement.

3.0 Policy on the use of external service providers

The Council uses Capital Asset Services as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure reliance is not placed upon external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources.

3.1 Role of the Section 151 Officer

The Section 151 officer is responsible for all monies in the hands of the Council. This includes the Treasury Management function.

All borrowings, lending and finance will be in accordance with the CIPFA Code of Practice on Treasury Management.

This is incorporated within the Financial Regulation on Treasury Management.

3.2 Treasury Management scheme of delegation

- (i) The Council's Audit Committee reviews reports, and comments are passed on to the Executive.
- (ii) Executive considers any comments from Audit Committee and recommends approval to full Council.
- (iii) Monthly health check monitoring reports are through CMT, then to Executive and then to full Council.
- (iv) Quarterly reports through Audit Committee to Executive.
- (v) Investment board recommends financial investments.
- (vi) Delegation for officers is detailed within the constitution.
- (vii) The training needs for treasury management is periodically reviewed.

4.0 Implications/Consultations

4.1 Information on corporate issues and consultation associated with this report can be found within Essential Reference Paper 'A'

Background Papers - none

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/Objectives:	<i>Prosperity</i> Improving the economic and social opportunities available to our communities.
Consultation:	The Strategy Statement has been drawn up with reference to information from our Treasury Advisers.
Legal:	There are no legal implications in the report.
Financial:	As set out within the report.
Human Resource:	There are no Human Resources implications in the report.
Risk Management:	A prudent (over the planned period) assumption of 1.36% has been used on the sensitive interest receivable rate based on the information and advice available. A variation of 0.25% (either way) would result in a budget variance of some £167,500. If cash flows vary by £1m then the result is a movement of £13,600 per annum.

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East Herts District Council Audit Committee Progress Report 22 January 2014

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report
- Approve the amendments to the Audit Plan as at 3 January 2014; and
- Agree removal of implemented high priority recommendations

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.4 High Priority Recommendations
 - 2.5 Proposed Amendments to Audit Plan
 - 2.6 Performance Management

Appendices

- A Progress against the 2013/14 Audit Plan

- B Implementation Status of High Priority Recommendations

1. Introduction and Background

Purpose of Report

- 1.1 This report details:
- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Audit Plan for 2013/14 as at 3 January 2014.
 - b) Proposed amendments to the approved 2013/14 Audit Plan.
 - c) Implementation status of previously agreed high priority audit recommendations.
 - d) An update on performance management information as at 3 January 2014.

Background

- 1.2 The 2013/14 Audit Plan was approved by Audit Committee on 13 March 2013.
- 1.3 The Audit Committee receives periodic updates against the Annual Internal Audit Plan, the most recent of which was brought to this Committee on 18 September 2013.
- 1.4 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 3 January 2014, 55% of the 2013/14 Audit Plan days had been delivered. Appendix A provides a status update on each individual project within the audit plan.

2.2 The following 2012/13 report has been issued in the period since 30 August 2013 (cut-off date for September 2013 Audit Committee) and represents closure of the 2012/13 Audit Plan:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Business Continuity Planning	Oct '13	Limited	Three high

The following 2013/14 reports have also been finalised since 30 August 2013:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Hertford Theatre	Sep '13	Substantial	Two medium and two merits attention
Development Management	Sep '13	Full	None
Processes for Complaints, Compliments and Comments	Dec '13	Full	None

2.3 The Business Continuity Planning audit has been assigned Limited Assurance. The full report was issued to members of the Audit Committee at the time of issue (01/10/13). The three high priority recommendations are included in Appendix B to this report, although no update is provided for this Committee as the agreed implementation dates have not yet been reached.

High Priority Recommendations

2.4 Members will be aware that a Final Audit Report is issued when it has been agreed by management; this includes an agreement to implement the recommendations that have been made. It is SIAS's responsibility to bring to Members' attention the implementation status of high priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date.

Proposed Audit Plan Amendments

- 2.5 Since the September Audit Committee, the following deletions from, and additions to the 2013/14 Audit Plan have been agreed with Officers of the Council and are detailed below for Audit Committee approval:

Deletions (days returned to contingency):

- Shared Services (15 days) – the shared IT service with Stevenage Borough Council went live in August 2013 and consequently there is currently insufficient experience of the new arrangements to provide assurance over benefits realisation. Audit to be considered for inclusion in the 2014/15 Audit Plan.
- Community Infrastructure Levy (15 days) – insufficient progress in developing new arrangements due to conflicting information at both local/regional and national level and a lack of clarity over timescales. Audit to be considered for inclusion in the 2014/15 Audit Plan.
- Local Development Plan (12 days) - the current timetable indicates that a period of public consultation is planned for January 2014. This consultation will run for a considerable period (probably three months) through to April. Audit to be considered for inclusion in the 2014/15 Audit Plan.
- Recycling (10 days) – the audit was originally expected to focus on the procurement of the fleet of refuse vehicles and new bins which occurred in mid-2013. However, this was achieved through existing regional framework contracts which significantly reduced the risks of the procurement exercise and therefore an audit would not add value.
- New Ways of Working (2 days) - At its September 2013 meeting, the SIAS Board agreed to drop this proposed seminar on new ways of working as the SIAS management team capacity has been limited as a result of vacancies. This will have no impact on the level of assurance provided as this was not a piece of assurance work *per se*.

Additions:

- Land Charges (12 days) - review of land search requests, income collection and performance management.
- Pest Control (4 days) - review of the pest control service, including fee setting and income collection.
- Safeguarding (8 days) - review of the application of the new Disclosure & Barring Service requirements.
- Social Media (12 days) - review of the Council's policies and governance arrangements relating to the use and monitoring of social media (inc. Facebook, Twitter, Linked-in).
- New Payroll System - Post Implementation Review (10 days) - review of the selection process for the payroll provider including assessment of quality criteria.
- Hertford Theatre Payments (6 days) – review of payment processes, including those through the creditors system, procurement cards and petty cash. Review to give assurance over the level of compliance with EHDC Financial Regulations and Contract Procurement Rules.

Performance Management

- 2.6 Annual performance indicators and associated targets were approved by the SIAS Board in 2011.
- 2.7 As at 3 January 2014 actual performance for East Herts against the targets that can be monitored in year was as shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 3 January 2014	Actual to 3 January 2014
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	60%	55%
2. Planned Projects –	95%	35%	21%

percentage of actual completed projects to draft report stage against planned completed projects			
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	100%	100%	100%
4. Number of High Priority Audit Recommendations agreed	95%	95%	None made

2.8 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2013/14 Head of Assurance’s Annual Report:

- **5. External Auditors’ Satisfaction** – the Annual Audit Letter should formally record whether or not the External Auditors are able to rely upon the range and the quality of SIAS’ work.
- **6. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting then the plan should be prepared for the first meeting of the civic year.
- **7. Head of Assurance’s Annual Report** – presented at the Audit Committee’s first meeting of the civic year.

APPENDIX A PROGRESS AGAINST THE 2013/14 AUDIT PLAN AS AT 3 JANUARY 2014

Page

2013/14 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Key Financial Systems								
Asset Management					12	Yes	1	In planning
Benefits					15	Yes	14	In quality review
Council Tax					12	Yes	10	In fieldwork
Creditors (Control Risk Self Assessment – CRSA)					10	Yes	1	In planning
Debtors (CRSA)					10	Yes	1	In planning
Main Accounting					12	Yes	1	In planning
NNDR					12	Yes	10	In fieldwork
Payroll					12	Yes	1	In planning
Treasury (CRSA)					7	Yes	6	In quality review
Operational Audits								
Building Control Mutual					12	Yes	4	In planning
Community Infrastructure Levy					0	No	0	Audit cancelled
Development Control	Full	0	0	0	15	Yes	15	Final report issued
Emergency Planning					10	Yes	6	In fieldwork
Environmental Protection					8	Yes	5	In fieldwork
Facilities Management					15	Yes	11	In fieldwork
Hertford Theatre	Substantial	0	2	2	15	Yes	15	Final report issued

APPENDIX A PROGRESS AGAINST THE 2013/14 AUDIT PLAN AS AT 3 JANUARY 2014

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Hertford Theatre – payments					6	Yes	5	In fieldwork
Home-working Project					15	Yes	4	In planning
Land Charges					12	Yes	0	Target Q4
Licensing					12	Yes	0	Target Q4
Local Development Planning					0	No	0	Audit cancelled
Parking Services Enforcement					15	Yes	14	Draft report issued
Pest Control					4	Yes	0	Target Q4
Processes for Complaints, Compliments & Comments	Full	0	0	0	8	Yes	8	Final report issued
S106 Follow Up	N/A				5	Yes	5	Final report issued
Safe Staffing					8	Yes	0	Target Q4
Shared Services					0	No	0	Audit cancelled
Social Media					12	Yes	0	Target Q4
VAT					0	No	0	Audit cancelled
Procurement								
Land Drainage – continuous assurance					5	Yes	1	In planning
Leisure Contract – contractor accounts and inspections					12	Yes	11	Draft report issued
Recycling					0	No	0	Audit cancelled

APPENDIX A PROGRESS AGAINST THE 2013/14 AUDIT PLAN AS AT 3 JANUARY 2014

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Risk Management and Governance								
Corporate Governance	Substantial	0	0	2	12	Yes	12	Final report issued
IT Audits								
IT Business Continuity					12	Yes	2	In planning
IT Data Management					12	Yes	4	In fieldwork
IT Strategy – controls assurance					10	Yes	3	In fieldwork
Transition to new financial system					1	Yes	0.5	On-going
Payroll System – Post implementation review					8	Yes	0	Target Q4
Joint Reviews								
Comparative review of budget setting and monitoring arrangements					2	Yes	0	Target Q4
New ways of working – seminar					0	No	0	Audit cancelled

APPENDIX A PROGRESS AGAINST THE 2013/14 AUDIT PLAN AS AT 3 JANUARY 2014

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Herts Waste Partnership – consortium arrangements					3	Yes	1	In progress
Strategic Support								
Strategic Support					50	N/A	38	On-going
SIAS Development					5	N/A	5	On-going
Contingency								
Unused Contingency					4		0	
Follow Ups								
Follow up of high priority recommendations					8	N/A	4	On-going
2012/13 Projects requiring completion								
Various					17	N/A	17	Completed
EHC TOTAL					435		235.5	

Notes:

All audits in the 2013/14 Audit Plan have been allocated for the year.

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
1.	Follow-up of Various ICT reviews (IA Report 22/6/09)	It is recommended that options for ICT business continuity are reviewed before expensive solutions are commissioned. These should take into account the possible mid-term accommodation changes under consideration.	Progress has been made in producing a draft ICT Business Continuity Plan. It was confirmed by the Strategic ICT Manager that the ICT Business Continuity Plan has been considered by the Business Continuity Group. Draft plan	Head of Shared Service	Revised to December 2011 (no date set at final report stage)	<u>Dec 13</u> The ability to deliver core infrastructure services from the new data centre is now in place and the process of moving staff across to the new infrastructure is underway to a timetable agreed with Heads of Service which will be completed by March 2014.	Partially implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
			presented 09/02/09. Progress report is to be presented to Business Continuity Group in June.				
	Follow-up of Various ICT reviews (IA Report 22/6/09)	A detailed timetable be prepared and issued to ensure that the Council's Business Continuity and Disaster Recovery Plan is completed and tested.	There was no evidence to confirm that a timetable has been prepared. It was, however, confirmed that a draft Business	Head of Shared Service	Mar 2012 (originally 31/03/10)	IT BCP audit now scheduled for March 2014 in view of shared service developments.	Not implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
			Continuity Plan had been produced but as this was still a work in progress, it had not yet been tested.				
	Follow-up of Various ICT reviews (IA Report 22/6/09)	The Information Technology Team should approve and oversee the implementation of the Council's Information Systems Strategy.	Draft IT Strategy in programme to go to ITSG, CMT/ICT – C3W Board, Executive and full Council for approval on 3/9/09.	Head of Shared Service	Mar 2012 (originally 30/09/09)	<u>Dec 13</u> Plans for delivering a new IT Strategy have been deferred with the agreement of the Portfolio Holder. A new timetable is being discussed which will ensure that the strategy is	Not implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
						delivered no later than March 2014.	
	Follow-up of Various ICT reviews (IA Report 22/6/09)	IT management should consider the implementation of fire suppression systems in the Council's two computer rooms.	There was no evidence available to confirm that this had been implemented. This has been recognised as a risk and is to be considered by the Business Continuity Group.	Head of Shared Service	Jun 2011 (originally 30/09/09)	<u>Dec 13</u> This recommendation is no longer relevant as services will be sited in Stevenage in the future. Fire suppression systems are already in place for the new solution.	Action no longer relevant in the light of shared service - remove from list
2.	Payroll Review (IA Report	A disaster recovery plan should be put in place for the	Agreed. This will be considered	Head of Shared Service	Mar 2012	<u>Dec 12</u> Agreement now in place for Payroll	Complete – remove from list

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
	18/01/11)	Payroll/HR system, Delphi-Millennium as soon as possible and tested for effectiveness. In the interim, develop clear manual contingency arrangements should the Payroll/HR system fail for any length of time.	with the full move to Hertford.			<p>service to be operated by Stevenage Borough Council (SBC). The scope of the 2012-13 Payroll audit at SBC included a review of payroll disaster recovery plans.</p> <p><u>Feb 13</u> Contingency arrangements for the introduction of the new payroll system in April are currently being developed.</p>	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
						<p><u>Jun / Aug 13</u> No update obtained</p> <p><u>Sep 13</u> The payroll system is now hosted at Stevenage and a comprehensive business continuity solution is in place which involves the system being recoverable within 4 hours should either of the two existing data centres fail (see response to rec 1).</p>	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
3.	Business Continuity (IA Report 7/6/11)	It is recommended that the Business Continuity Plan is reviewed annually. It is further recommended that the Business Continuity Plan is communicated to staff and made available on the intranet.	The current East Herts Council Business Continuity Plan was sufficient, but it did not take into account C3W. Recognising this, we have engaged Zurich Ins Co. to conduct a scoping workshop 14 th July. Zurich has already	Director of Neighbourhood Services	Sep 2011	<u>Dec 13</u> Business continuity for infrastructure services will be delivered as staff transfer across as noted above. Business continuity for applications will be delivered to the original timetable of March 2014. Documents will be updated and published once the full business continuity solution is in place.	Partially implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
			reviewed the Council's strategic risks. This work is being finalised before being put to CMT.				
	Business Continuity (IA Report 7/6/11)	It is recommended that the Business Continuity Corporate Group (BCG) meet on a regular basis until the Business Continuity Plan is approved, and thereafter on a six monthly basis to review the plan.	The outcome from the Zurich workshop will trigger this group.	Director of Neighbourhood Services	Sep 2011	Dec 13 IT BCP audit now scheduled for March 2014 in view of shared service developments.	Not implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
	Business Continuity (IA Report 7/6/11)	As per the 2011-12 Business Support ICT Service Plan it is recommended that the Disaster Recovery Plan is finalised and approved and includes a section on the ability to recovery data and a section on IT back-up. It is further recommended that the Disaster Recovery Plan is tested after it has been finalised.	The 2011/12 ICT Service Plan contains the required actions of developing an ICT Business Continuity Plan by the end of Sep 11 and testing the plan by the end of Dec 11. The arrangements for data back up and recovery will be contained within the ICT BCP. The	Head of Shared Service	Not specified	<u>Dec 13</u> A separate audit of IT BCP is due to be completed by PWC in March 2014. This work will consider the status and relevance of this recommendation.	Not implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
			<p>preparation of the ICT BCP was deferred to Sep 11 due to the demands of 3W and changes and improved resilience that have been incorporated into the ICT infrastructure as part of C3W. Testing of the ICM business continuity contract is planned to</p>				

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
			take place in line with new business solutions by the end of March 2012.				
4.	Business Continuity Planning (01/10/13)	All departmental business continuity plans and resource recovery questionnaires should be reviewed to ensure they are complete, contain a sufficient level of detail, and have been reviewed and approved by appropriate members of staff.	Now that the Shared ICT service is in place and IT business continuity arrangements are being taken forward then this action will also move forward at the same time.	Director of Neighbourhood Services	30 June 2014	N/A	Not yet due

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
		<p>In addition to this, a periodic rolling programme of disaster recovery testing (at minimum requiring some downtime and recovery of IT services) should be performed and then reviewed to make relevant updates to the BCPs.</p>	<p>Information captured by services in their Business Recovery Plans will be reviewed in line with the new ICT solution referred to in Recommendation 2. A provisional schedule for testing recovery plans will be established and reviewed</p>				

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
			<p>annually. Testing will take place in line with the established schedule.</p>				
	<p>Business Continuity Planning (01/10/13)</p>	<p>Key business stakeholders should discuss their requirements with the business continuity group and the IT team to ensure that their requirements are documented in a sufficient level of detail, and that the business recovery time objectives can</p>	<p>A new IT business continuity solution is to be implemented now that a Shared Service with Stevenage B.C. is in place. The new solution will</p>	<p>Head of Shared ICT, Business Improvement and Print and Graphic Design Services</p>	<p>31 March 2014</p>	<p>N/A</p>	<p>Not yet due</p>

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
		<p>be met (or sufficient downtime procedures are defined).</p> <p>The requirements should be periodically reviewed to ensure they remain up to date and appropriate.</p>	<p>provide for all services to be recoverable within four hours of a major incident being declared. Head of Shared Service to discuss future opportunities for streamlining business continuity plans with the Business Continuity Group.</p>				

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
	Business Continuity Planning (01/10/13)	<p>Once the actions related to findings 1 and 2 have been completed, the Council needs to get the Business Continuity Plan formally approved and signed off, so that it can be distributed to the relevant members of staff.</p> <p>In addition to this, key stakeholders need to meet and agree on comprehensive roles and responsibilities with</p>	Now that the Shared ICT service is in place and IT business continuity arrangements are being taken forward then this action will also move forward at the same time.	Director of Neighbourhood Services	31 March 2014	N/A	Not yet due

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (Jan 14)
		regard to business continuity planning, and these responsibilities should be documented within the plan.					

EAST HERTS COUNCIL

AUDIT COMMITTEE - 22 JANUARY 2014

REPORT BY DIRECTOR OF FINANCE AND SUPPORT SERVICES

UPDATE ON IMPLEMENTATION OF 2013/2014 ANNUAL
GOVERNANCE STATEMENT ACTION PLAN

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- The 2012/13 Annual Governance Statement includes seven measures to enhance East Herts Council's internal control framework during 2013/14. The Audit Committee is requested to consider the content of **Essential Reference Paper 'B'** that provides details of proposed actions that need to take place prior to confirmation being given that adequate and effective controls are fully in place.

<u>RECOMMENDATION FOR AUDIT COMMITTEE: That:</u>	
(A)	The report now submitted, detailing progress made to implement the action plan contained in the 2012/13 Annual Governance Statement, be received.

1.0 Background

1.1 The Annual Governance Statement Action Plan has identified key responsible officers and timescales and is monitored through reports to this Committee. Actions needed to address issues have been identified and are monitored on a R(ed), A(mber) and G(reen) basis.

2.0 Report

2.1 For the purposes of the Annual Governance Statement, internal control is being interpreted in its broadest sense covering both financial and managerial controls that ensure that the implementation of East Herts Council's vision and priorities is being managed effectively.

- 2.2 Position statements are reflected in **Essential Reference Paper ‘B’** following consultation with key responsible officers. The position statement contains a traffic light system whereby:
- “Green” indicates that the planned action has been achieved,
 - “Amber” indicates that satisfactory progress is being made towards achieving the planned action, and
 - “Red” is where a planned action has not been achieved or that progress is unsatisfactory.
- 2.3 Since the previous Audit Committee the current positions have been updated but there have been insufficient movements to change the RAG status of any actions. The updated positions were also considered by Corporate Management Team on 17 December 2013.
- 3.0 Implications/Consultations
- 3.1 Information on any corporate issues and consultation associated with this report can be found within Essential Reference Paper ‘A’.

Background Papers

Update on Implementation of 2013/ 2014 Annual Governance Statement Action Plan – Audit Committee 20 November 2013.

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives	<p>People This priority focuses on enhancing the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.</p> <p>Place This priority focuses on the standard of the built environment and our neighbourhoods and ensuring our towns and villages are safe and clean.</p> <p>Prosperity This priority focuses on safeguarding and enhancing our unique mix of rural and urban communities, promoting sustainable, economic and social opportunities.</p>
Consultation:	No public or partner consultations were required during the preparation of this report.
Legal:	There are no additional legal implications to those already contained in this report.
Financial:	There are no additional financial implications to those already contained in this report.
Human Resource:	There are no additional human resource implications to those already contained in this report.
Risk Management:	There are no additional risk management implications to those already contained in this report.

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ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2013/14

Issue	Resp. Off.	Initial Target Date	Actions needed to achieve milestone	Current position	RAG status
Risk of failure to deliver an effective, efficient and economic IT service (from 2010/11 Action Plan)	Director of Finance and Support Services/ Head of Shared ICT, Business Impr'ment and Print and Graphic Design Services	March 2014	<ul style="list-style-type: none"> • All outstanding high risk IT audit recommendations implemented. • Resilient IT business continuity arrangements in place. 	<ul style="list-style-type: none"> • SIAS continue to monitor outstanding high risk recommendations and will report to Audit Committee in January 2014. • IT business continuity arrangements have been picked up within the Shared Service. The intended solution provides for all technology to be recoverable within four hours. Timeline is on target. 	AMBER

IT Risk Diagnostic (Highlighted by SIAS during 2012/13)	CMT	March 2014	<ul style="list-style-type: none"> • Develop an IT strategy which is aligned with the business objectives of the Council and sets out the vision and core priorities for ICT over the next 3 years. • Implement a governance committee to focus on strategic decision making and prioritisation within IT and assign the monitoring of ICT delivery to more operational committees. • Define performance indicators for ICT which are aligned with the business need and with ICT capacity to deliver. On a periodic basis, monitor and report them to business stakeholders. 	<ul style="list-style-type: none"> • An approach to delivering a new ICT Strategy has been agreed with the portfolio holder. This will involve putting in place a Members Working Group who will work with officers to agree a strategy. • Governance arrangements are in place for the shared ICT service. • Performance measures are reported at each ITSG meeting. 	AMBER
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Hertford Theatre future governance arrangements (from 2011/12 Action Plan)	CMT	March 2014	<ul style="list-style-type: none"> Options to be developed to consider financial and other risks during a period of transition. 	<ul style="list-style-type: none"> CMT has determined that an independent review of future governance arrangements is required. Community Scrutiny Committee in September 2013 received the end of Financial Year Report. 	AMBER
Asset Management Plan (from 2012/13 Action Plan)	CMT	March 2014	<ul style="list-style-type: none"> Review assets held by the Council. 	<ul style="list-style-type: none"> Asset Management Plan 2013-17 approved by CMT but has been put on hold. Additional resources have been approved on a temporary basis to support the development of the Investment Strategy. 	AMBER

Impact of Welfare Reform changes (Identified as a new strategic risk)	CMT	March 2014	<ul style="list-style-type: none"> • New Legislation will have an adverse financial impact on a significant number of residents. Provide residents more support for services across the Council to staffing levels, manage the budget and the public expectations. Implement Council policies effectively. 	<ul style="list-style-type: none"> • The workload in the Revenues and Benefits service continues to increase. Services across the Council, including Housing and Customer Services continue to experience an increase in demand. Services are working together to work efficiently and effectively to manage workloads. 	AMBER
Operating effectively in Shared Services (taken forward from 2012/13 Action Plan)	CMT	March 2014	<ul style="list-style-type: none"> • Complete a review of the operation of all shared service partnership arrangements 	<ul style="list-style-type: none"> • A review is planned within the target timeframe. 	AMBER

<p>Risk that S106 Monies remain unspent (Highlighted by SIAS during 2012/13)</p>	<p>Head of Comms, Engagement and Cultural Services/ Head of Planning and Building Control</p>	<p>March 2014</p>	<ul style="list-style-type: none"> • Ensure that funds are spent on appropriate schemes in accordance with the terms of the Section 106 agreement which provide value for money for the community. 	<ul style="list-style-type: none"> • Regular reports are made to CMT identifying projects and tracking outstanding payments. Last reported to CMT 26 November 2013. • Update on Section 106 Agreements reported to Audit Committee in November 2013. 	<p>AMBER</p>
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EAST HERTS COUNCIL

AUDIT COMMITTEE – 22 JANUARY 2014

REPORT BY DIRECTOR OF FINANCE & SUPPORT SERVICES

AUDIT COMMITTEE WORK PROGRAMME 2013/14

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report provides the Audit Committee work programme for the 2013/14 civic year for consideration and approval.

<u>RECOMMENDATION FOR AUDIT COMMITTEE: That:</u>	
(A)	The work programme for the Audit Committee be approved.

1.0 Background

1.1 The Audit Committee's work programme was approved by the Audit Committee on 13 March 2013.

2.0 Report

2.1 The Audit Committee work programme for the 2013/2014 civic year is given at **Essential Reference Paper 'B'**.

2.2 There have been two amendments made to the work programme:

- The training item to be delivered by Grant Thornton has been added to the Agenda for this meeting.
- In accordance with the minutes of the last meeting an item on Review of Assets has been added to the Agenda for the March meeting.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

Audit Committee Work Programme 2013/14 Audit Committee
20 November 2013.

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives:	People This priority focuses on enhancing the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.
Consultation:	The requirements of our External Auditor Grant Thornton UK LLP and the Shared Internal Audit Service have been sought and fully accommodated.
Legal:	There are no additional legal implications to those already contained in this report.
Financial:	There are no additional financial implications to those already contained in this report.
Human Resource:	There are no additional human resource implications to those already contained in this report.
Risk Management:	There are no additional risk management implications to those already contained in this report.

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ESSENTIAL REFERENCE PAPER 'B'

Audit Committee Work Programme 2013/14 Civic Year

Committee Date	Agenda Items
10 July 2013	<ul style="list-style-type: none"> • Training item- Grant Thornton- Governance • External Audit- Interim and Audit Approach Report • Draft Statement of Accounts 2012-2013. • Shared Internal Audit Service Annual Assurance Statement 2012/13. • Shared Internal Audit Service Audit Charter. • Shared Internal Audit Service- Progress Report. • Update on Payment to Members for ICT expenses- objection to 2011-2012 Accounts • Update on Implementation of Annual Governance Statement Action Plan. • Draft 2012/13 Annual Governance Statement. • Risk Management monitoring report 1 February 2013 to 30 April 2013. • Audit Committee Work Programme.
18 Sept 2013	<ul style="list-style-type: none"> • Training item- SIAS Fieldwork Processes. • External Audit report- Audit Findings Report. • Treasury Management Strategy Statement – 2012/13 outturn and 2013/14 mid-year review. • Statement of Accounts 2012/13. • 2012/13 Annual Governance Statement. • Annual Shared Internal Audit Service Board Report 2012/13. • Shared Internal Audit Service- Progress Report. • Outstanding SIAS High Priority ICT Recommendations. • Risk Management Strategy. • Risk Management monitoring report 1 April 2013 to 30 June 2013. • Audit Committee Work Programme.
20 Nov 2013	<ul style="list-style-type: none"> • External Audit report- 2012/13 Annual Audit Letter. • Council response to 2012/13 Annual Audit Letter. • External Audit report- Planned Audit Fee for 2013/14. • Update on Section 106 Agreements.

ESSENTIAL REFERENCE PAPER 'B'

Audit Committee Work Programme 2013/14 Civic Year

	<ul style="list-style-type: none"> • Update on Implementation of Annual Governance Statement Action Plan. • Risk Management monitoring report 1 July 2013 to 30 September 2013. • Audit Committee Work Programme.
22 Jan 2014	<ul style="list-style-type: none"> • Training item- Grant Thornton- National Financial Resilience Report. • External Audit- Grants Claim Certification Work 2012/13. • Treasury Management Strategy Statement 2014/15. • Shared Internal Audit Service- Progress Report. • Update on Implementation of Annual Governance Statement Action Plan. • Audit Committee Work Programme.
19 March 2014	<ul style="list-style-type: none"> • External Audit Update report. • Shared Internal Audit Service- Progress Report. • Internal Audit Plan 2014/15. • Update on Implementation of Annual Governance Statement Action Plan. • Review of Assets. • Annual Review of Data Quality Strategy. • Risk Management monitoring report 1 October 2013 to 31 December 2013. • Audit Committee Draft Work Programme 2014/15 Civic Year.