

MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY 19 MARCH
2014, AT 7.00 PM

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

ALSO PRESENT:

Councillors D Andrews and P Ruffles.

OFFICERS IN ATTENDANCE:

Chris Gibson	- Manager of Corporate Risk
Peter Mannings	- Democratic Services Officer
Adele Taylor	- Director of Finance and Support Services

ALSO IN ATTENDANCE:

Helen Maneuf	- Shared Internal Audit Service
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621 APOLOGY

An apology for absence had been received from
Councillor N Wilson.

622 MINUTES – 22 JANUARY 2014

RESOLVED – that the Minutes of the meeting held
on 22 January 2014 be approved as a correct
record and signed by the Chairman.

623 CHAIRMAN'S ANNOUNCEMENTS

The Chairman stated that this was the last meeting of the Audit Committee in the 2013/14 financial year. He thanked Officers for their hard work. He also stated that, as the External Auditors had been unable to attend, any unanswered queries would be addressed via written responses at a later date.

624 EXTERNAL AUDIT UPDATE REPORT

On behalf of the External Auditor, the Director of Finance and Support Services submitted a report on the progress made in delivering the responsibilities of the external auditors. The report provided a summary of emerging national issues and what the Council might wish to consider as a result of those national issues.

Members were referred to the progress on page 17 of the report for an update in respect of future work due to be carried out by the External Auditors. Members were advised that the Revenues and Benefits Shared Service had experienced a 70% increase in workload. The Director believed that the Audit of the 2013/14 Accounts would be submitted to the Audit Committee in September 2014 along with the value for money conclusion.

In response to queries from Councillor M Pope, the Director advised that a majority of the fieldwork conducted by the External Auditors was carried out at the Council Offices. Members were advised that questions from the External Auditors were occasionally dealt with by e-mail. The Director stated that the Local Audit and Accountability Act had received royal assent on 30 January 2014. Members were referred to page 18 of the report now submitted for the key implications of the legislation.

Members were advised that, unlike the current position where East Herts Council was instructed who the external auditors would be, the Authority would take responsibility

for choosing an external auditor. Information on this process would be submitted to Members at a future meeting and via the Members' Information Bulletin.

Councillor R Sharma sought more information regarding the local government guidance detailed in the report in respect of supporting the UK high streets. The Director undertook to provide a detailed written response after the meeting. Members received the report.

RESOLVED – that the report be received.

625 SHARED INTERNAL AUDIT SERVICE (SIAS) – PROGRESS REPORT

The Shared Internal Audit Services Manager submitted a report setting out the progress which had been made in delivering the Council's Annual Audit Plan for 2013/14 as at 28 February 2014, as well as an update in respect of performance management information.

Members were advised that the report also proposed a number of amendments to the 2013/14 Audit Plan.

Members were referred to paragraph 2.2 of the report for the 2013/14 reports that had been finalised since 3 January 2014. In respect of the Building Control Mutual, this audit had been cancelled as the current proposals for developing an alternative business model for building control were not sufficiently advanced for audit involvement.

Members were advised that the 8 days scheduled for this audit work had been returned to contingency for 2013/14 and, although this audit had not been carried over into the draft 2014/15 Audit Plan, the contingency budget could be used if audit involvement was requested. Members were also advised that the Audit of East Herts IT Business Continuity had been deferred until 2014/15.

The Chairman referred to the actual performance

indicator information detailed at paragraph 2.6 of the report now submitted. He also referred to the 28 February 2014 progress update against the 2013/14 audit plan, set out in Appendix A of the report submitted. Members were also referred to Appendix B for the implementation status of high priority recommendations.

Members noted the report and approved the recommendations as now detailed.

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

(B) the amendments to the 2013/14 Audit Plan as at 28 February 2014 as now submitted, be approved.

626 SHARED INTERNAL AUDIT SERVICE (SIAS) AUDIT PLAN 2014/15

The Shared Internal Audit Service (SIAS) submitted a report setting out the programme of internal audit work for the year ahead and the background explaining why this was required. The SIAS Head of Assurance explained that the 2014/15 Internal Audit Plan totalled 435 purchased audit days.

Members were advised that the approach to audit planning for 2014/15 was detailed at paragraph 2.3 of the report.

Councillor J Wing commented on the timescales for completion of remedial activities following on from the SIAS 2013/14 Audit Plan. Members were referred to Appendices A and B of the report now submitted.

The Director of Finance and Support Services advised that moving forward, CMT (Corporate Management Team) would receive a quarterly report in respect of all internal audit activity and this would enable CMT to pick up on all key issues and areas where slippage was likely

to occur. CMT would also be kept up to date of the timescales regarding all upcoming Audit activity.

The Committee approved the report.

RESOLVED – that the East Herts Internal Audit Plan for 2014/15 be approved.

627 UPDATE ON IMPLEMENTATION OF ANNUAL GOVERNANCE STATEMENT ACTION PLAN

The Director of Finance and Support Services submitted a report in relation to the 2012/13 Annual Governance Statement and the seven measures to enhance East Herts Council's internal control framework during 2013/14.

The Manager of Corporate Risk provided Members with an update in relation to two items of slippage in the report. The first related to the development of an IT Strategy delayed due to priority work being carried out to ensure compliance with the Public Services Network. Secondly, the review of all shared partnership arrangements had been put back by six months in order to allow the shared IT Service to become further embedded.

Members were advised that Officers had adopted a cautious approach in not moving the status to green within the action plan in respect of the seven measures in Essential Reference Paper 'B' of the report submitted. Officers felt that progress was being made in all cases towards a green status.

In response to a query from Councillor J Wyllie, Members were advised that Officers had done all they could to ensure that Section 106 money was spent on appropriate schemes in accordance with the terms of Section 106 agreements.

The Director of Finance and Support Services advised that she had convened a workshop to consider Section

106 spend and future options, to include ways of drawing on other funding to support initiatives.

The Committee received the report.

RESOLVED – that the progress made against implementing the action plan detailed in the 2012/13 Annual Governance Statement, be received.

628 ANNUAL REVIEW OF DATA QUALITY STRATEGY

The Leader of the Council submitted a report introducing revisions to the 2013/14 East Herts Data Quality Strategy.

The Director of Finance and Support Services stated that non material changes had been made and the section regarding the “Data Quality Champions” had been removed. The aim of the strategy was to ensure continued improvement in the quality of local government performance data, thereby ensuring greater confidence in the supporting data used to assess the performance of East Herts Council and its decision making.

In response to a query from Councillor J Wing, the Director of Finance and Support Services advised that page 104 onwards of the report detailed the single system administrators responsible for the core systems used by the Authority for managing data.

Members supported the revisions to the strategy and approved the report as now detailed.

RESOLVED – that (A) the proposed revisions to the strategy, as now detailed, be noted; and

(B) the proposed changes to the Data Quality Strategy, as now detailed, be approved.

629 RISK MANAGEMENT MONITORING REPORT: 1 OCTOBER 2013 TO 31 DECEMBER 2013

The Leader of the Council submitted a report setting out the action taken to mitigate and control strategic risk during the period 1 October 2013 to 31 December 2013.

The Manager of Corporate Risk explained that the report covered quarter three. A workshop had been conducted with the Directors to consider the strategic risks for 2014/15, the outcome of which would be submitted to the 16 July 2014 meeting of the Committee.

In response to a query from the Chairman regarding the delay in the finalisation of the District Plan, Members were advised that the impact and likelihood ratings would very likely become 4 and 3 respectively. Members were reminded of the risk of housing development being allowed on appeal due to the delay in the finalisation of the District Plan document.

In response to a query from Councillor J Wing regarding the risks associated with the Authority losing sensitive data, the Director of Finance and Support Services advised that East Herts Council did not hold as much sensitive data as say, Hertfordshire County Council. Members were advised that impact and likelihood ratings, as well as the potential financial implications, would be considered as part of the compilation of the 2014/15 risk register.

The Committee approved the report as now detailed.

RESOLVED – that the actions taken to mitigate and control strategic risks, as now detailed, be approved.

630 AUDIT COMMITTEE WORK PROGRAMME 2014/15

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

Audit Committee.

The Chairman advised that there was a training item included on the work programme for each of the five scheduled meetings of the Committee. Members were requested to inform the Chairman of any ideas for appropriate training.

The Director of Finance and Support Services advised that a possible area for training was the Single Fraud Investigation Service. The Government had created a single service with statutory powers to investigate and sanction all benefit and tax credit offences, which would combine relevant resources across Local Authorities, HM Revenues and Customs, and the Department of Works and Pensions.

Members approved the work programme as now detailed.

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

The meeting closed at 8.08 pm

Chairman
Date