

MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE HELD IN THE  
COUNCIL CHAMBER, WALLFIELDS,  
HERTFORD ON WEDNESDAY 18 MARCH  
2015, AT 7.00 PM

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

ALSO PRESENT:

Councillors P Ruffles.

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Democratic Services Officer
Chris Gibson	- Head of Governance and Risk Management
Philip Gregory	- Head of Strategic Finance
Adele Taylor	- Director of Finance and Support Services

ALSO IN ATTENDANCE:

Terry Barnett	- Shared Internal Audit Service
Sarah Ironmonger	- Grant Thornton

593 APOLOGIES

An apology for absence was submitted from Councillor W  
Mortimer.

594 MINUTES

RESOLVED - that the Minutes of the meeting held on 21

January 2015 be confirmed as a correct record and signed by the Chairman.

595 CHAIRMAN'S ANNOUNCEMENTS

The Chairman stated that this was the last meeting of the civic year and his last meeting as Chairman and Councillor having served for an enjoyable 42 years. He thanked both Members and Officers for their ongoing support and interest in the work of Audit Committee.

596 EXTERNAL AUDIT UPDATE REPORT

The External Auditor submitted a report setting out the progress made in delivering the External Auditor's responsibilities in terms of:

- relevant emerging national issues and developments;
- challenging questions in respect of emerging issues for Members' consideration; and
- Progress against actions agreed as part of last years account closure

Progress as at March 2015, was set out in the report now submitted. The External Auditor explained that the biggest area of progress was around de-cluttering of the Council's accounts, with a detailed review having been undertaken of the notes and disclosures and their presentation and results, which would be included as part of this year's closure process.

The Chairman stated that the report, as now submitted, referred to scrutiny and the way in which Councils should consider their approach following a national report on governance and scrutiny issues. The External Auditor added that they felt that although East Herts did not necessarily specifically scrutinise outside bodies or some shared services, it did take the issue of scrutiny seriously and that Members were highly effective at scrutiny.

The Chairman raised the issue of the Local Government

Pension Scheme (LGPS) and what supervisory bodies had been set up. The External Auditor undertook to investigate this and write to Members.

Councillor M Pope referred to the Local Government review in which areas of concern were mentioned, including dissatisfaction with scrutiny and partnership working. The External Auditor explained that an inspection of Rotherham Council had highlighted issues concerning scrutiny and partnership working. The Director of Finance and Support Services explained that she considered that East Herts had strong and effective scrutiny arrangements in place including a thorough understanding of governance arrangements. She stated that scrutiny at East Herts looked at performance measures generally and in relation to shared services, which all fed into at least one main scrutiny committee.

In response to a query from Councillor J Wing, the External Auditor explained the role and remit of Local Public Accounts Committees. The Director of Finance and Support Services explained that this followed on from an independent Local Government Finance review which had considered potential issues around future financing, but that no formal changes had arisen directly out of this review. As any changes arose, Officers would ensure that they kept themselves fully briefed. When available, this would be circulated via the Members' Information Bulletin.

Councillor D Andrews stated that Local Public Accounts Committees had a lot of potential and supported its introduction.

The Committee received the report.

RESOLVED – that the update be received.

597 SHARED INTERNAL AUDIT SERVICE - AUDIT PLAN  
UPDATE REPORT

The Shared Internal Audit Service (SIAS) submitted a report setting out the progress made in delivering the Council's

Annual Audit Plan 2014/15. The report set out proposed amendments to the Audit Plan and provided an update in relation to the status of previously agreed high priority audit recommendations. The report now submitted also provided an update of performance management information as at 25 February 2015.

Members were advised that as at 27 February 2015, SIAS had delivered 86% Audit Plan days and that this was now currently 88%. Members noted the list of reports which had been finalised since the last meeting of Audit Committee.

The Chairman referred to a number of medium priority recommendations made in the Leisure Services - Third Party Inspections Review. SIAS advised that this matter had been addressed in the 2015/16 audit plan.

The Chairman stated that he was extremely impressed with the quality of the work and thanked the Shared Internal Audit Service for their ongoing good work.

The Committee noted the Internal Audit Progress Report and agreed to the removal of implemented, high priority recommendations.

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

(B) the removal of the implemented high priority recommendations be approved.

598 SHARED INTERNAL AUDIT SERVICE - INTERNAL AUDIT PLAN 2015/16

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The Shared Internal Audit Service submitted a report setting out a proposed Internal Audit Plan for 2015/16. Members were reminded that the SIAS Audit Charter, presented to an earlier meeting of Audit Committee, explained how the Council and SIAS should work together to provide a modern and effective internal audit service. It was noted that the Public Sector Internal Audit Standards (PSIAS) required that the audit plan be linked to a strategic or high-level statement

which:

- outlined how the service would be developed in accordance with the internal audit charter;
- detailed how the internal audit plan would be delivered; and
- evidenced how the service linked to organisational objectives and priorities.

The Chairman referred to the inclusion of Cemeteries and how the Authority met its statutory obligations in this area. He stated that, as cemeteries were not within the Committee's remit it should be removed and that Parish Councils should be reminded of their role in this regard. This was supported.

In response to a query by Councillor D Andrews in relation to Members' Allowances, the Director of Finance and Support Services explained that the payroll processing of Members' Allowances had not been audited for some time, alongside staff expenses and these had been included in the Internal Audit Plan for 2015/16.

RESOLVED – that the Internal Audit Plan for 2015/16, as amended and as now submitted, be approved.

#### 599 UPDATE ON IMPLEMENTATION OF ANNUAL GOVERNANCE STATEMENT ACTION PLAN

The Director of Finance and Support Services submitted a report setting out the progress made on the 2013/14 measures to enhance East Herts Council's internal control framework during 2014/15. Essential Reference Paper "B" provided a summary of the current position.

The Head of Governance and Risk Management advised that the IT Strategy was nearly in place and had already been considered at the Corporate Business Scrutiny Committee meeting of 17 March 2015, and that a draft report on Hertford Theatre was being considered by Officers.

The Committee noted the progress made against

implementing the action plan contained in the 2013/14 Annual Governance Statement.

RESOLVED – that the progress made against implementing the action contained in the 2013/14 Annual Governance Statement be noted.

## 600 ANNUAL REVIEW OF DATA QUALITY STRATEGY

The Director of Finance and Support Services submitted a report setting out revisions to the 2014/15 Data Quality Strategy. The strategy aimed to improve the provision of local government performance information and so provide improved supporting data on which the Council could make decisions. Essential Reference Paper “B” of the report now submitted highlighted tracked non material amendments to the Strategy.

The Director of Finance and Support Services advised Members that the report reflected changes to titles and minor changes to ensure that it was “fit for purpose”. In response to a query from Councillor M Pope, the Director of Finance and Support Services advised that performance information was tracked by Covalent . When asked if this was the best system available, it was stated that the new Head of Business Development would advise if there were better systems on which the Council could track its performance if there was an appropriate business case to do so.

Councillor J Wing stated that he felt the strapline “People, Places and Prosperity” to be a confusing classification and suggested that this be removed. The Director of Finance and Support Services advised that these were the Council’s 3 main priorities included in the Corporate Plan, as determined and agreed by Members. If Members’ wished to consider changes to those priorities then that should be considered during the annual refresh of the Corporate Plan.

In response to a query from Councillor J Wing, the Chairman reminded Members that the Council aimed to achieve 100% on the Personal Development Review (PDR) process. The

Director of Finance and Support Services explained the process and timeframes and why some services were not achieving 100% returns on their PDRs.

In response to a query by Councillor D Andrews with regard to dealing with Data Quality issues and whether Officers felt they were able to come forward to admit if a mistake had been made, the Director of Finance and Support Services advised that the Council did not have a blame culture and Officers were encouraged to come forward as soon as possible to fix the problem. If there was a repeated performance issue, then this would be picked up in the most appropriate way.

The Committee approved the recommendations now detailed.

RESOLVED – that (A) revisions to the Data Quality Strategy, as now submitted and the summary guide, be noted; and

(B) tracked changes updated in the Strategy as submitted, be approved.

601 RISK MANAGEMENT MONITORING REPORT 1 OCTOBER 2014 TO 31 DECEMBER 2014

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The Leader of the Council submitted a report on the action taken to mitigate and control strategic risks during the period 1 October to 31 December 2014.

The Head of Governance and Risk Management provided a summary of the report, explaining that all information was available on Covalent.

In response to a query by Councillor M Pope on 14SR7 (IT Systems and Performance), the Director of Finance and Support Services stated that there might be a need for increased security systems. In response to a further question from Councillor Pope regarding the development of an Investment Strategy, the Director of Finance and Support Services stated that the Council hoped to invest in property funds in June and then September 2015.

The Committee approved the report, as now detailed.

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

602 RISK MANAGEMENT STRATEGY

The Leader of the Council submitted a report regarding proposed revisions to the Risk Management Strategy in order to reflect current best practice. It was noted that the Strategy was based on a toolkit prepared by the Association of Local Authority Risk Managers and as such, only minimal changes to the Strategy had been made. The Head of Governance and Risk Management provided a summary of the changes.

The Committee supported the recommendation as now detailed.

RESOLVED – that the Executive be advised that the Committee supports the Risk Management Strategy, as now submitted.

603 AUDIT COMMITTEE WORK PROGRAMME 2015/16 CIVIC YEAR

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The Director of Finance and Support Services submitted a report detailing the proposed work programme for Audit Committee for the 2015/16 Civic Year.

The Head of Governance and Risk Management advised that the proposed work programme had been agreed with the External Auditor and the Shared Internal Audit Service. He stated that reports on progress made by the Shared Anti-Fraud Service would be submitted twice per year.

The Head of Governance and Risk Management advised that there would be new Members on Audit Committee following the election and that discussions were ongoing with the Director of Finance and Support Services on

what training would be provided to support the audit process. A questionnaire would be sent to all Members on the new Committee to identify possible areas for training.

The Head of Governance and Risk Management also advised that the proposed future meeting date of 13 April 2016 would need to be brought forward into the 2015/16 financial year as certain agenda items had to be addressed before 2016/17.

Members approved the work programme as now detailed.

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

The meeting closed at 8.00 pm

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