

MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY 18
JANUARY 2012, AT 7.00 PM

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

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Committee Secretary
Alan Madin	- Director of Internal Services
Helen Maneuf	- Shared Internal Audit Service
Terry Barnett	- Shared Internal Audit Service

572 APOLOGIES

Apologies for absence were received from Councillor P Philips and N Wilson.

573 MINUTES

RESOLVED – that the Minutes of the meeting held on 23 November 2011 be confirmed as a correct record and signed by the Chairman.

574 EXTERNAL AUDIT REPORT - FINAL EXTERNAL AUDIT PLAN 2011/12

The External Auditor provided a report which set out the work proposed in relation to the audit of the 2011/12 accounts. It was noted that the Audit Plan was based on the External Auditor's risk based approach to audit planning using their

assessment of potential business and audit risks which needed to be addressed and the controls the Council already had in place. It was noted that financial performance, accounting for property, plant and equipment and the shared benefits service were highlighted as key financial risks. The report now submitted summarised the External Auditor's planned response to those risks. Notwithstanding this, the External Auditor did not feel that there were any significant issues to report.

Paul Dossett advised Members that this would be his last plan as External Auditor for East Herts.

The Chairman, on behalf of Members, thanked the External Auditors for their positive report.

RESOLVED – that the report be received.

575 EXTERNAL AUDIT - CERTIFICATION WORK 2010-11

The External Auditors submitted a report setting out the arrangements for certification work undertaken by them, as agent for the Audit Commission. A summary of the claims and returns certified for 2010/11 were set out in the report now submitted.

Members received the report.

RESOLVED – that the report be received.

576 TREASURY MANAGEMENT STRATEGY STATEMENT

The Director of Internal Services submitted a report setting out the 2012/13 Treasury Strategy Statement and Annual Investment Strategy and the prudent approach taken by the Council in terms of capital. The Director drew Members' attention to the interest rate forecast provided by Sector for the period 2011 to 2014. He explained that the Council's investment strategy position was currently "defensive" with capital being invested in Central Government and non-UK Banks, but that at some point, a less defensive approach

would need to be taken in order to achieve better rates of interest.

In response to a query from the Chairman, the Director explained the capital payroll costs of IT Development.

In response to a query from Councillor M Pope, the Director explained why the Council had decided not to invest the remaining two tranches of capital following an earlier decision to invest up to £30M.

The Director of Internal Services explained how the Council was using its capital more creatively and to better effect, to mitigate the low interest rates, e.g. the Council had bought some car parks which had saved the Council 7% in annual running costs by acquiring them. Capital had also been used to better effect in regard to the Hertford Theatre which had reduced management costs. The Director also advised that a report would be presented to the Executive shortly on the Local Authority Mortgage Scheme and how this could benefit the Council and support mortgagees who were unable to provide the 25% minimum deposit. He stressed that this was not a Treasury Management decision, rather it was a way of using capital more creatively to get a better cash return.

Members received the report and supported the concept that the Council should seek opportunities as they became available, to improve the return of its assets.

RESOLVED – that (A) the 2012/13 Treasury Management Strategy Statement and Annual Investment Strategy and the prudential indicators be received; and

(B) the concept of seeking opportunities as they become available, to improve the return of the Council's assets be supported.

577 ANNUAL REVIEW OF DATA QUALITY STRATEGY

The Director of Internal Services submitted a report outlining

the 2011/12 revisions to the Data Quality Strategy. The minor revisions were highlighted and set out in Essential Reference Paper “B” attached to the report now submitted.

Councillor J Wing sought clarification on the impact of good data on staff performance indicators. The Director of Internal Services explained how the PDR scheme worked and that having good quality data was important in certain areas of the Council’s functions, e.g. revenues and benefit controls and in terms of claims assessed and benefits paid out. The External Auditor stated that he was happy about the quality of data provided, which was a view shared by the Shared Internal Audit Service.

RESOLVED – that the revisions to the Data Quality Strategy be approved.

578 INTERNAL AUDIT SERVICE - PROGRESS REPORT STATEMENT

A report was submitted by the Shared Internal Audit Service (SIAS) which provided an update in relation to delivering the Council’s Internal Audit Plan for 2011-12; the findings for the period 20 August to 9 December 2011 for audits assessed as “limited” or “no” assurance; amendments to the approved 2011-12 Audit Plan; the status of previously agreed “High Priority Recommendations”; and an update on performance management information as at 9 December 2011.

It was noted that 65% of the Audit Plan had been achieved and the SIAS Manager was confident that 95% of the Plan would be achieved by the end of the year. Some amendments to the Audit Plan were proposed and these were set out in the report now submitted, together with the progress against the 2011-12 Audit Plan as at 9 December 2011.

Concerns were expressed regarding the implementation status of a some High Priority Recommendations which were centred around ICT. The Director of Internal Services provided updates and explanations associated with the Council’s ICT Strategy and its implementation.

Members noted the report and supported the amendments to the Audit Plan.

RESOLVED – that the report be noted and the amendments to the Audit Plan be supported.

579 UPDATE ON IMPLEMENTATION OF ANNUAL GOVERNANCE ACTION PLAN

A report was submitted by the Shared Internal Audit Service Manager providing an update on the progress made against the Annual Governance Statement Action Plan for 2010/11, specifically in relation to the nine measures to enhance the Council's internal control framework.

The Director of Internal Services advised Members that, whilst the issues outstanding were currently shown as "Amber", he was confident that the status would turn "Green" imminently.

Members noted the progress made against implementing the Action Plan contained in the 2010/11 Annual Governance Statement.

RESOLVED – that the report be received.

580 AUDIT COMMITTEE WORK PROGRAMME

The Manager of Corporate Risk submitted a report detailing the Work Programme for Audit Committee. Members noted that the Grants and Data Quality reports were the subject of separate reports on the agenda for this meeting and should be deleted from the agenda for the 14 March 2012 meeting.

Members requested that Intranet Training be provided for Members at the March meeting commencing at 7pm.

RESOLVED – that the Work Programme, as amended, be approved.

The meeting closed at 8.30 pm

Chairman

Date