

MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY 14 MARCH
2012, AT 7.00 PM

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

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Democratic Services Officer
Alan Madin	- Director of Internal Services
George A Robertson	- Director of Customer and Community Services

ALSO IN ATTENDANCE:

Margaret Mulkerrin	- Shared Internal Audit Services (SIAS)
Nick Taylor	- Grant Thornton

699 INTRANET TRAINING - PRESENTATION BY THE
DIRECTOR OF CUSTOMER AND COMMUNITY SERVICES

An Intranet training presentation was provided by the Director of Customer and Community Services. The Director provided Members with an insight into what information was currently available on the Council's website and how this could be accessed. A step by step tour was provided through the Members' pages.

Councillor J Wing queried what access there was to committee reports. The Director of Customer and Community

Services demonstrated how Members could access this information. Councillor J Wing also referred to the inclusion of non-key decision items in the Members' Information Bulletin, adding that it would be more helpful to show when the last non-key decision had been made. The Director undertook to review both these issues.

The Chairman, on behalf of Members thanked the Director of Customer and Community Services for the presentation.

RESOLVED – that the presentation be received.

700 APOLOGIES

Apologies for absence were submitted from Councillors R Radford and N Wilson.

701 MINUTES

Members were advised that the names of the two External Auditors had been omitted from those in attendance at the meeting.

RESOLVED – that the Minutes of the meeting held on 18 January 2012, as amended, be confirmed as a correct record and signed by the Chairman.

702 EXTERNAL AUDIT REPORT - PROGRESS TO MARCH 2012

The External Auditor provided a summary of the report. He explained that the objection to the 2010/11 accounts was being processed and hoped that the matter would be concluded shortly following the receipt of comments from the Council.

It was noted that dates for the Interim Audit had been agreed. The results from that work would be fed into the Audit Approach Memorandum which would be presented to the next Audit Committee meeting. The External Auditor advised that in terms of the accounts, there were no changes or issues

from what was undertaken last year. In terms of the Audit Fee, the External Auditor advised that it was anticipated that there would be a future reduction in 2012/13 from the £103,312 previously advised. Updates would be provided.

It was noted that Grant Thornton would be the Council's designated External Auditors for the next five years.

Members received the report.

RESOLVED – that the report be received.

703 INTERNAL AUDIT - TERMS OF REFERENCE

The Shared Internal Audit Service (SIAS) Manager submitted a report formally defining its terms of reference for its internal audit function, as required by the CIPFA Code of Practice for Internal Audit in Local Government (2006).

The Chairman drew attention to the reference to "North Herts" in the report which should have read "East Herts".

The Chairman queried the high degree of independence afforded to the Head of Assurance and the SIAS Management in relation to audit coverage. The Director of Internal Services confirmed that other Authorities would be adopting the same approach and assured Members that should there be any issues or areas of concern, then this would be discussed thoroughly and in detail with the Head of Assurance.

Members approved the SIAS Terms of Reference.

RESOLVED – that the SIAS Terms of Reference be approved.

704 INTERNAL AUDIT SERVICE - PROGRESS REPORT

The Shared Internal Audit Service (SIAS) Manager submitted a report updating Members on the progress made in delivering the Council's Internal Audit Plan for 2011/12; the findings for the period 10 December 2011 to date for audits

assessed as “Limited” or “No Assurance”; the proposed amendments to the approved 2011/12 Audit Plan; the status of previously agreed high priority audit and an update on performance management information. It was noted that over 80% of actions had been completed in relation to the Audit Plan. Those issues outstanding were summarised.

The Chairman referred to the financial management information in relation to Hertford Theatre. The Director of Customer and Community Services explained that a report had been requested at his behest, as whilst he was not concerned about probity, there was a need to ensure that management information available to help run the Theatre in a commercial environment was better and “fit for purpose”. He advised that SIAS were asked to take part as a “critical friend” and to advise the Council how the financial information systems could be adapted to be better suited to running a commercially based operation. The Director explained why this was necessary and how the Theatre currently operated. As a result of the exercise, more codes had been established providing more detailed information concerning spend and income. Decisions had also been made to increase staff support in relation to marketing. The Director informed the Committee that the SIAS report had proved extremely helpful in suggesting ways that systems might be improved. He believed that such use of internal audit provided an exemplar for how the SIAS was able to add value, way beyond what had been the traditional audit styles and approaches he had experienced elsewhere.

The Chairman referred to the need to obtain information about pre-bookings and referred to initiatives undertaken by other local Councils to promote programmes. It was noted that SIAS would monitor progress and report back to Members in six months.

Councillor J Wing raised the issue of grounds maintenance and auditing in terms of value for money and quality of performance. The SIAS Manager provided an overview and explained that much depended on the remit of the contract. She explained that grounds maintenance had been

programmed into the Audit Plan next year.

Members noted the progress report and approved the amendments to the Audit Plan as set out in the report now submitted.

RESOLVED – that (A) the progress report be noted and;

(B) the amendments to the Audit Plan set out in the report now submitted, be approved.

705 INTERNAL AUDIT PLAN 2012/13

The Shared Internal Audit Service (SIAS) Manager submitted a report setting out the Audit Strategy and the proposed Internal Audit Plan for 2012/13. She thanked Council Officers for their help in what had been a very productive process. It was noted that the Audit Plan did not stand alone, but had to be considered as part of the SIAS plan. SIAS would continue to look at 2012/13 to identify where efficiencies could be made.

The Chairman referred to the “Focus on what is important Box” and suggested that there had been a change in emphasis in terms of what SIAS looked into. The SIAS Manager stated that there was a need to ensure that issues fitted with corporate objectives and priorities. In response to a query by Councillor M Pope concerning audits carried out, the Director of Internal Services clarified the position regarding audit days, staffing levels and the use of external auditors to provide expertise whilst the SIAS service shadowed in order to develop their skill set.

Councillor P Phillips referred to the number of Freedom of Information requests (Strategic Risk 6) and the cost implications for the Council. The Director of Internal Services explained that where possible, as much information was included on the Council’s website. He explained that some companies sought information in order to sell on that information. The Director referred to the need to protect the

Council's reputation.

Members received the SIAS Audit Strategy 2012/13 and approved the proposed Audit Plan 2012/13.

RESOLVED – that the Audit Strategy be received and the Audit Plan for 2012/13 be approved.

706 UPDATE ON IMPLEMENTATION OF ANNUAL GOVERNANCE ACTION PLAN

The Director of Internal Services submitted a report concerning the progress made against the nine actions within the 2010/11 Annual Governance Statement Action Plan aimed at enhancing the Council's internal control framework, as set out in Essential Reference Paper 'B' of the report now submitted.

The Chairman referred to the action concerning the risk of failure to deliver an effective, efficient and economic IT service. The Director of Internal Services advised that a report would be presented to Corporate Business Scrutiny Committee on 20 March 2012. He stated that the audit programme completion date in relation to the Health and Safety Risk Assessment would be pushed back to May 2012.

Councillor M Pope referred to the need for resilient IT business continuity to be in place. The Director of Internal Services stated that substantial resources had been spent on reviewing IT priorities. He suggested that at this point in time, it would be appropriate for the Council to bring in resources to make quicker progress in terms of resilience in IT.

The Chairman referred to an action regarding the use of Plain English on the Council's website. The Director of Internal Services advised that a full audit of the website would be costly. He suggested that a better way forward would be to "refresh" pages as and when the need arose.

The Chairman referred to the Residents' Survey wherein it was found that residents did not want to contact the Council

via the website, preferring other methods instead. He queried whether it was because the District had a lot of elderly residents. The Director of Internal Services stated that many companies adopted a strategy which made it difficult for people to contact them other than via the web, adding that the Council did not want to adopt such a strategy.

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

RESOLVED – that the progress made against the Action Plan contained in 2010/11 Annual Governance Statement be approved.

707 RISK MANAGEMENT: MONITORING REPORT 1 OCTOBER 2011 - 31 JANUARY 2012

The Leader of the Council submitted a report setting out what action had been taken to mitigate and control strategic risks during the period October 2011 to January 2012. The Director of Internal Services stated that there were no significant issues to report.

Members noted the action take to control and mitigate strategic risks.

RESOLVED – that the report be noted.

708 AUDIT COMMITTEE - WORK PROGRAMME

The Manager of Corporate Risk submitted a report detailing a proposed Work Programme for Audit Committee. In considering the report, the Chairman suggested that training on accounts be provided as the first item of business at the next meeting of Audit Committee. This was supported.

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

The meeting closed at 8.45 pm