

MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY 11 JULY
2012, AT 7.00 PM

PRESENT: Councillor J Ranger (Chairman)
Councillors D Andrews, W Mortimer, M Pope,
R Radford and N Wilson

ALSO PRESENT:

Councillors M Tindale

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Democratic Services Officer
Simon Chancellor	- Head of Finance and Performance
Alan Madin	- Director of Internal Services

ALSO IN ATTENDANCE:

Paul Dossett	- Grant Thornton
Helen Maneuf	- Shared Internal Audit Services
Margaret Mulkerrin	- Shared Internal Audit Services
Nick Taylor	- Grant Thornton

167 MEMBER TRAINING - REVIEW OF DRAFT ACCOUNTS
2011/12: PRESENTATION BY THE DIRECTOR OF
INTERNAL SERVICES AND HEAD OF FINANCIAL
SERVICES AND PERFORMANCE

The Director of Internal Services submitted a report and gave a presentation outlining the structure, principles and content of the Statement of Accounts. The training session had been

requested by Members of Audit Committee at a previous meeting, in order to provide Members with an early opportunity of viewing and questioning the accounts from an informed viewpoint, when the accounts were submitted for consideration by Members later in the year and following the audit.

The Director of Internal Services and the Head of Financial Services and Performance provided an overview of the structure of the Statement of Accounts, key issues and accounting principles which would impact on the accounts.

Members sought and were provided with clarification on a number of issues by Officers.

Councillor J Ranger thanked Officers for the presentation and hoped that this would provide Members with an understanding of the Council's accounts, when they were next submitted.

RESOLVED – that the presentation and report be received.

168 APPOINTMENT OF VICE CHAIRMAN

It was moved by Councillor N Wilson and seconded by Councillor D Andrews, that Councillor W Mortimer be appointed Vice Chairman for the Civic Year 2012/13.

RESOLVED – that Councillor W Mortimer be appointed Vice Chairman for the Civic Year 2012/13.

169 APOLOGIES

Apologies for absence were submitted from Councillors A Warman and J Wing. It was noted that Councillor D Andrews was substituting for Councillor A Warman.

170 MINUTES

RESOLVED – that the Minutes of the meeting held on 14 March 2012 be confirmed as a correct record, and

signed by the Chairman.

171 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed new Members of the Committee.

172 SHARED INTERNAL AUDIT SERVICE (SIAS) - ANNUAL ASSURANCE STATEMENT REPORT 2011/12

The Head of Assurance for the Shared Internal Audit Service (SIAS) submitted a report on the adequacy and effectiveness of the Council's control environment, highlighting any key concerns. The report also summarised the audit work and the performance of the Internal Audit Service.

In terms of the Annual Assurance Statement (Financial Systems) for 2011/12, Members were advised that, in the opinion of the SIAS, there was a largely sound system of control in place, with some minor weaknesses which might put a limited number of the system objectives at risk. From a non-financial view point, the SIAS gave a moderate assurance, acknowledging that there was a sound system of control in place, but there were some areas of weakness which might put some of the system objectives at risk. Members were provided with a summary of these issues and areas for improvement, the detail of which was set out in report now submitted.

The Chairman thanked the SIAS for the clarity of their report and their recommendations for improvement.

Members noted the report.

RESOLVED – that the report be noted.

173 EXTERNAL AUDIT - ACCOUNTS AUDIT APPROACH MEMORANDUM

The External Auditor (Grant Thornton) submitted a report concerning the ongoing approach to audit, which was set out within their Audit Plan 2011/12. The report also updated

Members on the key risks arising from the results of the interim audit work carried out so far.

Members were advised that there were no issues of significance to report, but raised the issue of IT controls and the need to ensure that previous recommendations were put in place. It was noted that a further report would be submitted to Audit Committee in September 2012.

Members noted the report.

RESOLVED – that the report be noted.

174 SHARED INTERNAL AUDIT SERVICE - UPDATE
(POSITION AGAINST THE 2012 - 2013 AUDIT PLAN)

The Head of Assurance for the Shared Internal Audit Service (SIAS) submitted a progress report on the delivery of the Audit Plan for 2012/13. The SIAS recommended the removal of implemented high priority recommendations, the detail of which was set out in the report now submitted. The report also updated Members on performance management information as at 15 June 2012. No amendments were proposed to the 2012/13 Audit Plan.

The SIAS confirmed that they had made good progress in achieving objectives in the Audit Plan, which, as at 11 July 2012, was 12% complete. The appendix to the report now submitted, provided an update on each individual project within the Audit Plan.

The Chairman thanked the SIAS for their detailed report.

Members noted the report and agreed to the removal of implemented high priority recommendations.

RESOLVED – that (A) the Internal Audit Progress Report be noted; and

(B) implemented, high priority recommendations be removed from the Audit Plan.

175 ANNUAL SHARED INTERNAL AUDIT SERVICE BOARD
REPORT 2011 -2012

The Head of Assurance for the Shared Internal Audit Services (SIAS) submitted the Internal Audit Services' first Annual Report. The report highlighted some key areas of success, the SIAS's audit approach in taking best practice from each Authority, applying industry standards and the use of risk based methodologies. The report provided a summary of the business performance of the SIAS and its partnership of six Hertfordshire Authorities, the detail of which was set out in the report, now submitted.

The Head of Assurance referred to the use of PriceWaterhouseCooper's services in terms of how their expertise enabled the SIAS to build resilience into the service and further knowledge of best practice.

Councillor M Pope sought and was provided with clarification on the projected savings of £300,000, extending the client base and the SIAS's long term aspirations. The Director of Internal Services referred to the need to control the daily costs of the service and explained that if other Authorities within Hertfordshire joined the partnership, daily costs could be reduced.

The Chairman suggested that encouraging school academies to become partners within the SIAS might be a means of reducing costs. The Head of Assurance confirmed that the team was looking at this possibility.

The Chairman thanked the SIAS for their positive report.

Members received the report.

RESOLVED – that the report be received.

176 UPDATE ON IMPLEMENTATION OF ANNUAL GOVERNANCE STATEMENT ACTION PLAN

The Director of Internal Services submitted a report on the progress made in implementing actions contained within the 2010/11 Annual Governance Statement during 2011/12, the detail of which was set out in Essential Reference Paper "B" of the report now submitted. Of particular concern, were the frustrations caused by third party IT failure.

The Director of Internal Services explained that a meeting had taken place with the supplier company, the Chief Executive and Director of Customer and Community Services and himself to express concerns at their lack of ability to maintain a link between Wallfields and Bishop's Stortford. The company had stated that the failures cited were as a result of issues "beyond their control". In summary, he stated that the Council was not being provided with the level of expertise which the company had been contracted to provide.

Councillor M Tindale stated that there were some short term arrangements in place to help build up IT resilience. Councillor D Andrews queried why there was not a supplementary link to the site to act as a backup in such circumstances. The Director of Internal Services stated that the company had explained why a second link could not be installed.

The Director of Internal Services requested that the target date for "Risk of failure to deliver an effective, efficient and economic IT Service" as detailed in Essential Reference Paper "B" of the report now submitted, be amended to December 2012. This was supported.

Grant Thornton confirmed that there had been good progress in implementing the Annual Governance Action Plan, adding that IT had wider issues in terms of resilience, adding that this was also an issue across other Authorities.

Councillor D Andrews referred to home workers and their reliance on IT. The Director of Internal Services confirmed

that the telephone project had been given a high priority, as home workers could not work without telephones.

The Chairman stated that Corporate Business Scrutiny Committee would be establishing a Task and Finish Group to look at aspects of IT.

Members noted the progress made against the measures contained in the Action Plan for 2010/11 and looked forward to improvements with the IT system.

RESOLVED – that the progress made against the measures contained in the Action Plan for 2010/11 be noted.

177 DRAFT 2011/12 ANNUAL GOVERNANCE STATEMENT

The Director of Internal Services submitted a report outlining the process for progressing of the Annual Governance Statement 2011/12, the detail of which was set out in the report now submitted.

It was noted that the Council's approach to this issue had changed, partly as a result of the report by the Council's External Auditors, Grant Thornton in their Local Government Governance Review which detailed what the Council needed to do to add real value. These included clarity of information and communication, Member input and understanding and scrutiny.

The Director of Internal Services summarised the process to be adopted.

Members approved the process for taking forward the 2011/12 Annual Governance Statement.

RESOLVED - that the process for taking forward the 2011/12 Annual Governance Statement, the detail of which was set out in the report now submitted, be approved.

178 RISK MANAGEMENT MONITORING REPORT 1 FEBRUARY TO 30 APRIL 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 1 February to 30 April 2012.

The Director of Internal Services stated that SR1 (Risk of a significant reduction in funding above that planned for) was a risk for the future based on information which the Council regularly received. The Director of Internal Services referred to the risk matrix in relation to SR2 (Risk of loss of capacity / capability and flexibility to deliver service levels we would like) and ongoing IT priorities.

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

RESOLVED – that the report be noted.

179 WORK PROGRAMME

The Manager of Corporate Risk submitted a report detailing the proposed work programme for Audit Committee. In considering the report, the Chairman suggested that training on Risk Management 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 8.40 pm

Chairman
Date