

MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY 19
SEPTEMBER 2012, AT 7.00 PM

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

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Democratic Services Officer
Chris Gibson	- Manager of Corporate Risk
Alan Madin	- Director of Internal Services
George A Robertson	- Chief Executive and Director of Customer and Community Services

ALSO IN ATTENDANCE:

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

312 MEMBER TRAINING - RISK MANAGEMENT

The Manager of Corporate Risk provided Members with a presentation on Risk Management. The benefits of risk management in terms of better governance were explained.

In response to a query from Councillor J Wing, the Manager of Corporate Risk explained that the Council did

take account of succession planning as part of business continuity. The Director of Internal Services referred Members to agenda item 12 (Risk Management Monitoring) referring to Strategic Risk 2 and the challenges associated with workforce planning explaining that this was an issue which the Council constantly monitored particularly in the light of the fact that the Council had less resources to do the same. He referred to the benefits of shared services in terms of building in business resilience.

In response to a query from Councillor M Pope regarding key supplier failure, the Director of Internal Services explained what checks and balances the Council had in place to mitigate any effects, adding that should the refuse collection contract fail, then the Council had access to the vehicles and would step in to move matters forward.

The Chief Executive and Director of Customer and Community Services stated that the Strategic Risk Register was constantly monitored by Corporate Management Team which fully considered issues to mitigate any impact.

Councillor J Ranger reminded Members that operational matters must fall within the remit of Officers.

Members received the presentation.

RESOLVED – that the presentation be received.

313 APOLOGIES

An apology for absence was received from Councillor R Radford.

314 MINUTES

RESOLVED – that the Minutes of the meeting held on 11 July 2012 be confirmed as a correct record

and signed by the Chairman.

315 CHAIRMAN'S ANNOUNCEMENTS

The Chairman stated that one of the key items on the agenda was the accounts for last year. He referred to Member training at a recent meeting which he hoped would help Members with the scrutiny process of the accounts.

316 EXTERNAL AUDIT - ANNUAL REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260)

The External Auditor (Grant Thornton) submitted a report concerning the Annual Report to those Charged with Governance (ISA 260). He reminded Members that there were two aspects associated with the report; to provide an opinion that the Council's financial statements presented a future and fair view of its financial position and to reach a formal conclusion that the Council's arrangements achieved value for money.

The External Auditor referred to some matters within the report whereby information had been awaited, but confirmed that these issues had been completed and that they would give an unqualified statement on both issues. It was noted that a formal objection to the accounts had been received but that this would not alter the Auditor's opinion but would have to be processed formally.

In response to a query from Councillor J Wing concerning the issue of "impairment", the External Auditor explained how different asset methodologies were applied in valuing assets from a commercial and local authority viewpoint.

In response to a query from Councillor J Wing concerning VAT, the Director of Internal Services explained how this applied to the Council and processes for its recovery when it had been paid.

Members received the report.

RESOLVED – that the report be received.

317 EXTERNAL AUDIT - REVIEW OF THE COUNCIL'S
ARRANGEMENTS FOR SECURING FINANCIAL
RESILIENCE

The External Auditor (Grant Thornton) submitted a report reviewing the Council's arrangements for securing financial resilience. The External Auditor stated that although there were some current challenges for the Council to face, in the main, financial resilience was considered adequate. The External Auditor referred to the Red, Amber, Green rating which they had applied which highlighted some weaknesses within the Executive Summary, set out in detail to the report now submitted.

Members noted the report.

RESOLVED – that the report be noted.

318 TREASURY MANAGEMENT STRATEGY STATEMENT
2011/12 AND PRUDENTIAL CODE REVIEW

The Director of Internal Services submitted a report reviewing the Council's 2011/12 Treasury Management and Prudential Code indicators. The report also provided an update on the current year's position. The Director of Internal Services drew Members' attention to specific issues contained within the report in terms of capital expenditure, capital financing and the fact that the Council had negative capital situation i.e. that it had money to invest.

In response to a query from Councillor J Wing concerning underperformance of funds in some areas, Councillor J Ranger summarised the background to the Council's earlier decisions to take the route it had in terms of its Treasury Management Strategy. Councillor J Ranger suggested that its Members might wish to have further Treasury Management training included on a future work

programme. This was supported.

Members noted the report.

RESOLVED – that (A) 2011/12 Treasury Management and Prudential Indicator Outturn be approved;

(B) the current position to 31 July 2012 be noted; and

(C) Treasury Management Strategy Member Training be included on the Audit Work Programme for the 21 November 2012 meeting.

319 STATEMENT OF ACCOUNTS 2011/12

The Director of Internal Services submitted a report setting out the background to the requirement for Members to consider and approve the Council's 2011/12 Statement of Accounts. The report now submitted also detailed the changes in reporting requirements from 2010/11, together with comments on the key financial statements.

The Director of Internal Services reminded Members that the draft accounts had been submitted to an earlier meeting of Audit Committee for their consideration. He drew Members' attention to a number of changes since the draft had been reviewed in line with the 2011 accounting Code of Practice, the detail of which, was set out in the report now submitted.

Member approved the report.

RESOLVED – that the Council's Statement of Accounts for the financial year 2011/12 be approved and signed by the Chairman, Councillor J O Ranger at the conclusion of the meeting.

320 SHARED INTERNAL AUDIT SERVICE - PROGRESS REPORT

The Shared Internal Audit Services (SIAS) submitted a report setting out what progress had been made in delivering the Council's Annual Audit Plan for 2012/13 as at 24 August 2012. The report also proposed a number of amendments to the approved audit plan and sought approval for removal of implemented high priority recommendations, the detail of which was set out in the report now submitted.

It was noted that in terms of Performance Management of the report now submitted, the percentage of the Audit Plan delivered to date had reached 30%. An update was provided in relation to a high priority audit recommendation.

Councillor J O Ranger thanked the SIAS for the report, adding that Members were happy with progress.

Members noted the report, approved the amendments set out in the report now submitted and the removal of implemented high priority recommendations.

RESOLVED – that (A) the report be approved;

(B) amendments to the Audit Plan as at 24 August 2012 be approved; and

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

321 ANNUAL GOVERNANCE STATEMENT

The Leader of the Council submitted a report detailing the Annual Governance Statement 2011/12 and seeking approval of the 2012/13 Action Plan. The Manager of Corporate Risk referred Members to a revised Essential Reference Paper "B", showing changes to the Annual Governance Statement which had been agreed following

the report's submission to meetings of Corporate Business Scrutiny and the Executive.

The Manager of Corporate Risk stated that five new actions were being proposed for inclusion in the Action Plan.

In response to a query from Councillor J Wing concerning the "Actions needed to address issues" particularly from an IT service perspective and the need to "fine grain" issues and set out a "harder line". The Director of Internal Services provided an update on the difficulties facing the service particularly in relation to a shared service viewpoint and before any shared service could be delivered. The Director explained what the Council was doing from a business continuity viewpoint and the arrangements which had been put in place to install a second line to Bishop's Stortford. The Director of Internal Services explained that if the Council did not go ahead with shared services, then different criteria and priorities would apply. He referred to comments by the External Auditor who was also monitoring performance.

The Manager of Corporate Risk stated that future progress against the Annual Governance Statement Action Plan would be reported to the Audit Committee and that Red, Amber and Green ratings would be allocated.

Members supported the comments and changes to the Annual Governance Statement and included in the revised Essential Reference Paper "B" of the report now submitted and approved the proposed Action Plan for 2012/13.

RESOLVED – that (A) the comments submitted by Corporate Business Scrutiny and the Executive and included within the revised Essential Reference Paper "B" be received; and

(B) the Annual Governance Statement 2011/12

and Action Plan for 2012/13 be approved.

322 RISK MANAGEMENT MONITORING (MAY – JUNE 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 May to June 2012.

Members noted and approved the report.

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

323 AUDIT COMMITTEE WORK PROGRAMME

The Manager of Corporate Risk submitted a report detailing the proposed work programme for Audit Committee. Members were reminded of an earlier proposal to incorporate Treasury Strategy Management training on the agenda for the meeting on 21 November 2012. It was also noted that the Council's Response to the External Audit Reports be included on the proposed work programme for that meeting and an item also be added from External Audit reviewing ICT arrangements relating to shared services. This was supported.

RESOLVED – that the work programme, as amended be approved.

324 VOTE OF THANKS – ALAN MADIN

Councillor J Ranger thanked Alan Madin, Director of Internal Services for his valuable contribution and support to the work of the Audit Committee.

The meeting closed at 8.55 pm