

MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY 13 MARCH
2013, AT 7.00 PM

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

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Democratic Services Officer
Chris Gibson	- Manager of Corporate Risk
Anna Osborne	- Assets and Estates Manager
George A Robertson	- Chief Executive and Director of Customer and Community Services
Adele Taylor	- Director of Finance and Support Services

ALSO IN ATTENDANCE:

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

677 ASSET MANAGEMENT - TRAINING

The Assets and Estates Manager provided Members with a presentation on the functions and role of the Asset and Estate Management Service. She explained the content of the Council's Portfolio, how assets were valued, the rationale behind any asset disposal and the potential impact of the Localism Bill. The Assets and Estates Manager explained

that the Council only held assets which were:

- required for operational purposes in the delivery of services; or
- supported corporate priorities; or
- had a strategic value and could be used to influence and promote town centre developments.

A breakdown was provided of what assets the Council held within the abovementioned categories.

In response to a query from Councillor J Wing regarding the previous need to show a return on capital employed, the Assets and Estates Manager provided an update.

In terms of localism, the Assets and Estates Manager explained that the Council from an asset viewpoint, was not directly affected by the Act but that it was an opportunity for community groups to use the Council's assets as community assets (such as football pitches) and to encourage community groups to take on long leases, which helped community groups in securing funding, e.g. from the lottery. She explained that work was ongoing within the community on transferring assets.

In response to a query from Councillor J Wing, the Director of Finance and Support Services confirmed that the Council held a register of assets which was available publically on the Council's website. The Chief Executive and Director of Customer and Community Services explained that, where an asset did not meet with the Council's criteria, it would be disposed of using external agencies.

In response to a query by the Chairman regarding the suggestion that the Council might consider buying land for affordable housing in rural areas, the Assets and Estates Manager explained how land acquired for this purpose, might be valued for accounting purposes. She also explained, in response to a query from Councillor J Wing, how the Council would value liabilities such as Scotts Grotto.

The Chairman thanked the Assets and Estates Manager for her informative presentation.

Members received the presentation.

RESOLVED – that the presentation be received.

678 APOLOGIES

An apology for absence was received from Councillor N Wilson.

679 MINUTES

RESOLVED – that the Minutes of the meeting held on 23 January 2013, be confirmed as a correct record and signed by the Chairman.

680 CHAIRMAN'S ANNOUNCEMENTS

The Chairman announced that this was Margaret Mulkerrin's (SIAS) last meeting as Audit Manager as she would be replaced by Terry Barnett of the Shared Internal Audit Service. The Chairman, on behalf of Members, thanked Ms Mulkerrin for all her hard work.

The Chairman drew Members' attention to an error on the agenda in terms of a duplicated report. The corrected version had been circulated.

681 COUNCIL'S RESPONSE TO AUDITOR'S RECOMMENDATIONS RELATING TO AN OBJECTION TO THE 2011/12 ACCOUNTS - FOLLOW UP ACTIONS

The Director of Finance and Support Services submitted a report detailing the Council's response to the External Auditors' recommendations in relation to payments to Members for ICT expenses, the detail of which was set out in the report now submitted.

The Chief Executive and Director of Customer and

Community Services explained the background leading up to the administrative error and why monies which had been paid out, were now considered by the External Auditor to be unlawful and should be repaid to the Council. The Director of Finance and Support Services proposed repayment schemes, for former Councillors, those who had resigned and those who were still current. The repayment schemes had the support of the External Auditor.

In response to a query from Councillor J Wing, the Chief Executive and Director of Customer and Community provided an update on the advice provided by the Independent Remuneration Panel regarding retrospective payments.

The Chairman suggested a phased approach in seeking repayment from former and current Councillors and that the sum of £15.81 be initially sought, followed by monthly repayments of £35.00. The Chairman also suggested that if any former or current Member had difficulties in meeting this obligation, then they be asked to contact the Director of Finance and Support Services as soon as possible, who would be asked to reconsider the circumstances of individuals who had resigned in the current year, including the personal circumstances around three specific Members who had recently resigned. This approach was supported.

RESOLVED – that (A) in seeking repayment from former and current Councillors, the sum of £15.81 be initially sought in May, followed by monthly repayments of £35.00; and

(B) the Director of Finance and Support Services be requested to reconsider the circumstances of individuals who have resigned in the current year, including former or current Members should they experience difficulties in meeting the repayment obligation.

682 EXTERNAL AUDIT: UPDATE REPORT

The External Auditor submitted a report on the progress made in delivering their responsibilities as external auditors. The

report provided a summary of emerging national issues and what the Council might wish to consider as a result of those national issues, the detail of which was set out in the report now submitted.

The Director of Finance and Support Services explained that, in terms of the financial plan, matters were already in hand as part of the budget setting process. In response to a query from Councillor J Wing regarding Council Tax collection, the Director of Finance and Support Services assured the Member that its impact on the budget was not significant but that there had been changes on collection rates which would form the basis of a report to the Executive.

The Director of Finance and Support Services explained that the proposed "Universal Credit" scheme changed daily and undertook to inform Members when matters were more settled.

Members received the report.

RESOLVED – that the report be received.

683 SHARED INTERNAL AUDIT SERVICE (SIAS) - PROGRESS REPORT

The Shared Internal Audit Services Manager submitted a report setting out the progress which had been made in delivering the Council's Annual Audit Plan for 2012/13 as at 13 February 2013. The report also proposed a number of amendments to the Audit Plan and sought approval for the removal of implemented high priority recommendations, the detail of which was set out in the report now submitted. Updates were provided in relation to the number of audit reports completed.

The Chairman was pleased to see the progress being made by the Interim Head of IT in addressing concerns made at a recent Peer Review. It was noted that the Interim Head of IT was developing a business case for shared services with Stevenage Council. The Chief Executive and Director of Customer and Community Services explained that the Council

had £500,000 set aside for infrastructure arrangements, subject to a business case being made for expenditure against that budget.

In response to a query from Councillor J Wing, the Chief Executive and Director of Customer and Community Services explained that Section 106 monies were being closely monitored, and that reports were submitted quarterly to Corporate Management Team. Additionally, there was closer liaison between Planning Officers and Heads of Service. He stated that all contracts were being reviewed to establish those which had financial claw backs. The Chief Executive and Director of Customer and Community Services advised Members that a half yearly report on Section 106 agreements would be submitted to them.

Members noted the report and approved the recommendations detail in the report, now submitted.

RESOLVED – that (A) the report be received;

(B) the amendments to the 2012/13 Audit Plan as at 13 February 2013 as submitted, be approved; and

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

684 SHARED INTERNAL AUDIT PLAN

The Shared Internal Audit Service Manager submitted a report setting out the proposed Internal Audit Plan for 2013-14, the detail of which was set out in the report now submitted and supporting Essential Reference Papers. It was noted that the Internal Audit Plan set out the programme of internal audit work for the year ahead and formed part of the Council's wider assurance framework, including its overall internal control environment and provided a judgement on the robustness of risk management and governance arrangements. It was noted that the number of audit days had been reduced but it was felt that there would be no impact on providing assurances to the Council. This reduction in days brought it into line with other similar councils.

Councillor J Wing suggested that having more information on internal field work methodology might be a useful subject for Members to consider in terms of training at the next Audit Committee. This was supported.

RESOLVED – that (A) the Internal Audit Plan for 2013/14, as submitted, be approved; and

(B) Member training on internal field work methodology, be considered for inclusion in the work programme.

685 UPDATE ON IMPLEMENTATION OF 2012/13 ANNUAL GOVERNANCE STATEMENT ACTION PLAN

The Director of Finance and Support Services submitted a report in relation to the 2011/12 Annual Governance Statement and the nine measures recommended to enhance East Herts internal control framework during 2012/13, the detail of which was set out in Essential Reference Paper "B". The Manager of Corporate Risk provided an update in relation to IT Services, web improvements and Data Protection arrangements.

In response to a query from the Chairman, the Chief Executive and Director of Customer and Community Services advised that, following a review of the Data Protection System, a "best practice" information report could be produced and made available.

RESOLVED - that the progress made against implementing the action plan detailed in the 2011/12 Annual Governance statement as now submitted, be noted.

686 ANNUAL REVIEW OF DATA QUALITY STRATEGY

The Leader of the Council submitted a report introducing revisions to the 2012/13 East Herts Data Quality Strategy, the detail of which was set out in the report now submitted, and Essential Reference Paper 'B'.

Members supported the revisions to the strategy and approved the report.

RESOLVED - that (A) proposed revisions to the strategy be noted; and

(B) the proposed changes to the Data Quality Strategy, as submitted, be approved.

687 RISK MANAGEMENT MONITORING 1 OCTOBER 2012 TO 31 JANUARY 2013

The Leader of the Council submitted a report setting out the action taken to mitigate and control strategic risks during the period October 2012 to January 2013.

In response to a query from Councillor J Wing regarding a Strategic Risk (12 SR2 - Risk of a loss of capacity / capability and flexibility to delivery service levels we would like), the Director of Finance and Support Services advised that discussions were currently taking place with the Interim Head of People Services on this issue. The Chairman commented that Unions were keen to know the impact of workforce planning on Councils within the next 4-5 years, adding that it was important to help people to avoid redundancy.

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

688 ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY AND WHISTLE BLOWING CODE

The Director of Finance and Support Services submitted a report proposing revisions to the existing Anti-Fraud and Anti-Corruption Strategy and Disclosure (Whistle Blowing) Code, the detail of which was set out in the report now submitted and Essential Reference Paper 'B'. The Chairman commented that he was glad to see that the strategies now covered the Council's suppliers and contractors.

Members approved the revised Anti-Fraud and Anti-

Corruption Strategy and the Disclosure (Whistle Blowing) Code.

RESOLVED – that the Anti-Fraud and Anti-Corruption Strategy and the Disclosure (Whistle Blowing) Code, as now submitted, be approved.

689 AUDIT COMMITTEE WORK PROGRAMME 2013/14

The Director of Finance and Support Services submitted a report detailing the proposed work programme for Audit Committee. The Chairman drew Members’ attention to a suggested item for training at the next meeting of Audit Committee in relation to internal audit field work methodology. This was supported.

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

The meeting closed at 9.15 pm

Chairman
Date