

MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY 22
JANUARY 2014, AT 7.00 PM

PRESENT: Councillor W Mortimer (Chairman).
Councillors M Pope, R Sharma, N Wilson
and J Wyllie.

ALSO PRESENT:

Councillors P Moore, P Ruffles, N Symonds
and M Wood.

OFFICERS IN ATTENDANCE:

Chris Gibson	- Manager of Corporate Risk
Peter Mannings	- Democratic Services Officer
Adele Taylor	- Director of Finance and Support Services

ALSO IN ATTENDANCE:

Terry Barnett	- Shared Internal Audit Service
Alan Cooper	- Shared Internal Audit Service
Paul Grady	- Grant Thornton
Sarah Ironmonger	- Grant Thornton

482 MEMBER TRAINING: GRANT THORNTON'S NATIONAL
FINANCIAL RESILIENCE REPORT

Representatives from Grant Thornton provided Members
with a training presentation on Grant Thornton's National

Financial Resilience Report. Members were advised that Local Authorities had worked hard to ensure robust financial health. Members were reminded of the wider picture of continued savings that Local Government would have to make into 2014/15.

Local Authorities would very likely have to absorb a further 10% reduction in 2015/16 with further cuts in 2017 and beyond. At the same time, demand for costly services such as housing options and housing benefit would increase and income based services such as planning and parking would decline.

The Committee was advised of the detailed approach taken by Grant Thornton in researching the resilience report on the financial health of Local Authorities. There had been a particular focus on strategic financial planning, financial governance and financial controls.

The Committee was advised that 2016 could prove to be a tipping point where some Local Authorities would be assessing whether they could continue to meet statutory duties in the face of a 35% reduction in spending across Local Government.

Representatives from Grant Thornton concluded that, following the results of interviews with many Local Authorities in respect of strategic financial planning, it was clear that many Councils needed to increase service planning activity in order to satisfy key financial performance indicators.

Members were advised of a number of areas of improvement for Local Government, especially as some Local Authorities were struggling to maintain sound financial planning activity. There were however, a number of good practice examples that Councils should focus on going forward.

In response to a query from Councillor R Sharma, Members were advised that East Herts Council had a healthy level of reserves and Grant Thornton were not

aware of any Authority that had gone further in terms of forward financial planning. East Herts Council was assisted in this by the demographic of the District as well as wider Member engagement.

The Chairman, on behalf of Members, thanked Grant Thornton for their informative presentation.

RESOLVED – that the presentation be received.

483 APOLOGIES

Apologies for absence were submitted on behalf of Councillors J Ranger and J Wing.

484 MINUTES – 20 NOVEMBER 2013

RESOLVED – that the Minutes of the meeting held on 20 November 2013 be approved as a correct record and signed by the Chairman.

485 EXTERNAL AUDIT – GRANT CLAIM CERTIFICATION WORK 2012/13

The External Auditor submitted a letter confirming that no issues had arisen from the certification of two claims and returns for the financial year 2012/13 relating to expenditure of £82.8million. The External Auditor confirmed that they were satisfied that the Council had appropriate arrangements in place to compile and complete accurate and timely claims/returns for audit certification.

It was noted that the indicative scale fee for grant certification for 2012/13 was £11,250. Members received the report.

RESOLVED – that the report be received.

486 TREASURY MANAGEMENT STRATEGY STATEMENT 2014/15

The Executive Member for Finance submitted a report which set out the 2014/15 Treasury Strategy Statement and Annual Investment Strategy together with the setting of Prudential Indicators.

Members were advised that this report was one of the final stages of the budget setting process and was linked to the consolidated budget report recently considered by the joint meeting of Scrutiny Committees.

The Director of Finance and Support Services advised that CIPFA defined treasury management as the management of a local authority's investments and cash flows, its banking, money market and capital market transactions as well as the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

Members were advised that the suggested treasury management strategy for 2014/15 was based upon the views of Officers relating to interest rates, as well as leading market forecasts provided by the Council's treasury advisor. Members were referred to paragraph 2.1 of the report for the areas that were covered by the strategy.

The Director advised that the Authority was currently looking at the use of both the Property Fund and also investments in property on a direct basis. Members were advised that this approach continued to be explored but the aim was to have a balanced investment portfolio across all asset types.

The Executive would consider the Treasury Management Strategy on 4 February 2014 alongside a report that outlined the progress to date in relation to the investment strategy.

In response to a number of comments from Members in respect of investments and treasury management, the Director stressed the importance of a balanced approach of long and short term investments and Members were

reminded of the need for flexibility.

Members received the report.

RESOLVED – that the 2014/15 Treasury Management Strategy Statement and Annual Investment Strategy and the prudential indicators be received.

487 SHARED INTERNAL AUDIT SERVICES PROGRESS REPORT

The Shared Internal Audit Services (SIAS) submitted a report setting out the progress that had been made in delivering the Council's Annual Audit Plan for 2013/14 as at 3 January 2014. The report also proposed a number of amendments to the approved 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.

Members were advised that, as at 3 January 2014, 55% of the 2013/14 Audit Plan days had been delivered and the proposed amendments to the 2013/14 Audit Plan were detailed at page 43 of the report now submitted.

Members noted the report and approved the recommendations detailed in the report now submitted.

RESOLVED – that (A) the report be received;

(B) the amendments to the 2013/14 Audit Plan as at 3 January 2014 be approved; and

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

488 UPDATE ON IMPLEMENTATION OF 2013/14 ANNUAL GOVERNANCE STATEMENT ACTION PLAN

The Director of Finance and Support Services submitted a report in relation to the 2012/13 Annual Governance

Statement and the 7 measures that were recommended to enhance East Herts Council's internal control framework during 2013/14, the detail of which was set out in Essential Reference Paper 'B'. The report also provided details of proposed actions that needed to take place prior to confirmation being given that adequate and effective controls were fully in place.

Members were advised that Officers, whilst cautious in retaining Amber status for the 7 issues in Essential Reference Paper 'B', were confident and satisfied that actions were in place to ensure that progress was being made in the right direction.

In response to a query from Councillor M Pope in respect of Hertford Theatre, the Director advised that a review of governance arrangements was due to consider the future of Hertford Theatre. The review would consider whether the Authority was satisfied with the way the venue was run and whether Hertford Theatre should continue to be run by East Herts Council or through alternative means.

In response to comments regarding IT from Councillor J Wyllie, the Director stated that the new shared service for IT should ensure improved business continuity in respect of IT, as prior to the new shared service there had been consistent underinvestment in IT.

Members were also advised that the planned new IT infrastructure had been fully tested and the Authority would soon be in a much better position to resolve future IT problems.

Councillor P Ruffles commented on the ongoing issue of ensuring that Section 106 funds passed to the Highways and Education teams at Hertfordshire County Council were spent in a timely manner.

Members noted the progress made against implementing the action plan detailed in the 2012/13 Annual Governance Statement.

RESOLVED – that the progress made against implementing the action plan detailed in the 2012/13 Annual Governance statement be noted.

489 WORK PROGRAMME

The Director of Finance and Support Services submitted a report detailing the proposed work programme for Audit Committee.

In relation to possible future training initiatives, Councillor W Mortimer commented on whether Officers could advise the Audit Committee of how the Authority chose which investments were appropriate for East Herts Council.

Councillor N Wilson agreed that more clarity was needed in terms of the investments utilised by the Authority.

The Director stated that some training for the Audit Committee had previously been provided by Sector (now known as Capita Asset Services) and she would look into the possibility of further training being provided.

The Director advised that the Council’s investments were reviewed on an annual basis and Members would be provided with feedback. This was supported.

Members approved the work programme as now detailed.

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

The meeting closed at 8.11 pm

Chairman
Date