

MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY 26
NOVEMBER 2014, AT 7.00 PM

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

ALSO PRESENT:

Councillors E Buckmaster and G Williamson.

OFFICERS IN ATTENDANCE:

Mandy Barton	- Accountancy Manager
Lorraine Blackburn	- Democratic Services Officer
Chris Gibson	- Head of Governance and Risk Management
Adele Taylor	- Director of Finance and Support Services

ALSO IN ATTENDANCE:

Sarah Ironmonger	- Grant Thornton, External Auditor
------------------	---------------------------------------

377 TRAINING ITEM - "DE-CLUTTERING" THE ACCOUNTS:
PRESENTATION BY THE EXTERNAL AUDITORS, GRANT
THORNTON

The External Auditor provided Members with a presentation on how the Council's accounts could be "de-cluttered" in line with a recent External Audit recommendation. She explained that the Council's accounts included a lot of disclosure which

prevented key messages from being seen. The External Auditor provided key tips for de-cluttering the accounts which could better meet the needs of users, including stakeholders and the general public. She explained that there was a need to consider what needed to be contained including information required by statute and that which was relevant and material to the accounts. The External Auditor suggested that the order in which this information was presented was also something for further consideration.

The External Auditor suggested that clarity of information could be improved by the use of graphics.

The Chairman sought feedback from the External Auditor on what items could be removed. The External Auditor provided a number of suggestions including the removal of individual assets held for sale, and duplicated information, adding that there was a need for further discussions on this matter with the Director of Finance and Support Services.

Councillor J Wing commented that over the years, the accounts had become impenetrable and welcomed the suggestion of de-cluttering them. The External Auditor commented that the accounts followed an international reporting standard to ensure consistency in both the private and public sectors.

Councillor R Sharma supported de-cluttering the accounts which, he felt, could make them easier for the public to read. He suggested the production of a summary version. The External Auditor stated that to prepare a summary version involved more work and needed to be weighed up in terms of how much the Council wanted to invest in changing the format of the accounts and in meeting statutory requirements.

The Director of Finance and Support Services reminded Members that the public were also provided with financial information via other avenues including through Council Tax leaflets.

Members received the presentation and thanked the External

Auditor for her informative comments.

RESOLVED - that the presentation be received.

378 MINUTES

RESOLVED - that the Minutes of the meeting held on 24 September 2014 be confirmed as a correct record and signed by the Chairman.

379 CHAIRMAN'S ANNOUNCEMENTS

The Chairman reminded Members that this was the last meeting in 2014, and wished everyone a Happy Christmas.

380 EXTERNAL AUDIT REPORT - ANNUAL AUDIT LETTER
2013/14

The External Auditor submitted a report setting out the key findings arising from the work undertaken for the year ended 31 March 2014.

The External Auditor provided a summary of the key issues in relation to Value for Money, Whole of Government Accounts and Certification of Grant Claims and Returns.

The External Auditor explained that the Audit Fee for 2013/14 was £69,775, which was £900 higher than planned because of additional work undertaken in relation to material business rate balances.

Members received the report

RESOLVED – that the report be received.

381 COUNCIL'S RESPONSE TO ANNUAL AUDIT LETTER
2013/14

The Executive Member for Finance submitted a report which set out the Council's proposed response to the issues and recommendations raised in the Annual Audit Letter 2013/14.

The Director of Finance and Support Service stated that, since the last meeting of Audit Committee, the Council had received an unqualified opinion on its 2013/14 financial statement from the External Auditor. It was noted that no issues had been identified on the Annual Audit letter which had not been raised in the Audit Findings report. Key recommendations made by the External Auditor for the Council were that it should:

- consider taking out disclosures and notes to the Accounts which were no longer mandatory requirements under CIPFA's Code of Practice;
- review the Council's approach to revaluating assets;
- enhance and further develop the Medium Term Financial Plan (MTFP) to ensure that it was robust;
- deliver a robust savings plan which addressed future budget gaps; and
- ensure that reserves remained within the range set by Council policy.

The suggested response to the recommendations was set out in the report now submitted.

The Director of Finance and Support Services explained the timescales in relation to asset revaluations and assured Members that this approach was in line with other Councils. She stated that if the Council was to revalue more frequently, then this could have resource implications.

The Chairman commented on the Council's levels of reserves and suggested that it should consider investing £1 million in the pension fund in line with a previous course of action. The Director of Finance and Support Services stated that the level of reserves had been discussed by Corporate Management Team (CMT) and that there would be a report to Members on this issue, as part of the budget setting process. She stated

that any decision to invest in the pension fund had to be as a result of formal advice from actuaries based on a deficit in the pension fund, although the Council could seek additional advice from them and of the costs involved.

RESOLVED - that the Council's response to the Annual Audit letter be agreed.

382 EXTERNAL AUDIT REPORT - AUDIT FEES FOR 2014/15

The External Auditor submitted a report setting out the planned audit fee for 2014/15. It was noted that the scale fee for 2014/15 was set by the Audit Commission and this had been set at £68,875 (unchanged from the scale fee for 2013/14). The scope of the fee was set out in the report.

The External Auditor provided clarification in relation to grant claims.

The Director of Finance and Support Services stated that there would eventually be a move to Universal Credit that could see the one remaining grant for Housing Benefit further reducing, but that further information was still awaited.

The Committee received the report.

RESOLVED – that the report be received.

383 TREASURY MANAGEMENT STRATEGY - 2014/15 MID YEAR REVIEW

The Executive Member for Finance submitted a report setting out the Council's treasury management activities for the six months up to 30 September 2014. The mid-year report had been prepared in compliance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice.

The Director of Finance and Support Services provided a summary of the factors affecting investments, the detail of which was set out in the report now submitted. The Director of Finance and Support Services provided an update in

relation to the Council's recent decision to invest in pooled property funds, and stated that the Council was now on the waiting list to invest.

Councillor R Sharma suggested that it might be interesting to have information regarding how accurate previously predicted forecasts of interest rates had been.

Councillor D Andrews stated that the Council was relying heavily on traditional methods of investment. He referred to a neighbouring authority which had invested in property and was receiving high rates of return. The Director Finance and Support Services commented that she was aware of this and that the other authority had already set up a company to facilitate its property investment approach.

The Chairman expressed concern at the low level of interest paid by the bank on overnight deposits. The Director of Finance and Support Services stated that, having already taken a decision to invest in Pooled Property Funds, the Council needed to keep sufficient cash on hand so that it could move quickly, if needed.

The Committee received the report.

RESOLVED – that (A) the loan and investment position as at 30 September 2014 be noted; and

(B) the Prudential Indicator position as at 30 September 2014 be noted and that no changes to Prudential Indicators be proposed.

384 UPDATE ON IMPLEMENTATION OF ANNUAL GOVERNANCE STATEMENT ACTION PLAN

The Director of Finance and Support Services submitted a report setting out the measures in the 2013/14 Annual Governance Statement to enhance the Council's internal control framework during 2014/15.

The Head of Governance and Risk Management provided a

summary of the current position.

Councillor M Pope asked for an update in relation to the Section 106 monies. The Director of Finance and Support Service stated that Corporate Management Team (CMT) had agreed that it could take another full year before this became fully embedded as there was a need to ensure that there was complete clarity of process.

The Chairman reminded Members that there had been a situation in the past, whereby Section 106 agreements had not been drafted sufficiently wide enough which had had the effect that developers were legally entitled to walk away from previously agreed conditions and could claw back monies paid to the Council. The Director of Finance and Support Services stated that there was now a lot more monitoring undertaken and links made between services and community groups so that schemes were maximised to achieve greater value for money for the community.

The Committee received the report.

RESOLVED – that the progress made against implementing the action plan contained in the 2013/14 Annual Governance statement be noted.

385 RISK MANAGEMENT MONITORING REPORT 1 JULY 2014
TO 30 SEPTEMBER 2014

The Leader of the Council submitted a report on the action taken to mitigate and control strategic risks during the period 1 July 2014 to 30 September 2014.

The Head of Governance and Risk Management provided a summary of the report.

The Committee approved the report, as now detailed.

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

386 AUDIT COMMITTEE WORK PROGRAMME

The Director of Finance and Support Services submitted a report detailing the proposed work programme for the civic year 2014/15.

The Head of Governance and Risk Management stated that the Risk Management Strategy would be submitted to Audit Committee on 18 March 2015. The External Auditor had indicated that they may be in a position to provide training on Financial Resilience at the next meeting of Audit Committee on 21 January 2015, depending on the official release date for their report.

Members agreed that there would be no training item at the Audit Committee on 18 March 2015 as the Committee would be coming to the end of its cycle.

Members approved the work programme, as now amended.

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

The meeting closed at 8.10 pm

Chairman

Date