

MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY 15
SEPTEMBER 2010, AT 7.00 PM

PRESENT: Councillor J O Ranger (Chairman)
Councillors K Darby, A M Graham, J Hedley
and J P Warren.

ALSO PRESENT:

Councillors D Clark, N P Clark, R Gilbert,
P A Ruffles and M J Tindale.

OFFICERS IN ATTENDANCE:

Chris Gibson	- Internal Audit and Business Improvement Manager
Alan Madin	- Director of Internal Services
Peter Mannings	- Democratic Services Assistant

ALSO IN ATTENDANCE:

Paul Dossett and Nick Taylor.

259 APOLOGIES

Apologies for absence were submitted on behalf of
Councillor M Pope and R A K Radford.

260 CHAIRMAN'S ANNOUNCEMENTS

The Chairman advised that a very useful training session
had been held prior to this meeting.

261 MINUTES

RESOLVED – that the Minutes of the meeting held on 28 June 2010 be confirmed as a correct record and signed by the Chairman, subject to the following amendment:

Minute 83 – Minutes.

Delete –

‘...Councillor N Clark suggested that there were too many uses of the word “commented” and that Officers should find alternatives’ and insert ‘...Councillor N Clark requested that questions and answers be recorded in the minutes.’

262 EXTERNAL AUDIT REPORT - ANNUAL AUDIT OF ACCOUNTS 2009-10 TO THOSE CHARGED WITH GOVERNANCE

The External Auditor, Grant Thornton, submitted a report highlighting the key issues arising from the annual audit of the Authority’s statement of accounts 2009/10. Paul Dossett, Grant Thornton, referred to an objection that had been raised in respect of the accounts by a local government elector.

Paul Dossett advised that the objection had been referred by the External Auditor for legal advice. He stated that he was meeting with the relevant partner in the law firm tomorrow in relation to the legality of the issues raised by the objection. The Committee’s attention was drawn to the possibility of a delay in the signing of the accounts until this issue was resolved.

Councillor A M Graham sought and was given clarification on the nature of the objection. Paul Dossett stated that he would receive a view from the legal advisor on the objection and he would report back with a statement of reasons explaining the outcome and how this issue should be addressed.

The Committee's attention was drawn to the key highlights as detailed in the External Auditor's report. Nick Taylor advised that, subject to the outcomes of the objection to the accounts, he anticipated providing an unqualified opinion on the value for money conclusion.

Councillor Graham sought and was given clarification in respect of the potential revised valuation methodologies on the Causeway Transaction. Councillor D Clark commented on whether these asset values were likely to fall. Paul Dossett stated that he would anticipate these values to be higher.

In response to a query from Councillor Graham, Paul Dossett stressed that more work was required in respect of the Independent Remuneration Panel. The Director of Internal Services advised that a report would be submitted to Council on 29 September 2010 so that Members could give Officers instructions on constituting the Panel.

In response to a further query from Councillor Graham, the Director articulated the process for transferring funds from the Council's reserves. Councillor D Clark commented that all transfers from reserves should be reported to Council. The Director stressed that Council had had an opportunity to consider the accounts and would have a further opportunity to do so.

The Committee approved the letter of representation and the annual accounts 2009/10, subject to the outcome of the objection to the accounts.

RESOLVED – that (A) the report be noted; and

(B) subject to the outcome of the objection to accounts, the letter of representation and the annual accounts 2009/10, be approved.

263 ANNUAL GOVERNANCE STATEMENT - 2009/10

The Leader of the Council submitted a report on the 2009/10 Annual Governance Statement.

The Internal Audit and Business Improvement Manager advised that since the previous Audit Committee the Statement had been presented to Standards Committee, Corporate Business Scrutiny Committee, Human Resources Committee and the Executive. He stated that all the significant corporate systems and controls utilised by the Authority had been covered in the 2009/10 Statement.

Members were referred to a minor amendment on page 46 of the report now submitted. The Internal Audit and Business Improvement Manager stated that a Member/Officer group had proposed revisions to the Financial Regulations which were approved by Council on 12 May 2010. Members were advised that revised procurement regulations were being considered by that group.

Members were advised that the amendments that had been made since the draft Annual Governance Statement had been presented to the previous Audit Committee were detailed in the report now submitted. The functions of the Human Resources Committee were now added on page 51 of the report.

The Internal Audit and Business Improvement Manager advised that Standards Committee had approved a new Anti-Fraud and Anti Corruption Strategy and a new Disclosure (Whistle blowing) Code. He also referred Members to an update in respect of complaints that had been considered by the Assessment Sub-Committee. These had been added at page 56 of the report now submitted.

The Director of Internal Services stressed that appropriate processes would be put in place to ensure progress of the

Sustainable Community Strategy Action Plan was monitored.

The Director also stated that Corporate Business Scrutiny Committee would be requested to receive a report on Freedom of Information (FOI) requests. The Committee would be asked to consider a quick analysis of the types of information available on the Council's website. He stressed that this may be a way to reduce the number of FOI requests received by the Authority.

In response to a query from Councillor A M Graham, the Internal Audit and Business Improvement Manager stressed that an Annual Governance Statement Action Plan would be compiled ahead of the next meeting of the Audit Committee and this would include key actions needing to take place prior to an action being shown as resolved.

Councillor J O Ranger referred to the importance of accuracy in the reporting of the financial situation of the Council, as in recent years there had been significant variations in the budget figures reported to Members. The Director emphasised that it was important that Officers identified positive and negative variances earlier via the health check process and undertook to present an appropriate report to the next Audit Committee.

RESOLVED – that the Annual Governance Statement 2009/10, as now submitted and subject to the amendment now detailed, be supported.

264 INTERNAL AUDIT SERVICE - POSITION STATEMENT

The Internal Audit and Business Improvement Manager submitted a report providing a position statement on internal audit activity undertaken within the Internal Audit Service.

He detailed the progress made against implementing outstanding audit recommendations in Essential

Reference Paper 'B' of the report now submitted. Explanations were provided for all items shown as resolved.

Councillor A M Graham expressed concerns that there were significant delays in implementation of the recommendations made in the Internal Audit review of the Leisure Management contract. The Internal Audit and Business Improvement Manager undertook to escalate the outstanding recommendations to senior management and to report back on this at the next meeting.

The Committee agreed to receive the report.

RESOLVED – that (A) the report be received; and
(B) the Internal Audit and Business Improvement Manager report back in respect of outstanding recommendations made in the Leisure Management Contract review.

265 RISK MANAGEMENT MONITORING REPORT 1 APRIL 2010
- 31 JULY 2010

The Leader of the Council submitted a report detailing actions taken to mitigate and control strategic risks during the period 1 April to 31 July 2010.

The Internal Audit and Business Improvement Manager highlighted the changes to the risk ratings in respect of SR7 and SR8. He also stated that the intention was to remove SR11 and SR12 as Stansted's 2nd runway was unlikely to be an issue for consideration in the imminent future.

Councillor R Gilbert sought and was given clarification that the figures for new housing in SR6 should have read 8,500 houses by 2031. He also stressed that SR12 should be retained as the airport's operators already had permission to increase yearly passenger movements to 35 million passenger movements per annum, as part of

the Stansted Airport G1 proposals. Officers undertook to revisit the issue of SR12.

The Committee noted the report.

RESOLVED – that the action taken to mitigate and control strategic risks during the period 1 April – 31 July 2010 be noted.

266 AUDIT COMMITTEE WORK PROGRAMME

The Internal Audit and Business Improvement Manager submitted the Audit Committee work programme for the 2010/11 civic year. The detail of the programme was set out in the report now submitted.

An additional report would be submitted to the next meeting by the Director of Internal Services in respect of the risks of significant variances from the financial plan. Members were advised of the need to revise the reports programmed for the 24 November 2010 and 19 January 2011 meetings. This was supported.

The Committee received the work programme, as revised.

RESOLVED - that the revised work programme for Audit Committee be approved.

The meeting closed at 8.20 pm

Chairman
Date