

MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE HELD IN THE  
COUNCIL CHAMBER, WALLFIELDS,  
HERTFORD ON WEDNESDAY 20  
JANUARY 2016, AT 7.00 PM

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PRESENT: Councillor W Mortimer (Chairman).  
Councillors B Deering, I Devonshire,  
P Phillips and S Stainsby.

ALSO PRESENT:

Councillors P Ruffles and G Williamson.

OFFICERS IN ATTENDANCE:

|                    |  |
|--------------------|--|
| Lorraine Blackburn | - Democratic Services Officer              |
| Chris Gibson       | - Head of Governance and Risk Management   |
| Philip Gregory     | - Head of Strategic Finance                |
| Graham Mully       | - Risk Assurance Officer                   |
| Adele Taylor       | - Director of Finance and Support Services |

ALSO IN ATTENDANCE:

|                  |                                 |
|------------------|---------------------------------|
| Alan Cooper      | - Shared Internal Audit Service |
| Debbie Hanson    | - Ernst Young LLP               |
| Francesca Palmer | - Ernst Young LLP               |

518 TRAINING ITEM – RISK MANAGEMENT

The Risk Assurance Officer provided a presentation on Risk Management. He explained what risk management was and why the Council managed risk, including the benefits of risk management. He explained only the highest 10 – 15 priority

risks in terms of those which were operational (day to day) or strategic, were monitored by Officers and how these were carried out; and Officers' roles and responsibilities. The Risk Assurance Officer explained that Officers were trying to reduce insurances costs now that the Council had an Insurance Reserve by funding risks itself guided by claim trends. He explained that it was essential to ensure that the process remained robust.

In response to a query from Councillor R Deering regarding self-insurance its impact on deductibles and savings which could be achieved, the Risk Assurance Officer explained that a lot of the Council's equipment could be self-funded but that a full actuarial review needed to take place. He explained that the Council paid out £280,000 insurance costs and that insurance costs were determined by its pay role and numbers of staff employed but that by going out to tender could be a way of achieving savings.

The Chairman thanked the Officer for the presentation. The Committee received the report.

RESOLVED – that the presentation be received.

519 APOLOGIES

Apologies for absence were received from Councillors J Cartwright and P Kenealy.

520 MINUTES – 25 NOVEMBER 2015

Councillor P Deering referred to Minute 425 (Minutes) regarding the issue of pensions and the Council's deficit and what plans the Council was making to eliminate the deficit. The Director of Finance and Support Services explained that the pension scheme was managed by the Pension Board and Hertfordshire County Council and that the Council made payments based on actuarial advice. She explained that provision for these payments were made in the Medium Term Financial Plan (MTFP). The Director of Finance and Support Services explained that the Council was funding up to 81% of the pension fund which was higher than any other local

council. In response to a further question from Councillor B Deering, the Director of Finance and Support Services undertook to provide all Members with past reviews and historical documentation on previous pension reviews and actuarial advice.

RESOLVED - that the Minutes of the meeting held on 25 November 2015 be confirmed as a correct record and signed by the Chairman.

521 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Francesca Palmer and Debbie Hanson from Ernst Young LLP, the Council's new External Auditors.

522 EXTERNAL AUDIT – GRANTS CLAIM CERTIFICATION WORK 2014/15

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The Director of Finance and Support Services submitted a letter from the Council's former External Auditors regarding certification work for the 2014/15 financial year relating to expenditure of £36.2M. It was noted that the claim form was amended and qualified in relation to a sum of £238; this related to an issue of classification of tenants in short term accommodation.

The External Auditor confirmed that, they were satisfied that the Council had appropriate arrangements in place to compile and complete accurate and timely claims for audit certification.

The Committee received the report.

RESOLVED – that the report be received.

523 TREASURY MANAGEMENT STRATEGY STATEMENT 2016/17

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The Executive Member for Finance submitted a report which set out the 2016/17 Treasury Strategy Statement and Annual Investment Strategy and Prudential

Indicators. The Head of Strategic Finance provided a summary of the report. It was noted that the report had also been submitted to the joint meeting of Scrutiny Committees for that Committee's consideration prior to consideration by the Executive.

In response to a query from the Chairman regarding the actual gross debt as at 31 March, the Head of Strategic Finance explained that the Council paid interest only and that the capital was still outstanding which impacted on the actual gross debt.

Members received the report and resolved to recommend to the Executive the recommendations as now detailed in the report.

RESOLVED – that (A) the Treasury Management Strategy and Annual Investment Strategy detailed in paragraphs 2.1 – 2.2 be recommended for submission to the Executive;

(B) the prudential indicators detailed in paragraph 2.3 be recommended for submission to the Executive; and

(C) the counterparty listed detailed in paragraph 2.4 of the report submitted, be recommended for submission to the Executive.

#### 524 SHARED INTERNAL AUDIT SERVICE – AUDIT PLAN UPDATE REPORT

The Shared Internal Audit Service submitted a report detailing the progress made by SIAS in delivering the Council's Annual Audit Plan for 2015/16 as at 1 January 2016. The report proposed amendments to the approved 2015/16 Audit Plan as detailed within the report and provided the implementation status of previously agreed high priority audit recommendations. The report also provided an update on performance management information as at 1 January 2016. The SIAS Officer provided a summary of the report.

In response to a query from Councillor B Deering regarding the length of time taken to put in place the Business Continuity Plan, the Director of Finance and Support Services explained the background to the internal audit work carried out in 2011; the new infrastructure now in place and the need to ensure that all the new work was properly signed off. She assured the Member that this would be completed by March 2016. The Chairman welcomed the cautious monitoring approach.

In response to a query by Councillor S Stainsby in terms of whether any further support was needed by the Shared Internal Audit Service from the Council or whether other reviews were needed. SIAS confirmed that they were happy with the ongoing support from the Council and that it looked at the local risk registers and joint working arrangements to develop plans with other local authorities. The Director of Finance and Support Services referred to new developments this year in relation to the new Shared Anti-Fraud Service which would be included within the internal audit plan.

The Committee approved the report.

RESOLVED – that (A) the Internal Audit Progress report be noted;

(B) the amendments to the Audit Plan as at 1 January 2016 and as now submitted, be approved; and

(C) the status of high priority recommendations be noted.

525 UPDATE ON IMPLEMENTATION OF ANNUAL GOVERNANCE STATEMENT ACTION PLAN

The Director of Finance and Support Services submitted a report in relation to the 2014/15 Annual Governance Statement and the three measures recommended to enhance East Herts Council's internal control framework during 2015/16. The report also provided details of proposed actions which needed to take place prior to confirmation being given that adequate and effective

controls were fully in place. The Head of Governance and Risk Management provided a summary of the report, highlighting those which were now “green” and those which had turned “amber”.

Members noted the progress made against implementing the 2015/16 Annual Governance Statement Action Plan.

RESOLVED – that the progress made against implementing the Action Plan detailed in the 2015/16 Annual Governance statement be noted.

526 AUDIT COMMITTEE WORK PROGRAMME

The Director of Finance and Support Services submitted a report detailing the proposed work programme for Audit Committee during 2016/17.

The Chairman referred to the full agenda for the next meeting and asked Members to let him know their preferred training requirements for the next meeting.

Members approved the work programme, as now detailed.

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

The meeting closed at 7.50 pm

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| Chairman ..... |
| Date .....     |