

MINUTES OF A MEETING OF THE  
AUDIT AND GOVERNANCE COMMITTEE  
HELD IN THE COUNCIL CHAMBER,  
WALLFIELDS, HERTFORD ON  
WEDNESDAY 15 JUNE 2016, AT 7.00 PM

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PRESENT: Councillor M Pope (Chairman)  
Councillors D Abbott, A Alder, B Deering,  
I Devonshire, C Snowdon, S Stainsby and  
C Woodward

ALSO PRESENT:

Councillor G Jones

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Democratic Services Officer
Chris Gibson	- Head of Governance and Risk Management
Mike Rowan	- Head of Legal and Democratic Services
Ben Wood	- Head of Communications, Strategy and Policy

ALSO IN ATTENDANCE:

Darren Williams - SIAS

89 APPOINTMENT OF VICE CHAIRMAN

It was proposed by Councillor D Abbott and seconded by Councillor I Devonshire that Councillor B Deering be appointed Vice-Chairman of Audit and Governance Committee for the 2016/17 civic year.

After being put to the meeting, Councillor B Deering was appointed Vice–Chairman of the Audit and Governance Committee for the 2016/17 civic year.

RESOLVED – that Councillor B Deering be appointed Vice–Chairman of Audit and Governance Committee for the 2016/17 civic year.

90 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Mike Rowan, the new Head of Legal and Democratic Services to the meeting.

91 TERMS OF REFERENCE

Councillor C Woodward referred to the new functions of Audit and Governance Committee and the fact that the new committee would need to be proactive in terms of five particular clauses. He queried how the Committee would address the new functions. Councillor Woodward further queried what plans were in place to ensure that all Members of the new committee would receive appropriate training in relation to Standards Sub-Committee matters. He referred to the current process which, he believed, caused delays in determining complaints.

The Head of Legal and Democratic Services assured Members that, as Monitoring Officer, he would take steps to ensure that Members received appropriate training and had the necessary skill set in terms of dealing with the Code of Conduct and the process of holding hearings. He outlined what steps he proposed to take in terms of the particular clauses referred to by Councillor Woodward which might require proactivity from Audit and Governance Committee and undertook to resolve any areas in process which could contribute to delays in determining complaints.

The Head of Legal and Democratic Services undertook to provide Members with regular reports on outstanding complaints. He welcomed Members' suggestions on

improving the overall process.

The Head of Governance and Risk Management stated that in terms of anti-fraud and anti-corruption, there were strategies and whistle blowing policies in place to address such matters and that work was ongoing with the Shared Anti-Fraud Service.

Councillor C Woodward referred to the Minutes of the Standards Sub-Committee, elsewhere on the agenda and the current outstanding case which had yet to be determined. The Head of Legal and Democratic Services stated that there was not a “backlog of complaints” as suggested, but that there was one complaint which needed to be formally investigated by an external independent person.

Members noted the Terms of Reference for the new Audit and Governance Committee.

RESOLVED – that (A) the Terms of Reference for the new Audit and Governance Committee be noted; and

(B) the Head of Legal and Democratic Services, as the Council’s Monitoring Officer, provide a regular report to Members on Code of Conduct complaints lodged.

92 MINUTES

RESOLVED – that the Minutes of the former Audit Committee meeting held on 16 March 2016 be confirmed as a correct record, and signed by the Chairman.

93 DRAFT STATEMENT OF ACCOUNTS 2015-16

The Executive Member for Finance and Support Services submitted a report setting out the background to the 2015/16 Statement of Accounts and which detailed the overall financial position in the Balance sheet, revenue activities for the General Fund and the Collection Fund. The report also

provided details on changes in reporting requirements from 2014/15 together with supporting comments on key financial statements. The Head of Strategic Finance and Property Services provided a summary of the report, as submitted and confirmed that there were no material issues which needed to be addressed.

The Head of Strategic Finance and Property Services explained that there had been a reduction in the Council's current assets and the Council had invested its cash into a long term investment and had revalued its properties.

Councillor I Devonshire welcomed the £6 million reduction in the pension's deficit. The Head of Strategic Finance and Property Services confirmed that the Council's liability had reduced and its assets increased. He confirmed that the accounts would be made available for public inspection from 27 June for a four week period and that the final report would be submitted to Members in September 2016.

Members noted the Council's draft Statement of Accounts for the financial year 2015/16.

RESOLVED – that the Council's draft Statement of Accounts for the financial year 2015/16 be noted.

#### 94 SHARED INTERNAL AUDIT SERVICE - ANNUAL ASSURANCE

The Shared Internal Audit Service (SIAS) submitted a report setting out the internal auditor's overall view on the adequacy and effectiveness of the Council's control environment on key issues for the period 2015/16. The report summarised the performance of SIAS on the issue of compliance with Public Sector Internal Audit Standards and Quality Assurance and Improvement Programme. SIAS also presented their Audit Charter for the civic year 2016/17 for approval.

The Head of Strategic Finance and Property Services confirmed that there had been no inappropriate scope or resource limitations on the internal audit function during the

year.

In response to a query from Councillor C Woodward regarding the number of reports which were not given an assurance opinion, the SIAS Officer explained that some work took the form of just providing advice, e.g. Repair and Renew Flood Grant, Payroll Pension Certificates. The Chairman referred to areas which had been identified as meriting further attention and confirmed that he would discuss this with the Head of Strategic Finance and Property.

The Head of Governance and Risk Management explained his role in monitoring recommendations which were not high priority ones and which formed the basis of a report to the Leadership Team.

Members approved the recommendations detailed in the report, now submitted.

RESOLVED – that (A) the Annual Assurance Statement and Internal Audit Annual report be noted;

(B) the results of the Self-Assessment as required by the Public Sector Internal Audit Standards and the Quality Assurance and Improvement Programme be noted;

(C) the Audit Charter for 2016/17 be approved; and

(D) the assurance from management, that the scope and resources for internal audit had not subject to inappropriate limitations in 2015/16, be noted.

## 95 SHARED INTERNAL AUDIT SERVICE - AUDIT PLAN UPDATE

The Shared Internal Audit Service (SIAS) submitted a report detailing the progress made by SIAS in delivering the Council's Annual Audit Plan for 2016/17 (as at 27 May 2016). The report proposed amendments to the approved 2016/17 Audit Plan and detailed the status of previously agreed high

priority audit recommendations. The report provided an update on performance management information and sought approval to remove completed actions.

By way of an update, the SIAS Officer confirmed that the Internal Audit service had now delivered 12% of actual billable days against planned chargeable dates completed.

In response to a query from Councillor A Alder regarding assurance levels and those meriting attention, the SIAS Officer explained that those recommendations which “merits attention” were not fundamental but would be useful to implement. In response to a further query, the Head of Governance and Risk Management confirmed that the Council’s insurance provider was subject to tender arrangements. He stated that one of the current providers Zurich, had been particularly useful in the past in providing training around strategic risks.

In response to a query from Councillor I Devonshire regarding the only high priority recommendation, the SIAS Officer explained that this related to Street Markets and contract delivery and SIAS had recommended that the Council needed to hold further discussions to resolve current issues around contractual arrangements.

Councillor B Deering referred to the Business Continuity Plan and its overdue target date. The Head of Governance and Risk Management provided an update and confirmed that he was confident that the last phase of testing would be completed with the assistance of HCC Resilience Team experts by September 2016.

Members noted the Internal Audit Progress Report and agreed to the removal of already implemented high priority recommendations as set out in the report.

RESOLVED – that (A) the Internal Audit Progress report as now submitted be noted; and

(B) high priority recommendations already

implemented, be removed from the plan.

96 UPDATE ON IMPLEMENTATION OF ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2015/16

The Head of Strategic Finance and Property Services submitted a report detailing the progress made in implementing the action plan contained in the 2014/15 Annual Governance Statement and the three measures to enhance East Herts Council's internal control framework during 2015/16.

The Head of Governance and Risk Management provided a summary of the report, adding that the actions relating to the Asset Management Plan had now all been completed.

Councillor C Woodward referred to the Council's District Plan and its adoption which he said, could be delayed if it did not get approval by Council.

Members noted the progress made in implementing the action plan contained in the 2014/15 Annual Governance Statement as submitted.

RESOLVED – that the progress made in implementing the action plan contained in the 2014/15 Annual Governance Statement be noted.

97 DRAFT 2015/16 ANNUAL GOVERNANCE STATEMENT

The Leader of the Council submitted a report detailing proposals for taking forward the 2015/16 Annual Governance Statement.

The Head of Governance and Risk Management drew Members' attention to the two actions which were outstanding, the detail of which was set out in the report which would be carried forward into the new Action Plan.

Councillor I Devonshire commented that a significant risk was the Government's continuing reduction of grant support. The

Head of Strategic Finance and Property Services acknowledged that this was a risk, but that this was beyond the Council's control in terms of the Strategic Risk Register.

Members noted the content and proposals for taking forward the 2015/16 Annual Governance Statement.

RESOLVED – that (A) the Annual Governance Statement be noted as part of the wider consultation process; and

(B) the proposed process for taking forward the 2015/16 Annual Governance Statement, be approved.

## 98 ANNUAL REVIEW OF DATA QUALITY STRATEGY

The Head of Communications, Strategy and Policy submitted a report setting out the annual revisions needed to the Data Quality Strategy 2016. He summarised the revisions and referred Members to Essential Reference Paper 'B' for more detailed information. The Head of Communications, Strategy and Policy explained the rationale behind the suggestion to review every three years rather than annually.

Councillor C Woodward referred to the need to include current job titles and sought assurance that key users would be updated regularly. This was provided.

In response to a query from the Chairman regarding Data Quality Strategy, the Head of Communications, Strategy and Policy explained what training had been provided. The Chairman suggested that training on Performance Management could be something which might be included in the Committee's Work Programme elsewhere on the agenda.

Members supported the revised strategy and summary guide and noted that the next review would take place in 2019, but requested that an Annual Performance Framework update be brought to the Committee.

RESOLVED – that (A) the revised strategy and

summary guide be approved; and

(B) the next review of the policy taking place in 2019, be approved.

99 RISK MANAGEMENT MONITORING REPORT - 1 JANUARY 2016 - 31 MARCH 2016

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The Executive Member for Finance and Support Services submitted a report on the action taken to mitigate and control strategic risks during the period January to March 2016.

The Head of Governance and Risk Management provided a background summary of the report and the monitoring arrangements. He reported that two new strategic risks had been added relating to extreme weather conditions and Devolution. The Head of Governance and Risk Management reminded Members that all strategic and operational risks could be viewed on the Council's performance management system, Covalent, as detailed in the report.

Councillor C Woodward queried SR10 (Bishop's Stortford Development Proposals – Infrastructure) and SR16 (Old River Lane, Bishop's Stortford, the Section 106 monies agreed per dwelling and the potential infrastructure deficit). The Head of Strategic Finance and Property Services explained that work was ongoing with Hertfordshire County Council to ensure that infrastructure proposals were deliverable and supported future developments in the context of the current Bishop's Stortford Planning Framework development.

Councillor Woodward also referred to the emerging risk and suffering as a result of poor environmental air quality. Councillor S Stainsby referred to risk and air pollution in terms of SR10. The Head of Strategic Finance and Property Services explained that this was being reviewed in terms of a wider study of air quality in the town centre and that concerns would be fed into the document for consultation. Councillor I Devonshire commented that the issue of poor air quality in Bishop's Stortford at the Hockerill junction, had been referred to the local Member of Parliament.

Councillor B Deering suggested that in addition to poor air quality, the issue was also about the risk of litigation. The Head of Strategic Finance and Property Services agreed to speak with the Head of Legal and Democratic Services to discuss the matter further. Members supported the suggestion that a further report on air quality in the context of legal liability, be submitted.

The Head of Governance and Risk Management explained the process of the report to various committees. Members agreed that although the information submitted to committee may not be as timely as expected, they asked that Officers continue to submit reports to Audit and Governance Committee.

In response to a query from the Chairman regarding SR3 (Risk that supplier / contractor key third sector partner fails or fails to delivery), the Head of Strategic Finance and Property assured Members that he was confident that all the Council's contracts were well managed.

The Committee approved the report, as now detailed.

RESOLVED – that (A) the action taken to mitigate and control strategic risks be approved;

(B) risk management monitoring reports continue to be submitted to Members; and

(C) a report on air quality in terms of the Council's potential liability, be submitted.

100 AUDIT AND GOVERNANCE COMMITTEE - WORK PROGRAMME

The Head of Strategic Finance and Property Services submitted a report detailing the proposed work programme for Audit and Governance Committee.

The Head of Governance and Risk Management referred to

the recent changes to the Terms of Reference of the new committee which would impact on the future content of the work programme. As previously agreed, Risk Management Monitoring would be re-programmed into the work of the Committee and there would also be an annual Performance Framework update report provided.

The Chairman referred to various issues and sought Members' thoughts on issues which could be included in the work programme. Members suggested the inclusion of a training item on the Statement of Accounts at the September 2016 meeting and in the future, Treasury Management training, a report on cyber crime and performance management training.

Members also reaffirmed their wish to have a standing item on the agenda regarding complaints lodged under the Code of Conduct.

Members supported the revised work programme for Audit and Governance Committee, as now amended.

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

101 MINUTES OF THE STANDARDS SUB COMMITTEE - 24  
APRIL 2016

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The Chairman reminded Members that following changes to the Terms of Reference of Audit and Governance Committee, that the Minutes of future Standards Sub Committees would be submitted for information only.

Councillor B Deering asked that all Members be circulated with a final version of the Constitution (particularly in relation to Standards Sub Committee matters). This was supported.

Members noted the Minutes of Standards Sub Committee held on 24 April 2016.

RESOLVED – that the Minutes of Standards Sub

Committee held on 24 April 2016, be received.

The meeting closed at 8.45 pm

Chairman .....

Date .....