

MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON
WEDNESDAY 21 SEPTEMBER 2016, AT
7.00 PM

PRESENT: Councillor M Pope (Chairman)
Councillors B Deering, I Devonshire,
P Kenealy, C Snowdon and S Stainsby

ALSO PRESENT:

Councillors G Williamson

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Democratic Services Officer
Victoria Clothier	- Legal Services Manager
Philip Gregory	- Head of Strategic Finance and Property
Kevin Williams	- Acting Head of Legal and Democratic Services
Liz Watts	- Chief Executive

ALSO IN ATTENDANCE:

Alan Cooper	- SIAS
Debbie Hanson	- Ernst Young LLP
Nick Jennings	- SAFS

310 TRAINING ITEM - LOCAL GOVERNMENT AUDIT UPDATE

A presentation was given by the External Auditor on a Local

Government Audit Update. The briefing looked at:

- the impact of the UK's decision to leave the European Union;
- changes to off-payroll working;
- potential review of process for reporting election results;
- the need to minimise revenue spend on debt servicing and maximise revenue spend on assets;
- changes to the timescales for the preparation of accounts and auditing and the potential challenges of earlier deadlines.

The Chairman referred to Brexit and the impact this might have on government funding. He also referred to the Council's assets and volatility in relation to its pension liability.

The External Auditor referred to the risks that some Councils could face in relation to Brexit and funding streams. She stated that Revenue Support Grant was continually declining and the New Homes Bonus could disappear. She also spoke of the challenges Councils faced in preparing their Medium Term Financial Plans (MTFPs) in the face of uncertainty in relation to grant funding. The External Auditor commented that to mitigate these uncertainties, many Councils were adopting a more commercial approach to generate funding. The External Auditor confirmed that volatility would affect the Council's assets and movements and also in terms of pension figures.

The changing timescales for the production of the Council's accounts was debated at length. The Head of Strategic Finance and Property commented that they were working closely with the External Auditor to ensure that information was submitted in a timely manner. He reminded Members that the tri-annual review of pensions was being undertaken and that confirmation of this review was awaited from Hertfordshire County Council. He stated that a report on the Pension Fund would be presented to Corporate Business Scrutiny Committee in October 2016.

The Chairman, on behalf of Members, thanked the External

Auditor for the presentation.

RESOLVED – that the presentation be received.

311 APOLOGIES

Apologies for absence were submitted from Councillors D Abbott, A Alder and C Woodward.

312 MINUTES - 15 JUNE 2016

RESOLVED – that the Minutes of the meeting held on 15 June 2016 be confirmed as a correct record and signed by the Chairman.

313 CHAIRMAN'S ANNOUNCEMENTS

The Chairman stated that, with the consent of Members, he proposed to move agenda items 14 (Verbal Update – Complaints lodged with the Monitoring Officer) and 16 (Review of the Council's Constitution) to be considered after agenda item 4 (Declarations of Interest). This was supported.

314 COMPLAINTS LODGED WITH THE MONITORING OFFICER
- VERBAL
UPDATE

The Acting Head of Legal and Democratic Services explained the current procedure in terms of the complaints process and those submitted formally to the Monitoring Officer. He referred to the issue of prejudice which could arise if the current process was not followed.

The Acting Head explained that an investigation was complete in relation to one complaint, but that it was not at the point at which a public hearing should be arranged and that he was awaiting further information. The Acting Head explained that as the Monitoring Officer, he needed to ensure that any complaints were dealt with in confidence and of the need to ensure that the issue of prejudice did not arise. He reiterated that current protocols for dealing with complaints needed

revision to remove any possibility of prejudice being alleged.

Members noted the update.

RESOLVED – that the update be noted.

315 REVIEW OF THE COUNCIL'S CONSTITUTION

At the request of the Chief Executive and with the consent of the Chairman, this matter had been added to the agenda as an urgent item of business because it was considered of sufficient urgency to warrant consideration and in order to facilitate the business of the Council.

The Chief Executive submitted a report seeking approval to carry out a significant review of the Constitution and the establishment of a Constitution Working Group (CWG) to facilitate this review. The new Legal Services Manager introduced the report.

The Committee supported the recommendations as now detailed.

RESOLVED – that (A) a Constitution Working Group (CWG) to carry out a review of the Council's Constitution be established;

(B) the Leader of the Council, in consultation with the Chairman of Audit and Governance Committee, nominate three Members of the CWG from Members of this Committee and one Member from Corporate Business Scrutiny Committee;

(C) the CWG submit an interim review of its recommendations to Audit and Governance Committee on 25 January 2017 with a final report on 22 March 2017 for approval by Council on 10 May 2017; and

(D) the Legal Services Manager be appointed to act as the Lead Officer in relation to the CWG.

316 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 the Council's overall financial position in terms of the Balance Sheet and revenue activity in terms of the General Fund and the Collection Funds. The Head of Strategic Finance and Property introduced the report and assured Members that the report would be carefully reviewed before publication, to ensure accuracy of content.

The report was debated at length when a number of queries were raised and responded to. Of particular concern was the issue of the Council's liability with regard to pensions. The Head of Strategic Finance and Property reminded Members that this matter was under a tri-annual review by Hertfordshire County Council and would be considered further by Corporate Business Scrutiny Committee in October 2016. He stated that an HCC Pensions Adviser would be in attendance at that meeting to respond to Members' questions.

The Committee supported the recommendations as now detailed.

RESOLVED – that (A) the Council's Statement of Accounts for the financial year 2015/16 be approved and authorised by the Chairman of the Audit and Governance Committee following the conclusion of the meeting; and

(B) the letter of representation be approved for signature by the Chairman of Audit and Governance Committee and the Head of Strategic Finance and Property.

317 EXTERNAL AUDIT - AUDIT RESULTS REPORT

The External Auditor submitted a report setting out the results and conclusions on the work carried out under its statutory obligations. The External Auditor explained that, although work was still ongoing in relation to Value for Money control

arrangements and Whole of Government Accounts, they would be issuing an unqualified positive opinion. She drew Members' attention to Appendix 'C' of their report in relation to outstanding matters and in relation to the External Auditor's overall conclusions in relation to Value for Money. The Head of Strategic Finance and Property Services assured Members that outstanding information would be provided to the External Auditors.

The Committee noted the report as detailed.

RESOLVED – that the report be noted.

318 RISK MANAGEMENT MONITORING REPORT (APRIL TO JUNE 2016)

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

In response to a query from Councillor B Deering, the Head of Strategic Finance and Property explained what the Council was doing to mitigate risk in relation to 16SR 1b (Business Rate Income). The Chief Executive explained the challenges in terms of encouraging economic development and Members' anxiety in relation to growth around the District as evidenced in terms of the District Plan.

In response to a query from the Chairman regarding cyber - crime, the Officer from the Shared Anti-Fraud Service (SAFS) provided an overview on planned activity in relation to combatting this form of crime.

Councillor B Deering referred to emergency planning procedures and queried what plans the Council had in place to ensure continuity of business if something happened to the Wallfields building. The Chief Executive referred to IT support and confirmed that business could continue from one of a number of venues including Charringtons House in Bishop's Stortford, and the Buntingford Depot, adding that most people could work from home.

The Committee approved the report, as now detailed.

RESOLVED – that the report be approved.

319 TREASURY MANAGEMENT STRATEGY – 2015/16
OUTTURN

The Executive Member for Finance and Support Services submitted a report which reviewed the Council's treasury management activities for 2015/16 including the prudential indicators and identified the associated impact on the 2016/17 treasury management strategy. The Head of Strategic Finance and Property provided an overview of the report.

The Committee approved the report, as now detailed.

RESOLVED – that the 2015/16 treasury management activity and prudential indicators, be approved.

320 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 2 September 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. The SIAS Officer provided an overview of the report.

In response to a query from Councillor P Kenealy regarding the absence of the Business Continuity Plan, the Chief Executive explained that the recent restructure had impacted on the plan moving forward, but that one of the two Directors now had responsibility for this. Members supported the suggestion that this issue be added to the Committee's work programme and that the Director be invited to the next meeting to provide a detailed update.

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

(B) high priority recommendations already implemented, be removed from the plan; and

(C) the Business Continuity Plan be added to the work programme for the next meeting and the responsible Director be invited to provide an update.

321 SHARED ANTI-FRAUD SERVICE (SAFS) - POSITION STATEMENT

The Shared Anti-Fraud Service (SAFS) submitted a report in respect of the year end data for 2015/16; the progress made against the Council's published Anti-Fraud Action Plan adopted in March 2016; and, the anti-fraud activity undertaken to protect the Council. The SAFS Officer referred to the availability of two published documents, i.e., the SAFS/EHDC Anti-Fraud Action Plan 2016/17 and a Summary of Progress against Plan 2016/17.

The Committee noted the report, as now detailed.

RESOLVED – that (A) the Shared Anti-Fraud Service year-end data for 2015/16 be noted;

(B) the progress of the Shared Anti-Fraud Service in delivering the Council's Anti-Fraud Action Plan 2016/17 be noted; and

(C) the anti-fraud activity undertaken to protect the Council be noted.

322 ANNUAL SHARED INTERNAL AUDIT SERVICE - BOARD REPORT 2015-16

The Shared Internal Audit Service (SIAS) submitted the annual report of its activity of the service for the financial year 2015/16. The Officer from SIAS provided a summary of the

key issues. In response to a query from the Chairman regarding increased consultancy costs, the SIAS Officers explained why these had occurred.

The Committee noted the report, as now detailed.

RESOLVED – that the report be noted.

323 2015/16 ANNUAL GOVERNANCE STATEMENT AND
2016/17 ACTION PLAN

The Leader of the Council submitted a report on the 2015/16 Annual Governance Statement and the 2016/17 Annual Governance Statement Action Plan, the detail of which was set out in the report.

The Committee approved the report, as now detailed.

RESOLVED – that the 2015/16 Annual Governance Statement and the 2016/17 Action Plan be approved.

324 AUDIT AND GOVERNANCE WORK PROGRAMME

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

The Chairman referred to various issues and sought Members' thoughts on matters which could be included in the work programme. Members suggested that the work programme be amended to include the following:

- Pension training
- Business Continuity Update
- Fraud

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

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

The meeting closed at 9.48 pm

Chairman

Date