

MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON TUESDAY 31
MAY 2022, AT 7.00 PM

PRESENT: Councillor A Ward-Booth (Chairman)
Councillors A Alder, K Crofton, R Fernando

OFFICERS IN ATTENDANCE:

Michele Aves	- Democratic Services Officer
Steven Linnett	- Head of Strategic Finance and Property

ALSO IN ATTENDANCE:

Simon Martin	- Shared Internal Audit Service
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35 APPOINTMENT OF VICE- CHAIRMAN FOR 2022/23

It was moved by Councillor Alder and seconded by Councillor Crofton, that Councillor Ward-Booth be appointed Vice-Chairman for 2022/23. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that Councillor Ward-Booth be appointed Vice-Chairman for 2022/23.

36 APOLOGIES

An apology for absence was received on behalf of the Chairman, Councillor Pope. Councillor Ward-Booth chaired the meeting in his absence.

37 MINUTES - 5 APRIL 2022

It was moved by Councillor Alder and seconded by Councillor Fernando, that the minutes of the Meeting held on 5 April 2022 be confirmed as a correct record and signed by the Chairman. After being put to the meeting and a vote take, this motion was declared CARRIED. It was noted that Councillor Crofton abstained from the vote as he was not present at the meeting held on 5 April 2022.

RESOLVED – that the Minutes of the Committee meeting held on 5 April 2022 be confirmed as a correct record and signed by the Chairman.

38 CHAIRMAN'S ANNOUNCEMENTS

The Chairman reminded Members to use their microphones when speaking as the meeting was being webcast.

39 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

40 TRAINING - THE ROLE OF INTERNAL AUDIT

The Shared Internal Audit Service Manager gave a training presentation on the role of Internal Audit. He

began by explaining how the Shared Internal Audit Service worked in partnership with several Councils across Hertfordshire, with East Herts Council being one of the founding members eleven years ago.

The Shared Internal Audit Service Manager explained the definition of internal audit, and the differences between internal and external audit. He advised Members of the statutory requirement for the Council to have an internal audit provision under the Accounts and Audit Regulations 2015, and the links between internal audit and the Council's Chief Financial Officer.

He went on to explain that the Shared Internal Audit Service was audited by the Public Sector Internal Audit Standards (PSIAS), with annual self-assessments made against PSIAS standards, and an external independent assessment carried out every five years.

The Shared Internal Audit Service Manager explained the role of internal audit in the Council's governance framework. The need for assurance, and how this feeds into the Council being able to account to its residents and service users, and know that it is complying with policies and legislation.

He told Members of the different delivery models for Internal Audit and the Internal Audit cycle, adding that the Annual Assurance Statement and the Internal Audit Annual Report were on the evening's agenda.

Councillor Alder asked how the Shared Internal Audit Service was internal if their staff were employed by Hertfordshire County Council. The Shared Audit Service Manager said that one partner of the service

acted as the service lead for legal and employment reasons, but that many of the team did not carry out work for Hertfordshire County Council, instead focusing on district or borough work.

Councillor Crofton asked if the different partners within the group shared the same standards and processes. The Shared Audit Service Manager said that East Herts Council had its own audit work programme, with none of the other partners having any influence on this.

Councillor Crofton asked if a better way of working was found would the service recommend this to other partners within the group. The Shared Audit Service Manager said that information was shared via a learning newsletter, and that an audit featured in another Council would be looked, at and possibly incorporated into East Herts (or vice versa) if appropriate.

Councillor Crofton asked who the Shared Audit Service reported to within the council, and clarification on how many items were worked on at any one time. The Shared Audit Service Manager said that reporting is made to the relevant Head of Service (the audit sponsor). He said that audit reports were sent to the Head of Strategic Finance and Property, with Members seeing final reports. He advised that liaison meetings with the Head of Strategic Finance and Property were held every four months. He said that twenty audits would be completed over the course of a year.

The Chairman thanked the Shared Audit Service Manager for his presentation.

RESOLVED – that the presentation be received.

41 ANNUAL ASSURANCE STATEMENT AND INTERNAL AUDIT
ANNUAL REPORT 2021/22

The Shared Audit Service Manager briefly introduced the annual report, listing the report's key messages and asked if Members had any questions.

Councillor Crofton asked for management assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2021/2022. The Head of Strategic Finance and Property confirmed that internal audit did have sufficient resources throughout the year, and were also sufficiently independent.

Councillor Alder asked for clarification on the language used in the report, in particular the use of the word "generally". The Shared Internal Audit Service Manager explained that the Public Sector Internal Audit Standards has three levels within its assessment. These are;

- Generally conforms.
- Partially conforms.
- Does not conform.

To be found to be "generally conforming" an organisation has to have complied with the vast majority of the forty seven standards required.

Councillor Alder referred to paragraph 2.14 of the report, and asked if further staff training had been

organised where non-compliance and scope for improvement had been found. The Shared Internal Audit Service Manager said that this would be a matter for management, with the service only making recommendations.

It was moved by Councillor Ward-Booth and seconded by Councillor Crofton that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED - (A) that the Annual Assurance Statement and Internal Audit Annual Report be noted;

(B) that the results of the self-assessment required by the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP) be noted;

(C) that the SIAS Audit Charter be accepted;

(D) that management assurances that the scope and resources for internal audit were not subject to inappropriate limitations in 2021/22 be sought.

42 STRATEGIC RISK REGISTER - MONITORING QUARTER 4 2021/22

The Head of Strategic Finance and Property introduced the report, advising Members that it was the final of its kind for the year. He said that the report for Quarter 3 had been seen at the last committee meeting, and that

the Quarter 4 position remained much the same.

Councillor Alder followed on from her question which related to the previous item on the agenda. She asked if additional training had been organised for the staff who were identified as requiring it from the SIAS report. The Head of Strategic Finance and Property assured Members that training needs were picked up by management via staff appraisals. He said that should systems need changing this would be also addressed, with any mistakes learnt from.

The Head of Strategic Finance and Property said that he would speak with the Shared Internal Audit Manager outside of the meeting to determine the specifics of the report which Councillor Alder was referring to. The Chairman said that officers would then be able to respond to Councillor Alder's question.

Councillor Crofton asked for clarification on the Strategic Risk Register and questioned the inclusion of equalities within this. He asked if the register included training, efficiency and staff retention. The Head of Strategic Finance and Property said that the Corporate Risk Register included all of the things which could send the Council off course, preventing the delivery of the corporate plan and the performing of its statutory responsibilities.

The Head of Strategic Finance and Property went through the register, giving an in depth explanation of the different risks, their triggers, consequences and mitigations/controls. This included at number four, those pertaining to staff capacity and the skills to deliver services. He also explained the risks associated

with not having equalities impact assessments. He advised Members on how risks were scored and how these related to the matrix, seen at page 57 of the report. He said that the risks identified as the highest, and therefore in the “hot zone” of the matrix were actively managed by the Leadership Team, with other risks delegated to Heads of Service to monitor.

RESOLVED – that the report be reviewed and received.

43 DATA PROTECTION UPDATE

The Chairman introduced the report, summarising that a lot of good work had been done to strengthen the Council’s data protection processes and procedures.

It was moved by Councillor Ward-Booth and seconded by Councillor Fernando that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED

RESOLVED - that the report be noted and received, and any observations provided to the Information Governance and Data Protection Manager.

44 NEXT STEPS ACCOMMODATION CAPITAL GRANT AUDIT

The Head of Strategic Finance and Property introduced the report, explaining that it related to the Council’s capital scheme to provide temporary accommodation for rough sleepers at The Rectory in Stanstead Abbots. He said that the scheme’s grant provider, Homes

England had initiated an audit, which was carried out by the Shared Internal Audit Service. This audit determined that two breaches of Homes England's grant conditions had occurred. The first breach resulted from a building control certificate not being submitted in a timely way. The second breach resulted from the Council submitting its final payment claim one day ahead of the formal certification of practical completion.

The Head of Strategic Finance and Property listed the changes which the Housing and Health Department had put into place following this audit to avoid any such reoccurrences. These included the use of a single name project manager, and the role of project sponsor being undertaken by the Head of Service. He added that the Homes England process had been new to staff, and that lessons had been learnt.

Councillor Alder said that it was good to see from the report that although mistakes had been made the Council would still be able to make bids for future funding.

The Chairman said that the report gave reassurance that measures were now in place to ensure that such mistakes would not happen again.

The Shared Internal Audit Manager said that it was an unusual piece of work for the service to be asked to do. He said that Homes England had asked the service to carry out the audit on their behalf, but had provided a checklist with the key lines of enquiry for the auditor. He explained that this checklist consisted of mainly yes or no answers to questions which were then submitted

to Homes England via an online portal. The Shared Internal Audit Manager said that they were therefore unable to know what judgement Homes England would make until they made their report to the Council.

RESOLVED – that the report be considered and received.

45 AUDIT AND GOVERNANCE WORK PROGRAMME

The Head of Strategic Finance and Property introduced the report. He said that Members would recall that the external auditors had given an indication that they would be in a position to give their final 2020/2021 accounts opinion at this meeting. As this was not the case, he said that he was assuming that these would be available at the next meeting of the Committee on 19 July 2022. He said that it may be wise to consider cancelling the meeting planned for 19 July 2022 should these accounts again not come to fruition, as other items on the agenda were not crucial and could also slip to the next meeting on 29 September 2022.

The Head of Strategic Finance and Property said that he planned for Members to receive a training presentation on the Transforming East Herts Programme at the meeting on 29 September 2022. He explained that this would be alongside the Transforming East Herts Overall Business Case. He listed the other agenda items for the September meeting and gave an overview for the rest of the meetings of the Committee for the rest of the civic year.

The Chairman asked for any comments or questions from Members, in particular with regards to the possible cancelling of the meeting on 19 July 2022. Councillor Crofton said that cancelling the meeting on 19 July 2022 would be a good idea.

It was moved by Councillor Fernando and seconded by Councillor Alder that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that (A) the work programme as set out in the report be approved; and

(B) that any training requirements be specified.

46 URGENT ITEMS

There were no urgent items.

The meeting closed at 7.58 pm

Chairman
Date