

## **AUDIT COMMITTEE**

**14 DECEMBER 2015**

Present: Councillor I Brown (Chair)  
Councillor T Williams (Vice-Chair)  
Councillors A Khan and S Silver

Also present: Richard Lawson (Grant Thornton) and Andrew Brittain (Ernst and Young)

Officers: Shared Director of Finance  
Head of Democracy and Governance  
Audit Manager  
Committee and Scrutiny Officer

### **23 APOLOGIES FOR ABSENCE/COMMITTEE MEMBERSHIP**

Apologies for absence were received from Councillor Mauthoor.

### **24 DISCLOSURE OF INTERESTS (IF ANY)**

There were no disclosures of interest.

### **25 MINUTES**

The minutes of the meeting held on 28 September 2015 were submitted and signed.

#### **External Auditor's report to those charged with governance and approval of Statement of Accounts**

Councillor Khan commented that at the last meeting he asked that the Committee was provided with an amended version of the spreadsheet. He had not yet received it.

The Director of Finance confirmed that the amendment had been included in the final accounts which had since been published on the Council's website. She would ensure the information was circulated to the Committee.

### **26 REQUESTS MADE UNDER THE FREEDOM OF INFORMATION ACT 2000**

The Committee received a report of the Head of Democracy and Governance which provided the half year report of requests made under the Freedom of Information Act, covering the period 1 April to 30 September 2015.

The Head of Democracy and Governance outlined the contents of her report and advised that only one request had not been completed within the statutory time limit.

The Chair asked if the Committee could be provided with further information on the request regarding 32 Pretoria Road and a definition of ESOS.

Councillor Williams requested an update on the request for information about the ICT strategy and software.

The Head of Democracy and Governance advised that she would seek further information from the relevant officers and forward the details to the Committee.

Councillor Khan noted that a request had been made on behalf of the Labour Party about electoral registration. He asked the Head of Democracy and Governance for an update on the current status of the recent canvass.

The Head of Democracy and Governance informed the Committee that the new register had been published on 1 December 2015, as required. There had been a 97.1% return, which was the highest in Hertfordshire. It was a similar percentage to the returns in 2014. Further details would be provided in the Members' Bulletin. There were still a number of people who had not responded to previous correspondence and the service would continue to try to contact them. Reminders would be issued in the New Year and the Council would continue to encourage people to register prior to the elections in May.

In response to a request for information from Councillor Khan, the Head of Democracy and Governance explained that it was not possible to provide Councillors with details of those who had not responded to letters from Electoral Services; however, the monthly updates would be forwarded as they were published.

RESOLVED –

that the contents of the report be noted.

27

## **EXTERNAL AUDITOR'S ANNUAL AUDIT LETTER**

The Committee received a report of the Acting Head of Finance Shared Services incorporating the external auditor's Annual Audit Letter.

Richard Lawson, from Grant Thornton, highlighted some key points from the letter. He advised that the certification work for Housing Benefit was ongoing and the results would be reported at the next meeting.

RESOLVED –

that the contents of the Annual Audit Letter be noted.

28

## **ANNUAL GOVERNANCE STATEMENT - ACTION PLAN UPDATE**

The Committee received a report of the Acting Head of Finance Shared Services including details of the progress in implementing the required actions, resulting from the Annual Governance Statement.

The Director of Finance updated the Committee on the latest position with each of the four actions. Due to the decision to terminate the contract with Capita, some of the actions would need to be reviewed.

In response to a question from Councillor Khan, the Director of Finance advised that if officers chased Capita they received the major incident report. The company was not proactive. In addition the information was not sufficiently detailed. Officers pressed for extra information on major issues.

RESOLVED –

that the progress made against the action plan be noted.

29

## **INTERNAL AUDIT PROGRESS REPORT**

The Committee received a report of the Acting Head of Finance Shared Services which included the Shared Internal Audit Service's (SIAS) progress report.

The Audit Manager updated Members on the latest performance information as the information within the report had been collated over four weeks ago. The safeguarding report had been finalised. He updated the performance indicators which had changed since 13 November.

Councillor Williams noted the update regarding the 2012/13 recommendation on risk management. He asked if the internal audit service were satisfied with the response.

The recommendation pre-dated the audit tenure of SIAS. The Audit Manager assured the Committee that the service had no concerns about risk management. A subsequent audit had taken place in 2014/15 and no issues were outstanding.

The Director of Finance reminded the Committee that the Risk Register was due to be presented at the March meeting.

Following a request from Councillor Khan, the Audit Manager advised that once the reports had been finalised they became public documents. He would arrange with the Committee and Scrutiny Officer to have them circulated to the Committee, including the report on safeguarding.

The Director of Finance advised that she would check the information requested by Councillor Silver regarding access rights to efinancials and report back to the Committee.

RESOLVED –

1. that the Internal Audit Progress Report against the 2014/15 Audit Plan be noted.
2. that amendments to the Audit Plan as at 13 November 2015 be approved.
3. that the removal of the implemented recommendations be agreed.
4. that the changes to the implementation date for 6 recommendations (paragraph 2.5.1 of Appendix 1) for the reasons set out in Appendix 4, be agreed.
5. that the status of the 16 IT audit recommendations (paragraph 2.5.2 of Appendix 1) be noted.

30

## **TREASURY MANAGEMENT UPDATE**

The Committee received a report of the Finance Officer providing the half yearly update on the Treasury Management function, including details of the Council's investment portfolio, investment security and liquidity.

Councillor Khan commented that Budget Panel had a good discussion about investment when it discussed the Council's entrepreneurial role. He noted that the United States was likely to increase the interest rate to encourage employment and potentially increase inflation, which helped to reduce debt. He asked whether inflation would have an impact on the Council's investments.

The Director of Finance explained that the Council did hold reasonable assets in cash; however some were held in reserves for specific projects and the Council was therefore unable to spend it on other schemes. She advised that the Property Investment Board was considering how the Council used all its assets. It was possible for the Council to borrow from itself to fund projects as they arose, but this could also have disadvantages. The Finance Team would continue to look at the best options available.

In response to a question from Councillor Khan, the Director of Finance advised that the information about the level of reserves was contained in the Statement of Accounts, which would be circulated to the Committee.

RESOLVED –

that the contents of the 2015/16 Mid Year Review of the Treasury Management function be noted.

**COMMITTEE'S WORK PROGRAMME**

The Committee received a report of the Acting Head of Finance Shared Services asking Members to review the work programme and consider whether there were any additional topics they would like included at future meetings.

Andrew Brittain, external auditor from Ernst and Young, informed the Committee that the guidance on Value for Money matters was changing. The National Audit Office's consultation had just closed. There were subtle differences that the Committee may find of interest, including a wider remit.

The Committee agreed that a presentation would be included at the start of the next meeting.

Councillor Williams reminded Councillors that a report about Freedom of Information should be included for the meeting in June.

RESOLVED –

that the work programme for the next two meetings be amended as agreed.

Chair

The Meeting started at 7.00 pm  
and finished at 7.35 pm