

Minutes



To: All Members of the Audit Committee, Chief Executive, Chief Officers, All officers named for 'actions'

From: Legal, Democratic & Statutory Services
Ask for: Fiona Corcoran
Ext: 25560

AUDIT COMMITTEE 23 MARCH 2016

ATTENDANCE

MEMBERS OF THE PANEL

R F Cheswright, G R Churchard, T W Hone, T Hunter, L R Kercher, I Reay (substitute for R Cheswright), D T F Scudder, S J Taylor, A D Williams (*Chairman*), W J Wyatt-Lowe (*Vice-Chairman*)

Upon consideration of the agenda for the Audit Committee meeting 16 March 2016, as circulated, copy annexed, conclusions were reached and are recorded below:

Note: No declarations of interest were made by any member of the Committee in relation to the matters considered at this meeting.

PART I ('OPEN') BUSINESS

1. MINUTES

- 1.1 The minutes of the Committee meeting held on 23 March 2016 were confirmed as a correct record and signed by the Chairman.

2. PREPARATION FOR THE 2015/16 ACCOUNTS

- 2.1 The Committee considered a report providing an update on actions taken in preparation for the 2015/16 Statement of Accounts. It was noted that a number of actions were underway to ensure the 2015/16 accounts and audit achieve the same high standards and that new requirements are addressed.

The following points were highlighted:

- There would be no impact on the 2015/16 accounts from Highways changes, which are now being implemented from 2016/17.
- The timetable accommodated working towards early closure and officers were aware of the need for greater reliance on estimates.
- With the review of accounting policies there had been some changes around valuation as anticipated.
- The Better Care Fund (BCF) came in at a much more significant level this year.
- There had been changes to public inspection from this year.

ACTION

- 2.2 In response to a question from a Member, it was agreed that officers would provide further detail on the accounts around the Better Care Fund as part of a Member training session at the time of the close of accounts and it was agreed that the EY representative would also take part in this.

Conclusion:

- 2.3 The Committee RESOLVED that the report be noted.

3A. AUDIT PLAN 2015/16 – COUNTY COUNCIL

- 3A.1 The Committee received Ernst and Young’s Audit Plan for Hertfordshire County Council’s Pension Fund accounts. It was noted that N Harris was the new engagement lead for the County Council.

- 3A.2 Members heard that there would be a close evaluation of how arrangements for how the Better Care Fund (BCF) was being accounted for.

- 3A.3 It was recognised that Highways expenditure had been raised in the past but was now settling down. Members welcomed the fact that this was still acknowledged in the report and raised concerns over estimates and costings. It was noted that an action plan had been discussed at Highways Panel and officers were looking at these issues and from a financial/audit perspective costs were being kept under review.

- 3A.4 There was discussion of developments in the NHS with sustainability transformation partnerships resulting in Hertfordshire being included with West Essex and the Committee heard that the senior management board recognised the significance of these changes and were considering any potential risks between the NHS and particular hospitals. Further to minute 2.2 above, Members reinforced the wish to receive more information on the BCF and the relationship between the County Council and the NHS.

Conclusion

- 3A.5 The Committee RESOLVED that the Audit Plan 2015/16 for Hertfordshire County Council be noted.

3B AUDIT PLAN 2015/16 – PENSION FUND

- 3B.1 The Committee received Ernst and Young’s Audit Plan for Hertfordshire County Council’s Pension Fund accounts.

**CHAIRMAN’S
INITIALS**

.....

Conclusion

3B.2 The Committee RESOLVED that the Audit Plan 2015/16 – Pension Fund be noted.

4. LETTERS OF REPRESENTATION ON MANAGEMENT AND OVERSIGHT OF THE HERTFORDSHIRE COUNTY COUNCIL (INCLUDING FIREFIGHTERS’ PENSION FUND) AND HERTFORDSHIRE PENSION FUND ACCOUNTS 2015/16

4.1 The Committee considered draft Letters of Representation to the External Auditors on management and oversight of the Hertfordshire County Council (including Firefighters’ Pension Fund) and the Hertfordshire Pension Fund Accounts 2015/16; the Letters being required by Ernst & Young on an annual basis, in accordance with International Accounting Standards, to provide information and assurance on the management and processes for both the General and Pension Fund accounts.

Decision:

4.2 The Committee RESOLVED that the Letters of Representation to Ernst & Young be approved and signed by the Chairman.

5. RISK MANAGEMENT ANNUAL REPORT 2015/16

5.1 The Committee received the Risk Management Annual Report for 2015-16 and were updated on developments which had taken place over the year, as well as the current position and key movements on the corporate risk register.

5.2 The Committee noted that although the total number of risks hadn’t changed, there had been movement within that, set out at paragraphs 6.1-6.4 of the report.

5.3 With regard to the risks around the recruitment of sufficient care workers, it was noted that a Herts Care Standard Scrutiny Topic Group was due to take place which would look at this issue.

Decision:

The Committee RESOLVED that:

5.4 the Risk Management Annual report be noted;

5.5 PHD0014 – In the event of a Health Protection emergency such as a communicable disease epidemic, radiological, chemical or biological agent exposure, or extreme weather conditions, there is a risk that

**CHAIRMAN’S
INITIALS**

.....

the authority may be unable to meet its statutory duty to adequately assure multi-agency health protection arrangements and as a result there are high rates of morbidity of Hertfordshire residents - be the subject of the risk focus report for the June 2016 meeting.

6. RISK FOCUS REPORT – COMMUNITY PROTECTION FIRE RESOURCE RISK

- 6.1 The Committee received a report providing further information regarding the Community Protection fire resource risk and controls recorded on the Hertfordshire County Council Corporate Risk Register.
- 6.2 Members welcomed the report linking together the various risks and the range of potential incident and highlighted the need for low tech back up when technology was not functioning and the need for ongoing psychological and emotional support for those involved in a significant incident. In response to a question from a Member, it was noted that the County Council resilience department carried out a significant amount of pro-active work around building resilience in the communities and businesses.
- 6.3 The Committee noted that there was a central government funding scheme for major incidents and that the County Council held contingency funds and reserves for these kinds of events.
- 6.4 It was noted that Hertfordshire had a number of asset vehicles and specialised crews that also provided support for major incidents in other areas. Members acknowledged the strength of Hertfordshire's emergency planning.

Conclusion:

The Committee RESOLVED that:

- 6.5 the Risk Focus report be noted.

7. DATA PROTECTION RISK

- 7.1 The Committee received a presentation (Appendix A) providing information on the data protection arrangements operated by the County Council and the changes to be introduced by the forthcoming adoption of the EU General Data Protection Regulation.
- 7.2 In response to a question from a Member regarding the use of

**CHAIRMAN'S
INITIALS**

.....

software that could delete data remotely, it was noted that this was currently used on County Council mobile telephones and tablets but laptops should have encryption so that any data held on them would not be accessible. The software was not used on laptops because they did not have the same connectivity as phones and tablets.

- 7.3 Members welcomed the new printer use system and highlighted the risk of emails being sent to the wrong person where they have a similar name to the intended addressee. It was also noted that the County Council guidance was for staff to always open circulation lists fully before sending
- 7.4 Members heard that all reported potential breaches were investigated, reviewed and reports containing recommended action produced in every case. The culture of the organisation was that data breaches were taken seriously and considered important.

Conclusion:

- 7.5 The Committee RESOLVED that the presentation be noted.

8. INTERNAL AUDIT PROGRESS REPORT

- 8.1 The Committee received the Internal Audit Progress Report which provided updates on the progress made by the Shared Internal Audit Service in delivering the Hertfordshire County Council Internal Audit Plan for 2015-16.
- 8.2 With regard to schools' audit activity (page 4 of the report), the Committee were informed that all visits have now been completed with draft or final reports issued.

Decision:

The Committee RESOLVED that:

- 8.3 the Internal Audit Progress Report be noted;
- 8.4 changes to the Audit Plan be noted;
- 8.5 high priority actions now complete (as detailed in the report) be removed.

9. 2016/17 INTERNAL AUDIT PLAN REPORT

- 9.1 The Committee received a report providing information on the Internal Audit Plan which sets out the programme of internal audit work for the year ahead and forms part of the County Council's wider assurance framework. The plan had been shared with External Audit colleagues and the Head of Assurance had not been made aware of any concerns from their perspective

**CHAIRMAN'S
INITIALS**

.....

- 9.2 It was noted that Shared Internal Audit Service (SIAS) had chosen to undergo an independent review of its compliance with the Public Sector Internal Audit Standards in January and had achieved the highest of the three possible ratings. This provided greater assurance to the Committee with regard to the work of SIAS.
- 9.3 **Decision:**
The Committee RESOLVED that the Internal Audit Plan for 2016/17 be approved.
- 10. HERTFORDSHIRE COUNTY COUNCIL SHARED ANTI-FRAUD SERVICE PROGRESS REPORT**
- 10.1 Members received a report providing an update on progress made by the Shared Anti-Fraud Service (SAFS) since its launch on 1 April 2015, including an update on the countywide fraud awareness campaign and details of the proposed SAFS/HCC Anti-fraud Action Plan for 2016/17. The Committee also received a presentation on Protecting the English Public Purse from The European Institute for Combatting Corruption and Fraud (TEICAFF) which was attached as Appendix 3 to the report.
- 10.2 It was highlighted that a Member training event on SAFS would be held in May 2016 and it was suggested that Members of the Committee may find this event particularly useful.
- 10.3 It was agreed that officers would present a report in September 2016 providing an update on SAFS activity in 2015/16 and a further report in March 2017 presenting the action plan for 2017/18.
- 10.4 In discussion on the differing types of alleged fraud being reported, Members noted that although no blue badge fraud had been reported in Hertfordshire, this may have been caused by people not knowing how to or being able to access the correct pathway to report it. It was noted that Member training about this had taken place in May 2015 but that further publicising of what constitutes blue badge fraud and how to report it may be required. The Committee heard that the way in which district councils treat blue badge fraud varied and the best approach would be to treat it as fraud so that the SAFS could work together with the district councils.
- 10.5 Members welcomed the work of SAFS and commented that it had improved resilience in district councils, particularly with regard to tenancy fraud which was vital in working towards ensuring housing can be provided to more people who need it. With regard to publicising tenancy fraud cases, Members commented that this was

important as it acted as a deterrent to potential offenders.

It was noted that the implementation of a contact point in Stevenage had been a very positive experience for Stevenage Borough Council.

- 10.6 Members commented that the TEICAFF report was confusing as the information was not up to date. It was noted that SAFS officers had contacted TEICAFF and CIPFA to request a more detailed report to show the picture in Hertfordshire.
- 10.7 The fact that the Committee could monitor the performance of the SAFS was welcomed by Members.
- 10.8 With regard to the original SAFS pilot scheme, it was noted that all district/borough councils had been offered the opportunity to take part but not all had chosen to do so.

Decision:

- 10.9 The Committee:
- noted the progress of the SAFS to date;
 - noted the progress made against the SAFS Business Plan for 2015/16;
 - agreed the SAFS/HCC Anti-Fraud Action Plan;
 - noted the content of the TEICCAF Fraud Briefing;
 - welcomed and endorsed the introduction of a new Fraud Sanction/Prosecution Policy for use from April 2016 and noted that they were pleased with the start that has been made on this work to date.
 - recommended that Cabinet approve the policy attached as Appendix 1 to the report.

11. FUTURE WORK PROGRAMME

The Committee agreed that a report on the SAFS would be considered at the September 2016 and March 2017 meetings.

21 June 2016 at 10am	<ul style="list-style-type: none">• Risk Management Update• Risk Focus Report - PHD0014• Annual Governance Statement 2015/16• Annual Assurance Statement and Internal Audit Annual Report 2015/16• SIAS Terms of Reference 2016/17• Internal Audit Progress Report Q1• Annual Report on the Treasury Management Service & Prudential Indicators
----------------------	--

CHAIRMAN'S INITIALS

.....

September 2016 at 10am	<ul style="list-style-type: none"> • Audit Results Report 2015/16 – County Council • Response To The Audit Results Report – Hertfordshire County Council (Including Fire Fighters’ Pension Fund) Financial Statements • Annual Statement Of Accounts – Hertfordshire County Council (Including Fire Fighters’ Pension Fund) Financial Statements • Audit Results Report 2015/16 – Pension Fund • Response To The Audit Results Report 2015/16 – Pension Fund • Risk Management Update • Risk Focus Report • Internal Audit Progress Report • Shared Internal Audit Service Annual Report • Shared Anti-Fraud Service Report
November 2016 at 10am	<ul style="list-style-type: none"> • Annual Audit Letter 2015/16 • Annual Audit Results Report – Follow Up Actions • Grant Certification 2015-16 • Mid-Year Report on the Treasury Management Service and Prudential Indicators 2016/17 • Risk Management Update • Risk Focus Report • Internal Audit Progress Report • S106 and CIL Update Report

11. ANY OTHER BUSINESS

There was no other business.

**KATHRYN PETTITT
CHIEF LEGAL OFFICER**

CHAIRMAN _____

**CHAIRMAN’S
INITIALS**

.....