

# 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

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## AUDIT COMMITTEE 21 JUNE 2016

### ATTENDANCE

### MEMBERS OF THE PANEL

R J Henry (substitute for S J Taylor), T Hutchings (substitute for D Andrews), T Hunter, J Lloyd, I Reay (substitute for T W Hone), D T F Scudder, A D Williams (*Chairman*), W J Wyatt-Lowe (*Vice-Chairman*)

Upon consideration of the agenda for the Audit Committee meeting 21 June 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.*

### Chairman's Announcements

The Chairman noted apologies from R F Cheswright and G R Churchard.

## PART I ('OPEN') BUSINESS

### 1. MINUTES

- 1.1 The minutes of the Committee meeting held on 16 March 2016 were confirmed as a correct record and signed by the Chairman.

### 2. RISK MANAGEMENT UPDATE

- 2.1 The Committee considered a report providing an update on Risk Management activity over the last quarter as requested by the Audit Committee.

## ACTION

- 2.2 In response to a question from a Member regarding the escalated risk regarding discharge of patients from hospital (paragraph 6.2 of the report), it was noted that a combination of factors contributed to this such as difficulty in recruiting care workers and a change in demographics which included a greater number of elderly people with care needs.
- 2.3 With regard to Appendix A, page 12, a Member of the Committee suggested that pooled funding arrangements for pensions should be highlighted as a separate risk. Officers agreed that it was appropriate to highlight new and emerging risks if the extent and materiality warranted doing so at this level and agreed to consider this suggestion and look into the matter further.
- 2.4 With regard to extreme weather events (Appendix A, page 19), there was discussion of the potential reputational risks to the County Council in cases where residents worked together to fund and organise contractors to do the work in their local area.
- 2.5 It was agreed that Members of the Panel would be provided with a laminated copy of Annex A to the report for reference.

F Timms

F Timms

**Conclusion:**

The Committee RESOLVED:

- 2.6 to note the Risk Management Annual report;
- 2.7 that a Risk Focus report on the following risks be brought to the next meeting of the committee in September 2016:
- HCS0012 - Due to national NHS commissioning changes from May 2015 there may be structural changes to NHS commissioning, leading to financial uncertainty for jointly commissioned projects including the Better Care Fund within Hertfordshire County Council
  - HCSOPD001 – Due to increased demands from the NHS for assistance discharging patients from hospital, (this includes new groups of patients not previously referred to social care and admission avoidance), there is a risk of delays in discharging some patients requiring County Council input, which may result in financial and reputational consequences.
  - HCS0010 – Inability to attract an increased number of careworkers in line with the Health and Community

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Services workforce Strategy leading to non-compliance with the Care Act 2014 duties and customer dissatisfaction.

**3. RISK FOCUS REPORT – HEALTH PROTECTION (PHD0014)**

3.1 The Committee received a report on the health protection emergency risk (PHD0014) and controls recorded on the County Council Corporate Risk Register, relating to the potential of the County Council being unable to meet its statutory duty to adequately assure multi-agency health protection arrangements in the event of a health protection emergency.

3.2 In discussion, it was suggested that Hertfordshire Fire and Rescue Service (HFRS) staff be provided with the seasonal flu vaccine due to their role being essential in an emergency situation. Officers agreed to give consideration to this suggestion and investigate its potential. It was noted that robust plans were in place to ensure that HFRS staff are able to travel to and from work in severe bad weather.

J Bonnet

**Conclusion**

The Committee RESOLVED that:

3.5 the Risk Focus report be noted.

**4. ANNUAL GOVERNANCE STATEMENT 2015/16 AND CODE OF CORPORATE GOVERNANCE**

4.1 The Committee considered a report setting out the basis for the recently completed review of the County Council’s governance arrangements, including its system of internal control and the draft Annual Governance Statement (AGS) 2015/16 for the Committee’s consideration and approval.

**Decision:**

4.2 The Committee RESOLVED:

- to approve the draft Annual Governance Statement for 2015/16 prior to final sign-off by the Leader of the Council and the Chief Executive; and
- to approve the updated code of corporate governance.

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**5. HERTFORDSHIRE COUNTY COUNCIL 2015/16 ANNUAL ASSURANCE STATEMENT AND INTERNAL AUDIT ANNUAL REPORT**

- 5.1 The Committee received the County Council's 2015/16 Annual Assurance Statement and Internal Audit Annual Report.
- 5.2 In response to a question from Member, it was noted that high level results were shown in this report but officers could provide copies of any of the background reports for Members at their request.
- 5.3 With regard to pages 22 and 23 of the report, it was noted that there were some areas of audit coverage where assurance opinion was not applicable due to the work being consultancy type reviews.

**Decision:**

- 5.4 The Committee RESOLVED that:
- The Annual Assurance Statement and Internal Audit Annual Report be noted
  - The results of the self-assessment as required by both the Public Sector Internal Audit Standards and the Quality Assurance and Improvement Programme be noted.
  - The SIAS Audit Charter be accepted
  - Confirmation of assurance that the scope and resources for internal audit were subject to no inappropriate limitations in 2015/16 by management be noted and recorded.

**6. HERTFORDSHIRE COUNTY COUNCIL INTERNAL AUDIT PROGRESS REPORT**

- 6.1 The Committee received an internal audit progress report, providing Members with information on the current position.
- 6.2 In discussion, it was noted that when the County Council's Shared Internal Audit Service (SIAS) audits an academy, the school is charged directly. It was noted that this provided the County Council with a potential revenue-raising opportunity to provide a package in assurance and anti-fraud.
- 6.3 It was agreed that Officers would provide a presentation on the SIAS for Members on 30 November 2016 at 9:30am, directly before the Audit Committee meeting.

**Conclusion:**

6.4 The Committee RESOLVED that:

- the Internal Audit Progress Report be noted
- changes to the audit plan, as detailed in the report, be agreed.

**7. END OF YEAR REPORT ON THE TREASURY MANAGEMENT SERVICE AND PRUDENTIAL INDICATORS 2015/16**

7.1 The Committee considered the end of year report on the treasury management service and prudential indicators 2015/16, providing a summary of treasury management performance and activity for the period to 31 March 2016.

7.2 It was noted that officers had been compliant with indicators with no breaches of strategy throughout the year.

7.3 There was discussion of the risk analysis regarding the UK's potential exit from the European Union and it was noted that, although it was not possible to know with certainty what the impact on the markets would be, it may lead to uncertainty in gilt yield and pressures on inflation with the possibility of credit rating agencies downgrading the rating of sterling. If the UK remained in the European Union it was likely that interest rates would remain relatively stable.

7.4 In discussion, Members suggested the possibility of pooling treasury management arrangements with district councils and it was noted that the County Council currently undertook the treasury management for Hertfordshire Police Service.

**Conclusion:**

7.5 The Committee RESOLVED that the Treasury Management end of year report be noted.

**8. WHISTLEBLOWING ANNUAL REPORT 2015/16**

8.1 The Committee considered a report providing an overview of the disclosures made through the Council's whistleblowing process and the operation of the Whistleblowing Policy in the year 2015/16.

8.2 It was noted that while it was encouraging that 73% of staff said they knew how to use the whistleblowing procedure, officers were working to identify any hard to reach areas of staffing in order to ensure that all members of staff knew how to access the whistleblowing procedures. In discussion, it was noted that the staff

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survey was open to all County Council employees to respond, including contracted staff and locums.

**Decision:**

8.3 The Committee RESOLVED that the contents of the report and the ongoing work to raise awareness and provide assurance on the effectiveness of the Council’s whistleblowing arrangements be noted.

**9. FUTURE WORK PROGRAMME**

9.1 The Committee noted the future work programme below and agreed (minute 6.3 above) that a training session on the Shared Internal Audit Service (SIAS) be held prior to the Audit Committee meeting on 30 November 2016 at 9:30am in Committee Room B.

<p>23 September 2016 at 10am</p>	<ul style="list-style-type: none"> <li>• Audit Results Report 2015/16 – County Council</li> <li>• Response To The Audit Results Report – Hertfordshire County Council (Including Fire Fighters’ Pension Fund) Financial Statements</li> <li>• Annual Statement Of Accounts – Hertfordshire County Council (Including Fire Fighters’ Pension Fund) Financial Statements</li> <li>• Audit Results Report 2015/16 – Pension Fund</li> <li>• Response To The Audit Results Report 2015/16 – Pension Fund</li> <li>• Risk Management Update</li> <li>• Risk Focus Report</li> <li>• Internal Audit Progress Report</li> <li>• Shared Internal Audit Service Annual Report</li> <li>• Shared Anti-Fraud Service Report</li> </ul>
<p>30 November 2016 at 10am <i>(Preceded by SIAS presentation at 9:30am)</i></p>	<ul style="list-style-type: none"> <li>• Annual Audit Letter 2015/16</li> <li>• Annual Audit Results Report – Follow Up Actions</li> <li>• Grant Certification 2015-16</li> <li>• Mid-Year Report on the Treasury Management Service and Prudential Indicators 2016/17</li> <li>• Risk Management Update</li> <li>• Risk Focus Report</li> <li>• Internal Audit Progress Report</li> <li>• S106 and CIL Update Report</li> </ul>

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1 March 2017 at 10am	<ul style="list-style-type: none"> <li>• Preparation for 2016/17 Accounts</li> <li>• Audit Plan 2016/17 – County Council</li> <li>• Audit Plan 2016/17 – Pension Fund</li> <li>• Letters of Representation on Management and Oversight of The Hertfordshire County Council (Including Firefighters’ Pension Fund) And Hertfordshire Pension Fund Accounts 2016/17</li> <li>• Risk Management Annual Report 2016/17</li> <li>• Risk Focus Report</li> <li>• Internal Audit Progress Report Q4</li> <li>• Internal Audit Plan 2017/18</li> </ul>
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**10. ANY OTHER BUSINESS**

There was no other business.

**KATHRYN PETTITT  
CHIEF LEGAL OFFICER**

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