

Minutes



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

From: Legal, Democratic & Statutory Services
Ask for: Theresa Baker
Ext: 26545

AUDIT COMMITTEE

15 MAY 2018

ATTENDANCE

MEMBERS OF THE PANEL

P Bibby, S N Bloxham, F Button (Chairman), J M Graham, A J S Mitchell, T J Williams, W J Wyatt-Lowe (Vice-Chairman), P M Zukowskyj

OTHER MEMBERS

T W Hone

Upon consideration of the agenda for the Audit Committee meeting 15 May 2018, as circulated, copy annexed, conclusions were reached and are recorded below:

Chairman's Announcements:

- (i) In relation to point 8.4 of the minutes of 26 March 2018, the full version of the 'Shared Anti-Fraud Service Action Plan 2017/18' had been circulated by email to the Committee for review and approval and members had confirmed approval by email.

PART I ('OPEN') BUSINESS

1. MINUTES

- 1.1 The PART I and PART II minutes of the Committee meeting held on 26 March 2018 were confirmed as a correct record and signed by the Chairman.

2. 2017/18 AUDIT PLAN

[Contact: Ben Jay, Head of Accountancy Services
(Tel: 01992 556257)]

- 2.1 N Harris of Ernst and Young (EY) provided the Committee with EY's Audit Plans for the 2017/18 audits of Hertfordshire County Council (appendix 1) and the Pension Fund (appendix 2) accounts. The Audit Plans summarised EY's assessment of the key risks driving the development of an effective audit for the Council and outlined EY's planned audit strategy to those risks.

ACTION

- 2.2 N Harris acknowledged that although the Audit Plans had been prepared in time and all necessary actions had been under way, unavoidable delays to sign off of the plans within EY had prevented them being presented to Audit Committee on 26 March 2018. In view of the delay EY had provided an 'Audit Progress Report' for the Council's account's (appendix 3) which detailed the good progress already made towards the reporting deadlines.
- 2.3 N Harris clarified that although all misstatements in primary statements and associated notes greater than £1.78m (County Council accounts) would be reported, it was a matter of external auditor judgement whether misstatements below this figure merited the attention to the Audit Committee; it was however considered good practice for officers to make it clear from where such adjustments came.
- 2.4 N Harris confirmed that no significant risks to the Value for Money Conclusion had been identified.
- 2.5 EY had no issue with the Council's decision to not produce Group Accounts as Hertfordshire Catering Ltd and Hertfordshire for Learning Ltd were not considered significant, qualitatively or quantitatively, in 17/18. They would review this in 18/19 as Herts for Living developed its business.
- 2.6 To enable more economical hard copy printing of EY reports the Committee requested fewer cover pages in colour; this was noted by N Harris.
- 2.7 N Harris observed that EY was in a good position as they had completed more audit work than at the same point last year and complimented the County Council officers on their current position on the internal work.

Conclusions:

- 2.8 The Committee RESOLVED to note:
the EY audit plans for the Council and Pension Fund accounts, and the audit progress report.

3. HERTFORDSHIRE COUNTY COUNCIL 2017/18 ANNUAL ASSURANCE STATEMENT AND INTERNAL AUDIT ANNUAL REPORT

[Officer Contact: Chris Wood, SIAS Audit Manager, Assurance Services (Tel: 01438 845513)]

- 3.1 The Committee received a report detailing the Head of Assurance's overall opinion on the adequacy and effectiveness of Hertfordshire County Council's control environment; the outcomes of the self-assessment against the Public Sector Internal Audit Standards

(PSIAS) incorporating the requirements of the Quality Assurance and Improvement Programme (QAIP); the audit work informing the opinion; SIAS's performance on delivering the Council's Audit Plan and the 2018/19 Audit Charter.

3.2 The Director of Resources confirmed that during the year SIAS had not been subject to any inappropriate scope or resource limitations.

3.3 Based on internal audit work at the Council in 2017/18 the Head of Assurance had given an opinion of Substantial Assurance on the adequacy for the Council's control environment in relation to its financial systems.

3.4 For non-financial systems an opinion of Moderate Assurance had been given. This was attributed to the fact that 4 of the 7 moderate assurance opinion reports related to high profile cross cutting areas. Management were focusing on them and, as a consequence of rectifying actions, were confident that many of the issues were now already resolved.

3.5 Observation that Public Sector Standards (PSIAS) allowed for the Charter to be tailored to need was followed by a wide ranging discussion on the role and responsibilities of the Audit Committee

3.6 The Head of Assurance clarified that CIPFA guidance directed that officers were directly responsible for the management of risk. There was a discussion on the role of the Audit Committee in this process. It was noted that increased Member awareness of the work of Internal Audit as a whole was already being achieved as the Executive Member for each portfolio currently received copies of final Internal Audit reports for their area. The March Audit Plan had detailed the SIAS process for informing the Audit Plan.

3.7 In view of the above discussion the Committee requested that the wording of the Audit Charter 2018/19 be amended to clarify the role of Audit Committee and Members.

T Barnett

3.8 To aid navigation the Committee requested that in future the report be laid out in the standard Hertfordshire County Council format.

C P Wood
D Williams

Conclusions:

3.9 The Committee:
RESOLVED to note the Annual Assurance Statement and Internal Audit Annual Report;

RESOLVED to note the results of the self-assessment required by the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP);

Received management assurance that the scope and resources for

internal audit were not subject to inappropriate limitations in 2017/18;

Requested that the wording of the SIAS Audit Charter 2018/19 be reviewed and brought back to the July meeting of Audit Committee.

4. ANNUAL GOVERNANCE STATEMENT 2017/18 and CODE OF CORPORATE GOVERNANCE 2018/19

[Officer Contact: Terry Barnett, Head of Assurance Services
(Tel: 01438 845508)]

- 4.1 The Committee received a report which
- (i) Detailed the review of the effectiveness of the Council's governance arrangements including its system of internal control and sought approval for the draft Annual Governance Statement (AGS) 2017/18 (Appendix A to the report) prior to sign off by the Leader of the Council and the Chief Executive;
 - (ii) Detailed the standing arrangements the Council implemented to ensure good governance, and sought approval of the annually reviewed Council's Code of Corporate Governance (Appendix B to the report).
- 4.2 Members welcomed the change in format of the AGS which was now more explicit with regard to the actions to be taken in respect of significant governance issues and areas for improvement.
- 4.3 In regard to a potential conflict of interest in the County Council itself as both a developer and the Highway Authority, the Director of Resources clarified that the wording of the 'Environment and Infrastructure' entry' had come from the service, had been considered and agreed by the Senior Management Board and reflected the Council's recognition of the need to be more proactive on growth schemes underway in the county.
- 4.4 With a view to clarifying the role of Members in Internal Audit matters, the Committee requested that officers review the Code of Corporate Governance and bring it back to the July meeting of Audit Committee.

T Barnett

Conclusions:

- 4.5 The Committee:
RESOLVED to approve the Annual Governance Statement for 2017/18 prior to final sign off by the Leader of the Council and the Chief Executive;

Requested that the Code of Corporate Governance be revised and brought back to the July meeting of the Committee.

5. RISK FOCUS REPORT – PREVENT – Radicalisation

[Contact: Guy Pratt, Deputy Director Community Protection
(Tel: 01992 507501)]

- 5.1 The Committee considered a report which provided information on the risk statistics for completed PREVENT training undertaken by County Council staff as at 31 March 2018 for each service area.
- 5.2 Chief Officers in all Directorates had committed to ensuring that either iLearn PREVENT training or 'Wrap' (Workshop to raise awareness of PREVENT) training was undertaken by all staff as appropriate and, as a consequence, the number of staff trained had continued to rise. All those for whom the training was essential (e.g. school staff) had already been trained, the rise in numbers trained being due to the training for those for whom it was less critical. Adult Care Services had the largest number of staff that still required training and plans were in place for this.
- 5.3 The most important aspect of the training was that staff were familiar with PREVENT and the referral process, so that where PREVENT issues were identified staff were able to deal with and action appropriately.
- 5.4 Following discussion of the requirement for biennial PREVENT training which would be driven via the Performance Management and Development Scheme, the need to ensure that all staff at any one point had undergone the training at least once in the previous two years and the issues around data collection of data, the Committee requested that a report be brought back in May 2019 on the PREVENT work and risk during the year, including data on staff training.

G Pratt

Conclusions:

- 5.5 The Committee RESOLVED that the Community Protection Directorate report back in May 2019 on progress in ensuring that PREVENT training was taking place, the report to include data on staff training.

6. FUTURE WORK PROGRAMME

- 6.1 The Committee noted the future work programme below:
(new items added at this meeting in **bold**)

Wednesday, 18 July 2018: 2.00pm

Meeting to be preceded by training on the accounts

- **Revised SIAS Audit Charter 2018/19**
- **Revised Code of Corporate Governance**
- Internal Audit Progress Report
- Risk Management Update Report
- Risk Focus Report: Corporate risk R05 '*Insufficient skill in commissioning / contract management and competencies*'
- HCC Audit Results Report 2017/18
- Response To The Audit Results Report – HCC (Including Fire Fighters' Pension Fund) Financial Statements
- Annual Statement Of Accounts 2017/18– HCC (Including Fire Fighters' Pension Fund) Financial Statements
- Audit Results Report 2017/18 – HCC Pension Fund
- Response To The Audit Results Report 2017/18 – HCC Pension Fund
- Annual Report 2017/18
- End of Year Report on the Treasury Management Service and Prudential Indicators 2017/18
- Whistle Blowing Annual Report 2017/18

7 ANY OTHER BUSINESS

- 7.1 There being no further PART I business the Chairman closed the meeting.

KATHRYN PETTITT
CHIEF LEGAL OFFICER

CHAIRMAN _____

**CHAIRMAN'S
INITIALS**

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