

Minutes



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

From: Legal, Democratic & Statutory Services
Ask for: Stephanie Tarrant
Ext: 25481

AUDIT COMMITTEE 9 MAY 2019

ATTENDANCE

MEMBERS OF THE COMMITTEE

F Button (*Chairman*), J Kaye (*substituted for S N Bloxham*), A J S Mitchell, I M Reay (*substituted for J M Graham*), S J Taylor, M A Watkin (*substituted for B A Gibson*), W J Wyatt-Lowe (*Vice-Chairman*), J Wyllie (*substituted for S Gordon*).

Upon consideration of the agenda for the Audit Committee meeting 9 May 2019, 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 29 March 2019 were confirmed as a correct record subject to the inclusion of the following two points under item :

- *Members requested that, given the associated costs, EY give consideration as to whether they would once again require the County Council to repeat their pension scheme liability calculations as they had in the previous year.*
- *Members requested that EY liaise with officers when considering the approach to analysing the County Council's reserves.*

1.2 Actions arising from the minutes were confirmed as complete.

2. ANNUAL GOVERNANCE STATEMENT 2018/19 AND CODE OF CORPORATE GOVERNANCE 2019/20

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

ACTION

- 2.1 The Committee received a report which set out the basis for the recently completed review of the County Council's governance arrangements, including its system of internal control, and to present the draft Annual Governance Statement (AGS) 2018/19 for the Committee's consideration and approval. Members noted that the Annual Governance Statement looked back over 2018/19 and the Code of Corporate Governance 2019/20 looked forward to the next twelve months and detailed how the authority would commit to good governance principles.
- 2.2 Members first discussed the Annual Governance Statement and noted the tabled document which provided some revisions to the Statement. The tabled document can be viewed here - [Supplementary Document - Item 2 Update](#). Members noted that the word Executive should be replaced with Cabinet and requested that the direct link to the Code of Corporate Governance was provided at 2.1 of the Statement.
- 2.3 In response to a Member question around the role of the Audit Committee towards trading entities, officers advised that whilst the Audit Committee did not necessarily have a direct role, the Committee had an interest across the whole of the County Council. It was noted that a piece of Internal Audit work looking at governance on these entities was taking place in 2019/20 as this had been raised as part of the scrutiny of the Integrated Plan Process. In addition it was noted that Herts Catering had its own Audit Committee.
- 2.4 Members discussed the update to the joined up working taking in place in highways, as detailed at 7.1 of the Statement. Officers advised that the process was still in its early days and whilst progress was moving in the right direction, it was too early to provide a detailed update.
- 2.5 In response to financial risks detailed at 7.5 of the Statement, officers advised that year on year savings were very challenging and to help mitigate this risk financial planning was starting a lot earlier this year. It was noted that a financial outlook report was to be presented to Cabinet and then via each Cabinet Panel in June/July to obtain a sense of the position.
- 2.6 Members noted that the Corporate Governance Statement would be amended as discussed before sign off from the Leader of the Council and Chief Executive.
- 2.7 The Committee discussed the Code of Corporate Governance and noted the tabled document which provided an update to principle G of the code. The tabled document can be viewed here [Supplementary Document - Item 2 Update](#). Members noted that the amendment required a further update to read 'Progress on Audit Recommendations is presented to the Audit Committee which

Terry Barnett

**CHAIRMAN'S
INITIALS**

.....

reserves the right’

2.8 In response to a Member question on the possibility of rephrasing the principles from CIPFA, officers advised that they had been taken directly from CIPFA and therefore it was not appropriate to amend them. Officers were to write to CIPFA expressing Members concerns around the phrasing.

2.9 **Conclusions:**

The Audit Committee:

- a) approved the draft Annual Governance Statement for 2018/19 prior to final sign off by the Leader of the Council and the Chief Executive, as amended by the document circulated and the discussion at the meeting.
- b) approved the updated Code of Corporate Governance for 2019/20, as amended by the document circulated and discussion at the meeting.

3. **HERTFORDSHIRE COUNTY COUNCIL – 2018/19 ANNUAL ASSURANCE STATEMENT AND INTERNAL AUDIT ANNUAL REPORT**

[Contact: Terry Barnett, Head of Assurance, Tel: 01438 845508 / Chris Wood, Head of Shared Internal Audit Service, Tel: 01438 845513 / Darren Williams, Client Audit Manager, Tel: 01438 844341]

3.1 The Committee received a report which presented the 2018/19 Annual Assurance Statement and Internal Audit Annual Report.

3.2 Member’s attention was drawn to a tabled document which provided an additional recommendation (listed as recommendation b) and an update to section 4.2 on page 14 of the Annual Assurance Statement and Internal Audit Annual Report. The tabled document can be viewed at: [Supplementary Document - Item 3 Update](#)

3.3 Members commented on the wording of the additional tabled recommendation and it was agreed to remove ‘...when agreed audit recommendations implementation dates are missed’ in order to expand the remit for audit to hold management to account.

3.4 Officers agreed to move section 2.11 of the Annual Assurance Statement and Internal Audit Annual Report forward to 2.1 so that the information it contained was presented first. It was also noted that the last two words of paragraph 3.1 of the cover report should read ‘non-financial systems’. Members noted that in appendix A where it states ‘audit cancelled’ with a new date in future this should read ‘audit deferred’.

3.5 It was formally acknowledged by the S.151 Officer that during

Terry
Barnett/Chris
Wood

**CHAIRMAN’S
INITIALS**

.....

2018/19:

- No matters threatened SIAS's independence; and
- SIAS was not subject to any inappropriate scope or resource limitations.

3.6 Members commented on the client satisfaction performance indicator and noted that a low rate of customer satisfaction questionnaires were returned and asked officers what was being done to increase returns. Officers advised that despite a low response, when the service followed up with clients they were generally satisfied. It was also noted that each directorate board had a section on customer satisfaction. Officers agreed to consider ways to increase responses, including moving to an online survey.

Conclusions:

3.7 The Audit Committee:

- a) noted the Annual Assurance Statement and Internal Audit Annual Report.
- b) noted the increased robustness and effectiveness of follow-up and implementation of internal audit recommendations, as well as the strengthening of service engagement with the follow-up process, but acknowledged that there were continued improvements to be made to build on the past year. The Committee recognised its right to call in officers and hold management to account.
- c) noted the results of the self-assessment required by the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP).
- d) accepted the SIAS Audit Charter 2019/20.
- e) sought management assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2018/19.

4. REPORT OF THE HERTFORDSHIRE COUNTY COUNCIL AUDIT COMMITTEE FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019

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

4.1 Members received the Report of the Hertfordshire County Council Audit Committee for the period 1 April 2018 to 31 March 2019, prior to its submission to the County Council.

4.2 The Committee noted that the report would be presented to County Council on an annual basis.

**CHAIRMAN'S
INITIALS**

.....

4.3 Members welcomed the inclusion of risk management and noted the intention to update the Committee's terms of reference.

Conclusions:

4.4 The Audit Committee approved the draft report of the Audit Committee and agreed its submission to the County Council.

5. PREVENT TRAINING UPDATE

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

5.1 The Committee considered a report which provided information regarding the risk and associated controls recorded on the Hertfordshire County Council Corporate Risk Register relating to 'Prevent' (CP0004). Members noted that an update was requested following the initial presentation to the 15 May 2018 meeting.

5.2 Members were reminded that the County Council had a duty to safeguard people against radicalisation and terrorism and that a mandatory iLearn module on 'Prevent' was to ensure that a consistent approach was taken in order for all current and new staff to understand 'Prevent'.

5.3 The Committee discussed the statistics contained within the appendices and officers noted that the timescales to complete the Prevent module as detailed within appendix 3, detailed when an employee completed their training following the creation of their iLearn account. Therefore employees that have had an iLearn account for a number of years prior to the Prevent module appeared to have taken longer to complete the module. Members noted that statistics should provide a more accurate picture going forward now that the module had been fully rolled out.

5.4 Members discussed the use of the Performance Management and Development Scheme (PMDS) to track the biennial completion of the prevent module. Officers advised that the annual PMDS document was word based and that discussions could take place with HR regarding this.

5.5 The Committee commented on the de-commissioned Wrap training and the impact of this. Officers advised that the Wrap training was a portal previously hosted by the Home Office which provided the knowledge for face to face training to take place. It was noted that the County Council had now been provided with an up-to-date version of the Home Office tool kit and that the Prevent Board would oversee how the toolkit was kept up-to-date.

5.6 In response a Member question around the availability for Members to access the Prevent module on iLearn, officers advised that this

Guy Pratt/Sally Hopper

Guy Pratt/Sally

CHAIRMAN'S INITIALS

.....

was possible and that the sign-up link would be circulated.

Hopper

Conclusions:

5.7 The Audit Committee:

- noted and commented on the report, as detailed above.
- noted that as part of a standard process with Service Boards, recipients at each Service Board receive a quarterly update of induction programme completion rates, which includes Prevent eLearning . This provides reassurance to the Board that Services have sight of and responsibility for the ongoing Prevent awareness through training.
- agreed that the Prevent iLearn module should be added to the PMDS form.

Sally Hopper

6. RISK FOCUS REPORT – LEARNING AND DEVELOPMENT

[Contact: Sally Hopper, Assistant Director – Human Resources
Caroline Butler – Head of Strategy, Development & Reward]

6.1 The Committee considered a report which provided further information regarding the risk (and associated controls) recorded on the Hertfordshire County Council Corporate Risk Register relating to risk number HR0018 in relation to staff training.

6.2 Officers advised that risks surrounding the training of staff and ensuring competency were being managed adequately and assurances were given around the systems in place. Members heard that as there was not a central training department the report detailed the great work of how individual departments managed their training. Officers advised that 2018 saw the County Council face a number of external reviews including the Corporate Peer Review and Ofsted inspection and that feedback from inspectors around learning and development had been positive.

6.3 Members heard that training is no longer only classroom based and more recently a set of 10 core online courses were made mandatory for all staff. Officers advised that on average the County Council spent £382 per employee on training which is above the national average of £250.

6.4 Officers referred to section 8.1 of the report and acknowledged that there was more work required around the iLearn system and the need to embed training into the PMDS process, with a section to be included on the PMDS form to ensure managers track the completion of courses.

Sally Hopper

6.5 Members expressed concerns around the iLearn package and its inability to provide detailed reporting around staff learning for

**CHAIRMAN'S
INITIALS**

.....

managers. Officers advised that the iLearn system was implemented prior to current management and when officers looked at upgrading the system the return on investment was not justifiable due to other priorities.

- 6.6 Members queried if there were any risks associated with the apprenticeship levy process. Officers advised that the main risks were seen in 2016 when the scheme was first emerging. Members heard that the County Council had nearly £1 million liabilities and this was absorbed in to the existing training budget to ensure that it was spent and to help manage the risk of losing it. Officers provided examples of how the apprenticeship levy had been used, including for leadership development and helping people gain formal qualifications including children in care. Officers demonstrated how the risks were mitigated and how opportunities to spend the levy were sourced.

Conclusions:

- 6.7 The Audit Committee:

- noted the content of the report
- noted the devolved nature of learning and development and the associated updates from departments as outlined in paragraphs 5.1 and 5.7.
- were assured that the risks outlined in 1.1 and 1.2 were being managed to a large extent, with more work to take place on mandatory i-learn packages.
- raised concerns, issues and follow up actions, as detailed above.

7. FUTURE WORK PROGRAMME

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

7.1 **19 July 2019: 2:00PM**

NB: Training on the Accounts directly prior to the meeting

- HCC Audit Results Report 2018/19
- Response To Audit Results Report – HCC (Including Firefighters’ Pension Fund) Financial Statements
- Audit Results Report 2018/19 – HCC Pension Fund
- Response To The Audit Results Report 2018/19 – HCC Pension Fund
- Annual Statement Of Accounts 2018/19 – HCC (Including Fire Fighters’ Pension Fund) Financial Statements
- Internal Audit Progress Report (19/20)
- Risk Management Update Report
- Risk Focus Report
- End of Year Report on the Treasury Management Service and Prudential Indicators 2018/19

**CHAIRMAN’S
INITIALS**

.....

- Whistle Blowing Annual Report 2018/19
- Shared Anti-Fraud Service Annual Report
- Shared Anti-Fraud Service progress with delivery of the 2019/20 Anti-Fraud Plan.

13 September 2019: 10:00AM

- Annual Audit Letter 2018/19
- Risk Management Update Report
- Risk Focus Report

8. ANY OTHER BUSINESS

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

**QUENTIN BAKER
CHIEF LEGAL OFFICER**

CHAIRMAN _____

**CHAIRMAN'S
INITIALS**

.....