

**MINUTES of the meeting of Audit and Governance Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford, HR1 1SH on Monday 23 June 2014 at 2.00 pm**

**Present:** Councillor JG Jarvis (Chairman)  
Councillor EMK Chave (Vice Chairman)

Councillors: CNH Attwood, Brig P Jones CBE, PJ McCaull, NP Nenadich and AJW Powers

**In attendance:** Councillor EPJ Harvey

**43. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor P Cutter, Councillor MAF Hubbard and Councillor J Stone.

**44. NAMED SUBSTITUTES (IF ANY)**

In accordance with paragraph 4.1.23 of the Council's Constitution, Councillor AJW Powers attended the meeting as a substitute Member for Councillor MAF Hubbard.

**45. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**46. MINUTES**

RESOLVED: That the minutes of the meeting held on 9 May 2014 be confirmed as a correct record and signed by the Chairman, subject to Minute no 39 being amended to include:

A Member referred to a document which he understood to have been circulated to Group Leaders proposing additional terms of reference for the Committee in relation to the waste contract. He questioned why this had not been submitted to the Committee for consideration and sought clarification. In response it was confirmed that there was no proposal in the report before the Committee to add to its terms of reference. If such a proposal were to be brought forward this would require approval by the Council.

**47. PRESENTATION FROM NEW INTERNAL AUDIT PROVIDERS - SOUTH WEST AUDIT PARTNERSHIP (SWAP)**

A presentation by representatives from the South West Audit Partnership (SWAP) was received. The presentation explained that:

- SWAP is a not for profit organisation and the board comprises mainly Section 151 officers from the twelve partner local authorities, including the council's Chief Financial Officer;
- In terms of performance, it was reported that 95% of audit plans were achieved and the customer satisfaction rate was 85%;

- It is expected that SWAP will be able to deliver savings and better value achieved by an increase in audit activity and by sharing best practice between the partner authorities; and
- SWAP will be facilitating a Members' Day on audit and governance which they will be communicating shortly.

The Chief Financial Officer added that a value for money service would be provided by SWAP, enhanced by an increased local presence.

In answer to a question regarding the on-going stability of fees, it was explained that fees would be protected for the next year.

In answer to a question regarding the 85% customer satisfaction rate, it was clarified that this reflected customer responses to honest feedback in audit reports.

A question was raised about fraud detection schemes and it was confirmed that SWAP were looking to provide this service if partners wished it. Audit programmes are determined by the Section 151 Officer and the Audit & Governance Committee.

SWAP confirmed that a year's notice would normally be required to withdraw from the partnership, and added that consideration would need to be given to employment responsibilities in relation to staff dedicated to the council's audit programme.

#### **48. INTERNAL AUDIT CHARTER**

A representative from the South West Audit Partnership presented the Internal Audit Charter, setting out the role of internal audit.

The Charter's key points are:

- The role of audit is to be objective and independent;
- The Audit and Governance Committee will receive four reports per year plus an annual report on the council's risk environment; and
- There is a members' meeting every six months at which the accounts will be approved and future work will be agreed. The Committee agreed that Councillor Jarvis would attend this meeting the council's representative member.

**RESOLVED THAT: the Internal Audit Charter be approved.**

#### **49. INTERNAL AUDIT PLAN 2014-15**

The Internal Audit Plan for 2014-15 was introduced by SWAP.

The Plan identified the council's risk areas and key audit controls, with a plan for addressing the same for the year ahead. SWAP will work with external auditors, Grant Thornton, to co-ordinate audit activity and to maximise resources. Where common themes are found, best practice will be shared amongst partner authorities in order to make improvements.

Specific IT and operational audits for directorates are planned.

In answer to a question in relation to the number of days allocated to certain audit activities, it was confirmed that there would be some flexibility in this. The Charter allows SWAP to communicate directly with the Audit and Governance Committee although it was emphasised that work should be commissioned through the Section 151 Officer.

**RESOLVED THAT: the Internal Audit Plan 2014-15 be approved.**

## **50. GRANT THORNTON AUDIT AND GOVERNANCE COMMITTEE UPDATE**

The Committee received an update from external auditors Grant Thornton UK LLP.

The Committee was advised that the interim audit has been completed as planned and that the accounts were to be audited once published.

Attention was drawn to Member Guidance for producing accounts which is available. The guidance explains terms and provides examples of questions for Members to ask when inspecting accounts. A further online resource was available to Members in order to assist with making comparisons with other local authorities regarding waste costs.

Grant Thornton will be holding a Local Government Audit Committee Network Event on 30 July 2014 (not 2 July as previously advertised). This event will focus on the role of Audit Committees in relation to financial reporting. Councillor Brigadier P Jones was nominated to attend.

A seminar for officers on Alternative Delivery Models is to take place on 16 July 2014.

In response to a question relating to waste, it was confirmed that there has been an increase in performance in this area, supported by a new Energy From Waste facility. It was noted, however, that education is key in reducing the amount of waste going to landfill. It was further noted that the report is a year behind and so the impact of the EFW plant was not yet seen here.

**RESOLVED THAT: the update report be noted.**

## **51. 2014/15 ANNUAL AUDIT FEE**

External auditors, Grant Thornton UK LLP, explained that they have been appointed by the Audit Commission to undertake external audit activity for the council.

The Audit Commission determines the annual audit fee charged to the council for external audit services as set out in the Planned Audit Fee 2014-15 letter.

It was confirmed that there was a charge for additional work last year in response to an objection from a member of the public. All other activity was completed within budget.

**RESOLVED THAT: the Audit Fee 2014-15 letter be noted.**

## **52. WASTE CONTRACT**

The Assistant Director, Governance gave a verbal update.

He confirmed that work to vary the contract between Mercia Waste Management Ltd and Herefordshire Council and Worcestershire County Council was completed on 21 May 2014. The Joint Working Agreement ('the JWA') between the councils had also been revised to ensure that Herefordshire's investment of over £40 million in the Energy From Waste plant at Hartlebury in Worcestershire was now protected and the share secured in such a manner to ensure the council's participation in decision making.

A full report will be presented to the next meeting on 29 September.

**RESOLVED THAT: the update be noted.**

## **53. ANNUAL GOVERNANCE STATEMENT**

A verbal update was received from the Chief Financial Officer on the review of the statement. It was identified that an action plan was required in order to address points set out in the statement.

A joint review between the Section 151 Officer and the Monitoring Officer was planned, which is to be reported to the Committee in September. This timescale would ensure good practice and support the production of a useful resource for Members.

This approach was welcomed by the Committee.

**RESOLVED THAT: the update be noted.**

Guests from South West Audit Partnership and Grant Thornton were thanked for their contribution to the meeting.

The meeting ended at 3.25 pm

**CHAIRMAN**