



DACORUM BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

25 APRIL 2012

Present:

Members:

Councillors	Collins	Marshall
	Doole	Taylor
	Douris	W Wyatt-Lowe

Officers:	S Flynn	Assistant Director – Finance & Resources
	B Haylock	Organisational Development & Training Team Leader
	S Marshall	Corporate Director – Finance & Governance
	H Price	Corporate Safety, Health & Care Officer
	L Stone	Member Support Officer (Minutes)

Internal Audit:	S Knowles	Deloitte
	B Welch	Deloitte

Audit Commission: S Bladen

The meeting began at 7.30 pm

14. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Elliot and Townsend. Councillor Marshall substituted for Councillor Elliot.

15. DECLARATIONS OF INTEREST

Councillor Collins declared a personal interest as he was a trustee of the Citizen’s Advice Bureau and a Town Councillor for Berkhamsted which used the Civic Centre.

16. MINUTES AND ACTIONS

The Minutes of the meeting held on 8 February 2012 were agreed by the Members present and then signed by the Chairman.

Actions from 8 February 2012:

- a) A more detailed breakdown of the areas covered and not covered by Internal Audit over the last three years had been provided as an agenda item for this meeting.
- b) L Miller provided a written response to the Committee on 16 February as to why a new agency staff contract had not been put in place before the end of the previous contract.
- c) C Gordon confirmed that the importance of data quality, spelling and grammar had been added into communications to officers on CorVu.
- d) S Marshall said that there was no signed copy of a contract with Savill’s as it was not necessary. A framework agreement was in place and the Procurement team had confirmed that this was all that was needed.
- e) The profile of Health and Safety would be discussed at this meeting.
- f) S Marshall said that with regard to the outstanding Licensing recommendation, the premises inspection process had been reviewed and improved. Risk ratings were included and Flare software was now also being used. A team leader for Licensing had been appointed and there were 1.4 full time equivalent members of staff in addition who would carry out enforcement actions.
- g) Internal Audit had provided the original date as well as the revised date on all follow up recommendations and more detail had also been included in the Follow Up report.
- h) The Follow Up report had been moved earlier in the agenda.

i) L Miller had circulated the letter from this Information Commissioner's Office.

17. PUBLIC PARTICIPATION

None.

18. HEALTH AND SAFETY STATUS AGAINST PRIORITY 1 AUDIT ACTION REPORT

B Haylock presented the report.

Councillor Marshall arrived at 7.45pm.

Councillor Doole asked if the Health and Safety Risk Register was separate from the Council's main Risk Register. H Price confirmed that it was.

Councillor W Wyatt-Lowe asked H Price to define her job title. H Price said she dealt corporately with the workforce and advised on Health, Safety and wellbeing issues. She supported managers to carry out their responsibilities.

Councillor Douris asked if all the Group Managers had attended the training sessions and if there had been any reluctance. B Haylock said there had been no reluctance although all Group Managers were busy. An output from a training session had been to get an expert to come in and explain the roles and responsibilities.

Councillor Douris thanked the officers for the report and their attendance.

Resolved:

Report was noted.

Actions:

None.

19. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT

S Bladen outlined the report. Seven claims and returns had been certified, one of which had required a qualification letter. S Bladen also drew attention to the fees listed in the report.

Councillor Collins asked how the sample of the Housing and Council Tax Benefits Subsidy Claim had been selected. S Bladen said the certification of claims was agreed between the Audit Commission and the Department for Work and Pensions (DWP). The DWP stated a number of claims to certify from certain departments and the Audit Committee selected 20 from each randomly. S Bladen added that in addition, they also tested cells within a claim where previous years were also investigated.

Councillor Collins referred to Cell 147 (Overpaid Council Tax Benefit (Local Authority Error)) and Cell 148 (Overpaid Council Tax Benefit (claimant error)) where there were errors of 30 to 40%. He asked how this compared nationally. S Bladen said the percentage of errors was higher than they would have expected to find. He said, however, that Housing and Council Tax Benefits Subsidy was complicated and 80% of Local Authorities had needed a letter of qualification.

S Flynn added that these cells referred to misclassification of overpayment rather than necessarily a high level of overpayments. S Bladen said it was important in that the classification could affect the amount of subsidy which the Council could claim back.

Councillor Douris asked what actions were in place to reduce the number of misclassification errors. S Flynn said that, as had been presented in a number of reports to Members, the department had been under great pressure due to the continuing increase in the number of claims now being handled. A new system (ATLAS) had been implemented by the Department for Work and Pensions which required a higher level of checking by Council officers. Additional resources had been given to reduce the backlog of claims. A company called Liberata would be used to focus on the performance of the Revenues and Benefits service in making it more efficient, introducing a quality control mechanism. Specialist staff would be moved into the Customer Service Unit to improve the service at the first point of contact.

Councillor W Wyatt-Lowe asked about the total terminations during 2010/11 within the Housing Finance Base Data Return and whether something was wrong to cause a 10% error. S Bladen said it was a copying error.

Resolved:

Report was noted.

Actions:

None.

20. AUDIT PLAN 2011/12

S Bladen presented the report. He highlighted the timing of the proposed work in reviewing the work of the Internal Auditors, testing the operation of controls, looking at the reliance on the work of other auditors and experts and substantive tests of detail of transactions and amounts. S Bladen also noted the fees set out in the report.

Councillor Doole asked how the figures in the fees were calculated as the figures did not seem to add up. S Bladen said he would clarify that.

Councillor Tiley asked officers to provide an update on the position on external Audit appointments. S Marshall said the national tendering process had been completed. Ernst and Young would be the new external Auditors. S Marshall said it was likely that the current team within the Audit Commission would be transferred to Ernst and Young. She and S Flynn would be attending a meeting on 14 May for an introduction to the new organisation. The Audit Committee would run until 30 September, after which, Ernst and Young would take over. Councillor Tiley said he had no criticism of any individuals, but that it was a negation of Localism that Councils were not able to choose their own external Auditors.

Resolved:

Report was noted.

Actions:

- S Bladen to clarify and confirm the Audit Commission's fees for the Audit Plan 2011/12.

21. INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS

S Knowles presented the report. She said there were only two completely outstanding recommendations from 2010/11 and 13 partly implemented. Further discussions would take place with managers to see if these recommendations had been carried out as far as they would be. There were 17 outstanding recommendations from 2011/12 and further detail was provided on the outstanding priority 1 recommendations.

Councillor Collins said that the tables in the report showed that in 2010/11, two thirds of the recommendations made had been implemented. In 2011/12, it was under half, he asked why this had dropped. S Knowles said that the tables did not show all Audits carried out, only those with outstanding recommendations. B Welch added that officers where Audits had been carried out in 2010/11 had had longer to implement the recommendations.

Councillor Doole said that if not all the Audits carried out within the year were included in the table, the totals at the bottom of the tables meant nothing. He asked if two completely outstanding recommendations over a year after the Audit was acceptable. Councillor Marshall said that the Audit may have been carried out in 2011, but the recommendation could be to implement an action within the next 12 months, for example.

Councillor Marshall asked if the partly implemented Council Tax recommendation was covered in the Final Report on this agenda. B Welch said Audits always picked up previous recommendations as well as looking at other aspects of an area.

Resolved:

Report was noted.

Actions:

None.

22. INTERNAL AUDIT REPORTS

9.a Housing Rents

S Knowles said that pages 4, 5 and 6 of the report were missing from the agenda. The Committee therefore agreed to defer this item to the next meeting.

Resolved:

Report deferred to the meeting on 30 May 2012.

Actions:

- None

9.b Property Lettings

S Knowles explained that this work had been carried out as a result of a complaint received. There were five Priority 2 recommendations as well as a system improvement opportunity.

Councillor Marshall asked whether the new team leader for Valuation and Estates was a new post or to fill a vacancy. S Flynn said it was a replacement for an officer who was retiring. Councillor Marshall asked if there were enough resources in this team, S Flynn confirmed that there were.

With regard to recommendation four, Councillor Doole asked if 12 months to review the Evaluation process was reasonable given that it was a Priority 2 recommendation. S Flynn said it was an opportunity for the new team leader to look at a range of practices. Rather than dealing with each issue and recommendation in isolation a systemic change was needed which would take longer.

Councillor Douris referred to the second recommendation, properties advertised on the website. He sought confirmation that this was already carried out and that the recommendation was for new methods. S Flynn said it referred to the speed at which they were advertised; this needed to be done more quickly.

Resolved:

Report was noted.

Actions:

- None

9.c Accounts Receivable

S Knowles presented the report; there were one Priority 2 and two Priority 3 recommendations.

Councillor Doole commented that the fieldwork had been carried out in September, and the report completed in March. He asked why there was a long gap between. B Welch said he was unaware of any specific reason for a delay. Councillor Douris said that in future, they should be completed more quickly.

Councillor Douris asked how many VAT codes the Council used. S Flynn said he would let the Committee know.

Councillor Marshall asked if the Accounts Receivable included sundry debtors for repairs recharged to tenants. S Flynn confirmed that it did, he said there was a wider discussion about Housing Revenue Account recharging generally.

Resolved:

Report was noted.

Actions:

- S Flynn to circulate details of the VAT codes to the Audit Committee.

9.d Council Tax

S Knowles highlighted recommendation 3, which had not been implemented from the previous audit. The other two recommendations related to updating policies and procedures.

Councillor Doole asked if recommendation 3 should be more significant as it had not been carried out following a previous audit. S Knowles said that would not make it more important unless its non implementation had led to something else.

S Marshall added that there had been some manual work carried out on reviewing credits and some had been paid back. S Flynn said that the costs of carrying it out had outweighed the benefits. It was a low risk and low value matter.

Councillor Douris said just over £800,000 was a lot to hold, he asked if some of this money should be written back. S Flynn said there was a write on procedure; most of the credits were for very small amounts where the administration of refunding could be higher than the amount to be refunded.

S Marshall said she would ask for information to look at the volume of credits and band it into categories.

Councillor Marshall said that there was a policy of not pursuing debts under a certain amount and asked if there was a similar policy of not pursuing credits. S Flynn said that there was a write on and write off policy.

Councillor Marshall said that the Follow Up report had identified two outstanding Council Tax recommendations and asked what the other was. S Knowles said she would let the Committee know.

Resolved:

Report was noted.

Actions:

- S Flynn to extract information to look at the volume of credits and band it into categories.
- S Knowles to provide detail on the remaining outstanding Council Tax recommendation from the previous report which was not mentioned in this report.

9.e Business Rates

S Knowles outlined the report, there were no questions.

Resolved:

Report was noted.

Actions:

None.

9.f Benefits

S Knowles presented the report.

Councillor Doole said the Benefits service had had problems with backlogs in the past, but the report showed that the service was performing well against targets. S Flynn said a lot of progress had been made.

Resolved:

Report was noted.

Actions:

None.

9.g HRA Self Financing

S Knowles outlined the report and said that there were no recommendations.

Councillor Douris said that the Audit Committee wished to give its unanimous appreciation and acknowledgement of the huge amount of work carried out by S Marshall, S Flynn and J Deane and their teams. There had been a very successful conclusion of great work which would benefit residents and the Council.

Resolved:

Report was noted.

Actions:

None.

23. DRAFT INTERNAL AUDIT ANNUAL REPORT 2011/12

B Welch highlighted the report and said it provided a summary of the year's work. 27 audits had been carried out. The report was currently in draft format, an updated version would be brought back to the next meeting.

Councillor Douris asked that the Committee save any comments on Project Management and Information Security until the next meeting where the items would be on the agenda.

Councillor Doole asked for clarification that there was no information on actions taken, simply the recommendations made. B Welch confirmed that to be the case and said that the Follow Up report covered the actions taken.

Councillor Douris said he was frustrated to see that Partnerships and Business Continuity and Disaster Recovery had limited assurance. He said he would have liked to have seen a positive move downwards on those with limited assurance. B Welch said it was difficult as if full assurance was always given, it would be questioned whether the right areas were being looked at.

Resolved:

Report was noted.

Actions:

None.

24. INTERNAL AUDIT PLANNING

B Welch outlined the report which showed how decisions were made on what was audited and how they were categorised. Deloitte had started work with the Council in 2008. The report showed all the audits carried out since then.

Councillor Doole said the report stated that Sports Trust had not been looked at since 2008, but it had also been included in the Partnership audit carried out more recently. B Welch said that they had taken on the existing work programme when they took over in 2008. They had since re-categorised the headings.

Resolved:

Report was noted.

Actions:

None.

25. DRAFT INTERNAL AUDIT OPERATIONAL PLAN 2012/13

B Welch presented the report and drew attention to a new system of Control Risk Self Assessment which would be carried out by officers prior to the audit. This would inform the scope of the individual audit and would allow the Internal Auditors to spend less time on each audit. Assurance would be needed from the external Auditors that this system would be sufficiently robust.

Councillor Marshall asked if Server Virtualisation referred to within ICT was Cloud and if a decision on this had been made. S Marshall said it was not, it was for the Council's servers. B Welch said he would ask A Robinson to provide more information on the scope of this audit.

Councillor Collins said that as agendas were printed in black and white, colours should not be used on the dashboard.

S Marshall said that the Corporate Management Team had not yet agreed the plan; it was still in draft form. It would come back to the meeting on 30 May. She welcomed comments on it at this stage.

Councillor Doole asked about the key for the dashboard on assurance mapping. B Welch said it referred to where assurance had been received or where there was assurance but risks were not managed properly or where it did not quite hit the mark. The judgement was made in consultation with management and risk mapping.

Councillor Doole suggested looking at information security within this programme. S Marshall said she would feed this back and look at the scope. She said this was likely to look at paper security as well as ICT security. More flexible and home working would have a big impact on this area.

Resolved:

Report was noted.

Actions:

- A Robinson to provide more information for Councillor Marshall on the scope of the Server Virtualisation audit.

26. WORK PROGRAMME

Resolved:

The work programme was agreed.

27. EXCLUSION OF THE PUBLIC

That, under s.100A (4) of the Local Government Act 1972 Schedule 12A Part 1 as amended by the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during the item in Part II of the Agenda for this meeting, because it is likely, in view of the nature of the business to be transacted, that if members of the public were present during this item there would be disclosure to them of exempt information relating to Information relating to the financial or business affairs of any particular person (including the authority holding that information).

28. PART II MINUTES OF 8 FEBRUARY 2012

Full details in the Part II minutes.

The meeting ended at 9.30 pm