



## AUDIT COMMITTEE

THURSDAY 28 JUNE 2012 AT 7:30 PM

BULBOURNE ROOM, CIVIC CENTRE, HEMEL HEMPSTEAD

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Collins  
Doole  
Elliot  
Lloyd

Taylor (Chairman)  
Townsend (Vice-Chairman)  
W Wyatt-Lowe

(Substitute Members: Councillors Anderson, Harris, Marshall and McKay)

For further information, please contact Lucy Stone on Tel: 01442 228224, Fax: 01442 228264, Email: [lucy.stone@dacorum.gov.uk](mailto:lucy.stone@dacorum.gov.uk) Information about the Council can be found on our website: [www.dacorum.gov.uk](http://www.dacorum.gov.uk)

### PART I

Item	Page
1. Apologies for Absence	2
2. Declarations of Interest	2
3. Minutes and Actions	2
4. Public Participation	2
5. Outturn & Statement of Accounts 2011/12	3
6. Draft Internal Audit Operational Plan 2012/13 (attached separately)	
7. Exclusion of the Public	4
Appendix A - Part I minutes of the Audit Committee meeting held on 30 May 2012	5
Appendix B - Work Programme 2012/13	11

### PART II

Appendix C – Part II minutes of the Audit Committee meeting held on 30 May 2012

**1. APOLOGIES FOR ABSENCE**

To receive any apologies for absence

**2. DECLARATIONS OF INTEREST**

To receive any declarations of interest

**3. MINUTES AND ACTIONS**

To confirm the minutes of the meeting held on 30 May 2012 and consider the actions (Appendices A and C)

**4. PUBLIC PARTICIPATION**

An opportunity for members of the public to make statements and ask questions in accordance with the rules as to Public Participation.



**7. EXCLUSION OF THE PUBLIC**

To consider passing a resolution in the following terms:

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:



## DACORUM BOROUGH COUNCIL

### AUDIT COMMITTEE MINUTES

30 MAY 2012

**Present:**

**Members:**

Councillors	Collins	Lloyd
	Doole	Taylor (Chairman)
	Elliot	Townsend

<b>Officers:</b>	S Flynn	Assistant Director – Finance & Resources
	S Marshall	Corporate Director – Finance & Governance
	J Milsom	Assistant Director – Strategy & Transformation, Community & Organisation
	L Stone	Member Support Officer (Minutes)
	J Worts	ICT Team Leader

**Internal Audit:** M Clarkson                      Deloitte

The meeting began at 7.30 pm

#### 1. APPOINTMENT OF VICE-CHAIRMAN

Councillor Lloyd proposed and Councillor Elliot seconded that Councillor Townsend be Vice-Chairman of the Audit Committee

**Resolved:**

Councillor Townsend be appointed as Vice-Chairman of the Audit Committee.

#### 2. MINUTES AND ACTIONS

The Part I minutes of the meeting held on 25 April 2012 were agreed by the Members present and then signed by the Chairman.

#### 3. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor W Wyatt-Lowe.

#### **4. DECLARATIONS OF INTEREST**

Councillor Lloyd declared a personal interest as the Shared Internal Audit Service came within his Portfolio at Herts County Council.

#### **5. PUBLIC PARTICIPATION**

None.

#### **6. INFORMATION SECURITY UPDATE REPORT**

J Worts outlined the report and advised that as well as the audit report and derived project plan, other work had been carried out as part of the wider information security report. These included revamping the policies and creating one overarching policy, training, providing encrypted USB sticks and sharing best practice with the Herts Forum. J Worts said that Councillors would be receiving encrypted USB sticks and that he would be happy to run a training session for Councillors on Information Security issues. J Worts went through the Information Security action plan explaining what actions had been taken or were planned.

Councillor Townsend asked what was meant by patching. J Worts explained that it was a code providing protection from hackers.

Councillor Townsend referred to recommendation 1, records and information management. He said it was a broad issue which could in itself have several recommendations. J Worts agreed and said it was a large piece of work on which he worked closely with the legal department. J Worts confirmed that he was responsible for Information Security and Information governance.

Councillor Doole asked if the work had been completed as it seemed there were a lot of actions still to carry out. J Worts said that the policies and administration work was complete. He had drawn up a revised timetable of completion and some elements would be on going. He said the council were in a much better position than the previous year, and by next year would be in a better position again. J Worts advised that he would look into getting e-policy software.

Councillor Doole asked if Internal Audit should be looking at records management as part of every audit carried out. M Clarkson said the recommendations in the Information Security audit would be followed up and sample tests would be carried out. He confirmed that security issues when relevant were investigated as part of audits but not as matter of course. He said more could be added if desired.

Councillor Elliot asked how paper waste was disposed of. J Worts said a clear desk policy would be introduced. He said that the issues of secure shredding needed improvement as it was not clear that the correct procedures were being followed.

Councillor Collins asked about the security of Councillors' laptops given that their addresses were public record. J Worts said all the laptops were encrypted which provided sufficient security.

Councillor Collins referred to recommendation 20, archiving of records and asked if all the actions had been taken meaning that there would not be any future problems. J Worts confirmed that this was the case.

Councillor Tiley asked when the Audit Committee would like J Worts to provide the next update.

Councillor Taylor said an update should be brought four times per year, coming next to the September meeting. Councillor Taylor thanked J Worts for his work and said working with the Assistant Director, Legal, Democratic and Regulatory was of great advantage.

**Resolved:**

The report was considered and accepted.

**Actions:**

None.

## **7. INTERNAL AUDIT REPORT**

### Project Management

M Clarkson introduced the report and highlighted the good practice which was found. There were, however, seven priority 1 recommendations and five priority 2 recommendations.

Councillor Townsend asked if the process of project management had been looked at or the content of individual projects. M Clarkson confirmed that they had looked at the process. He added that a lot of the recommendations referred to the non-compliance of policies which were in place. Some had no evidence of being carried out, and the post implementation reviews were generally forgotten as the project had been completed. The priority two recommendations referred more to where aspects were not carried out consistently rather than at all.

Councillor Doole asked how the lessons learnt were recorded in order to be available to benefit other projects. J Milsom said that she had requested that Internal Audit look at project management as the governance needed strengthening. With regard to the lessons learnt, a log would be added to sharepoint creating a library. J Milsom would be discussing this with other Assistant Directors, encouraging all to use this facility. Councillor Doole suggested lessons learnt could be stored alongside Risk Assessments as these would be completed at the start of a project. J Milsom agreed that this would be a good idea. S Flynn added that work had recently been carried out on linking Internal Audit findings to Annual Assurance Statements which could be carried forward to projects.

Councillor Lloyd asked how many priority 1 recommendations would be expected for such an audit. M Clarkson said that this was around mid way across other authorities. He said that project management received limited assurance more often than other areas.

J Milsom said that it was disappointing but that improvements would be made. She added that five projects were tested, four of which had gone through the Corporate programme. One, Choice Based Lettings, had not and had not followed any of the correct procedures. She said that good procedures were in place, but work was needed in ensuring that all projects followed those procedures.

Councillor Tiley said that three years ago, there were many reports with several priority 1 recommendations, there were now very few. Councillor Tiley said it was very disappointing that Choice Based Lettings had been carried out outside of Corporate control. He said it was a flagship policy and that the Corporate Management Team should have questioned why it had not followed the processes in place. Councillor Tiley said that priority 1 recommendations were not acceptable.

Councillor Townsend asked if the audit had looked just at whether a project initiation document existed or at its content. M Clarkson said just whether one was in place. He added

that if all the projects were channelled through a central project team, they would be the control, picking up on the quality of documents produced.

Councillor Doole suggested that it would be useful to have an audit looking at the effectiveness of projects.

Councillor Collins asked whether the implementation of the recommendations would add cost to the completion of projects and discourage out of the box ideas. M Clarkson said the procedures would not slow projects down.

J Milsom said that Project Initiation Documents were signed off by Portfolio Holders and were available for Councillors to see. Recent documents included the Public Service Quarter and Housing Maintenance Improvement and Procurement. Councillor Taylor asked that they be sent to the Audit Committee.

Councillor Taylor said it was clear that improvement was needed and endorsed that all projects should follow the procedures. He thanked J Milsom for attending the meeting.

**Resolved:**

Report was noted.

**Actions:**

J Milsom to send some sample Project Initiation Documents to the Audit Committee.

## **8. ANNUAL GOVERNANCE STATEMENT**

S Flynn said that in the past few years, Internal and External Audit reports continued to show the improvements made. He advised that this was the draft version and welcomed the Committee's comments.

Councillor Townsend said that the wording was very similar to the annual governance statements of other local authorities. He asked if the reference to "Vision" could be amended. S Flynn said it referred to the Council's vision, but that the reference could be worded differently.

Councillor Doole said that on page 38 of the report, at the end of paragraph 4, the word June should be removed. He said that also on page 38, bullet point 2, Information Management – business continuity and disaster recovery, it suggested that the problem was with the whole IT infrastructure rather than just the back up system. S Flynn said this would be incorporated.

Councillor Lloyd asked if the words 'key players' on page 35 was too familiar for such a report. S Flynn said he would look into an alternative phrase.

Councillor Tiley said on page 29, paragraph 4, that there was very little reference to Member Development and the Charter. He suggested that a table be added showing what training had been held over the year and the number of attendees for each.

**Resolved:**

The Statement was received and the comments referred to above be taken into account.

**Actions:**

Member Support to provide S Flynn with a table showing what training had been held over the year and the number of attendees for each.

## **9. INTERNAL AUDIT REPORTS**

### Housing Rents

M Clarkson outlined the report and drew attention to the four priority 2 recommendations and one priority three recommendation.

Councillor Elliot asked about the reference to 'all rent owed is collected'. M Clarkson said collection was attempted on all rent and that there was a separate heading which looked at rent arrears.

**Resolved:**

Report was noted.

**Actions:**

None

### Main Accounting

M Clarkson said this report had received full assurance with one priority 3 recommendation. S Flynn said this was due to the work of James Deane. Councillor Taylor said congratulations were due to the whole team involved.

Councillor Townsend asked if reports should only come to the Audit Committee on an exception basis. S Marshall said there would be a change, where all reports would be available, but only come to Committee on an exception basis.

**Resolved:**

Report was noted.

**Actions:**

None

## **10. DRAFT INTERNAL AUDIT ANNUAL REPORT 2011/12**

M Clarkson said this was a draft report as there were one or two outstanding final report to be completed. He drew attention to the Internal Auditor's opinion that satisfactory assurance could be provided for the system of internal control in place at the Council except for the issues identified in the appendix.

**Resolved:**

Report was noted.

**Actions:**

None.

## **11. WORK PROGRAMME**

**Resolved:**

The work programme was agreed with the following addition:

- Information Security Update Report to be added to the September meeting.

## **12. 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).

## **13. INTERNAL AUDIT CONTRACT AWARD**

Full details in the Part II minutes.

The meeting ended at 9.15 pm

AUDIT COMMITTEE: Work Programme 2012-13

<b>MEETING DATE</b>	<b>DEADLINE TO MONITORING OFFICER</b>	<b>DEADLINE TO MEMBER SUPPORT</b>	<b>ITEMS:</b>	<b>WHO RESPONSIBLE</b>
<b>19 September 2012</b>	5 September 2012	7 September 2012	Annual Governance report, the Audited Statement of Accounts	Audit Commission
			Council's Letter of Representation to the External Auditor	DBC
			Information Security Update	DBC
			Internal Audit Reports (TBC)	Internal Audit
			Internal Audit Progress Report	Internal Audit
<b>12 December 2012</b>	28 November 2012	30 November 2012	Annual Audit Letter	Audit Commission
			Internal Audit Reports (TBC)	Internal Audit
			Internal Audit Progress Report	Internal Audit
<b>6 February 2013</b>	23 January 2013	25 January 2013	Internal Audit Reports (TBC)	Internal Audit
			Internal Audit Progress Report	Internal Audit
<b>24 April 2013</b>	10 April 2013	12 April 2013	Internal Audit Reports (TBC)	Internal Audit
			Internal Audit Progress Report	Internal Audit

