



# Audit Committee Agenda

7.30pm Wednesday 24 April 2013

## South Hill Centre, Cemetery Hill, Hemel Hempstead, HP1 1JF

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	Taylor (Chairman)
Doole	Townsend (Vice-Chairman)
Elliot	W Wyatt-Lowe
Vacancy	

Substitute Members: Councillors Anderson, Harris, Marshall and McKay

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#### **For Items 5, 6 and 7, please refer to separate booklet**

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## **1. APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

## **2. DECLARATIONS OF INTEREST**

To receive any declarations of interest

A member with a disclosable pecuniary interest or a personal interest in a matter who attends a meeting of the authority at which the matter is considered -

(i) must disclose the interest at the start of the meeting or when the interest becomes apparent

and, if the interest is a disclosable pecuniary interest, or a personal interest which is also prejudicial

(ii) may not participate in any discussion or vote on the matter (and must withdraw to the public seating area) unless they have been granted a dispensation.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests, or is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal and prejudicial interests are defined in Part 2 of the Code of Conduct For Members

[If a member is in any doubt as to whether they have an interest which should be declared they should seek the advice of the Monitoring Officer before the start of the meeting]

## **3. MINUTES AND ACTIONS**

To confirm the minutes of the meeting held on 6 February 2013 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.

**For Items 5, 6 and 7, please refer to separate booklet.**

**8. 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 an individual or which is likely to reveal the identity of an individual.

LGA 1972, Schedule 12A, Part 1, paragraphs 1 and 2.

## DACORUM BOROUGH COUNCIL

### AUDIT COMMITTEE MINUTES

6 FEBRUARY 2013

**Present:**

**Councillors:** Collins Taylor (Chairman)  
Doole Townsend  
Elliot W Wyatt-Lowe  
Lloyd

Portfolio Holder for Finance and Resources, Councillor Tiley

**Officers:** S Baker Assistant Director (Legal, Democratic & Regulatory)  
S Marshall Corporate Director (Finance & Governance)  
L Stone Member Support Officer (Minutes)  
J Worts Information Security Team Leader

**Internal Audit:** M Clarkson Deloitte  
S Knowles Deloitte

**External Audit:** S Bladen Ernst & Young

The meeting began at 7.30 pm

#### 1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

#### 2. DECLARATIONS OF INTEREST

None.

#### 3. MINUTES AND ACTIONS

The minutes of the meeting held on 12 December 2012 were agreed by the Members present and then signed by the Chairman.

Actions from previous meeting:

- With regard to an audit on the website, S Marshall confirmed that an audit had been carried out in 2009 on the email server, the intranet and the internet. There had been recommendations made which were carried out. She said that it would be worthwhile to revisit this area.
- S Marshall said, that in relation to the partly implemented priority 1 recommendations, the Health and Safety recommendation was now complete. The recommendation to ensure all mobile phones were pin protected was in progress but the completion date had been delayed, and would now be completed by May 2013. J

Worts added that IT were looking at conformity of products and a product to ensure the layering of mobile phone security.

Councillor Doole asked if the encryption of mobile phones was still being carried out as the original report had recommended. He also said that with regard to the Health and Safety recommendation, it had been partially implemented for over a year. Councillor Doole asked at what point a partially implemented recommendation would be followed up or downgraded. S Marshall said that she would provide the Committee with an update on the status of mobile phone encryption. She also said that she would raise the issue of when to decide not to progress with recommendations at the Corporate Management Team.

Actions:

- S Marshall to provide an update on whether mobile phones would be encrypted as well as pin protected.
- S Marshall to add an item to the Corporate Management Team meeting to discuss partially or not implemented Internal Audit recommendations, and at what stage they would no longer be followed up.

#### **4. PUBLIC PARTICIPATION**

None.

#### **5. INTRODUCTION FROM ERNST AND YOUNG**

S Bladen explained that the Audit Commission's Audit Practice, which until October 2012 had provided the Council's external audit services had been abolished. This work would now be undertaken by Ernst & Young, with most of the staff being transferred. Ernst & Young would be providing a regular briefing on current and emerging issues in Local Government, the first of which was included in the agenda.

S Bladen asked the Committee if they would like to receive future briefings at the Committee or circulated by email. He also welcomed any comments on the style or content of the report.

Councillor Elliot suggested that the report be circulated by email. The Committee agreed. S Bladen confirmed that he would be available to answer any queries via email to the whole Committee.

**Resolved:**

The Committee accepted the report.

**Actions:**

Future briefing reports to be circulated by email.

#### **6. ANNUAL CERTIFICATION REPORT 11/12**

S Bladen introduced the Annual Certification letter. The certification work had largely been carried out by the Audit Commission, with work on the Council's Housing and Council Tax Benefit subsidy claim being completed by Ernst & Young. The letter drew attention to the key points arising from the four pieces of certification carried out and summarised the key findings. He highlighted the reduction in the number of errors identified in the testing the Council's claim for Housing and Benefit subsidy compared with the previous year. S Bladen said that in view of the Council's good progress, and the further steps taken in 2012 to improve performance, the report contained no recommendations.

**Resolved:**

The Committee accepted the Annual certification report 11/12.

**Actions:**

None.

**7. INTERNAL AUDIT PROGRESS REPORT**

M Clarkson introduced the progress report and said that there were four final reports summarised within the progress report. The finalisation of the fifth had been delayed slightly in order for Deloitte to check the report; these checks were standard and carried out at random. There were four draft reports awaiting management responses.

The follow up of recommendations had been good, the number of outstanding priority 1 recommendations had reduced from six to three and no new priority 1 recommendations had been made in 2012/13 so far. Appendix 1 showed the status of the audit work. All audits had been scheduled with one exception.

S Knowles highlighted Appendix 2 which provided a summary of the four final reports. The summary of the Budgetary Control audit included the manager's response as the recommendation had been partially agreed. The audit work of Procurement included work on stage 1 of the Housing repairs contract as this was the stage the work had been at when the audit was undertaken.

Appendix 3 showed the follow up of priority 1 recommendations; there was one partially implemented within Partnerships, which had a revised completion date of April 2013 and two within IT Security which had a revised completion date of May 2013. There were none outstanding.

Appendix 4 showed the follow up of the remaining recommendations. There had been good progress on implementing the 2011/12 recommendations, 13 out of 14 had been implemented.

Councillor Townsend referred to the Asset Management summary and the recommendation for undeveloped land assets to be identified. He asked if this meant there was a lot of land the Council owned and had not identified. S Knowles said that it did not mean that there was a lot of land still to be identified; more that they had not been recorded. Councillor Townsend asked that the full final Asset Management report be circulated by email to the Committee.

Councillor W Wyatt-Lowe asked if the Council should have a schedule of each asset and what services and utilities were present on site. He expressed concern that any surprises could affect the value. S Marshall said that all known information had been transferred onto a new asset management system. A lot of this was out of date, with the exception of the housing stock. If an asset was sold, a survey was needed at the time of the sale. It would be costly to carry out a survey on all assets although all information gained would be updated.

M Clarkson said that in an ideal world, the Council would have the information but that it was a balance between the cost and the benefit received. S Bladen agreed with both S Marshall and M Clarkson.

Councillor Doole asked if auditors focused at all on information security, including hard copies, in all audits or just during an audit specifically on information security. M Clarkson said that audits would very often look at information security of a service and would always

highlight security concerns within any audit. He said snapshots of physical aspects were taken rather than a systematic evaluation.

Councillor Doole said he was glad to see the manager's response within the Budgetary Control summary, which proved an active involvement. He asked how the disagreement could be resolved. S Knowles said in this case, the recommendation had been implemented. The manager agreed with the recommendation itself but not the priority that it had been given. It had been a similar recommendation to one previously been given which had been priority 3, as the same recommendation needed to be given again, it had been upgraded to priority 2. She said that a couple of issues had been included in one recommendation.

M Clarkson added that in general, if there was a disagreement, reconciliation would be sought, but that it would as a final stage come to the Audit Committee for a decision. Councillor Taylor said that the manager would be asked to attend the Audit Committee meeting to go through their reasoning.

Councillor Doole referred to the number of different tables included in the report and asked if they could be combined at all. An appendix provided a due date on partially implemented recommendations, but there was no information on whether it had just been started or was nearly complete. He said it would also be useful to include information on priority 2 recommendations, not in the same depth as priority 1, but providing a status update. M Clarkson said he would consider this and how to present the information differently and discuss it with S Marshall.

Councillor Townsend thought that the level of detail within the report was right and that it was important to focus on the priority 1 recommendations. He asked for feedback on the report which would be looked at by Deloitte internally. M Clarkson said he could provide that feedback.

**Resolved:**

The Committee accepted the progress report.

**Actions:**

- The Final report on the Asset Management audit be circulated to the Committee.
- M Clarkson to consider how the information in the progress report could be presented differently and discuss with S Marshall.
- M Clarkson to provide feedback on the report which had been delayed to be looked at by Deloitte.

**8. WORK PROGRAMME**

**Resolved:**

The Work programme was agreed subject to the following additions:

29 May:

- Provisional Revenue and Capital Outturn Report
- Head of Internal Audit Opinion

26 June:

- Financial Statement of Accounts

19 September:

- Statement of Accounts
- External Audit Governance Report

## **9. 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).

## **10. INFORMATION SECURITY UPDATE REPORT**

Full details in the Part II minutes.

The meeting ended at 8.55 pm



**APPENDIX B**

AUDIT COMMITTEE: Work Programme 2013-14

<b>MEETING DATE</b>	<b>DEADLINE TO MONITORING OFFICER</b>	<b>DEADLINE TO MEMBER SUPPORT</b>	<b>ITEMS:</b>	<b>WHO RESPONSIBLE</b>
<b>29 May 2013</b>	15 May 2013	17 May 2013	Internal Audit Reports (TBC)	Internal Audit
			Internal Audit Progress Report	Internal Audit
			Head of Internal Audit Opinion	Internal Audit
			External Audit Plan	External Audit
			Provisional Revenue and Capital Outturn Report	DBC
<b>26 June 2013</b>	17 June 2013	13 June 2013	Internal Audit Reports (TBC)	Internal Audit
			Internal Audit Progress Report	Internal Audit
			Financial Statement of Accounts	DBC
<b>19 September 2013</b>	6 September 2013	10 September 2013	Internal Audit Reports (TBC)	Internal Audit
			Internal Audit Progress Report	Internal Audit
			Statement of Accounts	DBC
			Governance Report	External Audit

MEETING DATE	DEADLINE TO MONITORING OFFICER	DEADLINE TO MEMBER SUPPORT	ITEMS:	WHO RESPONSIBLE
<b>18 December 2013</b>	5 December 2013	9 December 2013	Internal Audit Reports (TBC)	Internal Audit
			Internal Audit Progress Report	Internal Audit
<b>12 February 2014</b>	3 February 2014	30 January 2014	Internal Audit Reports (TBC)	Internal Audit
			Internal Audit Progress Report	Internal Audit
<b>30 April 2014</b>	22 April 2014	16 April 2014	Internal Audit Reports (TBC)	Internal Audit
			Internal Audit Progress Report	Internal Audit

## **AGENDA ITEM: 9**

### **SUMMARY**

<b>Report for:</b>	<b>Audit Committee</b>
<b>Date of meeting:</b>	<b>24 April 2013</b>
<b>PART:</b>	<b>II</b>
If Part II, reason:	The report contains information which relates to an individual or which is likely to reveal the identity of an individual.  LGA 1972, Schedule 12A, Part 1, paragraphs 1 and 2

<b>Title of report:</b>	<b>INFORMATION SECURITY UPDATE REPORT</b>
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