



DACORUM BOROUGH COUNCIL
AUDIT COMMITTEE MINUTES
07 OCTOBER 2013

Present:

Chairman

Councillors:	Doole	McKay
	Douris	Taylor (Chairman)
	Elliott	W Wyatt-Lowe
	Harris	
	Councillor Tiley	Portfolio Holder for Finance and Resources
Officers:	J Deane	Assistant Director (Finance & Resources)
	S Marshall	Corporate Director (Finance & Governance)
	M Hone	Corporate Director (Finance & Operations)
	C Thorley	Member Support Officer (Democratic Services) (Minutes)
Others:	Greg Rubins	BDO

The meeting began at 7.30 pm

58. APOLOGIES FOR ABSENCE

Apologies for absence where submitted on behalf of Councillor Adshead.

59. DECLARATIONS OF INTEREST

None.

60. MINUTES AND ACTIONS

The minutes of the meeting held on 19 September 2013 were agreed by the Members present and then signed by the Chairman.

61. PUBLIC PARTICIPATION

None.

62. RISK MANAGEMENT REPORT

The Chairman began by welcoming Martin Hone, Dacorum Borough Council's new Corporate Director for Finance & Operations to the meeting. The Chairman then invited G Rubins from BDO to introduce the risk management report.

G Rubins introduced the report and explained that this report was part of a four stage process around the analysis of Dacorum Borough Council's risk management strategy. The report in question was stage 1, the 2nd stage would be a risk management workshop, the 3rd stage would involve implementation of risk management processes and the 4th stage would involve a follow up and review of the process,

G Rubins stated that he felt that BDO's approach may have differed from past reports the Council may have received. In addition to simply checking that the policies and processes for Risk Management were working properly/providing the right output, BDO has attempted to investigate whether the policies and processes already present were the best fit for the organisation.

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G Rubins explained that BDO had given Risk Management at Dacorum Borough Council a 'Moderate' rating. G Rubins explained that there were adequate policies and processes in place but that there were a number of issues; G Rubins said firstly some of the items on the strategic risk register were not strategic issues; they were operational ones and that some of the items needed updating in order to comply with recent changes in process or legislation. G Rubins also commented that there needed to be greater clarity around the use of risk registers at committees. Finally G Rubins said that there needed to be a clearer link between the strategic risk register and the operational risk register and that assurances should be identified for each risk.

The Chairman then asked if any of the members had any questions. Councillor Wyatt-Lowe said that he was aware that S Marshall (Corporate Director, Finance & Governance) had undertaken a review of the risk register and was this why it was the 1st stage of the internal audit process. S Marshall replied that she had conducted a review and that it was intended to be an initial report as Councillor Tiley (Portfolio Holder for Finance and Resources) had wanted risk set as a key priority.

Councillor Douris said that G Rubins had prefaced his introduction to the report by saying that BDO's approach was different from that of previous auditors. Councillor Douris said that potentially auditors views were subjective and did G Rubins think that some of his opinions were subjective. G Rubins replied that he didn't think so necessarily but that BDO had deliberately focused on seeing whether the existing processes around risk were correct rather than if Dacorum Borough Council were just following the processes.

Councillor Harris then commented that the report did highlight unseen issues that perhaps internal auditors may not pick up. Councillor Harris then said that he would expect differences in reports as each auditor would have a different interpretation of what should be included.

Councillor Doole then commented that G Rubins had said that health and safety was not deemed to be a strategic risk, but that he felt that if an operational risk, such as health and safety, was high enough surely it became a strategic risk and should be included in the risk register. G Rubins replied that there may have been some serious health and safety incidents suitable for inclusion in risk management strategies but occasionally issues may be exaggerated. G Rubins did acknowledge that if health and safety issues did pass a certain limit they would become strategic issues. G Rubins added that this could be something that could be looked at in the risk workshops.

Councillor Doole then added that he felt that the report lacked direction and that he felt that some aspects of the report had a 'text book approach', Councillor Doole said that the Council was aware of the risk management issue and that the report did not reveal anything new. G Rubins replied by saying that it was not BDO's responsibility to write Dacorum Borough Council's risk register and that it was BDO's job to identify the risks and make recommendations. Councillor Doole said he appreciated this but that surely the report should be more detailed and that the report didn't seem to take into account potential implementation issues and that ultimately it appeared to be repetition of what was already known. Councillor Doole said that what Dacorum Borough Council needed was to be told what the gap was between where they currently were with their risk management system and where they needed to be and what needed to be done to achieve this. Councillor Doole reiterated that there was nothing in this report that outlined this and so he questioned its value. G Rubins responded by saying that this report was only stage one of the process and so more direction could be provided as the process continued.

Councillor Harris then asked what were BDO's future plans for Dacorum's risk management strategy. G Rubins said that the next stage would be the risks workshops where BDO would

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work with Dacorum's officers to ascertain what the risk register should look like. Councillor Harris commented that the presentation of the risk register needed to be looked at as there was a tendency during Overview and Scrutiny committee meetings to gloss over the registers and there was not always clarity around potential issues. Councillor Harris asked that given the way the registers were constructed where would he see the actions to reduce risk in the risk register tables. G Rubins referenced appendix four where BDO had provided an example strategic risk register that detailed actions needed to reduce risk as well as providing residual figures and sufficient controls all for consideration during Overview and Scrutiny.

Councillor Wyatt-Lowe stated that he appreciated that BDO had attempted to take a different approach with Dacorum Borough Council's internal audit and that it was good for the council to not be complacent about their risk management strategy. Councillor Wyatt-Lowe said that he wasn't clear on BDO's concept of hierarchy in regards to risk management and that there would be some issues that didn't fit into the hierarchy. In addition Councillor Wyatt-Lowe said that he couldn't see an outline of what went into the risk register and that surely everything that is a risk must go into it. Councillor Wyatt-Lowe said that he would like to see a published list of all potential issues and a detailed process of how to escalate potential issues. Councillor Wyatt Lowe said that he had expected BDO to provide examples of best practice from other local authorities that could be applicable to Dacorum Borough Council. G Rubins responded by saying that issues around hierarchy would be expected to be seen in the operational risk register in addition G Rubins said that BDO couldn't use past client information when working with current clients but that they were bringing prior experience gained from working with local authorities to this project. Councillor Wyatt Lowe responded that he didn't expect BDO to break client confidentiality but he did think that information on best practice gathered from BDO's previous work would surely be beneficial.

Councillor McKay then asked a question in relation to the finding set out on page ten of BDO's report. Councillor McKay asked what the evidence was in relation to this assertion. G Rubins responded by saying that the report's findings were constructed from discussions with officers and various internal documents. G Rubins did add that despite a lack of understanding around risk within the organisation there did appear to be consensus around the key issues of risk management.

The Chairman then summarised the report and recommendations and asked if there were any more questions. Councillor Harris then asked J Deane (Assistant Director, Finance & Resources) what the next steps would be in regards to potentially continuing the process with BDO. J Deane said that the next step would be to sit down with the Audit Manager from the BDO team and agree timelines to ensure that BDO delivered on reports when expected. S Marshall reiterated that it would be important to ensure that delivery dates were improved upon to ensure that performance did not fall and that ideally members would agree some dates for BDO to work towards.

Resolved:

That the Audit Committee note BDO's risk management report.

Actions:

- If appropriate, (following the outcome of the discussion of Item 7) members agree dates for officers to meet with BDO and agree delivery timelines.

63. EXCLUSION OF THE PUBLIC

Resolved:

Chairman

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 the item there would be disclosure to them of exempt information relating to the financial or business affairs of a particular company (Item 7).

64. INTERNAL AUDIT PROVISIONS

See Part II minute 64.

65. WORK PROGRAMME

The committee went through the proposed work programme for this year.

Resolved:

That the Work Programme for the Audit Committee be noted.

Actions:

- That a review of the current Risk Register be conducted at the meeting on the 18 December 2013.
- That J Worts (Team Leader, Information Security) and S Baker (Assistant Director, Chief Executives Unit (MO)) present a briefing on Information Security on the 12 February 2014 and 30 April 2014.

The meeting ended at 9.25 pm

Chairman