



Audit Committee Agenda

7.30pm, Wednesday 12 February 2014

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.

Adshead	Harris
Doole	Taylor (Chairman)
Douris	W Wyatt-Lowe
Elliot	

Substitute Members: Councillors Anderson, Marshall, McKay and Townsend.

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Part II

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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 18 December 2013 and consider the actions.

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

5. INFORMATION SECURITY

Report to follow

6. EXTERNAL AUDIT REPORTS

1. 2012-13 Annual Certification Report

2. 2012-13 Annual Audit Letter

See attached booklet

7. INTERNAL AUDIT REPORTS

1. Internal Audit Reports
 - Treasury Management – Cash & Bank
 - Payroll And Pension Administration
 - Council Tax
2. Internal Audit Progress Reports

See attached 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 ...



DACORUM BOROUGH COUNCIL
AUDIT COMMITTEE MINUTES
18 DECEMBER 2013

Present:

Councillors:	Adshead	Harris
	Doole	Marshal
	Douris	Taylor (Chairman)
	Councillor Tiley	Portfolio Holder for Finance and Resources
Officers:	J Deane	Assistant Director (Finance & Resources)
	J Doyle	Group Manager - Democratic Services
Others:	Steve Blayden,	External auditors
	Mike Clarkson	Deloitte and Touche
	S Knowles	Deloitte and Touche

The meeting began at 7.30 pm

65. APOLOGIES FOR ABSENCE AND SUBSTITUTE

Apologies for absence were submitted on behalf of Councillors Elliot and W Wyatt-Lowe. Councillor Marshall substituted for Councillor Wyatt-Lowe.

66. DECLARATIONS OF INTEREST

Councillor Douris declared a personal interest in item 5 (Accounts Payable) as a related company is involved in provision of services in this area.

67. MINUTES AND ACTIONS

The minutes of the meeting held on 7 October 2013 were agreed by the Members present and then signed by the Chairman.

The Chair drew attention to the 'Action' from the last meeting regarding Risk Registers. This response has been postponed to next year while the situation regarding of the Internal Audit provision was resolved. Councillor Doole was anxious that this item not be overlooked and be pursued in the New Year. Councillor Tiley assured the meeting that this review is a high priority and he will continue to press for it to be undertaken as soon as possible. J Deane added that the Director of Finance and Operations and himself are aware of the interest in this matter and committed to it coming to committee in the new year.

The meeting then moved on to the Part II minutes of the meeting held on 7 October 2013 and as there were no points raised for discussion, they were agreed and signed by the Chair.

68. PUBLIC PARTICIPATION

None.

69. INTERNAL AUDIT REPORTS

INTERNAL AUDIT 2013-15

Mike Clarkson, Deloitte and Touche began with the Audit Plan for 2013-15. The Plan had been developed based on:

- Discussions with key members of management;
- Review of the risks and priorities contained in DBC's strategic and operational risk registers;
- Review of DBC's key objectives, plans and frameworks;
- Review of the plan produced and work completed by the previous Internal Audit team;
- Reference to previous audit and assurance work and the progress towards implementing recommendations; and
- Discussions with our external audit colleagues in respect of the content of the plan.

The plan sets out the Area of activity; scope, and expected length of the audit in days. The plan has been reconciled to the plan from the previous auditors. The only area not included is Localism and Community Activity but this has been changed to allow for more work on NNDR and to permit a re-shuffle of some of the previous audit schedule.

The meeting then considered appendix A of the Audit Plan for 2013-15.

Councillor Harris had clarified that the 'Risk No' referred to the operational Risk Register. He was concerned that Capital Spending has no target date attributed to it as we are in a period of significant change with many large projects in the pipeline. He also raised the issue of regular underspends against the Revenue Account and sought assurance that the audits would address this issue.

Councillor Douris made some comments on the use of the term 'slippage' to mask 're-profiling'.

He then pressed both the external and internal auditors on the reason for including an examination of NNDR and Revenues and Benefits. The auditors are aware of significant amount of change in these areas and consequently a change in the risks involved. There is no suggestion that there are any problems in the operation of these services.

On a suggestion from councillor Doole the auditors agreed to reconsider future planned audits on accounts receivable/payable as these are being dealt with at this meeting.

Councillor Marshall asked about progress on the audit of Capital projects as they were scheduled to be reported at the end of quarter 3 of 2013. The auditors have completed and submitted draft reports which this committee will consider at a later date.

Councillor Tiley returned to the issue of the audit of NNDR and highlighted that it will include examination of the Herts authorities 'pooling arrangement' to ensure that we have the system changes that are required and have the appropriate safeguards in place.

ACCOUNTS PAYABLE

The committee considered the audit of the Council's systems of internal control in respect of Accounts Payable.

Councillor Harris drew attention to the manager's response to recommendation 1 and J Deane informed the meeting that discussions are underway with HR to develop training and control process for the future. Cllr Harris established that the aim is to produce a purchase order for everything despite officers having financial limits within which to make payments. It was agreed that this is cumbersome but it ensures compliance and prevents an unauthorised person placing a dubious order.

Councillors Douris and Doole would have liked to see a target date attached to these recommendations. Cllr Doole asked the auditors when they consider a control recommendation complete; would they set a measure for a matter to be considered /closed. The auditors suggested that there has to be an identifiable change in an area before they would consider it closed.

ACCOUNTS RECEIVABLE

The committee considered the audit of the Council's systems of internal control in respect of Accounts Receivable.

The committee then debated various controls that could be in place to adequately reflect the current debt position on a monthly basis and highlighting the overdue debts – suggestions such as referring to them as 'aged debts' or expressing them in terms of 'age debt' days

J Deane confirmed for Councillor Harris that the Council still operates cash accounting throughout the year although the year end accounts are produced on an accruals basis.

Councillor Marshall enquired if the figures provided included or excluded NNDR and J Deane confirmed that they did not. She also suggested that this might be an item worth considering at a future Finance and Resources Overview and Scrutiny committee. A distinction was drawn between 'overdue' and 'bad' debts. Councillor Tiley made the point that some organisations only released funds for payments at the last instant as part of their accounting procedures.

To conclude their debate the members expressed their thanks to Deloitte and Touche for their magnanimous attitude and praised them for the work they had produced.

70. WORK PROGRAMME

The committee went through the proposed work programme for the remainder of the year.

Resolved:

That the Work Programme for the Audit Committee be approved.

The meeting ended at 8.20 pm

AUDIT COMMITTEE: Work Programme 2013-14

MEETING DATE	DEADLINE TO MONITORING OFFICER	DEADLINE TO MEMBER SUPPORT	ITEMS:	WHO RESPONSIBLE
12 February 2014	30 January 2014	3 February 2014	Internal Audit Reports (TBC)	Internal Audit
			Internal Audit Progress Report	Internal Audit
			Approval of Internal Audit Plan 2014/15	Internal Audit
30 April 2014	16 April 2014	22 April 2014	Internal Audit Reports (TBC)	Internal Audit
			Internal Audit Progress Report	Internal Audit

