



## **83. EXTERNAL AUDIT REPORTS**

M Hodgson began with the Housing and Council Tax Subsidy Benefit certification fee and explained the £5,000 rebate to DBC due to the review of audit scale fees.

He then took the committee through the main risks as identified on pages 2-4 of the report to the committee and the reasons why these had characterised as such. He added that some of these are generic risks associated with a council's operations.

Cllr Taylor thanked him for the 'audit fees' letter.

Cllr Doole pressed the auditor on 's.4.2.2 – Analytics' - He enquired what this entailed and asked if the Council utilised any analytics tools?

J Deane advised that we utilise various forms of analytics in the systems used to produce the accounting and audit reports throughout the year.

Cllr Wyatt-Lowe generated some discussion on the Financial Statement Risks and the options open to the council to measure and monitor our assets. It was explained that the approach depends on the asset – DBC has lots of 'classes' of assets and so adopts different methods for assessing these.

## **84. INTERNAL AUDIT REPORTS**

### **Internal Audit Operational Plan 13/15**

Cllr Doole began by proposing that in the light of recent events the audit of the Customer Services Unit should be brought forward to Quarter 2.

Some clarity was sought on the difference between Efficiency Savings and Performance Management?

Performance Management deals with the sections carrying out performance improvements while Efficiency Savings is monitoring of the effectiveness of Performance Indicators.

Cllr Elliot made it clear that the audit of Housing Repairs is a priority for this committee. He will take a special interest in the progress of this audit. It is expected to report on who in the council is responsible for the management of this service; and it should deal with how often and to what standard the works have been done. In his experience the works are not checked.

The related area of the Council's corporate approach to procurement of Housing Repairs for next five years was highlighted as another audit of particular significance to this committee.

### **Internal Audit Progress Report**

This part of the agenda was dealt with by Mike Clarkson of Mazzars.

The committee was requested to disregard the audit of Human Resources while the matter is clarified with the manager of the section and it was deferred to the next meeting.

The committee considered the final seven audits to complete this year's plan.

M Clarkson was pleased to say that there is no priority one recommendations outstanding and that the Contract Management would be considered later.

M Clarkson then summarised the priority 1 and 2 recommendations dealt with in the the seven reports.

Arising out of the Internal Audit reports Cllr Doole made some general observations about the monitoring of results over time and the need to strengthen our process for updating of forms and the application of council wide version control.

J Deane acknowledged the point and added that the general approach tends to be for each service area to develop its own means of checking processes, recording decisions and then carrying out improvements. Cllr Doole suggested that this could be examined as part of the Audit of Corporate Governance scheduled for quarter four and suggested the application of an existing industry standard.

He pressed on to say that in his opinion some of the answers from managers to identified audit issues seem to ignore the root cause: they address the problem but not the cause. He would like to see more robust answers to say that we have found the problem; identified a way to solve it; what has been done to fix it; and what will be done to stop it happening again.

Cllr Douris pointed out that there is still an issue outstanding since 2012 with the ITC audit and that addressing this has slipped considerably; he sought assurance that IA are following this up. He was assured that the officers have addressed most of the IT resilience / disaster recovery /governance issues and that there are plans proposed to address the final issue. Mazzars will continue to monitor and report on progress.

B Hosier responded to the issues raised in the audit of Contract Management.

He admitted that we have recognised that there are facets of contract management that can be improved. This has resulted in us undertaking a review of this area. In recent months DBC has employed two dedicated staff who each deal solely with monitoring particular contracts. He added that it has been recognised that we can tighten up in the areas of Governance /implementation/and monitoring.

On Governance: a review of financial standing orders is underway which will include templates to be used by officers for the procurement process. It is the intention to resource dedicated managers to monitor how contracts are fulfilled.

Monitoring: performance of contracts will be covered by CoRvu and officers will receive clear guidance as to how and why monitoring should take place. Group Managers will have KPIs to report on and their performance against these monitored and reported upon – every six months to the Performance Board.

Cllr Elliot confirmed that the need for this tightened approach has already been recognised and these practices have been adopted by the housing contract managers.

Cllr Taylor was anxious to know how we will we test that the managers actions are effective. B Hosier said this can be done through continuous monitoring from IA and his service. It is expected that service plans and the appraisal process will enforce results.

These issues will be reviewed at the Finance & Resources O&S in June.

Cllr Doole gave this as another example of our accurately identifying a problem and taking corrective action, but not addressing the underlying cause.

It was suggested that one contributory factor is that no formal contract management training is given to managers and it was seen as an add-on to their day jobs.

Cllr Doole requested this issue is brought to the fore in future audits and was assured by J Deane that, as this has been given a 'priority one', then it will continue to be reported until Internal Audit are satisfied the issue is being addressed.

Cllr Douris suggested that we need to take more care to reduce the difference between the Invitation to Tender and the eventual contract award, as variation always seem to be in the contractors favour.

There then followed a short discussion on the CSU and Cllr Tiley advised that in future the CSU contract manager will come to the Performance Board on a regular basis.

Cllr Taylor felt small project team should be set up to monitor what is happening with this contract and collect the evidence to take to the contractor.

Cllr Doole advised officers to consult the councillors on complaints regarding this service as they have chapter and verse on the complaints they have received regarding the CSU.

Cllr Taylor rounded off this part of the meeting with a formal thanks to Internal Audit for their valuable contribution.

## **85. WORK PROGRAMME**

The committee considered the work programme.

On 17 June the committee will consider the Statement of Accounts and the Final Outturn Report before it is submitted to Cabinet in July.

The meeting ended at 8.20 pm