



DACORUM BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

17 JUNE 2014

Present:

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

Councillor Tiley (Portfolio Holder for Finance and Resources) and Cllr Harden (Portfolio Holder for Residents and Regulatory Services).

Officers: M Hone Corporate Director (Finance & Resources)
 J Deane Assistant Director (Finance & Resources)
 R Baker Regulatory & Financial Accounting Team Leader
 B Haylock Organisational Development & Training Team Leader
 J Doyle Group Manager - Democratic Services

Others: John Claydon & Mike Clarkson Mazars (Internal Audit)
 Mark Hodgson Ernst & Young

The meeting began at 7.30 pm

1. APOLOGY FOR ABSENCE

An Apology for absence was submitted on behalf of Councillor Adshead.

2. DECLARATIONS OF INTEREST

None

3. MINUTES AND ACTIONS

The minutes of the meeting held on 17 June 2014 were agreed by the Members present and signed by the Chair.

4. PUBLIC PARTICIPATION

None.

5. INTERNAL AUDIT REPORTS – Human Resources

Mike Clarkson introduced the overall view of the year's internal audit reviews which in general was seen as satisfactory and identified no significant concerns.

The committee moved on to the final report to be presented from last year's programme.

Mandatory and discretionary training – Bill Haylock (BH) responded to the report and began by saying that across the public service it is important to get the balance right between mandatory and discretionary training. He acknowledged the auditors view was that some of our mandatory courses were unenforceable and not relevant to our functions.

Cllr Harris began by asking if all of the training is provided through e-learning; as in his opinion mandatory training is more effectively delivered face to face. He followed this by enquiring how DBC ensures the training has actually been carried out.

BH responded by pointing out that on the end of the appraisals form there is a list of mandatory training which is supposed to be overseen and monitored by the Managers. Over the past few years, of the 22 courses on this list, 12 of them are e-learning - The eventual aim is to move the 'live teach' onto e-learning.

The induction programme has been simplified and refined over the years to streamline the process. In addition the transformational behaviour programme is also examining this issue and, what some consider to be the 'superfluous' elements of the current mandatory training.

Cllr Harris came back with the view that 22 seems a large number of mandatory courses compared to his experience in the health sector.

He added that a difficulty with e-learning is that you cannot show that the course has been completed – admittedly sometimes this is simply because the 'completed' button has not been activated. How are we to audit this?

BH pointed out the demands of homeworking programme which itself to e-learning. Using this as an example he took members through the evaluation and validation process – each module has a test as part of the process. This test assess if the course was undertaken properly and understood. The system is web-based and the course can be completed anywhere.

Cllr W Wyatt- Lowe wanted to know how DBC ensure that the course is kept up to date. He identified the list of modules available and also wanted to know how they are monitored and overseen by the scrutiny process. He pointed out the difficulty of identifying which committee checks that the programme is covering every relevant area – e.g. whistleblowing or Housing.

BH indicated that the Appraisal cycle and workforce planning analysis gives Group Managers the opportunity to identify what service specific training is required – If there is a good deal of overlap then this is identified and provided and procured (from Reed).

There is a good deal of input from the managers which is service specific and procured using service specific budgets. The Learning Pool catalogue contains various examples of courses that can be adapted for Dacorum use. Learning Pool has about 150 courses that they provide and we can use - e.g. Modern Councillors suite is an example.

Cllr Doole confirmed that the learning management system monitors the course and suggested that it be programmed to e-mail those who have not completed the course.

He went on to say that in his opinion e-learning though it is cheap to deliver, it is expensive to produce and that this is a concern for him. Consequently he wanted to know what is being done to measure the effectiveness of the learning.

The Internal Auditor confirmed they had observed very little measurement of the process and did not look at the effectiveness.

In their opinion Appraisals should measure the effectiveness of courses and this is a function of the line manager.

Cllr Douris suggested that, as the auto e-mail goes to the manager, it should also go to the employee. B Haylock made a commitment to see this change introduced.

Cllr Doole expressed frustration that the manager response in the agenda seems like a containment of the identified issues and that what he expected was that the report would outline what would be done to go forward. The report has identified an issue; he wants to know what will now be done and this response needs to be transmitted to the auditors so they can measure any progress.

Cllr Harris returned to the issue of provision of face to face learning and suggested DBC use a member of staff to do the training and save money in that way. He suggested that DBC adopt a 'train the trainer' approach. He enquired who had made the decision to move away from Live-teach. BH confirmed that this was decided by CMT.

Cllr Harris moved on to Recommendation 2 and expressed sympathy with anyone attempting to undertake Policy control. The policies need to be reviewed – but how are they reviewed and kept relevant? BH doubted if they all have configuration control but every policy has an issue date and a review date and an amendment date. He is aware that a number have not been updated since 2002. Unfortunately the policy on policy update is not being followed but this situation will be reviewed and addressed.

Resolved:

1. That all new staff should complete the mandatory training requirements within three months of starting their employment. An email reminder should be issued to the employee and their manager one month before that deadline. Spot checks should be carried out by HR on a quarterly basis for all new starters to ensure mandatory training is being undertaken and completed within the set deadline.
2. That the other recommendations set out in the agenda for the meeting be commenced.
3. That the HR Policies and Procedures be regularly reviewed and updated and be made readily available to the relevant members of staff.

6. INTERNAL AUDIT -Internal Audit Progress Report

This part of the agenda was dealt with by Mike Clarkson of Mazzars. The report covers the period to the end of May and he confirmed that the 2014/15 progress is going well with two draft reports being finalised now.

There is only one outstanding issue to follow up from 2012/13 and this will be pursued until resolved.

All quarter 1 work is underway and going to schedule.

Cllr Tiley affirmed that DBC need to pursue the Disaster Recovery recommendation from 2011/12 and see why the response has not been forthcoming and how the issue is being addressed.

Resolved:

That progress on the 2014/15 Internal Audit programme be noted.

Action:

J Worts to update the next committee on progress with the Disaster Recovery recommendation. J Deane committed to assisting in identifying what is happening to progress the matter.

Cllr W Wyatt-Lowe was of the opinion that as it takes so long to schedule these things in then we ought not wait till the next committee for a test to commence.

7. INTERNAL AUDIT - Annual Report 2013/14

This part of the agenda was dealt with by Mike Clarkson of Mazzars. He summarised the work carried out last year and confirmed that there have been no restrictions and the work has been carried out unobstructed.

He gave a 'Substantial' assurance for DBC systems for the year and identified a positive direction of travel. Consequently no issues will be raised in the Annual Governance Statement.

Cllr Harris expressed the view that Internal Audit is a valuable resource and thanked those involved.

Cllr Douris wanted to know if any particular individual 'substantial' would be moved to a 'limited' if the service has not shown an improvement. He concluded that internal audit is not used to drive improvement? This was confirmed by the auditors.

Cllr Doole sought confirmation that the KPIs are regularly reported to CMT or to all of the appropriate committees. At the last meeting it was agreed that they should go to all the relevant committees – This reporting was confirmed by M Hone.

Resolved:

That the report be noted.

8. FINAL OUTTURN

A Short introduction to this item was given by H Hone.

The report set out the provisional outturn for 2013/14, subject to audit and the Council's spending for the past financial year is analysed over four categories, and performance for each was as follows:

- HRA Capital – underspent by £486k against a budget of £29.0m
- HRA Revenue – overspent by £53k against a budget of £59.1m
- General Fund Capital – underspent by £416k against a budget of £13.9m
- General Fund Revenue – overspent by £58k against a budget of £20.8m, but after allowing for a one-off contribution of £745k to reduce the pension fund deficit.

He went on to say that this is a good performance and compares favourably with other authorities.

Cllr Harris questioned how accurate the budgeting process is; as finding nearly £5m by the time of reporting the accounts is frustrating for him as it appears that there could have been the funds to pay for suggestions made when the budget was proposed and set.

MH acknowledged the comment and advised that the gap is reducing and going forward the figures should more accurately reflect the current position.

Resolved:

1. That the financial out-turn position for 2013/14 is noted;
2. That the movements on earmarked reserves are approved; and
3. That the capital carry forwards to 2014/15 are approved.

9. STATEMENT OF ACCOUNTS

The Statement of Accounts letter from Ernst & Young was considered. A draft set of accounts is ready to be handed to Ernst & Young to assess and check and they will return in September with the final comment on the accounts.

A great deal credit is due to J Deane and R Baker for the quality of the presentation showing the performance of the accounts which clearly demonstrate the governance, control and adherence to legislation of this authority.

Cllr Taylor led the committee in congratulating R Baker on his work and contribution to the professional production of the accounts. He went on to express pride in Richard's performance and growth.

Cllr Harris moved that the accounts are submitted unaltered to Ernst & Young for examination.

Resolved:

That the accounts are submitted unaltered to Ernst & Young for examination.

It is anticipated that as long as the reserves are o.k the auditors will be satisfied.

M Hone circulated the E&Y letter which Cllr Taylor confirmed he is content to sign.

The Chair again asked MH asked to reflect the committees approval to all those involved in the production of the accounts.

10. FINANCIAL REGULATIONS REVISION

Proposed updates to the DBC Financial Regulations were introduced by J Deane.

Cllr Harris enquired if the 'signing off' limits in para 6 of the report to the committee are the same as the current limits. JD responded that to encourage efficiency, there are changes to these which encompass proscribed limits set in line with the procurement regime.

Resolved:

That the proposed revisions to the Financial Regulations be recommended to Cabinet for approval.

The meeting ended at 8.20 pm