

DACORUM BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

30 JULY 2014

Present:

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

Councillor Tiley (Portfolio Holder for Finance and Resources)

Officers: M Hone Corporate Director (Finance & Resources)
R Baker Regulatory & Financial Accounting Team Leader
J Doyle Group Manager - Democratic Services

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

The meeting began at 7.30 pm

11. APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Elliot and Harden (Portfolio Holder for Residents and Regulatory Services).

12. DECLARATIONS OF INTEREST

Cllrs Douris and Harris declared personal interests as a member and chair respectively of the Borough Council Community Infrastructure Levy working group (Minute 15, Internal Audit Reports).

Cllr Douris also declared a personal interest in the Statement of Accounts (minute 18) as a director of Stage Two.

13. MINUTES AND ACTIONS

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

Cllr Douris raised the outstanding issue of Disaster Recovery in the follow up recommendations 2011/12 in Item 6 of the agenda. He sought clarification on progress with addressing this issue. In response, M Hone (MH) Corporate Director (Finance & Resources), took the committee through the officers' comments as set out in the agenda in Appendix 3, page 12 of the accompanying booklet.

The Chair sought the views of those representing Internal Audit on the extent of the risks involved. In their opinion this is a significant risk and should be addressed in a timely manner. In their view the development of an effective recovery plan for affected systems is essential and at the very least DBC must produce intermediate arrangements to deal with a major IT systems failure. If this is not done then, in the event of a disaster, there a possibility DBC will lose crucial systems and data which we will not be able to recover. M Clarkson added that in the interim even a desktop exercise would be a step forward.

The Chair summed up the view of the committee that an effective Disaster Recovery Plan should be developed and presented to the Sept meeting of this committee. In the meantime officers are to bring to the next meeting of this committee a timetable for the implementation of this project.

The committee went on to express their disappointment at the length of time it is taking to address this issue. It is the general view that the responses do not emphasise the importance of addressing the Internal Audit recommendation. In their view officer should be able to produce a full plan to address this situation in time for the next committee.

In an effort to understand the delays, Cllr Doole asked if there is a perceived lack of resource in this service area to get the answers sought by Internal Audit and the committee. MH informed the committee that DBC spend the same as most other authorities our size on provision of this type of service to which Cllr Doole responded it seems then that DBC are spending the same and not getting the value we deserve.

14. PUBLIC PARTICIPATION

None.

15. INTERNAL AUDIT REPORTS

The committee moved on to the first reports to be presented from this year's Internal Audit programme.

Community Infrastructure Levy

The committee noted the report and endorsed the 4 recommendations made by Internal Audit.

While the committee acknowledged that the timetable for the implementation of CIL is out of the control pf DBC and kept changing they felt that the information on the website should be kept up to date and reflect the amended timetable and procedures.

The committee sought and were given assurances that the Project Plan has been updated in line with the amended timetable and procedures.

There needs to be a risk register due to the large amounts of money involved

Cllr Harris pointed out that due to the revised timetable it is quite some time since the working party convened and sought assurance that members were being kept abreast of developments. MH assured members that everything relating to this matter (including the current implementation timetable) is as set out in the reports to the next cabinet meeting, with the exception of the implementation date. The Portfolio Holder for Regeneration is to be consulted on the necessity to have any future meetings of the Working Group.

Performance Management

The committee noted the report and endorsed the two recommendations from Internal Audit.

MH leads in on this matter

A short debate took place on procedures for ensuring acceptable 'data quality' and the need to remind 'approvers' of their responsibility to be accurate. It was suggested that Corporate Management Team might periodically check the reports to calculate the PIs correctly and prevent drift. MH stated that there is an expectation of continuous improvement in each service area.

Resolved:

That the Internal Audit reports on Community Infrastructure Levy and Performance Management Reporting are accepted and the recommendations from Internal Audit endorsed.

16. INTERNAL AUDIT -Internal Audit Progress Report

Mike Clarkson introduced the overall view of the year's internal audit reviews to date, which in general was seen as satisfactory and identified no significant concerns: Progress overall is good and on line.

He then went on to consider responses to the 'follow-up' recommendations – this process is ongoing and there are currently 28 recommendations covered: of these 20 have been implemented.

He estimated that Internal Audit has completed 11% of the target to be audited and they have the resources allocated to complete all the audits.

Resolved:

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

Action:

None

17 EXTERNAL AUDIT RESULTS

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

The appointed external Auditor M Hodgson delivered the report which is good news - thanks in the main part to the hard work put in on the Council's behalf by James Deane and Richard Baker.

The Audit is 'Unqualified' on financial services.

MH went on to say that there are no uncorrected errors to report which is a sign of a good clean set of accounts – members should take reassurance from that. In addition there are no appendixes which is a sign a good audit.

He then outlined some particular areas of interest:

- Business Rate Retention and the lack of appeal process provision – however sufficient financial provision exists and the auditor is reassured.
- The outcome of the health and safety management audit
- Reserves exist to buffer against bad times
- No need to vary audit fee as accounts completed in good time.

Consequently this can be regarded as a good audit which can be signed off early.

Resolved:

That the report of the External Auditors be noted.

18. STATEMENT OF ACCOUNTS 2013/14

In the light of the views expressed in the minute above M Hodgson presented the Audited Statement of A which had no significant changes to the accounts delivered to the last meeting of the committee , and it was

Resolved:

1. That having reviewed the Statement of Accounts 2013/14 and raised any issues which provided them with the assurance that they required, the committee, on behalf of the Council; approve the Statement of Accounts 2013/14,
2. That, in the capacity of those charged with Governance and subject to consideration of the External Auditor's Annual Governance report, the letter of representation as attached at Appendix B of the Statement be signed by the Auditors and the Chair of the Audit Committee
3. That the finance team (and in particular James Deane and Richard Baker) be applauded for the clarity, effectiveness and probity of the accounts and their efforts formally recognised in these minutes.

19. OMBUDSMAN ANNUAL LETTER

M Hone presented the report summary and drew attention to its lack of detail. The report shows that by and large the council is conducting itself properly and problems are resolved at the local level.

Cllr Tiley echoed the view that the report is a useless summary as there is no breakdown of the areas the reported cases were from.

Cllr Douris pointed out that with some effort on our part we can identify the service areas in question.

He suggested that in future this report be accompanied by one page report from officers confirming that complains are being recorded and handled appropriately. .

20. WORK PROGRAMME

The committee considered future items for consideration.

Resolved:

That the Disaster Recovery Plan be added to the September meeting agenda.

The meeting ended at 8.50 pm