

# **DACORUM BOROUGH COUNCIL**

## **AUDIT COMMITTEE MINUTES**

**16 DECEMBER 2015**

**Present:**

**Councillors:** Taylor (Chairman)  
Barnes Tindall  
Douris W Wyatt-Lowe  
Elliot Portfolio Holder for Finance & Resources

**Officers:**

J Deane	Corporate Director (Finance & Operations)
D Skinner	Assistant Director (Finance & Resources)
R Smyth	Assistant Director (Performance)
M Brookes	Group Manager (Legal Governance)
J Worts	Information Security Manager
R Hill	Team Leader, (Licensing)
A Vincent	Group Manager (Tenants & Leaseholders)
J Doyle	Group Manager Member Support

**Others:**

M Clarkson	MAZARS
N Harris	EY LLP
M Hodgson	EY LLP

The meeting began at 7.30 pm

**58. APOLOGIES FOR ABSENCE**

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

**59. DECLARATIONS OF INTEREST**

None.

**60. MINUTES AND ACTIONS**

The Part 1 and II minutes of the meeting on 23 September 2015 were agreed by the Councillors present and signed by the Chairman.

**61. PUBLIC PARTICIPATION**

None.

**62. STRATEGIC RISK REGISTER (Item 5)**

This item was introduced by Councillor Elliot as the Portfolio holder for Finance and

**Chairman**

## Resources.

Councillor Barnes requested that in future the register should contain a 'change reporting' column, indicator or section which will highlight any changes in status from the previous version.

James Deane (JD) Corporate Director (Finance & Operations) advised the committee that any changes would usually be accompanied by a report setting out the details of any change in status.

Councillor Douris drew attention risk C6, Core Management Training Programme - current controls regarding the absence of an actual launch date. In future he would like to see an actual date for commencement stated in the register.

He followed this up by saying how pleasing it was to see the healthy employee turnover figure of 9%.

Cllr Tindall then sought some details on the F6 indicator dealing with new legislation and in particular the impact of recent legislation on the Housing Revenue Fund (HRA). The Corporate Director (Finance & Operations) agreed that the new legislation will severely impact the HRA but it is too early to say how great the impact will be as the details of the legislation are still to be provided and its impact is still being calculated. What is certain is that there will follow a period of uncertainty and that this added to the, as yet, unquantifiable impact of the new Right To Buy regulations will certainly have a significant impact on the Council's finances.

Councillor W Wyatt-Lowe expressed some concern regarding Risk I3, securing significant investment in infrastructure, and DBC council employees having the experience to achieve this aim as these areas traditionally lay with Herts County Council.

JD agreed that the whole area needed managing and he suggested that the committee invite the owner of the risk to attend the next meeting to give an outline of how the risk will be addressed.

Councillor W Wyatt-Lowe then went on to R5, dealing with increased use of Social Media which he feels emphasis DBC being pro-active and producing/making use of social media. However he suggested that there should be more emphasis on monitoring what is said regarding DBC, tracking remarks and rapidly responding to them 24/7.

R Smyth (RS) Assistant Director (Performance) reported that for DBC the 'Crowd Control' information monitoring package performs this function and in addition the Customer Service Unit also monitor communications on a day to day basis in line with our media strategy. The Communications team includes Social Media specialists to oversee the work.

Councillor W Wyatt-Lowe came back with an enquiry if these systems only operated during the working day, 9-5 hrs. RS informed him that while the staff do indeed work mainly office hours the 'crowd control' software package operated 24 hours and will identify the comments at all times and a response will follow rapidly.

Councillor Douris felt that DBC might benefit from a similar points scoring system to HCC and that DBC should use the new media to do more to promote itself.

RS added that we employ Google analytics to measure positive and negative views of the Council that may be expressed online and DBC are considering other software which is being looked at as part of the CRM proposals. Our Social media strategy contains a number of methods for promoting ourselves and increasing our profile.

Finally Councillor W Wyatt-Lowe sought and was given assurance that DBC monitor 'streetlife' and that we have worked with them in the past.

## **63 ANNUAL AUDIT LETTER (Item 6)**

M Hodgson, EY LLP, (external auditors) began by saying that he seldom gets to send an audit letter couched in such positive terms and that it is a measure of the improvements in the auditing process he has observed at DBC over recent years. He added that when he began his relationship with DBC his letters were often couched in critical terms but he now finds himself praising the council for its improved systems and processes and in particular this year;

- Being one of the earliest authorities to close its accounts
- Achieving a particularly good value for money conclusion, and
- Looking forward to deal with forthcoming changes in accounting and auditing challenges in the areas of highway and transport infrastructure

He then introduced the new relationship manager Neil Harris who said he intend to follow on where Mark left off. He too felt that the annual audit letter reflects a very positive outlook that should be maintained. He concluded by informing the committee that he intends to submit the plan for the 15/16 Audit in April.

The Chairman thanked the auditors for their efforts and their co-operation with the audit committee, councillors and the finance team. He went on to specifically praise Mark Hodgson (MH) for developing a special and effective working with DBC and, on behalf of everyone, proffered a great deal of thanks for Mark's steerage and support.

Councillor Barnes drew attention to the Looking Ahead section (4) of the letter and particularly the reference to accounting regarding the Highways Network Asset and asked what is the likely impact on the Council's Reserves?

MH pointed out that as a local authority DBC will have 'highways' assets that depreciate and need to be accounted for. The assets will have to be identified and valued. This will be a considerable amount of work for the council and the auditors will test the results for completeness.

Councillor Tindall asked if this will also cover paths, street furniture and equipment that are currently part of the HRA infrastructure. He suggested that it might lead to improved identification of who owns each asset. Councillor Tindal went on to say that this could lead to three categories of asset; those for which HCC are responsible, those the responsibility of the Borough; and those that might be unadopted – in addition they will have to be categorized into those belonging in the HRA and those affecting the General Fund.

JD added that the recent upgrade of the GIS software and application should contribute to better identification of these assets.

Councillor Douris (in his role as HCC Highway Executive mentioned that HCC already maintain a 'Terrier' that will identify all but the most bizarre anomalies of street infrastructure. The committee appreciated that this could be a complicated process as it will include Streetlights which could be the responsibility of HCC, DBC General Fund, the HRA, Housing Assoc, ect -

MH said he is expecting millions on the HCC assets being valued and that the Council must produce accurate records and meterage. Councillor Douris advised all the districts need to talk to HCC as soon as possible. John Worts, Information Security Manager made a request for Councillor Douris to encourage HCC to let DBC have access to the terrier and to share data to facilitate cross-authority work on this valuation.

## **64. INTERNAL AUDIT Progress report (Item 7)**

M Clarkson of Mazars, internal auditors introduced the item by taking the committee through the reports main conclusions; beginning with the conclusions in the Final

Reports and the other work being carried out.

He drew attention to the DRAFT Assurance framework currently under development in partnership with DBC and said the intention is to ensure that DBC have a good framework by the end of quarter 4.

Of the recommendations made, only three were identified as still outstanding and only one Priority 1 recommendation had been made since the last committee.

Tindall

39/135 - graph - implimented - implimented - partly implimented.

comment of 49 and 51 - non-compliance with controls is a worrying issue

Mark Clarkson - testing opinions - but non compliance is of a minor level

PCi -DSS what is the outcome of the four lines

Douris - are the reports - confidential -

Clarksson - general tendancy is to publish - but some reports are confidential. They will remove the confidential from the report.

71 parking - prosperous

#### **64. INTERNAL AUDIT Housing Repairs (Item 7)**

M Clarkson - substantial - substantial - three priority 2 reports

Barnes - rec 2 - recharges to the tenants - are tenants responsible for a full recharge - developing a new recharge policy Andy V we may be adding admin costs

Barnes - so is there any need for us to have a recharge officer - can we not just get Osbourne to do this.

AV - we are looking at what jobs can be done up front and what it is impossible to do up front.

Taylor - it seems we already have a policy which we are not implimenting - AV not that simple - lost keys - charge up front if possible -

Clarkson -comfortable that plans are in place to address this issue.

Tindall - not just housing chasing monies - could we have a cost effective dept doing this rather than individual services chasing debts.

AV - this is partly covered by CRM - and may be a shared platform centralising this will make it possible and one is planned.

#### **65 INTERNAL AUDIT parking (Item 7)**

Tindall - smart machinery - count cars in and out to show cost effective -

David Skinner - consultants are already looking at this.

Monthly invoices tightend up - cotract meetings stiffened.

Tindall - page 76/ monthly meetings - missing monthly meetings could mean we do not have control of this function.

DS - regular meetings and measures in place to deal with genuine charges and work to be done on mo

Tindall - since no -one has a contract

Contract with watford - copy of their contract with indigo redacted exists - consultants alooking at if we are getting maximu valeu.

Douris - Dates of the meetings have now been set.

Concerns with rec 2 and the lack of evidence - redacted sections -are you comfortable with this - DS we are examining this to insure that we are getting what we are paying for.

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#### **66. INTERNAL AUDIT licensing (Item 7)**

Clarkson - substatial - substantial - nothing they are concerned about.

Douris - issue with system of improvement training for officers - what about training for members

RH - this relates to the back office database and would not be relative to members.

Tindall - 83 - last bullet point on top of page - annual invoices for annual fee rec 4 -

Douris - small amounts should be collected by direct debit

#### **67. INTERNAL AUDIT Payment Card Industry Data Security (Item 7)**

sumary - full - substantial - clarkson we do not give many full so that is to be noted.  
populate the summary - chase M Clarkson for full details

WWL - do we have adequate defenses against employees - MC broadly they are comfortable with the controls in place -

JW - we have the gaps covered.

Taylor - will awareness of this issue impact on members.

JW the rigerous PSN compliance we have introduced on Data Security - and the Social media training make sure members know

MB - further report

Clarkson - password control is fundimental to security.

WWL - how much do we bring in for using cards

total tunover on cards

how much on each card

howmuch each transaction

#### **68. INTERNAL AUDIT Right to buy (Item 7)**

Clarkson - money laundering is an incentive infor fraud in this are  
need to strengthen recording

the 'limited' suggests that this area needs attention -  
the rise in right to buys imeans more

Douris - dont use word timely - within 28 days should be shown in the action within  
28 days of receipt -

get AV to change the policy to explicitly say this.

Barnes - how long does this take ?

## **68. INTERNAL AUDIT Performance Management (Item 7)**

Full and Full -is a very positive message -

Questions

Tindall - page 128 - no evidence that officers had attended performance clinics -

RS - new measure to assist performance clinics - some individuals had not been through the clinic in services where issues had been identified - this will be expanded to other services in the new year.

## **\*\* . EXCLUSION OF THE PUBLIC**

Resolved:

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 2 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 business affairs of the Council which may be of value to fraudsters. The Department for Work and Pensions, which oversees housing benefit administration, states that this information should not be made public due to the sensitivity of its contents.

Local Government Act 1972, Schedule 12A, Part 1, paragraph 3.

## **\*\* WORK PROGRAMME 2015/16**

The members considered the Audit Committee work programme for 2015/16

no comments - annual audit plan in feb

Tindall - April meeting seems crammed -

DS -this will be the point of reporting on them -

## **60. MINUTES AND ACTIONS**

The Part II minutes of the meeting on 23 September 2015 were agreed by the Councillors present and signed by the Chairman.

The meeting ended at 21.00 pm

**Chairman**