

# Audit Agenda



**Wednesday 20 September 2023 at 7.30 pm**

## **Conference Room 1 - The Forum**

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.

### Membership

Councillor Birnie  
Councillor Douris  
Councillor Elliot

Councillor S Hobson  
Councillor Reynolds (Vice-Chair)  
Councillor Stewart (Chair)

For further information, please contact Corporate and Democratic Support on 01442 228209

## **AGENDA**

### **12. PRE MEETING QUESTIONS AND RESPONSES (Pages 2 - 7)**



## AUDIT COMMITTEE

			comments, will provide further assurance in this area.
Page 31/HRA H&S	Why has this been moved to Q3?	Internal Audit	Priority was given by management into a piece of work on Gas Safety and they felt they could not accommodate both. They were working towards the submission of the required information to obtain the interim safety certificates for our in-scope buildings.
Page 33/row 1	Did this project/scheme move to delivery mode in April?	Programme Director, HGC	HGC remains in policy development, with the exception of some relatively minor capital projects (Grand Union canal towpath re-surfacing and Nickey Line re-surfacing). It has yet to move to delivery mode.
Page 33-36	Is a revised date of 31/12 realistic for all but one of these recommendations?	Head of Financial Services. Programme Director, HGC	These are considered reasonable and will be kept under review. The earliest the proposed revisions to the MOU can be endorsed will be the HGC Board in December.
Page 34 Page 3	What is the MoU for?	Programme Director, HGC	The Memorandum of Understanding for HGC sets out the key objectives for the programme and respective roles and responsibilities of the HGC partners (Dacorum Borough Council, St Albans City and District Council, and Hertfordshire County Council). It was originally approved by DBC's Cabinet in January 2020.
Page 34	<u>Action taken to date &amp; any risk exposure</u> "The MOU is under consideration by all parties in HGC" But surely this means that if one party pulls out the whole policy collapses and money spent is wasted?	Programme Director, HGC	A clause within the Memorandum of Understanding addresses the process to be adopted should a partner serve notice to terminate the Memorandum of Understanding.

**Report Title:** Final Outturn 2022-23

Page and Paragraph Number	Question	Responsible Officer	Response
Page 40 1.2	How much will be left in the HRA reserve after this drawdown?	Head of Financial	£150k will be left in the HRA revenue commitments reserve following this draw down.

## AUDIT COMMITTEE

	“ “ 4 How much has been spent on HGC capital projects?	Services	HGC capital projects. £117k was spent during 2022-23 relating to Nickey Line improvements.
Page 41/2.3	What is the “technical” reason for the move of £300k of consultancy and surveys from capital to revenue?	Head of Financial Services	These costs did not meet the accounting definition of capital and were therefore charged through to revenue.
Page 42 2.6	Paragraph 4 <u>Payment of £8m on Collection Fund</u> . Is this sum automatically refunded by government?	Head of Financial Services	The government provided grant funding to support this payment. Business rates relief mandated by the government gave rise to a reduction in business rates income collected and an associated deficit on the collection fund. The Council met the deficit by way of the £8m payment, which in turn was supported by grant income from the government.
Page 43/3.6	How much of this increase is due to inflation? What is the cost of damp and mould works? Is there a budget and plan for these works over the coming years?	Assistant Director, Property Services	Service contacted for a response. This will be circulated to committee as part of the meeting actions.
Page 43 4.2	Is this increase in depreciation due to a revaluation or a physical expansion of the housing stock?	Head of Financial Services	Revaluation. There has been a decrease in the numbers of housing stock. The Council had 10,051 HRA Council Dwellings at the 31/03/2023 (10,089 at the 31/03/2022).
Page 43/3.7 bullet 4	What caused this additional cost?	Head of Financial Services	Additional HR and Communications Support for the service and additional General Fund recharges following restructure of Senior Leadership and Corporate Leadership Teams.
Page 45 <u>GF Capital – major variances</u>	Bullet Pt 9 Aragon Close: What was this project?	Head of Financial Services	This was a project to construct ‘move on’ accommodation, to help people in the borough avoid a return to homelessness or rough sleeping.
Page 44/4.3	HRA transformation programme <ul style="list-style-type: none"> <li>- What was the original budget?</li> <li>- What is the spend to date?</li> <li>- What is the forecast cost at completion?</li> </ul>	Head of Financial Services	Budgets 2022/23 £1.593m 2023/24 0.550m Spend to 18/9/23 is £1.762m At present £2.143m is forecast to be spent on the project by the end of 2023/24. Future budget requirements are still being reviewed as part of budget setting process. Any further budget requirements will be notified to cabinet during the budget setting process.

## AUDIT COMMITTEE

	None		
--	------	--	--

**Report Title:** Appendix B – Housing Revenue Account Final Outturn 2022-23

Page and Paragraph Number	Question	Responsible Officer	Response
Page 48/Table	Why has depreciation increased so much?	Head of Financial Services	Depreciation is based on the value of the assets, which due to being material to the statement of accounts is currently required to be revalued twice in year. At budget setting we do not know how much exactly property prices will have moved- we make an estimate.

**Report Title:** Appendix C – Capital Programme Final Outturn 2022-23

Page and Paragraph Number	Question	Responsible Officer	Response
Page 49-52	Is the Current Budget the Forecast Cost at Completion for each of the capital projects?	Head of Financial Services	Current budget is the expected cost of completion of works for the current financial year. Note some of our capital projects are multi- year ( for example, new build housing developments) and so project spend will span more than one year.

**Report Title:** Appendix D- Reserves position as at 31st March 2023

Page and Paragraph Number	Question	Responsible Officer	Response
	None		

## AUDIT COMMITTEE

**Report Title:** Statement of Accounts 2022/23

Page and Paragraph Number	Question	Responsible Officer	Response
	None		

**Report Title:** 2022-23 Audit Findings Report

Page and Paragraph Number	Question	Responsible Officer	Response
Page 150	Will the opinion of the auditor be unqualified?	Grant Thornton-external auditor	Yes, we anticipate an unqualified opinion subject to completion of outstanding items and its outcome.
Page 150	When will the work on the council's VFM arrangements be completed?	Grant Thornton-external auditor	Work started in September and is at planning phase. It will be completed by the specialist team by December 2023.
Page 155	When will the assurances be provided from the auditors of the Hertfordshire Pension Fund?	Grant Thornton-external auditor	This is audited by EY and we are waiting for their response. They have not provided us with any timeline yet.
Page 161	When will certification of the closure of the 2022/23 audit be provided?	Grant Thornton-external auditor	The VFM report must be presented to those charged with governance (Audit Committee) before issuing the certificate. We will present our Auditors annual report in Feb 2024 Audit Committee and will issue Audit certificate straight after.
Page 162 VFM:	What is still outstanding under this heading?	Grant Thornton-external auditor	Please see response to the VFM query above. The VFM report covers a review of financial sustainability, governance arrangements and the improvement of economy, efficiency and effectiveness.

**Report Title:** Treasury Management Outturn and Performance Indicators 2022/23

Page and Paragraph Number	Question	Responsible Officer	Response
Page 174/Table	Why have the investments dropped from £139.1M to £130.7M	Head of Financial Services/ Manager,	Total Investments have dropped from £139.1m (31/03/2022) to £103.7m (31/03/2023). The main reasons for investments reducing are:

## AUDIT COMMITTEE

		Financial and Regulatory Accounting.	<ol style="list-style-type: none"> <li>1) During 2022/23, the Council provided a £6m interest bearing loan to build the new Hemel Hempstead crematorium. This will generate a revenue stream for 20 years.</li> <li>2) In 2022/23, the Council repaid £10.527m PWLB Loan's early, with the Council benefitting from a £0.606m discount on the principal.</li> <li>3) At the end of 2021/22, the Council had higher unspent grant balances than at the 31/03/2023. For example, at the 31/03/2022, the Council had received from central government £6m of Council tax support for energy bills grant early. This grant was to be distributed in 2022/23.</li> <li>4) The Council spent £6.4m of earmarked reserves in 2022/23.</li> </ol>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 7</p>	To which LA body did we make a £6m interest bearing loan?	Head of Financial Services	This loan was issued to West Herts Joint Crematorium committee. This an entity comprising representation from Dacorum Borough Council, Three Rivers District Council, Hertsmere Borough Council, St Albans City and District Council and Watford Borough Council.