

Audit Agenda



Wednesday 30 November 2016 at 7.00 pm

DBC Gade Room - Civic Centre

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 Barnes
Councillor Brown
Councillor Douris

Councillor Taylor (Chairman)
Councillor Tindall
Councillor W Wyatt-Lowe

Substitute Members:

Councillors G Adshead, Anderson, Link and Ransley

For further information, please contact or

AGENDA

- (a) Minutes of the meeting on 21 September 2016 (Pages 2 - 5)

Agenda Item 3a

DACORUM BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

21 SEPTEMBER 2016

Present:

Councillors: Taylor (Chairman) W Wyatt-Lowe
Barnes

Councillor Elliot, Portfolio Holder for Finance & Resources.

Officers: D Skinner Assistant Director (Finance & Resources)
K Keily Income Management Team Leader,
Tenants and Leaseholders
N Brown Group Mgr (Commercial Assets & Property Development)
N Bateman Team Leader Strategic Planning & Regeneration
J Doyle Group Manager - Democratic Services

Others: S Knowles MAZARS

The meeting began at 7.30 pm

114 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Brown, Douris and Tindall.

115. DECLARATIONS OF INTEREST

There were no declarations of interest.

116. MINUTES AND ACTIONS (Agenda Item 3)

The minutes of the meeting held on 27 July 2016 were agreed by the members present and signed by the Chairman.

There were no outstanding actions to discuss.

117. PUBLIC PARTICIPATION (Agenda Item 4)

None.

118 STRATEGIC RISK REGISTER (Agenda Item 5)

Cllr Elliot, Portfolio Holder for Finance & Resources introduced the item and began by drawing attention to the instance of 'Hand vibration' (Risk C5) which is still the subject of legal action.

Councillor W Wyatt-Lowe (WWL) enquired about risk C6 surrounding the delivery of shared

services and partnership working. He was impressed with what had been achieved and was particularly interested in the use of Behavioural Testing in all leadership appointments.

Cllr Elliot responded that Behavioural Testing is considered essential in the appointment and development of leaders and is prevalent in the private sector.

D Skinner, Assistant Director (Finance & Resources) (DS) added that Behavioural tests were introduced in 2010 and all new manager appointees have to undertake them. It is his experience that they contribute to the assessment of how a manager might fit with their colleagues.

He went on to add that the partnerships have been under development for a few years on a county wide basis and gave the example of Payroll Services.

Cllr WWL was anxious to know who is actually responsible for ensuring that we participate in available shared services. DS informed the committee that each opportunity to participate in a shared service is examined on its merits to assess the benefits of participating. He gave the example of the offer to participate in the shared provision of Building Services. That particular one was rejected as the benefits were not great enough but this did not mean it would not be considered again in the future.

Cllr Barnes moved the discussion on to the new People Strategy and revisited some of the issues raised at other recent Audit committees.

He began by looking at the Council's use of Social Media and opened up a debate on the effectiveness of Social Media and the procedures/processes we adopt to analyse the data and to control and monitor its use. Cllr Barnes drew attention to risk R5 and in particular the stats on page 22 of the agenda regarding the use of Social Media and pressed for more details on these, what analytics tools we are using, and an assessment of its usefulness.

Cllr WWL again raised the issue of the Council's overreliance on the 'automated' software 'Crowd Control' and specifically that it is not picking up 'derogatory' statements made by someone in Boxmoor, who is not making obvious references to the council. He questioned how intelligent Crowd Control actually is?

Cllr Taylor believes that an internal audit of Social Media was carried out in the not too distant past and he suggested that R Smyth be asked to respond to the questions raised.

119 TREASURY MANAGEMENT OUTTURN AND PERFORMANCE INDICATORS 2015/16 (Agenda Item 6)

The Chairman, Councillor Taylor introduced the item and advised that it would become a regular feature on the Audit Agenda. His hope is that it will give members a feel for the Council's investment strategy and the debt horizon. It will be helpful in ensuring that the outturn figures match the statement of accounts.

DS added that the intention is to give members a more complete accounting picture that will include the mid-year and treasury management report

Cllr WWL asked if officers predict the effect of different assumptions - for instance 5 years forward. DS responded that borrowing is at a fixed rate - so this means we are not risk from a drop in interest rates. In the future borrowing may be at a higher rate but we have to work in the present time. We make use of investment borrowing professionals who make predictions: In the past their decisions have been sound.

Cllr WWL went on to ask what would happen if the Herts pension scheme fails or is insolvent. DS replied that such an event is partly addressed by the joint working authority groups who spread the risk. In this event each participating body's contribution rate would have to be calculated and it could be addressed through the Council Tax.

Cllr Barnes then moved to the current net debt position and asked how it compares to a

historic average? DS – This is difficult to quantify as there is nothing to compare the current position with as General Fund debt only began in 2015 with the borrowing toward the Forum and previous to that we had no debt on the general fund. We also had no housing debt prior to the transfer of the Housing Fund.

Cllr Taylor commented on the issue of the supposed black hole in the pension fund. The Herts pension scheme has 23 contributing authorities and the shortfall for the county is about currently about 18%. He went on to outline a case currently being decided with HCC and concluded that we are a long way from a crash of the Herts Pension scheme.

Resolved:

That the report on Treasury Management performance in 2015/16 and the Prudential Indicators for 2015/16 were discussed and noted.

120. INTERNAL AUDIT PROGRESS REPORT (ITEM 7)

S Knowles, MAZZARS introduced the item and took the committee through the report. She drew attention to the figures on 'follow-up' on Recommendations and stressed how positive it is to see an 81% follow up rate, which is good.

Cllr Taylor was pleased with the progress made in following up on recommendations but felt that there could be further improvements. He identified some areas where improvements were necessary and stressed that DBC should make an effort to continue following up on actions agreed. S Knowles accepted the point but was keen to stress the obvious improvements. She pointed out that when they started as auditors there were some really big issues that had to be dealt with, now we are concentrating on the priority 2-3 recommendations as we are examining the minutia more. Cllr Taylor agreed and welcomed the closer attention to smaller details.

S Knowles then progressed to the report in the agenda.

Commercial assets

S Knowles outlined the conclusions in the report and drew attention to the good level of assurance – substantial/substantial!

Cllr WWL noted the danger of the shortage of staff in 2015 which threatened a backlog and the implications of not carrying out the Rent Reviews on time. He welcomed the fact that DBC try to avoid aggressive rent reviews as rent and rates are a heavy burden on small businesses. He urged the council to continue practices that maximise the rent and minimise vacancies. Cllr Elliot was keen to agree that DBC strive for a social balance in our retail properties. N Brown Group Manager (Commercial Assets & Property Development) added that we are pleased to have a 98% occupancy rate in council units.

Cllr WWL then asked how officers prevent rent reviews appearing arbitrary and do we have a scale of fees that can be consulted?

DS was able to say that in broad terms we generally just beat inflation in terms of overall rent increases - the aim is an agreement of rate that is considered fair to both parties. He added that a good social mix in the parades is the aim of the policies. This has led to an 18% vacancy rate for shops in the past being reduced to 6-8% in the town centre shops.

Housing rents

S Knowles took the meeting through the 5 Recommendations of which 3 were priority 2.

There ensued a short debate and the report was noted.

Community Infrastructure Levy

S Knowles, MAZARS went through the report highlighting the substantial/substantial assessment and the six recommendations that arose from the audit. She welcomed the fact that the service management has agreed the recommendations and gave good detailed responses.

Cllr Taylor was pleased to see that we have precise figures on the delivery of these services and the amounts of s106 and CIL monies. He praised the managers for establishing an audit trail on how we reach our CI levy. He stressed how important this is to ensure that the DBC achieves and monitors the 15% of the CIL due to come back to the locality.

Cllr WWL observed that the terminology used in connection with CIL made the whole subject difficult to understand. He felt part of our role was to ensure that the 15% figure noted by Cllr Taylor is confirmed to the parishes involved.

Resolved:

That the Internal Audit progress report and the individual reports on Commercial Asset Management, Housing Rents and CIL be noted.

121. WORK PROGRAMME 2016/17 (ITEM 8)

The committee considered the work programme for 2016/17 and suggested that the CRM report be moved from September to the November meeting.

The meeting ended at 20.39