

# Audit Agenda



**Wednesday 28 June 2017 at 7.30 pm**

**Conference Room 2 - 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 Brown  
Councillor Douris  
Councillor McLean

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

#### Substitute Members:

Councillors G Adshead, Anderson, England, Link and Ransley

For further information, please contact Jim Doyle or

## **AGENDA**

### **1. APOLOGIES FOR ABSENCE**

To receive any apologies for absence

### **2. DECLARATIONS OF INTEREST**

To receive any declarations of interest

A member with a disclosable pecuniary interest or a personal interest in a matter who attends a meeting of the authority at which the matter is considered -

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent

and, if the interest is a disclosable pecuniary interest, or a personal interest which is also prejudicial

- (ii) may not participate in any discussion or vote on the matter (and must withdraw to the public seating area) unless they have been granted a dispensation.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests, or is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal and prejudicial interests are defined in Part 2 of the Code of Conduct For Members

[If a member is in any doubt as to whether they have an interest which should be declared they should seek the advice of the Monitoring Officer before the start of the meeting]

### **3. MINUTES AND ACTIONS**

To confirm the minutes of the previous meeting and consider the actions

### **4. PUBLIC PARTICIPATION**

An opportunity for members of the public to make statements and ask questions in accordance with the rules as to Public Participation

### **5. STRATEGIC RISK REGISTER QUARTER 4 2016/17 (Pages 4 - 22)**

### **6. ANNUAL CERTIFICATION REPORT (Pages 23 - 32)**

### **7. FINAL OUTTURN 2016/17**

Report To Follow

- (b) Final Outturn Appendix A-D (Pages 33 - 130)

- (c) Appendices A -D - Revised Format (Pages 131 - 138)

### **8. STATEMENT OF ACCOUNTS 2016/17**

Report to follow

9. **EXTERNAL AUDIT PLAN AND PROGRESS REPORT FOR 2016/17** (Pages 139 - 159)
10. **PLANNED AUDIT FEE FOR 2017/18** (Pages 160 - 163)
11. **INTERNAL AUDIT CHARTER** (Pages 164 - 173)
12. **INTERNAL AUDIT - PROGRESS REPORT**

Report to Follow

13. **DBC INTERNAL AUDIT - FINAL REPORTS** (Pages 174 - 227)

The following reports are included:

- -Housing Benefits
- -Payroll and Pensions Admin
- -Housing Allocations
- -Human Resources
- -Budgetary Control
  
- Core Financials – To Follow
- Benefits Realisation – To Follow

14. **FINANCIAL REGULATIONS REVIEW** (Pages 228 - 306)
15. **AUDIT COMMITTEE - DRAFT WORK PROGRAMME 2017/18** (Pages 307 - 309)

# Agenda Item 5



## AGENDA ITEM: 5

### SUMMARY

Report for:	Audit Committee
Date of meeting:	28 June 2017
PART:	1
If Part II, reason:	

Title of report:	<b>Strategic Risk Register Quarter 4, 2016/17</b>
Contact:	Cllr Graeme Elliot , Portfolio Holder Finance & Resources James Deane , Corporate Director (Finance & Operations) Linda Dargue, Lead Officer, Insurance & Risk
Purpose of report:	To provide the Quarter 4 update on the Strategic Risk Register
Recommendations	That the content of this report is noted and that Committee seek further assurance where required.
Corporate objectives:	Dacorum Delivers – Risk management is an essential part of ensuring that the Council meets all of its objectives
Implications:	<u>Financial</u>  Incorporated within the report.
'Value For Money Implications'	<u>Value for Money</u> Risk management is closely linked to the Council's commitment to ensure that all resources are used efficiently and forms part of effective financial planning. The Council also needs to ensure that adequate provisions are in place to address anticipated risks but that these are no greater than necessary so that maximum resources are applied to services as required. To this end the Council sets minimum target working balances for both the general fund and HRA and at the date of this report these minimum balances are secured. Budget exercises for 2017/18 have ensured that the minimum balance requirements will also be met for the next financial year.
Risk Implications	Effective risk management is an important factor in all policymaking, planning and decision making.

	Failure to manage risk effectively could have serious consequences for the Council leading to increased costs, wasted resources, prosecution and criticism under external assessments
Equalities Implications	Equality Impact Assessment reviewed/carried out* Not applicable
Health And Safety Implications	Not applicable
Consultees:	Chief Officer Group
Background papers:	Cabinet, October 2014, Agenda Item 10

## **BACKGROUND**

1. The revised Strategic Risk register showing the position at the end of Q4 2016/17 is attached at Appendix A.
2. For this quarter the risk scores have remained unchanged, however the narrative has been reviewed and amended as appropriate to reflect the present position.
3. This iteration of the risk register, i.e. as at Quarter 4, will be reported to Cabinet on 25 July 2017, and will include comments and suggestions as requested by the Audit Committee.

# STRATEGIC RISK REGISTER

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## C5 - The Council fails to comply with the regulatory framework within which it must operate.

<b>Category:</b> Legal & Regulatory	<b>Corporate Priority:</b> Dacorum Delivers	<b>Risk Owner:</b> James Deane	<b>Portfolio Holder:</b> Graeme Elliot	<b>Tolerance:</b> Treating	
<b>Inherent Probability</b>	<b>Inherent Impact</b>	<b>Inherent Risk Score</b>	<b>Residual Probability</b>	<b>Residual Impact</b>	<b>Residual Risk Score</b>
4 Very Likely	4 Severe	16 Red	3 Likely	2 Medium	6 Amber
<b>Consequences</b>		<b>Current Controls</b>		<b>Assurance</b>	
<p>As a public sector organisation, there a number of regulatory frameworks which govern the way in which the Council must operate both on a day-to-day basis and in the discharging of one-off duties or actions.</p> <p>Generally, compliance with these frameworks is considered an operational risk and is monitored and managed through a combination of the Operational Risk Register and Performance Indicators which are reported to the relevant Overview and Scrutiny Committees.</p> <p>However, there is a risk that in some circumstances failure to comply with regulations could result in a number of consequences for the Council that are sufficiently negative and high profile in nature to become, for a short time, strategic in nature.</p> <p>For example, failure to follow the correct protocols prescribed under the data protection legislation could result in the following consequences for the Council:</p>		<p>The Council has a number of strategies and policies in place which aim to provide clarity in the way Council Members and staff should operate.</p> <p>These documents are reviewed and updated periodically by Officers who are experts in the field and are frequently the subject of Internal Audit reviews in order to provide Members with independent, third-party assurance.</p> <p>These processes mitigate the likelihood of this risk crystallising and have resulted in my reducing the inherent risk score from '4', Very Likely, to '2', Unlikely.</p> <p>Data Protection policy &amp; procedures Health &amp; Safety policy &amp; procedures Risk Management framework Safeguarding policy &amp; procedures Financial Regulations Procurement Standing Orders Constitution</p>		<p>The Financial Regulations (Main Accounting) and Emergency Plan were audited by Mazars, the Council's Internal Auditors in 2014/15 and achieved a FULL level of assurance.</p> <p>The Risk Management framework and Procurement Standing Orders were audited in 2014/15 and achieved a SUBSTANTIAL level of assurance.</p> <p>Data Protection, Health and Safety, the Constitution (Corporate Governance) and the Financial Regulations (Main Accounting) are in the Internal Audit plan for review in 2015/16.</p>	

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<p>1. Disclosure of personal information causing harm to a resident</p> <p>2. High profile negative publicity regarding the way the Council operates</p> <p>3. Significant financial penalty imposed by the Information Commissioner</p> <p>This risk has been included on the Strategic Risk Register to ensure that there is scope to escalate an operational risk for Cabinet consideration and Audit Committee scrutiny should there be a period of intensified risk in a specific regulatory area.</p>	<p>Emergency Plan</p> <p>Human Resources terms &amp; conditions</p>	
<p>Sign Off and Comments</p>		
<p>Sign Off Complete</p> <p>The HSE review of the Council's management of Hand Arm Vibration continues. Members will be updated when more news becomes available.</p>		

**C6 - The Council does not attract and retain the skill sets within its workforce that will enable it to maximise opportunities for delivering its services more efficiently through increased partnership working.**

<b>Category:</b> People/Employees	<b>Corporate Priority:</b> Dacorum Delivers		<b>Risk Owner:</b> Sally Marshall	<b>Portfolio Holder:</b> Neil Harden	<b>Tolerance:</b> Treating
<b>Inherent Probability</b>	<b>Inherent Impact</b>	<b>Inherent Risk Score</b>	<b>Residual Probability</b>	<b>Residual Impact</b>	<b>Residual Risk Score</b>
4 Very Likely	4 Severe	16 Red	2 Unlikely	4 Severe	8 Amber
<b>Consequences</b>		<b>Current Controls</b>		<b>Assurance</b>	
<ul style="list-style-type: none"> <li>The quality of service delivery is likely to be adversely affected due to a lack of resources and/or skills to effectively deliver services through increased</li> </ul>		<ul style="list-style-type: none"> <li>- Leading in Dacorum continues to be delivered (all courses stated in risk register)</li> <li>- People strategy has been implemented which will</li> </ul>		<ul style="list-style-type: none"> <li>• Across 2015/16 the Council had a voluntary annual turnover rate of 10.6% (76 staff). This compares positively to the public sector average (18%) and it is</li> </ul>	

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partnership working.

- There is likely to be a reduction in efficiency savings due to inability to create more effective partnerships.
- There is also likely to be a negative impact on any proposals for devolved powers.
- A failure to create more examples of effective partnership working will result in a higher likelihood of back office and front line services being reduced as the financial constraints on the Council's budget continue to tighten.

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cover issues including graduate scheme, apprenticeship scheme, succession planning, reviewing T&Cs etc.

- Continuation of sharing services with other LAs, with policy development and transactional/operational Hr activities
- The new approach for service planning focuses heavily on service innovation, service efficiencies and workforce planning.
- All leadership appointments are subject to behaviour tests which will assist with assessing their understanding and approach to partnership working. This control will reduce the risk as it will ensure that candidates who are appointed to leadership positions within the Council will have demonstrated that they display a positive approach to partnership working.

below the level within local government (11.9%). It is also lower than average for district councils (11%).

- Opportunities for collaboration and shared services are being actively considered across Hertfordshire in relation to Legal, HR, Information Management, Insurance and Payroll Services.
- Recruitment for leadership posts is generally competitive with a good number of applications being received from suitably qualified candidates for vacant posts.

Sign Off and Comments

Sign Off Complete



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## Recruitment and Retention:

We have a well-established process for recruiting staff which includes be-spoke training for managers, job adverts in modern media and up-to-date recruitment policies. We also continue to make use of behaviour based assessments as part of the recruitment process to ensure that staff joining the organisation have the right values as well as having the right skills and experience.

Nevertheless we recognise that some roles continue to be difficult to fill, which in turn is leading to agency overspend and budgetary cost pressures. This includes building control, planning and environmental health. Therefore, as part of our new People Strategy, we have commissioned a project to look at additional ways to make us more attractive and easier for people to apply for roles at the Council.

## Development and Training:

Our dedicated management training programme (Leading in Dacorum) continues to be delivered and our service planning model focuses on service innovation, service efficiencies and workforce planning. The HR and OD team are currently reviewing the corporate approach to training which will review whether the workforce training needs are being met and ensuring we have the right processes in place to capture these needs.

## Conclusion and Next Steps:

Given the controls in place, it is not necessary to change the risk rating.

### C7 - Controls do not develop at a sufficient pace to keep track with the continually emerging data protection risks

<b>Category:</b> Corporate	<b>Corporate Priority:</b> Dacorum Delivers	<b>Risk Owner:</b> Sally Marshall	<b>Portfolio Holder:</b> Neil Harden	<b>Tolerance:</b> Treating	
<b>Inherent Probability</b>	<b>Inherent Impact</b>	<b>Inherent Risk Score</b>	<b>Residual Probability</b>	<b>Residual Impact</b>	<b>Residual Risk Score</b>
3 Likely	4 Severe	12 Red	2 Unlikely	3 High	6 Amber
<b>Consequences</b>		<b>Current Controls</b>		<b>Assurance</b>	
Cause of Risk - The Council is reliant on vast amounts of		Information Security Officer appointed responsibilities		- Information Security Officer appointed	

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good quality data and information to determine sound decisions and plans, conduct operations and deliver services.

It is also required by the Data Protection Act and Government's Public Sector Network (PSN) Code of Connection (CoCo) to maintain confidentiality, integrity, availability and appropriately authorised use of the data.

With the Government's 'Open' agenda, increased flexible working patterns of staff, and increased partnership working and use of multiple information storage sources, controls on data management and security have become complex and important.

Consequences of Risk –

1. Poor decision making due to ineffective use of or insufficient availability of data and information sharing.
2. Loss, misrepresentation or unauthorised disclosure of sensitive data, DBC has the potential to be susceptible to cyber-attacks or sabotage.
3. Under performance. Breach of Data Protection Act leading to legal actions, fines, adverse publicity, and additional remedial and data protection costs.
4. Significant interruption of vital services leading to failure to meet duties and to protect people, finances and assets.
5. Potential damage to DBC's reputation.

include:

- the Council's Corporate Information Assurance specialist
  - the custodian, owner and updater of ICT Security and Information Governance strategy, policy and procedure ensuring that the Council complies with the latest legislation in terms of ICT Security standards and compliance.
  - To ensure that the Council's policies and procedures regarding ICT Security and Information governance are adhered to across all the Council's services.
  - To keep informed of relevant technical innovation and changes to technological, infrastructure, telecom and software systems in relation to Information Security.
  - To be the custodian and owner of Information Security and Governance Standards.
  - To manage Information Security and Governance strategies and to support the Council in the future development of Information Security, Governance and Business Continuity.
  - To train Council Staff, Members on Information Security, Data Protection Act and Freedom of Information Acts.
- Compulsory training for staff on Data Security  
 - PSN Compliance  
 - Audit of data protection approach

- Various ICT policies and procedures in place
- Compulsory training for staff on Data Security
- PSN Compliance

Sign Off and Comments

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## Sign Off Complete

The controls we have in place continue to ensure that we effectively manage our data protection responsibilities. Therefore, given the range of measures and controls we do not consider it necessary to change the ratings for this risk.

We have our annual PSN compliance assessment which ensures that our processes and network & security controls meet the Cabinet Office's security requirements. This includes anti-virus software, corporate firewalls and various authentication processes. Continued work to roll out a new remote working solution will support this and we have taken steps to remove some higher risk operating systems. We are finalising the decommissioning of the existing Civic Centre and measures have been in place to ensure this was done safely. We are also currently undertaking an audit of cyber security which will provide further reassurance around access to our network and the management of data.

We are continuing to run quarterly training courses and refreshers on the Data Protection Act, Information Security Management and the Freedom of Information Act. Staff review and sign a number of data protection policies and all suppliers working with our data are also required to complete an 'accreditation form'.

## F6 Changes to legislation could negatively affect the medium to long term viability of the HRA Business Plan.

<b>Category:</b> Financial	<b>Corporate Priority:</b> Affordable Housing	<b>Risk Owner:</b> Mark Gaynor	<b>Portfolio Holder:</b> Margaret Patricia Griffiths	<b>Tolerance:</b> Treating	
<b>Inherent Probability</b>	<b>Inherent Impact</b>	<b>Inherent Risk Score</b>	<b>Residual Probability</b>	<b>Residual Impact</b>	<b>Residual Risk Score</b>
4 Very Likely	4 Severe	16 Red	4 Very Likely	3 High	12 Red
<b>Consequences</b>		<b>Current Controls</b>		<b>Assurance</b>	
Since the 'once and for all' settlement with government on the self financing of the HRA there have been major legislative and policy changes which, overall, have impacted detrimentally on the HRA Business Plan: <ul style="list-style-type: none"> <li>• The re-invigoration of the RTB which has increased sales from around 15-20 per year to well over 100</li> <li>• The parallel introduction of the RTB 'one for one' replacement scheme where the Council can use receipts</li> </ul>		Elements of the changes are yet to apply (the rent changes start from April 2016) and the current controls – proper business planning, the disciplines of the MTFS, project and programme management arrangements, effective contract management, annual efficiency programmes and so on – reflect on the existing position and could provide sufficient mitigation to the long term business plan. The controls proposed for the new		A remodelling of the HRA Business Plan has been made to take account of the impact of the changes which will be considered by Cabinet (initially in November 2015 and periodically thereafter). This has demonstrated that the current new build programme can be completed. The ability to extend this further will depend on the success of the mitigations above.	

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to build new homes but only to pay for 30% of costs (leaving the other 70% to be sourced)

- A change to national rent policy which moved from RPI + 0.5% to CPI + 1% and ending the process of reaching target rents (leaving 60% of DBC properties below target)

The government now propose two further changes which, if enacted, will further constrain the capacity of the HRA Business Plan viability:

- A rent reduction of 1% per year for four years and a complete inability to make any progress towards convergence to target rents (a reduction of income of £30M over the first four years and over £500M over the lifetime of the HRA Business Plan)

- Enforced sales of 'high value' council homes as they become vacant to fund Housing Association RTB

The first of these changes is already in draft legislation and the assumption must be that it will happen. The consequences are very significant, and even with mitigation will continue to be so:

The financial viability of the HRA to meet its current business plan objectives in full cannot be made due to loss of income and economies of scale as stock numbers diminish.

Services to tenants will have to reduce, including proposed investment in the existing stock, to deal with the scale of resource reduction.

The new build programme at its proposed scale will have to reduce, and possibly cease, in order to provide services to tenants and balance the books.

changes – if the proposed legislation is enacted – will only mitigate the impact to an extent as the scale of change, compounded with previous changes, are so significant. The controls are as follows:

A complete review of the HRA Business Plan to spread the impacts over activities and over time. Initially, in order to deliver the current new build programme, this will be focused on a slowing down of the investment into current stock.

Reducing the costs of running the service through efficiency and service redesign (in partnership with tenants and leaseholders).

Improved procurement of services and renegotiation of existing contracts (though these have been procured within the last year or so and will restrict potential). This would include seeking shared services with other partners and models of operation which reduce the overheads of the HRA.

Maximising the income to the HRA by altering use of parts of the stock (increased use of HRA stock for temporary accommodation and provision of low level care as part of a tenancy where rent controls do not apply).

Altering the tenure mix of the current new build programme to include shared ownership and market sale in order to cross subsidise new rented provision. This could incorporate an element of affordable rent to increase revenue.

Development of a partnership approach to use of RTB one for one replacement funding with local Housing

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That resources provided through RTB one for one replacement will be unused and lost to the Borough as it is returned to the Treasury as a result of the Council's inability to provide the 70% match funding and as Housing Associations reduce their supply of new affordable homes (as a result of the same legislative changes impacting on the Council).  
The Council's housing stock will progressively reduce through RTB, enforced sales and reduction in new build which will reduce its ability to meet the housing needs in the Borough and achieving the strategic objective of increasing the supply of affordable homes.

Associations in order to minimise losses of resource to the Borough and to increase supply of new homes.  
Fully exploring the potential of a Local Housing Company to improve the cost of delivery of new homes alongside the benefits to the General Fund.  
Lobbying of government regarding the disproportionately severe impacts of the changes, though historical reasons, on DBC seeking some local amelioration.  
Ensuring that our intelligence on the changing position and on developments within the sector are fully up to date through membership of ARCH, liaison with CIH and other key bodies.  
The following controls are in place already with regard to the financial and strategic management of the HRA Business Plan:

- An annual refresh of the HRA Business Plan reported both to CMT and to Cabinet
- Monthly meeting between budget holders and accountants monitoring progress against original timeframes and costs
- Regular meetings of the Corporate New Build Group considering performance and new schemes
- CMT receive a fortnightly update on the new build programme
- Performance Board comprising Chief Officers and cabinet members receive a report on progress before each cabinet meeting
- Reports on HRA performance go the Overview and Scrutiny every quarter

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• The HRA is reported as part of the overall corporate financial reporting process

## Sign Off and Comments

Sign Off Complete

Prior to the election the government had indicated that it may not seek the sales of higher value council homes to fund the Housing Association right to buy. It had also indicated a willingness to reflect on the requirements of more new build in the rent settlement from 2020 onwards when the annual rent decrease ends

### F7 - Funding and income is not sufficient to deliver the Council's corporate objectives

<b>Category:</b> Financial	<b>Corporate Priority:</b> Dacorum Delivers	<b>Risk Owner:</b> James Deane	<b>Portfolio Holder:</b> Graeme Elliot	<b>Tolerance:</b> Treating	
<b>Inherent Probability</b>	<b>Inherent Impact</b>	<b>Inherent Risk Score</b>	<b>Residual Probability</b>	<b>Residual Impact</b>	<b>Residual Risk Score</b>
4 Very Likely	4 Severe	16 Red	3 Likely	3 High	9 Amber
<b>Consequences</b>		<b>Current Controls</b>		<b>Assurance</b>	
<p>The government's austerity programme has led to reduced Local Authority funding over the last five years, resulting in the Council's need to find savings of £5m since 2010/11. Further funding reductions in excess of £3m are forecast over the next four years, which increase the risk of the Council being unable to deliver its vision for the borough, as detailed in the Corporate Plan. (<a href="http://www.dacorum.gov.uk/docs/default-source/council-democracy/dacorum_corporateplan_web.pdf?sfvrsn=2">http://www.dacorum.gov.uk/docs/default-source/council-democracy/dacorum_corporateplan_web.pdf?sfvrsn=2</a>)</p> <p>Sustained funding reductions of this magnitude are not</p>		<p>The Council's Medium Term Financial Strategy and the HRA Business Plan are controls that mitigate the likelihood of this risk crystallising through the effective modelling of the future financial environment, which allows for more effective forward planning. These controls are detailed below, and have resulted in my reducing the inherent risk score from '4', Very Likely, to '3', Likely.</p> <p>The Council's Medium Term Financial Strategy (MTFS) details the financial implications of the Corporate Plan over a five-year period. It ensures that the Council is able to forecast likely income pressures in the medium-</p>		<p>There were three internal audit reviews undertaken by Mazars during 2014/15, which provide an external view of the effectiveness of the controls implemented by the Council to manage the financial risks to delivering its priorities.</p> <p>The audits on 'Efficiency Savings' and 'Main Accounting' received a Full level of assurance (the highest available), and the audit on 'Budgetary Control' received a Substantial level of assurance (the second highest available).</p> <p>In March 2017, the Council was again audited on</p>	

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only a risk to the Council's capacity to grow and enhance the community, but more fundamentally they are a risk to the continued provision of high quality frontline services to residents.

If the Council is unable to deliver its vision or to protect its frontline service provision, it risks the following consequences:

Increased community hardship as the services provided to the most vulnerable residents in the borough are impacted, leading to delays in their accessing financial and residential help.

The impact of reducing standards of environmental services across the borough could lead to a less attractive environment and a loss of community identity and civic pride for residents.

Reputational damage as residents become dissatisfied with their experience of interacting with the Council. This risk is exacerbated by the growth of social media and the ability of residents to share their experiences with large numbers of people instantaneously.

term, and optimise the balance between its financial resources and the delivery of its priorities. The MTFS is reviewed at least annually and is approved by Full Council, thereby providing the opportunity for Members to make informed amendments to the Corporate Plan on the basis of likely funding constraints. The current version is accessible via the following link:

<http://www.dacorum.gov.uk/docs/default-source/council-democracy/mtfs-july-cabinet-2015.pdf?sfvrsn=0>

The Council's Housing Revenue Account (HRA) Business Plan maps planned income and expenditure over a thirty-year period. Government legislation that can affect the Council's delivery of social housing is incorporated within the plan and forms the basis for informed strategic decision-making.

The Council's reviewing of its Corporate Plan together with its Communications Strategy mitigate the impact of this risk, should it occur, by keeping residents informed of the pressures faced by the Council, and consequently by managing aspiration and expectation (detail below). On this basis, I have reduced the Impact score from '4', Severe, to '3', High.

The Council reviews its Corporate Plan periodically to ensure that the vision for the borough remains relevant and realistic within the

'Budgetary Control', and following improvements made in response to the previous audit of this area, the Council was this time awarded a 'FULL' level of assurance.

These internal audit opinions provide assurance that the Council is effectively controlling the processes that will enable it to derive value for money from its available resources, and therefore to maximise the opportunity for delivering its corporate objectives.

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financial constraints outlined within the MTFS and the HRA plan. The aspirations of the Council and the community are managed through the Council's Communications Strategy both through social media, the local press and Digest.

### Sign Off and Comments

#### Sign Off Complete

The 2016/17 Provisional Outturn was reported to Cabinet in May 2017, and identified a surplus of £1.1m for the year. The causes of the surplus are almost exclusively the result of additional income as opposed to underspending of expenditure budgets.

This outturn position carries two indicators which are relevant to the Council's ongoing management of this risk. Firstly, this is the first year that the Council has not managed to drive through additional in-year savings against expenditure budgets (i.e. generate a material underspend) which indicates that generating further savings without impacting front-line services will become increasingly challenging in future years. Secondly, and more positively, the additional income generated in-year indicates that Service managers are becoming more adept at identifying opportunities to raise revenue.

Taken together, these indicators point to an intensifying challenge for the Council to effectively balance its budgets whilst at the same time continuing to provide accessible front-line service consistent with its corporate objectives.

An updated MTFS, incorporating this outturn position, will be reported to Cabinet in July 2017.

### 13 - The Borough does not secure sufficient investment in infrastructure to ensure that housing delivery and economic and community growth is sustainable in the longer term.

<b>Category:</b> Infrastructure	<b>Corporate Priority:</b> Affordable Housing	<b>Risk Owner:</b> Mark Gaynor	<b>Portfolio Holder:</b> Graham Sutton	<b>Tolerance:</b> Treating	
<b>Inherent Probability</b>	<b>Inherent Impact</b>	<b>Inherent Risk Score</b>	<b>Residual Probability</b>	<b>Residual Impact</b>	<b>Residual Risk Score</b>
4 Very Likely	4 Severe	16 Red	3 Likely	3 High	9 Amber



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Consequences	Current Controls	Assurance
<p>The provision of infrastructure such as schools, health, transport and other facilities is crucial to sustainability of the local community and economy. Its funding, however, is increasingly complex and difficult as central government moves away from direct provision and expects the development process and local partnerships to deliver it. Failure to provide this infrastructure will have a number of damaging consequences:</p> <ul style="list-style-type: none"> <li>A reduction in the quality of life and opportunities for people in the Borough</li> <li>A serious constraint to economic growth with the impact on the contribution to service provision through Business Rates growth</li> <li>Increased community opposition to new developments, particularly housing, on the grounds that existing infrastructure will not cope</li> <li>Damage to the image of the area, worsening of community pride and social cohesion and reputational damage to the Council</li> </ul>	<p>Infrastructure is provided through the development process (s106 and Community Infrastructure Levy) and elements of funding which comes from central government (increasingly through the LEP, bidding and HCC). The responsibility for some infrastructure elements is through privatised arrangements (utilities) or arms-length government agencies such as Network Rail. The ability of the Council to control these processes is limited.</p> <p>The Council is able to promote the quantum, nature and timing of growth making it more likely that the infrastructure will be delivered. It is also able to promote partnerships and use its asset base and influence to stimulate desired development. Current controls include:</p> <p>Ensuring that the Local Plan (and its component elements such as the Core Strategy, site allocations, supporting policies and so on on) is up to date and sets out very clearly the requirements of proposed development. This promotes sustainable development by design, access and movement, materials. Use of masterplanning supports what is required to be delivered to produce sustainability on larger sites.</p> <p>The approved Council's Community Infrastructure Levy Policy and schedule (CIL) provides for the levels of contributions that must be made by developers and the purpose for which they will be spent. This also includes an element of CIL which can be spent by local communities and act to link growth directly with</p>	<p>The process for setting out development delivered is through the Annual Monitoring Report. The agreed process for CIL will see an annual report setting out income due, achieved and expenditure made on agreed infrastructure.</p> <p>Regular reports are made as set out above in controls.</p>

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infrastructure provision local people want.  
Operating a 'open for business' approach to how the Council deals with potential development with a presumption of making acceptable development easier to deliver by proactive advice through the planning process. Allied to this is ensuring that the development management service is capable of achieving decision making within required time limits.  
Stimulating required growth through the Council's own regeneration activity, including Hemel Evolution, Gade Zone and Heart of Maylands resulting in inward investment being more likely.  
Increasing inward investment through initiatives such as Dacorum Look no Further, Ambassadors, direct provision of business advice and a supportive approach to new development.  
Good market intelligence through regular liaison with local employers, landowners, developers, institutional investors and land agents regarding demand and expected assistance.  
Partnership with the LEP as the main route for additional funding for infrastructure through influencing the Strategic Growth Plan (in which Hemel Hempstead and the M1 corridor is a priority) and bidding for resources for infrastructure (such as the £5M achieved for West Herts College)  
Working to create key partnerships to bring forward development capable of funding major infrastructure (such as Gorhambury)  
These controls are exercised within the following:

# STRATEGIC RISK REGISTER

March 2017



	<ul style="list-style-type: none"> <li>• Monthly reporting to Hemel Evolution Board and Corporate Regeneration Group</li> <li>• Fortnightly reporting on key projects to CMT</li> <li>• Reporting to Performance Board before each Cabinet Meeting</li> <li>• A clear programme for the Local Development Framework and CIL</li> <li>• Quarterly reporting to Overview and Scrutiny</li> <li>• Regular reporting to Cabinet</li> <li>• Adherence to the agreed performance and project management processes</li> </ul>	
--	--	--

### Sign Off and Comments

Sign Off Complete

The government has carried out a review of Community Infrastructure Levy which may have the effect of increasing the available resources slightly. The Enterprise Zone went live from April 2017 and the prospect of substantial resources for transport improvements is now very likely, though will be over a ten year period

### R5 - The Council does not embrace the increased use of social media as a tool for social engagement and increased community engagement.

<b>Category:</b> Reputational	<b>Corporate Priority:</b> Dacorum Delivers	<b>Risk Owner:</b> Sally Marshall	<b>Portfolio Holder:</b> Neil Harden	<b>Tolerance:</b> Treating	
<b>Inherent Probability</b>	<b>Inherent Impact</b>	<b>Inherent Risk Score</b>	<b>Residual Probability</b>	<b>Residual Impact</b>	<b>Residual Risk Score</b>
3 Likely	3 High	9 Amber	2 Unlikely	3 High	6 Amber
<b>Consequences</b>		<b>Current Controls</b>		<b>Assurance</b>	
The risk of not using social media  - This will mean that our approach to engagement (i.e. letters, workshops, printed magazines) is likely to		In order to mitigate these risks we have put in place a number of controls:  The risk of not using social media		o Corporate Information Security Management Policy o Corporate Information Technology Security Policy o Data Protection Act Policy o Freedom of Information Policy	

# STRATEGIC RISK REGISTER

March 2017



exclude key demographic groups including younger residents and those who are more technologically minded.

- We will not be able to respond to negative posts or views which could cause significant reputational damage or risk.

- We will have less opportunity to influence Government and media through the use of targeted campaigns and communications.

- The organisation may not be viewed as 'technologically forward thinking' which could lead to reputational risks. This includes more difficulty in attracting hi-tech investment or exclusion from innovation pilots.

## Managing the risk of social media

- Members of the public can use DBC's profile to raise negative or incorrect statements that damage the reputation of DBC.

- Employees may breach data security rules regarding the management of private or confidential information.

- Inappropriate or unacceptable content posted by employees

- Our social media accounts are 'identity jacked' which

- Our social media strategy sets out how we will proactively engage with residents through Twitter, Facebook, Linked In, Instagram and using online videos.

- We have 18 social media accounts covering corporate and operational services including from the CSU.

- We regularly use social media to actively promote campaigns, events and messages.

- We interact with partners and other third parties (eg HCC) to promote joint initiatives via social media

- We generate reports and analysis on scale and content of Facebook and Twitter posts.

## Managing the risk of social media

- We employ the Crowd Control system to enable the Communications team to manage and authorise services posts and tweets.

- The Crowd Control system also enables the Communications team to monitor and respond to any negative posts.

- Our system provides automatic moderation of abusive messages.

- o PSN/Government Connect (GSx) Acceptable Usage Policy
- o Information Security Incident Procedure
- o Social Media Strategy
- o Facebook and Twitter accounts
- o Social Media Management System
- o Dedicated communications specialists

# STRATEGIC RISK REGISTER

March 2017



occurs when fake accounts are set up to look like those of DBC. This is a risk because the fake accounts can post incorrect or inappropriate information which is then associated with DBC.

- Weak authentication in the use of social media accounts can lead to them being hacked. The hacked accounts are then used to post inappropriate, derogatory or libellous comments.

- The use of social media can make it easier for 'pressure groups' to generate support behind negative campaigns.

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- We provide in-house training for all staff posting on DBC social media accounts.

- We use a subscription service that manages and secures accounts.

- All staff are required to read and sign-up to a range of policies including:

- Corporate Information Security Management Policy
- Corporate Information Technology Security Policy
- Data Protection Act Policy
- Freedom of Information Policy
- PSN/Government Connect (GSx) Acceptable Usage Policy
- Information Security Incident Procedure

Sign Off and Comments

Sign Off Complete

# STRATEGIC RISK REGISTER

March 2017



Given the controls in place, it is not necessary to change the rating.

We continue to use a range of management and security measures including the enforcement and implementation of our social media and ICT policies and our dedicated social media management system (Crowd Control). We have also reminded staff of the risks with social media and being aware of posting any inappropriate content. We seek to mitigate the risk of negative social media responses through our social media management system and by having a monitoring system in place which ensures we have staff available to respond to any issues. We also remove posts from individuals who have been restricted in the way they communicate with the Council, and all vexatious or inappropriate language is automatically deleted from our accounts as part of the risk management software.

In Q4 we posted over 1,382 outbound messages across our 18 social media accounts, received over 307 direct messages which were responded to in accordance with our social media policy and guidance, and had a total potential twitter reach of 4.18 million viewers across our social media networks. Some of the campaigns we have run include additional garden waste bins, recycling, elections and The Forum launch campaign. The success of our social media work is reflected in the local government ranking (source: net natives) which regularly places Dacorum Borough Council as one of the highest ranked (of the 10 borough councils in Hertfordshire).

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# Certification of claims and returns annual report 2015-16

Dacorum Borough Council

8 February 2017

Ernst & Young LLP



Building a better  
working world

The Members of the Audit Committee  
Dacorum Borough Council  
Civic Centre  
Hemel Hempstead  
Hertfordshire  
HP1 1HH

8<sup>th</sup> February 2017

Direct line: + 44 118 928 1167  
Email: [ABrittain@uk.ey.com](mailto:ABrittain@uk.ey.com)

Dear Members

## **Certification of claims and returns annual report 2015-16 Dacorum Borough Council**

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Dacorum Borough Council's 2015-16 claims and returns.

### **Scope of work**

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

For 2015-16, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

In addition to this, we also acted as reporting accountants in relation to the Housing Pooled Capital Receipts return outside the PSAA's regime.

### **Summary**

Section 1 of this report outlines the results of our 2015-16 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £48,433,532. We met the submission deadline. We issued a qualification letter and details of the qualification matters are included in section 1. Our certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due.

We provided separate reports to the Council in relation to the housing pooling return with a total value of £12,733,540. Our work found one error which the Council corrected. The amendments had a marginal positive effect on the amount payable to the Council.





Fees for certification and other returns work are summarised in section 3. The housing benefits subsidy claim fees for 2015-16 were published by the Public Sector Audit Appointments Ltd (PSAA) in March 2015 and are now available on the PSAA's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

Yours faithfully

Andrew Brittain  
Director  
Ernst & Young LLP  
Enc

## Contents

<b>1. Housing benefits subsidy claim .....</b>	<b>1</b>
<b>2. Other assurance work.....</b>	<b>3</b>
<b>3. 2015-16 certification fees .....</b>	<b>4</b>
<b>4. Looking forward .....</b>	<b>5</b>

## 1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£48,433,532
Amended/Not amended	Amended – subsidy reduced by £8,696
Qualification letter	Yes
Fee – 2015-16	£22,220
Fee – 2014-15	£23,390

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous years claims. We found errors and carried out extended testing in the following areas:

- Rent rebates – Initial testing identified one case where the Authority had overpaid benefit as a result of miscalculating the claimant's weekly income. Because of the error identified by our initial testing, extended testing on a sample of forty cases was undertaken. This testing identified a further four instances where the claimants income had been incorrectly assessed. These resulted in the overpayment of benefit (one case) and the underpayment of benefit (three cases). We reported the effect of the overpayment errors (a potential reduction in benefit eligible for subsidy of £756) in our qualification letter.
- Rent rebates overpayments – Because of errors identified in the previous year, we tested a sample of forty cases to establish whether the correct classification had been made between those classified as claimant error and those classified as local authority error. This testing identified three instances where overpayments had been classified incorrectly. We reported the effect of these errors (a potential reduction in benefit eligible for subsidy of £28,550) in our qualification letter.
- Rent Allowances - Initial testing identified one case where the Authority had overpaid benefit as a result of miscalculating the claimant's weekly income. Because of the error identified by our initial testing, extended testing on a sample of forty cases was undertaken. This testing identified a further two instances where the claimants income had been incorrectly assessed. These resulted in the overpayment of benefit (one case) and the underpayment of benefit (one case). We reported the effect of the overpayment errors (a potential reduction in benefit eligible for subsidy of £185) in our qualification letter.
- Rent Allowances overpayments – Initial testing identified one case where the authority had misclassified an eligible overpayment as an LA error overpayment. Because of the error identified by our initial testing, extended testing on a sample of forty cases was undertaken. This testing identified a further seven instances where the overpayments had been misclassified. We reported the effect of these errors (a potential reduction in benefit eligible for subsidy of £322) in our qualification letter.

In addition, the Council undertook full population testing on Non HRA rent rebate cases at The Elms as they had identified errors in initial testing on these properties. This testing

identified errors which the Council amended. They had a small net impact on the claim (a reduction of subsidy of £8,696.)

We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid.

## 2. Other assurance work

During 2015-16 we also acted as reporting accountants in relation to the following schemes:

- ▶ Housing pooling return.

We have provided separate reports to the Council in relation to these returns. This work has been undertaken outside the PSAA regime. The fees for this are included in the figures in Section 3. They are referred to here to ensure to ensure Members have a full understanding of the various returns on which we provide some form of assurance.

We did not identify any significant issues from this work that need to be brought to the attention of Members.

### 3. 2015-16 certification fees

The PSAA determine a scale fee each year for the audit of claims and returns. For 2015-16, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA) in March 2015 and are now available on the PSAA's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

Claim or return	2015-16	2015-16	2014-15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	22,220	23,036	23,390
Housing Pooled Capital Receipts	4,350	4,350	4,050

We were able to give the Council a refund of £816 on the scale fee for 2015-16 as there was one less set of full population testing in 2015/16 compared to 2013/14. This refund is still subject to approval by PSAA.

## 4. Looking forward

The duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2016-17 is £17,543. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2015-16. Indicative fees for 2016/17 housing benefit subsidy certification work are based on final 2014/15 certification fees. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2014-15.

Details of individual indicative fees are available at the following web address:  
<http://www.psaa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

The certification work for 2016-17 will be performed by the external audit firm that will be appointed by the PSAA. They must seek the agreement of PSAA to any proposed variations to these indicative certification fees and should inform the Corporate Director (Finance & Operations) before seeking any such variation.

PSAA is currently consulting on the 2017-18 work programme. There are no changes planned to the work required and the arrangements for certification of housing benefit subsidy claims remain in the work programme. However, this is the final year in which these certification arrangements will apply. From 2018-19, the Council will be responsible for appointing their own auditor and this is likely to include making their own arrangements for the certification of the housing benefit subsidy claim in accordance with the requirements that will be established by the DWP.

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<b>General Fund Reserves Summary</b>	<b>Balance as at 31/03/2016 £'000</b>	<b>Net Movement 2016/17 £'000</b>
Civic Buildings Major Repairs Reserve	200	
Capital Development Reserve		500
Earmarked Grants Reserve	274	(71)
Management of Change Reserve	1,441	393
Technology Reserve	163	(107)
Savings Efficiencies Reserve	0	
On Street Car Parking Reserve	149	93
Local Development Framework Reserve	366	(266)
Dacorum Development Reserve	568	(212)
Planning Enforcement & Appeals Reserve	125	(50)
Planning & Regeneration Project Reserve	160	(2)
Litigation Reserve	214	(66)
Vehicle Replacement Reserve	350	350
Invest to Save	411	(163)
Building Control Reserve	86	(86)
Longdean School Repairs Reserve	7	(7)
Tring Swimming Pool Repairs Reserve	91	(91)
Youth Provision Reserve	101	
Election Reserve	30	30
Uninsured Loss Reserve	586	
Training & Development Reserve	114	(26)
Housing Conditions Survey Reserve	66	15
Dacorum Partnership Reserve	66	(8)
Dacorum Rent Aid - Guarantee Scheme	15	
Rent Guarantee Scheme Reserve	15	
The Forum Reserve	2,006	(2,006)
Funding Equalisation Reserve	2,943	(814)
Pensions Reserve	1,773	
Maylands Plus Reserve	100	(54)
<b>Total Earmarked Reserves</b>	<b>12,420</b>	<b>(2,648)</b>
<b>Working Balance</b>	<b>2,502</b>	<b>0</b>
<b>Total General Fund Reserves</b>	<b>14,922</b>	<b>(2,648)</b>













## STATEMENT OF EARMARKED RESERVES

Balance as at 31/03/2017 £'000	Net Movement 2017/18 £'000	Balance as at 31/03/2018 £'000	Net Movement 2018/19 £'000	Balance as at 31/03/2019 £'000
200		200		200
500		500		500
203	(183)	20	(10)	10
1,834	(492)	1,342	(120)	1,222
56		56		56
0		0	604	604
242	(34)	208		208
100	(100)	0		0
356	(200)	156	(70)	86
75		75		75
158	(93)	65	(45)	20
148	216	364		364
700	350	1,050	350	1,400
248		248		248
0		0		0
0		0		0
0	8	8	8	16
101	(40)	61	(40)	21
60	30	90	30	120
586	(86)	500		500
88	(43)	45	(22)	23
81	15	96	15	111
58	(11)	47		47
15		15		15
15		15		15
0		0		0
2,129	(209)	1,920	(1,849)	71
1,773		1,773		1,773
46		46		46
9,772	(872)	8,900	(1,149)	7,751
2,502	1	2,503	0	2,503
12,274		11,403	(1,149)	10,254















<b>Net Movement 2019/20 £'000</b>	<b>Balance as at 31/03/2020 £'000</b>	<b>Net Movement 2020/21 £'000</b>	<b>Balance as at 31/03/2021 £'000</b>
	200		200
	500		500
(10)	0		0
(14)	1,208	(14)	1,194
	56		56
377	981	244	1,225
	208		208
	0		0
(86)	0		0
	75		75
(20)	0		0
	364		364
350	1,750	350	2,100
	248		248
	0		0
	0		0
8	24	8	32
	21		21
(90)	30	30	60
	500		500
(23)	0		0
(111)	0	15	15
	47		47
	15		15
	15		15
	0		0
	71		71
	1,773		1,773
	46		46
381	8,132	633	8,765
0	2,503	0	2,503
381	10,635	633	11,268































































## Housing Revenue Account

### Final Outturn 2016/17

	Original Budget £000	Final Outturn £000	Variation £000
<b>Income:</b>			
Net Dwelling Rents	(55,849)	(55,107)	742
Non-Dwelling Rents	(80)	(121)	(42)
Tenants Charges	(388)	(435)	(47)
Leaseholder Charges	(477)	(476)	1
Interest and Investment Income	(206)	(212)	(6)
Contribution towards Expenditure	(655)	(797)	(142)
<b>Total Income</b>	<b>(57,654)</b>	<b>(57,148)</b>	<b>506</b>
<b>Expenditure:</b>			
Repairs and Maintenance	10,702	11,181	479
Supervision & Management:	11,766	11,182	(584)
Rent, Rates, Taxes & Other Charges	14	26	12
Interest Payable	11,643	11,643	0
Provision for Bad Debts	250	400	150
Depreciation	9,506	11,559	2,053
HRA Democratic Recharges	220	239	19
<b>Total Expenditure</b>	<b>44,101</b>	<b>46,230</b>	<b>2,129</b>
Transfer to / (from) Housing Reserves	13,553	10,918	(2,635)
<b>HRA Deficit / (Surplus)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Housing Revenue Account Balance:</b>			
Opening Balance at 1 April 2016	(2,893)	(2,893)	0
Deficit / (Surplus) for year	0	0	0
Proposed Contributions to Reserves	0	0	0
<b>Closing Balance at 31 March 2017</b>	<b>(2,893)</b>	<b>(2,893)</b>	<b>0</b>

**ENDIX B**

nce

%

-1.3%

52.2%

12.1%

-0.2%

2.9%

21.7%

-0.9%

4.5%

-5.0%

85.7%

0.0%

60.0%

21.6%

8.6%

4.8%

-19.4%

0.0%

**CAPITAL PROGRAMME MONITORING FINAL OUTTURN 2016/17 BY SCRUTINY C**

Scheme	Budget Holder
<b>General Fund</b>	
<b>Finance and Resources</b>	
<b>Commercial Assets and Property Development</b>	
42 Strategic Acquisitions	Nicholas Brown
43 Demolition of Old Berkhamsted Depot and new barrier	Nicholas Brown
44 Demolition of Health Centre	Nicholas Brown
45 Old Town Hall - Cafe Roof and stonework renewal	Nicholas Brown
46 Demolition of Civic Centre	Nicholas Brown
47 Bennetts End Community Centre - Replace Roof	Nicholas Brown
48 Highfield Community Centre - Resurface Car Park	Nicholas Brown
49 Adeyfield Community Centre - replace roof	Nicholas Brown
50 Tring Community Centre - new play area for Children's Nursery	Nicholas Brown
51 Bennetts End Community Centre Toilet Provision	Nicholas Brown
52 Rossgate Shopping Centre - Structural Works	Nicholas Brown
53 Leys Road - Roof	Nicholas Brown
54 High Street, Tring - Replace External Cladding & Roof	Nicholas Brown
55 The Denes Shopping Centre - Renew Walkway & Canopy Covering	Nicholas Brown
56 Commercial Properties - Renew Obsolete Door Entry Controls	Nicholas Brown
57 Silk Mill - Renew asphalt tanking to stairs	Nicholas Brown
58 Kingshill Cemetery - Welfare Provision	Nicholas Brown
59 Bunkers Farm	Nicholas Brown
60 Refurbishment of Facilities at Woodwells Cemetery	Nicholas Brown
61 Heath Lane - Welfare Facilities	Nicholas Brown
62 Woodwells Cemetery - Improvements to Burial Areas	Nicholas Brown
<b>Commissioning, Procurement and Compliance</b>	
66 Car Park Refurbishment	Ben Hosier
67 Water Gardens Car Park - Re-Lining (Asphalt) Top Floor	Ben Hosier
68 Multi Storey Car Park Berkhamsted	Ben Hosier
69 Multi Functional Devices	Ben Hosier
<b>Democratic Services</b>	
73 Election Management System Replacement	Jim Doyle
74 Civic Car Purchase	Jim Doyle
<b>Development Management and Planning</b>	
78 Planning Software Replacement	Sara Whelan
<b>Financial Management</b>	
82 Payroll (Invest to Save)	Richard Baker
83 Credit Card Surcharging (Invest to Save)	Richard Baker
84 Upgrade of HSM Module (BACS / DD Security)	Richard Baker
<b>Housing &amp; Regeneration Management</b>	
88 The Forum (Public Service Quarter)	Mark Gaynor

89	Gade Zone	Mark Gaynor
<b>Information, Communication and Technology</b>		
93	Rolling Programme - Hardware	Ben Trueman
94	Software Licences - Right of Use	Ben Trueman
95	Website Development	Ben Trueman
96	Future vision of CRM	Ben Trueman
<b>Finance and Resources continued</b>		
<b>People</b>		
100	Incoming Mailroom	Matt Rawdon
101	Reprographics	Matt Rawdon
102	EIS Replacement	Matt Rawdon
<b>Totals: Finance and Resources</b>		
<b>Housing and Community</b>		
<b>Commissioning, Procurement and Compliance</b>		
110	Telephony upgrade & virtualisation	Ben Hosier
111	Customer Services Unit Refurbishment	Ben Hosier
112	CSU Flow Management Solution	Ben Hosier
113	Replacement of Inform 360 Communications	Ben Hosier
114	Self Service Kiosks	Ben Hosier
<b>Legal , Democratic and Regulatory Management</b>		
118	Highbarns Land Stabilisation Project	Mark Brookes
<b>People</b>		
122	Capital Grants - Community Groups	Matt Rawdon
<b>Residents Services</b>		
126	Rolling Programme - CCTV Cameras	Julie Still
127	Lift Replacement to Theatre - Old Town Hall	Julie Still
128	Verge Hardening Programme	Julie Still
129	Youth Centre Provision	Julie Still
<b>Strategic Housing</b>		
133	New Build - Elms Hostel Redbourne Road	Thomas Farrell
134	Affordable Housing Development Fund	Thomas Farrell
135	Westerdale (Garage Development)	Thomas Farrell
136	Northend (Garage Development)	Thomas Farrell
<b>Totals: Housing and Community</b>		
<b>Strategic Planning and Environment</b>		
<b>Commercial Assets and Property Development</b>		
144	Hemel Sports Centre - renew heat and power system	Nicholas Brown

145	Hemel Sports Centre - renew outdoor pool water heaters	Nicholas Brown
146	Berkhamsted Sports Centre - heating system upgrade	Nicholas Brown
147	Air Handling Unit - Hemel Hempstead Sports Centre	Nicholas Brown
148	Tring Swimming Pool	Nicholas Brown
<b>Environmental Services</b>		
152	Wheeled Bins & Boxes for New Properties	Craig Thorpe
153	Play Area Refurbishment Programme	Craig Thorpe
154	Litter Bin Upgrade	Craig Thorpe
155	Waste & Recycling Service Improvements	Craig Thorpe
156	Play Areas & Open Spaces - replace equipment	Craig Thorpe
157	Cupid Green Depot - Security Gates Upgrade	Craig Thorpe
158	Dog Kennels / Pest Control store Cupid Depot	Craig Thorpe
159	Fleet Replacement Programme	Craig Thorpe
<b>Regulatory Services</b>		
163	Disabled Facilities Grants	GM Regulatory Services
164	Home Improvement Grants	GM Regulatory Services
<b>Strategic Planning and Regeneration</b>		
168	Maylands Phase 1 Improvements	Chris Taylor
169	Urban Park/Education Centre (Durrants Lakes)	Chris Taylor
170	Regeneration of Hemel Town Centre	Chris Taylor
171	Maylands Business Centre	Chris Taylor
172	Water Gardens	Chris Taylor
173	Bus Interchange	Chris Taylor
174	Heath Park Gardens Improvements (Fully funded from S106)	Chris Taylor
175	Town Centre Access Improvements	Chris Taylor
176	Hemel Street Furniture	Chris Taylor
177	Gadebridge Park	Chris Taylor
178	The Bury - Conversion into Museum and Gallery	Chris Taylor
<b>Totals: Strategic Planning and Environment</b>		
<b>Totals - Fund: General Fund</b>		
<b>Housing Revenue Account</b>		
<b>Housing and Community</b>		
<b>Property &amp; Place</b>		
181	Planned Fixed Expenditure	Fiona Williamson
182	Pain/Gain Share (Planned Fixed Expenditure)	Fiona Williamson
183	M&E Contracted Works	Fiona Williamson
184	Communal Gas & Heating	Fiona Williamson
185	DBC Commissioned Capital Works	Fiona Williamson
<b>Strategic Housing</b>		
189	New Build - Farm Place Berkhamsted	Thomas Farrell
190	Galley Hill / St. Peters Court / The Nokes	Thomas Farrell
191	Aspen Court / London Road, Apsley	Thomas Farrell
192	Martindale	Thomas Farrell
193	Wood House	Thomas Farrell

194	Stationers Place / Apsley Paper Mill	Thomas Farrell
195	New Build - Queen Street (Old Tring Depot)	Thomas Farrell
196	Able House	Thomas Farrell
197	Swing Gate Lane	Thomas Farrell
<b>Totals: Housing and Community</b>		
<b>Totals - Fund: Housing Revenue Account</b>		
<b>Totals</b>		



**OMMITTEE**

Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget
950,000	(463,500)	0	(486,500)	(486,500)	0
50,000	0	0	0	0	50,000
350,000	0	(15,000)	0	(15,000)	335,000
75,000	0	0	0	0	75,000
0	(1,990)	0	0	0	(1,990)
35,000	0	0	(35,000)	(35,000)	0
0	0	15,000	18,318	33,318	33,318
0	44,230	0	(44,230)	(44,230)	0
0	13,110	0	0	0	13,110
18,000	0	0	0	0	18,000
0	90,910	0	(90,910)	(90,910)	0
55,000	0	0	(55,000)	(55,000)	0
30,000	50,000	0	0	0	80,000
50,000	0	0	0	0	50,000
20,000	0	0	0	0	20,000
16,000	0	0	0	0	16,000
150,000	0	0	0	0	150,000
25,782	183,606	0	55,332	55,332	264,720
0	57,597	0	0	0	57,597
20,000	0	0	0	0	20,000
20,000	0	0	0	0	20,000
<b>1,864,782</b>	<b>(26,037)</b>	<b>0</b>	<b>(637,990)</b>	<b>(637,990)</b>	<b>1,200,755</b>
90,000	99,172	0	(187,572)	(187,572)	1,600
435,000	0	0	0	0	435,000
3,432,000	(161,436)	0	(3,085,093)	(3,085,093)	185,471
0	0	0	0	0	0
<b>3,957,000</b>	<b>(62,264)</b>	<b>0</b>	<b>(3,272,665)</b>	<b>(3,272,665)</b>	<b>622,071</b>
30,000	0	0	(30,000)	(30,000)	0
30,000	0	0	0	0	30,000
<b>60,000</b>	<b>0</b>	<b>0</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>30,000</b>
0	86,964	0	(86,964)	(86,964)	0
<b>0</b>	<b>86,964</b>	<b>0</b>	<b>(86,964)</b>	<b>(86,964)</b>	<b>0</b>
0	2,447	0	0	0	2,447
16,000	0	0	0	0	16,000
6,000	5,000	0	0	0	11,000
<b>22,000</b>	<b>7,447</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,447</b>
9,350,000	1,015,400	514,000	0	514,000	10,879,400

150,000	0	0	0	0	150,000
<b>9,500,000</b>	<b>1,015,400</b>	<b>514,000</b>	<b>0</b>	<b>514,000</b>	<b>11,029,400</b>
75,000	41,700	0	0	0	116,700
50,000	32,000	0	0	0	82,000
0	69,500	0	0	0	69,500
152,000	0	0	(70,000)	(70,000)	82,000
<b>277,000</b>	<b>143,200</b>	<b>0</b>	<b>(70,000)</b>	<b>(70,000)</b>	<b>350,200</b>
0	48,009	0	0	0	48,009
0	5,247	0	0	0	5,247
0	70,000	0	0	0	70,000
<b>0</b>	<b>123,256</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>123,256</b>
<b>15,680,782</b>	<b>1,287,966</b>	<b>514,000</b>	<b>(4,097,619)</b>	<b>(3,583,619)</b>	<b>13,385,129</b>
0	4,600	0	0	0	4,600
0	9,870	0	0	0	9,870
46,500	0	0	0	0	46,500
19,000	0	0	0	0	19,000
47,000	0	0	0	0	47,000
<b>112,500</b>	<b>14,470</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>126,970</b>
0	8,360	0	0	0	8,360
<b>0</b>	<b>8,360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,360</b>
20,000	0	0	0	0	20,000
<b>20,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>
25,000	0	0	0	0	25,000
40,000	0	0	(40,000)	(40,000)	0
350,000	7,840	0	0	0	357,840
50,000	82,807	21,262	0	21,262	154,069
<b>465,000</b>	<b>90,647</b>	<b>21,262</b>	<b>(40,000)</b>	<b>(18,738)</b>	<b>536,909</b>
0	0	0	0	0	0
0	0	1,050,000	0	1,050,000	1,050,000
0	0	0	0	0	0
0	0	0	0	0	0
<b>0</b>	<b>0</b>	<b>1,050,000</b>	<b>0</b>	<b>1,050,000</b>	<b>1,050,000</b>
<b>597,500</b>	<b>113,477</b>	<b>1,071,262</b>	<b>(40,000)</b>	<b>1,031,262</b>	<b>1,742,239</b>
0	76,050	23,878	0	23,878	99,928

0	4,952	(4,952)	0	(4,952)	0
15,000	0	0	0	0	15,000
0	18,926	(18,926)	0	(18,926)	0
0	0	0	0	0	0
<b>15,000</b>	<b>99,928</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>114,928</b>
20,000	0	0	0	0	20,000
224,000	106,916	159,314	(150,916)	8,398	339,314
40,000	0	0	0	0	40,000
0	75,000	0	(75,000)	(75,000)	0
0	14,722	0	0	0	14,722
81,000	0	0	0	0	81,000
40,000	0	0	0	0	40,000
862,000	94,231	0	(485,244)	(485,244)	470,987
<b>1,267,000</b>	<b>290,869</b>	<b>159,314</b>	<b>(711,160)</b>	<b>(551,846)</b>	<b>1,006,023</b>
603,000	(61,346)	133,000	0	133,000	674,654
0	8,893	0	0	0	8,893
<b>603,000</b>	<b>(52,453)</b>	<b>133,000</b>	<b>0</b>	<b>133,000</b>	<b>683,547</b>
476,000	813,256	0	0	0	1,289,256
0	0	0	30,000	30,000	30,000
0	0	0	0	0	0
550,000	335,000	0	0	0	885,000
177,217	2,005,260	0	0	0	2,182,477
0	300,000	0	0	0	300,000
0	12,892	0	0	0	12,892
0	507,961	0	(457,961)	(457,961)	50,000
166,000	0	0	(30,000)	(30,000)	136,000
500,000	0	0	(500,000)	(500,000)	0
75,000	0	0	0	0	75,000
<b>1,944,217</b>	<b>3,974,369</b>	<b>0</b>	<b>(957,961)</b>	<b>(957,961)</b>	<b>4,960,625</b>
<b>3,829,217</b>	<b>4,312,713</b>	<b>292,314</b>	<b>(1,669,121)</b>	<b>(1,376,807)</b>	<b>6,765,123</b>
<b>20,107,499</b>	<b>5,714,156</b>	<b>1,877,576</b>	<b>(5,806,740)</b>	<b>(3,929,164)</b>	<b>21,892,491</b>
18,334,000	0	(4,628,000)	0	(4,628,000)	13,706,000
0	0	(0)	0	(0)	(0)
0	(630,178)	1,108,000	0	1,108,000	477,822
0	0	2,950,000	0	2,950,000	2,950,000
0	0	570,000	0	570,000	570,000
<b>18,334,000</b>	<b>(630,178)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,703,822</b>
45,040	105,505	0	0	0	150,545
0	140,125	0	0	0	140,125
322,534	837,800	0	0	0	1,160,334
52,440	4,111	0	0	0	56,551
3,950,336	(8,590)	0	(1,167,334)	(1,167,334)	2,774,412

1,734,811	(234,935)	0	(672,880)	(672,880)	<b>826,996</b>
337,815	73,422	0	0	0	<b>411,237</b>
2,084,636	178,309	0	0	0	<b>2,262,945</b>
1,320,041	582,680	0	0	0	<b>1,902,721</b>
<b>9,847,653</b>	<b>1,678,427</b>	<b>0</b>	<b>(1,840,214)</b>	<b>(1,840,214)</b>	<b>9,685,866</b>
<b>28,181,653</b>	<b>1,048,249</b>	<b>0</b>	<b>(1,840,214)</b>	<b>(1,840,214)</b>	<b>27,389,688</b>
<b>28,181,653</b>	<b>1,048,249</b>	<b>0</b>	<b>(1,840,214)</b>	<b>(1,840,214)</b>	<b>27,389,688</b>
<b>48,289,152</b>	<b>6,762,405</b>	<b>1,877,576</b>	<b>(7,646,954)</b>	<b>(5,769,378)</b>	<b>49,282,179</b>

YTD Spend	Final Outturn
0	0
33,518	33,518
0	0
0	0
18,076	18,076
0	0
32,819	32,819
0	0
0	0
0	0
0	0
0	0
20,726	20,726
0	0
19,446	19,446
0	0
889	889
271,211	271,211
58,487	58,487
18,910	18,910
15,381	15,381
<b>489,463</b>	<b>489,463</b>
2,400	2,400
446,093	446,093
136,458	136,458
62,435	62,435
<b>647,386</b>	<b>647,386</b>
0	0
0	0
0	0
0	0
0	0
2,425	2,425
16,350	16,350
12,700	12,700
<b>31,475</b>	<b>31,475</b>
10,694,726	10,694,726

Forecast Slippage	Projected Over / (Under)
0	0
0	(16,482)
(45,000)	(290,000)
(75,000)	0
20,066	0
0	0
0	(499)
0	0
(13,110)	0
(18,000)	0
0	0
0	0
(59,274)	(0)
(50,000)	0
0	(554)
(16,000)	0
(149,111)	0
6,491	0
0	890
0	(1,090)
(4,619)	0
<b>(403,557)</b>	<b>(307,735)</b>
800	0
0	11,093
(49,013)	(0)
62,435	0
<b>14,222</b>	<b>11,093</b>
0	0
(30,000)	0
<b>(30,000)</b>	<b>0</b>
0	0
0	0
0	(22)
0	350
0	1,700
<b>0</b>	<b>2,028</b>
(184,674)	0

76,739	<b>76,739</b>
<b>10,771,464</b>	<b>10,771,464</b>
135,334	<b>135,334</b>
51,202	<b>51,202</b>
26,022	<b>26,022</b>
0	<b>0</b>
<b>212,559</b>	<b>212,559</b>
47,234	<b>47,234</b>
5,000	<b>5,000</b>
0	<b>0</b>
<b>52,234</b>	<b>52,234</b>
<b>12,204,581</b>	<b>12,204,581</b>
0	<b>0</b>
9,915	<b>9,915</b>
31,926	<b>31,926</b>
18,920	<b>18,920</b>
27,933	<b>27,933</b>
<b>88,694</b>	<b>88,694</b>
0	<b>0</b>
<b>0</b>	<b>0</b>
19,477	<b>19,477</b>
<b>19,477</b>	<b>19,477</b>
25,452	<b>25,452</b>
0	<b>0</b>
349,443	<b>349,443</b>
156,414	<b>156,414</b>
<b>531,309</b>	<b>531,309</b>
11,671	<b>11,671</b>
1,050,000	<b>1,050,000</b>
2,839	<b>2,839</b>
2,994	<b>2,994</b>
<b>1,067,504</b>	<b>1,067,504</b>
<b>1,706,984</b>	<b>1,706,984</b>
0	<b>0</b>

(73,261)	(0)
<b>(257,936)</b>	<b>0</b>
18,634	0
0	(30,798)
(43,478)	0
(82,000)	0
<b>(106,844)</b>	<b>(30,797)</b>
0	(775)
0	(247)
(70,000)	0
<b>(70,000)</b>	<b>(1,022)</b>
<b>(854,115)</b>	<b>(326,433)</b>
(4,600)	0
0	45
0	(14,574)
0	(80)
(19,067)	0
<b>(23,667)</b>	<b>(14,609)</b>
0	(8,360)
<b>0</b>	<b>(8,360)</b>
0	(523)
<b>0</b>	<b>(523)</b>
0	452
0	0
(8,397)	(0)
0	2,345
<b>(8,397)</b>	<b>2,797</b>
0	11,671
0	0
2,839	0
2,994	0
<b>5,833</b>	<b>11,671</b>
<b>(26,231)</b>	<b>(9,024)</b>
(99,928)	0

0	0
0	0
0	0
16,000	16,000
<b>16,000</b>	<b>16,000</b>
11,296	11,296
265,062	265,062
19,761	19,761
0	0
3,641	3,641
70,355	70,355
11,555	11,555
451,001	451,001
<b>832,670</b>	<b>832,670</b>
710,155	710,155
8,674	8,674
<b>718,828</b>	<b>718,828</b>
898,302	898,302
35,985	35,985
207,353	207,353
507,776	507,776
2,241,548	2,241,548
77,965	77,965
12,492	12,492
1,122	1,122
55,424	55,424
0	0
12,273	12,273
<b>4,050,240</b>	<b>4,050,240</b>
<b>5,617,739</b>	<b>5,617,739</b>
<b>19,529,304</b>	<b>19,529,304</b>
12,229,141	12,229,141
-464,588	-464,588
486,173	486,173
2,777,670	2,777,670
131,463	131,463
<b>15,159,858</b>	<b>15,159,858</b>
0	0
0	0
369,206	369,206
15,187	15,187
725,772	725,772

0	0
(15,000)	0
0	0
16,000	0
<b>(98,928)</b>	<b>0</b>
0	(8,704)
(74,254)	2
(20,239)	0
0	0
(11,081)	0
0	(10,645)
0	(28,445)
(19,986)	(0)
<b>(125,560)</b>	<b>(47,793)</b>
0	35,501
0	(220)
<b>0</b>	<b>35,281</b>
(50,000)	(340,954)
5,985	(0)
0	207,353
(377,224)	0
59,071	(0)
0	(222,035)
0	(400)
(48,878)	0
(80,576)	(0)
0	0
(62,727)	(0)
<b>(554,349)</b>	<b>(356,036)</b>
<b>(778,837)</b>	<b>(368,547)</b>
<b>(1,659,183)</b>	<b>(704,004)</b>
0	0
0	(351,000)
	0
0	0
(2,192,964)	0
<b>(2,192,964)</b>	<b>(351,000)</b>
0	(150,545)
0	(140,125)
0	(791,128)
(41,364)	(0)
(2,048,640)	(0)

509,576	<b>509,576</b>	(1,396,985)	1,079,565
424,377	<b>424,377</b>	0	13,140
1,440,727	<b>1,440,727</b>	(822,218)	0
591,688	<b>591,688</b>	(1,311,033)	0
<b>4,076,533</b>	<b>4,076,533</b>	<b>(5,620,240)</b>	<b>10,907</b>
<b>19,236,391</b>	<b>19,236,391</b>	<b>(7,813,204)</b>	<b>(340,093)</b>
<b>19,236,391</b>	<b>19,236,391</b>	<b>(7,813,204)</b>	<b>(340,093)</b>
<b>38,765,696</b>	<b>38,765,696</b>	<b>(9,472,387)</b>	<b>(1,044,096)</b>



<b>General Fund Reserves Summary</b>	<b>Balance as at 31/03/2016 £'000</b>	<b>Net Movement 2016/17 £'000</b>
Civic Buildings Major Repairs Reserve	200	
Capital Development Reserve		500
Earmarked Grants Reserve	274	(71)
Management of Change Reserve	1,441	393
Technology Reserve	163	(107)
Savings Efficiencies Reserve	0	
On Street Car Parking Reserve	149	93
Local Development Framework Reserve	366	(266)
Dacorum Development Reserve	568	(212)
Planning Enforcement & Appeals Reserve	125	(50)
Planning & Regeneration Project Reserve	160	(2)
Litigation Reserve	214	(66)
Vehicle Replacement Reserve	350	350
Invest to Save	411	(163)
Building Control Reserve	86	(86)
Longdean School Repairs Reserve	7	(7)
Tring Swimming Pool Repairs Reserve	91	(91)
Youth Provision Reserve	101	
Election Reserve	30	30
Uninsured Loss Reserve	586	
Training & Development Reserve	114	(26)
Housing Conditions Survey Reserve	66	15
Dacorum Partnership Reserve	66	(8)
Dacorum Rent Aid - Guarantee Scheme	15	
Rent Guarantee Scheme Reserve	15	
The Forum Reserve	2,006	(2,006)
Funding Equalisation Reserve	2,943	(814)
Pensions Reserve	1,773	
Maylands Plus Reserve	100	(54)
<b>Total Earmarked Reserves</b>	<b>12,420</b>	<b>(2,648)</b>
<b>Working Balance</b>	<b>2,502</b>	<b>0</b>
<b>Total General Fund Reserves</b>	<b>14,922</b>	<b>(2,648)</b>













## STATEMENT OF EARMARKED RESERVES

Balance as at 31/03/2017 £'000	Net Movement 2017/18 £'000	Balance as at 31/03/2018 £'000	Net Movement 2018/19 £'000	Balance as at 31/03/2019 £'000
200		200		200
500		500		500
203	(183)	20	(10)	10
1,834	(492)	1,342	(120)	1,222
56		56		56
0		0	604	604
242	(34)	208		208
100	(100)	0		0
356	(200)	156	(70)	86
75		75		75
158	(93)	65	(45)	20
148	216	364		364
700	350	1,050	350	1,400
248		248		248
0		0		0
0		0		0
0	8	8	8	16
101	(40)	61	(40)	21
60	30	90	30	120
586	(86)	500		500
88	(43)	45	(22)	23
81	15	96	15	111
58	(11)	47		47
15		15		15
15		15		15
0		0		0
2,129	(209)	1,920	(1,849)	71
1,773		1,773		1,773
46		46		46
9,772	(872)	8,900	(1,149)	7,751
2,502	1	2,503	0	2,503
12,274		11,403	(1,149)	10,254















<b>Net Movement 2019/20 £'000</b>	<b>Balance as at 31/03/2020 £'000</b>	<b>Net Movement 2020/21 £'000</b>	<b>Balance as at 31/03/2021 £'000</b>
	200		200
	500		500
(10)	0		0
(14)	1,208	(14)	1,194
	56		56
377	981	244	1,225
	208		208
	0		0
(86)	0		0
	75		75
(20)	0		0
	364		364
350	1,750	350	2,100
	248		248
	0		0
	0		0
8	24	8	32
	21		21
(90)	30	30	60
	500		500
(23)	0		0
(111)	0	15	15
	47		47
	15		15
	15		15
	0		0
	71		71
	1,773		1,773
	46		46
381	8,132	633	8,765
0	2,503	0	2,503
381	10,635	633	11,268































































# Dacorum Borough Council

APPENDIX A

## General Fund Revenue Budget - Final Outturn 2016/17 (by Overview and Scrutiny Committee)

	Month			Year-to-Date			Full Year		
	Adjusted Budget £000	Actuals £000	Variance £000	Adjusted Budget £000	Actuals £000	Variance £000	Adjusted Budget £000	Provisional Outturn £000	Variance £000
<b>Controllable</b>									
Finance and Resources	232	1,221	989	7,245	7,024	(221)	7,245	6,943	(302)
Strategic Planning and Environment	(872)	(715)	157	7,107	6,865	(242)	7,107	6,923	(184)
Housing and Community	3	(51)	(54)	1,821	1,451	(370)	1,821	1,623	(198)
<b>Controllable</b>	<b>(637)</b>	<b>455</b>	<b>1,092</b>	<b>16,173</b>	<b>15,340</b>	<b>(833)</b>	<b>16,173</b>	<b>15,489</b>	<b>(684)</b>
<b>Non-Controllable</b>									
Finance and Resources			0			0	(4,012)	(4,704)	(692)
Strategic Planning and Environment			0			0	3,852	5,922	2,070
Housing and Community			0			0	1,652	3,982	2,330
<b>Non-Controllable</b>			<b>0</b>			<b>0</b>	<b>1,492</b>	<b>5,200</b>	<b>3,708</b>
<b>General Fund Service Expenditure</b>	<b>(637)</b>	<b>455</b>	<b>1,092</b>	<b>16,173</b>	<b>15,340</b>	<b>(833)</b>	<b>17,665</b>	<b>20,689</b>	<b>3,024</b>
Reversal of Capital Charges							(4,124)	(8,261)	(4,137)
Minimum Revenue Provision							378	211	(167)
Interest Payable							587	605	18
Pension Adjustments							0	235	235
Interest Receipts							(242)	(286)	(44)
Revenue Contributions to Capital							5,796	6,301	505
Contributions to / (from) Reserves							(6,260)	(2,648)	3,612
Contributions to / (from) Working Balance							0	0	0
<b>Budget Requirement:</b>							<b>13,800</b>	<b>16,846</b>	<b>3,046</b>
<b>Met From:</b>									
Revenue Support Grant							(971)	(971)	0
Non-Domestic Rates							1,053	(1,208)	(2,261)
New Homes Bonus							(3,491)	(3,497)	(6)
Other General Government Grants							(125)	(904)	(779)
Council Tax Surplus							(49)	(49)	0
Requirement from Council Tax							(10,217)	(10,217)	0
<b>Total Funding:</b>							<b>(13,800)</b>	<b>(16,846)</b>	<b>(3,046)</b>

### Interpreting this report

#### General Fund Service Expenditure

This subtotal includes those costs which are directly attributable to specific Council services.

#### Budget Requirement

This subtotal shows the total cash requirement to operate the Council for one year. It includes the General Fund Service Expenditure plus corporate costs and income.

#### Total Funding

This subtotal shows how the Council receives sufficient funding from different sources to meet the Budget Requirement. In order to 'balance the budget', Total Funding must equal the Budget Requirement.

**Housing Revenue Account**  
**Final Outturn 2016/17**

	Original Budget £000	Final Outturn £000	Variance £000	%
<b>Income:</b>				
Net Dwelling Rents	(55,849)	(55,107)	742	-1.3%
Non-Dwelling Rents	(80)	(121)	(42)	52.2%
Tenants Charges	(388)	(435)	(47)	12.1%
Leaseholder Charges	(477)	(476)	1	-0.2%
Interest and Investment Income	(206)	(212)	(6)	2.9%
Contribution towards Expenditure	(655)	(797)	(142)	21.7%
<b>Total Income</b>	<b>(57,654)</b>	<b>(57,148)</b>	<b>506</b>	<b>-0.9%</b>
<b>Expenditure:</b>				
Repairs and Maintenance	10,702	11,181	479	4.5%
Supervision & Management:	11,766	11,182	(584)	-5.0%
Rent, Rates, Taxes & Other Charges	14	26	12	85.7%
Interest Payable	11,643	11,643	0	0.0%
Provision for Bad Debts	250	400	150	60.0%
Depreciation	9,506	11,559	2,053	21.6%
HRA Democratic Recharges	220	239	19	8.6%
<b>Total Expenditure</b>	<b>44,101</b>	<b>46,230</b>	<b>2,129</b>	<b>4.8%</b>
Transfer to / (from) Housing Reserves	13,553	10,918	(2,635)	-19.4%
<b>HRA Deficit / (Surplus)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>Housing Revenue Account Balance:</b>				
Opening Balance at 1 April 2016	(2,893)	(2,893)	0	
Deficit / (Surplus) for year	0	0	0	
Proposed Contributions to Reserves	0	0	0	
<b>Closing Balance at 31 March 2017</b>	<b>(2,893)</b>	<b>(2,893)</b>	<b>0</b>	

**CAPITAL PROGRAMME MONITORING FINAL OUTTURN 2016/17 BY SCRUTINY COMMITTEE**

**APPENDIX C**

Scheme	Budget Holder	Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget	YTD Spend	Final Outturn	Forecast Slippage	Projected Over / (Under)
<b>General Fund</b>											
<b>Finance and Resources</b>											
<b>Commercial Assets and Property Development</b>											
42 Strategic Acquisitions	Nicholas Brown	950,000	(463,500)	0	(486,500)	(486,500)	0	0	0	0	0
43 Demolition of Old Berkhamsted Depot and new barrier	Nicholas Brown	50,000	0	0	0	0	50,000	33,518	33,518	0	(16,482)
44 Demolition of Health Centre	Nicholas Brown	350,000	0	(15,000)	0	(15,000)	335,000	0	0	(45,000)	(290,000)
45 Old Town Hall - Cafe Roof and stonework renewal	Nicholas Brown	75,000	0	0	0	0	75,000	0	0	(75,000)	0
46 Demolition of Civic Centre	Nicholas Brown	0	(1,990)	0	0	0	(1,990)	18,076	18,076	20,066	0
47 Bennetts End Community Centre - Replace Roof	Nicholas Brown	35,000	0	0	(35,000)	(35,000)	0	0	0	0	0
48 Highfield Community Centre - Resurface Car Park	Nicholas Brown	0	0	15,000	18,318	33,318	33,318	32,819	32,819	0	(499)
49 Adeyfield Community Centre - replace roof	Nicholas Brown	0	44,230	0	(44,230)	(44,230)	0	0	0	0	0
50 Tring Community Centre - new play area for Children's Nursery	Nicholas Brown	0	13,110	0	0	0	13,110	0	0	(13,110)	0
51 Bennetts End Community Centre Toilet Provision	Nicholas Brown	18,000	0	0	0	0	18,000	0	0	(18,000)	0
52 Rossgate Shopping Centre - Structural Works	Nicholas Brown	0	90,910	0	(90,910)	(90,910)	0	0	0	0	0
53 Leys Road - Roof	Nicholas Brown	55,000	0	0	(55,000)	(55,000)	0	0	0	0	0
54 High Street, Tring - Replace External Cladding & Roof	Nicholas Brown	30,000	50,000	0	0	0	80,000	20,726	20,726	(59,274)	(0)
55 The Denes Shopping Centre - Renew Walkway & Canopy Covering	Nicholas Brown	50,000	0	0	0	0	50,000	0	0	(50,000)	0
56 Commercial Properties - Renew Obsolete Door Entry Controls	Nicholas Brown	20,000	0	0	0	0	20,000	19,446	19,446	0	(554)
57 Silk Mill - Renew asphalt tanking to stairs	Nicholas Brown	16,000	0	0	0	0	16,000	0	0	(16,000)	0
58 Kingshill Cemetery - Welfare Provision	Nicholas Brown	150,000	0	0	0	0	150,000	889	889	(149,111)	0
59 Bunkers Farm	Nicholas Brown	25,782	183,606	0	55,332	55,332	264,720	271,211	271,211	6,491	0
60 Refurbishment of Facilities at Woodwells Cemetery	Nicholas Brown	0	57,597	0	0	0	57,597	58,487	58,487	0	890
61 Heath Lane - Welfare Facilities	Nicholas Brown	20,000	0	0	0	0	20,000	18,910	18,910	0	(1,090)
62 Woodwells Cemetery - Improvements to Burial Areas	Nicholas Brown	20,000	0	0	0	0	20,000	15,381	15,381	(4,619)	0
		<b>1,864,782</b>	<b>(26,037)</b>	<b>0</b>	<b>(637,990)</b>	<b>(637,990)</b>	<b>1,200,755</b>	<b>489,463</b>	<b>489,463</b>	<b>(403,557)</b>	<b>(307,735)</b>
<b>Commissioning, Procurement and Compliance</b>											
66 Car Park Refurbishment	Ben Hosier	90,000	99,172	0	(187,572)	(187,572)	1,600	2,400	2,400	800	0
67 Water Gardens Car Park - Re-Lining (Asphalt) Top Floor	Ben Hosier	435,000	0	0	0	0	435,000	446,093	446,093	0	11,093
68 Multi Storey Car Park Berkhamsted	Ben Hosier	3,432,000	(161,436)	0	(3,085,093)	(3,085,093)	185,471	136,458	136,458	(49,013)	(0)
69 Multi Functional Devices	Ben Hosier	0	0	0	0	0	0	62,435	62,435	62,435	0
		<b>3,957,000</b>	<b>(62,264)</b>	<b>0</b>	<b>(3,272,665)</b>	<b>(3,272,665)</b>	<b>622,071</b>	<b>647,386</b>	<b>647,386</b>	<b>14,222</b>	<b>11,093</b>
<b>Democratic Services</b>											
73 Election Management System Replacement	Jim Doyle	30,000	0	0	(30,000)	(30,000)	0	0	0	0	0
74 Civic Car Purchase	Jim Doyle	30,000	0	0	0	0	30,000	0	0	(30,000)	0
		<b>60,000</b>	<b>0</b>	<b>0</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>30,000</b>	<b>0</b>	<b>0</b>	<b>(30,000)</b>	<b>0</b>
<b>Development Management and Planning</b>											
78 Planning Software Replacement	Sara Whelan	0	86,964	0	(86,964)	(86,964)	0	0	0	0	0
		<b>0</b>	<b>86,964</b>	<b>0</b>	<b>(86,964)</b>	<b>(86,964)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Management</b>											
82 Payroll (Invest to Save)	Richard Baker	0	2,447	0	0	0	2,447	2,425	2,425	0	(22)
83 Credit Card Surcharging (Invest to Save)	Richard Baker	16,000	0	0	0	0	16,000	16,350	16,350	0	350
84 Upgrade of HSM Module (BACS / DD Security)	Richard Baker	6,000	5,000	0	0	0	11,000	12,700	12,700	0	1,700
		<b>22,000</b>	<b>7,447</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,447</b>	<b>31,475</b>	<b>31,475</b>	<b>0</b>	<b>2,028</b>
<b>Housing &amp; Regeneration Management</b>											
88 The Forum (Public Service Quarter)	Mark Gaynor	9,350,000	1,015,400	514,000	0	514,000	10,879,400	10,694,726	10,694,726	(184,674)	0
89 Gade Zone	Mark Gaynor	150,000	0	0	0	0	150,000	76,739	76,739	(73,261)	(0)
		<b>9,500,000</b>	<b>1,015,400</b>	<b>514,000</b>	<b>0</b>	<b>514,000</b>	<b>11,029,400</b>	<b>10,771,464</b>	<b>10,771,464</b>	<b>(257,936)</b>	<b>0</b>
<b>Information, Communication and Technology</b>											
93 Rolling Programme - Hardware	Ben Trueman	75,000	41,700	0	0	0	116,700	135,334	135,334	18,634	0
94 Software Licences - Right of Use	Ben Trueman	50,000	32,000	0	0	0	82,000	51,202	51,202	0	(30,798)
95 Website Development	Ben Trueman	0	69,500	0	0	0	69,500	26,022	26,022	(43,478)	0
96 Future vision of CRM	Ben Trueman	152,000	0	0	(70,000)	(70,000)	82,000	0	0	(82,000)	0
		<b>277,000</b>	<b>143,200</b>	<b>0</b>	<b>(70,000)</b>	<b>(70,000)</b>	<b>350,200</b>	<b>212,559</b>	<b>212,559</b>	<b>(106,844)</b>	<b>(30,797)</b>

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**CAPITAL PROGRAMME MONITORING FINAL OUTTURN 2016/17 BY SCRUTINY COMMITTEE**

**APPENDIX C**

Scheme	Budget Holder	Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget	YTD Spend	Final Outturn	Forecast Slippage	Projected Over / (Under)
<b>Finance and Resources continued</b>											
<b>People</b>											
100 Incoming Mailroom	Matt Rawdon	0	48,009	0	0	0	48,009	47,234	47,234	0	(775)
101 Reprographics	Matt Rawdon	0	5,247	0	0	0	5,247	5,000	5,000	0	(247)
102 EIS Replacement	Matt Rawdon	0	70,000	0	0	0	70,000	0	0	(70,000)	0
		<b>0</b>	<b>123,256</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>123,256</b>	<b>52,234</b>	<b>52,234</b>	<b>(70,000)</b>	<b>(1,022)</b>
<b>Totals: Finance and Resources</b>		<b>15,680,782</b>	<b>1,287,966</b>	<b>514,000</b>	<b>(4,097,619)</b>	<b>(3,583,619)</b>	<b>13,385,129</b>	<b>12,204,581</b>	<b>12,204,581</b>	<b>(854,115)</b>	<b>(326,433)</b>
<b>Housing and Community</b>											
<b>Commissioning, Procurement and Compliance</b>											
110 Telephony upgrade & virtualisation	Ben Hosier	0	4,600	0	0	0	4,600	0	0	(4,600)	0
111 Customer Services Unit Refurbishment	Ben Hosier	0	9,870	0	0	0	9,870	9,915	9,915	0	45
112 CSU Flow Management Solution	Ben Hosier	46,500	0	0	0	0	46,500	31,926	31,926	0	(14,574)
113 Replacement of Inform 360 Communications	Ben Hosier	19,000	0	0	0	0	19,000	18,920	18,920	0	(80)
114 Self Service Kiosks	Ben Hosier	47,000	0	0	0	0	47,000	27,933	27,933	(19,067)	0
		<b>112,500</b>	<b>14,470</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>126,970</b>	<b>88,694</b>	<b>88,694</b>	<b>(23,667)</b>	<b>(14,609)</b>
<b>Legal , Democratic and Regulatory Management</b>											
118 Highbarns Land Stabilisation Project	Mark Brookes	0	8,360	0	0	0	8,360	0	0	0	(8,360)
		<b>0</b>	<b>8,360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,360)</b>
<b>People</b>											
Capital Grants - Community Groups	Matt Rawdon	20,000	0	0	0	0	20,000	19,477	19,477	0	(523)
		<b>20,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	<b>19,477</b>	<b>19,477</b>	<b>0</b>	<b>(523)</b>
<b>Residents Services</b>											
Rolling Programme - CCTV Cameras	Julie Still	25,000	0	0	0	0	25,000	25,452	25,452	0	452
127 Lift Replacement to Theatre - Old Town Hall	Julie Still	40,000	0	0	(40,000)	(40,000)	0	0	0	0	0
128 Verge Hardening Programme	Julie Still	350,000	7,840	0	0	0	357,840	349,443	349,443	(8,397)	(0)
129 Youth Centre Provision	Julie Still	50,000	82,807	21,262	0	21,262	154,069	156,414	156,414	0	2,345
		<b>465,000</b>	<b>90,647</b>	<b>21,262</b>	<b>(40,000)</b>	<b>(18,738)</b>	<b>536,909</b>	<b>531,309</b>	<b>531,309</b>	<b>(8,397)</b>	<b>2,797</b>
<b>Strategic Housing</b>											
133 New Build - Elms Hostel Redbourne Road	Thomas Farrell	0	0	0	0	0	0	11,671	11,671	0	11,671
134 Affordable Housing Development Fund	Thomas Farrell	0	0	1,050,000	0	1,050,000	1,050,000	1,050,000	1,050,000	0	0
135 Westerdale (Garage Development)	Thomas Farrell	0	0	0	0	0	0	2,839	2,839	2,839	0
136 Northend (Garage Development)	Thomas Farrell	0	0	0	0	0	0	2,994	2,994	2,994	0
		<b>0</b>	<b>0</b>	<b>1,050,000</b>	<b>0</b>	<b>1,050,000</b>	<b>1,050,000</b>	<b>1,067,504</b>	<b>1,067,504</b>	<b>5,833</b>	<b>11,671</b>
<b>Totals: Housing and Community</b>		<b>597,500</b>	<b>113,477</b>	<b>1,071,262</b>	<b>(40,000)</b>	<b>1,031,262</b>	<b>1,742,239</b>	<b>1,706,984</b>	<b>1,706,984</b>	<b>(26,231)</b>	<b>(9,024)</b>

**CAPITAL PROGRAMME MONITORING FINAL OUTTURN 2016/17 BY SCRUTINY COMMITTEE**

**APPENDIX C**

Scheme	Budget Holder	Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget	YTD Spend	Final Outturn	Forecast Slippage	Projected Over / (Under)
<b>Strategic Planning and Environment</b>											
<b>Commercial Assets and Property Development</b>											
144 Hemel Sports Centre - renew heat and power system	Nicholas Brown	0	76,050	23,878	0	23,878	99,928	0	0	(99,928)	0
145 Hemel Sports Centre - renew outdoor pool water heaters	Nicholas Brown	0	4,952	(4,952)	0	(4,952)	0	0	0	0	0
146 Berkhamsted Sports Centre - heating system upgrade	Nicholas Brown	15,000	0	0	0	0	15,000	0	0	(15,000)	0
147 Air Handling Unit - Hemel Hempstead Sports Centre	Nicholas Brown	0	18,926	(18,926)	0	(18,926)	0	0	0	0	0
148 Tring Swimming Pool	Nicholas Brown	0	0	0	0	0	0	16,000	16,000	16,000	0
		<b>15,000</b>	<b>99,928</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>114,928</b>	<b>16,000</b>	<b>16,000</b>	<b>(98,928)</b>	<b>0</b>
<b>Environmental Services</b>											
152 Wheeled Bins & Boxes for New Properties	Craig Thorpe	20,000	0	0	0	0	20,000	11,296	11,296	0	(8,704)
153 Play Area Refurbishment Programme	Craig Thorpe	224,000	106,916	159,314	(150,916)	8,398	339,314	265,062	265,062	(74,254)	2
154 Litter Bin Upgrade	Craig Thorpe	40,000	0	0	0	0	40,000	19,761	19,761	(20,239)	0
155 Waste & Recycling Service Improvements	Craig Thorpe	0	75,000	0	(75,000)	(75,000)	0	0	0	0	0
156 Play Areas & Open Spaces - replace equipment	Craig Thorpe	0	14,722	0	0	0	14,722	3,641	3,641	(11,081)	0
157 Cupid Green Depot - Security Gates Upgrade	Craig Thorpe	81,000	0	0	0	0	81,000	70,355	70,355	0	(10,645)
158 Dog Kennels / Pest Control store Cupid Depot	Craig Thorpe	40,000	0	0	0	0	40,000	11,555	11,555	0	(28,445)
159 Fleet Replacement Programme	Craig Thorpe	862,000	94,231	0	(485,244)	(485,244)	470,987	451,001	451,001	(19,986)	(0)
		<b>1,267,000</b>	<b>290,869</b>	<b>159,314</b>	<b>(711,160)</b>	<b>(551,846)</b>	<b>1,006,023</b>	<b>832,670</b>	<b>832,670</b>	<b>(125,560)</b>	<b>(47,793)</b>
<b>Regulatory Services</b>											
163 Disabled Facilities Grants	GM Regulatory Services	603,000	(61,346)	133,000	0	133,000	674,654	710,155	710,155	0	35,501
164 Home Improvement Grants	GM Regulatory Services	0	8,893	0	0	0	8,893	8,674	8,674	0	(220)
		<b>603,000</b>	<b>(52,453)</b>	<b>133,000</b>	<b>0</b>	<b>133,000</b>	<b>683,547</b>	<b>718,828</b>	<b>718,828</b>	<b>0</b>	<b>35,281</b>
<b>Strategic Planning and Regeneration</b>											
168 Maylands Phase 1 Improvements	Chris Taylor	476,000	813,256	0	0	0	1,289,256	898,302	898,302	(50,000)	(340,954)
169 Urban Park/Education Centre (Durrants Lakes)	Chris Taylor	0	0	0	30,000	30,000	30,000	35,985	35,985	5,985	(0)
170 Regeneration of Hemel Town Centre	Chris Taylor	0	0	0	0	0	0	207,353	207,353	0	207,353
171 Maylands Business Centre	Chris Taylor	550,000	335,000	0	0	0	885,000	507,776	507,776	(377,224)	0
172 Water Gardens	Chris Taylor	177,217	2,005,260	0	0	0	2,182,477	2,241,548	2,241,548	59,071	(0)
173 Bus Interchange	Chris Taylor	0	300,000	0	0	0	300,000	77,965	77,965	0	(222,035)
174 Heath Park Gardens Improvements (Fully funded from S106)	Chris Taylor	0	12,892	0	0	0	12,892	12,492	12,492	0	(400)
175 Town Centre Access Improvements	Chris Taylor	0	507,961	0	(457,961)	(457,961)	50,000	1,122	1,122	(48,878)	0
176 Hemel Street Furniture	Chris Taylor	166,000	0	0	(30,000)	(30,000)	136,000	55,424	55,424	(80,576)	(0)
177 Gadebridge Park	Chris Taylor	500,000	0	0	(500,000)	(500,000)	0	0	0	0	0
178 The Bury - Conversion into Museum and Gallery	Chris Taylor	75,000	0	0	0	0	75,000	12,273	12,273	(62,727)	(0)
		<b>1,944,217</b>	<b>3,974,369</b>	<b>0</b>	<b>(957,961)</b>	<b>(957,961)</b>	<b>4,960,625</b>	<b>4,050,240</b>	<b>4,050,240</b>	<b>(554,349)</b>	<b>(356,036)</b>
<b>Totals: Strategic Planning and Environment</b>		<b>3,829,217</b>	<b>4,312,713</b>	<b>292,314</b>	<b>(1,669,121)</b>	<b>(1,376,807)</b>	<b>6,765,123</b>	<b>5,617,739</b>	<b>5,617,739</b>	<b>(778,837)</b>	<b>(368,547)</b>
<b>Totals - Fund: General Fund</b>		<b>20,107,499</b>	<b>5,714,156</b>	<b>1,877,576</b>	<b>(5,806,740)</b>	<b>(3,929,164)</b>	<b>21,892,491</b>	<b>19,529,304</b>	<b>19,529,304</b>	<b>(1,659,183)</b>	<b>(704,004)</b>



**CAPITAL PROGRAMME MONITORING FINAL OUTTURN 2016/17 BY SCRUTINY COMMITTEE**

**APPENDIX C**

Scheme	Budget Holder	Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget	YTD Spend	Final Outturn	Forecast Slippage	Projected Over / (Under)	
<b>Housing Revenue Account</b>												
<b>Housing and Community</b>												
<b>Property &amp; Place</b>												
181	Planned Fixed Expenditure	Fiona Williamson	18,334,000	0	(4,628,000)	0	(4,628,000)	13,706,000	12,229,141	12,229,141	0	0
182	Pain/Gain Share (Planned Fixed Expenditure)	Fiona Williamson	0	0	(0)	0	(0)	(0)	-464,588	-464,588	0	(351,000)
183	M&E Contracted Works	Fiona Williamson	0	(630,178)	1,108,000	0	1,108,000	477,822	486,173	486,173	0	0
184	Communal Gas & Heating	Fiona Williamson	0	0	2,950,000	0	2,950,000	2,950,000	2,777,670	2,777,670	0	0
185	DBC Commissioned Capital Works	Fiona Williamson	0	0	570,000	0	570,000	570,000	131,463	131,463	(2,192,964)	0
			<b>18,334,000</b>	<b>(630,178)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,703,822</b>	<b>15,159,858</b>	<b>15,159,858</b>	<b>(2,192,964)</b>	<b>(351,000)</b>
<b>Strategic Housing</b>												
189	New Build - Farm Place Berkhamsted	Thomas Farrell	45,040	105,505	0	0	0	150,545	0	0	0	(150,545)
190	Galley Hill / St. Peters Court / The Nokes	Thomas Farrell	0	140,125	0	0	0	140,125	0	0	0	(140,125)
191	Aspen Court / London Road, Apsley	Thomas Farrell	322,534	837,800	0	0	0	1,160,334	369,206	369,206	0	(791,128)
192	Martindale	Thomas Farrell	52,440	4,111	0	0	0	56,551	15,187	15,187	(41,364)	(0)
193	Wood House	Thomas Farrell	3,950,336	(8,590)	0	(1,167,334)	(1,167,334)	2,774,412	725,772	725,772	(2,048,640)	(0)
194	Stationers Place / Apsley Paper Mill	Thomas Farrell	1,734,811	(234,935)	0	(672,880)	(672,880)	826,996	509,576	509,576	(1,396,985)	1,079,565
195	New Build - Queen Street (Old Tring Depot)	Thomas Farrell	337,815	73,422	0	0	0	411,237	424,377	424,377	0	13,140
196	Able House	Thomas Farrell	2,084,636	178,309	0	0	0	2,262,945	1,440,727	1,440,727	(822,218)	0
197	Swing Gate Lane	Thomas Farrell	1,320,041	582,680	0	0	0	1,902,721	591,688	591,688	(1,311,033)	0
			<b>9,847,653</b>	<b>1,678,427</b>	<b>0</b>	<b>(1,840,214)</b>	<b>(1,840,214)</b>	<b>9,685,866</b>	<b>4,076,533</b>	<b>4,076,533</b>	<b>(5,620,240)</b>	<b>10,907</b>
<b>Totals: Housing and Community</b>			<b>28,181,653</b>	<b>1,048,249</b>	<b>0</b>	<b>(1,840,214)</b>	<b>(1,840,214)</b>	<b>27,389,688</b>	<b>19,236,391</b>	<b>19,236,391</b>	<b>(7,813,204)</b>	<b>(340,093)</b>
<b>Totals - Fund: Housing Revenue Account</b>			<b>28,181,653</b>	<b>1,048,249</b>	<b>0</b>	<b>(1,840,214)</b>	<b>(1,840,214)</b>	<b>27,389,688</b>	<b>19,236,391</b>	<b>19,236,391</b>	<b>(7,813,204)</b>	<b>(340,093)</b>
<b>Totals</b>			<b>48,289,152</b>	<b>6,762,405</b>	<b>1,877,576</b>	<b>(7,646,954)</b>	<b>(5,769,378)</b>	<b>49,282,179</b>	<b>38,765,696</b>	<b>38,765,696</b>	<b>(9,472,387)</b>	<b>(1,044,096)</b>

## STATEMENT OF EARMARKED RESERVES

General Fund Reserves Summary	Balance as at 31/03/16 £'000	Net Movement 2016/17 £'000	Balance as at 31/03/17 £'000	Net Movement 2017/18 £'000	Balance as at 31/03/18 £'000	Net Movement 2018/19 £'000	Balance as at 31/03/19 £'000	Net Movement 2019/20 £'000	Balance as at 31/03/20 £'000	Net Movement 2020/21 £'000	Balance as at 31/03/21 £'000
Civic Buildings Major Repairs Reserve	200		200		200		200		200		200
Capital Development Reserve		500	500		500		500		500		500
Earmarked Grants Reserve	274	(71)	203	(183)	20	(10)	10	(10)	0		0
Management of Change Reserve	1,441	393	1,834	(492)	1,342	(120)	1,222	(14)	1,208	(14)	1,194
Technology Reserve	163	(107)	56		56		56		56		56
Savings Efficiencies Reserve	0		0		0	604	604	377	981	244	1,225
On Street Car Parking Reserve	149	93	242	(34)	208		208		208		208
Local Development Framework Reserve	366	(266)	100	(100)	0		0		0		0
Dacorum Development Reserve	568	(212)	356	(200)	156	(70)	86	(86)	0		0
Planning Enforcement & Appeals Reserve	125	(50)	75		75		75		75		75
Planning & Regeneration Project Reserve	160	(2)	158	(93)	65	(45)	20	(20)	0		0
Litigation Reserve	214	(66)	148	216	364		364		364		364
Vehicle Replacement Reserve	350	350	700	350	1,050	350	1,400	350	1,750	350	2,100
Invest to Save	411	(163)	248		248		248		248		248
Building Control Reserve	86	(86)	0		0		0		0		0
Longdean School Repairs Reserve	7	(7)	0		0		0		0		0
Tring Swimming Pool Repairs Reserve	91	(91)	0	8	8	8	16	8	24	8	32
Youth Provision Reserve	101		101	(40)	61	(40)	21		21		21
Election Reserve	30	30	60	30	90	30	120	(90)	30	30	60
Uninsured Loss Reserve	586		586	(86)	500		500		500		500
Training & Development Reserve	114	(26)	88	(43)	45	(22)	23	(23)	0		0
Housing Conditions Survey Reserve	66	15	81	15	96	15	111	(111)	0	15	15
Dacorum Partnership Reserve	66	(8)	58	(11)	47		47		47		47
Dacorum Rent Aid - Guarantee Scheme	15		15		15		15		15		15
Rent Guarantee Scheme Reserve	15		15		15		15		15		15
The Forum Reserve	2,006	(2,006)	0		0		0		0		0
Funding Equalisation Reserve	2,943	(814)	2,129	(209)	1,920	(1,849)	71		71		71
Pensions Reserve	1,773		1,773		1,773		1,773		1,773		1,773
Maylands Plus Reserve	100	(54)	46		46		46		46		46
<b>Total Earmarked Reserves</b>	<b>12,420</b>	<b>(2,648)</b>	<b>9,772</b>	<b>(872)</b>	<b>8,900</b>	<b>(1,149)</b>	<b>7,751</b>	<b>381</b>	<b>8,132</b>	<b>633</b>	<b>8,765</b>
<b>Working Balance</b>	<b>2,502</b>	<b>0</b>	<b>2,502</b>	<b>1</b>	<b>2,503</b>	<b>0</b>	<b>2,503</b>	<b>0</b>	<b>2,503</b>	<b>0</b>	<b>2,503</b>
<b>Total General Fund Reserves</b>	<b>14,922</b>	<b>(2,648)</b>	<b>12,274</b>		<b>11,403</b>	<b>(1,149)</b>	<b>10,254</b>	<b>381</b>	<b>10,635</b>	<b>633</b>	<b>11,268</b>

# The Audit Plan for Dacorum Borough Council

Year ended 31 March 2017

June 2017

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Dear Members of the Audit and Governance Committee

**Audit Plan for Dacorum Borough Council for the year ending 31 March 2017**

This Audit Plan sets out for the benefit of those charged with governance (in the case of Dacorum Borough Council, the Audit Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Council and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015. Our responsibilities under the Code are to:

Give an opinion on the Council's financial statements

-satisfy ourselves the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements which give a true and fair view.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change. In particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We look forward to working with you during the course of the audit.

Yours sincerely

Sarah Ironmonger

Engagement Lead

**Chartered Accountants**

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# Understanding your business and key developments

## Developments

### Working with Partners

Many of the Council's immediate future plans which will benefit the wider area involve working closely with partners, a recurrent theme across the whole public sector. These plans include:

- Working with the County Council and CCG to determine the future of the Hemel Hempstead hospital site
- Working with Hertfordshire Enterprise Partnership on the Enterprise Zone
- Working with Police and Health sector partners to ensure the safety and health of residents
- Working with private developers and ensuring the correct balance of private, affordable and social housing in the region

This will mean that the governance and operations of the Council will become more complex and will require detailed planning and risk assessment.

### Development Company Potential

After moving to The Forum during the year, the Council has now been investigating the viability of setting up a company to develop the Civic Centre site.

The business case and potential pros and cons of this approach are still being considered.

## Key challenges

### Ongoing Investment and Financial Sustainability

As shown below your forecast General Fund contribution for the 2016/17 year was forecast at a small unexpected underspend of £1,109k for the 2016/17 year. You also have forecast a small overspend of £351k in the Housing Revenue Account

With the Government funding declining you have clearly set out a need in your Medium Term Financial Strategy over the 4 years to 2019/20 to make £3.6m of efficiency savings. This is clearly a challenging target but you have a track record of delivering your target savings in previous years.

The Council continues to progress and complete ambitious capital investment plans both in terms of operational buildings for the Council and in housing and regeneration projects benefiting local residents. You are also now building social housing, with 300 homes planned by 2020. These will likely generate additional revenues and investment benefits in the long term. In the short term cash flow management will be key.

## Key performance indicators

Measure	Budget	Provisional
General Fund Contribution	Nil	(£1,109k)
Housing Revenue Account contribution	£13,553k	£13,202k

## Financial reporting changes

### CIPFA Code of Practice 2016/17 (the Code)

Changes to the Code in 2016/17 reflect aims of the 'Telling the Story' project, to streamline the financial statements to be more in line with internal organisational reporting and improve accessibility to the reader of the financial statements.

The changes affect the presentation of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statements, segmental reporting disclosures and a new Expenditure and Funding Analysis note has been introduced. The Code also requires these amendments to be reflected in the 2015/16 comparatives by way of a prior period adjustment.

### Mandated Early closedown

The Accounts and Audit Regulations 2015 requires and mandates councils to bring forward the approval and audit of financial statements to 31 July by the 2017/2018 financial year.

This is not anticipated to be a cause of any difficulties as you have approved your accounts prior to 31 July in recent years.

## Our response

- We aim to complete all our substantive audit work of your financial statements by the end of August.
- As part of our opinion on your financial statements, we will consider whether your financial statements accurately reflect the financial reporting changes in the 2016/17 Code.
- We will review your working with partners, as part of our work in reaching our VFM conclusion.
- We will keep you informed of changes to the financial reporting requirements for 2016/17 through on-going discussions and invitations to our technical update workshops.

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# Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature, for example, when greater precision is required (e.g. senior manager salaries and allowances).

We determine planning materiality (materiality for the financial statements as a whole determined at the planning stage of the audit) in order to estimate the tolerable level of misstatement in the financial statements, assist in establishing the scope of our audit engagement and audit tests, calculate sample sizes and assist in evaluating the effect of known and likely misstatements in the financial statements.

We have determined planning materiality based upon professional judgement in the context of our knowledge of the Council which we have gained through our risk assessment procedures, and in the context of our review of the prior auditors audit findings and audit testing results. We have calculated financial statements materiality based on a proportion of the gross revenue expenditure of the Council. For purposes of planning the audit we have determined overall materiality to be £2,889k (being 2% of gross revenue expenditure). Our assessment of materiality is kept under review throughout the audit process and we will advise you if we revise this during the audit.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £144k.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'.

We have not identified any separate materiality levels.

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK and Ireland) 320)

# Significant risks identified

An audit is focused on risks. Significant risks are defined by ISAs (UK and Ireland) as risks that, in the judgment of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Description	Audit procedures
<p><b>The revenue cycle includes fraudulent transactions</b></p>	<p>Under ISA (UK and Ireland) 240 there is a presumed risk that revenue streams may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA 240 and through analysis of the nature and revenue recognition policies of the revenue streams at Dacorum Borough Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited</li> <li>• The culture and ethical frameworks of local authorities, including Dacorum Borough Council, mean that all forms of fraud are seen as unacceptable</li> </ul> <p>Therefore we do not consider this to be a significant risk for Dacorum Borough Council.</p>
<p><b>Management override of controls</b></p>	<p>Under ISA (UK and Ireland) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p>	<p><b>Work planned:</b></p> <ul style="list-style-type: none"> <li>• Assessment of the journal control environment and a walkthrough to confirm that controls have been implemented</li> <li>• Review of the journal entry process and selection of unusual journal entries for testing back to supporting documentation</li> <li>• Review of accounting estimates, judgments and decisions made by management and review of unusual significant transactions.</li> </ul>

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK and Ireland) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK and Ireland) 550)



# Other risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR or other risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Reasonably possible risks	Description of risk	Audit procedures
Operating expenses	Year end creditors and accruals are understated or not recorded in the correct period	<p><b>Work planned:</b></p> <ul style="list-style-type: none"> <li>Identify and walkthrough controls</li> <li>Substantive testing of a sample expenditure processed through the purchase ledger</li> <li>Tests for unrecorded liabilities/missing creditors</li> </ul>
Employee remuneration	Employee remuneration expenditure incomplete/year-end accruals are understated	<p>You engaged a new payroll provider in the 2016/17 year. We have discussed this with management and documented our understanding of the control environment.</p> <p><b>Work planned:</b></p> <ul style="list-style-type: none"> <li>Identify and walkthrough controls</li> <li>Reconciliation of the payroll to the ledger to gain assurance over completeness</li> <li>Trend analysis of monthly payroll amounts</li> <li>Substantive testing of employee remuneration</li> </ul>

"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK and Ireland) 315)

## Other risks identified (continued)

Other risks	Description of risk	Audit procedures
Valuation of pension fund net liability	The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements	<p><b>Work planned:</b></p> <ul style="list-style-type: none"> <li>We will identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement</li> <li>We will review the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out</li> <li>We will undertake procedures to confirm the reasonableness of the actuarial assumptions made</li> <li>We will review the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary</li> </ul>
Valuation of property, plant and equipment	<p>The Council revalues its assets on a rolling basis over a five year period, and for higher value assets over £2.1 million every year, using an external valuer Wilks Head and Eve LLP.</p> <p>The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements.</p>	<p><b>Work planned:</b></p> <ul style="list-style-type: none"> <li>Assessment of the revaluation control environment and a walkthrough to confirm that controls have been implemented</li> <li>Review of the competence, expertise and objectivity of any management experts used</li> <li>Review of the instructions issued to valuation experts and the scope of their work</li> <li>Discussions with the valuer about the basis on which the valuation is carried out and challenge of the key assumptions</li> <li>Review of management's processes and assumptions for the vouching and challenge of the estimate</li> <li>Testing of revaluations made during the year to ensure they are input correctly into the Council's asset register</li> <li>Evaluation of the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value</li> <li>Review of the disclosures made by the Council in its financial statements to ensure they are in accordance with the requirements of the CIPFA Code of Practice and IFRS</li> </ul>
Property, plant and equipment improperly expensed	Due to the high level of capital expenditure in the 2016/17 year there is a risk of incorrect treatment of this expenditure	<p><b>Work planned:</b></p> <ul style="list-style-type: none"> <li>Walkthrough of the control environment for the classification of capital expenditure</li> <li>Assessment of the control environment around capitalisation and classification of expenditure</li> <li>Substantive testing of capital additions and substantive testing of operating expenditure for correct classification between capital and revenue</li> </ul>

## Other risks identified (continued)

Other risks	Description of risk	Audit procedures
Changes to the presentation of local authority financial statements	<p>CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 Code of Practice.</p> <p>The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.</p>	<p><b>Work planned:</b></p> <ul style="list-style-type: none"> <li>• We will document and evaluate the process for integrating the required financial reporting changes into the 2016/17 financial statements</li> <li>• We will review any re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Authority's internal reporting structure</li> <li>• We will review the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements</li> <li>• We will review the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice</li> </ul>

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# Other risks identified (continued)

## Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK and Ireland) 570). We will review the management's assessment of the going concern assumption and the disclosures in the financial statements.

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in the previous sections but will include:

- Investments
- Cash and cash equivalents
- Trade and other receivables
- Borrowings and other liabilities (long and short term)
- Provisions
- Useable and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Grants and other contributions
- Financing and investment income and expenditure
- Taxation income
- Welfare expenditure
- Other revenues
- Officers' remuneration note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- Housing Revenue Account and associated notes
- Collection Fund and associated notes

# Value for Money

## Background

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The National Audit Office (NAO) issued its guidance for auditors on value for money work for 2016/17 in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

*In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

This is supported by three sub-criteria as set out opposite:

Sub-criteria	Detail
Informed decision making	<ul style="list-style-type: none"> <li>Acting in the public interest, through demonstrating and applying the principles and values of sound governance</li> <li>Understanding and using appropriate cost and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management</li> <li>Reliable and timely financial reporting that supports the delivery of strategic priorities</li> <li>Managing risks effectively and maintaining a sound system of internal control</li> </ul>
Sustainable resource deployment	<ul style="list-style-type: none"> <li>Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions</li> <li>Managing and utilising assets effectively to support the delivery of strategic priorities</li> <li>Planning, organising and developing the workforce effectively to deliver strategic priorities.</li> </ul>
Working with partners and other third parties	<ul style="list-style-type: none"> <li>Working with third parties effectively to deliver strategic priorities</li> <li>Commissioning services effectively to support the delivery of strategic priorities</li> <li>Procuring supplies and services effectively to support the delivery of strategic priorities.</li> </ul>

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# Value for Money (continued)

## **Risk assessment**

We have carried out an initial risk assessment based on the NAO's auditor's guidance note (AGN03). In our initial risk assessment, we considered:

- our cumulative knowledge of the Council, including work performed in previous years by your prior auditor in respect of the VfM conclusion and the prior auditor's opinion on the financial statements.
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

We have identified significant risks which we are required to communicate to you. These are set out overleaf.

## **Reporting**

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and in the Annual Audit Letter.

We will include our conclusion in our auditor's report on your financial statements.

# Value for money (continued)

We set out below the significant risks we have identified as a result of our initial risk assessment and the work we propose to address these risks.

Significant risk	Link to sub-criteria	Work proposed to address
<p><b>Medium term financial resilience</b></p> <p><b>Efficiency Savings Gap</b></p> <p>Central Government funding of the Council is likely to continue to decline in the medium term. You have looked ahead and identified a savings gap of £3.6 million in the next 4 years through to 2020. This gap in funding represents a significant challenge for you and to this end you have set out an efficiency plan covering 2016/17 through to 2019/20.</p> <p><b>Capital Investment</b></p> <p>You have successfully completed significant capital projects on operational buildings in 2016/17. You have ongoing plans for continued capital projects including the delivery of 300 social housing units by 2020 and large regeneration projects in the area. Your medium term financial plans are contingent on the success of these projects through attracting residents and private investment in the area.</p>	<p>This links to the Council's arrangements for ensuring it plans finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.</p>	<p>Efficiency Savings Gap</p> <ul style="list-style-type: none"> <li>• We will review your arrangements for updating and developing your medium term financial planning</li> <li>• We will review your planning assumptions, including any sensitivity analysis.</li> <li>• We will review your governance arrangements for capital planning.</li> </ul>

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# Other audit responsibilities

In addition to our responsibilities under the Code of Practice in relation to your financial statements and arrangements for economy, efficiency and effectiveness we have a number of other audit responsibilities, as follows:

- We will undertake work to satisfy ourselves that the disclosures made in your Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Council.
- We will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- We will carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
- We consider our other duties under the Act and the Code, as and when required, including:
  - We will give electors the opportunity to raise questions about your financial statements and consider and decide upon any objections received in relation to the financial statements;
  - issue of a report in the public interest; and
  - making a written recommendation to the Council, copied to the Secretary of State

We certify completion of our audit.



# Results of interim audit work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

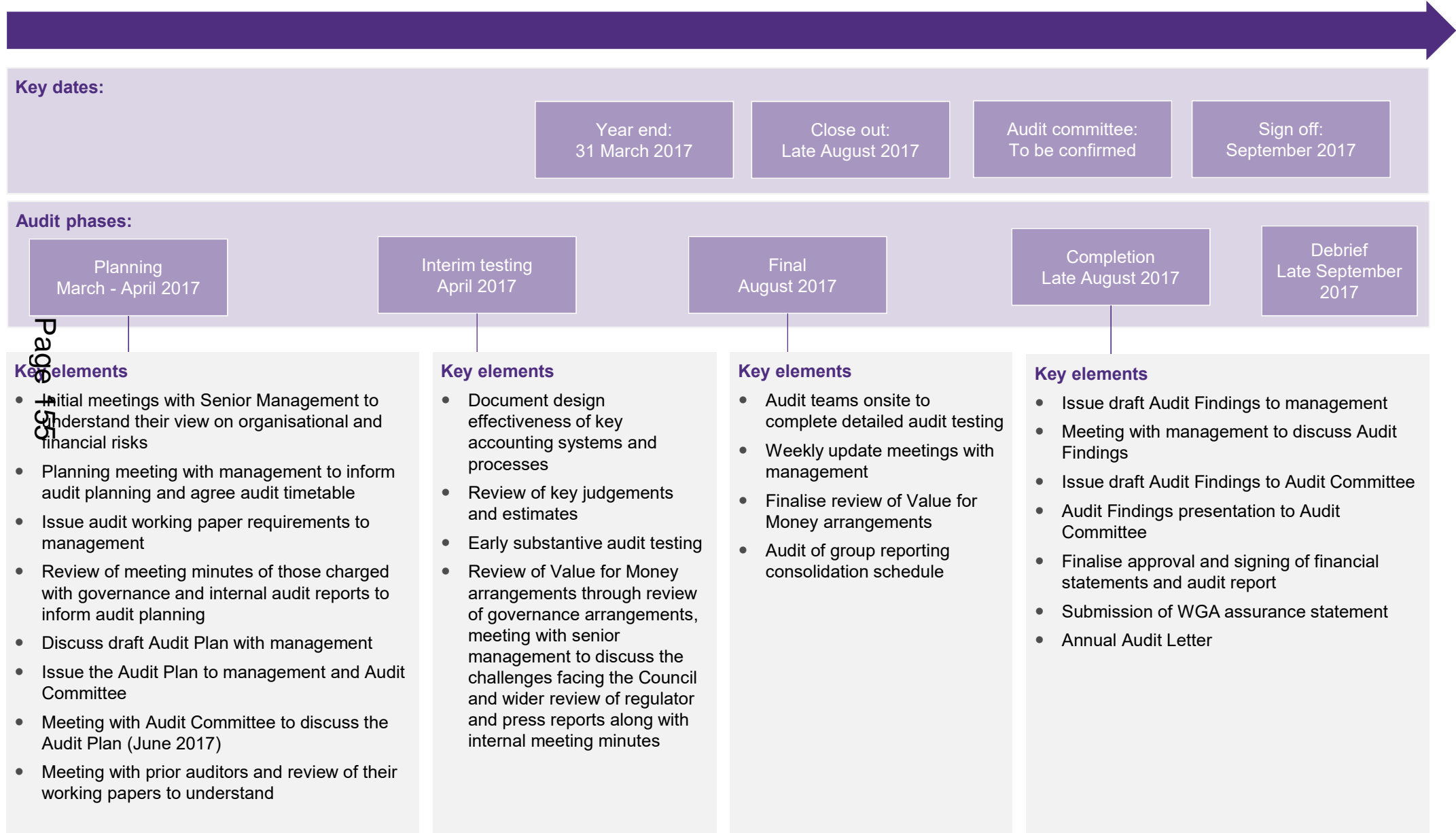
	Work performed	Conclusion
<b>Internal audit</b>	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have also reviewed internal audit's work on your key financial systems to date. Although internal audit have made some recommendations on the accounts payable controls environment, which we have reviewed, we have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we have concluded that the internal audit service provides an independent and satisfactory service to you and that internal audit work contributes to an effective internal control environment.</p> <p>Our review of internal audit work completed to date has not identified any weaknesses which impact on our audit approach.</p>
<b>Entry level controls</b>	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> <li>• Communication and enforcement of integrity and ethical values</li> <li>• Commitment to competence</li> <li>• Participation by those charged with governance</li> <li>• Management's philosophy and operating style</li> <li>• Organisational structure</li> <li>• Assignment of authority and responsibility</li> <li>• Human resource policies and practices</li> </ul>	<p>Our work has identified no material weaknesses which are likely to adversely impact on your financial statements</p>
<b>Review of information technology controls</b>	<p>Our information systems specialist is performing a high level review in of the general IT control environment as part of a triennial review, and as part of the overall review of the internal controls system.</p> <p>The specialist will assess IT (information technology) controls to conclude on whether they have been implemented in accordance with our documented understanding.</p>	<p>We are currently completing this review in cooperation with management.</p> <p>Our high level discussions with management and review of internal audit reports to date has not highlighted any significant issues in the IT financial controls and have identified no material weaknesses which are likely to adversely impact on your financial statements</p>

## Results of interim audit work (continued)

	Work performed	Conclusion
<b>Walkthrough testing</b>	We visited you in March and April 2017 and completed walkthrough tests of your controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.	Our work to this point has identified no material weaknesses which are likely to adversely impact on the Council's financial statements
<b>Journal entry controls</b>	<p>During our visit we reviewed your journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on your control environment or financial statements.</p> <p>We also undertook detailed testing on journal transactions recorded for the first 10 months of the financial year, by extracting 'unusual' entries for further review.</p>	Our work to this point has identified no material weaknesses which are likely to adversely impact on the Council's financial statements
<b>Early substantive testing</b>	<p>During our visit we completed the following early substantive testing subject to some clearance of queries relating to the testing which we will follow up at our final on site visit:</p> <ul style="list-style-type: none"> <li>• Employee Remuneration for Months 1-10</li> <li>• Existence testing of Property, Plant and Equipment</li> <li>• Operating expenditure testing for Month 1-10</li> <li>• Manual journal testing for Month 1-10</li> </ul>	Our work to this point has identified no material weaknesses which are likely to adversely impact on your financial statements

# The audit cycle

## The audit timeline



# Audit Fees

## Fees

	£
Council audit	73,350
Grant Certification	17,543
<b>Total audit fees (excluding VAT)</b>	<b>90,893</b>

## Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities, have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

## Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited
- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

## Fees for other services

Fees for other services detailed on the following page, reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

### What is included within our fees

- A reliable and risk-focused audit appropriate for your business
- Feed back on your systems and processes, and identifying potential risks, opportunities and savings
- Invitations to events hosted by Grant Thornton in your sector, as well as the wider finance community
- Regular sector updates
- Constructive feedback on your people, your processes and your business plan
- Ad-hoc telephone calls and queries
- Technical briefings and updates
- Regular contact to discuss strategy and other important areas
- A review of accounting policies for appropriateness and consistency
- Annual technical updates for members of your finance team
- Regular Audit Committee Progress Reports

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# Independence and non-audit services

Ethical Standards and ISA (UK and Ireland) 260 require us to give you timely disclosure of matters relating to our independence.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to Dacorum Borough Council and we have not identified any non audit services.

The amounts detailed are fees agreed to-date for audit related and non-audit services (to be) undertaken by Grant Thornton UK LLP (and Grant Thornton International Limited network member Firms) in the current financial year. Full details of all fees charged for audit and non-audit services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

The above services are consistent with the Council's policy on the allotment of non-audit work to your auditors.

# Communication of audit matters with those charged with governance

International Standard on Auditing (UK and Ireland) (ISA) 260, as well as other ISAs (UK and Ireland) prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Council's key risks when reaching our conclusions under the Code.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓
Matters in relation to the group audit, including: Scope of work on components, limitations of scope on the group audit, fraud or suspected fraud	✓	✓

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# Agenda Item 10



James Deane – Director of Finance and Operations  
Dacorum Borough Council  
The Forum  
The Marlowes  
Hemel Hempstead  
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24 April 2017

Dear Sirs

## **Planned audit fee for 2017/18**

The Local Audit and Accountability Act 2014 provides the framework for local public audit. Under these provisions the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Audit Commission's audit contracts for local government bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until 2017/18. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

From 2018/19 PSAA has been specified by the Secretary of State as an appointing person for principal local government and police bodies, and will make auditor appointments and set fees for bodies that have opted into the national auditor appointment scheme it is developing.

## **Scale fee**

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no changes to the overall work programme for local government audited bodies for 2017/18, following the recent CIPFA/LASAAC announcement that their planned introduction of the Highways Network Asset Code into the financial reporting requirements for local authorities in 2017/18 will no longer proceed. PSAA have therefore set the 2017/18 scale audit fees at the same level as the scale fees applicable for 2016/17. The Council's scale fee for 2017/18 has been set by PSAA at £73,350.

The audit planning process for 2017/18, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.



### **Scope of the audit fee**

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors from April 2015. Audits of the accounts for 2017/18 will be undertaken under this Code, on the basis of the [2017/18 work-programme and scales of fees](#) set out on the PSAA website. Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements;
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion); and
- our work on your whole of government accounts return (if applicable).

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

### **Value for Money conclusion**

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

*In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.*

### **Certification of grant claims and returns**

At the request of the Department for Work and Pensions, auditors appointed by PSAA will continue to certify local authority claims for housing benefit subsidy for 2017/18.

The Council's indicative fee for this certification work has yet to be set by PSAA. We will write to you to confirm the fee when this has been confirmed.

Assurance engagements for other schemes will be subject to separate arrangements and fees agreed between the grant-paying body, the Council and ourselves.

### Billing schedule

Fees will be billed as follows:

<b>Main Audit fee</b>	<b>£</b>
September 2017	18,337.50
December 2017	18,337.50
March 2018	18,337.50
June 2018	18,337.50
<b>Total</b>	<b>73,350</b>

<b>Housing Benefit Certification</b>	
March 2018	TBC

### Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2017 to March 2018. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in June to July 2018 and work on the whole of government accounts return in July 2018.

<b>Phase of work</b>	<b>Timing</b>	<b>Outputs</b>	<b>Comments</b>
Audit planning and interim audit	November 2017 to March 2018	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June to July 2018	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	July 2018	Audit Findings (Report to those charged with governance)	As above

Whole of government accounts	July 2018	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	August 2018	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	August to November 2018	Grant certification report	A report summarising the findings of our housing benefit certification work

### **Our team**

The key members of the audit team for 2017/18 are:

	<b>Name</b>	<b>Phone Number</b>	<b>E-mail</b>
Engagement Lead	Sarah Ironmonger	07880 456 149	Sarah.L.Ironmonger@UK.GT.Com
Engagement Manager	Andy Conlan	07393 762 443	Andy.N.Conlan@UK.GT.Com

### **Additional work**

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

### **Quality assurance**

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively, you may wish to contact Paul Dossett, our Public Sector Assurance regional lead partner, via Paul.Dossett@uk.gt.com.

Yours sincerely

Sarah Ironmonger

Engagement Lead

For Grant Thornton UK LLP

Dacorum Borough Council

Internal Audit Charter

May 2017



## Introduction

The Internal Audit Charter is a formal document that defines Internal Audit's purpose, authority and responsibility in accordance with UK Public Sector Internal Audit Standards (PSIAS). The charter establishes Internal Audit's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the Audit Committee; authorises access, to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of Internal Audit's activities. It provides a framework for the conduct of the service and has been approved by the Council's Corporate Management Team (CMT) and the Audit Committee.

The PSIAS also include a Mission for Internal Audit which is 'to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight'.

The Charter will be reviewed annually and presented to the Audit Committee and CMT for final approval.

## Nature and Purpose

Dacorum Borough Council has developed a risk management framework, overseen by the Head of Internal Audit, which includes:

- Identification of the significant risks in the Authority's operations and allocation of a risk owner to each;
- An assessment of how well the significant risks are being managed; and
- Regular reviews by the Corporate Management Team of the significant risks, including reviews of key risk indicators, governance reports and action plans, and any changes to the Authority's risk profile.

A system of internal control is one of the primary means of managing risk and consequently the evaluation of its effectiveness is central to Internal Audit's responsibilities.

Dacorum Borough Council's system of internal control comprises the policies, procedures and practices, as well as organisational culture that collectively support the Authority's effective operation in the pursuit of its objectives. The risk management, control and governance processes enable the Authority to respond to significant business risks, be these of an operational, financial, compliance or other nature, and are the direct responsibility of the Corporate Management Team.

The Authority needs assurance over the significant business risks set out in the risk management framework. In addition, there are many other stakeholders, both internal and external, requiring assurance on the management of risk and other aspects of the Authority's business - these including Members, regulators etc. There are also many assurance providers. The internal audit function is the third line of defence in the Council's 'three lines of defence approach' to risk and assurance. The first line of defence comprises the Council's core operational services, and the second line comprises the oversight functions such as risk management.

The following diagram summarises the three lines of defence model and explains where Internal Audit fits into the Council's assurance process.



Internal Audit is defined by the Institute of Internal Auditors' International Professional Practices Framework as 'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'

In a local authority, Internal Audit provides independent and objective assurance to the organisation, its Members, the Chief Executive, the Corporate Management Team, and in particular to the Corporate Director (Finance and Operations) to help him discharge his responsibilities relating to the proper administration of the Authority's financial affairs under S151 of the Local Government Act 1972.

In addition, the Accounts and Audit Regulations (2015) specifically require the provision of an internal audit service. In line with regulations, Internal Audit provides independent assurance on the adequacy and effectiveness of the Authority's governance, risk management and internal control systems.

In particular, Internal Audit carries out assurance and consulting activities across all aspects of Dacorum Borough Council's business, based on a programme agreed with the Audit Committee. In doing so, Internal Audit works closely with the Authority's risk owners, service line risk teams, and the Corporate Management Team.

In addition to providing independent assurance to various stakeholders, Internal Audit helps identify areas where the Authority's existing processes and procedures can be developed to improve the extent with which risks in these areas are managed; and public money is safeguarded and used economically, efficiently and effectively. In carrying out its work, Internal Audit liaises closely with the Corporate Management Team and management in the service lines (including risk teams).

The independent assurance provided by Internal Audit also assists the Authority to report annually on the effectiveness of the system of internal control included in the Authority's Annual Governance Statement.

## Authority and Access to Records, Assets and Personnel

Internal Audit has unrestricted right of access to all Authority records and information, both manual and computerised, cash, stores and other property or assets it considers necessary to fulfil its responsibilities. Internal Audit may enter Authority property and has unrestricted access to all locations and officers where necessary on demand and without prior notice. Right of access to other bodies funded by the Authority should be set out in the conditions of funding.

Any restriction (management or other) on the scope of Internal Audit's activities will be reported to the Audit Committee.

Internal Audit is accountable for the safekeeping and confidentiality of any information and assets acquired in the course of its duties and execution of its responsibilities.

Internal Audit will consider all requests from the external auditors for access to any information, files or working papers obtained or prepared during audit work that has been finalised, and which external audit would need to discharge their responsibilities.

## Responsibility

The Authority's Head of Internal Audit is required to provide an annual opinion to the Authority and to the Corporate Director (Finance and Operations) and the Chief Executive, through the Audit Committee, on the adequacy and the effectiveness of the Authority's risk management, control and governance processes. In order to achieve this, Internal Audit will:

- Coordinate assurance activities with other assurance providers (such as the service line quality and risk teams, the external auditors, the auditors of the Authority's Quality Management, Environmental Management and Information Security accreditations etc.) such that the assurance needs of the Authority, regulators and other stakeholders are met in the most effective way.
- Evaluate and assess the implications of new or changing systems, products, services, operations and control processes.
- Carry out assurance and consulting activities across all aspects of the Authority's business based on a risk-based plan agreed with the Audit Committee.
- Provide the Corporate Director (Finance and Operations), Chief Executive and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls associated with the management of risk in the area being audited.
- Issue periodic reports to the Audit Committee, and the Corporate Management Team summarising results of assurance activities.
- Promote an anti-fraud, anti-bribery and anti-corruption culture within the Authority to aid the prevention and detection of fraud.
- Assist in the investigation of allegations of fraud, bribery and corruption within the Authority and notifying management and the Audit Committee of the results.
- Assess the adequacy of remedial action to address significant risk and control issues reported to the Audit Committee. Responsibility for remedial action in response to audit findings rests with line management.

Definition	Details	Responsibility in relation to Internal Audit
The Audit Committee	To oversee the financial reporting, risk management, audit and internal control arrangements of the Council to assure the Council and the Dacorum Council Tax payers that resources are properly managed and high standards of financial probity are maintained.	<p>To consider the Head of Internal Audit's annual report and opinion and the level of assurance it can give over the Council's governance arrangements.</p> <p>To review internal audit reports and other evidence of the Council's risk management and internal control systems.</p> <p>Report to Council when necessary to give assurances about the Council's financial statements, risk management and internal control mechanisms or to raise concerns of any significant weakness.</p>
Chief Officers	The Chief Executive has overall corporate management and operational responsibility (including overall management responsibility for all officers) together with specific operational responsibility for those services identified in Part 3 of the Constitution 'Responsibility for Functions'. The Corporate Directors have overall strategic and operational management of those services falling within their directorates.	Corporate Management Team liaise with Internal Audit to agree the Annual Internal Audit Plan.
S151 Officer	To exercise the functions of the S151 Officer, including proper administration of the Council's financial affairs under S115 and S151 of the Local Government Act 1972 and S114 of the Local Government Finance Act 1988. Ensuring lawfulness and financial prudence of decision making, contributing to corporate management, providing advice and giving financial information.	Deal with Internal Audit issues under the Accounts and Audit Regulations 2015.



There are inherent limitations in any system of internal control and thus errors or irregularities may occur and not be detected by Internal Audit's work. Unless specifically requested and agreed, Internal Audit will not perform substantive testing of underlying transactions.

When carrying out its work, Internal Audit will provide line management with comments and report breakdowns, failures or weaknesses of internal control systems together with recommendations for remedial action. However, Internal Audit cannot absolve line management of responsibility for internal controls.

Internal Audit will support line managers in determining measures to remedy deficiencies in risk management, control and governance processes and compliance to the Authority's policies and standards and will monitor whether such measures are implemented on a timely basis.

Where appropriate, Internal Audit will undertake assurance or consulting activities for the benefit of the Authority in organisations wholly owned or controlled by the Authority (e.g. Local Authority Trading Companies, ALMOs etc). Internal Audit may also provide assurance to the Authority on third party operations (such as contractors and partners) where this has been provided for as part of the contract.

The Audit Committee is responsible for ensuring that Internal Audit is adequately resourced and afforded a sufficiently high standing within the organisation, necessary for its effectiveness.

### **Scope of Activities**

As highlighted in the previous section, there are inherent limitations in any system of internal control. Internal Audit therefore provides the Members, the Chief Executive and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the Authority's governance, risk management and control processes using a systematic and disciplined approach by:

- Assessing and making appropriate recommendations for improving the governance processes, promoting appropriate ethics and values, and ensuring effective performance management and accountability;
- Evaluating the effectiveness and contributing to the improvement of risk management processes; and
- Assisting the Authority in maintaining effective controls by evaluating their adequacy, effectiveness and efficiency and by promoting continuous improvement.

The scope of Internal Audit's value adding activities includes evaluating risk exposures relating to the Authority's governance, operations and information systems regarding the:

- Achievement of the organisation's strategic objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

## Reporting

For each engagement, Internal Audit will issue a report to the appropriate Audit Contact and Corporate Director (Finance and Operations) or his nominee, and depending on the nature of the engagement and as agreed in the engagement's Terms of Reference, with a summary to the Corporate Management Team and the Audit Committee.

The UK Public Sector Internal Audit Standards require the Head of Internal Audit to report at the top of the organisation and this is done in the following ways:

- The Internal Audit Charter is reported to the Corporate Management Team. It is then presented to the Audit Committee annually for formal approval.
- The annual risk-based plan is compiled by the Head of Internal Audit taking account of the Authority's risk management framework and after input from members of the Corporate Management Team. It is then presented to the Corporate Management Team and Audit Committee annually for noting and comment.
- The internal audit budget is reported to Cabinet and Full Council for approval annually as part of the overall Authority budget.
- The adequacy, or otherwise, of the level of internal audit resources (as determined by the Head of Internal Audit) and the independence of internal audit will be reported annually to the Audit Committee.
- Performance against the annual risk-based plan and any significant risk exposures and breakdowns, failures or weaknesses of internal control systems arising from internal audit work are reported to the Corporate Management Team and Audit Committee on a quarterly basis.
- Any significant consulting activity not already included in the risk-based plan and which might affect the level of assurance work undertaken will be reported to the Audit Committee.
- Results from the Quality Assurance and Improvement Programme will be reported to both the Corporate Management Team and the Audit Committee.
- Any instances of non-conformance with the Public Sector Internal Audit Standards must be reported to the Corporate Management Team and the Audit Committee and will be included in the annual Head of Internal Audit report. If there is significant non-conformance, this may be included in the Authority's Annual Governance Statement.

## Independence

The Head of Internal Audit has free and unfettered access to the following:

- Chief Executive;
- Corporate Director (Finance and Operations);
- Monitoring Officer;
- Chair of the Audit Committee; and
- Any other member of the Corporate Management Team.

The independence of the contracted Head of Internal Audit is further safeguarded as his/her annual appraisal is not inappropriately influenced by those subject to internal audit.

To ensure that auditor objectivity is not impaired and that any potential conflicts of interest are appropriately managed, all internal audit staff are required to make an annual personal independence responsibilities declaration via the tailored 'My Compliance Responsibilities' portal which includes personal deadlines for:

- Annual Returns (a regulatory obligation regarding independence, fit and proper status and other matters which everyone in Mazars must complete); and
- Continuing Professional Development (CPD).

Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. However, any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Audit Committee. To maintain independence, any audit staff involved in significant consulting activity will not be involved in the audit of that area for a period of at least 12 months.

### **External Auditors**

The External Auditors fulfil a statutory duty. Effective collaboration between Internal Audit and the External Auditors will help ensure effective and efficient audit coverage and resolution of issues of mutual concern. Internal Audit will follow up the implementation of internal control issues raised by External Audit.

Internal Audit and External Audit meet periodically to:

- Plan the respective internal and external audits;
- Discuss potential issues arising from the external audit; and
- Share the results of significant issues arising from audit work.

### **Due Professional Care**

The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics;
- Seven Principles of Public Life (Nolan Principles);
- UK Public Sector Internal Audit Standards;
- All Authority Policies and Procedures; and
- All relevant legislation.

Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK Public Sector Internal Audit Standards, on-going performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor. An external assessment was carried out in November 2016 which concluded that Mazars GRIC – Public Services conforms to the requirements of the Public Internal Audit Standards and the Local Government Application Note.

A programme of Continuous Professional Development CPD is maintained for all staff working on internal audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies to deliver the risk-based plan. Both the Head of Internal Audit and the Engagement Manager are required to hold a professional qualification (CMIIA, CCAB or equivalent) and be suitably experienced.

Approved by the Audit Committee on XX XXX 2017

## **Important Notice**

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

### **Mazars Public Sector Internal Audit Limited**

**London**

**May 2017**

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# Agenda Item 13



## Dacorum Borough Council Final Internal Audit Report Housing Benefit & Council Tax Support

May 2017

This report has been prepared on the basis of the limitations set out on page 10.

CONFIDENTIAL

**Distribution List:**

Matthew Kelly – Benefits Processing Team Leader  
Chris Baker – Group Manager (Revenues, Benefits & Fraud)  
David Skinner – Assistant Director (Finance and Resources)  
James Deane – Corporate Director (Finance and Operations)(Final Report only)  
Sally Marshall – Chief Executive (Final Report only)

**Key Dates:**

Date of fieldwork: February 2017  
Date of draft report: March 2017  
Receipt of responses: April 2017  
Date of final report: May 2017

This report and the work connected therewith are subject to the Terms and Conditions of the Contract dated 1 April 2015 between Dacorum Borough Council and Mazars Public Sector Internal Audit Limited. This report is confidential and has been prepared for the sole use of Dacorum Borough Council. This report must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law, we accept no responsibility or liability to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

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# 1. Executive Summary

## 1.1. Background

As part of the Internal Audit Programme for 2016/17, we have undertaken an audit of the Council's systems of internal control in respect of Housing Benefit and Council Tax Support.

Housing Benefit and Council Tax Support is available to those on a low income and need help paying their rent or council tax. The amount of benefit a claimant would be entitled to is dependent on a number of factors; including, but not limited to; if they have a spare room, the household income, and the amount of savings they have.

The Local Authority maintains a mainly reactive approach in regards to Housing Benefit Reviews. This is because the Authority is reliant on the claimant informing them where they have had a change of circumstance which may affect their benefit entitlement. If this process is delayed, overpayments are realised. These overpayments should be recovered by the Local Authority in a timely manner.

It was identified that there is a current running total of £3.9m of overpayments arising from Housing Benefits and Council Tax Support at Dacorum Borough Council. This is an accumulation of all overpayments over the last few years. The total value of overpayments has dropped by over £100,000 since the 2015/16 audit. Where an overpayment has been realised, the Local Authority is taking a proactive approach to recover all amounts due. However, this recovery process is capped at a standard maximum recovery rate of £11.10 a week through Benefit entitlement. Where the Local Authority has realised an overpayment, the Central Government will provide 40% of the overpayment, in the form of a reimbursement, as an incentive to recover the overpayment amount. If they can recover all of the overpayment, they will return with 140% of the money originally lost, which can then be used to help meet the cost of benefit administration.

If the Local Authority makes an error exceeding a percentage target, they will not receive any monetary incentive from the Government. This is a complex moving target set as a percentage of total errors and total expenditure; the lower limit cap is 0.48% at which the Council is currently below.

## 1.2. Audit Objective and Scope

The overall objective of this audit was to provide assurance over the adequacy and effectiveness of current controls over Housing Benefit and Council Tax Support, and provide guidance on how to improve the current controls going forward.

In summary, the scope covered the following areas: Policies, Procedures and Legislation, Administration and Assessment of New Claims, Local Housing Allowance, Reviews, Backdated Benefits and Discretionary Payments, Payments and Reconciliations, Cancellations, Overpayments and Recovery Action, and Fraud Management.



**1.3. Summary Assessment**

Our audit of the Council’s internal controls operating over Housing Benefit and Council Tax Support found that there is a sound system of internal control designed to achieve the system objectives. However, there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

Evaluation Assessment	Testing Assessment
Full	Substantial

Management should be aware that our internal audit work was performed according to UK Public Sector Internal Audit Standards (PSIAS) which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Similarly, the assurance gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

Similarly, the assessment gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board. The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A, whilst further analysis of the control environment over Housing Benefit and Council Tax Support is shown in Section 3.

**1.4. Key Findings**

We have raised three Priority 3 recommendation where we believe there is scope for improvement within the control environment. These are set out below:

- The Local Authority should review procedural guidance to ensure that they are aligned and that effective and appropriate working practices are adopted by staff (Priority 3).
- The Local Authority should ensure that overpayments are set to Auto-Recovery (Priority 3).
- There should be a review of debts held with Sundry Debtors older than six years in line with the Statute of Limitations (Priority 3).

Full details of the audit findings and recommendations are shown in Section 4 of the report.

**1.5. Management Response**

We received the management responses in a timely manner, and these have been included in the main body of the report.

**1.6. Acknowledgement**

We would like to take this opportunity to thank all staff involved for their time and co-operation during the course of this visit.

## 2. Scope of Assignment

### 2.1. Objective

The overall objective of this audit was to provide assurance that the systems of control in respect of Housing Benefits and Council Tax Support, with regards to the areas set out in section 2.3, are adequate and are being consistently applied.

### 2.2. Approach and Methodology

The following procedures were adopted to identify and assess risks and controls and thus enable us to recommend control improvements:

- Discussions with key members of staff to ascertain the nature of the systems in operation;
- Evaluation of the current systems of internal control through walk-through and other non- statistical sample testing;
- Identification of control weaknesses and potential process improvement opportunities;
- Discussion of our findings with management and further development of our recommendations; and
- Preparation and agreement of a draft report with the process owner.

### 2.3. Areas Covered

The audit was carried out to evaluate and test controls over the following areas:

#### **Policies, Procedures and Legislation**

Policies and procedures are available to staff which are reviewed on an annual basis. Tasks within the service are allocated to appropriate teams and there is segregation of duties over the tasks carrying significant risks.

#### **Administration and Assessment of New Claims**

Claims for Housing Benefits and Council Tax Support are accurately assessed in a fair and timely manner and only valid claims are processed. The Risk Based Verification process has been correctly implemented and appropriate verification action has been taken for the allocated risk score.

#### **Local Housing Allowance**

Benefit payments to private tenants are made in accordance with published rates in order to prevent private landlords from obtaining rents in excess of market conditions at the expense of the Council.

#### **Reviews**

Changes in claimant circumstances are identified in a timely manner and necessary action to address changes is undertaken in a timely manner.

#### **Backdated Benefits/Discretionary Payments**

Only genuine claims based on well-established criteria of “good cause” are paid against.

#### **Payments and Reconciliations**

Only valid, appropriate and accurate payments are made in a timely manner, and balances on the Housing Benefit/Council Tax Support system are regularly reconciled to the Housing Rents and Council Tax systems.

#### **Cancellations, Overpayments and Recovery Action**

All cancellations are effected in a timely manner and any overpayments are accurately and completely identified for subsequent recovery action. Only appropriately justified write-offs are made.

















#### **Fraud Management**

Adequate and effective processes are in place to detect, prevent, and deal with fraudulent activity in order to ensure the impact of such activity is minimised.

### 3. Assessment of Control Environment

The following table sets out in summary the control objectives we have covered as part of this audit, our assessment of risk based on the adequacy of controls in place, the effectiveness of the controls tested and any resultant recommendations.

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

Control Objectives Assessed	Design of Controls	Operation of Controls	Recommendations Raised
Policies Procedures and Legislation			Recommendation 1
Administration and Assessment of New Claims			Recommendation 1
Local Housing Allowance			
Reviews			
Backdated Benefits / Discretionary Payments			
Payments and Reconciliations			
Cancellations, Overpayments and Recovery Action			Recommendation 2 Recommendation 3
Fraud Management			

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

## 4. Observations and Recommendations

### Recommendation 1: Alignment of Procedure Documents (Priority 3)

<p><b>Recommendation</b></p> <p>The Council should align the procedure notes in place to ensure that all guidance provides clear and consistent instructions for assessment officers on the information required from claimants.</p>
<p><b>Observation</b></p> <p>Procedure documents should be aligned to ensure consistency in the process followed by the Council staff.</p> <p>Review of the Capital Verification Procedures and the Risk Based Verification (RBV) Procedures identified that the documents are not currently aligned and may cause confusion among officers. The Capital Verification Procedures state that if a claimant has declared less than £6,000 capital/savings, confirmation is not required. However, the RBV Procedures state that if a claimant is high risk, then original information is required to validate the capital/savings stated by the claimant. There are no clarifications on the verifications to be done if a claimant is high risk but has less than £6,000 capital/savings.</p> <p>Review of 20 new claims identified one case where original copies of the Capitals/Savings was not requested and the claimant had been measured as High Risk on the RBV Score. There was no information available to validate their capital / savings stated on the application form.</p> <p>Where procedure guidance is not aligned, staff may adopt inaccurate, ineffective and / or out of date working practices.</p>
<p><b>Responsibility</b></p> <p>Benefit Processing Team Leader</p>
<p><b>Management response / deadline</b></p> <p>The RBV and Capital Verification procedures have now been reviewed and align with each other, to ensure consistency in the process.</p> <p>Completed</p>

**Recommendation 2: Auto-Recovery Setting of Overpayments (Priority 3)**

<p><b>Recommendation</b></p> <p>The Council should confirm that the Auto-Recovery setting on overpayments is selected on the Northgate system to ensure timely recovery of overpayments should the claimant return to benefit entitlement.</p>
<p><b>Observation</b></p> <p>The Northgate system has an Auto-Recovery flag which allows the Council to make deductions from Housing Benefit payments to recover overpayments. Auto-Recovery should be set on all accounts where an overpayment is identified (and the amount is to be recovered from the resident as opposed to the landlord) to ensure that the Council is able to receive the monies owed to them from the initial overpayment.</p> <p>Review of 15 Overpayments identified one case where the auto-recovery element on Northgate had not been selected. The Claimant was returned to benefits in October 2016 following an overpayment of £99.44. The debt was not on auto-recovery, therefore this overpayment was not recovered in October 2016. It was identified in February 2017 that the auto-recovery element had not been selected, and recovery has now begun at £11.10 a week.</p> <p>Where debts are not identified as being recoverable in a timely manner, the Council may not receive the monies owed to them at the earliest opportunity.</p>
<p><b>Responsibility</b></p> <p>Revenues &amp; Benefits Support Team Leader</p>
<p><b>Management response / deadline</b></p> <p>This process is as automated as it can be, but relies on manual intervention by officers when there is a switch in recovery target from the landlord to the tenant. We have created a report and identified that there are 108 invoices (6.6% of the total number) where this flag is not currently set, although there are circumstances where this is correct. Further filtering identified just 7 invoices where there is currently a live housing benefit claim, and in only one of these was deduction from ongoing housing benefit the most suitable recovery method. We will review the remaining invoices without the flag by the end of May 2017, and then review the report every three months to ensure that there are no significant delays in recovery.</p> <p>31 May 2017</p>





**Recommendation 3: Review of Debts Older than Six Years with Sundry Debtors (Priority 3)**

<p><b>Recommendation</b></p> <p>The Council should consider a review of overpayments, currently with Sundry Debtors, over six years old to determine if the statute of limitations prohibits legal recovery of the debts.</p> <p>Where the Council believes they cannot legally recover the overpayment, the debt should be considered for write off.</p>
<p><b>Observation</b></p> <p>Overpayments should be written off when the Council has no legal grounds to recover the debt owed to them.</p> <p>Review of 15 overpayments identified one case where a debt, for £520.00 from 2004, is still with Sundry Debtors for recovery. The debt cannot be legally recovered due to the statute of limitations. If the debtor refuses to pay the amount outstanding, the Council is unable to take further action.</p> <p>If the claimant returns to benefits, the debt may be written back and recovery made through ongoing entitlement.</p> <p>Where debts that are not legally enforceable are not written off, the level of debtors may be inaccurately stated.</p>
<p><b>Responsibility</b></p> <p>Financial Services Team Leader</p>
<p><b>Management response / deadline</b></p> <p>We have created a report to identify debts which may fall into this category and this has identified only 49 invoices, with a total value of less than £50,000. These debts make up 3% of the total number of invoices, and 2% of the debt outstanding.</p> <p>We will review these debts by the end of June 2017, considering them for write off where appropriate, and will then continue to review the report every three months in order to monitor the situation.</p>

## Appendix A - Reporting Definitions

### Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Evaluation Assessment	Testing Assessment
<b>Full</b>		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
<b>Substantial</b>		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
<b>Limited</b>		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
<b>Nil</b>		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full' does not imply that there are no risks to the stated control objectives.

### Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
<b>Priority 1</b>	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
<b>Priority 2</b>	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
<b>Priority 3</b>	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
<b>System Improvement Opportunity</b>	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

## Appendix B - Staff Interviewed

The following personnel were consulted:

- Matthew Kelly Benefits Processing Team Leader
- Stuart Potton Team Leader – Revenues and Benefits
- Clare Dempsey Sundry Debtors Lead Officer
- Chris Baker Group Manager – Revenues, Benefits & Fraud
- Elaine Hopkins Corporate Anti-Fraud Team Leader

We would like to thank the staff involved for their co-operation during the audit.



## Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

### **Mazars Public Sector Internal Audit Limited**

**London**

**May 2017**

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# Dacorum Borough Council

## Final Internal Audit Report

### Payroll and Pension Administration

May 2017

This report has been prepared on the basis of the limitations set out on page 7.

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**Distribution List:**

Dave Skinner – Assistant Director (Finance and Resources)  
Richard Baker - Group Manager (Finance Services)  
Glenda Braggins – Lead Payroll Officer  
James Deane – Corporate Director (Finance and Operations) (Final Report Only)  
Sally Marshall – Chief Executive (Final Report only)

**Key Dates:**

Date of fieldwork: November 2016  
Date of draft report: January/March 2017  
Receipt of responses: March 2017  
Date of final report: May 2017

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# 1. Executive Summary

## 1.1. Background

As part of the Internal Audit Programme for 2016/17, we have undertaken an audit of the Council's systems of internal control in respect of Payroll and Pensions Administration.

## 1.2. Audit Objective and Scope

The overall objective of this audit was to provide assurance over the adequacy and effectiveness of current controls over Payroll and Pension Administration, and provide guidance on how to improve the current controls going forward.

In summary, the scope covered the following areas: Payroll Transactions and Records; Joiners; Leavers, Variations and Adjustments to Pay; Deductions; Payments; and Pension Administration.

## 1.3. Summary Assessment

Our audit of the Council's internal controls operating over the administration of Payroll and Pension Administration found that, there is a sound system of internal control designed to achieve the system objectives. The controls are being consistently applied.

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

Evaluation Assessment	Testing Assessment
Full	Full

Management should be aware that our internal audit work was performed according to UK Public Sector Internal Audit Standards (PSIAS) which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Similarly, the assurance gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

Similarly, the assessment gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board. The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A, whilst further analysis of the control environment over the Payroll and Pensions Administration are shown in Section 3.

#### 1.4. Key Findings

We have not raised any recommendations as a result of this work.

In April 2016, the Council moved from a payroll system administered by Aylesbury Borough Council to a SAP system administered by Serco. Examination of the pre go live reconciliation report found that there had been errors in the transfer of payroll data to the new system. We were informed by the Payroll Team Leader that these errors had been corrected, and that a payroll run reconciliation was completed between the new and old systems in April 2016, and no errors were present. However, we were unable to obtain working papers confirming this. As no issues relating to the transition were identified through testing, a recommendation will not be raised. Nevertheless, working papers relating to reconciliations should be retained to enable independent review.

A variance report is reviewed as part of the monthly payroll run process. The report compares the current month's payroll amount against the previous month for each employee. However, secondary spot check on the variances is not currently undertaken. The Lead Payroll Officer explained that she checks 100% of all amendments resulting in variances in pay and her signature on the payroll report indicates that these checks have been completed. Both officers process payroll transactions and although the Lead Payroll Officer checks all amendments, any transactions processed by the Lead Payroll Officer are not subject to independent checks. This has been discussed and the Lead Payroll Officer is aware of this issue. The Lead Payroll Officer explained that the payroll team consists of the Lead Payroll Officer and another officer and due to small size of the team, it is not possible to have a segregation of duties. On the basis of the explanation provided and given that we did not find any exceptions from our sample tests, we have not raised a recommendation regarding this.

#### 1.5. Acknowledgement

We would like to take this opportunity to thank all staff involved for their time and co-operation during the course of this visit.

## 2. Scope of Assignment

### 2.1. Objective

The overall objective of this audit was to provide assurance that the systems of control in respect of Payroll and Pension Administration, with regards to the areas set out in section 2.3, are adequate and being consistently applied.

### 2.2. Approach and Methodology

The following procedures were adopted to identify and assess risks and controls and thus enable us to recommend control improvements:

- Discussions with key members of staff to ascertain the nature of the systems in operation;
- Evaluation of the current systems of internal control through walk-through and other non- statistical sample testing;
- Identification of control weaknesses and potential process improvement opportunities;
- Discussion of our findings with management and further development of our recommendations; and
- Preparation and agreement of a draft report with the process owner.

### 2.3. Areas Covered

The audit was carried out to evaluate and test controls over the following areas:

#### **Payroll Transactions and Records**

Reliability, integrity, confidentiality and security of the payroll system and employee records is maintained through the reliable operation of the system and its interface to the main accounting systems.

#### **Joiners**

Only appropriately vetted new joiners are completely, accurately, validly and timely added to the payroll at the rates of remuneration per the contracts of employment.

#### **Leavers**

Employees leaving organisation's employment are completely, accurately, validly and timely removed from the payroll and outstanding commitments to both parties to the contract of employment are completely, accurately and validly made to prevent complications arising after the termination of the employment.

#### **Variations and Adjustments to Pay**

Variations and adjustments to the payroll are completely, accurately and validly processed in a timely manner.

#### **Deductions**

Deductions, both statutory and voluntarily made, are completely, accurately, validly and timely made in line with the contracts of employment and regulatory requirements.

#### **Payments**

Payments to staff and statutory and other agencies are completely, accurately, validly and timely made in line with the contracts of employment and regulatory requirements.















#### **Pension Administration**

Correct contributions (from both employer and employee) are made per the contract and the Council's policy. DBC complies with the automatic enrolment and evidence of opt out is retained where appropriate.

### 3. Assessment of Control Environment

The following table sets out in summary the control objectives we have covered as part of this audit, our assessment of risk based on the adequacy of controls in place, the effectiveness of the controls tested and any resultant recommendations.

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.





Control Objectives Assessed	Design of Controls	Operation of Controls	Recommendations Raised
Payroll Transactions and Records			-
Joiners			-
Leavers			-
Variations and Adjustments to Pay			-
Deductions			-
Payments			-
Pension Administration			-

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

## Appendix A - Reporting Definitions

### Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Evaluation Assessment	Testing Assessment
<b>Full</b>		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
<b>Substantial</b>		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
<b>Limited</b>		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
<b>Nil</b>		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full' does not imply that there are no risks to the stated control objectives.

### Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
<b>Priority 1</b>	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
<b>Priority 2</b>	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
<b>Priority 3</b>	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
<b>System Improvement Opportunity</b>	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.



## Appendix B - Staff Interviewed

The following personnel were consulted:

- Glenda Braggins - Lead Payroll Officer
- Tracy Claridge - Assistant Accountant

We would like to thank the staff involved for their co-operation during the audit.

## Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

### **Mazars Public Sector Internal Audit Limited**

**London**

**May 2017**

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Mazars Public Sector Internal Audit Limited is a subsidiary of Mazars LLP. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.

# Dacorum Borough Council

## Final Internal Audit Report

### Housing Register and Housing Allocations

May 2017

This report has been prepared on the basis of the limitations set out on page 11.

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**Distribution List:**

Laura Brennan – Housing Advice and Allocations Lead Officer  
Natasha Brathwaite – Group Manager (Strategic Housing)  
Elliot Brooks – Assistant Director (Housing)  
Dave Skinner – Assistant Director (Finance and Resources)  
Mark Gaynor – Corporate Director (Housing and Regeneration) (Final Report Only)  
James Deane – Corporate Director (Finance and Operations) (Final Report Only)  
Sally Marshall – Chief Executive (Final Report only)

**Key Dates:**

Date of fieldwork: March 2017  
Date of draft report: May 2017  
Receipt of responses: May 2017  
Date of final report: May 2017

This report and the work connected therewith are subject to the Terms and Conditions of the Contract dated 1 April 2015 between Dacorum Borough Council and Mazars Public Sector Internal Audit Limited. This report is confidential and has been prepared for the sole use of Dacorum Borough Council. This report must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law, we accept no responsibility or liability to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

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# 1. Executive Summary

## 1.1. Background

As part of the Internal Audit Programme for 2016/17, we have undertaken an audit of the Council's systems of internal control in respect of the housing register and housing allocations.

## 1.2. Audit Objective and Scope

The overall objective of this audit was to provide assurance over the adequacy and effectiveness of current controls over the housing register and housing allocations, and provide guidance on how to improve the current controls going forward.

In summary, the scope covered the following areas: Policies and Procedures; Housing Register Applications; Maintenance of Housing Register; Advertising Properties; Assessment of Bids and Verification of Applicants; and Offers and Communication of Offers.

## 1.3. Summary Assessment

Our audit of the Council's internal controls operating over the housing register and housing allocations found that there is a sound system of internal control designed to achieve the system objectives. There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

Evaluation Assessment	Testing Assessment
Full	Substantial

Management should be aware that our internal audit work was performed according to UK Public Sector Internal Audit Standards (PSIAS) which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Similarly, the assurance gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

Similarly, the assessment gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A, whilst further analysis of the control environment over the housing register and housing allocations are shown in Section 3.

#### 1.4. **Key Findings**

We have raised one Priority 2 recommendation and two Priority 3 recommendations where we believe there is scope for improvement within the control environment. The recommendations raised have been set out below:

- Allocation Spreadsheet (Priority 3)
- Approval for Allocation - Retention of approval forms (Priority 2)
- Notes in Abrisas (Priority 3)

In addition to this audit work, a separate fact finding exercise was undertaken during 2016 as a result of a referral. From the fact finding work, a sample of 131 applications were examined and no issues were identified from these cases.

Full details of the audit findings and recommendations are shown in Section 4 of the report.

#### 1.5. **Management Response**

We received the management responses in a timely manner and these have been included in the main body of the report.

#### 1.6. **Acknowledgement**

We would like to take this opportunity to thank all staff involved for their time and co-operation during the course of this visit.

## 2. Scope of Assignment

### 2.1. Objective

The overall objective of this audit was to provide assurance that the systems of control in respect of Housing Register and Housing Allocations, with regards to the areas set out in section 2.3, are adequate and being consistently applied.

### 2.2. Approach and Methodology

The following procedures were adopted to identify and assess risks and controls and thus enable us to recommend control improvements:

- Discussions with key members of staff to ascertain the nature of the systems in operation;
- Evaluation of the current systems of internal control through walk-through and other non- statistical sample testing;
- Identification of control weaknesses and potential process improvement opportunities;
- Discussion of our findings with management and further development of our recommendations; and
- Preparation and agreement of a draft report with the process owner.

### 2.3. Areas Covered

The audit was carried out to evaluate and test controls over the following areas:

#### **Policies and Procedures;**

To ensure that there is a consistent and coordinated approach to maintenance of Housing Registers and allocation of housing that is aligned with the corporate strategy. Comprehensive, up to date and documented policies and procedures are in place and these are communicated to staff, enabling them to act in compliance with legislative and management requirements.

#### **Housing Register Applications;**

To ensure that all applications for the housing register are administered promptly in a consistent and fair manner in accordance with the Council's policy.

To ensure that the outcome of the application is communicated in a complete, accurate and timely manner.

#### **Maintenance of Housing Register;**

The housing register is reviewed periodically to ensure that offers are made to the correct bidders who continue to have valid and adequate level of housing needs.

#### **Advertising Properties;**

Properties becoming available are advertised in a timely manner and property information publicised are complete and accurate.

#### **Assessment of Bids and Verification of Applicants;**

Bids are assessed in a complete, accurate, valid and timely manner in accordance with the Council's policy and based on the applicants' housing needs.

Applicants' eligibility and needs are verified before any offers are made and robust checks are carried out to validate the applicant's claims regarding their circumstances and housing needs.

There is a segregation of duties and offer decisions are subject to review by a senior officer independent of the assessment process.

**Offers and Communication of Offers;**













Offers are made in a complete, accurate and timely manner in accordance with the Council's policy and the outcome of the bidding and verification.



### 3. Assessment of Control Environment

The following table sets out in summary the control objectives we have covered as part of this audit, our assessment of risk based on the adequacy of controls in place, the effectiveness of the controls tested and any resultant recommendations.

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

Control Objectives Assessed	Design of Controls	Operation of Controls	Recommendations Raised
Policies and Procedures			
Housing Register Applications			
Maintenance of Housing Register			
Advertising Properties			Recommendations 1 and 2
Assessment of Bids and Verification of Applicants			
Offers and Communication of Offers			Recommendation 3

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

## 4. Observations and Recommendations

### Recommendation 1: Allocation Spreadsheet (Priority 3)

<p><b>Recommendation</b></p> <p>A contingency plan should be put in place to ensure continuity of the allocation process in case of any future spreadsheet crashes. One of the possible solutions include maintaining a backup copy of the spreadsheet in addition to the live master file in the team’s shared holder. The backup copy should be clearly marked as such to ensure that staff work off the live master file.</p>
<p><b>Observation</b></p> <p>Once an advertisement on a property has closed, Allocations Officers have a target of four days to find a match for a property, verify the applicants’ details and allocate the property to the successful applicant.</p> <p>A sample of 10 properties which were advertised or direct offered were reviewed and it was identified that in one case, the property was not allocated to the successful applicant for nine days. This delay was due to technical issues when the allocation spreadsheet crashed and some data was lost during the recovery process. The Housing Advice and Allocations Team Leader explained that they are currently exploring an option to extend the Abrisas’ function and move away from the use of separate spreadsheet. However, there is a cost implication and a decision has yet to be made on this. Due to the potential risk of the issue recurring, a contingency plan should be put in place.</p> <p>Where Allocations Officers are reliant on one spreadsheet without a backup copy and the data is not fully recovered from a recovery process, there is a risk that the allocation process may be delayed.</p>
<p><b>Responsibility</b></p> <p>Strategic Housing Team Leader</p>
<p><b>Management response / deadline</b></p> <p>Crashing of the spreadsheet is rare, however the service is keen to mitigate any risk of lost data and/or delays to allocations, which could subsequently lead to loss of income. The Team Leader is currently investigating options available with IT to establish a back up file of the current spreadsheet.</p> <p>Expected completion date - June 2017.</p>

**Recommendation 2: Approval for Allocation (Priority 2)**

<p><b>Recommendation</b></p> <p>Prior to offers being made to applicants, the housing allocation approval forms should be completed and approved by a senior officer. This form should be evidenced in Abrisas in the documents section for each successful applicant.</p> <p>With regards to the exception outlined below, this should be investigated to identify why the approval form was not completed/not uploaded to Abrisas and if required, corrective action should be implemented to ensure this error does not reoccur.</p>
<p><b>Observation</b></p> <p>Prior to an allocation being completed and an offer being made, allocations officers are required to complete a 'housing allocation approval' or a 'direct offer allocation approval' form. This needs to be reviewed and approved by a Lead Officer, or another senior member of staff in their absence. This form should then be scanned and uploaded to the documents section for the successful applicant in Abrisas.</p> <p>A sample of 10 allocations was reviewed and it was identified that in one case, there was no evidence of the housing allocation approval form being completed or uploaded to Abrisas. We were unable to establish the reason for this exception at the time of the audit.</p> <p>Where approval forms are not completed and retained on Abrisas, there is a risk that inappropriate allocations may be made. This may result in inefficient use of housing stock, and reputational damage to the Council.</p>
<p><b>Responsibility</b></p> <p>Strategic Housing Team Leader</p>
<p><b>Management response / deadline</b></p> <p>Of the allocations reviewed it is correct that in one case the appropriate approval form was not scanned to the system. This has been further investigated by the Lead Officer and Team Leader and it has been confirmed that this relates to an allocation completed by a member of staff, who after the period that the allocation was made was subject to capability proceedings as a result of action taken due to poor performance. The service has now amended procedures following the audit and each time an allocation has been signed off there is an additional sign off by way of a date and author stamped note entered onto the system CRM to confirm that we have seen and authorised the allocation and whether it was a CBL or direct offer.</p> <p>Implemented</p>





**Recommendation 3: Notes in Abrisas (Priority 3)**

<p><b>Recommendation</b></p> <p>The correct reasoning with sufficient details should be recorded in Abrisas to identify why applicants have been skipped in a shortlist.</p>
<p><b>Observation</b></p> <p>When applicants in a shortlist are being skipped, the Officer processing the application is required to note a reason in Abrisas, such as 'offered another property' or 'non-engagement with services'.</p> <p>A sample of 15 offers was tested and in two cases it was identified that the notes attached to these properties stated that other applicants had been skipped for 'effective management of stock'. Examination of these cases confirmed that the other applicants had either been skipped for not providing evidence, or because the property stated preference to a different type of applicant, or the applicant had refused the property. However, the reasons for skipping other applicants were not annotated within the notes other than 'effective management of stock'.</p> <p>Where the notes in Abrisas do not clearly outline the reasons for skipping applicants, there is a risk that the reasoning behind decisions made will not be easily identifiable and may result in wasted time in case of future queries.</p>
<p><b>Responsibility</b></p> <p>Strategic Housing Team Leader</p>
<p><b>Management response / deadline</b></p> <p>The service will make further investigations with the system provider to determine if there are additional reasons that can be added to the system to ensure that the reasoning behind decision is easily identifiable.</p> <p>Estimated completion September 2017.</p>

## Appendix A - Reporting Definitions

### Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Evaluation Assessment	Testing Assessment
<b>Full</b>		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
<b>Substantial</b>		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
<b>Limited</b>		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
<b>Nil</b>		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full' does not imply that there are no risks to the stated control objectives.

### Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
<b>Priority 1</b>	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
<b>Priority 2</b>	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
<b>Priority 3</b>	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
<b>System Improvement Opportunity</b>	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

## Appendix B - Staff Interviewed

The following personnel were consulted:

- Natasha Brathwaite - Group Manager, Strategic Housing
- Laura Brennan - Housing Advice and Allocations Lead Officer
- Bardine Jackson - Housing Allocations Officer
- Elizabeth Budd - Housing Advice Officer

We would like to thank the staff involved for their co-operation during the audit.

## Statement of Responsibility

We take responsibility to Dacorum Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars Public Sector Internal Audit Limited accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, re-interpretation amendment and/or modification by any third party is entirely at their own risk.

In this document references to Mazars are references to Mazars Public Sector Internal Audit Limited.

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# Dacorum Borough Council

## Final Internal Audit Report

### Human Resources

June 2017

This report has been prepared on the basis of the limitations set out on page 8.

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**Distribution List:**

Matt Rawdon – Group Manager (People)  
Anne Stunell – HR and OD Team Leader  
Dave Skinner – Assistant Director (Finance and Resources)  
(Final Report Only)  
James Deane – Corporate Director (Finance and Operations)  
(Final Report Only)  
Sally Marshall – Chief Executive (Final Report only)

**Key Dates:**

Date of fieldwork: February 2017  
Date of draft report: March 2017  
Receipt of responses: April/May 2017  
Date of final report: June 2017

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# 1. Executive Summary

## 1.1. Background

As part of the Internal Audit Programme for 2016/17, we have undertaken an audit of the Council's systems of internal control in respect of HR (Starter Verification).

## 1.2. Audit Objective and Scope

The overall objective of this audit was to provide assurance over the adequacy and effectiveness of current controls over HR (Starter Verification), and provide guidance on how to improve the current controls going forward.

In summary, the scope covered the following areas: Right to Work in the UK; Disclosure and Barring Service (DBS); Signed Contracts and Offer Letters; and Medical Clearance.

## 1.3. Summary Assessment

Our audit of the Council's internal controls operating over the HR (Starter Verification) found that there is a sound system of internal control designed to achieve the system objectives. There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk. Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

Evaluation Assessment	Testing Assessment
Full	Substantial

Management should be aware that our internal audit work was performed according to UK Public Sector Internal Audit Standards (PSIAS) which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Similarly, the assurance gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

Similarly, the assessment gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board. The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A, whilst further analysis of the control environment over HR (Starter Verification) are shown in Section 3.

#### 1.4. **Key Findings**

We have raised one Priority 2 recommendation where we believe there is scope for improvement within the control environment. The recommendation raised has been set out below:

- Management certification of right to work in the UK document (Priority 2).

A sample of 15 new starters over the past 12 months was selected for testing, and in 6 cases it was found that the hiring manager had not signed and dated the scan of the document to confirm that the original copy had been verified. This certification is a requirement on the hiring managers' checklist.

Full details of the audit findings and recommendations are shown in Section 4 of the report.

#### 1.5. **Management Response**

We received the management responses in a timely manner, and these have been included in the main body of the report.

#### 1.6. **Acknowledgement**

We would like to take this opportunity to thank all staff involved for their time and co-operation during the course of this visit.

## 2. Scope of Assignment

### 2.1. Objective

The overall objective of this audit was to provide assurance that the systems of control in respect of HR (Starter Verification), with regards to the areas set out in section 2.3, are adequate and being consistently applied.

### 2.2. Approach and Methodology

The following procedures were adopted to identify and assess risks and controls and thus enable us to recommend control improvements:

- Discussions with key members of staff to ascertain the nature of the systems in operation;
- Evaluation of the current systems of internal control through walk-through and other non-statistical sample testing;
- Identification of control weaknesses and potential process improvement opportunities;
- Discussion of our findings with management and further development of our recommendations; and
- Preparation and agreement of a draft report with the process owner.

### 2.3. Areas Covered

The audit was carried out to evaluate and test controls over the following areas:

#### **Right to Work in the UK**

Adequate checks are conducted for all staff working in Dacorum Borough Council to validate their right to work in the UK. Sufficient evidence is retained to provide defence for the Council in case of any disputes or queries concerning the staff's right to work in the UK.

#### **Disclosure and Barring Service (DBS)**

Roles/posts requiring the DBS checks and the level of checks required are correctly identified. Correct level of DBS checks are conducted in accordance with legislations and the checks are conducted promptly for staff whose roles require the checks.

#### **Signed Contracts and Offer Letters**

Signed contracts and offer letters are retained for all employees working for the Council.









#### **Medical Clearance**

Medical clearance is submitted and retained for all employees as required.

### 3. Assessment of Control Environment

The following table sets out in summary the control objectives we have covered as part of this audit, our assessment of risk based on the adequacy of controls in place, the effectiveness of the controls tested and any resultant recommendations.

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

Control Objectives Assessed	Design of Controls	Operation of Controls	Recommendations Raised
Right to Work in the UK			Recommendation 1
Disclosure and Barring Service (DBS)			
Signed Contracts and Offer Letters			
Medical Clearance			

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

## 4. Observations and Recommendations





**Recommendation 1:** Managers to certify right to work in the UK document scans (Priority 2)

<p><b>Recommendation</b></p> <p>Managers should be reminded to certify scans of documents to confirm that the original copy has been verified, in line with the requirements of the Manager's Checklist.</p>
<p><b>Observation</b></p> <p>As part of the hiring process, the Manager's Successful Candidates Checklist requires all appropriate documents to be seen by the Manager, copies taken, then signed and dated stating that the original has been seen and verified.</p> <p>Sample testing of 15 new starters over the past 12 months found that in seven cases, the scan of the document confirming the right to work in the UK had not been signed and dated by the hiring manager.</p> <p>These are personnel references 104243; 102179; 102485; 101613; 103403; 104902; and 103247.</p> <p>Where hiring managers do not certify scans of documents to verify that these are the original copies and record that they have checked the individual's right to work in the UK, they are not complying with the checklist and there is a risk that the Council may be unable to demonstrate the steps taken to verify the individual's right to work in the UK.</p>
<p><b>Responsibility</b></p> <p>HR and OD Team Leader</p>
<p><b>Management response / deadline</b></p> <p>In the majority of cases the "Right to work in the UK" documentation was signed and dated as a true copy by the recruiting manager. In the cases cited as 'not complying' the appropriate documents were scanned to HR by the manager, which should (and does) provide a degree of validation. However we acknowledge that without the 'written signature' there should not be an assumption made in these cases that the validation check has been carried out.</p> <p>It states on the manager's post interview checklist that it is the manager's responsibility to check the validity of the right to work in the UK documents and we believe this is the most appropriate and proportionate approach.</p> <p>Going forward we will ensure the wording on the manager's post interview checklist reflects the responsibility to sign and date as a true copy before sending to HR. The HR checklists will also be reviewed to ensure the wording clearly reflects their responsibility to ensure managers have signed and dated this documentation before proceeding with the recruitment process.</p> <p>Implemented.</p> <p>We will also consider whether a more robust electronic method can be identified, given the organisation's commitment to a paperless environment. This will be picked up as part of the HR system replacement.</p>

## Appendix A - Reporting Definitions

### Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Evaluation Assessment	Testing Assessment
<b>Full</b>		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
<b>Substantial</b>		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
<b>Limited</b>		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
<b>Nil</b>		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full' does not imply that there are no risks to the stated control objectives.

### Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
<b>Priority 1</b>	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
<b>Priority 2</b>	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
<b>Priority 3</b>	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
<b>System Improvement Opportunity</b>	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

## Appendix B - Staff Interviewed

The following personnel were consulted:

- Anne Stunell - HR and OD Team Leader

We would like to thank the staff involved for their co-operation during the audit.



## Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

### **Mazars Public Sector Internal Audit Limited**

#### **London**

#### **June 2017**

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# Dacorum Borough Council

## Final Internal Audit Report

### Budgetary Control

March 2017

This report has been prepared on the basis of the limitations set out on page 8.

CONFIDENTIAL

**Distribution List:**

Dave Skinner – Assistant Director (Finance and Resources)  
Richard Baker – Group Manager (Financial Services))  
Caroline Souto – Financial Planning & Analysis Team Leader  
James Deane – Corporate Director (Finance and Operations)  
(Final Report Only)  
Sally Marshall – Chief Executive (Final Report only)

**Key Dates:**

Date of fieldwork: February 2017  
Date of draft report: March 2017  
Receipt of responses: March 2017  
Date of final report: March 2017

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# 1. Executive Summary

## 1.1. Background

As part of the Internal Audit Programme for 2016/17, we have undertaken an audit of the Council's systems of internal control in respect of Budgetary Control.

## 1.2. Audit Objective and Scope

The overall objective of this audit was to provide assurance over the adequacy and effectiveness of current controls over Budgetary Control, and provide guidance on how to improve the current controls going forward.

In summary, the scope covered the following areas: Policies, Procedures and Legislation; Budget Setting; Budget Upload; Budget Monitoring and Management Information; and Budget Adjustments and Virements.

## 1.3. Summary Assessment

Our audit of the Council's internal controls operating over the Budgetary Control found that there is a sound system of internal control designed to achieve the system objectives. The controls are being consistently applied.

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

Evaluation Assessment	Testing Assessment
Full	Full

Management should be aware that our internal audit work was performed according to UK Public Sector Internal Audit Standards (PSIAS) which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Similarly, the assurance gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

Similarly, the assessment gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board. The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A, whilst further analysis of the control environment over Budgetary Control are shown in Section 3.

#### 1.4. **Key Findings**

We have raised one System Improvement Opportunity where we believe there is scope for improvement within the control environment as follows:

- Agresso not updated in a timely manner (System Improvement Opportunity).

From our sample test on virements, we identified one case where the virement was processed without a Group Manager approval. In accordance with the internal procedures, virements should be approved by the relevant Group Manager. However, for the exception, we were able to confirm that a Director's approval was obtained before it was processed on the system and Group Manager's approval was also obtained retrospectively. On this basis, we have not raised a specific recommendation regarding this.

Full details of the audit findings and recommendations are shown in Section 4 of the report.

#### 1.5. **Management Response**

We received the management response in a timely manner and this has been included in the main body of the report.

#### 1.6. **Acknowledgement**

We would like to take this opportunity to thank all staff involved for their time and co-operation during the course of this visit.

## 2. Scope of Assignment

### 2.1. Objective

The overall objective of this audit was to provide assurance that the systems of control in respect of Budgetary Control, with regards to the areas set out in section 2.3, are adequate and being consistently applied.

### 2.2. Approach and Methodology

The following procedures were adopted to identify and assess risks and controls and thus enable us to recommend control improvements:

- Discussions with key members of staff to ascertain the nature of the systems in operation;
- Evaluation of the current systems of internal control through walk-through and other non-statistical sample testing;
- Identification of control weaknesses and potential process improvement opportunities;
- Discussion of our findings with management and further development of our recommendations; and
- Preparation and agreement of a draft report with the process owner.

### 2.3. Areas Covered

The audit was carried out to evaluate and test controls over the following areas:

#### **Policies, Procedures and Legislation**

All members of staff act consistently in compliance with the legislative and management requirements and the budget management functions are conducted in an economic, efficient and effective manner. Responsibility for managing budgets is clearly established and is delegated to appropriately qualified, trained and competent staff.

#### **Budget Setting**

Budgets are set and funds allocated so as to achieve the organisation's strategic and operational objectives.

#### **Budget Upload**

Budgets are appropriately approved and are completely and accurately loaded onto the financial management system in a timely manner.

Budgets are communicated to all the relevant parties to allow effective monitoring by budget holders.

#### **Budget Monitoring and Management Information**

Robust procedures are in place for the monitoring of budgets. Any variances identified are investigated and remedial actions taken where appropriate so as to minimise the risk of budget over/underspends.

Timely and accurate financial information is produced on a regular basis and is reported to the appropriate forum to facilitate effective monitoring and decision making.











#### **Budget Adjustments and Virements**

Budget adjustments including virements are completely, accurately, and validly processed in a timely manner and supporting documentation is retained to support the actions taken.

### 3. Assessment of Control Environment

The following table sets out in summary the control objectives we have covered as part of this audit, our assessment of risk based on the adequacy of controls in place, the effectiveness of the controls tested and any resultant recommendations.

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

Control Objectives Assessed	Design of Controls	Operation of Controls	Recommendations Raised
Policies, Procedures & Legislation			
Budget Setting			
Budget Upload			
Budget Monitoring and Management Information			
Budget Adjustments and Virements			System Improvement Opportunity 1

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

## 4. Observations and Recommendations

**System Improvement Opportunity:** Agresso not updated in a timely manner (SIO)





<p><b>Recommendation</b></p> <p>The Council should ensure that all virements are approved in a timely manner.</p>
<p><b>Observation</b></p> <p>After virements and other adjustments to the budget have received appropriate approval in line with the Schedule of Authorisation, Agresso is amended by a member of the Financial Planning &amp; Analysis team to reflect the change.</p> <p>A sample test of five virements and five supplements to the budget made within the past 12 months found that in one case Agresso was not updated within 30 days of the adjustment having been approved. This was adjustment 1084, which was entered onto Agresso 42 days after approval was obtained.</p> <p>Where Agresso is not updated to reflect virements and supplements to the budget in a timely manner, there is a risk that budget managers are unaware of the true financial position of their budget codes. This could hinder budget monitoring activities, and operations of the Council.</p>
<p><b>Responsibility</b></p> <p>Financial Planning &amp; Analysis Team Leader</p>
<p><b>Management response / deadline</b></p> <p>The Finance Team maintain a monthly key controls document, which covers those activities that are considered to be of high importance to monitor and maintain on a monthly basis. It is agreed that virements should be actioned in a timely manner, and this will be added to the monthly key financial controls to ensure accruals are processed in advance of each round of budget monitoring.</p> <p>April 2017</p>



## Appendix A - Reporting Definitions

### Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Evaluation Assessment	Testing Assessment
<b>Full</b>		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
<b>Substantial</b>		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
<b>Limited</b>		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
<b>Nil</b>		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full' does not imply that there are no risks to the stated control objectives.

### Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
<b>Priority 1</b>	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
<b>Priority 2</b>	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
<b>Priority 3</b>	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
<b>System Improvement Opportunity</b>	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

## Appendix B - Staff Interviewed

The following personnel were consulted:

- Richard Baker - Group Manager – Financial Services
- Caroline Souto - Financial Planning & Analysis Team Leader

We would like to thank the staff involved for their co-operation during the audit.

## Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

### **Mazars Public Sector Internal Audit Limited**

#### **London**

#### **March 2017**

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# Agenda Item 14



## AGENDA ITEM: SUMMARY

<b>Report for:</b>	<b>Audit Committee</b>
<b>Date of meeting:</b>	<b>28 June 2017</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	n/a

<b>Title of report:</b>	<b>Financial Regulations Review</b>
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance & Resources James Deane, Corporate Director (Finance & Operations) David Skinner, Assistant Director (Finance & Resources)
Purpose of report:	To provide Committee with an opportunity to scrutinise the updated Financial Regulations.
Recommendations	That Committee notes the content of the report, and provides feedback for Cabinet to consider when recommended to approve the revised Financial Regulations 2017.
Corporate objectives:	The efficacy of the Financial Regulations supports all of the Council's objectives.
Implications:	<u>Financial</u> Contained within the body of the report. <u>Value for Money</u> Contained within the body of the report.
Risk Implications:	Contained within the body of the report.
Monitoring Officer/ S.151 Officer Comments	<b>Deputy S151 Officer</b>  This is a S151 Officer report.  <b>Deputy Monitoring Officer</b>
Consultees:	Finance & Resources Overview & Scrutiny Committee, July 2017

Background papers:	None
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## Introduction

1. The Financial Regulations provide the framework for managing the financial affairs of the Council. They are approved by the Council and they apply to every Member and employee of the Council, and to anyone acting on its behalf.
2. In accordance with good practice, the Financial Regulations are reviewed periodically to ensure that they remain relevant throughout any structural or operational changes within the Council.
3. All sections of the Regulations have been reviewed, and the following substantive amendments are proposed. (The fully revised Financial Regulations, including the recommended amendments, are attached at Appendix A.)

## Recommended update relating to *reductions to invoice values*

4. **Section 2 of annex E** of the previously approved Financial Regulations contains the following paragraphs:

*2.u) Invoices may be reduced in value if the services provided have been incorrectly charged at a higher level. Where the value of an invoice needs to be reduced, a written instruction must be provided to Financial Services detailing the reasons and the revised amount and signed by the relevant Assistant Director, (as defined under regulations defining responsibility for recovering the Council's income, above).*

*2.w) Where an invoice is cancelled, the reason for cancellation must be recorded in a written instruction and signed by the relevant Assistant Director. In all other circumstances where an invoice needs to be cancelled, the write off procedure must be used.*

5. The proposed update makes the authorisation consistent with other authorisation hierarchies within Financial Regulations and still retains the existing control principles. The written instruction also covers any workflow arrangements that may be developed over time. This regulations have been updated to refer back to the scheme of delegation in Annex D:

*2.u) Invoices may be reduced in value if the services provided have been incorrectly charged at a higher level. Where the value of an invoice needs to be reduced, a written instruction must be provided to Financial Services detailing the reasons and the revised amount and authorised in line with the Scheme of Delegation, Annex D.*

*2.w) Where an invoice is cancelled, the reason for cancellation must be recorded in a written instruction and authorised in line with the Scheme of Delegation, Annex D. In all other circumstances where an invoice needs to be cancelled, the write off procedure must be used.*

6. Annex D previously stated:

*The scheme shall cover authorisation of payments to be made to staff, contractors and suppliers, the collection of income and placing of orders including variations.*

7. To reflect changes in invoice values being included in this scheme of delegation, this has been updated to:

*The scheme shall cover authorisation of payments to be made to staff, contractors and suppliers, the collection of income and placing of orders including variations. The scheme shall also apply to the authorisation of Accounts Receivable credits and cancellation of invoices.*

#### **Recommended update relating to credit cards and electronic payment cards**

8. **Section 3 of annex E** has been updated following the Councils move away from credit cards, and introduction of electronic purchasing cards. References to credit cards have been removed and updated to reflect the controls in place for electronic purchasing cards:

**Regulations 3h) to 3k)** previously stated:

*3.h) Only the Section 151 Officer may apply for official credit cards. Credit cards will only be issued to and retained by officers who have a business need that cannot be satisfied by other means. The Section 151 Officer will review at least annually the business case for the issue and retention of each credit card and will, in consultation with the appropriate Corporate Director, withdraw all cards that seem to him/her to be no longer necessary.*

*3.i) Official credit cards will only be used for purchases of goods and services for the Council from third parties. They will never be used for personal transactions under any circumstances. They will not be used for expenses in relation to the running of any motor vehicle. Such matters being dealt with either through the issue of official orders and receipt of invoices or through personal expense claims. It is permissible for official credit cards to be used for expenses where the expense would be reimbursable in full on production of a receipt, such as for rail fares or hotels (accommodation only). In the event of any ambiguity regarding what is permissible expenditure, holders should consult the Section 151 Officer, whose decision shall be final.*

*3.j) Credit cards will never be used for obtaining cash advances.*

*3.k) Employees holding credit cards will ensure that VAT receipts are obtained, where relevant, for all transactions and that all supporting documentation is handed over promptly to permit the payment of credit card bills.*

9. These regulations have been amended to:

*3.h) Electronic Purchasing Cards (EPCs) will be issued to, and retained by officers who have a business need. Applications for Plastic Cards with Standard Spend Limits shall be counter-signed by the Group Manager of the relevant Department. In cases where the application is for a higher limit, these shall be counter-signed by the Assistant Director of the Department and*

*thereafter the Council's Section 151 Officer on the advice of the Group Manager (Financial Services).*

*3.i) The use of EPCs, standard limits and controls are set out in the Councils separate e-purchasing cards policy, available to employees on the intranet. Employees will only be issued with an EPC after formal training on the scheme, and signing a cardholder agreement detailing proper usage.*

*3.j) EPCs will never be used for obtaining cash advances.*

*3.k) Employees holding EPCs will ensure that VAT receipts are obtained, where relevant, for all transactions and that all supporting documentation is handed over promptly to permit the payment of credit card bills.*

10. This recommendation reflects the controls that have been put in place following the introduction of electronic payment cards. The controls have been assessed by Internal Audit as providing a full level of assurance.

11. In order to reflect the introduction of embedded electronic purchasing cards, regulations 3.l) and 3.m) have been added. Embedded cards are a payment solution that allow faster payment of invoices, and provide the Council with a rebate from the card provider.:

*3.l) In addition to plastic cards, the Council has the ability to lodge embedded cards with suppliers. Embedded Cards are recommended for high value transactions, and are to be used for the Council's larger contracts and where the Council will generate a significant rebate.*

*3.m) The suitability of a supplier for the use of an embedded card will be identified by Financial Services and will be approved by the Council's Section 151 Officer.*

### **Recommended update relating to *disposal of assets***

12. The following limits are set out in Annex H of the previous version of the financial regulations:

#### **Item 10. Disposal of equipment**

The regulations relating to disposals within Section 2 of this annex apply to all assets specified in clause 2.a) with a value up to:

£5,000

#### **Item 11. Major reusable items**

Disposals of major reusable items must be authorised by the Cabinet where the disposal may achieve a receipt in excess of the following amount:

£10,000

#### **Item 12. Disposals of other intangible assets**

The appropriate Corporate Director will obtain Cabinet authorisation for the disposal of other intangible assets where the value of the asset(s) to be disposed of exceeds the following amount:

£10,000

13. It is recommended that the limits for items 10, 11 and 12 be increased to £50,000. This would bring approval limits in line with the Council's Procurement Standing Orders, approved by Full Council in July 2014, as well as Annex D of the Financial Regulations.

**Committee scrutiny of the proposed amendments**

14. The recommendations will be scrutinised by the Finance & Resources Overview and Scrutiny Committee (July 2017) before being presented to Cabinet.



## FINANCIAL REGULATIONS

Author	James Deane, Corporate Director (Finance & Operations)
Responsible officer	James Deane, Corporate Director (Finance & Operations)

Date of publication	July 2017	Date of last version	September 2015
Version no.	5	Date of expiry	N/A

*Working in partnership, to create a Borough which enables the communities of Dacorum to thrive and prosper*



A clean, safe and enjoyable environment



Building strong and vibrant communities



Ensuring economic growth and prosperity



Providing good quality affordable homes, in particular for those most in need



Delivering an efficient and modern council

# Dacorum Borough Council Financial Regulations

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## 1. INTRODUCTION, GENERAL AND INTERPRETATION

- 1.1. Financial Regulations provide the framework for managing the financial affairs of the Council. They are approved by the Council and they apply to every Member and employee of the Council and to anyone acting on its behalf. All Members and employees must adhere to them at all times. These regulations have been compiled in compliance with CIPFA best practice (2001) and current local authority best practice (2011).
- 1.2. The Corporate Director (Finance & Operations) is the Council's Section 151 Officer and is accountable to the Council for the financial regulations. All Chief Officers are accountable to the Corporate Director (Finance & Operations) for compliance with these regulations. All officers with delegated responsibilities for undertaking financial responsibility are accountable to their Corporate Director for compliance with the Financial Regulations.
- 1.3. Executive Members and Corporate Directors must maintain a written record where they have delegated decision-making to employees, including seconded employees. Where they have delegated or devolved decisions to other responsible employees, references to the Corporate Director in the regulations should be read as referring to those employees.
- 1.4. All Members and employees have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and contributes to the Council's strategic aims.
- 1.5. Should a breach of the Financial Regulations come to light it must be reported immediately to the Section 151 Officer. The Section 151 Officer is responsible for maintaining a continuous review of Financial Regulations and for submitting any additions or changes necessary to the full Council for approval. He/she is also responsible for reporting material breaches of the Financial Regulations to the Corporate Management Team, the Cabinet or the full Council as he/she considers appropriate. Disciplinary action can be taken for breaches of Financial Regulations.
- 1.6. The Section 151 Officer is responsible for issuing advice and guidance to underpin Financial Regulations that Members, employees and others acting on behalf of the Council are required to follow.

## Dacorum Borough Council Financial Regulations

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- 1.7.** This document should be read and applied in conjunction with the Council's constitution and other internal regulatory documents forming part of the constitution.
- 1.8.** Throughout these Financial Regulations, where the words 'Corporate Director' and 'Director' appear in a departmental context, they refer also to the Chief Executive. References are made to 'Group Managers'. In these instances Assistant Directors are responsible for ensuring that Group Managers for their group of services have adequate arrangements in place and will also apply to Assistant Directors where they are directly responsible for functions or projects or where there is no Group Manager in post.
- 1.9.** The term 'current' as it applies in these Regulations shall mean the last approval given by Council, Cabinet or Corporate Director under delegated powers.
- 1.10.** The terms 'Corporate Director (Finance & Operations)' and 'Section 151 Officer' are synonymous in the current structure of the Council. If, at any time, that should cease to be the case, all duties, authorities and responsibilities assigned to the Corporate Director (Finance & Operations) in these Financial Regulations shall be interpreted as applying to the Section 151 Officer.

## Financial Regulation A: Financial Management

### Introduction

- A.1.** Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.

### Committees of the Council

- A.2.** The functions and responsibilities of the full Council, the Cabinet, the Overview and Scrutiny Committees and Regulatory Committees are set out in Part 3 of the Council's constitution. The Council and all subsidiary bodies must have regard to financial regulations and procurement standing orders in the conduct of Council business.

### Statutory officers

#### Chief Executive

- A.3.** The Chief Executive, as Head of Paid Service, is responsible for the corporate and overall strategic management of the Authority as a whole. He/she is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all the Council's decisions

#### Monitoring Officer

- A.4.** The Assistant Director (Chief Executive's Dept.) is the Authority's designated Monitoring Officer, under Section 5 of the Local Government and Housing Act 1989. The role of the Monitoring Officer is set out in the Council's Constitution (Article 11).
- A.5.** He/she (together with the Section 151 Officer – see below) is responsible for advising the Portfolio Holder, Cabinet or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the approved budget. Actions that may be 'contrary to the budget' include:
- a) initiating a new policy
  - b) taking, or failing to take action which will, or is likely to result in any defined budget for the current year being exceeded by a given value, determined by the Section 151 Officer
  - c) committing, or seeking to commit expenditure in future years above the approved level
  - d) causing the Council's total budgeted sum for either the Housing Revenue Account or the General Fund to increase by more than an amount specified by the Section 151 Officer in any one year.

Current values in relation to regulation A.5. are given at Annex A.

## Section 151 Officer

- A.6.** The Corporate Director (Finance & Operations) is the Council's designated Section 151 Officer. This post has statutory duties in relation to the financial administration and stewardship of the Council's financial affairs. These duties arise from Section 151 of the Local Government Act 1972 and subsequent legislation and cannot be overridden.
- A.7.** The functions of the Section 151 officer are defined in the Council's constitution (Article 11). In particular, he/she has responsibility for the administration of the financial affairs of the Council, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- A.8.** Section 114 of the Local Government Finance Act 1988 requires the Section 151 Officer to report to the Cabinet, Council, and external auditor if the Council or one of its officers:
- (a) has made, or is about to make, a decision which involves incurring unlawful expenditure
  - (b) has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority
  - (c) is about to make an unlawful entry in the authority's accounts.
- A.9.** Section 114 also requires the Section 151 Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under Section 114 personally. The Assistant Director (Finance & Resources) is the designated officer for this purpose.
- A.10.** The Act also requires the Council to provide the Section 151 Officer with sufficient staff, accommodation and other resources – including legal advice where it is necessary to carry out duties under S114.

## Corporate Directors

- A.11.** Corporate Directors are individually responsible for financial management within their own areas of responsibility and collectively for matters of corporate responsibility. In respect of Financial Regulations they have specific responsibilities for:
- a) Ensuring that Members of Cabinet and the relevant Overview and Scrutiny Committee(s) are advised of the financial implications of all proposals and that the financial implications have been agreed with the Section 151 Officer

## Dacorum Borough Council Financial Regulations

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- b) Consulting with the Section 151 Officer and seeking approval on any matter liable to affect the Council's finances materially before any commitments are incurred
- c) Demonstrating the proper financial management and effective deployment of resources allocated to their respective services
- d) Ensuring that all staff have access to a copy of Financial Regulations and that these are retained in a current state and ensuring that employees comply with them at all times
- e) Ensuring that Assistant Directors, Group Managers and other key personnel receive sufficient training to enable them to discharge their responsibilities under these Regulations, Procurement Standing Orders and related rules and procedures introduced from time to time
- f) Ensuring that their Portfolio Holder and, as appropriate, the Portfolio Holder (Finance & Resources) are advised of the financial implications of any proposals and that the financial implications have been agreed by the Section 151 Officer.
- g) Ensuring the financial probity and correctness of all reports, advice and opinions submitted to Members and others that may act on such information. Where he/she has any doubt in this regard, the Corporate Director must consult with the Section 151 Officer prior to issuing a report, providing advice or offering an opinion
- h) Ensuring that the Section 151 Officer is consulted on and approves any proposal that may affect the ability of stand-alone financial systems and processes to be reconciled with any relevant corporate financial information system
- i) Signing contracts on behalf of the Council which are not under seal
- j) Ensuring that vouchers and other financial documents are not destroyed other than in accordance with the Council's Corporate Retention of Documents Policy
- k) Maintaining a complete management trail allowing financial transactions to be traced from accounting records to source and vice versa
- l) Ensuring that all financial systems' inputs are genuine, complete, accurate, timely and not previously processed.

### **Management of in-year finances**

**A.12.** Corporate Directors are responsible for effective financial management. To support them, the Council has specific policies relating to six key control areas:

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- (a) **Transfer of budgets.** Council sets the budget and Cabinet has executive responsibility for the delivery of services within budgets. Resources are allocated to defined budget headings which are managed by budget managers (usually allocated at Group Manager Level). A scheme of virement is required to enable budget holders to transfer resources between budgets where appropriate and necessary. The Council is responsible for approving a scheme for enabling virement. This is set out in regulation B.11.
- (b) **Use of contingencies.** When approving the annual budget the Council may set aside specific sums to meet unforeseen eventualities.
- (c) **Supplementary estimates.** Corporate Directors are responsible for arranging the effective delivery of services within the annual budgets allocated. Under circumstances where it cannot be dealt with under the Council's scheme of virement, and where appropriate, Cabinet, on the advice of the Section 151 Officer, may grant a supplementary estimate to be met from any contingency provision established under section A12.b above. Where insufficient resources exist, Cabinet may, on the advice of the Section 151 Officer, seek Council approval to the granting of a supplementary estimate to be met from relevant balances or reserves.
- (d) **Under- and overspends.** The Council is responsible for agreeing any procedures, on the advice of the Section 151 Officer, for carrying forward under- and overspending against revenue budgets. The unspent portion of budgets will be transferred by the Section 151 Officer to Reserves and Balances after the year end. The unspent portion of budgets will not be carried forward to the following year's service budgets without the express authority of Council which decision shall be made on the advice of the Section 151 Officer. This function has been delegated to the Audit Committee as part of the review and approval of the annual Statement of Accounts. The Section 151 Officer will report to Cabinet as soon as is practicable after the year end on which budgets have underspent and which budgets have overspent, together with the net position. Cabinet will make recommendations to the Audit Committee who carry out this function on behalf of Council as part of their responsibility for review of the preparation of the Statement of Accounts. Cabinet and Audit Committee will take account of the advice of the Section 151 Officer on how any net overspend should be funded.
- (e) **Urgency.** Nothing in these Financial Regulations shall preclude expenditure being incurred where an emergency or disaster involving destruction of, or danger to, life or property occurs, or is imminent, that may not be contained within the totality of budgets allocated to Corporate Directors. If, in the opinion of the relevant Director, in consultation, where possible, with the Chief Executive and the Section 151 Officer, the urgency of the situation will not permit delay, the Director may authorise such expenditure as is measured and reasonable in the circumstances. Where a Director has had to act without having been



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able to consult the Chief Executive and/or the Section 151 Officer, he/she/they shall be informed as soon as is practicable. Action under this Regulation shall be reported at the first opportunity to Cabinet and to the full Council.

- (f) **Section 106 Contributions.** Council sets the budget and Cabinet has executive responsibility for the delivery of services within budgets. Delegation is given to the Section 151 Officer for in-year amendments to budgets where a one-off item is to be funded wholly from Section 106 receipts.

### **The Annual Report**

**A.13.** The Audit Committee is responsible for approving the Annual Report and Statement of Accounts.

## **Financial Regulation B: Financial Planning and Budgeting Policy Framework**

### **Introduction**

- B.1.** These Financial Regulations apply to all plans and strategies within the Council's policy framework. Financial Regulations relating to budgets apply to General Fund and to Housing Revenue Account matters, and to both revenue and capital.
- B.2.** The Council is responsible for approving procedures for setting and varying budgets on the advice of the Section 151 Officer, for agreeing plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. The Council is also responsible for setting the level at which the Cabinet may reallocate budget funds from one service to another (virement). Details of the virement scheme are provided under Regulation B.11.
- B.3.** The Cabinet is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council. Consideration of such matters will be on the advice of the Section 151 Officer.

### **Code of Corporate Governance**

- B.4.** Budgeting and budgetary control forms an essential part of the overall governance arrangements of the Council. The full Council is responsible for agreeing the Code of Corporate Governance, its framework and policies and the budget. Within such timescale as may be laid down by statute the Audit Committee under delegated powers from the Council shall approve publication of the Annual Report and Statement of Accounts and the Leader and Chief Executive shall concurrently present a statement of compliance with the framework and the Code of Corporate Governance.

### **Revenue budgeting and budgetary control**

- B.5.** The Section 151 Officer is responsible for determining the format of the revenue budgets and ensuring that they are prepared on an annual basis for consideration by the Cabinet, before submission to the Council in the fourth quarter of the financial year.
- B.6.** Corporate Directors, and their delegated representatives, are responsible for ensuring that budget estimates reflect agreed service plans and comply with the budget guidance issued by the S151 Officer which will take account of the Council's approved Medium Term Financial Strategy. The submitted budgets will be scrutinised and endorsed by appropriate Members including Portfolio Holders. These will be collated by the S151 Officer for submission to a

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combined meeting of the Overview and Scrutiny Committees to scrutinise the draft budget, prior to submission to Cabinet.

- B.7.** Corporate Directors, Assistant Directors and Group Managers are responsible for controlling income and expenditure within their area, taking account of financial information provided by the Section 151 Officer, as well as supplementary local information systems. Each Director shall ensure that all expenditure committed by his/her directorates is within a revenue, capital, or other budget approved by Council. Any potential expenditure or loss of income, which cannot be funded from within the totality of the service budget, supported by the approved scheme of virement, shall be reported to the Section 151 Officer as soon as this is anticipated by the Director.
- B.8.** Detailed regulations relating to revenue budgeting and budgetary control are set out in Annex B, section 1.

## Capital plans and budgets

- B.9.** The Section 151 Officer is responsible for ensuring that a rolling 5 year Capital Programme is prepared on an annual basis for consideration by Cabinet and submission to the Council as part of its annual budget-setting process, and that capital and revenue budgets are fully integrated. Detailed regulations governing capital budgeting are set out in Annex B, section 2.

## Maintenance of reserves

- B.10.** Under the Local Government Act 2003, the Section 151 Officer must advise the Cabinet and/or the Council on prudent levels of reserves and balances. The Section 151 Officer will prepare, keep under review and present to Cabinet, at least annually, a strategy for the Council's reserves that provides a justification for each earmarked reserve, together with a recommended minimum level of general (un-earmarked) reserves. Consideration of these issues will include the application of risk management processes.

## Scheme of virement

- B.11.** To support Corporate Directors, Assistant Directors and Group Managers to fulfil their responsibilities under Regulation B.7, the transfer of funds between budget lines is permitted, subject to approval, where this supports sound financial management. The Virement policy is set out in Annex B, section 3 and applies to all transfers of budget, of any value and for any reason, including for reasons of organisational restructure.

## **Financial Regulation C: Risk Management and Resource Control**

### **Introduction**

**C.1.** It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant strategic and operational risks to the Council and for identifying and evaluating significant opportunities for development. This should include the proactive participation of all those associated with planning and delivering services.

### **Risk and opportunity management**

**C.2.** The Cabinet is responsible for approving amendments to the Council's risk management strategy and for reviewing the effectiveness of the Council's risk management practices. It is also responsible for ensuring that proper insurance exists where appropriate.

**C.3.** The Section 151 Officer is responsible for preparing the authority's risk management strategy, for ensuring that there is proper management of risk throughout the Council, and for advising the Cabinet on proper insurance cover or alternative arrangements.

### **Maintaining internal control**

**C.4.** Internal control refers to the management processes and systems of control devised by management and endorsed by Members to help ensure that the Council's objectives are achieved in a manner that promotes economic, efficient and effective use of resources, safeguards the Council's assets and interests and enables the Council to take advantage of opportunities. The operation of sound internal control is an essential component of good corporate governance.

**C.5.** The Section 151 Officer is responsible for advising on effective systems of internal control. Corporate Directors are responsible for establishing sound arrangements for safeguarding public funds by planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness, and for achieving their personal and service based financial and outcome performance targets.

**C.6.** Effective internal control is supported by policies relating to:

- i) Audit arrangements
- ii) Preventing and detecting fraud and corruption
- iii) Securing assets
- iv) Treasury management

Detailed regulations governing these policies are set out in Annex C, section 1.

## **Staffing Arrangements**

- C.7.** A staff structure is required to provide support to the Cabinet, the Council and the Committees of the Council for the conduct of business. The Chief Executive, as Head of Paid Service, is responsible for determining how officer support for Cabinet and non-Cabinet roles within the authority will be organised in line with hierarchy of the authorisations specified in Annex C, Clause 2.g. The Chief Executive is responsible for providing overall management to staff and for ensuring that there is proper use of the evaluation or other agreed systems for determining remuneration of employment.
- C.8.** Detailed responsibilities and regulations governing staffing arrangements are set out in Annex C, section 2. This section includes arrangements relating to:
- i) The staffing structure
  - ii) Consultants.

## Financial Regulation D: Income and Assets

### Introduction

**D.1.** The Council has many systems and procedures relating to the control of the authority's assets. These include purchasing, costing and management systems. Each must contain effective controls to ensure that all transactions are recorded and properly processed, and that errors are detected promptly.

### General Responsibilities

**D.2.** The Section 151 Officer is responsible for the sound and proper operation of the authority's accounting systems, the form of accounts and supporting financial procedures and records. Any changes proposed to be made by Corporate Directors to their existing financial systems or the establishment of new systems must be approved beforehand by the Section 151 Officer.

**D.3.** Corporate Directors are responsible for ensuring that:

- a) there is the proper operation of financial processes within their Directorate
- b) data exists to enable them to plan, formulate and deliver the Council's objectives, targets and budgets
- c) performance is communicated to relevant managers on an accurate, complete and timely basis
- d) intelligence exists to warn of potential deviations from targets, plans and budgets requiring management attention
- e) systems and procedures are fully documented and operate effectively and securely
- f) staff receive relevant financial training approved by the Section 151 Officer.

**D.4.** Corporate Directors shall maintain a scheme of delegation identifying officers authorised to act on their behalf on financial matters. A copy of this, together with specimen signatures shall be supplied to the Section 151 Officer. A copy of the scheme of delegation is attached at Annex D to these regulations.

### Accounting for Income

**D.5.** Effective income collection systems are necessary to ensure that all revenues due to the Council are collected. Income can be vulnerable to loss. In order to maximise the Council's income, it is important that all income due is properly identified, collected, receipted, banked and recorded in accounting systems.

## **Key controls and responsibilities**

- D.6.** The Section 151 Officer and the Corporate Directors are responsible for the operation of the key controls governing the receipt of income and for ensuring that all due income is correctly recorded and received. Detailed responsibilities governing the collection of income are set out at Annex E, section 1. The Section 151 Officer shall review these responsibilities from time to time.

## **Documentation and cash handling**

- D.7.** In accordance with these regulations the Section 151 Officer and Corporate Directors are responsible for securing the Council's assets. Cash due and held by the Council is vulnerable to loss and must be recorded, held, processed and banked securely. Detailed requirements governing documentation and record keeping relating to Council income, for handling cash and cash held for third parties, are set out in Annex E, Section 2.

## **Banking and investment arrangements**

- D.8.** The Section 151 Officer shall:
- a) Make arrangements for all banking services.
  - b) Ensure that surplus cash is systematically invested on a daily basis consistent with the Council's Treasury Management Strategy.
  - c) Ensure all cheques or other financial instructions issued on behalf of the Council bear the impression or manuscript signature of an authorised officer, in accordance with the counter-signature hierarchy specified in Annex G, Clause 1.f
  - d) Be responsible for the ordering and control of cheques and similar secure stationery, and make sound arrangements for the safe custody of cheque stocks, and the control and reconciliation of those issued.
  - e) Make secure arrangements for the telephonic and electronic transmission of payments and receipts, including the application of effective internal controls to mirror those set out above.
- D.9.** Corporate Directors are responsible for ensuring that their staff comply with all guidance and instructions issued by the Section 151 Officer in this regard

## **Petty Cash, Change Floats, and Credit Card Purchases**

- D.10.** The Council's resources may be held as cash only where there is a business need. Any cash holdings must be authorised by the Section 151 Officer who will review the need for such cash holdings periodically and may, at his/her discretion, in consultation with Corporate Directors, withdraw or alter the size

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of cash holdings. Detailed regulations governing cash, change floats and credit cards are set out in Annex E, section 3

## **Debt collection**

- D.11.** The invoicing, collection and enforcement of Sundry Income is the responsibility of the Corporate Director (Finance & Operations) who shall initiate proceedings to recover monies owing to the Council in an expeditious manner. The Section 151 Officer will ensure that there are recovery procedures for all debts due and which have remained unpaid. These will take place automatically.
- D.12.** Where a debtor is also a creditor to the Council, the amount due to the Council shall be deducted from amounts payable by the Council where, in the opinion of the Corporate Director (Finance & Operations), such a course would seem to be more expeditious and/or cost effective than recovery action through the courts.

## **Bad debts and unclaimed credits**

- D.13.** Where recovery processes have been fruitless and the debt has become irrecoverable, it will be written off. The procedure to be followed for writing off bad debts is set out at Annex E, section 4
- D.14.** Where unclaimed credits are held within the Council's accounts, they may be considered for write on. The procedure to be followed for writing on unclaimed credits is set out at Annex E, section 4.

## **Stocks and stores and minor assets**

- D.15.** Stocks and stores represent short term assets of the authority and are therefore subject to the same general regulations applying to other assets and cash holdings. Detailed regulations and responsibilities for managing stocks and stores are set out in Annex E, section 5.

## **Trading Accounts/Business Units**

- D.16.** The Section 151 Officer is responsible for advising on the establishment and operation of trading accounts and business units.
- D.17.** Corporate Directors shall take advice from the Section 151 Officer where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Council. Such contracts should not be entered into unless they can be terminated within the main contract period without penalty.
- D. 18.** All officers must observe statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income and expenditure, including full overhead costs are charged, and to produce an annual report in support of the final accounts.



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**D.19.** Corporate Directors must ensure that the appropriate accounting principles are applied to trading accounts as advised by the Section 151 Officer. Each internal trading unit shall prepare an annual business plan.

**D.20.** Cabinet shall approve the Council's banking and brokering arrangements, and authorised signatories on the advice of the Section 151 Officer.

## **Document retention – general**

**D.21.** Hard copy documentation or electronic media admissible by the Courts created or maintained for transactions covered by these Financial Regulations or the Council's Procurement Standing Orders shall be retained for a period not less than 6 years after the transaction/ project ceases to be current and/or the financial year to which it relates. For more specific guidance please refer to the Retention Schedule.

**D.22.** All quotations (including unsuccessful ones) obtained for orders made in accordance with these Financial Regulations shall be retained for not less than the current year plus one.

## **Disposal of Assets (including Stocks and Stores)**

**D.23.** As a public authority the Council should, in the disposal of its landholdings and other assets, always seek to obtain the best price reasonably obtainable, in terms of money or monies worth, unless it is absolved from this duty by statute, regulation or other lawful authority. If in the particular case of any disposal these rules cannot be followed in such a way as to ensure both propriety and optimum value, the matter must be reported to the Cabinet by the Corporate Director (Finance & Operations) for authority to proceed in a different way.

**D.24.** Detailed regulations governing the disposal of assets are set out in Annex F. The annex covers detailed regulations concerning the disposal of:

- land
- equipment
- scrap and ICT equipment
- major reusable items
- investments
- intangible assets

## **Financial Regulation E: Expenditure, Liabilities and Procurement of, Ordering, and Paying for Works, Goods and Services**

### **Introduction**

- E.1** The Council has a duty to manage and spend public money with due regard to probity and in accordance with the Council's policies. All staff and Members of the Council are required to comply with the Council's procurement policies and procedures, as set out in Procurement Standing Orders. In particular, every officer and Member of the Council must advise the Monitoring Officer of any real or perceived links or personal interests they may have with purchasers suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council.
- E.2.** Procurement Standing Orders are supplemented by detailed regulations governing the day-to-day ordering of works, goods and services. These are provided in Annex G, section 1.
- E.3.** The Corporate Director (Finance & Operations) is responsible for reporting to the Cabinet not less than twice each financial year on the exercise of his/her delegated powers. One such report will comprise an annual report on procurement for presentation within the following financial year.
- E.4.** It is the responsibility of Corporate Directors to ensure that a proper scheme of delegation has been established for the procurement, certification and authorisation of payment within their area, and to take steps periodically to test that the scheme is operating effectively. Further detailed responsibilities of the Section 151 Officer and Corporate Directors in respect of the regulations governing ordering and paying for works, goods and services are set out in Annex G, section 2.

### **Contract arrangements**

- E.5.** All contracts with a value in excess of the amount specified in Annex G, section 3, are subject to the provisions contained in the Council's Procurement Standing Orders. No tender shall be accepted and no contract shall be entered into until all of the requirements of Procurement Standing Orders as well as all necessary approvals, sanctions and consents have been obtained. Prior to letting a contract, Officers must ensure that they have the necessary delegated authority to proceed and there is sufficient budget provision in place.
- E.6.** For all contract in excess of the value specified in Regulation E.5, the Section 151 Officer will be responsible for:

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- a) Arranging payment in accordance with the contract terms or Council's scheme for prompt payment.
- b) Examining, at his/her discretion, and making such enquiries as may be necessary to satisfy him/herself as to the fairness and accuracy of the accounts.

**E.7.** The Assistant Director (Legal, Democratic and Regulatory) shall consider all claims, which appear not to clearly fall within the scope of the primary contract with a view to determining liability. He/she will consult with the Section 151 Officer on any financial consideration before settlement is reached.

**E.8.** Detailed responsibilities of Corporate Directors in relation to contracts are set out in Annex G, Section 3.

### **Engagement of, and Payments to, Employees**

**E.9.** The Chief Executive, as Head of the Paid Service, has overall responsibility for ensuring that all staff emoluments and entitlements are approved for all current employees. The Section 151 Officer is responsible for calculating emoluments and entitlements and for ensuring that all payments are timely and accurate.

**E.10.** Detailed responsibilities of the Section 151 Officer and Corporate Directors in respect of engagement of, and payment to, employees are set out in Annex G, section 4. In particular, no advances of pay shall be made without the express agreement of the Section 151 Officer. Any advances of pay that are made shall be effected through the Council's payroll system unless determined otherwise by the Section 151 Officer.

### **Payments to Members**

**E.11.** The Section 151 Officer is responsible for the payment of allowances and other sums due to Members in accordance with the Council's Members' Allowances Scheme, and best practice nationally.

**E.12** The Section 151 Officer is responsible for implementing the provisions for Members' travel and subsistence contained in the Members' Allowances Scheme.

### **Taxation**

**E.13** The Section 151 Officer is responsible for managing the Council's tax affairs, approving systems and processes where in the opinion of the Section 151 Officer they may have a significant impact on the Council's tax position, and advising Corporate Directors on all taxation issues affecting the authority. He/she is also responsible for maintaining the authority's tax records, making all tax payments by the due dates, receiving tax credits and submitting tax returns by their due date as appropriate.

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- E.14.** Corporate Directors are responsible for ensuring that the correct amount of VAT is paid and/or collected on rateable purchases and supplies, in accordance with guidance issued by the Section 151 Officer, and for making proper arrangements to administer the correct tax liabilities for contractors engaged in construction and maintenance works.

## Financial Regulation F: External Arrangements

### Partnerships

- F.1.** For the purpose of the Regulations a partnership is defined as a joint working arrangement between otherwise independent bodies that:
- a) agree to co-operate to achieve a common goal
  - b) create new organisational structures or processes to achieve this goal separate from their own organisations
  - c) plan and implement a jointly agreed programme often with joint staff or resources
  - d) share relevant information
  - e) pool risks and rewards.

Service contracts that are described colloquially as “partnerships” are not partnerships for this purpose but are regarded as contracted services dealt with under procurement rules.

### Responsibilities and expectations

- F.2.** The Council requires that potential partners are aware of their responsibilities under the Authority’s Financial Regulations and the procurement requirements. When partnerships are developed, the partners shall agree on which financial regulations and standing orders shall apply as part of the governance arrangements for the partnership. The Council’s expectations regarding partnerships are set out at Annex H, section 1. These should be adapted and written into partnership governance documents, as appropriate.
- F.3.** The Council is responsible for considering, and where appropriate, approving the formation of any strategic partnership or any proposed change to existing external relationships, on the recommendation of the Leader of the Council.
- F.4.** The Chief executive shall be the Council’s principal advisor and representative on partnership and external bodies. Further detailed responsibilities are set out in Annex H section 2

### External funding

- F.5.** Where funding is due from external bodies the Section 151 Officer shall ensure that:
- (g) All funding due is received and properly recorded in the authority’s accounts.

- (h) Match-funding requirements and obligations are considered prior to entering into any agreement, and that future revenue budgets reflect these requirements.
- (i) Audit requirements are met.

**F.6** Further responsibilities in respect of external funding and providing works to third parties are set out in Annex H, Section 2.

## Annex A

### Monitoring Officer responsibilities – schedule of values

Regulation A.5.

Last updated: September 2015

The Assistant Director (Chief Executive's Dept.) is the Authority's designated Monitoring Officer, under Section 5 of the Local Government and Housing Act 1989. He/she (together with the Section 151 Officer) is responsible for advising the Portfolio Holder, Cabinet or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the approved budget. Actions that may be 'contrary to the budget' include:

- a) Initiating a new policy
- b) Taking, or failing to take action which will, or is likely to result in any defined budget for the current year being exceeded by an amount which in the view of the Section 151 Officer, taking into account all the circumstances at the time, is contrary or not wholly in accordance with the budget
- c) Committing, or seeking to commit expenditure in future years above the approved level
- d) Causing the Council's total budgeted sum for either the Housing Revenue Account or the General Fund to increase by more than the following amount in any one year (determined by the Section 151 Officer):

£100,000

## **ANNEX B**

### **Financial Planning and Budgeting Policy Framework**

#### **Section 1: Budgeting and budgetary control**

Regulation B.8

Last updated: September 2015

The Section 151 Officer shall determine the format of how budgets, revenue and capital, are presented and reported on. Revenue and capital budgets shall be submitted to Cabinet for consideration together and will be fully integrated and cross-referenced.

#### **Section 1: Budget preparation**

**1.a)** The Section 151 Officer is responsible for ensuring that a revenue budget is prepared on an annual basis for consideration by the Cabinet, before submission to the Council in the fourth quarter of the financial year. Fully-costed service budgets shall be prepared by the Section 151 officer in conjunction with the delegated budget holder. Budgets proposed to Cabinet should include allocations to each service and projects (where appropriate), proposed taxation levels and contingency funds (where appropriate). Such budgets will be in accordance with the Council's Medium Term Financial Strategy, will include revenue projections covering three years and capital projections covering five years, and will include appropriate risk management processes in their compilation.

**1.b)** It is the responsibility of Corporate Directors, and their delegated representatives, to ensure that budget estimates reflect agreed service plans and are scrutinised and endorsed by appropriate Members including Portfolio Holders and relevant Overview and Scrutiny Committees, prior to collation by the Section 151 Officer for submission to Cabinet.

**1.c)** The budget submission for the coming year shall show in respect of each defined item of income and expenditure:

- i) the original estimate and any revised estimate for the current year
- ii) the actual outturn for the previous year
- iii) estimates for the coming year with appropriate explanation of any significant issues or variations anticipated in the future.

In relation to i.) above the responsible Director, or the Section 151 Officer, shall report on any material variations.

**1.d)** The Cabinet shall consult with stakeholders and Overview and Scrutiny Committee(s) and make amendments as thought fit (subject to the advice of the Section 151 officer), prior to recommending appropriate budgets to Council.



**1.e)** Changes to the Budget which increase the Council's total expenditure and require either the use of the Council's general reserves or increased borrowing must be referred by the Section 151 Officer to the Cabinet for consideration before being referred to the full Council for approval.

### **Budget monitoring and control**

**1.f)** In order to enable budgets to be monitored effectively, the Section 151 Officer will provide appropriate financial information to Corporate Directors, Assistant Directors and Group Managers. The Section 151 officer will monitor expenditure and income against budget, and will report to the Corporate Management Team on the Council's financial position against its budget on a monthly basis, and to Cabinet on a quarterly basis. This will include the detailed actual position in comparison to the budget for the year, projected outturn position for the end of the year, and any proposed action to be taken to deal with any variances. The report will show performance against individual detailed service budgets and also on a subjective basis.

**1.g)** Corporate Directors shall make appropriate arrangements, subject to these having been approved by the Section 151 Officer, to process all income and expenditure in a timely manner and charge it to an appropriate account code, so that information, and interpretations thereof, provided in accordance with clause 1.f above fairly reflects the true position.

**1.h)** It is the responsibility of Corporate Directors, Assistant Directors and Group Managers to control income and expenditure within their area, taking account of financial information provided by the Section 151 Officer, as well as supplementary local information systems. Each Director shall ensure that all expenditure committed by their directorates is within a revenue, capital, or other budget approved by Council. Any potential expenditure or loss of income, which cannot be funded from within the totality of the service budget, supported by the approved Scheme of Virement shall be reported to the Section 151 Officer as soon as this is anticipated by the Director.

**1.i)** The inclusion of items in approved revenue or capital budgets shall constitute approval to incur expenditure, subject to compliance with Procurement Standing Orders or other requirements included within these Regulations.

### **Section 2: Capital plans and budgets**

Regulation B.9

Last updated: September 2015

### **Preparation and approvals**

**2.a)** The Section 151 Officer is responsible for ensuring that a rolling 5 year Capital Programme is prepared on an annual basis for consideration by Cabinet and submission to the Council as part of its annual budget-setting process, and that

capital and revenue budgets are fully integrated.

**2.b)** The Programme will be informed by the Council's Capital Strategy and Medium Term Financial Strategy and by such capital and revenue resources as the Section 151 Officer recommends be made available over the Programme period.

**2.c)** The Section 151 Officer, in conjunction with Corporate Directors, will prepare and submit to Cabinet the estimates of capital payments planned to be incurred in the ensuing years. Capital estimates will be integrated with and cross-referenced to revenue budget estimates.

**2.d)** The Capital Programme submitted to Cabinet for consideration will include the total sum set aside for capital projects in the year under consideration and for future relevant years, together with details of individual projects being submitted for approval. The Capital Programme submitted to Cabinet will also include details of and provision for capital schemes already approved and in progress from previous years. Projects will be considered for inclusion within the Capital Programme in accordance with the arrangements set out in the Capital Strategy.

**2.e)** So far as is possible, all new schemes for the coming year will be identified in the budget report. Any subsequent new schemes will be approved by Cabinet within the total made available for capital schemes. Cabinet may ringfence sums of capital, or agree schemes in principle, with release of detailed sums delegated to the Portfolio Holder (Finance & Resources) if it considers it appropriate.

**2.f)** All new capital schemes will be evaluated by the Capital Strategy Steering Group, and will include risk assessments in their planning and execution.

### **Section 3: Scheme of virement**

Regulation B.11

Last updated: September 2015

**3.a)** Virement is an in-year mechanism for formally determining and seeking agreement to the transfer of funds from one approved budget heading to another. The Virement policy set out below applies to all transfers of budget, of any value and for any reason, including for reasons of organisational restructure.

**3.b)** No virement has been carried out unless it has been done in accordance with these Regulations, has been approved by the Section 151 Officer and is recorded in a register maintained by him/her, and the Council's corporate Financial Management Information System has been updated accordingly. The recording of an approved virement does not alter the original budget approved before the start of the year.

**3.c)** The rules on virement apply to revenue and to capital and to all accounts under the Council's control.

**3.d)** A virement can not increase nor decrease the total amount of budget resource available: the net effect of all virements must be nil.

### **Levels of authority**

**3.e)** A hierarchy of authorities is required to determine the type and level of virement that may be authorised by committees and officers of the Council. This is given in the **Schedule of Authorisations, item 1**.

**3.f)** In no instance should a virement be considered where approval would have the effect, or be seen to have the effect of frustrating, circumventing or amending the Council's policies or budget framework. Proposals for any new capital or revenue scheme, new sources of income, and significant variation in approved charges shall be considered by Cabinet and, if appropriate, Council.

### **Principles of application**

**3.g)** The proposed virement must be for a purpose or budget previously approved by Council. Sufficient funds must remain in the transferor budget to meet all remaining commitments for the year. "Transferor budget" in this context refers to individual line budgets and not to the total budget for the service.

**3.h)** Subject to being over-ridden by a higher authority, no virement shall take place without the agreement of the transferor.

**3.i)** The virement must not commit expenditure in any following year. Base budgets for the following year(s) shall be 're-set' to exclude any virement made.

**3.j)** Any proposed transfer of funding to 'employee' budgets must not increase total employment costs beyond the current year. Employment cost for this purpose shall include payments to and for staff, agency and other temporary engagements, and overtime.

**3.k)** Where not specifically budgeted for within a scheme or project, consultancy and agency staff fees shall be deemed to be included within 'employee' costs for the purpose of this scheme.

**3.l)** Budgets for central and departmental recharges, asset rents, depreciation, interest receivable, capital receipts / payments / charges, and similar corporate 'accounts' are excluded from this scheme.

### **Capital**

**3.m)** Virements between two or more approved capital schemes require the authorisation of Cabinet unless such virement has been delegated by Cabinet to the Portfolio Holder (Finance & Resources).

## ANNEX C

### Risk Management and Resource Control

#### Section 1: Maintaining internal control

Regulation C.6

Last updated: September 2015

#### Audit arrangements

**1.a)** The Accounts and Audit Regulations 2003, as amended, require every local authority to maintain an adequate and effective internal audit function. The Corporate Director (Finance & Operations) has the responsibility to ensure that the Internal Audit Contractor independently reviews and reports formally to the Audit Committee on the adequacy and effectiveness of the Council's control environment.

**1.b)** The Section 151 Officer shall maintain an adequate and effective system of internal audit of all accounting, financial and other operations of the Council, and in particular shall arrange, either directly or through an Internal Audit service provided under contract, for the examination, review and appraisal of:

- i) the soundness, adequacy and application of internal controls
- ii) the safeguards applied to Council assets to protect them from loss, theft, fraud, waste, inefficiency, extravagance, or poor value for money
- iii) the suitability and reliability of financial and other management information
- iv) compliance with rules, regulations, legislation, policy and procedures.

**1.c)** The Corporate Director (Finance & Operations) shall be responsible for ensuring that an annual report is prepared setting out:

- i) an opinion on the overall adequacy and effectiveness of the Council's control environment
- ii) disclosure and qualifications to that opinion
- iii) a summary of the audit work undertaken, and
- iv) any issues that are relevant to the preparation of the Annual Governance Statement . This shall be submitted to the Audit Committee as soon as is practicable after the end of the year to which it relates.

**1.d)** Internal Audit staff have specific authority to access appropriate Council personnel, correspondence and data at any time. Details of these powers are set out in the contract with the Internal Audit provider.

#### Preventing and detecting fraud and corruption

**1.e)** The Section 151 Officer is responsible for the development and maintenance of an anti-fraud, anti-corruption and whistleblowing policies. The Monitoring Officer shall be advised in any instance where a member may be implicated.

## Dacorum Borough Council Financial Regulations – Annex C

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**1.f)** The Section 151 Officer shall be notified immediately by the relevant Corporate Director of any suspected irregularity:

- i) concerning income, expenditure, cash, stores or other property of the Council
- ii) in the exercise of the functions of the authority that may appear to place an officer(s) or member(s) under suspicion of obtaining financial benefit, directly or indirectly, as a result of the exercise of any Council function with which he/she is associated.

Where notification has been received, the Section 151 Officer shall take such steps as is considered necessary by way of investigation and report.

**1.g)** Should it be found that any major irregularity has, is, or is about to occur, the Section 151 Officer shall immediately inform the Chief Executive and the Chairman of the Audit Committee. The Section 151 Officer is responsible for determining whether any irregularity shall be referred to the Police. There shall, however, be a presumption when considering any case, that suspected criminal acts perpetrated against the Council should be referred to the Police for investigation.

### **Security of assets**

**1.h)** Corporate Directors should ensure that records and assets are properly maintained and securely held. They should also ensure that effective contingency plans are in place to:

- i) ensure continuity of service in the event of disaster or system failure
- ii) ensure that assets are secured in the event of disaster
- iii) hold in trust all assets secured as a result of clearing vacated council-owned premises until such a time as they can be properly disposed of in accordance with the regulations to be set out in the contingency plan

**1.i)** The Group Manager (Commercial Assets & Property Development) shall maintain a terrier of all land and buildings owned by the Council, or premises in which the Council has an interest. He/she shall ensure that all council buildings comply with all relevant legislation and that all relevant permissions and consents are secured.

**1.j)** The Assistant Director (Chief Executive's Dept.) shall be responsible for the safe custody of all title deeds, formal contracts and agreements, under secure arrangements agreed with the Chief Executive and the Section 151 Officer.

**1.k)** Group Managers shall maintain adequate and proper security at all times for all buildings, stocks, stores, furniture, equipment, vehicles, plant, cash and other assets of the Council, under their control.

**1.l)** Maximum limits for cash holdings, in whatever receptacle, shall be agreed with the Section 151 Officer, and shall not be exceeded without his/her express permission and with regard to the appropriate insurance limit. Current limits are set

out in the **Schedule of Authorisations, item 2**. Cash received in total in excess of this amount must be banked within 24 hours.

**1.m)** Officers, who in the course of their duties collect monies on behalf of the Council, the Council's partners or third parties, shall take all reasonable steps to secure safe custody and shall comply with any instructions given by the Section 151 Officer.

**1.n)** Each Corporate Director shall make arrangements to maintain a register of keys for external doors, safes, cash boxes and others items of similar importance. All safes shall meet with such specifications determined by the Section 151 Officer after consultation with the Council's insurers. The Register shall list the keyholders and out of hours contact arrangements. The Register should be held securely and only be available to authorised officers. All keys issued to staff are to be carried on the person, or held in a secure place, by those responsible at all times. Safe keys must not be left on the premises where the safe is situated. The loss of keys must be reported to the relevant Director and Section 151 Officer immediately.

**1.o)** With regard to computing, systems, software and data integrity, the Corporate Director responsible for ICT services shall:

- i) Ensure proper security and privacy arrangements are applied in respect of all information held on the Council's computer installations, and that information is used in accordance with Data Protection and other relevant legislation.
- ii) Ensure that effective contingency plans, disaster recovery and back-up procedures enable information systems to resume speedily in the event of an interruption. These should be documented and distributed to all appropriate personnel. He/she shall from time to time arrange for such plans to be tested.
- iii) Ensure that the Council, its employees, contractors, partners and agents working in support of the Council, comply with copyright, design, patent and similar legislation.

**1.p)** Each Corporate Director shall ensure that all staff and third party contractors/partners are aware of, and observe such rules and guidance, as may be issued under clause 1.m above. In addition, they shall ensure that the same standards of care apply to those computer systems directly under their control.

**1.q)** Corporate Directors are responsible for ensuring that all visitors to any Council buildings or sites, except in public areas, are signed-in and wear authorised identification. They shall also ensure that any visitor is adequately supervised to ensure confidentiality of information and security of Council assets at all times.

**1.r)** Corporate Directors, acting with the advice of the Section 151 Officer, shall ensure that the principles of separation of duties and good control procedures are observed in the allocation of accounting duties. They shall make arrangements so that:

- i) Duties of providing information regarding sums due to or from the Council and of calculating, checking and recording such sums shall be separated from the duty of cash or income handling and disbursing them.
- ii) Officers responsible for examining and checking the accounts for cash, stocks, stores and similar transactions shall not themselves be engaged in any of these transactions.
- iii) The organisational structure provides internal controls and minimises the risk of fraud or other malpractice.

### **Treasury management**

**1.s)** The authority has adopted the Code of Practice for Treasury Management in Local Authorities published by CIPFA (2<sup>nd</sup> ed. 2009)

**1.t)** The Section 151 Officer is responsible for reporting to Cabinet a proposed Treasury Management Strategy for the coming financial year on an annual basis. The Council is responsible for approving the Treasury Management Statement. The Section 151 Officer has responsibility for implementing and monitoring the Statement.

**1.u)** He/she is responsible for reporting to the Cabinet at least twice in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation within the period of the succeeding financial year.

**1.v)** All executive decisions on borrowing, investment or financing shall be delegated to the Section 151 Officer, who is required to act in accordance with CIPFA's Code of Practice.

**1.w)** All money in the hands of the Council is controlled by the Section 151 Officer. All external investments shall be made in the name of Dacorum Borough Council and shall be undertaken by the Section 151 Officer.

**1.x)** The Section 151 Officer is responsible for authorising the opening of any new bank accounts or for closing bank accounts, for managing and controlling all bank accounts held by the Council, and for liaison with the Council's bankers. He/she will also approve the financial limits of authorised signatories to bank accounts. The term 'bank account' includes accounts with building societies, the post office or any financial institution and also includes credit or debit card facilities.

**1.y)** The Section 151 Officer is responsible for applying for any debit or credit cards and for determining the ongoing need for any such cards in use.

## Section 2: Staffing and consultancy arrangements

Regulations C.7 & C.8

Last updated: September 2015

### Staffing arrangements

**2.a)** A staff structure is required to provide support to the Cabinet, the Council and the Committees of the Council for the conduct of business. The Chief Executive, as Head of Paid Service, is responsible for determining how officer support for Cabinet and non-Cabinet roles within the authority will be organised in line with hierarchy of the authorisations specified in Annex C, Clause 2.g). The Chief Executive is responsible for providing overall management to staff and for ensuring that there is proper use of the evaluation or other agreed systems for determining remuneration of employment.

**2.b)** Corporate Directors, Assistant Directors and Group Managers are responsible for ensuring that:

- i) staffing levels can be funded within the totality of the approved current and forward years' budget provision allocated to them
- ii) rules relating to virement as they apply to the engagement of staff are observed.

**2.c)** The Chief Executive shall ensure that there is an official record of the officer structure showing each post.

**2.d)** The Corporate Director (Finance & Operations) will ensure that the annual budget presented for approval balances with the approved structure charts, net of any vacancy provision policy that the Council may operate from time to time.

**2.e)** Directors may appoint employees only to posts identified in the structure chart and on grades set out therein (apart from any additional remunerative arrangements such as leased cars, market forces supplements etc that the Council may apply from time to time).

**2.f)** The Corporate Director (Finance & Operations) shall ensure that the corporate employee database and payroll reflect only the official gradings of posts, and that additions to the payroll are effected only for posts within the structure charts.

**2.g)** Changes may be made to the structure charts in accordance with the hierarchy of authorities given in the **Schedule of Authorisations, item 3**, where the net effect of any changes is no increase in cost for the current, or a full year. Where a change to the structure chart results in an increased net cost, it shall require the approval of Council on the recommendation of Cabinet.

**2.h)** Corporate Directors may engage temporary staff to cover for the exigencies of the moment and/or staff absences/vacancies. Whilst not reflected on the structure



charts, payment may be effected through the payroll if in the opinion of the Section 151 Officer it is appropriate to do so. The Section 151 Officer will ensure that all such 'employment' is clearly shown on system as temporary and will ensure that no contractual commitment is entered into that would cause the temporary or interim worker to gain full employment rights.

**2.i)** The annual budget report submitted by the Corporate Director (Finance & Operations) shall include a section identifying any changes made to the structure charts since the previous budget report and defining the structure for the coming year.

### **Use of consultants**

**2.j)** A consultant organisation or consultant may be engaged, where in the opinion of the Chief Executive or relevant Corporate Director he/she considers that the consultant will add value to the Council's determination of a particular technical, professional, managerial or political matter. This scheme applies to commissioned work and managing or advising consultancy and does not embrace the engagement of agency or other personnel covering vacancies within established posts. Costs of consultants must be contained within existing budgets.

**2.k)** A consultancy or interim staffing arrangement will exist where the person and/or company is not employed under a direct contract of employment with the Council and such appointments shall be procured through the following:

- i) an agency contract agreed under a framework agreement for the supply of agency staff as detailed on the Council's Contract Register; or
- ii) be procured through the Corporate Procurement Team and in accordance with Procurement Standing Orders.

**2.l)** Prior to inviting consultancy support the relevant Corporate Director shall identify and set down in writing the project objective(s), required 'deliverables', and timescales, which shall then form the basis of any consultancy contract.

### **Project brief and monitoring arrangements**

**2.m)** In letting and managing a consultancy contract, the Corporate Director shall:

- i) ensure that the outcomes and timescales of a consultancy are determined in writing in advance of any contract being let
- ii) assign responsibility within his/her directorate for the day to day management of the consultancy
- iii) determine the monitoring arrangements, review points, and any documentation and/or access and/or other protocols necessary for the conduct of the consultancy

## Dacorum Borough Council Financial Regulations – Annex C

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- iv) ensure that adequate and appropriate records are kept of consultant hours and/or outputs where payment is based on time used or production of specified outputs
- v) ensure that all consultants are engaged on the basis of a written contract, set down and agreed before the commencement of the consultancy, and that such contract requires the consultant(s) to comply and be bound by any prevailing policies, standing orders, financial regulations and other instructions that are relevant to the consultancy task as though the consultant(s) were employees of the Council
- vi) ensure that all documentation or other outputs generated by the consultancy are and remain the property of the Council in all respects, but especially including copyright and intellectual property rights, and that such material shall be in the possession of the Council at the end of the consultancy
- vii) ensure that where consultants are retained to supply a product of significant ongoing tangible value to the Council, e.g. architects, engineers, software consultants etc, that the consultant(s) have adequate professional indemnity and public liability insurance cover in place, and that the existence of such cover shall be a contractual requirements.

## ANNEX D

### Schemes of Delegation

Regulation D.4.

Last updated: July 2017

Corporate Directors are required to maintain a scheme of delegation identifying officers authorised to act on their behalf on financial matters. A completed copy will be retained by the Section 151 Officer.

The scheme shall cover authorisation of payments to be made to staff, contractors and suppliers, the collection of income and placing of orders including variations. The scheme shall also apply to the authorisation of Accounts Receivable credits and cancellation of invoices. In each instance, the financial limits within which the member of staff or agent has authority to act shall be identified as follows. All contracts must be let in accordance with the Procurement Standing Orders, and Procurement guidance must be sought for the letting of contracts outside of the approval levels contained within the table below. Where a postholder meets more than one of the criteria below e.g. Section 151 Officer and Corporate Director, the higher of the two values should be taken.

Postholder	Authorisation Level	
	Contract Letting	Agresso Approval
Chief Executive	£500,000	£10,000,000
Section 151 Officer	£500,000	£10,000,000
Corporate Director	£500,000	£1,000,000
Assistant Director	£250,000	£250,000
Group Manager	£50,000	£50,000
Team Leader	£10,000	£10,000

## **ANNEX E**

### **Income and assets**

#### **Section 1: Accounting for income**

Regulation D.6

Last updated: September 2015

##### **1.a) The key controls for income are that:**

- i) all income due to the Council is identified and charged correctly, in a timely manner and in accordance with corporate charging policies, and is collected and properly accounted for
- ii) in the case of significant contracts, a financial vetting procedure is used to assess the merits of trading with the prospective (or, where appropriate, existing) customer
- iii) all income is banked or remitted to the Finance Department within one working day in line with the requirements of the Section 151 Officer
- iv) responsibility for cash handling should be separated from the person raising the debt
- v) effective action is taken to pursue non-payment within defined timescales
- vi) formal approval for debt write-off is obtained in accordance with Council policy and actioned promptly
- vii) retention and storage of all appropriate income documents is in accordance with the document retention guidelines.

##### **Responsibilities of the Section 151 Officer**

##### **1.b) The responsibilities of the Section 151 Officer are:**

- i) To authorise arrangements for the collection of all income due to the Council and to approve the procedures, systems and documentation for its collection.
- ii) To maintain a financial vetting procedure for use in selecting and approving prospective (or, where appropriate, existing) customers in respect of significant contracts.
- iii) To establish and initiate appropriate recovery procedures, including legal and bailiff action where necessary (subject to legal advice where appropriate), for debts that are not paid promptly.

iv) To authorise the write-off of bad debts up to an approved limit and to ensure that larger sums are referred to the Portfolio Holder (Finance and Resources) with his/her recommendation, or to Cabinet as appropriate.

v) To ensure that appropriate accounting adjustments are made following write off action for all debts

vi) Debts will be collected by the Corporate Director (Finance & Operations) unless specifically authorised otherwise by him/her. Assistant Directors/Group Managers will notify the Corporate Director (Finance & Operations) of all debts due promptly so that he/she can issue debtor accounts expeditiously. Such notification to the Corporate Director (Finance & Operations) will include all information required by him/her, and be in a form required by him/her to enforce collection effectively. This may include evidence to support enforcement during legal proceedings.

vii) To maintain and keep updated by submitting proposals to Cabinet, a policy for fees and charges, in consultation with relevant Corporate Directors.

viii) Reviewing the ordering, issuing and control of official receipting documentation.

ix) Regularly advising relevant managers of the status of debts outstanding.

x) Agreeing, determining and advising responsible officers of the minimum amount for which an invoice may be raised.

xi) Agreeing and determining the use and terms acceptable for credit and debit card receipting.

xii) Ensuring that appropriate accounting adjustments are made following write-off action.

xiii) Where money, money's worth or the security of financial documents may be at risk ensuring, where practical, that at least two employees are present when post is opened so that funds, or the financial document received is properly identified and recorded.

### **Responsibilities of Corporate Directors**

**1.c.** The responsibilities of Corporate Directors are:

i) To establish departmental charges for the supply of goods or services, including the appropriate charging of VAT, and to review them at least annually, in line with the corporate charging policies.

ii) To ensure that the advice of the Section 151 Officer (or an officer to whom responsibility has been delegated) is obtained in respect of prospective (or, where appropriate, existing) customers where significant contracts are being considered.

iii) To supply the Section 151 Officer with details relating to work done, goods supplied, services rendered or other amounts due in a timely manner, so that sums

due to the Council are recorded correctly. This includes ensuring that there is sufficient evidence of a usable quality is taken and held for debt collection purposes such as proving invoices or initiating legal proceedings.

iv) To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable

v) To ensure that proper banking and accounting procedures are observed, which will include the issue of official receipts and to ensure that appropriate details are recorded on to bank paying-in slips to provide an audit and management trail. These details should match the payment to the account or invoice to be credited.

vi) To assist the Section 151 Officer by providing any further information requested by Financial Services to facilitate the follow up and recovery of outstanding debts and to assist in the following up of outstanding debts on behalf of the Council.

vii) Identification, collection, receipt, custody, control, disposal and proper accounting of all monies received, or receivable by the Council in accordance with any requirements of the Section 151 Officer.

viii) Immediate acknowledgement of sums received by an officer, by the issue of a sequentially pre-numbered receipt, ticket, voucher, or other document approved by the Section 151 Officer. Accounting for all receipts issued to officers, ensuring that they are used for official purposes and that the monies so receipted have been promptly collected and paid over to the Council, or its bankers intact, and without deduction for other purposes.

ix) Systematic consideration of bad and doubtful debts, including the cessation of service where there is a history of persistent poor payment in consultation with the Section 151 Officer.

x) Levying and collecting charges in advance or at the time for services provided. Where this is not feasible responsible officers shall promptly issue a sundry debtor account.

### **Responsibility for recovering the Council's income**

**1.d)** The responsibility for recovering the Council's income is as follows:

i) Council Tax and Business Rates – Assistant Director (Finance & Resources)

ii) Housing rents and associated income – Assistant Director (Housing Landlord)

iii) Parking – Assistant Director (Finance & Resources)

iv) Entertainments – Assistant Director (Strategy and Transformation, Community & Organisation)

v) Sales – various

- vi) Government grants – Assistant Director (Finance & Resources)
- vii) Commercial rents and associated income – Assistant Director (Finance & Resources)
- viii) Planning application fees – Assistant Director (Planning, Development & Regeneration)
- ix) Building Control application fees – Assistant Director (Planning, Development & Regeneration)
- x) Building Control fees (invoiced) – Assistant Director (Finance & Resources)
- xi) Licensing application fees – Assistant Director (Chief Executive’s Dept.)
- xii) Invoicing annual fees - Assistant Director (Finance & Resources)
- xiii) Sundry income invoiced through Accounts Receivable – Assistant Director (Finance & Resources)

The definition of “Sundry Income” for the purposes of the above is:

- (a) Those amounts due in respect of sales, fees and charges for services provided by the Council or falling due for payment, and which are:
- (b) Invoiced using the Accounts Receivable system, and/or
- (c) All income types other than those listed above.

### **Section 2: Documentation and cash handling**

Regulation D.7

Last updated: July 2017

**2.a)** All books and forms of account and all official receipt forms or books, licences, tickets and all documents or vouchers or tokens representing receipts or money shall be in a form approved by the Section 151 Officer.

**2.b)** The arrangements for ordering, storing and control of such receipts, forms, books and other documents shall be approved by the Section 151 Officer. All receipts and issues of such documents shall be properly recorded and acknowledged in a manner approved by the Section 151 Officer.

**2.c)** All cash received on behalf of the Council shall be properly acknowledged by the issue of an official Council receipt or other document of a type referred to above, unless alternative arrangements have been approved by the Section 151 Officer.

**2.d)** Receipts for payments made by cheque should be made when requested by the payer. Payments received by automated methods, such as by debit/credit cards or via the Internet, must be recorded in such a manner as to facilitate reconciliation of the amounts received with the account(s) to be credited.

**2.e)** Bankings must always be intact, i.e. to include all monies received that day (or other agreed period).

**2.f)** No expenditure should be made out of income received which should all be banked in full. Refunds of overpayments must be made through the Creditors system, unless specifically sanctioned by the S151 Officer.

**2.g)** Third-party cheques should only be accepted where the cheque is from an approved source, e.g., utility undertaking and where it is used in full or part settlement of a Council debt. In no circumstances should they be cashed, or be accepted and change given.

**2.h)** Council cheques should only be accepted when it has been confirmed with Financial Services that no "stop" exists.

**2.i)** No cheques from anyone should be cashed at all apart from, in limited situations, Dacorum Borough Council cheques being cashed or opened. Where a request is made to open a cheque, such action must be approved by the Section 151 Officer.

**2.j)** Under no circumstances should personal cheques belonging to staff be cashed in, or money borrowed from, income or other Council monies. Breach of this Financial Regulation will be regarded as disciplinary matter.

### **Holding cash for third parties**

**2.k)** In instances where officers of Members of the Council receive cash belonging to third parties, such as in the case of clearing council owned property and retaining assets until they can be passed to an identified owner, the standard procedure note for receipting cash will be followed.

### **Invoices and record keeping**

**2.l)** Demand notices or invoices shall be raised in respect of all debts except:

- (i) parking fees
- (ii) entertainment tickets
- (iii) ad hoc cash sales
- (iv) such other situations as the Section 151 Officer may determine as appropriate, such situations being recorded in a revision of Financial Regulations as soon as is practical

**2.m)** Where income is derived from a certificated grant claim to the government, the documentary provisions related to that claim shall apply for record keeping purposes.

**2.n)** Where a demand notice or invoice is required, the following services shall be responsible for issuing them:

- i) Council Tax and Business Rates – Assistant Director (Finance & Resources)  
– Demand Notices



- ii) Housing rents and associated income – Assistant Director (Housing Landlord) – Rent Statements
- iii) Commercial rents and associated income – Assistant Director (Finance & Resources) – Invoice
- iv) (Sundry income via Accounts Receivable – Assistant Director (Finance & Resources) – Invoice

**2.o)** For debts arising for Council Tax, Business Rates and Housing Rents, there are statutory provisions that must be followed for raising demand notices. These provisions are set out in separate procedure manuals and are not repeated here.

**2.p)** Where a debt is to be invoiced and recovered by Financial Services, it shall be the responsibility of the Group Manager that has arranged or provided the service to ensure that:

- (i) Liability is properly established
- (ii) The service is documented in a contract or agreement that has been correctly signed by all relevant parties
- (iii) That the contract or agreement or other relevant evidence is provided to Financial Services as evidence with the invoice request
- (iv) All liabilities should be raised against individuals or corporate entities. Liabilities shall not be raised in the name of “The Occupier” or similar forms and neither should trading names be used in the place of proper legally recognised persons.

**2.q)** It is imperative that proper evidence supports invoice requests as this prevents invalid invoices being issued. Invalid invoices generally lead to debit reversal to the originating department cost centre or bad debts and write offs.

**2r)** All notifications of debt to debtors will be by official invoice issued by the Corporate Director (Finance & Operations) or by another Corporate Director in respect of a service and in a manner approved by the Section 151 Officer. Under no circumstances may service departments operate unofficial debtor systems or seek to manage debt via correspondence with the debtor.

**2.s)** All invoices for income due to the Council shall be prepared and issued by Financial Services, such issues immediately following an invoice request that is supported with the relevant evidence. Invoice requests that are not adequately supported will be returned to the originating department for rectification.

**2.t)** Invoices shall be set out and issued in the manner approved by the Section 151 Officer

**2.u)** Invoices may be reduced in value if the services provided have been incorrectly charged at a higher level. Where the value of an invoice needs to be reduced, a written instruction must be provided to Financial Services detailing the reasons and

the revised amount and authorised in line with the **Scheme of Delegation, Annex D**

**2.v)** Invoices may only be cancelled where:

- (i) the debt has been raised against an incorrect liable party
- (ii) a variation to a lease or licence results in a lower charge
- (iii) the planned service has not been provided, eg. a trade refuse contract that has commenced, but the bin was not been delivered
- (iv) the information recorded on the invoice is factually wrong, or
- (v) the “debtor” has no liability in law.

**2.w)** Where an invoice is cancelled, the reason for cancellation must be recorded in a written instruction and authorised in line with the **Scheme of Delegation, Annex D**. In all other circumstances where an invoice needs to be cancelled, the write off procedure must be used.

**2.x)** No customer should be advised that a debt is uncollectable or will be written off or be given similar undertakings unless the decision making process with regard to debt write-off has been completed.

### **Section 3: Petty cash, change floats, and electronic purchasing card (EPCs) purchases**

Regulation D.10

Last updated: July 2017

**3.a)** The Council’s resources may be held as cash only where there is a business need. Any cash holdings must be authorised by the Section 151 Officer who will review the need for such cash holdings periodically and may, at his/her discretion, in consultation with Corporate Directors, withdraw or alter the size of cash holdings.

**3.b)** Any requests for cash holdings shall be made by the relevant Corporate Director to the Section 151 Officer. Directors will also furnish the Section 151 Officer with a schedule of all cash holdings with details of the officer responsible for their custody.

**3.c)** In all instances vouchers seeking payment shall be properly certified for payment by officers authorised to do so and coded. All vouchers shall have attached to them securely receipts and/or other appropriate documentation in support of the full value of the payment that is requested. Vouchers shall be stored in line with the Document retention schedule.

**3.d)** The Section 151 officer shall determine the form for vouchers to be used to seek disbursement from petty cash holdings or imprests. No other form of voucher shall be used to obtain disbursement of official monies in this manner.

**3.e)** Cash reimbursements shall be limited to minor purchases (when supported by

receipts) not exceeding a sum determined by the Section 151 Officer and specified in the **Schedule of Authorisations, item 4**. Payments must not be broken up to avoid this limit. Petty cash floats may not be used for reimbursements of employee expenses, payments of invoices, or refunds. Official monies must never be used for cashing personal cheques.

**3.f)** Periodically, and at least monthly, responsible officers shall perform, in conjunction with another officer regular checks to ensure that the balance of credit on the account together with the sums disbursed equal the amount of the approved imprest. A record of such reconciliation, signed by both officers, shall be retained.

**3.g)** Corporate Directors shall ensure that any imprest held by an officer leaving his/her post is checked prior to his/her leaving and either paid back into the Council's Bank Account or transferred to another authorised officer.

**3.h)** Electronic Purchasing Cards (EPCs) will be issued to, and retained by officers who have a business need. Applications for Plastic Cards with Standard Spend Limits shall be counter-signed by the Group Manager of the relevant Department. In cases where the application is for a higher limit, these shall be counter-signed by the Assistant Director of the Department and thereafter the Council's Section 151 Officer on the advice of the Group Manager (Financial Services).

**3.i)** The use of EPCs, standard limits and controls are set out in the Councils separate e-purchasing cards policy, available to employees on the intranet. Employees will only be issued with an EPC after formal training on the scheme, and signing a cardholder agreement detailing proper usage.

**3.j)** EPCs will never be used for obtaining cash advances.

**3.k)** Employees holding EPCs will ensure that VAT receipts are obtained, where relevant, for all transactions and that all supporting documentation is handed over promptly to permit the payment of credit card bills.

**3.l)** In addition to plastic cards, the Council has the ability to lodge embedded cards with suppliers. Embedded Cards are recommended for high value transactions, and are to be used for the Council's larger contracts and where the Council will generate a significant rebate.

**3.m)** The suitability of a supplier for the use of an embedded card will be identified by Financial Services and will be approved by the Council's Section 151 Officer.

### **Section 4: Debt write-off and credit write-on procedures and limits**

Regulations D.13 & D.14

Last updated: September 2015

### Write-offs

**4.a)** A write-off request must be prepared detailing:

- (i) name and address of the debtor
- (ii) value of the debt
- (iii) service provided
- (iv) reason why the debt is irrecoverable
- (v) the authorisation route that must be followed.

**4.b)** The write-off request should account for the full indebtedness of an individual or organisation and any information relevant to determining their financial obligations to the Council, and should also identify previous write-offs for that debtor.

**4.c)** Where credits exist in the name of the debtor, they should be offset against the debt in order to minimise the extent of write-off.

**4.d)** Where there are multiple write-off requests, the requests shall be compiled into a schedule for each month that shows the following:

- (i) name of the debtor
- (ii) value of the debt
- (iii) type of reason why the debt is irrecoverable
- (iv) the total value of debt write-off requests in the period covered by the schedule and the sub-total of values by type.

**4.e)** The write-off request must be supported by appropriate working papers that support the reason for writing off the debt. The individual request or schedule of requests must be approved by the relevant Group Manager and the Section 151 Officer. The Section 151 Officer may request further details of write-off requests listed on the schedules prior to approval.

**4.f)** Authorisation for write-offs depends on the value of the write-off request. A schedule of authorisations is provided in the **Schedule of Authorisations, item 5**. Depending upon the write-off thresholds, the request may be supported with a minute/decision sheet relating to a Portfolio Holder or Cabinet decision. All proposed write-offs shall be subject to review and approved by the Section 151 Officer who may, if he/she considers it appropriate, determine that a higher level of authority for write-off should be exercised.

### Write-ons

**4.g)** Where unclaimed credits are held within the Council's accounts, they may be considered for writing on. Where this happens, a write-on request form shall be prepared detailing:

- (i) name and address of the account holder
- (ii) value of the credit
- (iii) service that the credit relates to
- (iv) reasons why the credit should be written on.

**4.h)** The write-on request form must be signed by the relevant Group Manager and supported by appropriate working papers. The request will be considered and determined by the Section 151 Officer.

**4.i)** All write-off and write-on paperwork shall be retained for such period of time as required by the Document Retention Schedule for Dacorum Borough Council.

### **Write-off recovery thresholds**

**4.j)** The cost of undertaking recovery proceedings can be expensive and given the low value of some debts, it may not be economic to commence such action. The Section 151 Officer, shall set de-minimis levels for recovery action and review and amend them on a periodic basis. Write-off recovery thresholds are set out in the **Schedule of Authorisations, item 6.**

**4.k)** Where a debt is considered in court proceedings and it is in the interests of the Council to accept a consent order for a lower amount in full and final settlement of the debt, any value that needs to be written off will be accounted for as per the threshold table with the reasons attached to it. Where this occurs, the authorising role will not be able to challenge the write-off due to the existence of a court order. However, if there are doubts as to the appropriateness of the full and final settlement decision that related to the court order, then the Section 151 Officer shall investigate the case and take appropriate action.

**4.l)** With the exception of court order cases, the process of writing off debt is not irreversible and in the event that monies are recovered in the future, the relevant amount will be credited back into the Council's accounts.

### **Credit Limits**

**4.m)** There is a general presumption that discretionary services provided to a customer should be paid for on time. In the event of a repeated failure to pay in accordance with the credit terms and where appropriate, the Accounts Receivable Team will recommend to the service department that the provision of services should cease. In the event that the recommendation is not accepted by the service department, then the service department must provide reasons in writing to the Section 151 Officer as to why services should continue to be supplied.

**4.n)** To reduce the risk of loss of income or value of good and services to be supplied, the Section 151 Officer shall maintain a financial vetting procedure in order to assess or review the risk of entering into or, where appropriate, continuing with, significant contracts with existing and prospective customers, suppliers or partners.

**4.o)** The procedure referred to in Clause 4.n above shall define the term 'significant contract' and take into account the Council's revenue streams, procurement contracts and partnerships and the prevailing risks associated with them. Where a prospective (or, where appropriate, existing) customer, supplier or partner fails to achieve a satisfactory financial vetting assessment, the Council shall:

- (i) not enter into any new contractual arrangement and
- (ii) review any existing contractual arrangement to establish whether it is appropriate to continue the said existing contractual arrangement in the light of the assessment.

### **Section 5: Responsibilities for stocks, stores and minor assets**

Regulation D.15.

Last updated: September 2015

#### **Responsibilities of the Section 151 Officer**

**5.a)** The Section 151 Officer is responsible for:

- i) Adopting appropriate accounting policies and advising Corporate Directors of the basis to be adopted for valuing stocks and stores.
- ii) Ensuring that the valuation of all stocks and stores is fairly reflected in the Annual Financial Statement of Accounts.
- iii) Determine minimum standards to be complied with under regulations relating to assets, at paragraphs (a) (b) and (e) below.

#### **Responsibilities of Corporate Directors**

**5.b)** Each relevant Corporate Director is responsible for, ensuring :

- i) That there are effective and efficient procedures for procuring, holding and the issue of stocks and stores, and that such procedures are to the satisfaction of the Section 151 officer.
- ii) That objective statistical methods are used, in accordance with best practice, to determine order quantities and maximum and minimum order levels, and that such methods are to the satisfaction of the Section 151 officer.
- iii) Furnishing the Section 151 Officer with details and a signed certificate of the value of stocks and stores held within their directorates as and when required by the Section 151 Officer
- iv) Arranging for goods to be checked at the time of delivery to ensure that quantity, quality and price comply with the contractual or order specification.
- v) That comprehensive, complete and up to date stores/stock records are maintained and that such records are in a form that is satisfactory to the Section 151 Officer. Where stores / stock recording systems are computerised, they shall interface appropriately with the Council's main Financial Management System and interface controls will be to the minimum standard determined by the Section 151 officer.

vi) Regular and systematic stocktaking, ensuring that every item is checked at least once annually, and that fast moving, valuable or desirable items are checked more frequently.

vii) Procedures for the disposal of surplus or obsolete stock are correctly complied with. These are set out under Financial Regulation D.23.

### **Asset inventories**

**5.c)** Asset inventories shall be held and kept current by Group managers, who will ensure that all areas under their authority have an asset inventory. They shall contain clear descriptions of all fixed and moveable assets having a current value in excess of an amount specified by the Section 151 Officer in the **Schedule of Authorisations, item 7**, other than land and buildings, which are listed in the property terrier, which is kept by the Group manager (Commercial Assets & Property Development) and ICT equipment for which a separate inventory is kept by the responsible Corporate Director.

**5.d)** Where assets have unique serial numbers, they shall be recorded in the asset inventory.

**5.e)** The Section 151 Officer is responsible for:

- i) Ensuring that all equipment, furniture, fixtures and fittings, plant, machinery, tools and other valuables are appropriately insured, and that appropriate risk management reviews are undertaken periodically.
- ii) Determining the form for official inventories.
- iii) Determining the basis for valuation of items recorded in asset inventories.

**5.f)** The Corporate Director with responsibility for ICT Services is responsible for:

- i) The maintenance of a comprehensive Hardware and Software Inventory for all Council ITC equipment held throughout the Council.

**5.g)** Corporate Directors are responsible for:

- i) Ensuring that each Group Manager compiles and maintains an inventory of assets in the official form (other than land and buildings, and ICT equipment), and that appropriate entries are made at the time of purchase and disposal.
- ii) Arranging for an independent annual inspection of all items on the inventory.
- iii) Informing the Section 151 Officer and if it appears that assets cannot be accounted for.

## Dacorum Borough Council Financial Regulations – Annex E

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- iv) Ensuring that all purchases of ICT equipment are made through ICT Services.
- v) Advising the Section 151 Officer of the valuation of inventories for insurance purposes.
- vi) Determining the method by which redundant or assets surplus to requirements shall be disposed of. Asset disposals shall be undertaken in accordance with these regulations and in accordance with European Directives on the disposal of electrical and computer equipment.
- vii) Ensuring that all assets are used wholly and exclusively for Council business.



## ANNEX F

### Disposal of Assets (including Stocks and Stores)

As a public authority the Council should, in the disposal of its landholdings and other assets, always seek to obtain the best price reasonably obtainable, in terms of money or monies worth, unless it is absolved from this duty by statute, regulation or other lawful authority. The following regulations govern the disposal of assets.

#### Section 1: Land disposals

Regulation D.24

Last updated: September 2015

**1.a)** For the purposes of the following, "land" includes land of which the Council owns the freehold or leasehold interest and interests such as restrictive covenants of which the Council has the benefit It includes land and buildings, leases, easements and other rights of way.

**1.b)** Disposals of land shall always be for the best consideration possible, including monetary and other relevant factors. Any authorisations from Government that are required in respect of the need to seek best consideration shall be applied for by the Corporate Director (Finance & Operations).

**1.c)** Disposals of land valued at £500k or above shall be authorised by Cabinet on the basis of advice by the Corporate Director (Finance & Operations), and Cabinet shall also approve any nonmonetary aspects of the disposal where they are material to the consideration sought.

**1.d)** Disposals of land valued above £5k but below £500k may be authorised by the Corporate Director (Finance & Operations) in consultation with the Portfolio Holder for Finance & Resources. Where the disposal relates to assets held by the Council's Housing Revenue Account, the Corporate Director will, in addition, consult with the Portfolio Holder for Housing.

**1.e)** Disposals of land valued at £5k or below may be authorised by the Corporate Director (Finance & Operations) or the Assistant Director (Finance and Resources).

**1.f)** All valuations and negotiations in respect of land disposals must be carried out by or under the supervision of a properly qualified member of the Society of Valuers and Auctioneers or a member of the Royal Institution of Chartered Surveyors, who is not a member of the Council and who is in a position to judge the conditions prevailing in the local property market.

**1.g)** All valuations will be carried out in a manner that will satisfy external audit requirements, and the advice of the Section 151 Officer will be taken in that respect.

**1.h)** Negotiations with prospective developers should take place at the Council's offices or the developer's office within normal office hours (subject to the necessity for such negotiations to be extended in exceptional circumstances beyond those hours). Two officers of the Council will be present during negotiations and all such valuations and negotiations shall be subject to written record and approved by the Corporate Director (Finance & Operations), unless delegated. A signed record of all meetings shall be retained.

**1.i)** The Corporate Director of the appropriate directorate and the Council's duly appointed valuer or other agent shall be involved in or appraised of all major steps in the negotiations in respect of transactions or of a series of transactions, the estimated value or the aggregated value of which exceeds an amount specified by the section 151 Officer in the **Schedule of Authorisations, item 8**.

**1.j)** It shall be the duty of the Corporate Director (Finance & Operations) to report on the progress of any major transaction authorised by the Council to Cabinet at least at six monthly intervals and upon completion of the transaction. This duty will apply to transactions in respect of which the aggregate consideration is likely to exceed the amount specified in Clause 1.g above and those where there are significant operational implications.

**1.k)** No land owned or leased by the Council shall be disposed of to another body or person until it has been offered to all other services of the Council, unless in the opinion of the Corporate Management Team such land is of no conceivable value or interest to any of the Council's services. Transfer of land between services requires the approval of:

- i) the Corporate Management Team
- ii) the "transferor" Cabinet Portfolio Member\*
- iii) the "transferee" Cabinet Portfolio Member\*

\*Approval by Cabinet Portfolio Holders in this regard shall be by formal Portfolio Holder decision.

**1.l)** The Corporate Director (Finance & Operations) shall effect any transfer in the accounts that may be required.

**1.m)** No land owned by the Council or of which the Council is lessee shall be disposed of except by way of renewal of lease until a report has been prepared by the Corporate Director (Finance & Operations) containing:-

- i) an inspection report describing the land and, where appropriate, its physical characteristics and development constraints.
- ii) a report on title by the Assistant Director (Chief Executive's Dept.).
- iii) any information from the Council's records which would affect the land's value or development potential.
- iv) where appropriate an assessment of the development potential of the land by the Assistant Director (Planning, Development & Regeneration).
- v) any advice by the Corporate Director seeking to dispose of the land.

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**1.n)** In formulating his/her advice, the Corporate Director (Finance & Operations) shall make recommendations in respect of

- i) issues that need to be resolved before marketing of the land can proceed.
- ii) the method of disposal
- iii) the title to be transferred
- iv) the price the Council should receive along with the "asking" and "reserve" price
- v) any special conditions of sale
- vi) any appointment of external advisers or agents that may be desirable.

**1.o)** All disposals of land owned or leased by the Council shall be by one of the following methods. The Corporate Director (Finance & Operations) shall determine on the basis of appropriate professional advice which method is in the best interests of the Council at any given time.

i) **Private Treaty**

This method may be used where in view of the size, value or location of the land there is only one prospective purchaser with a foreseeable interest in acquiring it. It may also be appropriate where the number of those interested is limited to two or three and the value of the land is low, but in any such case those with a foreseeable interest should be notified of the Council's intention to dispose of the land and any interest in acquiring it should be pursued and assessed.

ii) **Tender**

This method may be appropriate where there are two or more prospective purchasers with a foreseeable interest in acquiring the land. Where the estimated value of the land exceeds a value specified by the Section 151 Officer in the **Schedule of Authorisations, item 9** and more than one prospective purchaser exists, this method should be used in preference to Private Treaty. Advertisements should be placed in the local newspaper and, if appropriate, national newspapers. Tenders should be on the basis of identical terms and conditions of the sale. The tender documentation should make it clear that the Council is not obliged to accept the highest or any tender and in the event of any higher offer being received before a contract is exchanged, the Council may be obliged to consider it. In the event of any such higher offer being received, all interested parties who have submitted a tender must be given the opportunity of making a further or revised offer by a specified date.

iii) **Public Auction**

1. This method will be used where the value of the land is difficult to ascertain in view of its size, location, development constraints or other factors, and interest in it is unknown. If the land is valued by a Chartered Surveyor as likely to achieve £500k or over, then appropriate conditions of sale and any reserve price should be approved by Cabinet. If the land is valued by a Chartered Surveyor as likely to less than £500k, then appropriate conditions of sale and any reserve price should be approved by Corporate Director (Finance & Operations) in consultation with the Portfolio Holder for Finance & Resources.

Where the disposal relates to assets held by the Council's Housing Revenue Account, the Corporate Director will, in addition, consult with the Portfolio Holder for Housing. The current requirement for third party valuation of land for disposal would remain, as would the requirement for sign off by the Council's S151 Officer and Monitoring Officer.

iv) **Building Agreements**

Where land is to be disposed of under a building agreement and subsequent lease, developers' proposals should be invited by public advertisement and considered by the appropriate Cabinet Portfolio Member.

**1.p)** These rules do not apply to a disposal under the "Right to Buy" provisions of the Housing Act 1985, to disposals under any scheme adopted by the Council for the extension of the "Right to Buy", to any disposal which is required either by statute or by a court of law, or to a disposal otherwise than for best price reasonably obtainable under a general or specific consent of the Secretary of State.

### **Section 2: Equipment disposals**

**2.a)** This Section applies to all plant, equipment and other smaller assets. It includes vehicles, plant, machinery, office equipment (including ICT equipment) etc. It also applies to items of stocks and stores with an individual value of less than an amount specified by the Section 151 officer in the **Schedule of Authorisations, item 10**.

**2.b)** Save for any ICT equipment, any vehicle or article of equipment, machinery, furniture, etc, which is surplus to the requirements of one of the Council's service units must be valued by or under the instructions of the Group Manager of the service unit which has responsibility for it. The need for accuracy in the valuation will depend largely upon the intrinsic value placed upon the article.

**Scrap Items** (where the responsible Group Manager is satisfied that there is no economic value in the item for its original or intended use).

**2.c)** The Group Manager should use his/her best endeavours to obtain best price on the open market.

**2.d)** If on investigation a better value can be obtained in a trade-in for new equipment than on a sale on the open market, the Group Manager may conduct the disposal on the basis of trade-in.

### **ICT Equipment**

**2.e)** All ICT equipment for disposal should be passed to the ICT Service.

**2.f)** The ICT Service should ensure all equipment conforms to licensing and Health and Safety requirements.

**2.g)** Where possible the ICT Service should re-use the equipment within the Council.

**2.h)** If the equipment is not required by the Council, it may be given free of charge to voluntary or not-for-profit organisations.

**2.i)** If the equipment has value, the best price possible to should be obtained.

**2.j)** The ICT Service is required to schedule and retain documentary evidence of the disposal of ICT equipment for a period, as outlined in then Retention Schedule for documents.

**2.k)** The Group Manager responsible for the ICT service will ensure that all ICT equipment disposed of has sensitive data or material that would contravene the Data Protection Act or other legislation erased irretrievably and retained in accordance with the Council's document retention strategy.

**Other Minor Usable Items** (with an intrinsic resale value up to the value specified in clause (a) above.

**2.l)** The responsible Group Manager should first cause an internal advertisement for the article to be published amongst all Group Managers with a potential use for the article for Council business.

**2m)** Where no service unit Manager requires the article to be disposed of, it may be advertised for sale to Council employees at the price placed upon the article by the responsible Group Manager.

**2.n)** Where no Group Manager or employee requires the article to be disposed of it may be publicly advertised for sale at the price placed upon the article by the responsible Group Manager; or it may be offered to a voluntary or educational organisation.

**2.o)** The responsible Group Manager is authorised to dispose by way of trade-in or by way of Private Treaty with a view to obtaining best price or value reasonably obtainable.

### **Section 3: Major reusable items**

**3.a)** This section applies to assets with an intrinsic resale value in excess of the amount specified under Clause 2.a) above and to stocks and stores with an individual value above this amount.

**3.b)** Assets within this section should be the subject of public advertisement in local or national newspapers and/or appropriate trade journals and open tendering procedures. Tenders should be on the basis of identical terms and conditions of sale. The tender documentation should stipulate that the Council is not obliged to accept the highest or any tender.

**3.c)** Alternatively these items may be disposed of by way of public auction, with or without reserve price including via electronic auction on a recognised auction website.

**3.d)** Alternatively, these items may be disposed of by way of trade-in for new or replacement equipment if this method will achieve better value than the best open market price reasonably achievable.

**3.e)** Disposals of major reusable items must be authorised by the Cabinet where the disposal may achieve a receipt in excess of an amount above that specified by the Section 151 Officer in the **Schedule of Authorisations, item 11**. The responsible Group Manager must prepare a report containing:

- i) An inspection report describing the equipment and its condition.
- ii) Any information from the Council's records or within the responsible Group Manager's knowledge which would affect the equipment's value.
- iii) Recommendations where appropriate on the following:
  - a.) issues that need to be resolved before marketing of the equipment can proceed
  - b.) the method of disposal
  - c.) the price the Council should receive along with the "asking" and any "reserve" price, if the equipment is to be sold by public auction.
  - d.) any special conditions of sale
  - e.) the appointment of external advisers or agents
  - f.) whether negotiations should proceed with a special purchaser.

**3.f)** These rules shall not apply to disposal by the Council of items by way of sale in the normal course of the Council's business (e.g. food from the food outlets etc).

### **Section 4: Disposals of other assets**

**4.a)** This Section applies to all other tangible or intangible assets, including but not restricted to stocks and shares, works of art, debts, goodwill and intellectual property such as copyright.

#### **Investments**

**4.b)** The disposal of all investments is delegated to the Section 151 Officer and shall be made in compliance with the best prevailing advice of the Council's appointed advisers, CIPFA or other reputable and authoritative sources such as the Bank of England, Stock Exchange or HM Treasury.

**4.c)** All procedures relating to the disposal of investments shall be detailed in a Treasury System Document produced by or under the direction of the Section 151 Officer.

#### **Other Intangible Assets**

**4.d)** All 'Other Assets' other than investments (eg debts, patents, trade marks) which are to be disposed of shall be valued by a person who is professionally qualified in the particular field.

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**4.e)** The appropriate Corporate Director will obtain Cabinet authorisation where the value of the asset(s) to be disposed of exceeds an amount specified by the Section 151 Officer in the **Schedule of Authorisations, item 12**. The Cabinet report will include:

- a) a description of the asset
- b) a report on title by the Assistant Director (Chief Executive's Dept.)
- c) any information from the Council's records or within the knowledge of its employees which may affect the asset's value.

**4.f)** The report to the Cabinet Portfolio Member shall contain recommendations on:

- a) the method of disposal
- b) an estimate of the price which the Council should receive along with the "asking" price and any "reserve" price, if appropriate
- c) any special conditions of sale
- d) the appointment or external advisers or agents
- e) whether negotiations should proceed with a special purchaser.

**4.g)** The method of disposal of other assets will depend upon the nature of the asset, its intrinsic value and the professional advice of any employee or appointee who is qualified to advise in the particular field.

## ANNEX G

### Expenditure, Liabilities and Procurement of, Ordering, and Paying for Works, Goods and Services

#### Section 1: Detailed regulations governing the procurement of, ordering and paying for works, goods and services

Regulation E.2

Last updated: September 2015

**1.a)** Every officer and member of the authority must comply with the Ethical Code contained in the Council's Procurement Standing Orders (Section 1, paragraphs 5 and 6)

**1.b)** Official orders must be in a form approved by the Section 151 Officer in conjunction with the Monitoring Officer. Official orders must be issued for all works, goods or services to be supplied to the authority, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Section 151 Officer.

**1.c)** Each order must conform to approved procurement guidelines and the standardisation of supplies and materials. Standard terms and conditions must not be varied without the prior approval of the Corporate Director (Finance & Operations).

**1.d)** Apart from petty cash, and other payments from advance accounts, the normal method of payment from the authority shall be by BACS or cheque (or other instrument or approved method), drawn on the Council's approved bank accounts by the Section 151 Officer or a signatory approved by the Section 151 Officer.

**1.e)** Direct debit facilities shall not be set up other than by the Section 151 Officer and no officer shall commit to payment by that means without the prior agreement of the Section 151 Officer.

**1.f)** Arrangements for signing and countersigning cheques and other payments will be determined by the Section 151 Officer. Signing and countersigning limits are set out in the **Schedule of Authorisations, item 13**.

**1.g)** Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of the Council's contracts.

**1.h)** All goods and services may be ordered only by persons authorised to do so in line with each Corporate Director's scheme of delegation and must be correctly recorded.

**1.i)** Goods and services received must be checked to ensure that they are in accordance with the order. The person who placed the order should preferably not receive goods.



**1.j)** Unless specifically agreed with the Section 151 Officer in each instance, advance payment shall not be made for goods or services. The Section 151 Officer may authorise specific categories and/or values of expenditure as standing exceptions to this Regulation, and may amend or delete any such exceptions from time to time. Standing exceptions are recorded in the **Schedule of Authorisations, item 14**.

**1.k)** Payments shall be made to the correct person, for the correct amount and shall be properly recorded, regardless of the payment method.

**1.l)** Payments by the Council shall be made only on an official invoice, except for recurring payments, for contract payments and for other exceptions as may be specifically approved by the Section 151 Officer.

**1.m)** Appropriate evidence of the transaction and payment documents shall be retained and stored for the defined period, in accordance with the Council's document retention schedule.

**1.n)** Expenditure, including VAT, shall be accurately recorded against the correct budget code.

**1.o)** Processes shall be put in place, according to the regulations governing responsibilities, to maintain the security and integrity of data for transacting business electronically.

**1.p)** Invoices shall be settled within the period defined by Government prompt payment requirements. Where invoices are disputed, that fact will be clearly recorded on any invoices together with the date that the dispute was settled before such invoices are passed for payment.

**1.q)** In the case of significant contracts, a financial vetting procedure shall be used to assess the merits of trading with the prospective (or, where appropriate, existing) supplier.

### **Section 2: Responsibilities for procurement of, ordering, and paying for works, goods and services**

Regulation E.4

Last updated: September 2015

#### **Responsibilities of the Section 151 Officer**

**2.a)** The Section 151 Officer shall:

i) Ensure that sufficient fidelity guarantee insurance is in place to cover those officers authorised to initiate or make payments.

- ii) Make payments from the Authority's funds on the authorisation of the appropriate officer that the expenditure has been duly incurred in accordance with financial regulations.
- iii) Subject to the receipt of properly signed-off invoices in good time, arrange payment to suppliers promptly.
- iv) Make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- v) Make payments to contractors on the certificate of the appropriate Corporate Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- vi) Determine, in conjunction with the Assistant Director (Chief Executive's Dept.), the form of official orders.
- vii) Agree and determine a scheme for the issue and usage of corporate credit cards where the costs of ordering and procuring is excessive when judged against the value of purchases.
- viii) Approve 'draw-down' arrangements for supplies and provisions covered by annual contracts.
- ix) Maintain a financial vetting procedure for use in selecting and approving prospective (or, where appropriate, existing) suppliers in respect of significant contracts.

### **Responsibilities of Corporate Directors**

#### **2.b) Corporate Directors shall ensure that:**

- i) All procurement practices accord with the Council's policies on procurement.
- ii) Relevant officers authorised to sign orders or certify payments do so with a full signature where done manually or under a password-controlled electronic process. Initialled authorisations will be rejected by the Section 151 Officer's Accounts Payable Team.
- iii) Official orders are used for all goods and services, other than for exceptions specified, and that they are used only for goods and services to be consumed by services under the Director's control.
- iv) The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained where required by these regulations and other instructions.
- v) Goods and services are checked on receipt to verify that they are in accordance with the order. A different officer from the person who authorised the order should

where possible, carry out this check. Appropriate entries should then be made in inventories or stores records.

vi) Payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment. When an authorised officer certifies an invoice for payment, he/she is confirming:

- (a.) That the official order procedure has been observed and that Standing Orders are complied with.
- (b.) Receipt of goods or services.
- (c.) That the invoice has not previously been paid.
- (d.) That expenditure has been properly incurred and is within budget provision.
- (e.) That prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices.
- (f.) That the correct accounting treatment of tax has been followed in line with guidance issued by the Section 151 Officer.
- (g.) That the invoice is correctly allocated to an approved budget code under the director's jurisdiction.
- (h.) That discounts have been taken where available and where it is cost effective for the Council to take them.
- (i.) That appropriate entries have been made in inventories, stores records or stock books and in accounting records.

vii) The principle of division of duties is applied wherever practicable. Different members of staff shall be involved in the ordering, receiving and payment processes. Where practical, a different officer from the person who authorised the order, and in every case, a different officer from the person checking an invoice, should authorise the invoice.

viii) Payments are not made on a photocopied or faxed invoice, statement or document other than the formal invoice.

ix) Invoices are duly and correctly processed in good time to make payment to suppliers within stipulated timeframes.

x) Loans, leasing or rental contracts are not entered into without agreement of the Section 151 Officer.

xi) The Section 151 Officer is notified of outstanding expenditure (formal commitments) relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Section 151 Officer.

xii) With regard to contracts for construction and alterations to buildings and for civil engineering works, that procedures exist to document and agree with the Section 151 Officer the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.

xiii) The Section 151 Officer is notified immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

xiv) All appropriate payment records are retained and stored for the period defined by the Council's document retention schedule.

xv) No Group Manager, Assistant Director or Corporate Director shall commit expenditure against any budget head for which he/she is not accountable, without the specific and written authority of the accountable budget holder and in accordance with the virement scheme set out in these regulations.

xvi) Suppliers' invoices are not amended manually.

xvii) The advice of the Section 151 Officer (or an officer to whom responsibility has been delegated) is obtained in respect of prospective (or where appropriate, existing) suppliers where significant contracts are being considered.

### **Section 3: Responsibilities of Corporate Directors in respect of contracts**

Regulations E.5 & E.8

Last updated: September 2015

**3.a)** All contracts are subject to the provisions contained in the Council's Procurement Standing Orders.

**3.b)** Corporate Directors shall be responsible for:

i) Maintaining a Contract Register which shall include major contracts (as defined by the Group Manager (Commissioning, Procurement & Compliance) entered into by the Directorate and schedules of payments, retentions, fees and other specific matters relating to each contract let to individual contractors.

ii) Informing the Group Manager (Commissioning, Procurement & Compliance) of all major contracts, and contract extensions entered into.

iv) Advising the Group Manager (Commissioning, Procurement & Compliance) of all relevant contract payments.

v) Making payments to contractors on account only on approved certificates issued by the authorised Managing Officer or Consultant.

vi) Ensuring that any variation order is authorised in writing and can be met within the approved budget.

vii) Where the sum of all variations pertaining to a contract, is likely to result in a cost over-run exceeding a value shown in the **Schedule of Authorisations, item 15**, reporting the potential over-run for approval to both the relevant Portfolio Holder

and the Section 151 Officer prior to payment. Such cost over-runs shall be contained within the Portfolio Holder's overall budget allocation.

viii) Seeking claims for restitution, acceleration of programme or liquidated damages when appropriate.

ix) Ensuring that the release of retention monies and final payments under a contract are not made prior to checks on contractors' final claims being undertaken by a qualified independent officer.

### **Section 4: Responsibilities for engagement of, and payments to, employees**

Regulation E.10.

Last updated: September 2015

#### **Responsibilities of the Section 151 Officer**

**4.a)** The Section 151 is responsible for:

i) Calculation and payment of all staff emoluments and entitlements for current and former employees.

ii) Reconciliation of and reporting on payroll expenditure against approved current budgets and future budget allocations.

iii) Securely retaining payment details, including pension payments history in accordance with the Council's Document retention schedule.

iv) Agreeing, where appropriate an advance of pay, on request of a Director.

v) Ensuring that current HM Revenue and Customs requirements are properly applied and that the correct liabilities are duly accounted for within the statutory periods.

vi) Providing guidance to Corporate Directors with regard to the Council's potential tax and national insurance liabilities.

vii) Ensuring those adequate arrangements exists for administering superannuation matters.

viii) Controlling and paying to third parties sums deducted from pay by Court Order or at the employee's request in a timely manner.

#### **Responsibilities of Corporate Directors**

**4.b)** Corporate Directors shall be responsible for ensuring that:

- i) Appointments are made in accordance with the regulations and can be afforded within budgets delegated to them.
- ii) The Section 151 Officer is notified of all appointments, terminations or variations that may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Section 151 Officer.
- iii) Adequate and effective systems and procedures are operated, so that:
  - a.) Payments are only authorised to bona fide employees.
  - b.) Payments are only made where there is a valid entitlement, and budget provision exists to fund employment.
  - c.) Conditions and contracts of employment are correctly applied.
  - d.) Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
  - e.) Appropriate time keeping and charging rates are operated, such that Directors are aware of, and may therefore be held accountable for the effective deployment of staff.
- iv) An up-to-date list of the names of officers, authorised to sign records is provided to the Section 151 Officer, or such contractor as may be engaged by him/her together with specimen signatures.
- v) Payment to staff is processed only through the payroll system.
- vi) Careful consideration is given to the employment status of individuals employed on a self-employed consultant or subcontract basis. In cases of doubt, advice should be sought from the Section 151 Officer.
- vii) Travel and subsistence claims and other allowances are appropriately examined and approved. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred. Due consideration should be given to any tax implications affecting claims.
- viii) The Section 151 Officer is notified of the details of any employee benefits in kind, by a date determined by him/her for each year to enable full and complete reporting to HM Revenue and Customs.
- ix) Appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.
- x) Statistical returns are accurately completed by the due date.

### **Travel and subsistence**

**4.c)** The Section 151 Officer shall:

- i) Make all payments in respect of travel and subsistence expenses to employees when properly due and authorised by the appropriate Director.
- ii) Determine the specification of all reimbursement forms to be used.
- iii) Ensure that all employees making expenses claims in respect of the use of their private cars on council business have adequate motor insurance in place.

**4.d)** Corporate Directors shall make arrangements to ensure that:

- i) Claims are properly certified by an officer specifically authorised to do so.
- ii) A current list of authorised officers, with specimen signatures, is provided to the Section 151 Officer.
- iii) The lower of actual costs, or the allowances permitted under the scheme, are certified for payment.

**4.e)** All employees are responsible for ensuring that expense claims are submitted promptly in accordance with timetable specified by the Payroll Client Officer. Claims must be submitted within one month of the date of the expenditure and within the financial year in which the expenditure was incurred. All claims, including claims for mileage incurred on Council business, must be supported by a VAT receipt where VAT is incurred.

## ANNEX H

### Partnerships, External Funding and Third Party Contracts

#### Section 1: Partnerships expectations

Regulation F.2.

Last updated: September 2015

**1.a)** The Council requires that potential partners are aware of their responsibilities under the Authority's Financial Regulations and the procurement requirements. When partnerships are developed, the partners shall agree on which financial regulations and standing orders shall apply as part of the governance arrangements for the partnership. The following expectations should be adapted and written into governance documents, as appropriate

- i) The agreed set of financial regulations governing this partnership will be those of XXXXX [organisation]

Partners will:

- ii) Support the concept of risk management within the partnership and actively work with the Council to ensure that risk management processes are in place to identify and assess all potential risks.
- iii) Ensure that project appraisal processes are in place to demonstrate the viability of the project in terms of resources, staffing, expertise, and expected outcomes.
- iv) Agree and formally endorse the roles and responsibilities of each of the partners involved in the project before the initiative commences.
- v) Communicate regularly with other partners throughout the initiative so that potential problems are identified, shared and successfully resolved.
- vi) Openly and explicitly share a vision of collective and individual expectations.
- vii) Demonstrate an ability and willingness to add real value to any relationship.
- viii) Be open and honest about any conflicts of interest that might arise, and demonstrate a willingness to agree mechanisms to resolve these from the outset.
- ix) Demonstrate a willingness to take on a role in the broader programme appropriate to the skills and resources of the partnering organisations.
- x) Act in good faith at all times and in the best interests of the partnership's aims and objectives.



- xi) Will be comfortable with, support, and comply with the principles of “open-book accounting”.
- xii) Hold as confidential any information received as a result of partnership activities or duties that is of a sensitive or confidential nature.
- xiii) Act as champions and ambassadors for the project.

### **Section 2: Responsibilities in respect of partnerships, external funding and third party contracts**

Regulations F.4 & F.6

Last updated: September 2011

**2.a)** Cabinet is responsible for approving the contractual arrangements for any work proposed to be undertaken for external bodies.

#### **Responsibilities of the Monitoring officer**

**2.b)** The Monitoring Officer is responsible for:

- (i) Ensuring that governance and standards of conduct arrangements to be adopted by partnerships and joint ventures are no less stringent than apply to the Council.
- (ii) Ensuring that partnership contractual documentation requires any partner(s) to comply with the agreed Financial Regulations and Procurement Rules unless Council determines otherwise.

#### **Responsibilities of the Section 151 Officer**

**2.c)** The Section 151 Officer is responsible for:

- (i) Ensuring that accounting, audit, control, governance, and risk management arrangements to be adopted by partnerships and joint ventures are no less stringent than apply to the Council.
- (ii) Ensuring that partnership contractual documentation requires the Partner to comply with the agreed Financial Regulations, to the satisfaction of the Monitoring Officer.
- (iii) Providing advice on the key funding elements of any project, including:
  - Appraisal of financial viability for the current and future years.
  - Risk appraisal and management.
  - Resourcing, including taxation issues.
  - Audit, security and control requirements.
  - Budget ‘carry-forward’ arrangements.

- (iv) Issuing guidance with regard to the financial aspects of third party contracts.
- (v) Ensuring that the Council's accounting and costing conventions identify the fair cost of trading and working for third parties.
- (vi) Maintaining a financial vetting procedure for use in selecting and approving prospective (or, where appropriate, existing) partners in respect of significant contracts.

### **Responsibilities of Corporate Directors**

#### **2.d) Corporate Directors are responsible for:**

- (i) Ensuring that appropriate approvals are obtained before any negotiations are concluded.
- (ii) Maintaining a register of all contracts entered into with external bodies in accordance with procedures specified by the Monitoring Officer and Section 151 Officer.
- (iii) Ensuring that, before entering into agreements with external bodies, a comprehensive risk assessment has been carried out, a risk register drawn up, and appropriate mitigation action taken.
- (iv) Ensuring that such agreements and arrangements do not impact adversely upon the services provided by the Council or other services provided to the Council.
- (v) Ensuring that all agreements, arrangements and contracts are properly documented.
- (vi) Ensuring that partnership contractual documentation requires the Partner to comply with the agreed Financial Regulations, to the satisfaction of the Monitoring Officer.
- (vii) Providing information to the Section 151 Officer as may be required by him/her to enable a note to be entered into the authority's statement of accounts
- (viii) Ensuring that all claims for external funds are made by the due date.
- (ix) Ensuring that the project progresses in accordance with the agreed project plan and that all expenditure is properly incurred and recorded.
- (x) Informing, where the project is potentially deviating significantly from the plan, his/her Portfolio Holder and the Section 151 Officer as soon as this becomes apparent.

## Dacorum Borough Council Financial Regulations – Annex H

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- (xi) Ensuring that records are kept of resource usage and/or service delivery that accord with the requirements of the external funding source.
- (xii) Ensuring that all requirements and stipulations relating to the payment of external funding and the auditing thereof, are understood and acted upon.
- (xiii) Putting appropriate insurances in place through the Section 151 Officer for all dealings with third parties and external partners.
- (xiv) Ensuring, as far as reasonably possible, that the external contracts and partnerships for which they are responsible do not put the Council at risk from bad debts.
- (xv) Ensuring that no contract entered into with third parties is subsidised by the Council either directly or indirectly.
- (xvi) Seeking, wherever possible, payment in advance of the delivery of the service.
- (xvii) Ensuring that the Division/unit has the appropriate expertise to undertake the contract or to manage the contract in a client capacity.
- (xix) Seeking the advice of the S151 Officer (or an officer to whom responsibility has been delegated) is obtained in respect of prospective (or, where appropriate, existing) partners where significant contracts are being considered.

## DACORUM BOROUGH COUNCIL - FINANCIAL REGULATIONS

### SCHEDULE OF AUTHORISATIONS

#### Item 1. Virement policy – hierarchy of authorisations

Annex B, clause 3.e)

Last updated: September 2015

Type	Applies to transfers between	Sanctioning Authority
1	Between Cabinet Portfolios	Cabinet
2	Between Services within a Portfolio	Director and Portfolio Holder*
3	Between CIPFA Subjective headings within the same Service	Director and Group Manager
4	Between budgets both within the same Service and the same CIPFA Subjective heading	Director and Group Manager
5	For items 2, 3 and 4 above where the amount to be vired is at least <ul style="list-style-type: none"> <li>• £50,000</li> <li>And</li> <li>• 10% of the transferring budget</li> </ul>	Cabinet

All proposed virements shall be subject to review and comment by the Section 151 Officer. He/she shall determine whether the proposal should be subject to the positive endorsement of a higher authority.

\*“Portfolio Holder” means a formal Portfolio Holder decision.

#### Item 2. Limits on cash holdings

Annex C, clause 1.I)

Last updated: September 2015

Maximum limits for cash holdings, in whatever receptacle, shall be agreed with the Section 151 Officer, and shall not be exceeded without his/her express permission and with regard to the appropriate insurance limit. Cash received in total in excess of this amount must be banked within 24 hours. The current limit is:

£500

### Item 3. Changes to Structure - hierarchy of authorisations

Annex C, clause 2.g)

Last updated: September 2015

Where the net effect of any changes is no increase in cost for the current, or a full year, changes may be made to the official structure in accordance with the following hierarchy of authorities. Where a change to the official structure results in an increased net cost, it shall be allowed only on the authority of Cabinet.

Type	Applies to Changes where one or more changes impacts as follows	Sanctioning Authority
1	Between General Fund and HRA Services	Council
2	Between Cabinet Portfolios	Cabinet
3	Between Services within a Portfolio	Director and Portfolio Holder
4	Between budgets, activities and project provision being the responsibility of an individual Group Manager	Director and Group Manager

All proposed changes to the official establishment shall be subject to review and comment by the Section 151 Officer. He/she shall determine whether the proposal should be subject to the positive endorsement of a higher authority.

In considering the matter, the Section 151 Officer shall satisfy him/herself that all proposed changes will be correctly recorded on the corporate employee database and that all necessary budgetary virements have also been identified and will be implemented.

### Item 4. Petty Cash, Change Floats, and Credit Card Purchases - Value of cash reimbursements for minor purchases

Annex E, clause 3.e)

Last updated: September 2015

The value of cash reimbursements shall not exceed:

£50.00

### Item 5. Debt write-offs - Hierarchy of authorisations

Annex E, clause 4.f)

Last updated: September 2015

Individual value (per debtor)	Authorised by:	Conditions
Up to £20,000	Section 151 officer in consultation with the appropriate Corporate Director	
Above £20,000	Portfolio Holder (Finance & Resources) on the advice of the Section 151 Officer and Corporate Director	Applicable in situations where a referral to Cabinet (see below) is not necessary
Above £20,000	Cabinet on the advice of the Section 151 Officer and Corporate Director	Where the write off, if approved, would, in the opinion of the Section 151 Officer, have budgetary implications for the relevant service
Any value, where the amount written off will cause the Council's General Fund or Housing Revenue Account to fall into deficit	Council on the advice of the Section 151 Officer	

### Item 6. Debt write-off recovery threshold

Annex E, clause 4.j)

Last updated: September 2015

The de-minimis level for debt recovery action and review is determined by the Section 151 Officer and shall be as follows:

£50

### Item 7. De minimis amount for asset registers

Annex E, clause 5.c)

Last updated: September 2015

Asset inventories shall be held and kept current by Group Managers, who will ensure that all areas under their authority have an asset inventory. They shall contain clear descriptions of all fixed and moveable assets, other than land and

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buildings, having a current value in excess of an amount specified by the Section 151 Officer. This amount is:

£500

Land and buildings are listed in the Asset Management System (see Regulation.C6), and ICT equipment is listed in a separate inventory kept by the relevant Corporate Director.

### **Item 8. Transaction authority level for asset disposals**

Annex F, clause 1.g)

Last updated: September 2015

The Corporate Director of the appropriate directorate and the Council's duly appointed valuer or other agent shall be involved in or appraised of all major steps in the negotiations in respect of transactions or of a series of transactions, the estimated value or the aggregated value of which exceeds the following amount:

£100,000

### **Item 9. Disposal by tender**

Annex F, clause 1.m), ii)

Last updated: September 2015

Disposal by tender may be appropriate where there are two or more prospective purchasers with a foreseeable interest in acquiring the land. This method should be used in preference to Private Treaty where:

- i) more than one prospective purchaser exists, and
- ii) the estimated value of the land exceeds the following amount:

£25,000

### **Item 10. Disposal of equipment**

Annex F, clause 2.a)

Last updated: July 2017

The regulations relating to disposals within Section 2 of this annex apply to all assets specified in clause 2.a) with a value up to:

£50,000

### **Item 11. Major reusable items**

Annex F, clause (3.e)

Last updated: July 2017

Disposals of major reusable items must be authorised by the Cabinet where the disposal may achieve a receipt in excess of the following amount:

£50,000



## Item 12. Disposals of other intangible assets

Annex F, clause 4.e)

Last updated: July 2017

The appropriate Corporate Director will obtain Cabinet authorisation for the disposal of other intangible assets where the value of the asset(s) to be disposed of exceeds the following amount:

£50,000,

## Item 13. Hierarchy of authorisations for cheque and electronic payments

Annex G, clause 1.f)

Last updated: September 2015

Payment by cheque (or any electronic payment) by an amount to be determined by the Section 151 Officer shall be signed by one of those approved to do so by the Section 151 Officer. One authorised officer shall countersign cheques (or any electronic payment) over a value to be determined by the section 151 officer. The values so determined are as follows:

<b>Value</b>	<b>Authorising signatories</b>
Up to £40,000	Any one authorised officer (electronic or manual signature)
Above £40,000	Any two authorised officers (manual signatures only)

## Item 14. Exceptions to advance payments regulations

Annex G, clause 1.j)

Last updated: September 2015

Advance payment shall not be made for goods or services. The Section 151 Officer may authorise specific categories and/or values of expenditure as standing exceptions to this Regulation, and may amend or delete any such exceptions from time to time. Standing exceptions currently in place are as follows:

Software Support and Maintenance  
Software Licences  
Artists/Performer Fees

### Item 15. Value of cost-overruns to be reported

Annex G, clause 3.b) vii)

Last updated: September 2015

Where the sum of all variations pertaining to a contract, is likely to result in a cost over-run exceeding the value shown below, The relevant Group Manager shall report the potential over-run for approval to both the relevant Portfolio Holder and the Section 151 Officer prior to payment:

<b>Value of scheme</b>	<b>Over-run limit</b>
Up to £100,000	£5,000
Above £100,000	10% of value of scheme

# Agenda Item 15

## AUDIT COMMITTEE: **DRAFT** Work Programme 2017-18

MEETING DATE	DEADLINE TO MONITORING OFFICER	DEADLINE TO MEMBER SUPPORT	ITEMS:	WHO RESPONSIBLE
28/6/17		19/6/17	Progress Report <ul style="list-style-type: none"> <li>• Budgetary Control</li> <li>• Housing Allocations</li> <li>• Key Financial Controls</li> <li>• Benefits Realisation –</li> <li>• Human Resources</li> <li>• Housing Benefit and Council Tax Benefit</li> <li>• Payroll and Pensions Administration</li> <li>• Customer Relationship Management (CRM)</li> </ul>	Internal Audit (Mazars)
			Internal Audit Progress Report	Internal Audit (Mazars)
			Internal Audit Charter	Internal Audit (Mazars)
			External Audit Progress Report	Grant Thornton
			Strategic Risk Register	DBC - Finance
19/7/17		11/7/17	Progress Report <ul style="list-style-type: none"> <li>• Housing Rents</li> <li>• Off-Payroll Engagement</li> <li>• Information governance</li> </ul>	Internal Audit (Mazars)
			Internal Audit Progress Report	Internal Audit (Mazars)
			External Audit Progress Report	Grant Thornton

			Strategic Risk Register	DBC - Finance
<b>20/9/17</b>		12/9/17	Progress Report <ul style="list-style-type: none"> <li>• Community Contracts</li> <li>• Cloud Computing</li> </ul>	Internal Audit (Mazars)
			Internal Audit Progress Report	Internal Audit (Mazars)
			External Audit Progress Report	Grant Thornton
			Strategic Risk Register	DBC - Finance
<b>22/11/17</b>		14/11/17	Progress Report <ul style="list-style-type: none"> <li>•</li> </ul>	Internal Audit (Mazars)
			Internal Audit Progress Report	Internal Audit (Mazars)
			External Audit Progress Report	Grant Thornton
			Strategic Risk Register	DBC - Finance
<b>7/2/18</b>		30/1/18	Progress Report <ul style="list-style-type: none"> <li>• Council Tax</li> <li>• Main Accounting</li> <li>• Treasury Management</li> <li>• Accounts Receivable</li> <li>• Accounts Payable</li> <li>• NNDR</li> <li>• Empty Homes</li> <li>• Capital Programme</li> <li>• Social Media</li> </ul>	Internal Audit (Mazars)
			Internal Audit Progress Report	Internal Audit (Mazars)
			External Audit Progress Report	Grant Thornton

			Strategic Risk Register	DBC - Finance
<b>28/3/18</b>		20/3/18	Progress Report <ul style="list-style-type: none"> <li>• Housing Benefit and Council Tax Benefit</li> <li>• Budgetary Control</li> <li>• CIL</li> <li>• Governance and Risk Management</li> <li>• Benefits Realisation</li> </ul>	Internal Audit (Mazars)
			Internal Audit Progress Report	Internal Audit (Mazars)
			External Audit Progress Report	Grant Thornton
			Strategic Risk Register	DBC - Finance