

## MINUTES

### AUDIT

5 FEBRUARY 2020

**Present:**

**Members:**

**Councillors:** Birnie  
Herbert Chapman  
(Chairman)  
Mahmood  
Silwal  
Tindall  
Townsend

<b>Officers:</b>	Anna Elliott	Revenues Team Leader
	Ben Hosier	Group Manager - Procurement and Contracted Services
	Matthew Kelly	Benefit Processing Team Leader
	Marie Sells	PA to the Leader and Conservative Group

**Also Attendance:**

The meeting began at 7.30 pm

**1            APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of James Dean and Councillors Symington and Elliot

**2            DECLARATIONS OF INTEREST**

There were no Declarations of Interest.

**3            MINUTES AND ACTIONS**

The Minutes of the previous meeting held on 20/11/19 were review and agreed

**4            PUBLIC PARTICIPATION**

There was no public Participation.

**5            EXTERNAL AUDIT - AUDIT PLAN UPDATE**

Amber Banister presented to the Committee.

### Audit Plan

The audit plan provides a summary of the audit approach for the coming year and is based on the risk assessment procedures undertaken by Grant Thornton in December and January.

the key approaches remain the same as those last year, this is due to the fact the Council haven't undergone any major transformation and their procedure remain largely the same.

Revenue recognition is a presumed risk and can be redacted if it is deemed not to be a risk after investigation.

The valuation of land and buildings is a significant figure on the accounts and is sensitive to market changes.

Protection from liability is a similar risk as it requires an expert and there is estimation involved.

Management override and controls is a presumed risk on all audits.

Materiality levels for this year have been determined at 3.2 million which is 2% of the gross operating expenditure. This remains the same as last year. Anything over 200k will be reported.

The Value for money conclusion assessment identified Financial Sustainability as a potential risk, there is financial challenge across the board for the overall sector.

There is a change in the fees from last year, this is due to increased scrutiny and expectation throughout the year within the audit profession which has increased the level of work. This has resulted in an increase in fees across the whole audit particularly in PPE (Property, Plant and Equipment) and Pensions. The total fee increased amounts to £7500, however this remains lower than the fee for 2017/2018.

N.Howcutt informed the Committee that DBCs fees are slightly higher than those of other authorities in Hertfordshire even though it is believed there is a very low risk level, this could be due to higher risk levels in previous years therefore James Deane is in discussions with PSAA at the moment looking at the scale fees and how they were originally set. This isn't an issue with Grant Thornton but something that DBC are taking up directly with PSAA.

### Housing Benefit Certification Report 2018 / 19

This report was completed in November 2019, initial testing was performed on the 3 housing benefit types used by DBC, and this includes anything within the housing revenue account, rent rebates and rent allowances.

Additional testing was also performed on any errors that were found the previous year.

The initial testing on the 3 areas included 20 cases of each with a further 40 cases on the 2 errors found the previous year.  
Any errors found this year will prompt another 40 test cases in that area for next year.

## **6 STRATEGIC RISK REGISTER QTR 3**

Nigel Howcutt presented a report to the Committee

### Risk Based Verification Policy

This report is published annually, the purpose of the report is to monitor System and Processes used by Councils to ensure their processes are up to date and accurate.

This process currently costs 10K per Annum which is 1/3 less than previous years.

With the introduction on Universal Credit the caseloads have decreased, the majority of claims which are being dealt with are “low risk”, these tend to be claims which are “passportted” therefore all the evidence and verification work has been done by the DWP.

Full details can be found in the Part 2 minutes

### Strategic Risk Register Q3

Because of timings the Q2 report was presented at the end of November 2019, since then the scores on the SRR have not changed but the commentary has been updated, any edits requested through the Audit committee can be made to Cabinet when it is presented in March.

N.Howcutt Welcomed questions from the Committee.

Councillor Chapman enquired if the delay to the expected 2020 review of National redistribution on the business rates was a definite delay or a possible delay.

N.Howcutt confirmed it was a definite delay, they are awaiting the outcome of the fair funding review this year which will give more certainty over the level fo resources required by LA’s that will then be fed into the business rates funding model for future years, it is expected the Council will be self-sufficient by 2022 / 23 so effectively there is no reliance on business rates, from that period onwards.

Councillor Tindall has some concerns regarding the recruitment process for professional staff such as planners, Building Control and Environmental Staff. He feels there is a lack of retention in these areas and would like to know how this is being addressed. He also feels the risk should be rated larger than 6, with SR2 being split into professional and nonprofessional staff.

N.Howcutt confirms he will feedback the concept of splitting SR2 into professional and Nonprofessional staff. As far as recruitment and retention of professional roles is concerned, it is an issue across all local authorities, DBC has the apprenticeship and graduate incentive schemes which are being rolled out across DBC, these are funded by almost 500k over the next 3 years, there have been 3 new apprentices singed up in the last month. Although at the moment they would be classed as general staff their training requirements will push them into the professional category over time which is why there would be a concern about splitting the SR2 as reporting is not necessarily easily separated ese are things that will need to be considered.

There will always be an issue when it comes to professional qualified staff such as surveyors and accountants, these are 2 key areas in which Local Authorities struggle to recruit. This is mainly due to the competition with other authorities and the private sector, things like flexible working and work life balance are areas that can make the roles at DBC more attractive.

Councillor Tindall appreciates it may be difficult to split into professional and nonprofessional but asks if it could be ensured that there is a particular narrative about professional staff within the commentary of SR2 every time.

N.Howcutt assures Councillor Tindall he will look at all options and will report back to the Group.

Councillor Townsend would like clarification on SR6 – the risk that the borough doesn't have sufficient investment to ensure essential infrastructure is available across the borough, it is felt that the report is mainly focused on developments in Hemel Hempstead and he feels it should be looked at more broadly considering the size of proposed developments in Tring and other surrounding areas. Councillor Townsend isn't comfortable with the mitigated risk score being as low as it is, Health care is a particular concern and he would like clarification as to who is responsible for ensuring there are enough GPs to serve the population.

Councillor Tindall would like to add that the Primary Care Networks (PCNs) are due to go live in July and he would like to know if the risk register will be looking at the PCN and taking this into account.

N.Howcutt explains that this section of the report is vast and covers many different areas such as highways. Transport, Health as well as Education to name a few. Also the responsibility for most large infrastructure projects sits with Hertfordshire County Council who also monitor future demand for services like education provision and community provision, these things will factor into the local plan once that is finalised.

Health is slightly different, an element of the Section 106 and CIL payments is allocated towards additional health care provision in and around the borough dependant on what is being built, one example is LA3 (Stoney Croft area) DBC has been allocated 300k towards enhanced GP facilities in the area because of the development of the new homes, and the council is supporting the local health service to deliver an enhanced doctors surgery..

Councillor Townsend thinks it is about communication with the public to try and reassure them that the infrastructure will be in place where developments are planned and would like to highlight that he feels this is a highly sensitive area.

N.Howcutt agrees this is a sensitive area and requires cross agency partnerships, a significant step forward has been made with the creation of "The Growth Board" with the aim of funding infrastructure across Hertfordshire as a whole.

## **7 INTERNAL AUDIT REPORTS**

Sarah Knowles Presented to the Committee.

## Audit Plan

There are 2 items which are still awaiting start dates

- Social Media / IT
- Apprenticeship Levy

All other items are either planned to start or is currently in progress. Everything is on track to deliver the plan by the end of March 2020.

The following reports have been issued

- Council Tax
- Leisure Services Contract Management
- NNDR

The Core financials are due to start next week, accounts receivable and accounts payable will be first followed by treasury management and main accounting the week commencing 24<sup>th</sup> March.

Councillor Tindall requested last year's internal audit reports be added to the minutes.

### Council tax

Very good report with good assurance with both design and effectiveness testing which was carried out. There were no recommendations raised.

N.Howcutt praised the staff who run such a good service

### NNDR

The assurance report was good with no recommendations that were raised.

### Leisure Services Contract Management

This is again a good report with good assurance given on the design of the system and just 1 priority 2 recommendation raised in terms of the effectiveness this was specifically about records of discussions held at meetings.

Councillor Tindall would like to know how the 6 monthly strategic board meeting knew what was being said or done in the monthly Operational meeting if no accurate records were being kept of these meetings.

Ben Hosier assured Councillor Tindall that he attended both meetings and reported all information to the attendees. Going forward accurate formal minutes will be kept of each meeting.

N.Howcutt - in terms of internal audit scope DBC are looking for independent assurance that the requirements specified in the leisure contract are being fulfilled by the provider and the leisure contract management team.

The outcome of the report is that there is good assurance in terms of the system design and substantial around operating controls, this shows that the contract is being

managed effectively, information is being received in a timely manner, deadlines are being adhered to and the information is deemed to be accurate and robust. The one issue highlighted was the lack of formal notification and publication of minutes, this has already been actioned and going forward all meetings will be recorded.

Capital programme was deferred to the next meeting

## **8**                    **INTERNAL AUDIT COMMISSIONING**

Full details can be found in the Part 2 minutes

## **9**                    **WORK PROGRAMME**

The work programme was reviewed and agreed

Councillor Townsend would like Planning to be added to the work Programme, specially the decision making process.

N.Howcutt suggests it is added for April / June 2020.

The Meeting ended at 9.33 pm