

Audit Agenda



Wednesday 14 June 2023 at 7.30 pm

Conference Room 1 - The Forum

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Membership

Councillor Birnie
Councillor Douris
Councillor Elliot

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

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

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 (Pages 3 - 5)

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. INTERNAL AUDIT ANNUAL REPORT 2022/23 (Pages 6 - 11)

6. SUMMARY OF INTERNAL CONTROLS ASSURANCE (SICA) REPORT

Report to follow.

7. EXTERNAL AUDIT ANNUAL REPORT

Report to follow.

DACORUM BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

22 MARCH 2023

Present:

Councillors: Riddick (Chairman)
Tindall
Townsend
Chapman
Elliot

Officers: F Jump Head of Financial Services
T Angel Corporate & Democratic Support Officer

Others: Philip Lazenby (TIAA)

The meeting began at 7.30 pm

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Symington. Councillor Tindall substituted for Councillor Symington.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES AND ACTIONS

The minutes of the previous meeting were agreed by the members present and then signed by the Chairman. The Chairman felt that the previous minutes were presented well and were very concise. He thanked T Angel.

There were no outstanding action points from the previous meeting.

Before moving on to the next item the Chairman went through the previous minutes, highlighting that he had asked five questions, Councillor Silwal had asked two questions and Councillor Townsend had asked twenty questions. He said he would appreciate members streamlining their questions as the discussions were very complex and some of the queries could have been put to the officers when the agenda had been published. He requested that any intricate questions should be put to officers' prior to the meeting to give them time to provide a comprehensive response.

He thanked members for their understanding on this matter.

4. PUBLIC PARTICIPATION

There was no public participation.

5. SUMMARY INTERNAL CONTROLS ASSURANCE (SICA)

P Lazenby referred to page 11 and advised there was just one report and the actions had been accepted and implemented already.

He moved to page 19, appendix B, which was progress against the annual plan. He drew attention to the report titled management systems which was draft in December but had been escalated and was expected to be finalised shortly. Housing rents was listed as in progress and housing repairs and maintenance was rescheduled and was expected to be undertaken the following month. Procurement and contract management was expected at the end of next week and governance and risk management was delayed at the councils request until June.

Follow up is ongoing and to support that was appendix C. He said this was a process that will be increasingly tightened as he approaches preparations for his Head of Internal Audit Opinion Statement and that will be partially informed by any outstanding actions that haven't received an update.

Councillor Tindall referred to page 23 and asked if the medical checks for drivers were now up to date. F Jump advised that work was ongoing in the service to ensure they were up to date. She believed that the responsible service asked for an extended implementation date for this recommendation which was the end of this month. An update would be provided at the next audit committee meeting. Councillor Tindall felt this matter was very serious and needed to be treated with urgency. To provide some additional assurance P Lazenby advised that this would form part of the two year rolling plan so there would be an additional audit to make sure that the underlying root causes of the issue were addressed.

The Chairman asked if the drivers would undergo regular health checks, for example every 12 months. P Lazenby replied there would be a process of rolling medical checks.

Councillor Townsend referred to the recommendations and implementation timetable. He asked if they should be concerned that some of the original target dates hadn't been met. He then asked if P Lazenby was confident that the revised dates would be achieved. P Lazenby advised that if he was to profile Dacorum against other councils he provided services to the follow up at Dacorum was pretty good in totality. In respect of individual actions that had been highlighted there was always a risk that matters get passed from date to date and that was why there was an assiduous follow up process between P Lazenby and F Jump in place with the additional audits to provide assurance. He said it was possible that some of the dates would slip, however he took assurance that Dacorum had an open and transparent reporting system where regular updates are provided and that was above and beyond the reporting system seen in a lot of other organisations. F Jump added that a list of outstanding recommendations was presented to the relevant service lead on a monthly basis for them to comment on that information.

Councillor Townsend commented that there had been significant improvement in comparison to 2010. The Chairman agreed.

Outcome

The report was noted.

6. AUDIT COMMITTEE TERMS OF REFERENCE

F Jump introduced the report and said she wanted the opportunity for the committee to understand what the current terms of reference were as per the constitution. She said any

suggested amendments would be noted and taken forward to Full Council for consideration and approval.

The Chairman assumed these were fairly standard terms of reference throughout local authorities. F Jump responded that our terms of reference were very similar to those of other audit committees. She referred to appendix 2, CIPFA's (Chartered Institute of Public Finance and Accountancy) position statement for audit committees in local authorities, and advised those expectations were covered in our terms of reference.

Councillor Tindall asked if there was a potential timescale for the implementation of the new terms of reference. F Jump explained that if she received feedback from this meeting she would bring a revised terms of reference to the next audit committee in June.

Councillor Townsend questioned if the document was consistent with other local authorities terms of reference. He said he was expecting the document to be more detailed, however having less detail was helpful and did make it very clear. F Jump felt that the document was fit for purpose but suggested there was potential for further refinement if required. She said members may wish to add some detail about the independent member and when they would appoint them.

Councillor Townsend said he understood it that the issue of whether the committee should have an external appointee would be discussed as a separate agenda item to this one. F Jump confirmed that was correct. She proposed that once the Elections had taken place she would bring a report to the committee on that topic along with the revised terms of reference.

Councillor Tindall noted the recommendation that there should be two independent members. F Jump advised that CIPFA's recommendation was that it was best practice to have two independent members but this can be discussed in more detail at the next committee meeting.

Councillor Chapman expressed his gratitude to the staff and auditor's for all their brilliant work and to another successful year. This was echoed by all members of the committee.

Councillor Riddick was also thanked for his efforts as Chairman.

The meeting ended at 7.51 pm.

Dacorum Borough Council

Internal Audit Annual Report

Page 6

2022/23

June 2023

Internal Audit Annual Report

Introduction

This is the 2022/23 Annual Report by TIAA on the internal control environment Dacorum Borough Council. The annual internal audit report summarises the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control. This report is designed to assist the Council in making its annual governance statement.

Our approach is based on the International Standards for the Professional Practice of Internal Auditing which have been developed by the Institute of Internal Auditors (IIA) and incorporate the Public Sector Internal Audit Standards (PSIAS). In 2022, TIAA commissioned an External Quality Assessment (EQA) of its internal audit service. The independent EQA assessor was able to conclude that TIAA 'generally conforms to the requirements of the Public Sector Internal Audit Standards and the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF)'. 'Generally conforms' is the highest rating that can be achieved using the IIA's EQA assessment model.

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001:2015 standards. Our work also complies with the IIA-UK Professional Standards and relevant guidance issued by the Accounts & Audit Regulations 2015.

Internal Audit Planned Coverage and Output

The 2022/23 Annual Audit Plan approved by the Audit Committee was for 216 days of internal audit coverage in the year.

During the year there were no changes to the Audit Plan.

The planned work that has been carried out against the plan and the status of work not completed is set out at Annex A.

No extra work was carried out which was in addition to that set out in the Annual Audit Plan.

Although the designated review on Governance and Risk Management was not completed at the time of compiling this Head of Internal Audit Opinion it should be noted that substantial work was undertaken by internal audit in regard to this and associated areas in 2022/23 as part of management support to Dacorum. This included providing training sessions and support to the audit committee, review of strategic documentation, input regarding strategic risks and regular meetings with those involved with risk management. This work was considered to be both germane and in depth and while observations were made these were either addressed at the time of the input or will be carried forwards as part of ongoing development with minimal concerns being noted. The report will be issued as Final when the work is completed on this review however it is not anticipated that any material changes will be made.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

TIAA is satisfied that, for the areas reviewed during the year, Dacorum Borough Council has reasonable and effective risk management, control and governance processes in place.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by the Dacorum Borough Council from its various sources of assurance.

Assurance

TIAA carried out 16 of the planned 17 reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve the Organisation’s objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	6	6
Reasonable Assurance	9	11
Limited Assurance	1	2
No Assurance	0	0

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work carried out in 2022/23. The numbers in brackets relate to 2021/22 recommendations.

Urgent	Important	Routine
0	23	35

Audit Summary

Control weaknesses: There were no areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided ‘limited’ or ‘no assurance’.

Recommendations Made: We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed			
Governance Framework	0	8	5
Risk Mitigation	0	3	4
Compliance	0	7	16
Delivery			
Performance Monitoring	0	4	9
Sustainability	0	0	0
Resilience	0	1	1

Operational Effectiveness Opportunities: One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational
5

Independence and Objectivity of Internal Audit

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

Performance and Quality Assurance

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	94%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	95%	100%
Compliance with Public Sector Internal Audit Standards	100%	100%

Release of Report

The table below sets out the history of this Annual Report.

Date Interim Report issued:	5 th June 2023
-----------------------------	---------------------------

Annexes

Actual against planned Internal Audit Work 2022/23

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Corporate Services and/or Council Wide Audit					
Corporate Health and Safety (<i>rolled forward from 2021/22</i>)	Assurance	10	10	Limited	
Planning	Assurance	10	10	Substantial	
Governance and Risk Management	Assurance	10	10	In progress	Delayed to June owing to Elections
Communications	Assurance	10	10	Reasonable	
ICT					
Document Management System	Assurance	10	10	Reasonable	
Financial Services and Resources Audit					
Key Financial Controls	Assurance	15	15	Reasonable	
Payroll	Assurance	10	10	Substantial	
Council Tax	Assurance	8	8	Substantial	
NDR	Assurance	8	8	Substantial	
Insurances (include staff owned vehicles on Council business)	Assurance	10	10	Substantial	
Housing Benefits and Council Tax	Assurance	8	8	Reasonable	
Operational Audit – Law and Governance					
Procurement/Contracts	Compliance	10	10	Substantial	
Operational Audit – Planning and Environment					
Empty Homes	Assurance	10	10	Reasonable	

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Commercial Asset Management	Assurance	15	15	Reasonable	
Operational Audit – Housing and Community Developments					
Housing Repair and Maintenance	Assurance	10	10	Reasonable	Draft
Housing Allocations and Homelessness	Assurance	10	10	Reasonable	
Housing Rents	Assurance	8	8	Reasonable	Draft
Management and Planning					
Follow Up	Follow Up	10	10	n/a	
Annual Planning	n/a	4	4	n/a	
Annual Report	n/a	2	2	n/a	
Audit Management	n/a	13	13	n/a	