

**DACORUM BOROUGH COUNCIL**

**AUDIT COMMITTEE MINUTES**

**15 SEPTEMBER 2022**

**Present:**

**Councillors:** Chapman (Chairman)  
Riddick  
Silwal  
Symington  
Townsend

**Officers:** F Jump            Head of Financial Services  
L Schultz        Team Leader, Financial & Regulatory Accounting  
K Soley            Head of Communications and Engagement  
T Angel            Corporate & Democratic Support Officer

**Others:** Philip Lazenby (TIAA)  
Paul Cuttle (Grant Thornton)

The meeting began at 7.30 pm

One minutes silence was held for the passing of Her Majesty Queen Elizabeth II.

**1. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**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.

There were no outstanding action points from the previous meeting.

**4. PUBLIC PARTICIPATION**

There was no public participation.

**5. SUMMARY INTERNAL CONTROLS ASSURANCE (SICA) REPORT**

P Lazenby introduced the item and provided a detailed summary of each of the reports.

Councillor Townsend sought clarification on the planning audit brief that was issued on 2<sup>nd</sup> September.

P Lazenby advised that it was an indication that we have agreed terms for undertaking the audit, that we've agreed to the responsible lead and that we've agreed a time frame for

taking the review. If the audit brief was not issued for whatever reason it would be a warning sign that the audit may be delayed.

Councillor Symington referred to the delays on housing repairs and maintenance. She said this was one of the key areas that residents approach their ward councillors about and asked for more information on the delay.

P Lazenby believed the request to delay was in response to an internal plan that was developed in the organisation in response to an incident. He said the report had been to this committee previously but he couldn't expand on the information due to confidentiality.

### Outcome

The report was noted.

## **6. FINAL OUTTURN REPORT 2021/22**

F Jump introduced the report and explained it was the responsibility of the audit committee to look at the final outturn report, provide comments on the position and agree the final reserve movements for the year which are incorporated into the final financial position for the authority. She presented the highlights of the report and welcomed questions from the committee.

Councillor Symington questioned how we were going to manage the increasing pressures going forward.

F Jump agreed we were experiencing rising costs across the country and beyond in terms of all aspects of expenditure. She advised they had a really tight monitoring process for the capital programme so they were constantly reviewing it as more pressures become known. They will be reporting through the committee and when they feel that they need to perhaps look again at the capital programme and the approved financial envelope they will bring decisions to the committee for approval. She summarised it was very much a concern but they will be constantly reviewing the situation and members will be kept up to date as part of the financial monitoring process and decision making.

Councillor Townsend asked for more information on the contribution from the Covid-19 Hardship Reserve, to support the cost of the Council Tax Hardship relief scheme.

F Jump advised they received a grant from central government at the end of the last financial year to support the provision of council tax relief to local residents. There was an understand on that grant at the end of the financial year which under accounting guidelines was carried forward into the current financial year and that was then used to fund that particular scheme into 21/22.

Councillor Townsend questioned if it had been spent or if it's a general reserve.

F Jump responded that the majority has been spent but there was around £100k leftover so a decision will need to be taken as to how that's applied in 2022/23.

Councillor Symington queried if F Jump wished to comment on the difference between the budgeted movement and the net reserve movement that actually occurred.

F Jump explained we were expecting a reserve movement of £1.2m transfer into the council's reserves but what we've actually seen is a transfer of £5.9m. She said at the time the reserve movement budgets were set they wouldn't have known what those funding

equalisation reserve movements were going to be and that's why we're seeing such a large difference.

Councillor Townsend noted two other relatively material moves relating to the saving efficiencies reserve and the Dacorum development reserve and asked for comments on those.

F Jump replied there had been a number of additional reserve movements in year but all of those have been put forward to Cabinet and Council to approve during the year. She said she didn't have a breakdown to hand but members could be assured that any reserve movements had been subject to other committee reports before they've been included in the position.

### Outcome

1. The Committee reviewed and noted the final financial outturn position for 2021/22.
2. The Committee approved the following reserve movement for 2021-22:

A draw- down of £11.149m from the Funding Equalisation Reserve to support statutory payments in respect of the business rates deficit on the Collection Fund in 2021-22.

A contribution of £6.856m to the Funding Equalisation Reserve to support statutory payments in respect of the business rates deficit on the Collection Fund in 2022-23.

A contribution of £0.448m from the Covid Hardship Reserve, to support the cost of the Council Tax Hardship relief scheme in 2021-22.

## **7. STATEMENT OF ACCOUNTS AND LETTER OF REPRESENTATION 2021/22**

F Jump highlighted that this item needed to be considered in conjunction with the external audit findings report which was the next item on the agenda.

F Jump presented the statement of accounts and advised that followed the end of the external audit process. She explained the production of accounts was a very long piece of work for the finance team and voiced credit to Lexi Schultz and the wider finance team for their roles in producing these accounts. Members of the committee were asked to comment on the final statement of accounts and also approve the letter of representation. The letter is a statement from the Council to our external auditors which sets out the basis upon which we've prepared the accounts and it's a crucial document for external audit to be able to issue their audit opinion. F Jump noted that they had agreed to a few changes to the accounts in conjunction with Grant Thornton; one related to the valuation of surplus assets and the other related to disclosures around our grant funding.

P Cuttle directed members to the headlines of the report and gave a summary of the external audit findings. He welcomed questions from the committee.

Councillor Townsend asked for more information on the outstanding matters relating to infrastructure assets following CIPFA revised guidance.

P Cuttle explained there was a statutory override expected to be passed through parliament which will provide a solution for councils to be able to make an adjustment to the financial statement based on changes to the code of audit practice and that will allow auditors to issue an unqualified opinion. He advised that Dacorum's infrastructure assets were around

£5-6m, materiality around £3m, so based on the current guidance that wouldn't stop them being able to issue an unqualified audit opinion. He summarised that we were waiting for the guidance which may mean changing the financial statements if the guidance comes out before they finalise the audit but ultimately it wasn't a big issue for this council.

Councillor Townsend advised he had done some reconciliations between what was being signed off in the accounts versus the final outturn report and also done some spot checks. He asked if there was anything else he should have done to check the accounts. He also asked if there were any changes in accounting treatment.

F Jump replied he had done everything she would expect someone in his position to do which is go through both the statement of accounts document and the final outturn report to make sure they're consistent. She asked L Schultz to provide a summary on changes in the 2021/22 accounts.

L Schultz advised it had been a fairly light year in terms of accounting changes, partly because of Covid and all the pressure the councils are under. She said they were expecting a change relating to leases but that has been pushed back to 2024/25.

On behalf of the committee Councillor Townsend thanked all those involved in putting together the accounts.

### Outcome

The audit committee carried out and agreed the following recommendations:

1. Review the Statement of Accounts 2021/22 (Appendix A) and raise any matters on which Assurance is sought in order to approve the Statements on behalf of the Council;
2. Subject to consideration of the External Auditor's Audit Findings Report, approve the Letter of Representation (Appendix B) in the capacity of those charged with Governance and;
3. Subject to above, approve the Statement of Accounts for 2021/22.
4. Delegate to the Chair of the Audit Committee to sign the final accounts upon receiving the final audit opinion subject to no material changes.

### **8. EXTERNAL AUDIT FINDINGS REPORT 2021/22**

This report was considered under item 7; Statement of Accounts and Letter of Representation 2021/22.

### **9. WORK PROGRAMME**

There were no changes to the work programme.

Councillor Townsend wanted to put on record his appreciation to all those involved in producing the accounts.

Before the meeting officially ended, Councillor Chapman advised this would be his last meeting chairing this committee but he would remain on the audit committee. He thanked the staff, the internal and external auditors and all others that have been involved, for all their hard work and successes. He advised that Councillor Riddick would be the new Chairman.

Councillor Riddick thanked Councillor Chapman for his time as Chairman and for conducting the meetings so ably. He shared some suggestions of how he would like to conduct the audit committee going forward.

Councillor Townsend also thanked Councillor Chapman for his able chairing of the audit committee for a number of years.

The meeting ended at 8.16 pm.