

# **DACORUM BOROUGH COUNCIL**

## **AUDIT COMMITTEE MINUTES**

**10 FEBRUARY 2016**

**Present:**

**Councillors:** Taylor (Chairman)  
Douris W Wyatt-Lowe

**Officers:**

J Deane	Corporate Director (Finance & Operations)
D Skinner	Assistant Director (Finance & Resources)
C Baker	Group Manager (Revenues, Benefits and Fraud)
J Doyle	Group Manager Member Support

**Others:**

M Clarkson	MAZARS
S Knowles	MAZARS
N Harris	EY LLP
H Ormiston	EY LLP

The meeting began at 7.30 pm.

**70. APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of Councillors Barnes, Tindall and G Elliot-Portfolio Holder for Finance & Resources.

**71. DECLARATIONS OF INTEREST**

None.

**72. MINUTES AND ACTIONS**

The minutes of the meeting on 16 December 2015 were agreed by the Councillors present and signed by the Chairman.

Action:

That the Strategic Risk Register is to be an item on the agenda for the next meeting and M Gaynor be asked to attend to update on Risk I3, securing significant investment in infrastructure.

**73. PUBLIC PARTICIPATION**

None.

**74. DBC AUDIT PLANNING BOARD REPORT 2015/16 (Item 5)**

**Chairman**

Neil Harris of EY LLP introduced this item taking the committee through the key points of the report. He felt a key element of this year's audit would be establishing that the council has put in place governance arrangements to ensure economy, efficiency and effectiveness.

He drew attention to the Financial Statement Risks set out in the report and how the Audit will assess these risks. He went on to highlight two areas of general interest – Property Asset Valuation and Accounting and the Risk of Fraud in Revenue Recognition.

The audit will look at the accounting practices; how the asset base is dealt with and how valuations are carried out to ensure that the management's judgements reflect national guidance.

Councillor W Wyatt-Lowe (WWL) requested the auditors to expand on how they would detect and measure 'management bias and he suggested this might require a review of journal entries which were made by senior officers. The auditors confirmed that they would be looking for certain key terms; e.g. payment deferred; referrals to another officer, how accruals stack up, etc.

Cllr WWL went on to ask if their examination would exclude or include procurement bias and he was assured that is an area to which the audit will pay careful attention.

Cllr Douris asked the DBC officers if they felt there are there any weaknesses in the systems that could lead to officer misjudgments and what was currently being done to prevent it.

J Deane, Corporate Director (Finance & Operations) (JD) admitted that misjudgments are possible but DBC have in place robust measures to mitigate this sort of risk.

The Internal auditors agreed they would assist in producing procedures and processes to ensure this should not happen.

Neil Harris then turned to the risk based examination of the council's arrangements to ensure Value for Money. They will concentrate on three areas:

- informed decisions
- deployment of resources
- The work done with partners and third parties.

Cllr Taylor felt certain that the four involved parties; the external auditors, DBC officers, internal auditors and the council members will all work toward the same aim of a good audit.

27 July is the target for the final report opinion to be produced and returned to the audit committee

Cllr W Wyatt-Lowe asked if it is appropriate that the external experts EY LLP are to use to examine loans are the same ones we approach for the loans. Neil Harris assured the committee that the auditors will use more than one valuer and agreed with Cllr Douris that the same will apply to those asked to look at property valuations.

Cllr Douris asked the DBC officers if the Council valued our properties according to national rates/values and was informed that it depended on the type of property.

## **75. INTERNAL AUDIT Progress report (Item 6)**

M Clarkson of Mazars, the Internal Auditors introduced the item and informed the committee that progress is in line with the Audit plan.

He drew attention to the excellent result achieved by Council Tax and the committee

commended this service for its effectiveness.

The committee moved on to consider three audit recommendations still outstanding from 2014/15.

The first of these dealt with a comprehensive demand data failure and Cllr WWL asked for an explanation. It was explained that the failure occurs because demand is not being met elsewhere in the council.

Cllr Douris expressed dismay at the response from Trees and Woodlands to the two outstanding recommendations referring to that service. He said that the audit committee will not accept responses such as this without adequate explanation and he asked for an update from the service.

Action:

That Trees & woodlands be requested to produce an explanation and an update.

## **76. DBC INTERNAL AUDIT PLAN (Item 7)**

Mike Clarkson of Mazars introduced this report and began by saying that the plan had been agreed in consultation with DBC management using their experience of working in partnership and that they have concentrated on areas identified by DBC management.

Cllr W Wyatt-Lowe suggested that when looking at the operation of payroll and pensions the auditors should also include the arrangements for auto enrollment.

He suggested that they examine the systems for forecasting the contribution of the Community Infrastructure Levy (CIL).

He finished his suggestions by proposing that the scope of the audit of ITC should be identified by more than the managers of the service.

Sarah Knowles of Mazars responded that the plan is still being formed, the committee's suggestions can be included and the actual audits will be agreed with Rob Smyth, assistant Director of Projects & Performance and those monitoring performance.

D Skinner, Assistant Director Finance & Resources added that the plan before the committee has been the subject of a good deal of discussion at Corporate Management Team.

Cllr Douris returned to the audit of how CIL will be operated and said that the CIL accounting process will be a hugely significant part of the planning process. He advised that deciding when CIL is applied or payable needs to be formalized properly and we need to ensure that this is established through good processes so that the council does not miss out or lose money because it ran out of time.

## **77. EXCLUSION OF THE PUBLIC**

Resolved:

That, under s.100A (4) of the Local Government Act 1972 Schedule 12A Part 1 as amended by the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during the items in Part 2 of the Agenda for this meeting, because it

**Chairman**

is likely, in view of the nature of the business to be transacted, that, if members of the public were present during those items, there would be disclosure to them of exempt information relating to the financial and business affairs of the Council and particular persons.

**78. INTERNAL AUDIT Council Tax (Item 10)**

Mike Clarkson (MC) of Mazars introduced this item and the members had a short discussion on the processes for collection of monies.

MC pointed out that those managing Council Tax had produced full and comprehensive responses which had assisted in formulating the recommendations.

The chairman voiced the committee's praise for Chris Baker and those managing the service. In his opinion they had done all possible to merit a 'Full and Full' evaluation and testing assessment and that they should be proud of their achievement. He added that he was pleased to see that the recommendations have been agreed and addressed and that the service has put even stronger measures in place for the future.

He concluded by saying this is a good result, about which they should feel proud, and that the manager should take back to his team the awareness and appreciation of the committee

**79. WORK PROGRAMME 2015/16 (Item 8)**

The members considered the Audit Committee work programme for 2015/16

Action;

Strategic Risk to be added to agenda for the April meeting.

The meeting ended at 8. 20 pm