

THREE RIVERS DISTRICT COUNCIL

At a meeting of the Audit Committee held in the Penn Chamber, Three Rivers House, Rickmansworth, on Thursday, 25 July 2024 from 7.30 - 7.52 pm

Present: Councillors Tony Humphreys (Chair)

Raj Khuroya and Ciaran Reed

Officers in Attendance:

Alison Scott, Director of Finance

Robert Thurlow, Chief Accountant

Sharon Keenlyside, Interim Senior Democratic Services Office

External in Attendance:

Allan Cooper, Shared Internal Audit Service (SIAS)

AC8/23 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Lisa Hudson, Keith Martin, Abbas Merali and Tom Smith.

AC9/23 DECLARATIONS OF INTEREST

There were none.

AC10/23 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 30 May 2024 were confirmed as a correct record and signed by the Chair of the meeting.

AC11/23 ANNUAL FRAUD REPORT 2024

Alison Scott, Director of Finance, presented the annual report which informed Members of the work of the Fraud Service for the financial year 2023-2024 and to date, and provided updates on progress and developments.

A Member commented on paragraph 2.1.11 of the report and asked if the limited engagement with the Department of Work and Pensions (DWP) was a Hertfordshire specific problem or a sector wide issue. The Director of Finance informed Members that it was a sector wide issue.

The Chair asked if there had been any fraudulent activity with the Business Energy Grant. The Director of Finance told Members that Three Rivers took a very proactive approach to fraud and had not picked up on any fraud yet. It would be confirmed to Committee if any were found.

RESOLVED: to note the Annual Fraud Report 2024.

AC12/23 TREASURY MANAGEMENT ANNUAL REPORT

Rob Thurlow, Chief Accountant, presented the Treasury Management Annual Report, a mandatory requirement by regulations issued under the Local Government Act 2003.

The Chief Accountant drew to Members attention, incorrect figures in the Table at 1.21 where the value for Investments should read £25.348m and the value for Net Investments should read £17.348m. The Table at 2.9.1 also had incorrect figures where banks balances of £2.392m were omitted which meant that the total for Treasury Investments and all Investments were incorrect and should read £25.348m and £30.958m respectively.

The Chief Accountant informed Members that the Council had complied with all limits and budgetary parameters set out in the strategy with one exception: a technical breach of investment limits with the Council's bank. On one night last year, £20.2m was held against the counterpart limit of £10m because of a hardware issue, resulting in a technical failure of Lloyds online banking system This meant that the Council was unable to execute agreed deposits with the UK Debt Management Office and penalty charges were incurred in addition to loss of interest. Lloyds had compensated the Council in full so there had been no financial impact.

Income from internally managed investments through the year was equivalent to 4.78%.

RESOLVED: that the Committee noted the Treasury Management Annual Report.

AC13/23 SHARED INTERNAL AUDIT SERVICE (SIAS) BOARD ANNUAL REPORT

Alan Cooper, Shared Internal Audit Service (SIAS), presented the SIAS Board Annual Report. The report was a summary view which included Three Rivers District Council (TRDC) as well as other partners and was presented for information.

The Chair enquired about the net deficit due to increased use of audit partners and cost pressures from the Local Government pay settlement.

Alan Cooper explained that it was due to challenges with recruitment and was expected to be a one-off net deficit having now resolved the recruitment issues. The cost of using the co-sourced partner was a lot higher than when SIAS used their own internal auditors. The cost pressures from the Local Government pay settlement was expected to be something that had occurred last year only and was not ongoing.

RESOLVED: that the Committee noted the Shared Internal Audit Service's (SIAS) Board Annual Report.

AC14/23 INTERNAL AUDIT UPDATE

Alan Cooper, SIAS, presented the regular progress report which set out the status of the delivery of the current years' Internal Audit Plan, presented changes to the plan (approved by the Committee in March), gave the implementation status of previously agreed audit recommendations from 2019/20 onwards and gave an update on performance management information.

A Member enquired about recommendation 1 on page 55 which recommended that the Council review the systems used to maintain records of Council owned properties as he thought that the issue had been resolved. The Director of Finance explained that there were two sources of asset information at present. The asset register was used for the statement of account purposes which the external auditor referred to at a previous meeting and any issues were now resolved. There was a new asset management system being introduced and some data still needed to be transferred to the new system.

A Member enquired about the deadline for the annual review of debtor accounts now that the date of the new deadline had passed.

Alan Cooper, SIAS, explained that the service had concluded that there was no material risk and due to resources were not going to put this into practice. The recommendation was more of an advisory.

RESOLVED: that the Committee noted the Internal Audit Update.

AC15/23 AUDIT COMMITTEE WORK PROGRAMME

The Audit Committee Work Programme was noted.

CHAIR