

AUDIT COMMITTEE

NOTICE AND AGENDA

For a meeting to be held on Thursday, 28 November 2024 at 7.30 pm in Penn Chamber, Three Rivers House, Rickmansworth, WD3 1RL.

Members of the Audit Committee:-

Councillors:

Tony Humphreys (Chair)
Lisa Hudson
Sara Bedford
Khalid Hussain
David Major

Keith Martin (Vice-Chair)
Ian Morris
Ciaran Reed
Mike Sims

*Joanne Wagstaffe, Chief Executive
Wednesday, 20 November 2024*

1. APOLOGIES FOR ABSENCE

2. MINUTES

(Pages 5 - 6)

To confirm, as being a correct record, the minutes of the Audit Committee, held on 26 September 2024, and for them to be signed by the Chair.

3. NOTICE OF OTHER BUSINESS

Items of other business notified under Council Procedure Rule 30 to be announced, together with the special circumstances that justify their consideration as a matter of urgency. The Chair to rule on the admission of such items.

4. DECLARATIONS OF INTEREST

To receive any declarations of interest.

5. DRAFT CAPITAL STRATEGY AND TREASURY MANAGEMENT POLICY

(Pages 7 - 30)

The purpose of this report is to enable the Audit Committee to comment on the draft capital strategy and treasury management policy. The strategy and policy will go on to Policy and Resources Committee and then on to Budget Council on 25th February 2025 and covers the medium term (2025/26 to 2027/28). The tables reflect the current financial year position as at Period 6 monitoring and will be updated for Policy and Resources Committee.

Recommendation

That the report is noted, and any recommendations are made to be considered by the Director of Finance and Policy and Resources Committee to allow the final strategy to be approved by Budget Council in February 2025.

6. TRDC SIAS PROGRESS REPORT AGAINST THE 2024-25 AUDIT PLAN FOR 28 NOVEMBER 2024 (Pages 31 - 58)

This report details:

- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's annual audit plan for 2024/25 as at 15 November 2024.
- b) Proposed amendments to the approved 2024/25 Annual Audit Plan.
- c) Implementation status of all previously agreed audit recommendations from 2019/20 onwards.
- d) An update on performance management information as at 15 November 2024.

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 15 November 2024
- Approve amendments to the Audit Plan as at 15 November 2024
- Agree changes to the implementation date for 5 audit recommendations (paragraph 2.5) for the reason set out in Appendices 3 to 6
- Agree removal of implemented audit recommendations (Appendices 3 to 6)

7. TREASURY MANAGEMENT MID YEAR REVIEW (Pages 59 - 76)

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management and covers performance against the Council's Capital Strategy and Treasury Management Policy.

The report is presented to the Audit Committee as the body delegated by Council to undertake the role of scrutiny of treasury management strategy and policies.

Recommendation

That the Committee notes the contents of the 2024/25 mid-year review of the Treasury Management function and recommends the report to Council.

8. FINANCIAL AND BUDGETARY RISKS (Pages 77 - 82)

This report advises the Committee on the latest position in respect of

the evaluation of financial risks facing the Council for discussion and any recommendations or comments they wish to make.

Recommendation

That the Committee review the risk register and make any comments it wishes to make against individual risks.

9. AUDIT COMMITTEE - WORK PROGRAMME

(Pages 83 - 86)

This report sets out the Audit Committee's latest Work Programme to enable the Committee to make updates as required.

Recommendation

That the Committee consider and makes necessary changes to its Work Programme.

10. OTHER BUSINESS - if approved under item 3 above

General Enquiries: Please contact the Committee Team at committeeteam@threerivers.gov.uk

The Council welcomes contributions from members of the public on agenda items at the Audit Committee meetings. Details of the procedure are provided below:

For those wishing to speak:

Members of the public are entitled to register and identify which item(s) they wish to speak on from the published agenda for the meeting. Those who wish to register to speak are asked to register on the night of the meeting from 7pm. Please note that contributions will be limited to one person speaking for and one against each item for not more than three minutes.

In the event of registering your interest to speak on an agenda item but not taking up that right because the item is deferred, you will be given the right to speak on that item at the next meeting of the Committee.

Those wishing to observe the meeting are requested to arrive from 7pm.

In accordance with The Openness of Local Government Bodies Regulations 2014 any matters considered under Part I business only of the meeting may be filmed, recorded, photographed, broadcast or reported via social media by any person.

Recording and reporting the Council's meetings is subject to the law and it is the responsibility of those doing the recording and reporting to ensure compliance. This will include the Human Rights Act, the Data Protection Legislation and the laws of libel and defamation.

The meeting will be livestreamed and an audio recording of the meeting will be made.

This page is intentionally left blank

THREE RIVERS DISTRICT COUNCIL

At a meeting of the Audit Committee held in the Penn Chamber, Three Rivers House, Rickmansworth, on Thursday, 26 September 2024 from 7.30 - 8.03 pm

Present: Councillors Councillor Tony Humphreys, Councillor Keith Martin, Lisa Hudson, Khalid Hussain, Ian Morris, Ciaran Reed and Mike Sims

Officers in Attendance:

Alison Scott, Director of Finance
Phil King, Data Protection and Resilience Manager
Sharon Keenlyside, Interim Senior Democratic Officer

External in Attendance:

Leigha Britnell, Shared Internal Audit Services (SIAS)

AC16/23 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Sara Bedford and David Major.

AC17/23 MINUTES

The minutes of the meeting held on 25 July 2024 were confirmed as a correct record and signed by the Chair of the meeting.

AC18/23 RISK MANAGEMENT STRATEGY

Phil King, Data Protection and Resilience Manager, presented the Risk Management Strategy report. The Risk Management Strategy was last reviewed in March 2022 and is reviewed every two years. Audit Committee is asked to consider the latest revision of the Council's Risk Management Strategy before it is presented to the Council's Policy and Resources Committee.

RESOLVED: to note the Risk Management Report.

AC19/23 STATEMENT OF ACCOUNTS UPDATE SEPTEMBER 2024

Alison Scott, Director of Finance, presented the report. The report sets out the latest position for external audit of the Statement of Accounts for 2020/21, 2021/22 and 2022/23 and 2023/24 including an update on the expected backstop arrangements.

Members discussed the backstop arrangements and the countrywide issue of getting audited accounts settled.

The Director of Finance gave reassurance to Committee that the new auditors, Azets had conducted an interim audit this year and would complete the audit next week. Discussions were taking place with Azets regarding them undertaking assurance work around the general fund balance.

RESOLVED: that the Committee noted the Statement of Accounts update.

AC20/23 FINANCIAL BUDGETARY RISK REPORT

Alison Scott, Director of Finance, presented the report. The report advised the Committee on the latest position in respect of the evaluation of financial risks facing the Council for discussion and any recommendations or comments they wish to make.

Members discussed the retrospective pay award. The Director of Finance reassured Members that every year there was a contingency in the budget for the pay award.

RESOLVED: that the Financial Budgetary Risk Report was noted.

**AC21/23 TRDC SIAS PROGRESS REPORT AGAINST THE 2024-25 AUDIT PLAN FOR 26
SEPTEMBER 2024**

Leigha Britnell, Client Audit Manager, presented the report. The Internal Audit Update Report detailed progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's annual audit plan for 2024/25 as at 13 September 2024, proposed amendments to the plan, implementation status of all agreed audit recommendations from 2019/20 onwards and an update on performance management as at 13 September 2024.

RESOLVED:

- i. to NOTE the Internal Audit Progress Report for the period to 13 September 2024.
- ii. to APPROVE amendments to the Audit Plan as at 13 September 2024.
- iii. to AGREE changes to the implementation date for 5 audit recommendations (paragraph 2.5) for the reason set out in appendices 3 to 6.
- iv. to AGREE removal of implemented audit recommendations (appendices 3 to 6).

AC22/23 AUDIT COMMITTEE WORK PROGRAMME

The Audit Committee Work Programme was noted.

CHAIR

AUDIT COMMITTEE – 28 NOVEMBER 2024

DRAFT CAPITAL STRATEGY AND TREASURY MANAGEMENT POLICY (DoF)

1. Summary

- 1.1 The purpose of this report is to enable the Audit Committee to comment on the draft capital strategy and treasury management policy. The strategy and policy will go on to Policy and Resources Committee and then on to Budget Council on 25th February 2025 and covers the medium term (2025/26 to 2027/28). The tables reflect the current financial year position as at Period 6 monitoring and will be updated for Policy and Resources Committee.

2. Details

- 2.1 The capital strategy (the Strategy) is designed to give a clear and concise view of how the council determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. It is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 2.2 The framework the government uses to control how much councils can afford to spend on capital investment is known as the Prudential Framework. The objectives of the Prudential Code, which sets out how this framework is to be applied, are to ensure that local authorities' capital investment plans are:
- affordable, prudent, and sustainable,
 - that treasury management decisions are taken in accordance with good professional practice, and
 - that local strategic planning, asset management planning and proper option appraisal are supported.
- 2.3 This capital strategy sets out how the Council will achieve the objectives set out above.

Capital Investment Programme – Expenditure

- 2.4 Capital Investment is the term used to cover all expenditure by the council that can be classified as capital under legislation and proper accounting practice. This includes expenditure on:
- property, plant and equipment,
 - heritage assets,
 - investment properties., and
 - loans to subsidiaries and joint ventures
- 2.5 Property, plant and equipment includes assets that have physical substance and are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes. They are expected to be used during more than one financial year. Expenditure on the acquisition, creation or enhancement of these assets is capitalised on an accruals basis, provided that the Council is likely to benefit from the future economic benefits or service potential and the cost of the item can be measured reliably. Expenditure on repairs and maintenance is charged to the revenue account when it is incurred.
- 2.6 Heritage Assets are held with the objective of increasing knowledge, understanding and the appreciation of the Council's history and local area.

- 2.7 Investment properties are those that are used solely to earn rentals and/or for increases in value. The definition is not met if the property is used in any way for the delivery of services or production of goods or is held for sale.
- 2.8 Detailed accounting policies in relation to assets and capital expenditure may be found in the annual statement of accounts.
- 2.9 **Appendix 1** shows the 2024/25 revised capital budget and draft capital budgets for the period 2025/26 to 2027/28. The appendix contains the title, description and officers' comments relating to the progress of the 2025/26 schemes. These tables reflect the monitoring period as at period 6 but will be updated for Policy and Resources Committee. A summary of the proposed capital programme is set out in the following table:

Capital Programme £000	Forecast 2024/25	Proposed Budget 2025/26	Proposed Budget 2026/27	Proposed Budget 2027/28
General Public Services & Economic Development	3,914	1,255	1,255	
Climate Change, Leisure & Community	3,679	1,355	1,355	
Policy and Resources	1,357	779	827	
Major Projects	9,823	-	-	
Total Capital Programme	18,773	3,389	3,437	-

- 2.13 *Commentary to be inserted for Policy and Resources*
- 2.12 **Appendix 2** shows the period 6 variances as reported in the latest budget monitoring report.
- 2.13 *Commentary to be inserted for Policy and Resources*

Capital Investment Programme – Funding

- 2.16 The Capital Investment Programme can be funded from a variety of sources. Explanations of the funding sources are set out in the following paragraphs.
- 2.17 Government Grants & Other Contributions: These are grants for specific purposes which may be available from the Government, e.g. Local Authority Housing Fund, Disabled Facility Grants. The Council can also attract partnership funding from other local authorities and agencies. The Council has also benefited in the past from other funding such as lottery grants.
- 2.18 Section 106 Contributions: These are contributions from developers to the public services and amenities required for the development. These have been in part replaced by the Community Infrastructure Levy. Current Section 106 monies are guaranteed.
- 2.19 Capital Receipts Reserve: Capital receipts are derived when selling assets such as land. The main receipt relates to the arrangements made when the Council sold its housing stock to Thrive Homes Ltd in 2008; the Transfer Agreement included a Right to Buy (RTB) Sharing Agreement whereby the Council is entitled to a share of the post-transfer receipts from RTB sales and a 'VAT Shelter Agreement' whereby the Council

benefits from the recovery of VAT on continuing works carried out by Thrive. The current MTFP forecasts that this reserve will be fully utilised to support the capital programme.

- 2.20 Revenue Contributions: Revenue balances from the General Fund may be used to support capital expenditure.
- 2.21 New Homes Bonus Reserve: New Homes Bonus is a grant relating to the number of new homes delivered in a local authority area. There are no government restrictions on whether this is capital or revenue, nor is there any ring-fence imposed. New Homes Bonus has reduced in recent years and it may be removed under the Fair Funding Review.
- 2.22 Borrowing: The Council is allowed to borrow to support its capital expenditure as long as this is prudent, sustainable, and affordable. Where the Council decides to borrow to fund capital expenditure the annual cost of borrowing is included within the revenue budget.
- 2.23 The capital programme includes an assessment of likely available resources to finance capital expenditure and includes assumptions regarding capital receipts, which have been estimated at £1.100m per year.
- 2.24 **Appendix 3** shows the sources of capital funding proposed over the period 2024/25 to 2027/28, including the funding generated in each year and balances carried forward at the end of each year. The funding for the proposed capital programme is set out in the table below:

Capital Funding £000	Forecast 2024/25	Proposed Budget 2025/26	Proposed Budget 2026/27	Proposed Budget 2027/28
Grants	5,878	586	586	
Reserves	100	95	95	
Capital Receipts	1,100	1,000	1,000	
Section 106 and CIL Funding	2,149	-	-	
Borrowing	9,546	1,708	1,756	
Total Capital Programme	18,773	3,389	3,437	-

4. Prudential Indicators

- 4.1 All Local Authorities are required to set prudential indicators for the forthcoming year and following years before the beginning of the forthcoming year. The indicators must be set by full Council.
- 4.2 The prudential indicators fall into two main categories of 'Prudence' and 'Affordability'. The indicators for Prudence are further separated between those relating to the Council's capital expenditure plans and those relating to levels of external debt.

Prudence – Capital Expenditure

- 4.3 The Capital Financing Requirement (CFR) is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure, which has not immediately been paid for, will increase the CFR. An increase in the CFR does not necessarily mean that the council will borrow externally

to fund the increase. The Council manages its cash balances as a whole and may choose to use internal cash (generated by holding reserves and through timing differences between income and expenditure).

- 4.4 The table below sets out the Council's estimates of capital expenditure over the medium term financial planning period and the estimated impact on the Council's CFR.

Capital Financing Requirement £000	2024/25 Forecast	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Total Proposed Capital Expenditure	18,773	3,389	3,437	
Capital Financing:				
Grants	5,878	586	586	
Reserves	100	95	95	
Capital Receipts	1,100	1,000	1,000	
Section 106 and CIL	2,149	-	-	
Total Funding	9,227	1,681	1,681	
Gap	9,546	1,708	1,756	
MRP	- 0 -	0 -	1	
Opening CFR	37,799	47,344	47,344	
Closing CFR	47,344	49,052	49,100	-

Note the opening CFR is subject to restatement following the conclusion of the outstanding external audits.

Prudence – External Debt

- 4.5 There are two limits on external debt: the 'Operational Boundary' and the 'Authorised Limit'. Both are consistent with existing plans and the proposals in the budget report for capital expenditure and financing, and with approved treasury management policy statement and practices.
- 4.6 These prudential indicators ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and next two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue purposes.
- 4.7 The Operational Boundary is the limit beyond which external borrowing is not normally expected to exceed. In most cases this would link directly to the authority's plans for capital expenditure, its estimates for CFR and its estimate of cashflow requirements for the year for all purposes. The Council may need to borrow, this limit represents a contingency should the need arise. The additional headroom allows the Council to externalise borrowing currently covered by utilising cash reserves – should interest rates reduce.

Operational Boundary	2024/25 £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Borrowing	20.000	20.000	25.000	25.000

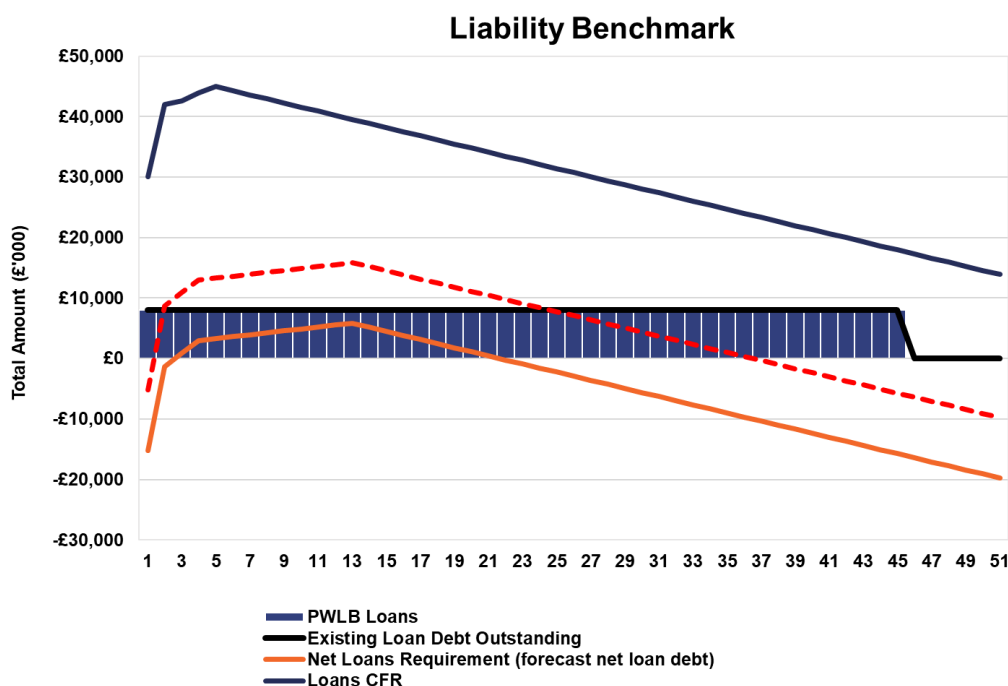
- 4.8 The Authorised Limit for External Borrowing controls the overall level of borrowing and represents the limit beyond which external long and short term borrowing is prohibited, and this limit needs to be set or revised by the Council. It reflects the level of borrowing

which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (2) of the Local Government Act 2003.

Authorised Limit	2024/25 £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Borrowing	25.000	25.000	25.000	25.000

Treasury Management Indicator – The Liability Benchmark

4.9 The Treasury Management Code of Practice requires local authorities to calculate their Liability Benchmark. The benchmark includes a projection of external debt required over the long term to fund the organisation’s approved budgets and plans compared to the Forecast of total borrowing outstanding. The benchmark should be used to evaluate the amount, timing and maturities needed for new borrowing in relation to the organisation’s planned borrowing needs in order to avoid borrowing too much, too little, too long or too short.



Affordability

- 4.10 The fundamental objective in the consideration of the affordability of the authority’s capital plans is to ensure that the level of investment in capital assets proposed means that the total capital investment of the authority remains within sustainable limits.
- 4.11 In considering the affordability of its capital plans, the authority is required to consider its forecast financial position, including all of the resources currently available to it and estimated for the future, together with the totality of its capital, borrowing and investment plans, income and expenditure forecasts and risks.
- 4.12 The following indicators provide an indication of the impact of the capital investment plans on the Council’s overall finances.

Financing costs to net revenue stream

- 4.13 This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream. The net revenue stream is the Council's core funding of Council Tax, Business rates, and unringfenced central government grants. Investment income includes interest from Treasury Management activities and interest from loans to joint ventures and subsidiaries.

	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual	Forecast	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Net Cost of Capital	- 1,191	- 1,134	45	32	
Net Revenue Stream	14,061	14,307	14,828	15,060	
Ratio %	-8.5%	-7.9%	0.3%	0.2%	

Net income from commercial investment to net revenue stream

- 4.14 This indicator is intended to show the financial exposure of the authority to the loss of income.
- 4.15 Net income from commercial investments comprises net income from financial investments (other than treasury management investments), together with net income from other assets held primarily for financial return, such as commercial property.

	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual	Forecast	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Commercial Investment Income	847	950	950	950	
Net Revenue Stream	14,061	14,307	14,828	15,060	
Ratio %	6.0%	6.6%	6.4%	6.3%	

5. The Minimum Revenue Provision (MRP) Strategy and Policy Statement

- 5.1 The Minimum Revenue Provision (MRP) is designed to pay off an element of the capital spend which has not already been financed from existing revenue or capital resources. The Council is required to make prudent provision, by way of a charge to the revenue account, which means that the repayment of debt is enabled over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.
- 5.2 The Council is also able to increase the rate it reduces its CFR by undertaking additional voluntary payments (voluntary revenue provision - VRP) in addition to any MRP; this is not currently the Council's policy.
- 5.3 Government Regulations require the Council to approve a MRP Statement in advance of each year. The Council's MRP policy statement is at **Appendix 6**.
- 5.4 Three Rivers District Council's process is to produce a business case for each scheme intended to be unfunded from other resources. This will clearly show the level of MRP which is proposed to ensure that the repayment of any debt can be made in a period commensurate with the period over which the expenditure provides benefits or makes returns.

- 5.5 Where the Council decides to borrow to fund capital expenditure the annual cost of borrowing is included within the revenue budget.
- 6. Skills and Knowledge and Professional Advice**
- 6.1 The Council has a shared service with Watford Borough Council for the provision of the finance function allowing access to a greater range of professional skills than would otherwise be available if each council had a separate team. The council uses external advisers on all major projects.
- 6.2 The Council contracts with Arlingclose for the provision of Treasury advice. Arlingclose provide non-regulated advice on the management of the council's cash flows, investments and borrowings and a markets information service. The Councils VAT advisers are PSTax.
- 7. Risk**
- 7.1 Financial risks are closely monitored as a separately identifiable part of the corporate risk management framework. The Council's risk appetite is evolving as it becomes involved in a wider range of major property lead investments both within its economic area linked to regeneration and more widely for income generation purposes.
- 7.2 The Council takes advice from its professional advisers to both identify and mitigate the key risks it faces and ensures that all decisions are made with an understanding of the risks involved.
- 7.3 Whilst recognising the importance of generating income to support services, the Council will ensure that its external income is actively managed to safeguard the future financial sustainability of the council. In this respect it will continue to seek to balance income from its commercial investment activities against its overall level of risk and the amount of reserves available to mitigate this risk.
- 7.4 In assessing the risk of its commercial investments the Council will consider the level of risk inherent in the income stream, the security held, its ability to realise assets or other security should the need arise and the level of income received from commercial investments compared to the total income of the council.
- 8. Options/Reasons for Recommendation**
- 8.1 The recommendations allow the Committee to comment upon the Capital Strategy and Treasury Management Policy in advance of Policy and Resources and Council.
- 9. Policy/Budget Reference and Implications**
- 9.1 The recommendations in this report contribute to the process whereby the Council will approve and adopt its strategic, service and financial plans under Article 4 of the Council's Constitution.
- 10. Equal Opportunities, Legal, Staffing, Environmental, Community Safety, Customer Services Centre and Communications, Health & Safety & Website Implications**
- 10.1 None specific.
- 11. Financial Implications**
- 11.1 As contained in the body of the report.

12. Risk Management Implications

12.1 There are no risks to the Council in agreeing the recommendation below.

13. Recommendation

13.1 That the report is noted and any recommendations are made to be considered by the Director of Finance and Policy and Resources Committee to allow the final strategy to be approved by Budget Council in February 2025.

Report prepared by: Alison Scott - Director of Finance

Background Papers

The Outturn Report for 2023/24 and 2024/25 P6 Budget Monitoring report as considered by Policy and Resources Committee and Council

Appendices

1. Capital Investment Programme 2023/24 to 2026/27 - Expenditure
2. Capital Investment Programme 2023/24 to 2026/27 - Variances
3. Capital Investment Programme 2023/24 to 2026/27 - Funding
4. Section 106 Balances 2023/24
5. Treasury Management Strategy Statement
6. Minimum Revenue Provision (MRP) Strategy and Policy Statement

The recommendations contained in this report DO NOT constitute a KEY DECISION but contribute to the process whereby the Council will approve and adopt its Strategic, Service and Financial Plans under Article 4 of the Council's Constitution

**CAPITAL INVESTMENT PROGRAMME 2024/25 to 2027/28 –
EXPENDITURE**

To be completed as part of the Policy and Resources budget papers for
January 2025

CAPITAL INVESTMENT PROGRAMME 2022/23 to 2025/26 VARIANCES

To be completed as part of the Policy and Resources budget papers for
January 2025

CAPITAL INVESTMENT PROGRAMME 2023/24 to 2026/27 FUNDING

To be completed as part of the Policy and Resources budget papers for
January 2025

SECTION 106 BALANCES 2022/23

To be completed as part of the Policy and Resources budget papers
for January 2025

Three Rivers District Council

APPENDIX 5

Treasury Management Strategy Statement 2024/25

1. Summary

- 1.1. This document sets out the Council's Treasury Management Strategy Statement (TMSS).
- 1.2. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as: "the management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
- 1.3. The TMSS supports the delivery of the Council's Capital Strategy and provides additional detail on how the Council manages its Treasury Management Activity.
- 1.4. The TMSS details the policies, practices, objectives and approaches to risk management of its treasury management activities, which is to be monitored by the Audit Committee. The primary objectives of the Treasury Management Strategy Statement are:
 - Security - Safeguard the repayment of the principal and interest of its investments on time
 - Liquidity - Ensure adequate liquidity to meet obligations as they fall due
 - Yield - Investment return is the final objective and is considered after security and liquidity requirement have been satisfied.
- 1.5. This statement is reviewed and approved annually by Council alongside the Council's budget, Medium Term Financial Plan (MTFP) and Capital Strategy.
- 1.6. The Director of Finance in consultation with the Lead Member for Resources and Shared Services has delegated authority to approve any variation to the Strategy Statement during the year with the objective of maximising the Council's returns without significantly increasing risk.

2. Risks

- 2.1. The key Treasury Management risks are set out in the CIPFA Treasury Management Code of Practice ("the TM Code"). The following paragraphs set out these risks and how they are managed:

Liquidity Risk

That the Council may not have the cash it needs on a day to day basis to pay its bills.

This risk is managed through forecasting and the retention by the Council of an adequate working capital balance. In addition, through the Public Works Loan Board and other organisations, the Council is able to access short term borrowing, usually within 24 hours.

Interest Rate Risk

That the costs and benefits expected do not materialise due to changes in interest rates.

This risk is managed through the placing of different types and maturities of investments, the forecasting and monitoring of the interest budget (with assistance from the Council's retained advisors).

Exchange Rate Risk

That losses or gains are made due to fluctuations in the prices of currency.

The Council does not engage in any significant non-sterling transactions.

Credit and Counterparty Risk

That the entity holding Council funds is unable to repay them when due. This risk is managed through the maintenance of a list of authorised counterparties, with separate limits to ensure that the exposure to this risk is limited.

Refinancing Risk

That the loans taken by the Council will become due for repayment and need replacing at a time when there is limited finance available or interest rates are significantly higher.

The timing of loan maturities is monitored along with interest rate forecasts. Officers ensure that due dates are monitored and seek advice from the Council's advisors about when to raise any finance needed.

Legal and Regulatory Risk

That the Council operates outside its legal powers.

This risk is managed through the Council's training and development of Officers involved in Treasury Management, the independent oversight of Internal and External Audit, and the advice (for example on the contents of this strategy) taken from the Council's Treasury advisors.

Fraud, Error and Corruption

The risk that losses will be caused by impropriety or incompetence.

This risk is managed through the controls in the Council's financial procedures. For example, the segregation of duties between those making investment decisions and those transferring funds.

Market Risk

That the price of investments held fluctuates, principally in secondary markets.

The majority of the Council's investments are not traded, but where they are (e.g. Property investment portfolio) the main investments' value comes from the income they generate which is generally long term and secure.

3. Treasury Indicators: Limits to Borrowing Activity

- 3.1. There are two limits on external debt: the 'Operational Boundary' and the 'Authorised Limit'. Both are consistent with existing plans and the proposals in the budget report for capital expenditure and financing, and with approved treasury management policy statement and practices. These indicators are set out in the Capital Strategy.
- 3.2. The key difference is that the Authorised Limit cannot be breached without prior approval of the Council. The Operational Boundary is a more realistic indicator of the likely position. The difference between the authorised limit and operational boundary for borrowing is that the authorised limit includes a head room for borrowing for future known capital needs now. The Authorised Limit represents the limit beyond which borrowing is prohibited, and needs to be revised if necessary by members.

4. Borrowing Strategy

- 4.1. The Council's treasury team maintains a cashflow forecast and works its liquidity requirements within this forecast; it may, on rare occasions, be necessary to borrow short-term for cashflow purposes. This will be in the form of short term debt or overdraft facilities and is normally for small amounts for minimum durations. As this is based on need and has a defined repayment period it is not normally included within the limits set above.

- 4.2. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated (ie: the cost of holding does not outweigh the benefits of early borrowing) and that the Council can ensure the security of such funds. Any associated risks will be approved and reported through the standard reporting method.

5. Investment Policy

- 5.1. The Council's investment policy has regard to the statutory Guidance on Local Government Investments and TM Code. The Council's investment priorities are security first, liquidity second, then yield.
- 5.2. Investment instruments identified for use in the financial year are listed below under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices Schedules and are detailed at Annex A.
- 5.3. As part of its diversification of investments, the Council has invested some of its core funds (ie: funds not immediately required for cashflow reasons) in longer-term investment property instruments. These are in the form of individual assets directly owned by the council. Although the Council has no current investments or plans to invest in pooled property funds, these are an option that could be considered in the future. All property investments are controlled through the Property Investment Board (PIB) and each investment is subject to its own business case and appraisal before a decision to invest is taken and before any Council funds are committed.
- 5.4. During 2020/21 the Council made a small Money Market Fund investment with Royal London Asset Management to diversify placement of some longer term cash. It is intended to continue to make use of this fund during 2025/26.

6. Creditworthiness policy

- 6.1. The Council will ensure:
- It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.
 - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- 6.2. The Director of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary and will provide an overall pool of counterparties considered high quality.
- 6.3. Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the Council's criteria. Any counterparty failing to meet the criteria would

be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.

7. Counterparty Categories

7.1. The Council uses the following criteria in choosing the categories of institutions in which to invest:

- **Banks 1 - Good Credit Quality**

The Council will only use UK banks or foreign banks trading in the UK in sterling denomination and which meet the Rating criteria.

- **Banks 2 – The Council’s Own Banker**

For transactional purposes, if the bank falls below the above criteria, it will be included, although in this case balances will be minimised as far as possible in both monetary size and time within operational constraints.

- **Bank Subsidiary and Treasury Operations**

The Council will use these where the parent bank has the necessary ratings outlined above and the parent has provided an indemnity guarantee.

- **Building Societies**

The Council will use all Societies which meet the ratings for banks outlined above.

- **Specific Public Bodies**

The Council may lend to Public Bodies other than Local Authorities. The criterion for lending to these bodies is that the loan has been approved by Council.

- **Money Market Funds AAA Rated**

The Council may lend to Money Market Funds in order to spread its investment risk.

- **Local Authorities**

A limit of £5m per authority will be applied.

- **Debt Management Deposit Account Facility**

A Government body which accepts local authority deposits.

- **Council Subsidiaries (non-specified)**

The Council will lend to its subsidiaries subject to approval of a business case by the Portfolio Holder, in consultation with the Director of Finance. Business cases must be accompanied by an independent assessment of viability, and be subjected to regular monitoring by the Director of Finance.

7.2. Further details of counterparty categories and limits are set out Annex A Schedule of Specified and Non-Specified Investments.

7.3. The Council will also consider investment in property in accordance with its Property

Investment Strategy. All property investments will be dependent on a standalone business case being proven.

8. The Monitoring of Investment Counterparties

- 8.1 The credit rating of counterparties is monitored regularly. The main rating agencies (Fitch, Moody's and Standard & Poor's) provide credit ratings for financial institutions. The Council receives credit rating information (changes, rating watches and rating outlooks) from Arlingclose as and when ratings change, and counterparties are checked promptly. The Council considers minimum short term ratings as key criteria in the choice of creditworthy investment counterparties; F1+, P-1 and A-1+ are the highest short term credit ratings of Fitch, Moody's and Standard & Poor's respectively. Minimum Short Term Ratings, where given, must be met for all categories.
- 8.2 On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Finance, and if required new counterparties which meet the criteria will be added to the list.
- 8.3 For non-specified investments (e.g. e-f above) the progress of the entity against the approved, independently verified business case will be monitored by the Director of Finance.

9. Use of Additional Information Other Than Credit Ratings

- 9.1 Additional requirements under the Code of Practice require the Council to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

10. Time and Monetary Limits Applying to Investments

- 10.1 The time and monetary limits for institutions on the Council's Counterparty List summarised in the table below, are driven by the above criteria. These limits will cover both Specified and Non-Specified Investments.

11. Exceptional Circumstances

- 11.1 The criteria for choosing counterparties set out above provide a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions Director of Finance may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to "normal" conditions. Similarly, the time periods for investments will be restricted.
- 11.2 Examples of these restrictions would be the greater use of the Debt Management Deposit Account Facility (DMO) – a Government body which accepts local authority deposits, money Market Funds, and strongly rated institutions. The credit criteria have been amended to reflect these facilities.

12. Investment Strategy

- 12.1 In-House Funds - investments will be made with reference to the core balance and cashflow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).
- 12.2 Investment Treasury Indicator and Limit - total principal funds invested for greater than one year. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

Treasury Indicator & Limit	2023/24	2024/25	2025/26	2026/27
Maximum Principal Sums invested for greater than one year (excluding property investment and loans to Council subsidiaries).	£10m	£10m	£10m	£10m

13. Investment Risk & Security Benchmarking

- 13.1 These benchmarks are simple guides to maximum risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmarks is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report. The benchmarks are as follows:

Security:

Security of the investments is measured by credit ratings, which is supplied by the three main credit rating agencies (Fitch, Moodys and Standard & Poors). Where investments are made to Council subsidiaries (non-listed), the security is measured through a business case with independent viability assessment.

Liquidity:

The Council set liquidity facilities/benchmarks to maintain:

- Authorised bank overdraft - nil.
- Liquid short term deposits of at least £0.5m available with a week's notice.

The Council has the benefit of instant access to its funds on the general account with Lloyds.

Yield:

The Council benchmarks the yield on its operational cash against SONIA (the Sterling Overnight Index Average). This is a measure of market rates for actual returns on overnight cash deposits. Performance against this indicator will be reported in the reports produced at mid-year and year-end.

14. Reporting Requirements

- 14.1 The Audit Committee has the responsibility for the scrutiny of Treasury Management policies and practices and receives the Treasury Management Policy for review prior to approval by Council.
- 14.2 An annual report on the performance of the Treasury Management function, including the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy is considered by Council following the end of the financial year
- 14.3 Council also receives a Mid-Year Treasury Management Report setting out activity to 30 September.

15. Policy on the Use of External Service Providers

- 15.1 Arlingclose are the appointed external advisors. The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.
- 15.2 The Council will also, from time to time, procure specialist advice for ad-hoc pieces of work; this will be procured in accordance with the Council's normal procedure rules.

16. Member and Officer Training

- 16.1 In order to ensure that Members and Officers are sufficiently trained and qualified to monitor and manage the Council's Treasury Management activity, the following measures are in place:
 - Ensuring that officers attend suitable courses and seminars to keep their technical knowledge up to date;
 - Keeping up to date with CIPFA publications on Treasury Management;
 - Regular briefings both by email and face to face with the Council's Treasury advisors;
 - Reports and briefing sessions to Members on major changes to Treasury policies and strategies.

Non Specified Investment Category	Limit (£ or %)
<p>Any bank or building society that has a minimum long term credit rating of A (or equivalent), for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>	£5m
<p>The Council's own banker if it fails to meet the basic credit criteria.</p>	In this instance balances will be minimised as much as possible
<p>Building Societies not meeting the basic security requirements under the specified investments.</p> <p>The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which were originally considered Eligible Institutions and have a minimum asset size of £5,000m, but will restrict these types of investments to £2m for up to six months.</p>	£2m
<p>Specific Public Bodies</p> <p>The Council can seek Member approval to make loans to other public bodies for periods of more than one year.</p>	£10m
<p>Loans to Council Subsidiaries</p> <p>The Council will lend to its subsidiaries subject to approval of a business case by the Portfolio Holder, in consultation with the Director of Finance. Business cases must be accompanied by an independent assessment of viability, and be subjected to regular monitoring by the Director of Finance.</p>	£10m limit for any single loan
<p>Other unspecified investments</p> <p>The strategy allows the Portfolio Holder, in consultation with the Director of Finance, in consultation with the Lead Member, the delegated authority to approve any variation to the Treasury Management Strategy during the year which may be brought about by investigating the opportunity to invest for greater than one year and also to invest in other investment instruments i.e Government bonds, Gilts and investment property with a view of to maximising the Council's returns without significantly increasing risk. This allows the addition of further unspecified investments, subject to conditions which will be generally similar to (e).</p>	£10m

Institution Type	Minimum Short Term Ratings			Schedule 1 (A) – UK Banks & Building Societies			
	Fitch	Moody's	S&P				
The Council's own Bankers	F1m	P-1	A-1	If Council's own bankers fall below the minimum long term criteria for UK banks, cash balances will be managed within operational liquidity constraints and balances will be minimised as much as possible.			
Wholly Owned Subsidiaries of UK Clearing Banks - Parent Ratings	F1	P-1	A-1	Long Term Credit Rating: AA(F), Aa2(M), AA(S&P)	Long Term Credit Rating: Single A (All agencies)	Long Term Credit Rating: Lower than A (All agencies)	Long Term Credit Rating: Lower than A
Partially Owned Subsidiaries of UK Clearing Banks - Parent Ratings	F1	P-1	A-1				
UK Building Societies (Credit Rated)	F1	P-1	A-1				
UK Building Societies (Unrated)				Assets over £15bn	Assets over £5bn	Assets of £2.5bn	Assets of £1bn
	Maximum Amount / Duration:			£10m 364 Days	£10m 6 Months	£10m 3 Months	£10m 1 Month

Schedule 1 (B) – Other Entities

Specific Public Bodies	As approved by Members – up to £10m for up to 10 years
Debt Management Deposit Facility (UK Government)	Unlimited – this is the Council’s Safe-Haven Deposit facility with the UK Government
Money Market Funds (AAA Rated)	£10m per fund
Municipal Bond Agency	As approved by Members
UK Local Authorities	<p>A Maximum of £5m applies per Authority.</p> <p>The Council can invest in all UK Local Authorities whether rated or not.</p> <p>The Council will not lend to an authority which is subject to a s.114 notice without member approval.</p>

Page 29

Notes:

1. F1+, P-1 and A-1+ are the highest short term credit ratings of Fitch, Moody's and Standard and Poor's respectively.
2. Minimum Short Term Ratings - Where given, these must be met, for all categories (except RBS Group).
3. Building Societies - A Building Society has to meet either the ratings criteria or the assets criterion to be included in the category, not both.
4. Maximum amount is the maximum, in total, over all investments, with any one institution (with the exception of RBS Group).

Minimum Revenue Provision (MRP) Strategy and Policy Statement

The Minimum Revenue Provision (MRP) is designed to pay off an element of the capital spend which has not already been financed from existing revenue or capital resources. The Council is required to make prudent provision, by way of a charge to the revenue account, which means that the repayment of debt is enabled over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

The Council is also able to increase the rate it reduces its CFR by undertaking additional voluntary payments (voluntary revenue provision - VRP) in addition to any MRP; this is not currently the Council's policy.

Government Regulations require the Council to approve a MRP Statement in advance of each year. The following is the Council's MRP statement:

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3)

This option provides for a reduction in the borrowing need over the asset's estimated life.

No MRP provision is made in respect of investments or payments to the joint ventures as such investments are intended to be time-limited and allow for the repayment of debt. For finance leases the council will charge MRP to its General Fund each year dependant on the life of the underlying asset.



Three Rivers District Council Audit Committee Progress Report 28 November 2024

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 15 November 2024
- Approve amendments to the Audit Plan as at 15 November 2024
- Agree changes to the implementation date for 5 audit recommendations (paragraph 2.5) for the reason set out in Appendices 3 to 6
- Agree removal of implemented audit recommendations (Appendices 3 to 6)

Contents

- 1 Introduction and Background
 - 1.1 Purpose of Report
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.3 All Priority Audit Recommendations
 - 2.7 Proposed Audit Plan Amendments
 - 2.8 Audit Plan Delivery Progress

Appendices

- 1 Progress against the 2024/25 Audit Plan
- 2 2024/25 Audit Plan Projected Start Dates
- 3-6 Progress against Outstanding Internal Audit Recommendations
- 7 Assurance and Priority Levels

1. Introduction and Background

Purpose of Report

- 1.1 This report details:
- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's annual audit plan for 2024/25 as at 15 November 2024.
 - b) Proposed amendments to the approved 2024/25 Annual Audit Plan.
 - c) Implementation status of all previously agreed audit recommendations from 2019/20 onwards.
 - d) An update on performance management information as at 15 November 2024.

Background

- 1.2 The work of internal audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.
- 1.3 The 2024/25 Annual Audit Plan was approved by Audit Committee on 21 March 2024.
- 1.4 The Audit Committee receives periodic updates on progress against the Annual Audit Plan from SIAS, the most recent of which was brought to this Committee on 26 September 2024.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 At 15 November 2024, 52% of the 2024/25 Audit Plan days had been delivered (calculation excludes unused 'To Be Allocated'). Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 The following 2023/24 final report has been finalised since September 2024 Audit Committee.

Audit Title	Date of Report	Assurance Level	Number and Priority of Recommendations
Sundry Debtors	Oct '24	Reasonable	2 Medium 1 Low

The following 2024/25 final reports have been issued since September 2024 Audit Committee.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Parks, Open Spaces and Woodland Management Plans	Sept '24	Reasonable	Three Medium Two Low
IT Service Desk Contract Management	Nov '24	Substantial	Two Low
Disabled Facilities Grants	Nov '24	Reasonable	One Medium Two Low

All Priority Audit Recommendations

- 2.3 Members will be aware that a Final Audit Report is issued when agreed by Management. This includes an agreement to implement the recommendations made. It is SIAS's responsibility to bring to Members' attention the implementation status of recommendations; it is the responsibility of officers to implement the recommendations by the agreed date.
- 2.4 The table below summarises progress in implementation of all outstanding internal audit recommendations as at 15 November 2024, with full details given in appendices 3 to 5:

Year	Number of Recommendations	Implemented	Not yet due	Outstanding & request made for extended time or no update provided	% implemented
2019/20	37	36	0	1	97%
2022/23	44	44	0	0	100%
2023/24	39	30	4	5	77%
2024/25	5	3	2	0	60%

- 2.5 Since September 2024 Audit Committee, extension to implementation dates have been requested by action owners for 5 recommendations as follows:
- One from the 2019/20 Property audit, with a revised target date of 31 August 2025 (was 30 November 2024).
 - One from the 2023/24 Taxi Licensing audit, with a revised target date of 31 January 2025 (was 31 October 2024).
 - One from the 2023/24 Watersmeet audit, with a revised target date of 31 December 2024 (was 30 September 2024).

- Two from the 2023/24 Emergency Planning audit, with revised target dates of 30 January and 5 February 2025 (were 30 September and 31 December 2024 respectively).

2.6 In respect of the one recommendation from the 2023/24 Benefits audit (target date 30 September 2024), no update was received from the action owner.

Proposed 2024/25 Audit Plan Amendments

2.7 The Embedded Assurance work for 2024/25 has been cancelled in agreement with the Director of Finance and the 6 days reallocated across several other audits to ensure the coverage addresses the key risks in those areas.

Reporting of Audit Plan Delivery Progress

2.8 To help the Committee assess the current position in terms of progress against the projects in the 2024/25 Audit Plan, an analysis of agreed start dates is shown at Appendix 2. Dates have been agreed with management and resources allocated accordingly.

2.9 The 2024/25 Annual performance indicators and targets were approved by the SIAS Board in March 2024. Actual performance for Three Rivers District Council (including the Shared Services Plan) against the targets that are monitored in year is set out in the table below.

Performance Indicator	Annual Target	Profiled Target to 15 November 2024	Actual to 15 November 2024
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	54% (108 / 201 days)	52% (104 / 201 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects by 31 st March 2024	90%	41% (7 out of 17 projects to draft)	41% (7 out of 17 projects to draft)
3. Planned Projects – percentage of actual completed projects to final report stage against planned completed projects by the production of the	100%	N/A	N/A – reported annually within the Chief Audit Executive’s annual report and

Performance Indicator	Annual Target	Profiled Target to 15 November 2024	Actual to 15 November 2024
HoA Annual Report			opinion.
4. Client Satisfaction – percentage of client satisfaction questionnaires returned at ‘satisfactory overall’ level (minimum of 39/65 overall)	95%	100%	100% (based on three received in 2024/25)
5. Number of Critical and High Priority Audit Recommendations agreed	95%	95%	N/A (No high priority recommendations made)

2.10 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2024/25 Head of Assurance’s Annual Report:

- **6. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting, then the plan should be prepared for the first meeting of the financial year.
- **7. Head of Assurance’s Annual Report** – presented at the Audit Committee’s first meeting of the civic year.

APPENDIX 1 INTERNAL AUDIT PLAN 2024/25 – UPDATE ON POSITION AS AT 15 NOVEMBER 2024

2024/25 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Key Financial Systems									
Council Tax (Shared Services Plan)						10	SIAS	8	In Fieldwork
Business Rates (Shared Services Plan)						10	SIAS	4	In Fieldwork
Payroll (Shared Services Plan)						12	SIAS	0	Allocated
Procurement Cards (Shared Services Plan)						6	SIAS	0	Allocated
Treasury Management System Implementation Design (Shared Services Plan)						4	SIAS	0	Allocated
Operational Audits									
Democratic Services						9	SIAS	0	Allocated
Disabled Facilities Grants	Reasonable	0	0	1	2	9	SIAS	9	Final Report Issued
Public Health Funerals						8	SIAS	7.5	Draft Report Issued
Homelessness	Substantial	0	0	0	0	8	SIAS	8	Final Report Issued
Asset Management System (inc Garages Follow Up)						9	SIAS	7	In Fieldwork
Parks, Open Spaces and Woodland Management Plan	Reasonable	0	0	3	2	8	SIAS	8	Final Report Issued
Community Safety						9	SIAS	0	Allocated
Corporate Services									

APPENDIX 1 INTERNAL AUDIT PLAN 2024/25 – UPDATE ON POSITION AS AT 15 NOVEMBER 2024

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
SARs, EIRs and FOI Requests						11	SIAS	0	Allocated
Embedded Project Assurance						0	N/A	0	Cancelled
Grant Certifications									
SHDF Wave 2.1 Grant	Unqualified	0	0	0	0	1	SIAS	1	Final Report Issued
IT Audits									
IT Project Management (Shared Services Plan)						10	BDO	9.5	Draft Report Issued
IT Service Desk Contract Management (Shared Services Plan)	Substantial	0	0	0	2	8	BDO	8	Final Report Issued
Cyber Security (Shared Services Plan)						15	BDO	0	Allocated
To Be Allocated									
Unused Contingency (Shared Services Plan)						3	N/A	0	To Be Allocated
Follow-Up Audits									
Follow-up of outstanding audit recommendations						8	N/A	6	Through Year
Strategic Support									
2025/26 Audit Planning						5	N/A	0	Quarter 4
Audit Committee						8	N/A	5.5	Through Year

APPENDIX 1 INTERNAL AUDIT PLAN 2024/25 – UPDATE ON POSITION AS AT 15 NOVEMBER 2024

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Head of Internal Audit Opinion 2023/24						3	N/A	3	Complete
Monitoring and Client Meetings						7	N/A	4	Through Year
SIAS Development & Global Internal Audit Standards						3	N/A	2	Through Year
Assurance Mapping - TRDC						10	N/A	3.5	In Fieldwork
Assurance Mapping – Shared Services Plan						0	N/A	0	Cancelled
2023/24 Projects Requiring Completion									
2023/24 Projects Requiring Completion (6 days TRDC plan / 5 days Shared Services Plan)						10	N/A	10	Complete
TRDC TOTAL						121		69.5	
SHARED SERVICES TOTAL						83		34.5	
COMBINED TOTAL						204		104	

Key to recommendation priority levels:

C = Critical, H = High, M = Medium, L = Low

APPENDIX 2 2024/25 AUDIT PLAN PROJECTED START DATES

Apr	May	Jun	July	Aug	Sept
Disabled Facilities Grants (Final Report Issued)	IT Service Desk Contract Management (shared services plan) (Final Report Issued)		SHDF Wave 2.1 Grant (Final Report Issued)	Public Health Funerals (Draft Report Issued)	Business Rates (shared services plan) (In Fieldwork)
Parks, Open Spaces and Woodlands Management Plans (Final Report Issued)			Homelessness (Final Report Issued)		IT Project Management (shared services plan) (Draft Report Issued) (moved from February 2025 to September 2024)

Oct	Nov	Dec	Jan	Feb	Mar
	Council Tax (shared services plan) (In Fieldwork)	Payroll (shared services plan)	Cyber Security (shared services plan)	Community Safety	
	Asset Management Systems – Garages (In Fieldwork) (moved from June to November 2024)	Procurement Cards (shared services plan)	Treasury Management System Implementation Design (shared services plan)		
		Democratic Services	SARs, EIRs and FOI Requests		

Page 40

APPENDIX 3 OUTSTANDING RECOMMENDATIONS FROM THE 2019/20 AUDIT PLAN

Property (Rent and Lease Administration) 2019/20							
Final report issued October 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that the Council review the systems used to maintain records of Council owned properties.	Medium	<p>Position (July 2023) Garage data has been loaded and reconciled and the Property Management system is being used for the management of garages – reports and processes have been provided.</p> <p>The GIS link has been applied and is currently being tested.</p> <p>Recruitment for a temporary staff member has commenced and once in place will continue with the data collection for the commercial properties.</p> <p>Position (September 2023) GIS link is working. The temporary Officer has been appointed and will start to load the commercial property data. A full procedure has been created to ensure consistency. Full training will be given. Financial data is being collated to compliment the PMS. On target for completion 31st January 2024</p> <p>Position (November 2023) The Temporary Property Data Analyst is currently engaged in collating data in connection with the Council's commercial property portfolio. The work remains on target for completion 31st January 2024.</p> <p>Position (March 2024) Garage data implementation has now been completed and the system is being used for garage purposes (it should be noted that this is a new system, and issues are being addressed as they arise).</p>	Head of Property Services / Property & Legal Services Teams	31 January 2024	*	<p>31 August 2024</p> <p>30 November 2024</p> <p>31 August 2025</p>

APPENDIX 3 OUTSTANDING RECOMMENDATIONS FROM THE 2019/20 AUDIT PLAN

Property (Rent and Lease Administration) 2019/20							
Final report issued October 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
Page 42			<p>Mapping data is still being analysed, and is progressing well, led by the Council's GIS Officer. A GIS link is being added to the Trace system, and delays on this completion are due to TRDC-specific requirements being considered. The primary assets have been uploaded onto Trace, in the form of freehold and subsequent leasehold interests. These two systems together will form the basis for asset ownership and associated enquiries. Deed Packets will be retained.</p> <p>The postholder of the Temporary Property Data Analyst left the Council at the end of February 2024 and at the time of writing the post is vacant, however, the closing date for internal applicants is 15 March 2024.</p> <p>As has been stated previously, the completion of this task is largely reliant upon available resources. The extension to the deadline is required to complete the task, based upon the dedicated resources available.</p> <p>Position (July 2024) The garage data is performing as planned. The finance system and rent collection data are now closely aligned, rectifying a significant system error. The direct debit payment system and PMS data are functioning well, with monthly reports verifying occupancy levels across the garage estate. Minimal officer input is needed for full alignment.</p> <p>Reports, including occupancy data, can be</p>				

APPENDIX 3 OUTSTANDING RECOMMENDATIONS FROM THE 2019/20 AUDIT PLAN

Property (Rent and Lease Administration) 2019/20							
Final report issued October 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
Page 43			<p>extracted from the PMS system, enabling quick filling of garage vacancies. Errors flagged with Trace are mostly administrative.</p> <p>The Estate Surveyor will meet with the GIS Officer next week to discuss mapping. The GIS link for loaded assets needs fine-tuning to pinpoint exact locations, which will then link to the land ownership section.</p> <p>The Temporary Property Data Analyst post remains vacant after three recruitment attempts. The Property Services Team is reviewing how to capture and upload the final PMS data. Completion of this task is deferred until November 2024 due to the lack of dedicated resources, although it is hoped that this work will be completed prior to November.</p> <p>Position (September 2024) With the garage estate now largely performing as expected, this is now considered 'business as usual'.</p> <p>Extracting reports for the data that exists in the system is also complete. Obviously, the more data that exists in the system, the more useful those reports will become.</p> <p>The linkage of data to the GIS system is largely concluded. Only new assets that are acquired or when new data layers need to be prepared, will there be a need for any changes.</p> <p>As before, the Temporary Property Data</p>				

APPENDIX 3 OUTSTANDING RECOMMENDATIONS FROM THE 2019/20 AUDIT PLAN

Property (Rent and Lease Administration) 2019/20							
Final report issued October 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
Page 44			<p>Analyst post remains vacant. The Property Team are hoping to address this vacancy, by seeking support for a new role temporary within the Team which will assign responsibility for administering and updating the system to that role. In the meantime, the Estates Surveyor will keep rental and tenant data up to date, pending the appointment of additional resources to capture and upload data from the wider asset base. Completion of the full data input task is deferred until August 2025 due to the lack of dedicated resources. If capacity allows, we will attempt to input data in periodically.</p> <p>Position (November 2024) As reported previously, the only incomplete aspect of the recommendations, is the completion of the data input task. The target for achieving this task remains as August 2025, albeit this is subject to the appointment of additional resources.</p> <p>An application has been made to request funding from the annual 'Outline Business Case' process to enable the appointment of a temporary post, which would comfortably see this task concluded within 6-8 months.</p>				

APPENDIX 4 OUTSTANDING RECOMMENDATIONS FROM THE 2022/23 AUDIT PLAN

Business Continuity Planning 2022/23							
Final report issued July 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	An agreed plan for regular Business Continuity training should be scheduled to ensure all staff with business continuity responsibilities have received all the necessary training and support to be able to fully perform their duties.	Medium	<p>Agreed. Tabletop exercise will be undertaken in Q1 of 2024</p> <p>Position (November 2023) On target to complete by March 2024.</p> <p>Position (March 2024) Service Continuity Plans are being reviewed and updated. A table-top exercise to validate the plans will be undertaken in summer 2024.</p> <p>Position (July 2024) All Service Continuity Plans and the Business Continuity Plan have been reviewed and updated. A table-top exercise is being planned and will take place in Summer 2024.</p> <p>Position (September 2024) The table-top exercise is being prepared and a date is being arranged.</p> <p>Position (November 2024) A Business Continuity tabletop exercise was undertaken by the Corporate Management Team on 12 November 2024.</p>	Emergency Planning & Risk Manager	31 March 2024	✓	31 October 2024

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Taxi Licensing 2023/24							
Final report issued September 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
03	We recommend that fees should be reconciled monthly between Idox and the finance system.	Low	<p>This had already been raised with the digital team and finance prior to the audit.</p> <p>Officers will continue to liaise with finance to ensure that payee details are transferred to the payment system to ensure reconciliation can be achieved.</p> <p>Position (November 2023) Officers are continuing to liaise with finance to ensure that payee details are transferred to the payment system to ensure reconciliation can be achieved.</p> <p>Position (March 2024) Officers are continuing to liaise with finance to ensure reconciliation.</p> <p>Position (July 2024) Officers meeting finance on 10 July to discuss further details to achieve the recommendation.</p> <p>Position (September 2024) Meeting held with Digital Team and Finance in August. Agreed that more information needs to be moved across to the payment system and that we need to run a monthly report to ensure payments are being reconciled.</p> <p>Currently testing whether it works for DBS payments. If successful, greater information will be brought across for other licence types.</p> <p>Position (November 2024) Testing successful. We are now waiting on Digital Team to roll out for all other taxi licensing fees. Once completed, a monthly</p>	Lead Licensing Officer	30 April 2024	*	<p>28 June 2024</p> <p>30 August 2024</p> <p>31 October 2024</p> <p>31 January 2025</p>

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Taxi Licensing 2023/24							
Final report issued September 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			report will run to ensure payments are being reconciled.				
04	We recommend that the service should undertake a data cleansing exercise on an annual basis to ensure they are only keeping necessary information.	Low	<p>We will discuss further with the relevant officer and review the retention policy.</p> <p>When a licence has been surrendered, we are required to keep the record if the driver has issues that could be of interest or concern to another licensing authority.</p> <p>Position (November 2023) To be reviewed with the Data Protection Officer and potentially delete and securely dispose of all files that are not required.</p> <p>(Retain files indefinitely where there is information that should be shared with other authorities such as any enforcement action that has been taken by Three Rivers).</p> <p>Position (March 2024) To be discussed with the Data Protection Officer within the next month and then to review process.</p> <p>Position (July 2024) To be discussed with the Data Protection Officer within the next month and then to review process.</p> <p>Position (September 2024) Agreed via CMT that all departments will be reviewing data retention schedules with Data Protection Officer over the next few months.</p> <p>Position (November 2024) No update at the current time.</p>	Lead Licensing Officer	30 April 2024	*	<p>28 June 2024</p> <p>30 August 2024</p> <p>31 December 2024</p>

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

IT Operations 2023/24							
Final report issued December 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	<p>An over-arching policy for problem and incident management should be developed. The policy document should define:</p> <ul style="list-style-type: none"> The scope of incident and problem management Guidelines for incident and problem management operations Guidelines to decide urgency level Roles and responsibilities of incident/problem manager, team structure, RACI Matrix Service Level Agreements (SLAs) Deliverable mapping (reports and meetings) Life cycle of a problem and incident and the monitoring activities. <p>This policy should be approved and made available to all members of staff.</p>	Medium	<p>We have most of the component parts listed under 'Recommendation' captured within other ICT policies.</p> <p>This policy will be completed in full for the target date of March 2024.</p> <p>Position (March 2024) This policy change is on target for the end of March.</p> <p>Position (July 2024) This policy has yet to be completed. The policy will be complete by the end of September 2024.</p> <p>Position (September 2024) Policy and Intranet communications are drafted and ready for approval at IT Steering group late September. This will then be communicated to staff by 1 October 2024.</p> <p>Position (November 2024) This policy has been created and approved by IT Steering Group.</p>	Service Delivery Manager	31 March 2024	✓	1 October 2024

Page 48

Watersmeet Theatre 2023/24							
Final report issued February 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	We recommend that the licence transfer process be conducted as soon as possible to ensure the	Low	The Watersmeet General Manager completed the training required to apply for his Personal Licence on 7 February, has applied for his	Head of Customer Experience until	30 April 2024	*	31 August 2024

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Watersmeet Theatre 2023/24 Final report issued February 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
Page 49	theatre's records are current.		<p>Personal Licence and is awaiting it to be issued. Once issued an application to change the DPS will be made to transfer DPS from the Head of Customer Experience to the Watersmeet General Manager.</p> <p>Position (July 2024) Application for licence completed. Issue with Personal licence delayed due to printing issues at Bucks County Council. Documents now being completed for the transfer of DPS.</p> <p>Position (September 2024) The General Manager's Personal Licence has arrived and the DPS documents to be submitted on return from leave 3rd week of September.</p> <p>Position (November 2024) The transfer of DPS has been submitted via the central government website and is with the council's licensing team to process.</p>	DPS transferred and then General Manager			<p>30 Sept 2024</p> <p>31 December 2024</p>

Emergency Planning 2023/24 Final report issued April 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that the Council develop and undertake regular testing of the Emergency Plan and Incident Control Centre. All testing exercises should be recorded and maintained.	Medium	<p>We plan to run a testing exercise for the Emergency Plan and Incident Control Centre now that we have recruited to the Resilience and Risk Officer Post. This will be after the officer training is updated.</p> <p>Position (July 2024)</p>	Data Protection and Resilience Manger and Risk and Resilience Officer	31 December 2024	*	05 February 2025

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Emergency Planning 2023/24							
Final report issued April 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	<p>We recommend that the Council update the training log as soon as possible and ensure a system is in place to maintain the training log and notify individuals who have not completed training.</p> <p>We recommend the service determine the frequency of officer refresher training and establish who will deliver the training.</p>	Medium	<p>On target.</p> <p>Position (September 2024) On target.</p> <p>Position (November 2024) The following training has been arranged –</p> <ul style="list-style-type: none"> • Introduction to EP for all volunteers has been arranged to take place in December 24 • Corporate Management Team – SCG/TCG roles (14/01/25) • Reception Centre training (28/01/25 and 05/02/25) • Humanitarian Awareness (24/02/25). 				
			<p>The training log is under review by the Resilience and Risk Officer, new volunteer recruitment is also underway. The Volunteer and Training log will also be reviewed by CMT annually. We can continue to use HCC if suitable to deliver the training, other external providers may also be used.</p> <p>The Introduction to Emergency Planning for Corporate Management Team will take place first, this will take place by September 2024.</p> <p>A plan will be written with details of the training opportunities available for the different roles annually and reported to CMT.</p> <p>Position (July 2024) On target.</p> <p>Position (September 2024) On target.</p>	Data Protection and Resilience Manger and Risk and Resilience Officer	30 September 2024	*	30 January 2025
					Other training will be organised and booked throughout Summer/Autumn by December 2024.		

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Emergency Planning 2023/24							
Final report issued April 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Position (November 2024) St Albans DC will be providing the introduction to emergency planning course, to take place in December 24. New volunteers have been recruited and will undertake the relevant training. The training log has been updated.</p>				
03	<p>We recommend for the service to clarify the review dates within the plan to align with best practice.</p> <p>We recommend (as the plan is checked, reviewed, and approved by the Data Protection and Resilience Manager) that the plan is reviewed by the Risk Management Group and agreed by Corporate Management Team to ensure sufficient oversight of the plan.</p> <p>We recommend that where changes are made to the plan, that these are consistently reported to the Risk Management Group and then agreed by Corporate Management Team including a periodic update to Corporate Management Team.</p>	Medium	<p>The Emergency Plan is due to be reviewed in June 2024. It is updated every year and a more in depth review every two years.</p> <p>Plans will be approved by Corporate Management Team and reviewed by the Risk Management Group. This includes any amendments.</p> <p>Virtual System for ICC will be included in the Emergency Plan review in June 2024.</p> <p>Position (July 2024) On target.</p> <p>Position (September 2024) All other actions are on target.</p> <p>Position (November 2024) The Emergency Plan has been reviewed/updated and approved by the Risk Management Group and Corporate Management Team in October 2024.</p>	Data Protection and Resilience Manger and Risk and Resilience Officer	<p>30 September 2024</p> <p>30 September 2024</p> <p>30 September 2024</p>	<p>✓</p> <p>✓</p> <p>✓</p>	

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Cyber Security 2023/24 Final report issued May 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	<p>The Councils should conduct phishing campaigns on a regular basis, such as quarterly or bi-annually, to ensure ongoing assessment and reinforcement of employee awareness and response capabilities.</p> <p>Targeted training and educational materials should be provided to members of staff before and after each phishing campaign.</p> <p>Metrics to measure the effectiveness of each phishing campaign should be established, including employee engagement, phishing detection rates, and response times.</p> <p>Regular reporting on these metrics will enable ongoing evaluation of the Council's phishing resilience and identification of areas for improvement.</p>	Medium	<p>Investigate appropriate resources for Phishing campaigns and introduce on at least a 6 monthly basis.</p> <p>Position (July 2024) Investigations on-going.</p> <p>Position (September 2024) Phishing campaign tool identified, including a comparative exercise with another tool, budget identified, sharing the costs between WBC and TRDC. Procurement route identified through G Cloud. Awaiting timeline from supplier for implementation and deployment, expect this to be a 3 month implementation, therefore are requesting a final extension to end of January 2025.</p> <p>Position (November 2024) ICT Project team established and supplier kick off meeting held. On track for phishing campaign tool to be in place and delivering as a minimum quarterly by end of January 2025.</p>	<p>Director of Performance & Partnerships (WBC)</p> <p>Director of Finance (TRDC)</p>	31 July 2024	*	<p>1 October 2024</p> <p>31 January 2025</p>
03	<p>The Councils should adopt the principle of least privilege and carefully evaluate the specific permissions and privileges required by each service account to perform its intended functions.</p> <p>Where possible, use dedicated service accounts with only the minimum necessary privileges required for their respective tasks.</p>	Medium	<p>We will review all service accounts and contact vendors to confirm each service account permission requirements, and remove the elevated permissions where possible.</p> <p>If a service account does require the elevated permissions and cannot be changed, a confirmation email from the vendor with an explanation will be provided.</p> <p>Position (July 2024) The review of the service account is currently</p>	Infrastructure & Security Manager	31 October 2024	✓	

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Cyber Security 2023/24 Final report issued May 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
Page 53	Implement strong authentication mechanisms, such as multi-factor authentication, and regularly review and update permissions to ensure they align with business requirements.		in progress with the following update. <ul style="list-style-type: none"> 5 accounts have been confirmed and cannot be removed due to the permission requirement, these accounts belong to the Infrastructure members of the team. 2 accounts have been identified and will be removed post to CAB approval. 11 accounts are still under investigation and require confirmation from relevant third parties, waiting on response from relevant third parties. Position (September 2024) <ul style="list-style-type: none"> Out of 18 accounts 9 do require domain admin permission, 5 accounts belong to Infrastructure team and 4 accounts have been confirmed by the vendor. 6 accounts have now been removed from the domain admin group and 3 remaining account will require further investigation. This recommendation is on track for completion by end of October 2024. Position (November 2024) This has now been completed, any new or existing admin accounts that will require temporary or permanent elevated domain admin privileges, will require CAB approval. <p>Out of 18 accounts 11 account are required and 7 accounts have been removed.</p>				

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Benefits 2023/24							
Final report issued May 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that uncollectable housing benefit overpayments are written-off at regular intervals through the year.	Medium	<p>Agreed</p> <p>Position (July 2024) No update received from action owner.</p> <p>Position (September 2024) Agree with the recommendation and we will do these quarterly.</p> <p>Position (November 2024) No update received.</p>	Revenues Manager	31 July 2024	*	30 Sept 2024

Sundry Debtors 2023/24							
Final report issued October 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend debts are chased consistently, and the manual intervention process is followed by the Debt Recovery Team to ensure all recovery actions are followed.	Medium	<p>Agreed. The team works through the aged debtors report run at the beginning of each month, to ensure any queries or further recovery action is taken, once the standard recovery processes have completed. There is currently limited action that can be taken, which can vary from one debt type under SD to another. We are looking at this in greater detail during 24/25.</p> <p>Position (November 2024) This is being actioned under the overarching work around SD. We are in discussion to two outside suppliers who may be able to assist in this area, however the data cleansing exercise needs to be completed first to ensure only correct data</p>	Revenues Team Leader for SD	31 March 2025		

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Sundry Debtors 2023/24							
Final report issued October 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			is shared with any third parties, to maximise collections in this area.				
02	Write-offs should be raised regularly through the year.	Medium	<p>Agreed. We are working to bring management of SD, around write-offs in particular back in line with previous BAU practices / regularity.</p> <p>By the end of 2024/25 write offs should be written off on a quarterly basis.</p> <p>Position (November 2024) This is being worked on, through the data cleansing exercise to bring all write offs up to date by 31/03/25.</p>	Revenues Team Leader for SD	31 March 2025		
03	Services should be reminded to record the reason for raising a credit note.	Low	<p>Agreed. However, this is not really the responsibility of the Debtors Team to issue such a reminder to other services and should really be a corporate management reminder to all HOS to remind their own teams.</p> <p>We will raise under AOB in CMT (TRDC) / SSOB (WBC).</p> <p>Position (November 2024) This has been raised at the relevant meetings by the HOS to be cascaded down. In addition, this will also be discussed when the R&B HOS meets with other HOS' across the Council.</p>	Revenues Manager / Head of Revenues & Benefits	31 October 2024	✓	

APPENDIX 6 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Parks, Open Spaces and Woodland Management 2024/25							
Final report issued September 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	Senior management should consider the need for a parks and open spaces strategy in accordance with best practice to demonstrate the links with other key strategy documents - for example the Corporate Framework, Biodiversity Strategy, Nature Recovery Strategy and Tree Strategy and set out the future direction for its management.	Low	This has been included in the Leisure and Natural Infrastructure Draft Service Plan for 2025-2028. Position (November 2024) The action above remains current.	Head of Leisure and Natural Infrastructure	March 2027		
02	With the exception of Leavesden Country Park, management plan renewals should be completed on an ongoing basis, ensuring five-yearly audits/inspections are completed on time.	Medium	A clear work programme has now been set to ensure that Management Plans are renewed every 5 years. This has been agreed as part of the Service Level Agreement with the Countryside Management Service. Position (November 2024) Complete	Leisure Assets Manager and Principal Trees and Woodland Officer	Complete	✓	
03	Management should review: <ul style="list-style-type: none"> • How the progress of management/action plans should be monitored and reported, including format and frequency. • If information regarding this should be stated within the management plans themselves. • How the Tree Strategy's Action Plan should be formally monitored and reported. 	Medium	At Year 2 and Year 4 of the Management Plans, a report on progress to the Corporate Management Team, Joint Leadership and within the Members Information Bulletin will be shared. An update on the Tree Strategy will be shared annually to the Members Information Bulletin in May each year. Items will only go through the committee process if there is a decision to be made or anything changes within the strategies/plans. Position (November 2024) This process has been agreed.	Leisure Assets Manager and Principal Trees and Woodland Officer	31 December 2024	✓	
04	We recommend that management should:	Medium	The production of a Parks and Open Spaces Strategy will include a section focused on sites	Head of Leisure and	March 2027		

APPENDIX 6 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Parks, Open Spaces and Woodland Management 2024/25							
Final report issued September 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	<ul style="list-style-type: none"> Reconsider the need for any additional (new) site-specific management plans. Identify what generic management plans should be developed. Set target dates for their development and include in the CMS workplan where appropriate. 		<p>not covered by a site specific Management Plan.</p> <p>Management does not consider there to be a need for an additional management plan for these other sites, when they will be focused on within the new Strategy.</p> <p>However, this will be reviewed annually on a site by site basis e.g. The Bury Project will result in a new Management Plan for ongoing management.</p> <p>Position (November 2024) The action above remains current.</p>	Natural Infrastructure			
05	<p>We recommend that:</p> <ul style="list-style-type: none"> Copies of the latest management plans are available on the website, including appendices. Webpages are updated as soon as management plans are approved by Committee. Periodic checks should be made to ensure the services webpage information is up-to-date. 	Low	<p>These action points will be included within the Service's Customer Experience Action Plan.</p> <p>Position (November 2024) Management plans for Carpenters Wood, Pheasants and Solomans Wood and Oxhey Woods approved at committee to be uploaded on to the website by the end of November.</p> <p>Management Plan for South Oxhey Playing Fields approved at Committee and added to the webpage in October 2024.</p> <p>Webpage has been updated and all actions now completed.</p>	Leisure Assets Manager and Principal Trees and Woodlands Officer	31 March 2025	✓	

APPENDIX 7 – ASSURANCE AND RECOMMENDATION PRIORITY LEVELS

Audit Opinions		
Assurance Level	Definition	
Assurance Reviews		
Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	
Not Assessed	This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements.	
Grant / Funding Certification Reviews		
Unqualified	No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met.	
Qualified	Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions.	
Disclaimer Opinion	Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions.	
Adverse Opinion	Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received.	
Recommendation Priority Levels		
Priority Level	Definition	
Corporate	Critical	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
Service	High	Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	Medium	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.

AUDIT COMMITTEE – 28 NOVEMBER 2024

PART I - DELEGATED

TREASURY MANAGEMENT MID-YEAR REPORT 2024/25 (DoF)

Summary

- 1.1 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management and covers performance against the Council's Capital Strategy and Treasury Management Policy.
- 1.2 The report is presented to the Audit Committee as the body delegated by Council to undertake the role of scrutiny of treasury management strategy and policies.

Details

2.1 **Background**

2.1.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017). The primary requirements of the Code are as follows:

- i. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- ii. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- iii. Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
- iv. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- v. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Audit Committee.

2.1.2 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2024/25 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of compliance with Treasury and Prudential Limits for 2024/25;
- A review of the Council's borrowing strategy for 2024/25;
- A review of the Council's investment portfolio for 2024/25.

2.1.3 In addition to the treasury investments discussed in this report, the council also holds non-treasury related investments, however they are excluded from this report.

2.2 Economics and interest rates

2.2.1 The second quarter of 2024/25 saw:

- Interest rates fall by 0.25%, taking Bank Rate from 5.25% to 5.00%.
- An expansion in GDP growth of 0.5% for the second calendar quarter of the year, but with month on month decline in July.
- Consumer Price Index (CPI) inflation fell from an annual rate of 2.3% in April to 2 % in May, then rebounding marginally to June to 2.2% in July and August, as was expected, due to base effects from energy prices.
- Core and services price inflation remained higher at 3.6% and 5.6% respectively in August.

2.2.2 The Council has appointed Arlingclose as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below have been provided by Arlingclose and are based on the Certainty Rate (the standard rate minus 20 bps). The Certainty Rate has been available to local authorities since 1 November 2012 subject to an annual application. Watford Borough Council is able to access the Certainty Rate for 2024/25.

2.2.3 The latest interest rate forecast, dated 11 November 2024, sets out Arlingclose view that the base rate will fall over the next year and then remain flat until the end of the forecast term.

2.2.4 As set out in the following table, the bank rate is expected to remain at 4.75% until March 2025, with a reduction of 0.25%, then fall by a further 0.75% over the following 12 months with shorter term PWLB borrowing will fall steadily over the next two years then rise slightly towards the end of the forecast term. Long term PWLB will fall slightly then remain flat, whilst very long term PWLB will increase, fall slightly and then remain flat by the end of the forecast.

	Current	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.75	4.75	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Downside risk	0.00	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
3-month money market rate													
Upside risk	0.00	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.95	4.80	4.60	4.35	4.10	3.90	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
5yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.30	4.20	4.10	4.05	3.95	3.90	3.90	3.90	3.95	4.00	4.05	4.05	4.05
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80
10yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.41	4.40	4.30	4.30	4.25	4.20	4.20	4.20	4.20	4.25	4.25	4.25	4.25
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80
20yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.84	4.80	4.75	4.70	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80
50yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.35	4.50	4.45	4.40	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%; PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
PWLB HRA Rate (Maturity Loans) = Gilt yield + 0.40%; National Wealth Fund Rate (Maturity Loans) = Gilt yield + 0.40%

2.2.5 Further information, provided by Arlingclose, about the economic context during the first six months of 2024/25 is provided in Appendix 1 – Economics Update.

2.3 Capital Investment Strategy Update

2.3.1 The Capital Strategy, containing the Treasury Management Policy for 2024/25, was approved by Council on 20 February 2024.

2.3.2 Although there has been a significant shift in the external operating environment, there are no policy changes to the Capital Strategy and Treasury Management Policy.

2.4 The Council’s Capital Position (Prudential Indicators)

2.4.1 The Council’s capital expenditure plans are one of the key drivers of treasury management activity. This table shows the revised estimates for capital expenditure to 30 September 2024 against the latest capital programme budget, from the quarter two capital monitoring report. The total forecast capital investment for 2024/25 is £18.77 million compared to the latest budget of £18.59 million. Variances to budget are set on in the Council’s Budget Management Report to Policy and Resources Committee.

Prudential indicator for Capital Expenditure:

Note the structure of the capital programme has been revised to reflect the updated committee structure.

Service Area	Latest Budget 2024/25 £M	Forecast Year End 2024/25 £M	Actual to Date September £M
General Public Services, Community Safety & Infrastructure	3.73	3.91	0.75
Climate Change, Leisure & Housing	3.68	3.68	0.95
Policy & Resources	1.42	1.36	0.25
Property Investment Board	0.00	0.00	0.00
Local Authority Housing Fund	9.76	9.82	4.04
Total Capital Programme	18.59	18.77	5.98

- 2.4.2 The latest forecast for the CFR, which is the underlying need to borrow for a capital purpose, is set out in the table below. The reduced forecast for the CFR reflects the forecast reduced need to borrow for capital investment in 2024/25.

Prudential indicator for the Capital Expenditure Requirement:

Capital Financing Requirement	2024/25	2024/25	2024/25
	Original Indicator	Forecast Indicator	Current Indicator
	£M	£M	£M
Capital Financing Requirement in relation to Capital expenditure	24.76	43.53	30.74
Total	24.76	43.53	30.74

Note the CFR may be subject to restatement following the conclusion of the 2023/24 external audit.

- 2.4.3 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and next two financial years. This allows some flexibility for limited early borrowing for future years. Where external borrowing is below the underlying need to borrow, this is financed in the short term through internal borrowing. This currently forecast to be £35.53 million at year end.

Internal Borrowing Position	2024/25	2024/25
	Original Indicator	Forecast Indicator
	£M	£M
Capital Financing Requirement in relation to Capital expenditure	24.76	43.53
Less Gross Borrowing	8.00	8.00
Total	16.76	35.53

Prudential indicator for the operational boundary for external debt:

- 2.4.4 The operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

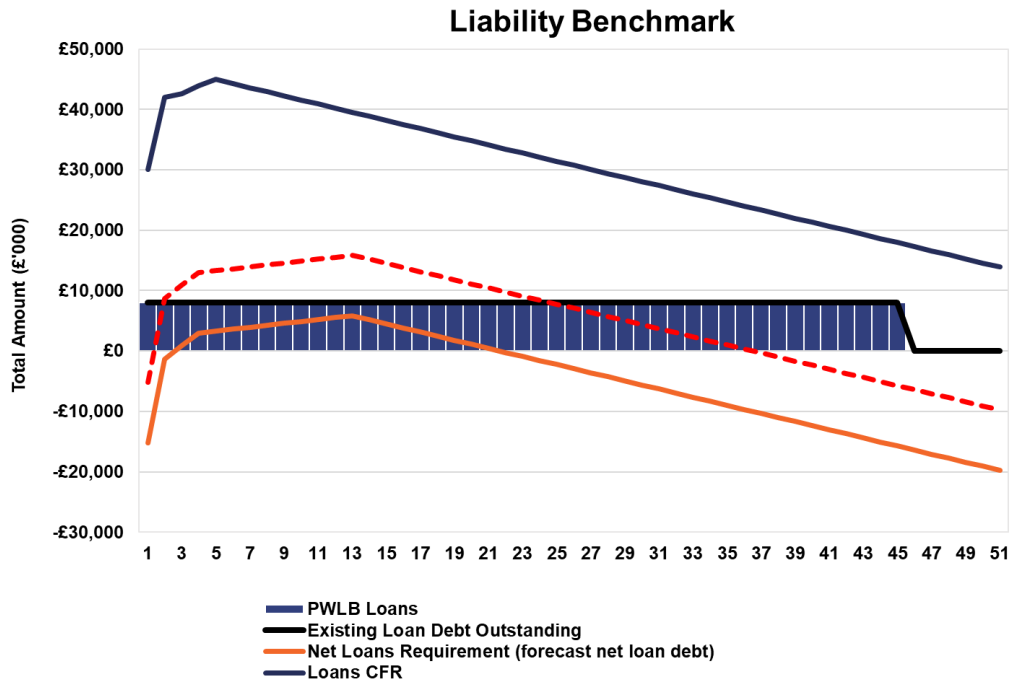
Operational Boundary	2024/25	2024/25
	Original Indicator	Forecast Indicator
	£M	£M
Borrowing - Capital Programme	20.00	20.00
Total	20.00	20.00

- 2.4.5 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Prudential indicator – the Authorised Limit for external debt:

Authorised Limit	2024/25	2024/25
	Original Indicator	Forecast Indicator
	£M	£M
Borrowing	25.00	25.00
Total	25.00	25.00

- 2.4.6 The Treasury Management Code of Practice requires local authorities to calculate their Liability Benchmark. The benchmark includes a projection of external debt required over the long term to fund the organisation's approved budgets and plans compared to the forecast of total borrowing outstanding. The benchmark should be used to evaluate the amount, timing and maturities needed for new borrowing in relation to the organisation's planned borrowing needs in order to avoid borrowing too much, too little, too long or too short.
- 2.4.7 The Liability Benchmark, based on the latest estimates for the capital financing requirement and borrowing at 30 September 2024, is shown in the graph below. The cash currently invested in externally managed funds has been incorporated in the available cash, reducing the net and gross loans requirement. The graph shows that the Council is expected to have capacity to continue utilising cash to borrow internally beyond the MTFP period.



2.4.8 Under the Prudential Code, the Council is also required to report on the affordability of the Council's capital plans to ensure that the capital assets proposed means that the total capital investment of the authority remains within sustainable limits. The revised estimates reported are based on the position reported in the Council's Budget Monitoring Report – Quarter 2 which is based on information as at 30 September 2024.

2.4.9 The first of these indicators is Financing Costs to net revenue stream. This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream. The net revenue stream is the Council's core funding of Council Tax, Business rates, and unringfenced central government grants. Investment income includes interest from Treasury Management activities and interest from loans to joint ventures and subsidiaries.

Cost of Capital/ Net Revenue Stream	2024/25 Original Estimate £M	2024/25 Revised Estimate £M
Cost of Capital	0.04	(1.21)
Net Revenue Stream	13.97	13.97
Percentage (%)	0.27%	(8.62%)

2.4.10 The second indicator is the Net income from commercial investment to net revenue stream. This indicator is intended to show the financial exposure of the authority to the loss of income.

2.4.11 Net income from commercial investments comprises net income from financial investments (other than treasury management investments), together with net

income from other assets held primarily for financial return, such as commercial property.

Commercial Investment/ Net Revenue Stream	2024/25	2024/25
	Original Estimate	Revised Estimate
	£M	£M
Commercial Investment	0.95	1.15
Net Revenue Stream	13.97	13.97
Percentage (%)	6.80%	8.23%

2.5 Compliance with Treasury and Prudential Limits

2.5.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Capital Investment Strategy and Treasury Management Policy for 2024/25. The Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.

2.5.2 All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

2.6 Borrowing

Counter-Party	Principal	Type	Weighted Average Interest Rate	Weighted Average Maturity
	£M		%	(Years)
PWLB	8.00	Fixed Rate	2.41%	44.49

3.1.1 The Council's forecast year end capital financing requirement (CFR) for 2024/25 is £43.53 million. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. At 30 September 2024 the Council has external borrowing of £8 million. The balance of £35.53 million is financed in the short term by the utilisation of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.

3.1.2 The Council's current external borrowing portfolio is comprised of one loan of £8 million from the Public Works Loan Board (PWLB). The loan is a long term loan with repayment on maturity, reflecting the expectation that the Council will have a long term borrowing requirement. The loan commenced in March 2019 and will run to September 2068 (49.5 years) at an annual interest rate of 2.41%.

3.1.3 The capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term.

3.2 Annual investment strategy

3.2.1 In accordance with the CIPFA Treasury Management Code of Practice, the Council's Annual Investment Strategy sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

3.2.2 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions.

3.2.3 Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the period ended 30 September 2023.

3.3 Creditworthiness

3.3.1 The credit rating agency Fitch continues to hold the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and the economic outlook. Standard and Poor and Moody's credit rating agencies both report a stable outlook.

3.4 Investment Counterparty criteria

3.4.1 The current investment counterparty criteria selection approved in the Annual Investment Strategy is meeting the requirement of the treasury management function.

3.4.2 The Council has continued to limit exposure to banks and building societies with deposits limited to the Council's bank, Lloyds, and the UK government through investments with the Debt Management Office (DMO).

3.5 Investment balances

3.5.1 A summary of the Council's investment position, including bank deposits as at 30 September 2024 is shown in the table below:

Counter party	Principal £M	Type
DMADF (HM Treasury)	30.00	Fixed Rate
Local Authorities	5.00	Fixed Rate
Banks (Current Account)	0.24	Variable Rate
RLAM Cash Plus Fund	5.00	N/A
Total	40.23	

- 3.5.2 The average level of funds available for investment purposes during the first half of the financial year was £31.4 million. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme. The average interest rate earned on investments was 5.11% (low 4.93%, high 5.11%). This compares to average Bank of England Base Rate of 5.16% (low 5.00%, high 5.25%). The Sterling Overnight Index Average (SONIA) benchmark is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors. Over the same period, the average SONIA rate was 5.12% (low 4.95%, high 5.20%). Performance against these benchmarks reflects effective short-term cash management, avoiding excessive exposure to the lower rates paid on overnight bank deposits while maintain liquidity and investing with high credit quality counterparties.
- 3.5.3 Although interest receivable rates have remained high during 2024/25, the cost of borrowing remains higher than the benefit of investing cash, known as the 'cost of carry.' Therefore, the Council will continue to maximise the use of internal borrowing, utilising internal cash balances to offset the need to borrowing in the short term and reducing the net interest cost.
- 3.5.4 The Council's investment portfolio is set out in appendix 3.

3.6 Externally Managed Funds

- 3.6.1 During 2020/21 the Council identified an amount of core cash available for longer-term investment. The cash was invested in a Money Market Fund managed by Royal London Asset Management. The classification of the fund was changed during the second quarter of 24/25 to a 'distributing' fund, which means it does pay regular interest. The first interest amount will be received at the end of the third quarter of 24/25. A total of £2.35 million was invested in November 2020, with a further £2.4 million invested in September 2024. The fair value at 30 September 2024 was £5.009 million. This represents an unrealised gain of £0.256 million, however £0.009 million of this unrealised gain will be redistributed from the fund as income receivable at the end of the third quarter of 24/25.

3.7 Credit Ratings

- 3.8 Credit rating information is supplied by our treasury consultants, Link Asset Services, on all counterparties that comply with the Council's criteria. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. There have been no changes to the Council's approved counter party list as a result of changes to credit ratings during the year.

Financial Implications

- 4.1.1 The Council has set an income budget of £0.39 million for 2024/25. At 30 September the Council had received £0.711 million, benefiting from the increase in interest rates and higher cash balances than expected.

4.1.2 Based on current external borrowing, the Council will incur interest payable costs of £0.193 million. No additional borrowing is expected to be required during the year. The interest expense budget for 2024/25 is £0.302 million.

4.1.3 The additional income and reduced borrowing cost forecast has been reported in the Budget Monitoring Report to Policy and Resources Committee and will continued to be monitored during the remainder of the year.

Legal Implications

5.1 There are no legal implications arising directly from this report.

Equal, Staffing, Environmental, Community Safety, Public Health, Customer Services Centre, Communications & Website, Health & Safety Implications

6.1 None specific.

Risk Management

7.1 The Code of Practice on Treasury Management identifies eight key risks that are inherent in Treasury Management activity. The Council's Treasury Management Policy sets out the risks that it is seeking to manage:

1.	Credit and Counterparty Risk	That the entity holding Council funds is unable to repay them when due.	This risk is managed through the maintenance of a list of authorised counterparties, with separate limits to ensure that the exposure to this risk is limited.
2.	Liquidity Risk	That the Council may not have the cash it needs on a day to day basis to pay its bills.	This risk is managed through forecasting and the retention by the Council of an adequate working capital balance. In addition, through the Public Works Loan Board and other organisations, the Council is able to access short term borrowing, usually within 24 hours.
3.	Interest Rate Risk	That the costs and benefits expected do not materialise due to changes in interest rates.	This risk is managed through the placing of different types and maturities of investments, the forecasting and monitoring of the interest budget (with assistance from the Council's retained advisors).
4.	Exchange Rate Risk	That losses or gains are made due to fluctuations in the prices of currency.	The Council does not engage in any significant non-sterling transactions.

5.	Inflation	That Inflation erodes the value of investments.	The Council priorities security and liquidity over yield but where possible investment returns will aim to match inflation to preserve the capital value.
6.	Refinancing Risk	That the loans taken by the Council will become due for repayment and need replacing at a time when there is limited finance available or interest rates are significantly higher.	The timing of loan maturities is monitored along with interest rate forecasts. Officers ensure that due dates are monitored and seek advice from the Council's advisors about when to raise any finance needed.
7.	Legal and Regulatory Risk	That the Council operates outside its legal powers.	This risk is managed through the Council's training and development of Officers involved in Treasury Management, the independent oversight of Internal and External Audit, and the advice (for example on the contents of this strategy) taken from the Council's Treasury advisors.
8.	Operational e.g. Fraud, Error and Corruption	The risk that losses will be caused by impropriety or incompetence.	This risk is managed through the controls in the Council's financial procedures. For example, the segregation of duties between those making investment decisions and those transferring funds
9.	Market / Price Risk	That the price of investments held fluctuates, principally in secondary markets.	The majority of the Council's investments are not traded, but where they are (e.g. Property investment portfolio) the main investments' value comes from the income they generate which is generally long term and secure. The Council's investment in Royal London Asset Management, relating to the Croxley Park reserve, is held for the long term which enables the Council to reduce the risk of needing to divest when prices fall.

7.2 In the current macro-economic environment, the two most high-profile risks remain interest rate risk and refinancing risk. This is a shift in focus from credit and counterparty risk which had been the prevailing concern from the 2008 banking crisis through to 2022/23 when interest rates started rising rapidly.

7.3 The principles set out in the Treasury Management Policy and Annual Investment Strategy remain appropriate to manage these risks.

Recommendation

8.1 That the Committee notes the contents of the 2024/25 mid-year review of the Treasury Management function and recommends the report to Council.

Report prepared by: Hannah Doney, Head of Finance

Data Quality

Data sources:

Link reports

Data checked by:

Hannah Doney, Head of Finance

Data rating: Tick

1	Poor	
2	Sufficient	
3	High	x

Background Papers

Capital Strategy & Treasury Management Strategy Statement 2024/25

Treasury Management Annual Report 2023/24

Quarter Two Budget Monitoring Report 2024/25

APPENDICES / ATTACHMENTS

- Appendix 1 – Economics Update
- Appendix 2 – External Borrowing Portfolio
- Appendix 3 – Investment Portfolio

This update has been provided by the Council's appointed Treasury Management Advisors, Arlingclose. The update was prepared in October 2024 and reflects the position at 30 September 2024.

External Context

Economic background: UK headline consumer price inflation remained around the Bank of England (BoE) target later in the period, falling from an annual rate of 3.2% in March to 2.0% in May and then rebounding marginally to June to 2.2% in July and August, as was expected, due to base effects from energy prices. Core and services price inflation remained higher at 3.6% and 5.6% respectively in August.

The UK economy continued to expand over the period, albeit slowing from the 0.7% gain in the first calendar quarter to 0.5% (downwardly revised from 0.6%) in the second. Of the monthly figures, the economy was estimated to have registered no growth in July.

Labour market data was slightly better from a policymaker perspective, showing an easing in the tightness of the job market, with inactivity rates and vacancies declining. However, a degree of uncertainty remains given ongoing issues around the data collected for the labour force survey by the Office for National Statistics. Figures for the three months to July showed the unemployment rate fell to 4.1% (3mth/year) from 4.4% in the previous three-month period while the employment rate rose to 74.8% from 74.3%.

Over the same period average regular earnings (excluding bonuses) was 5.1%, down from 5.4% in the earlier period, and total earnings (including bonuses) was 4.0% (this figure was impacted by one-off payments made to NHS staff and civil servants in June and July 2023). Adjusting for inflation, real regular pay rose by 2.2% in May to July and total pay by 1.1%.

With headline inflation lower, the BoE cut Bank Rate from 5.25% to 5.00% at the August Monetary Policy Committee (MPC) meeting. The decision was finely balanced, voted by a 5-4 majority with four members preferring to hold at 5.25%. At the September MPC meeting, committee members voted 8-1 for no change at 5.00%, with the lone dissenter preferring Bank Rate to be cut again to 4.75%. The meeting minutes and vote suggested a reasonably hawkish tilt to rates, with sticky inflation remaining a concern among policymakers.

The latest BoE Monetary Policy Report, published in August, showed policymakers expected GDP growth to continue expanding during 2024 before falling back and moderating from 2025 to 2027. Unemployment was forecast to stay around 4.5% while inflation was shown picking up in the latter part of 2024 as the previous years' energy price declines fell out of the figures before slipping below the 2% target in 2025 and remaining there until early 2027.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would steadily fall from the 5.25% peak, with the first cut in August being followed by a series of further cuts, with November 2024 the likely next one, taking Bank Rate down to around 3% by the end of 2025.

The US Federal Reserve (the Fed) also cut interest rates during the period, reducing the Federal Funds Rate by 0.50% to a range of 4.75%-5.00% at its policy meeting in September. The forecasts released at the same time by the central bank suggested a further 1.00% of easing is expected by the end of the calendar year, followed by the same amount in 2025 and then a final 0.50% of cuts during 2026.

Having first reduced interest rates in June, the European Central Bank (ECB) held steady in July before cutting again in September, reducing its main refinancing rate to 3.65% and its deposit rate to 3.50%. Unlike the Fed, the ECB has not outlined a likely future path of rates, but inflation projections remain in line with the central bank's previous forecasts where it will remain above its 2% target until 2026 on an annual basis.

Financial markets: Sentiment in financial markets continued to mostly improve over the period, but the ongoing trend of bond yield volatility remained. The general upward trend in yields in the early part of the period was reversed in the later part, and yields ended the half-year not too far from where they started. However, the volatility in response to economic, financial and geopolitical issues meant it was a bumpy ride for bond investors during that time.

Over the period, the 10-year UK benchmark gilt yield started at 3.94% and ended at 4.00% but hit a high of 4.41% in May and a low of 3.76% in mid-September. While the 20-year gilt started at 4.40% and ended at 4.51% but hit a high of 4.82% in May and a low of 4.27% in mid-September. The Sterling Overnight Rate (SONIA) averaged 5.12% over the period to 30th September.

Credit review: Arlingclose maintained its advised recommended maximum unsecured duration limit on all banks on its counterparty list at 100 days.

Having had its outlook increased by Fitch and ratings by S&P earlier in the period, Moody's upgraded Transport for London's rating to A2 from A3 in July.

Moody's also placed National Bank of Canada on Rating Watch for a possible upgrade, revising the outlook on Standard Chartered to Positive, the outlook to Negative on Toronto Dominion Bank, and downgrading the rating on Close Brothers to A1 from Aa3.

S&P upgraded the rating on National Bank of Canada to A+ from A, and together with Fitch, the two rating agencies assigned Lancashire County Council with a rating of AA- and A+ respectively.

Credit default swap prices were generally lower at the end of the period compared to the beginning for the vast majority of the names on UK and non-UK lists. Price volatility over the period was also generally more muted compared to previous periods.

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

External Borrowing Portfolio 2024/25

Loans Outstanding as at 30th September 2024								
Counter Party	Trade Date	Start Date	Maturity Date	Duration (Days)	Annual Interest Rate (%)	Amount (£)	Total Interest Payable (£)	Interest Payable 2024/25 (£)
PUBLIC WORKS LOANS BOARD	15/03/2019	15/03/2019	15/09/2068	18,082	2.41%	8,000,000	9,551,259	192,800
Total						8,000,000	9,551,259	192,800

This page is intentionally left blank

Investment Portfolio 2024/25

Investments Outstanding as at 30th September 2024								
Counter Party	Trade Date	Start Date	Maturity Date	Duration (Days)	Annual Interest Rate (%)	Amount (£)	Total Interest Receivable (£)	Interest Receivable 2024/25 (£)
Royal London Asset Management	02/11/2020	02/11/2020	-	-	-	5,000,000	-	-
Debt Management Office	31/07/2024	31/07/2024	31/01/2025	184	4.93%	5,000,000	124,263	206,655
East Dunbartonshire Council	03/09/2024	12/09/2024	12/03/2025	181	4.90%	5,000,000	121,493	232,247
Debt Management Office	05/09/2024	05/09/2024	08/10/2024	33	4.90%	5,000,000	22,151	128,205
Debt Management Office	17/09/2024	17/09/2024	17/02/2025	153	4.65%	2,196,161	42,807	90,371
Debt Management Office	23/09/2024	23/09/2024	22/10/2024	29	4.94%	5,000,000	19,625	138,726
Debt Management Office	30/09/2024	30/09/2024	01/10/2024	1	4.94%	12,800,000	1,732	318,759
Total						39,996,161	332,071	1,114,962

This page is intentionally left blank

PART I – DELEGATED

FINANCIAL AND BUDGETARY RISKS (DoF)

Summary

- 1.1 This report advises the Committee on the latest position in respect of the evaluation of financial risks facing the Council for discussion and any recommendations or comments they wish to make.

Details

- 2.1 Whilst the Budget announced additional resources for local government these will be aimed at those authorities with the highest need and least ability to raise resources, this is unlikely to include Three Rivers. The implementation date for the Fair Funding Review has been announced as 2026/27 with consultation starting shortly. The pay award for 2024/25 was settled at the employers' offer of £1,290 or 2.5% which is within the amount allowed for within the contingency.
- 2.2 Thurrock Council has announced it plans to take legal proceedings against 23 members of APSE. Whilst Three Rivers is not one of the 23, it was a member of APSE and could be brought into the litigation at a later date. An initial assessment has been made of the potential liability and this would not unduly impact upon the Council's medium term financial plan. The Council's approach to membership organisations will be reviewed in the light of the litigation.

Options and Reasons for Recommendations

- 3.1 The recommendations allow the Committee to review the financial risks faced by the Council and record any comments it wishes to make in respect of individual risks.

Policy/Budget Reference and Implications

- 4.1 The recommendations in this report are within the Council's agreed policy and budgets.

Financial, Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Public Health, Customer Services Centre, Communications & Website, Risk Management and Health & Safety Implications

- 5.1 None specific.

Recommendation

- 6.1 That the Committee review the risk register and make any comments it wishes to make against individual risks.

Report prepared by: Alison Scott, Director of Finance

Data Quality

Data sources: Budget Monitoring Reports & Budget setting report (Liberal Democrat)

Data checked by: Head of Finance.

Data rating:

1	Poor	
2	Sufficient	
3	High	√

APPENDICES / ATTACHMENTS

Appendix 1 - Financial Risk Register

Date risk added to register	Risk ref	Risk owner	Category	Risk description	Comment	Likelihood score (inherent)	Impact score (inherent)	Inherent risk score	Risk controls	Risk control owners	Likelihood score (residual)	Impact score (residual)	Residual risk score	Risk direction	Action plan	Action plan owners	Action plan completion dates
Sep-15	FIN07	Director of Finance	Strategic	The Medium term financial position worsens.	The Budget has announced additional resources for local government but has been clear that this will be directed to those authorities with the highest need and lowest ability to raise resources, which is unlikely to include Three Rivers. This appears as item no.8 in the Council's strategic risk register.	3	4	12	The Council maintains a healthy level of balances and continues to actively monitor its budgets, taking action in year where necessary. Currently the Council is benefitting from a high level of interest income due to higher than anticipated interest rates and high levels of cash balances.	Head of Finance	3	2	6	↓	Regular budget monitoring reports to committees; Budgetary and Financial Risk Register reviewed and updated as part of the budget monitoring process; identification of budgetary pressure when reviewing the medium term financial plan during the budget setting process which includes a risk assessment for the prudent level of general balances and an assessment of financial resilience with reference to the CIPFA Financial Resilience index.	Heads of Service/ Head of Finance	Continuous
Apr-06	FIN08	Director of Finance	Budgetary	The pay award exceeds estimates included in the MTFP resulting in unplanned and unsustainable use of reserves.	The Council's 3 year Medium term Financial Strategy includes forecast pay awards for the next three years. The 2024/25 pay award has been agreed at the employers offer and below that allowed for in the contingency.	2	3	6	The pay award is fully covered by the contingency within the budget. The MTFP contains an allowance for next year at slightly below this years level. Maintain reserves to guard against risk. Early identification of new pressures through Budget Monitoring.	Head of Finance	2	2	4	↓	The Council's 3 year Medium term Financial Strategy includes forecast pay awards for the next three years. The Council maintains reserves to guard against risk including setting a prudent minimum level for general balances. Early identification of new pressures through Budget Monitoring enable the Council to take steps to bring the budget back into balance.	Head of Finance	Continuous
Apr-06	FIN09	Director of Finance	Budgetary	Other inflationary increases exceed estimates included in the MTFP resulting in unplanned and unsustainable use of reserves.	Other than contractual agreements, budgets are cash limited where possible and budget managers are expected to manage increases within existing budgets.	2	3	6	Monitor future inflation projections. Actively manage budgets to contain inflation. Maintain reserves.	Service Heads/Head of Finance	2	2	4	→	Monitor future inflation projections. Actively manage budgets and contracts to contain inflation. The Council maintains reserves to guard against risk including setting a prudent minimum level for general balances. Early identification of new pressures through Budget Monitoring enable the Council to take steps to bring the budget back into balance.	Head of Finance	Continuous
Jan-15	FIN10	Director of Finance	Budgetary	Interest rates increase or decrease resulting in significant variations in estimated interest income (investments) or interest expense (borrowing)	The Council remains cash positive so is experiencing a short term benefit from higher interest rates. Over the longer term rates are expected to come down allowing the Council to borrow for future capital projects.	3	2	6	The Council has a Treasury Management Strategy which is reviewed annually. The Council is looking to lend out over a longer period to maximised the benefit from temporary higher rates.	Head of Finance	3	2	6	→	The Audit Committee receives two reports per year on Treasury Management activity and interest income and expenditure is monitored through the Budget Monitoring Report.	PIB	Continuous

Date risk added to register	Risk ref	Risk owner	Category	Risk description	Comment	Likelihood score (inherent)	Impact score (inherent)	Inherent risk score	Risk controls	Risk control owners	Likelihood score (residual)	Impact score (residual)	Residual risk score	Risk direction	Action plan	Action plan owners	Action plan completion dates
Apr-06	FIN11	Director of Finance	Budgetary	Inaccurate estimates of fees and charges income and / or estimates of cost of delivering chargeable services result in budgetary pressure.	A budget pressure is created due to income shortfalls or increased expenditure	3	2	6	Budget levels realistically set and closely scrutinised	Service Heads/ Head of Finance	2	2	4	→	Fees and charges, including and surplus or loss are monitored through budget monitoring with key income streams reported to CMT.	Service Heads	Continuous
Apr-06	FIN12	Director of Finance	Budgetary	The Council loses the ability to recover VAT as a result of exceeding the partial exemption threshold resulting in budgetary pressure.	If the council's expenditure on functions for which it receives income that is exempt for VAT purposes exceeds 5% of its total vatable	2	4	8	VAT Planning and opt to tax on schemes. VAT advisers employed.	Head of Finance	1	4	4	→	Partial Exemption Review is undertaken annually with support provided by the Council's external tax advisors, PS Tax. The Council continue to opt to tax land where appropriate.	Head of Finance	Continuous
Dec-13	FIN13	Director of Finance	Budgetary	The estimated cost reductions and additional income gains set out in the MTFP are not achieved resulting in an unplanned and unsustainable use of reserves.	Savings identified and included in the budget will be monitored as part of the budget monitoring process. See fees and charges above. MTFS agreed for next three years	2	3	6	Service Heads to take responsibility for achieving savings. Budget monitoring to highlight any issues to allow corrective action to be taken.	Service Heads/Head of Finance	2	2	4	→	Budget process to clearly identify savings to be achieved and ensure clarity over responsibility over delivery. Savings to be challenged.	Head of Finance	Continuous
Apr-06	FIN14	Director of Finance	Budgetary	The Council is faced with potential litigation and other employment related risks.	Thurrock has recently issued proceedings against 23 members of APSE. Whilst the Council is not one of these three it is an APSE member and may be drawn in at a later date. An initial estimate has been made of the maximum potential	3	3	9	Council procedures are adhered to. These will be reviewed in respect of member organisation and advice issued.	Solicitor to the Council	2	3	6	↑	Adherence to council procedures to be monitored and procedures maintained.	Solicitor to the Council	ongoing

Date risk added to register	Risk ref	Risk owner	Category	Risk description	Comment	Likelihood score (inherent)	Impact score (inherent)	Inherent risk score	Risk controls	Risk control owners	Likelihood score (residual)	Impact score (residual)	Residual risk score	Risk direction	Action plan	Action plan owners	Action plan completion dates
Dec-13	FIN18	Director of Finance	Budgetary	Business Rates Retention fluctuates impacting on the amount of funding received by the Council.	Pooling has been announced for 2025/26 and the Council is part of the Hertfordshire bid. The VOA has amended the Warner Bros rates valuation which negates the appeal risk. Business Rate reset has been announced for 2026/27	4	4	16	Maintain reserves against risk.	Head of Finance	4	2	8	↓	Hertfordshire CFOs continue to work with LG Futures to assess the impact on individual Councils in Hertfordshire and the impact on the ability to create a business rate pool for 2025/26. The scale of appeals is still unknown but this is likely to become clearer over the next 24 months as transitional relief reduces for businesses impacted by the increase in rateable value.	Director of Finance	Continuous
Jul-16	FIN20	Director of Finance	Budgetary	Failure of ICT systems	The Council's integrated Financial Management System (FMS) is held on an ICT platform. If this were to fail then potentially there will be a loss of functionality occurring during any downtime. BCPs have recently been updated.	3	2	6	System migrated to latest version. Payments system updated.	Head of Finance	1	2	2	→	Monitor reliability	Head of Finance	Continuous
Mar-18	FIN21	Director of Finance	Budgetary	Property Investment	The Property Investment Board manage its property portfolio in order to secure additional income to support its investment.	2	3	6	Portfolio to be actively managed to maintain income levels. Income to be reviewed regularly when MTFP is updated.	Head of Property Services	1	3	3	→	PIB to assume responsibility for ongoing oversight.	Head of Property Services	Continuous
Sep-18	FIN23	Director of Finance	Budgetary	Commercial Investment	The Council has limited options to further improve self sustainability through commercial investment.	3	2	6	Oversight mechanisms put in place to ensure oversight by PIB.	Head of Finance	2	2	4	→	Monitor new developments. Investments overseen by the cross party Shareholder and Commercial Ventures Panel.	Head of Property Services	Continuous
Nov-19	FIN 24	Director of Finance	Service	Loss of Key Personnel	As the Council becomes more complex in its financial arrangements, key skills become more important.	3	4	12	Improve depth of skills and knowledge. Bring in temporary additional resources as necessary.	Head of Finance	1	3	3	→	The Finance team is currently fully staffed. All staff have an annual Personal Development Review which contains smart objectives including objectives related to career development and identification of training needs and	Chief Executive/ Director of Finance	Continuous

This page is intentionally left blank

AUDIT COMMITTEE – 28 NOVEMBER 2024

PART I – DELEGATED

COMMITTEE'S WORK PROGRAMME

(DoF)

1 Summary

1.1 This report sets out the Audit Committee's latest Work Programme to enable the Committee to make updates as required.

2. Details

2.1 The Audit Committee meets five times per financial year between 1 April and 31 March. The work programme is presented at each meeting of the Committee to enable any changes to be made and to provide Members with updated information on future meetings.

2.2 The work programme includes a rolling annual training programme which is delivered prior to each committee. The following topics form the programme:

- Role of the Audit Committee
- Statement of Accounts
- Treasury Management
- Internal Audit
- Risk Management

2.3 Additional 'deep dive' training is arranged for members of the committee ahead of approval of the audited Statement of Accounts.

2.4 The following items are standing items on the agenda and are presented at each meeting of the Committee:

- Internal Audit Report – SIAS Audit Client Manager
- Financial and Budgetary Risks – Head of Finance
- Committee Work Programme

2.5 The programme of ad hoc reports scheduled to be presented to this Committee in the next 12 months is shown in the table below:

Financial Year 2023/24		
Date	Report	Officer Responsible
27 February 2025	<ul style="list-style-type: none"> • Approval of the 2023/24 Statement of Accounts • External Audit Report 2023/24 	Director of Finance External Audit
24 March 2025	TRAINING: Internal Audit <ul style="list-style-type: none"> • SIAS Internal Audit Plan • Accounting Policies 2024/25 • Risk Management Framework • Standing Items 	Client Audit Manager Client Audit Manager Director of Finance Emergency Planning and Risk Manager
Financial Year 2024/25		
29 May 2025 (may need to move to end of June)	TRAINING: Statement of Accounts <ul style="list-style-type: none"> • Treasury Management Annual Report 2024/25 • SIAS Annual Assurance Statement & Internal Audit Annual Report • Approval of the draft Statement of Accounts 2024/25 and Annual Governance Statement • Standing Items 	Director of Finance Director of Finance Client Audit Manager Director of Finance
29 July 2025	TRAINING: Role of the Audit Committee <ul style="list-style-type: none"> • Fraud Annual Report • SIAS Board Annual Report • Standing Items 	Director of Finance Fraud Manager Client Audit Manager

28 November 2025	<p>TRAINING: Treasury Management</p> <ul style="list-style-type: none"> • Treasury Management Mid-Year Report 2025/26 • Draft Capital Strategy and Treasury Management Strategy Statement 2026/27 • External Auditor Plan 2025/26 <ul style="list-style-type: none"> • Standing Items 	<p>Director of Finance</p> <p>Director of Finance</p> <p>Director of Finance</p> <p>External Auditors</p>
------------------	--	---

3 Options/Reasons for Recommendation

3.1 The recommendation allows the Committee to determine its work programme.

4 Policy/Budget Implications

4.1 The recommendations in this report are within the Council's agreed policy and budgets.

5 Financial, Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Customer Services Centre, Website and Risk Management Implications

5.1 None specific.

6 Recommendation

6.1 That the Committee consider and makes necessary changes to its Work Programme.

Background Papers

Reports and minutes – Audit Committee

Report prepared by: Alison Scott – Director of Finance

This page is intentionally left blank