

AUDIT COMMITTEE

NOTICE AND AGENDA

For a meeting to be held on Tuesday, 25 March 2025 at 7.30 pm in Penn Chamber, Three Rivers House, Rickmansworth, WD3 1RL.

Members of the Audit Committee:-

Councillors:

Tony Humphreys (Chair)
Lisa Hudson
Khalid Hussain
David Major

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

*Joanne Wagstaffe, Chief Executive
Monday, 17 March 2025*

1. APOLOGIES FOR ABSENCE

2. MINUTES OF PREVIOUS MEETING

(Pages 5 - 8)

To confirm, as a correct record, the minutes of the Special Audit Committee meeting held on 26 February 2025.

3. NOTICE OF ANY OTHER BUSINESS

Items of other business notified under Council Procedure Rule 30 to be announced, together with 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 and declarations of interest.

5. TRDC SIAS Progress Report against the 2024-25 Audit Plan

(Pages 9 - 44)

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 7 March 2025.
- 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 7 March 2025.

The Head of Property Services & Major Projects will provide a verbal update on the property system.

Recommendation

Members are recommended to:

- i. Note the Internal Audit Progress Report for the period to 7 March 2025
- ii. Approve amendments to the Audit Plan as at 7 March 2025
- iii. Agree changes to the implementation date for 5 audit recommendations (paragraph 2.5) for the reason set out in Appendices 3 to 5
- iv. Agree removal of implemented audit recommendations (Appendices 3 to 5)

6. SIAS Internal Audit Plan Report 2025-26

(Pages 45 - 76)

The purpose of internal audit is to strengthen the Council's ability to create, protect, and sustain value by providing Members and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Recommendation

- i. Members are recommended to approve the proposed Three Rivers District Council and the Watford & Three Rivers Shared Service Internal Audit Plans for 2025/26
- ii. Members are requested to note the SIAS Internal Audit Strategy and provide any comments prior to approval by the SIAS Board

7. Statement of Accounts Update 2024/25

(Pages 77 - 104)

This report provides an update on timelines for the completion of Draft Statement of Accounts 2024/25. It also sets out changes in Accounting Policies for 2024/25, and provides an outline of the changes to local audit system leadership and the establishment of a Local Audit Office.

Recommendation

- i. To note the update in relation to the 2024/25 Statement of Accounts timeframes.
- ii. To ratify the draft Accounting Policies for 2024/25 as approved by the Director of Finance as set out in Appendix 1.
- iii. To note the changes with the Financial Reporting Council local audit system leadership and the establishment of a Local Audit Office.

8. Risk Management Strategy Amendment

(Pages 105 - 126)

Following Full Council on 10 December 2024, Officers have been asked to consider the following amendment to the Risk Management Strategy:

“To add a separate column to the right of the second table at Appendix A, concerning impact of the Green Belt. The precise risk thresholds to be agreed by the Audit Committee.”

Recommendation

That:

- i. The Council’s Risk Management Strategy is adopted.
- ii. The Committee agrees to give delegated Authority to Associate Director of Corporate, Customer and Community to authorise minor changes to the policy, such as terminology, clarification, or administrative corrections with no significant impact.

9. FINANCIAL AND BUDGETARY RISKS

(Pages 127 - 136)

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:

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

10. Work programme

(Pages 137 - 140)

Recommendation

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

11. OTHER BUSINESS - if approved under item 3 above

12. EXCLUSION OF THE PRESS AND PUBLIC

If any confidential business is approved under item 3, it will also be necessary to specify the class of exempt or confidential information in the additional item(s) and a resolution be passed in the following terms:

“that under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item(s) of business on the grounds that they involve the likely disclosure of exempt information as defined under the respective paragraphs 1 to 7 of Part 1 of Schedule

12A to the Act.”

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



Three Rivers House
Northway
Rickmansworth
Herts WD3 1RL

Audit Committee MINUTES

Of a meeting held in the Penn Chamber, Three Rivers House, Rickmansworth, WD3 1RL on Wednesday, 26 February 2025 from 7.30 pm - 7.53 pm.

Present: Councillors Tony Humphreys, (Chair), Keith Martin, Ian Morris and Ciaran Reed

Also in Attendance:

Councillor Rue Grewal

Officers in Attendance:

Alison Scott, Director of Finance
Anita Hibbs, Committee Officer
Robert Thurlow, Chief Accountant

External in Attendance:

Paul Grady, Azets

AC33/25 APOLOGIES FOR ABSENCE

None received.

AC34/25 MINUTES OF PREVIOUS MEETING

The minutes of the Audit Committee held on 28 November 2024 were confirmed as a correct record and signed by the Chair of the meeting.

AC35/25 NOTICE OF ANY OTHER BUSINESS

There were no items of other business.

AC36/25 DECLARATIONS OF INTEREST

There were no declarations of interest.

AC37/25 STATEMENT OF ACCOUNTS 2023/24

The Director of Finance introduced the report.

In response to concerns raised regarding the significant increase in audit fees, the Director of Finance explained that the previous fees were set too low, contributing to financial issues within the sector, and also explained that there is an ongoing dispute with the Public Sector Audit Appointments (PSAA) regarding these fees, emphasising the lack of direct negotiating

power with auditors. The conversation touched on the uncertainty surrounding the resolution timeline of the dispute.

The Director of Finance also clarified that the Leader of the Council should be named in the financial statements as of the times the accounts are signed, rather than the year of the statements.

Councillor Tony Humphreys moved the recommendation, seconded by Councillor Keith Martin, that the Committee:

- i. To approve the Statement of Accounts 2023/24 at Appendix 1.
- ii. To approve the Letter of Representation 2023/24 at Appendix 2.
- iii. To agree that the Section 151 Officer, in consultation with the Chair of the Committee, can make further changes to the Statement of Accounts 2023/24 and the Letter of Representation for 2023/24 that may arise during the completion of the audit.
- iv. Agree that the Committee authorise and instruct the chair to sign the Statement of Accounts for 2023/24 once finalised and signed by the Section 151 Officer to confirm that the Statement of Accounts presents a true and fair view of:
 - (a) The financial position of the authority at the end of the financial year to which it relates; and
 - (b) That authority's income and expenditure for that financial year.

On being put to the Committee the motion was declared CARRIED by the Chair, the voting being by general assent.

RESOLVED:

- i. To approve the Statement of Accounts 2023/24 at Appendix 1.
- ii. To approve the Letter of Representation 2023/24 at Appendix 2.
- iii. To agree that the Section 151 Officer, in consultation with the Chair of the Committee, can make further changes to the Statement of Accounts 2023/24 and the Letter of Representation for 2023/24 that may arise during the completion of the audit.
- iv. Agree that the Committee authorise and instruct the chair to sign the Statement of Accounts for 2023/24 once finalised and signed by the Section 151 Officer to confirm that the Statement of Accounts presents a true and fair view of:
 - (c) The financial position of the authority at the end of the financial year to which it relates; and
 - (d) That authority's income and expenditure for that financial year.

AC38/25 AUDIT RESULTS REPORT 23/24

Paul Grady from Azets introduced the report. The speaker explained the quality indicators of the Council's financial accounts, noting that while there are amber indicators due to missed deadlines, there is a clear path towards improvement. He emphasised that the Council is on track to meet future deadlines and aims to resolve identified errors. The speaker reassured that there are no significant weaknesses in the Council's arrangements for value for money, indicating that the Council's governance and financial sustainability are sound. The speaker

also mentioned ongoing discussions about rebuilding assurance and the importance of collaboration with regulatory bodies.

In response to questions raised regarding inadequacies of an audit in detecting irregularities and potential fraud within the Council's operations and the financial significance of the new income strip scheme that the Council has entered into, the speaker elaborated on the nature of fraud that should be detected, including misappropriation of assets and financial reporting discrepancies. He clarified that the current audit does not relate to a specific project in South Oxhey but highlights a broader issue regarding the Council's arrangements for fraud detection. The conversation emphasised the need for thorough investigations into possible fraud, which were hindered by procedural limitations.

The speaker also explained the nature of the financial scheme, explaining that it involves a long term financial obligation, dependent on rental income from sub leases. Despite the complexities of the scheme, the speaker expressed that among various councils with similar schemes, this particular one is the least concerning, due to features like inflation-linked income. However, he noted that a clean accounting opinion cannot yet be given, as further assessment is needed. The speaker also clarified that the accounts are not filed in the same way as commercial accounts. There is a legal requirement to publish the accounts online and an audit certificate is also published as a supplement.

RESOLVED:

The Committee noted the report.

AC39/25 OTHER BUSINESS - IF APPROVED UNDER ITEM 3 ABOVE

None

AC40/25 EXCLUSION OF THE PRESS AND PUBLIC

CHAIR

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Three Rivers District Council Audit Committee Progress Report 25 March 2025

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 7 March 2025
- Approve amendments to the Audit Plan as at 7 March 2025
- Agree changes to the implementation date for 5 audit recommendations (paragraph 2.5) for the reason set out in Appendices 3 to 5
- Agree removal of implemented audit recommendations (Appendices 3 to 5)

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- 6 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 7 March 2025.
- 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 7 March 2025.

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 28 November 2024.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 At 7 March 2025, 88% of the 2024/25 Audit Plan days had been delivered (calculation excludes unused contingency). Appendix 1 provides a status update on each individual deliverable within the audit plan.
- 2.2 The following 2024/25 final reports have been issued since November 2024 Audit Committee.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Public Health Funerals	Nov '25	Reasonable	2 Medium and 3 Low
Council Tax	Jan '25	Reasonable	1 High

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Asset Management System – including Garages follow up	Jan '25	Limited	7 Medium and 2 Low
IT Project Management	Feb '25	Substantial	1 Low

All Priority Audit Recommendations

- 2.3 Audit Committee 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 7 March 2025, 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	0	97%
2022/23	44	44	0	0	100%
2023/24	39	34	2	3	87%
2024/25	25	14	9	2	56%

- 2.5 Since the November 2024 Audit Committee, extension to implementation dates have been requested by action owners for 5 recommendations as follows:
- One from the 2023/24 Taxi Licensing audit, with a revised target date of 30 June 2025 (was 31 December 2024).
 - One from the 2023/24 Watersmeet audit, with a revised target date of 31 March 2025 (was 31 December 2024).
 - One from the 2023/24 Benefits audit, with a revised target date of 30 April 2025 (was 30 September 2024).
 - One from the 2024/25 Asset Management and Garages, with a revised target date of 31 May 2025 (was 28 February 2025).
 - One from the 2024/25 Council Tax audit, with a revised target date of 30 April 2025 (was 31 March 2025).

Proposed 2024/25 Audit Plan Amendments

- 2.6 The Treasury Management (new system implementation) audit has been cancelled due to the system implementation not being sufficiently advanced to enable effective and value-added audit work to be undertaken. This audit was a 7 day audit.
- 2.7 A Procurement Act audit has been included to provide assurance that the Council has systems and procedures in place to ensure that they are fully compliant with the Procurement Act 2023 that came into effect on 24 February 2025. An allocation of 7 audit days has been made to complete this audit.

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 7 March 2025	Actual to 7 March 2025
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	90% (184 / 204 days)	88% (179 / 204 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects by 31 st March 2024	90%	71% (12 out of 17 projects to draft)	59% (10 out of 17 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory overall' level (minimum of 39/65 overall)	95%	100%	100% (based on 4 received in 2024/25)

Performance Indicator	Annual Target	Profiled Target to 7 March 2025	Actual to 7 March 2025
4. Number of Critical and High Priority Audit Recommendations agreed	95%	95%	100% (based on 1 recommendation 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:

- **5. 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.
- **6. Planned Projects** - percentage of actual completed projects to Final report stage against planned completed projects. Reported annually within the Chief Audit Executive's annual report and opinion.
- **7. Chief Audit Executive's Annual Report** – presented at the Audit Committee's first meeting of the civic year.

2.11 Plan delivery is on-track regarding delivery of planned audit days. The KPI of 90% of projects to draft by 31 March 2025 is still expected to be achieved even though only 10 out of 17 projects are currently at draft stage. There have been some delays, to be noted, in that the Procurement Cards audit start date was postponed until February 2025 due to project delays in implementing the new procurement card system and the Procurement Act audit is a new addition to the plan and so could not be started earlier. The Payroll audit and Democratic Services audit also had delayed starts (February) due to SIAS resourcing and recruitment.

APPENDIX 1 INTERNAL AUDIT PLAN 2024/25 – UPDATE ON POSITION AS AT 7 MARCH 2025

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)	Reasonable	0	1	0	0	10	SIAS	10	Final Report Issued
Business Rates (Shared Services Plan)						10	SIAS	5.5	In Fieldwork
Payroll (Shared Services Plan)						12	SIAS	9	In Fieldwork
Procurement Cards (Shared Services Plan)						6	SIAS	5	In Fieldwork
Procurement Act						7	SIAS	5	In Fieldwork
Treasury Management System Implementation Design (Shared Services Plan)						0	SIAS	0	Cancelled
Operational Audits									
Democratic Services						9	SIAS	8	In Fieldwork
Disabled Facilities Grants	Reasonable	0	0	1	2	9	SIAS	9	Final Report Issued
Public Health Funerals	Reasonable	0	0	2	3	8	SIAS	8	Final Report Issued
Homelessness	Substantial	0	0	0	0	8	SIAS	8	Final Report Issued
Asset Management System (inc Garages Follow Up)	Limited	0	0	7	2	9	SIAS	9	Final Report Issued
Parks, Open Spaces and Woodland Management Plan	Reasonable	0	0	3	2	8	SIAS	8	Final Report Issued
Community Safety						9	SIAS	2	ToR Issued

APPENDIX 1 INTERNAL AUDIT PLAN 2024/25 – UPDATE ON POSITION AS AT 7 MARCH 2025

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Corporate Services									
SARs, EIRs and FOI Requests						11	SIAS	8	In Fieldwork
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)	Substantial	0	0	0	1	10	BDO	10	Final 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	14.5	Draft Report Issued
To Be Allocated									
Unused Contingency (Shared Services Plan)						0	N/A	0	Cancelled
Follow-Up Audits									
Follow-up of outstanding audit recommendations						8	N/A	8	Complete
Strategic Support									
2025/26 Audit Planning						5	N/A	5	Complete

APPENDIX 1 INTERNAL AUDIT PLAN 2024/25 – UPDATE ON POSITION AS AT 7 MARCH 2025

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Audit Committee						8	N/A	7.5	Through Year
Head of Internal Audit Opinion 2023/24						3	N/A	3	Complete
Monitoring and Client Meetings						7	N/A	6.5	Through Year
SIAS Development & Global Internal Audit Standards						3	N/A	3	Complete
Assurance Mapping - TRDC						10	N/A	8	In Fieldwork
Assurance Mapping – Shared Services Plan						0	N/A	0	Cancelled
2023/24 Projects Requiring Completion									
2023/24 Projects Requiring Completion (5 days TRDC plan / 5 days Shared Services Plan)						10	N/A	10	Complete
TRDC TOTAL						121		107	
SHARED SERVICES TOTAL						83		72	
COMBINED TOTAL		0	1	13	12	204		179	

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 (Final 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) (Final Report Issued) (moved from February 2025 to September 2024)

Oct	Nov	Dec	Jan	Feb	Mar
	Council Tax (shared services plan) (Final Report Issued)	Payroll (shared services plan) (In Fieldwork)	Cyber Security (shared services plan) (Draft Report Issued)	Community Safety (ToR Issued)	Procurement Act (shared services plan) (In Fieldwork)
	Asset Management Systems – Garages (Final Report Issued) (moved from June to November 2024)	Democratic Services (In Fieldwork)	SARs, EIRs and FOI Requests (In Fieldwork)	Procurement Cards (shared services plan) (In Fieldwork) (moved from December 2024 to February 2025)	

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>31/08/25</p> <p>(Previous implementation dates were: - 01/08/24 - 30/11/24)</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 20			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.				
			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.				
			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.				
			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.				

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 21			<p>Reports, including occupancy data, can be 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>				

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 22			As before, the Temporary Property Data 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.				
			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.				
			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.				
			Position (March 2025) We are pleased to confirm the appointment of the Property & Estates Officer, who will start with us at the beginning of April. At this stage we aim to get the majority of this task complete by the target date.				

APPENDIX 4 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 x 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</p>	Lead Licensing Officer	30 April 2024	✓	31/01/25 (Previous implementation dates were: - 08/06/24 - 30/08/24 - 31/10/24)

APPENDIX 4 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
04 Page 24			<p>licensing fees. Once completed, a monthly report will run to ensure payments are being reconciled.</p> <p>Position (March 2025) Digital Team have rolled out for all other taxi licensing payments. Certain payments are solely dealt with by Customer Service Centre, but all payments are showing names etc to assist with reconciling purposes.</p> <p>Officers to request a monthly report from finance so changes made can be checked.</p> <p>Completed.</p>				
	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)</p>	Lead Licensing Officer	30 April 2024	*	<p>30/06/25</p> <p>(Previous implementation dates were: - 28/06/24 - 30/08/24 - 31/12/24)</p>

APPENDIX 4 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
Page 25			To be discussed with the Data Protection Officer within the next month and then to review process.				
			Position (July 2024) To be discussed with the Data Protection Officer within the next month and then to review process.				
			Position (September 2024) Agreed via CMT that all departments will be reviewing data retention schedules with Data Protection Officer over the next few months.				
			Position (November 2024) No update at the current time.				
			Position (March 2025) No update at the current time. Revised deadline June 2025				

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 theatre's records are current.	Low	The Watersmeet General Manager completed the training required to apply for his Personal Licence on 7 February, has applied for his 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. Position (July 2024)	Head of Customer Experience until DPS transferred and then General Manager	30 April 2024	*	31/03/25 (Previous implementation dates were: - 31/08/24 - 30/09/24 - 31/12/24)

APPENDIX 4 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

<div>Page 23</div>			<p>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> <p>Position (March 2025) There has been an issue with the transfer of DPS application form causing delay. This has now been resolved and so it is expected to be transferred by end of March.</p>				
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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) 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 	Data Protection and Resilience Manger and Risk and Resilience Officer	31 December 2024	✓	

APPENDIX 4 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
022			<p>been arranged to take place in December 24</p> <ul style="list-style-type: none"> 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>Position (March 2025) All the training sessions referred to in the November 2024 update above have been completed. Loggist training is being arranged for April/May 2025 and a table-top exercise for senior management is being arranged for summer 2025.</p>				
	<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>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	✓	30/01/25

APPENDIX 4 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> <p>Position (March 2025) The training log has been updated following the various training sessions recently undertaken. An e-learning module is being developed to raise awareness for all staff.</p>				

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</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</p>	<p>Director of Performance & Partnerships (WBC)</p> <p>Director of Finance (TRDC)</p>	31 July 2024	✓	<p>31/01/25</p> <p>(Previous implementation date was: - 01/10/24)</p>

APPENDIX 4 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
	engagement, phishing detection rates, and response times. Regular reporting on these metrics will enable ongoing evaluation of the Council's phishing resilience and identification of areas for improvement.		2025. 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. Position (February 2025) Completed. First phishing campaign undertaken.				

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	Agreed Position (July 2024) No update received from action owner. Position (September 2024) Agree with the recommendation and we will do these quarterly. Position (November 2024) No update received. Position (February 2025) A review of old debt has started. Before we consider write-offs, we are considering passing suitable debts to an Enforcement agent first.	Revenues Manager	31 July 2024	*	30/04/25 (Previous implementation date was: - 30/09/24)

APPENDIX 4 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
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 is shared with any third parties, to maximise collections in this area.</p> <p>Position (February 2025) A review of Sundry Debt work started in February 2025 to establish and agree what work the individual services carry out and what the Recovery Team do. The intention is that individual services will raise a debt and complete the standard admin work around making arrangements, sending a reminder etc. The debt will only be passed to Recovery if formal recovery action is required i.e. tracing a debtor, passing to an Enforcement Agent etc.</p>	Revenues Team Leader for SD	31 March 2025	*	
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>	Revenues Team Leader for SD	31 March 2025	*	

APPENDIX 4 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
			<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> <p>Position (February 2025) Some write-offs have been processed. Before further write-offs are processed, we are considering passing suitable debts to an Enforcement agent first.</p>				

APPENDIX 5 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	<p>This has been included in the Leisure and Natural Infrastructure Draft Service Plan for 2025-2028.</p> <p>Position (November 2024) The action above remains current.</p> <p>Position (March 2025) The need for a strategy has been considered by senior management and agreed for inclusion on the Service Plan. This recommendation has therefore been actioned.</p>	Head of Leisure and Natural Infrastructure	March 2027	✓	
04	<p>We recommend that management should:</p> <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. 	Medium	<p>The production of a Parks and Open Spaces Strategy will include a section focused on sites 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> <p>Position (March 2025) The service believes that the new strategy being developed, as described above, will manage any risks associated with this recommendation and management have agreed that some aspects of the</p>	Head of Leisure and Natural Infrastructure	March 2027	✓	

APPENDIX 5 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
			recommendation (additional management plans) are not required to manage the service risks, or will only be required when there becomes a need for further plans to be developed. This recommendation is therefore put forward for closure.				

Disabled Facilities Grants 2024/25							
Final report issued September 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01 Page 33	We recommend that key performance indicators are introduced for performance management.	Medium	<p>Meeting to be organised between BCC and the Council where options for the introduction of KPI's will be discussed and a method agreed. These KPI's will be introduced following this agreement and will be in place before the next financial year.</p> <p>Position (March 2025) The following KPI's were introduced: <ul style="list-style-type: none"> • Receipt of OT referral to approval decision – Target of 6 months • Approval decision to works completion – Target of 12 months These have been accepted by BCC and quarterly meetings have now been booked for 25/26, commencing in May 2025.</p>	Strategic Housing Manager	March 2025	✓	
02	We recommend that the application form is reviewed to ensure it is fully compliant with GDPR and DPA principles. It should also state full repayment conditions.	Low	<p>BCC to review and amend application forms/process to ensure compliance.</p> <p>Position (March 2025) A privacy notice has been created by BCC that will be added to the DFG application forms. For now, this privacy notice has been attached as a link to the application form,</p>	Strategic Housing Manager/BCC	Complete	✓	

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Disabled Facilities Grants 2024/25							
Final report issued September 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			however, the software provider has confirmed that when the next form update is completed, this will be incorporated into the actual form. For the second part of the recommendation, management have reviewed the form and are of the view that it sufficiently addresses the repayment terms.				
03	We recommend that BCC are requested to ensure that all OT referrals have appropriate sign-off.	Low	<p>BCC to adopt this check into their procedures to ensure this is confirmed before a grant is sent to the Council for approval.</p> <p>Council DFG Checklist to be amended to include this check by Officers before approval is granted.</p> <p>Position (March 2025) As agreed, the management response to Recommendation 3 was completed before 31 December 2024. BCC has added this check to their procedure and the new DFG checklist.</p>	Strategic Housing Manager	31 December 2024	✓	

Service Desk Contract Management 2024/25							
Final report issued November 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	1. Management should conduct a thorough review of the current process for invoking penalties to ensure it is being followed correctly and consistently when contract requirements are not met.	Low	<p>We are aware of service credits attributed to some KPIs. We will work with LF to ensure that the Service Review reporting reflects service credits.</p> <p>We will ask LF to add an appendix of details of breached calls to the monthly service review.</p>	Service Delivery Manager	31 March 2025	✓	

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Service Desk Contract Management 2024/25							
Final report issued November 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
Page 35	2. Develop a robust handover process to cover staff absence. This will ensure continuity and prevent resolution breaches due to missed handovers.		Position (February 2025)				
	3. Undertake a trend analysis or assessment to understand why there have been several resolution breaches for incidents. This will help identify underlying issues and inform targeted improvements.		1. Our monthly service review has had an additional appendix (17) added to analyse all breached calls for the previous month, enabling us to easily monitor breaches. Any such breaches are actively discussed in our internal pre-service review meeting, prior to the service review with the supplier, where we will discuss & agree any required actions.				
	4. Ensure that all relevant stakeholders are aware of the penalty clauses in the contract and understand the circumstances under which penalties will be applied.		2. When an engineer is taking leave, their open Incidents will be updated with steps already taken, next steps to be taken in their absence, and then assigned to another engineer. In the case of unplanned absence, the Team Leader will ensure the tickets are re-assigned where necessary. For P1/P2 tickets the above will be done with a warm handover (i.e. an active, iterative dialogue with the engineer who gets the call assigned to them) and there will also be engagement with MIM (Major Incident Management) team to notify them.				
			3. Our monthly service review now includes a 'breach reason' for each breached call, to enable us to detect trends and opportunities for improvements.				
			4. The monthly service review additional appendix (17) describes the penalty				

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Service Desk Contract Management 2024/25							
Final report issued November 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			clauses and includes a tracker that will specifically indicate in the review if penalties are applicable.				
02	<p>Management should undertake detailed research to explore and evaluate alternative service delivery models, which should include, but not be limited to:</p> <ul style="list-style-type: none"> Identifying and analysing various delivery models, such as in-house provision, outsourcing, public-private partnerships, and shared services. Ensure that all necessary documentation, such as the existing contract, performance reports, and stakeholder feedback, is up-to-date and readily available. Assessing the potential of each model to deliver better VFM and enhanced service effectiveness. Engaging with stakeholders to gather insights and feedback on the feasibility and desirability of different models. Presenting a comprehensive report on the findings, including a comparative analysis of the costs, benefits, and risks associated with each model. 	Low	<p>The contract is on a 4+1 year basis i.e. from 2021 to 2026. We have always had this option and had decided to extend to 2026 under those conditions and principally because the performance of the service desk and other contract features i.e. Problem Management, Change management, knowledge management etc. has been excellent. We will ensure that sufficient time is allocated to run this extremely significant contract and how best to proceed from 2026 onwards.</p> <p>Position (February 2025) On track for delivery by 30 June 2025. Options appraisal for the various delivery models has been drafted and will be reviewed by ITSG on 15 April for guidance as to next steps.</p>	Service Delivery Manager	30 June 2025	*	

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Public Health Funerals 2024/25							
Final report issued November 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	Management should ensure that: 1) the draft policy is finalised and approved, as planned. 2) a copy of the approved policy is made available on the Council's website.	Medium	Waste & Environment Manager and Environmental Strategy Manager to present report and policy to relevant committees and ensure website is updated in due course. Position (March 2025) Environmental Strategy Manager recently attended a PHF training course and is feeding some of that learning into the policy and procedures documents.	Waste & Environment Manager and Environmental Strategy Manager	31 July 2025	*	
02	We recommend that management: 1) consider and clarify information sources that should be reviewed for next of kin information, such as Council Tax, professional genealogist etc., as suggested by best practice. 2) introduce a checklist with suggested information sources, the results of which can then be entered, dated and initialled to provide an audit trail. 3) introduce a target timeframe within which relevant information sources should be sought/checklist completed, also suggested by best practice.	Low	This will be considered as part of the policy document currently being written and accompanying procedures will be written. Decision as to whether or not to use. genealogist to be taken to committee. Position (March 2025) Environmental Strategy Manager recently attended a PHF training course and is feeding some of that learning into the policy and procedures documents.	Waste & Environment Manager and Environmental Strategy Manager	31 December 2025	*	
03	We recommend that: 1) Procedure notes should be documented to ensure officers are undertaking correct processes and relevant controls applied. This should include the requirement to take documents, valuables and/or cash or simply photograph them and leave them	Medium	Procedure notes to be reviewed and decision made by SLT/Legal as required. Procedure notes to be updated. Position (March 2025) Environmental Strategy Manager recently attended a PHF training course and is	Waste & Environment Manager and Environmental Strategy Manager	31 December 2025	*	

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Public Health Funerals 2024/25							
Final report issued November 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	in-situ, as appropriate. 2) The inventory recording any personal effects taken from the property is completed, signed and dated by both officers at the time of completion, i.e. at the property. A record should be kept where no items are taken (unless the Council decides not to take any personal items).		feeding some of that learning into the policy and procedures documents.				
04	The Council should move to full cost recovery for public health funeral services, where possible, as planned.	Low	Full costs will in future be submitted on the relevant form. Procedure notes to be updated. Position (March 2025) No further action required	Waste & Environment Manager and Environmental Strategy Manager	With immediate effect	✓	
05	We recommend that management should: 1) Consider contacting care homes in the district to inform them of public health funeral arrangements, should the need arise. 2) Consider contacting other organisations to inform them of public health funeral arrangements, should the need arise. 3) Email templates should be drafted to inform organisations of Council procedures and help prevent them inadvertently taking inappropriate action, such as	Low	Once the policy is approved letters will be sent annually to local nursing, residential homes and housing associations etc to inform them of our procedures. Position (March 2025) Environmental Strategy Manager recently attended a PHF training course and is feeding some of that learning into the policy and procedures documents. Letter to care homes and social services has been drafted. Letter to housing associations has been drafted.	Waste & Environment Manager and Environmental Strategy Manager	31 December 2025	*	

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Public Health Funerals 2024/25							
Final report issued November 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✖ or ✓	Revised Deadline
	entry to property and the disposal of the deceased's personal effects to pay any outstanding debts.						

Asset Management and Garages 2024/25							
Final report issued January 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✖ or ✓	Revised Deadline
01	The Property Strategy and Policy should be refreshed and appropriately approved. Management should consider developing an asset management plan/action plan to help ensure the Strategy and Policy is achieved. Or, add additional detail to the new Strategy and Policy to provide more depth, such as other policies, processes and procedures.	Medium	A refresh of the Property Strategy & Policy has already been identified for action by the Head of Property Services & Major Projects. A revised Strategy, together with an action plan will be prepared and adopted during 2025. Position (March 2025) This task has not started yet.	Head of Property Services & Major Projects	30 September 2025	✖	
02	Develop a new property management system action plan, as intended, to ensure the system meets the service's needs, with clear tasks, target dates, responsible officers, dependencies, milestones, etc.	Medium	A draft programme was developed at the end of 2024 and has now been fully adopted. Position (March 2025) Implemented	Head of Property Services & Major Projects	n/a	✓	
03	Ensure all assets are accurately and fully recorded on the TRAMPS system, as per the Property Strategy and Policy, i.e. 'Hold a live Asset Register held in Asset Management and GIS Data Systems that are	Medium	To accept and implement the recommendation. The target date is achievable, subject to the successful and timely recruitment of the Property & Estates Officer. Position (March 2025)	Head of Property Services & Major Projects	30 September 2025	✖	

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Asset Management and Garages 2024/25							
Final report issued January 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	accurate, comprehensive, modernised, accessible, and transparent'.		The Property Services Team have successfully recruited an Officer to assist with this project. We anticipate the postholder to join us at the beginning of April 2025 in order to proceed with this task.				
04	Undertake sample checking to fully assess the accuracy of TRAMPS data input by the temporary junior officer.	Medium	We will sample check all data as it is inputted onto the TRAMPS system. The target date is achievable, subject to the successful and timely recruitment of the Property & Estates Officer. Position (March 2025) This task will be commenced in late spring, once the Property & Estates Officer has joined the Team.	Property & Asset Manager	31 October 2025	*	
05	Investigate the feasibility of CP feeding direct debit data into TRAMPS to alleviate risks with manual intervention and additional resource requirements.	Medium	We plan to investigate this, subject to cost and feasibility. We are aware that TRAMPS has the capability to offer a full 'rent accounting' facility. Corporately the desire is to retain CP and provide data into the TRAMPS system, rather than use TRAMPS as a standalone rent management system. Position (March 2025) At this time there is no corporate desire to move away from the use of CP as the Council's sole financial management system	Property & Asset Manager	28 February 2025	✓	
06	Formalise monthly system reconciliations by subjecting them to management review; for example, complete a reconciliation form with system balances, explanations for any differences, actions to be taken to rectify these, officer and reviewer names and dates, etc. Supporting	Low	To accept and adopt the recommendation. Position (March 2025) Implemented	Property & Asset Manager	n/a	✓	

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Asset Management and Garages 2024/25							
Final report issued January 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	system reports should also be retained for a reasonable period.						
07	<p>Ensure that there is an appropriate plan and resources in place to ensure all lease rent reviews and lease renewals dates are accurately recorded on TRAMPS, with event dates.</p> <p>Ensure there is an appropriate lease rent review and lease renewal timetable in place and that outstanding cases are allocated to officers for action, with prioritisation.</p>	Medium	<p>As data is added to the TRAMPS system the 'events facility' will become more effective. At the end of 2024 the Team produced an updated spreadsheet of essential events (such as rent reviews & lease renewals) and we have developed a programme to address these outdated actions, whilst we populate TRAMPS. The target date is achievable, subject to the successful and timely recruitment of the Property & Estates Officer.</p> <p>Position (March 2025) Prior to the departure of the Interim Senior Surveyor, their last task was to update the lease event spreadsheet, to identify outstanding lease renewals and rent reviews. The Property Services Team have already begun implementing these rent reviews and lease renewals by combination of in-house resources and external agency support.</p>	Property & Asset Manager	30 September 2025	*	
08	Investigate roles profiles for 'Enq' and 'User' to determine if they would be more suitable for Customer Service Centre officers. If not, further enquiries should be made, possibly with the systems suppliers, to set up appropriate role profiles.	Low	<p>To be investigated and implemented as appropriate.</p> <p>Position (March 2025) The software supplier has provided the Property Team with powers to customise the user profiles, and we are currently testing and defining a customer user profile for CSC users and for Property users.</p> <p>We have requested an extension until May to ensure all testing is complete and to await the arrival of the Property & Estates Officer.</p>	Estates Surveyor	28 February 2025	*	31/05/25

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Council Tax 2024/25							
Final report issued January 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>A full housekeeping exercise should be undertaken to review historic discounts and exemptions that should have a provisional end date / end date in the system.</p> <p>We also recommend that a follow up of all other discounts and exemptions that do not require a provisional end date be completed, with ongoing periodic checks moving forward.</p>	High	<p>A full review of all Discounts and Exemptions will take place during the year, particularly those that do not usually have an expected end date, such as SMI or 'O' where the situation is unlikely to change unless there is a change in occupiers.</p> <p>Position (February 2025) This has been delayed whilst the service undergoes a period of transformation with officers being trained to be generic and therefore able to work across the service. The first phase of the training is due to complete by 31.03.2025 and we will then complete the review of all discounts and exemptions.</p> <p>Please note all Single Person Discounts and Empty Homes have been reviewed.</p>	Revenues & Benefits Service Delivery Manager	31 March 2025	*	30/04/25

APPENDIX 6 – 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.
	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.
Service	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.

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INTERNAL AUDIT PLAN REPORT 2025/26

THREE RIVERS DISTRICT COUNCIL

AUDIT COMMITTEE
25 MARCH 2025

RECOMMENDATION

Members are recommended to approve the proposed Three Rivers District Council and the Watford & Three Rivers Shared Service Internal Audit Plans for 2025/26

Members are requested to note the SIAS Internal Audit Strategy and provide any comments prior to approval by the SIAS Board

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1. Introduction and Background

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Appendices

- A Proposed Three Rivers District Council Internal Audit Plan 2025/26
- B Proposed Three Rivers District Council and Watford Borough Council Shared Services' Internal Audit Plan 2025/26
- C Audit Start Dates Agreed with Management
- D Risk Register Mapping to Internal Audit Plan
- E Glossary of Terms
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1. Introduction and Background

- 1.1 The purpose of internal audit is to strengthen the Council's ability to create, protect, and sustain value by providing Members and management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 1.2 The International Professional Practices Framework (IPPF) organises the authoritative body of knowledge for the professional practice of internal auditing. The IPPF includes Global Internal Audit Standards (GIAS), Topical Requirements (designed to enhance the consistency and quality of internal audit services related to specific audit subjects) and Global Guidance. The Public Sector Internal Audit Standards, which encompassed the mandatory elements of the IPPF, have been replaced by the Application Note Global Internal Audit Standards in the UK Public Sector. Taken together, the GIAS and the Application Note will form the basis of UK public sector internal audit effective from 1 April 2025. The Note states that a professional, independent, and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.
- 1.3 The SIAS Board reviewed the Draft SIAS Internal Audit Strategy in December 2024, and this strategy outlines how SIAS will achieve the purpose of internal audit and ensure ongoing compliance with the GIAS (UK public sector). The Internal Audit Plan Report 2025/26 follows the key principles related to Audit Planning and Resourcing, with the Internal Audit Strategy itself attached as an appendix. The GIAS (UK public sector) includes setting out how SIAS must approach internal audit planning. The specific requirements that SIAS must adhere to are set out below:

Standard	Description
Domain III 6.3	Board and Senior Management Support It is an essential condition for Senior Management and the Audit Committee to approve the internal audit plan.
Domain III 8.1	Board Interaction The Chief Audit Executive (CAE) must provide the Audit Committee with the information needed to conduct its oversight responsibilities. This includes the internal audit plan and subsequent significant revisions.
Domain III 8.2	Resources The CAE, Audit Committee and Senior Management must collaborate to ensure that internal audit has sufficient resources to fulfil the internal audit mandate and achieve the internal audit plan. This should be at least annually, and cover numbers and capability, as well as the impact and remedy of insufficient resources on the internal audit mandate and plan (if applicable).

Domain III 8.3	<p>Quality</p> <p>Amongst the essential conditions in this standard is a requirement for the Audit Committee to review and approve the internal audit functions performance objectives at least annually. This includes its conformance with the Standards, laws and regulations, ability to meet the internal audit mandate, and progress towards completion of the internal audit plan.</p>
Domain IV 9.3	<p>Methodologies</p> <p>The CAE must establish methodologies to guide the internal audit function in a systemic and disciplined manner to implement the internal audit strategy, develop the internal audit plan, and conform with the Standards.</p>
Domain IV 9.4	<p>Internal Audit Plan</p> <p>The CAE must create an internal audit plan that supports the achievement of the council's objectives.</p> <p>The CAE must base the internal audit plan on a documented assessment of the organisation's strategies, objectives, and risks. The assessment must be informed by input from the Audit Committee and Senior Management as well as the CAE's understanding of the organisation's governance, risk management, and control processes. The assessment must be performed at least annually.</p> <p>The internal audit plan must:</p> <ul style="list-style-type: none"> • Consider the internal audit mandate and the full range of internal audit services. • Specify internal audit services that support the evaluation and improvement of the council's governance, risk management, and control processes. • Consider coverage of information technology governance, fraud risk, the effectiveness of the council's compliance and ethics programs and other high-risk areas. • Identify the necessary human, financial, and technological resources necessary to complete the plan. • Be dynamic and updated timely in response to changes in the council's business, risk operations, programs systems, controls, and organisational culture. <p>The CAE must review and revise the internal audit plan as necessary and communicate timely to the Audit Committee and Senior Management:</p> <ul style="list-style-type: none"> • The impact of any resource limitations on internal audit coverage. • The rationale for not including an assurance engagement in a high-risk area or activity in the plan.

	<ul style="list-style-type: none"> • Conflicting demands for services between major stakeholders, such as high priority requests based upon emerging risks and requests to replace planned assurance engagements with advisory engagements. • Limitations on scope or restrictions on access to information. <p>The CAE must discuss the internal audit plan, including significant interim changes, with the Audit Committee and Senior Management. The plan and significant changes to the plan must be approved by the Audit Committee.</p>
Domain IV 10.1 to 10.3	<p>Financial, Human and Technological Resources Management</p> <p>The CAE must ensure that financial, human and technological resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan.</p> <p>The CAE must communicate with the Audit Committee and Senior Management regarding the appropriateness and sufficiency of the internal audit function's resources. If the function lacks appropriate and sufficient resources to achieve the internal audit plan, the CAE must determine how to obtain the resources or communicate timely to the Audit Committee and Senior Management the impact of the limitations.</p>
Domain V 13.2	<p>Engagement Risk Assessment</p> <p>To develop an adequate understanding, internal auditors must identify and gather reliable, relevant, and sufficient information regarding the risk assessment supporting the internal audit plan.</p>

- 1.4 The Council's Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council's wider assurance framework. It supports the requirement to produce an overall audit opinion or conclusion on the internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, contained in the CAE's Annual Opinion Report.
- 1.5 The Shared Internal Audit Service's (SIAS) Audit Charter was presented to the May 2024 meeting of this Committee, and it shows how the Council and SIAS work together to provide a modern and effective internal audit service. This approach conforms with the requirements of the GIAS (UK public sector). An updated version of the SIAS Internal Audit Charter will be brought to the May 2025 Audit Committee meeting for Member approval.
- 1.6 Section 2 of this report details how SIAS complies with these requirements.

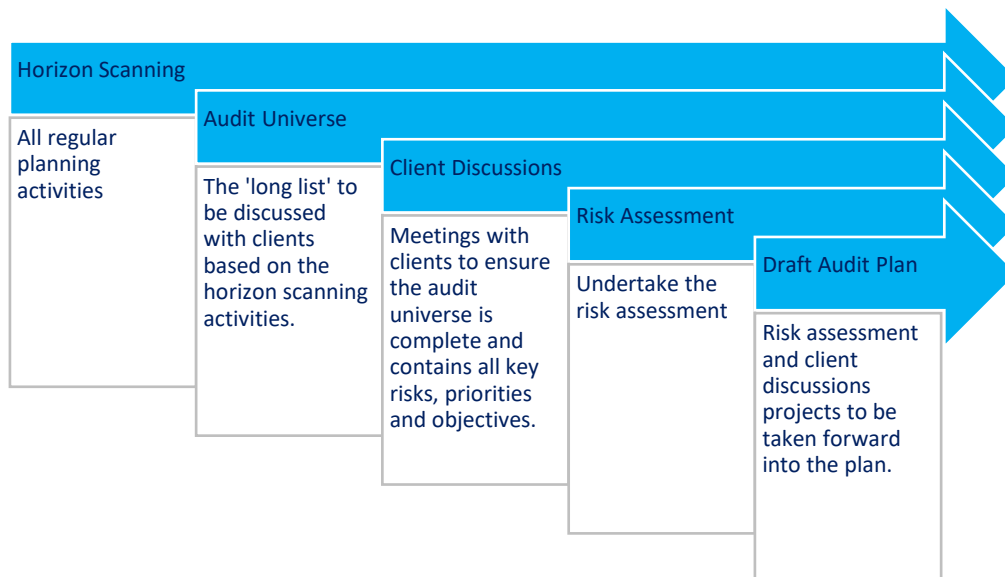
2. **Audit Planning Process**

Planning Principles

- 2.1 SIAS audit planning is underpinned by the following principles:
- a) Focus of assurance effort on the Council's obligations, outcomes and objectives, critical business processes and projects and principal risks. This approach ensures coverage of both strategic and key operational issues.
 - b) Maintenance of an up-to-date awareness of the impact of the external and internal environment on the Council's control arrangements.
 - c) Use of a risk assessment methodology to determine priorities for audit coverage based, as far as possible, on management's view of risk.
 - d) Dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs. This approach includes recognition that in a resource constrained environment, all needs cannot be met.
 - e) Identification of responsibilities where services are delivered in partnership.
 - f) In-built flexibility to ensure that new risks and issues are accommodated as they emerge.
 - g) Capacity to deliver key commitments including governance work.
 - h) Capacity to respond to management requests for assistance with special investigations, consultancy, and other forms of advice.

Approach to Planning

- 2.2 SIAS has developed an approach to annual planning that ensures conformance with the requirements of the GIAS (UK public sector). SIAS applies the following methodology at its partners:



Horizon Scanning and Audit Universe

- 2.3 SIAS conducts horizon scanning to ensure that it is aware of the key issues and risks locally and nationally as well as the corporate and service objectives of the Council. To do this, SIAS undertakes the following activities:



- 2.4 Following the horizon scanning work, SIAS creates an Audit Universe based on all auditable areas and entities. The Audit Universe forms the basis of discussions with Senior Managers.

Client Discussions

- 2.5 SIAS undertook detailed discussions with senior managers and other key officers within the Council to confirm auditable areas and elicit high level detail of the scope of audits. This process incorporates the following steps to assist in the prioritisation of proposed internal audit projects:

Risk Assessment

Senior Managers and SIAS agree the level of risk associated with an identified auditable area and prioritise this accordingly.

Assurance Mapping / Other sources of Assurance

The results of assurance mapping are consulted and discussed with Senior Managers to determine whether assurance in the auditable area is obtained from other assurance providers e.g., external audit or the Health and Safety Executive. This approach ensures that provision of assurance is not duplicated.

Significance

Senior Managers assess how significant the auditable area is in terms of the achievement of corporate or service objectives and priorities.

Timings

Senior Managers identify when an audit should be undertaken to add most value.

Risk Assessment

- 2.6 The overarching risk that SIAS bases planning against is the risk that audit work completed does not provide sufficient coverage and significance for SIAS to provide a robust annual assurance opinion. Therefore, SIAS risk assesses each auditable area to ensure that their resources are directed appropriately.
- 2.7 The risk assessment behind the development of the 2025/26 Internal Audit Plan was strongly correlated to the Council's Corporate Framework and associated Council monitoring through risk assessments, KPI's and project progress.
- 2.8 SIAS also include considerations of financial materiality, corporate significance, vulnerability and change and management concerns, as part of the risk assessment, including alternative sources of assurance through assurance mapping and the Four Lines (of Defence) model.

Draft Audit Plan

- 2.9 The results of the risk assessment and discussions with Senior Mangers provides a draft Internal Audit Plan. SIAS has presented this draft plan to the Senior Leadership Team to seek their views on the assessments completed and to provide any further updates or comments. The outcome is now presented to Members as part of this report for their approval of the Draft Internal Audit Plan 2025/26.

The Planning Context

- 2.10 The context within which local authorities provide their services remains challenging:
- Demand for services is still rising, driven a range of factors including the growing and ageing population, and challenges in the healthcare system. Combined with the cost of living, local authorities will have to continue to be more innovative and commercially minded.
 - Macro-economic uncertainty continues, driven by factors such as inflation, interest rates, energy costs and a range of geo-political tensions. Resulting significant cost pressures and limited government funding make financial planning a key component of managing local government finance challenges.
 - Cyber and data security remains a consistent threat to organisations and there are a growing number of local authorities that have been subjected to successful cyber-attacks. Continued vigilance and risk management remain key to protecting local authority assets and services.
 - Local authorities are facing significant challenges in relation to human resources and talent management, both in terms of vacancy management, recruitment and retaining staff meaning ability to remain resilient and deliver high quality services may continue to be an increasing concern.
 - Many local authorities have declared a Climate & Ecological Emergency and made public commitments relating to carbon reduction and becoming Net Zero.
 - Proposals around local government reorganisation and devolution provide both significant challenges and opportunities for local authorities.
- 2.11 The resultant efficiency and transformation programme that councils are in the process of implementing and developing continues to profoundly alter each organisation's nature. Such developments are accompanied by potentially significant governance, risk management and internal control change.

2.12 The challenge of giving value in this context, means that Internal Audit needs to:

- Meet its core responsibilities, which are to provide appropriate assurance to Members and senior management on the effectiveness of governance, risk management and control arrangements in delivering the achievement of Council objectives.
- Identify and focus its effort on areas of significance and risk, assisting the organisation in managing change effectively, and ensuring that core controls remain effective.
- Give assurance which covers the control environment in relation to new developments, using leading edge audit approaches such as use of technology to achieve 'whole population testing' and new insights over sampling or 'continuous assurance' where appropriate.
- Retain flexibility in the audit plan and ensure the plan remains current and relevant as the financial year progresses, this is particularly key given the current challenges and risks and the impact this has had on audit activity.

Internal Audit Plan 2025/26

2.13 The draft Three Rivers District Council plan for 2025/26 is included at Appendix A and the Watford & Three Rivers Shared Plan is included at Appendix B and both contain a high-level proposed outline scope for each audit; Appendix C details the agreed start months. The combined number of days in both plans for 2025/26 is confirmed as 204 days.

2.14 The table shows the estimated allocation of the total annual number of purchased audit days for the year.

	TRDC Audit Plan Days	Shared Services Audit Plan Days	Total Audit Plan Days	% Of Total Days By Category
Key Financial Systems	0	60	60	29
Operational Services	50	0	50	25
IT Audits	0	15	15	7
Corporate Services / Themes	32	0	32	16
Carry forward work 2024/25	5	5	10	5
Contingency and other	0	3	3	1
Follow Up of Audit Recommendations	8	0	8	4

Strategic Support*	26	0	26	13
Total allocated days	121	83	204	100%

* This includes supporting the Audit Committee, monitoring delivery of the internal audit plan, SIAS service development and implementing the new Global Internal Audit Standards

- 2.15 Any significant audit plan changes agreed between Management and SIAS will be brought before this committee for noting through the usual plan update reporting cycle. The postponement or cancellation of any audits will require approval from the Director of Finance (Section 151 Officer). It should be noted that the Internal Audit Plan is intended to be dynamic and responsive to changing risks and matters arising during the year.
- 2.16 Members will note the inclusion of a provision for the completion of projects that relate to 2024/25. The structure of Internal Audit's programme of work is such that full completion of every aspect of the work in an annual plan is not always possible, especially given the high dependence on client officers during a period where local government faces significant resourcing risks.
- 2.17 The nature of assurance work is such that enough activity must have been completed in the financial year, for the CAE to give an overall opinion on the Authority's internal control, governance and risk management framework. In general, the tasks associated with the total completion of the plan, which includes the finalisation of all reports and negotiation of the appropriate level of agreed mitigations, is not something that adversely affects delivery of the overall opinion. The impact of any outstanding work is monitored closely during the final quarter by SIAS in conjunction with the Director of Finance (Section 151 Officer)

Resources

- 2.18 Standard 8.2 and 10.1 to 10.3 requires SIAS to ensure that financial, human and technological resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan, as well as any limitations of the adequacy of resources.
- 2.19 Achievement of our role and objectives is predicated on the matching of audit needs to available resources through our work allocation processes. This is accomplished through the delivery of internal audit activities by a range of suitably qualified and experienced team members working flexibly in a matrix structure to maximise the value to all our partners and clients. SIAS resources are calculated based on the chargeability of each member of the team and the structure was designed to ensure sufficient chargeability to deliver all plans.
- 2.20 SIAS will utilise our internal audit delivery partner to provide resilience and access to specialist skills not currently available within the service, or which are not economically viable to recruit and retain on a permanent basis.

- 2.21 SIAS staff are provided training and development across the year to support service delivery at our partners. In addition, SIAS provides funding for professional qualifications and currently has seven team members studying towards their professional qualifications.
- 2.22 The service will be adequately resourced to deliver the number of planned internal audit days commissioned by Three Rivers District Council and the Watford & Three Rivers Shared Service. There are currently no limitations on the adequacy of resources in place to deliver the Three Rivers District Council Watford & Three Rivers Shared Service Internal Audit Plans in 2025/26.
- 2.23 The SIAS Internal Audit Strategy at Appendix F

3. **Performance Management**

Update Reporting

- 3.1 SIAS is required to report its work 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. Progress against the agreed plan for 2025/26 and any proposed changes will be reported to this Committee four times in the 2025/26 civic year.
- 3.2 SIAS will report on the implementation of agreed high priority recommendations as part of the update reporting process.

Performance Indicators

- 3.3 Annual performance indicators were approved at the SIAS Board and are reviewed annually by the Board. Details of the targets set for 2025/26 are shown in the table below. Actual performance against target will be included in the regular update reports to this Committee.

Performance Indicator	Performance Target	Reporting Frequency
1. Public Sector Internal Audit Standards – the service conforms with the standards	Yes	Annually
2. Internal Audit Annual Plan Report – approved by the March Audit Committee or the first meeting of the financial year should a March committee not meet	Yes	Annually
3. Annual Internal Audit Plan Delivery – the percentage of the Annual Internal Audit Plan delivered (measured in audit days)	95%	Quarterly

4. Project Delivery – Percentage of audit plan projects delivered to draft report stage by 31 March 2025	90%	Quarterly
Percentage of audit plan projects delivered to final report stage as reported within the CAE Annual Assurance and Opinion report.	100%	Quarterly
5. Client Satisfaction* – percentage of client satisfaction questionnaires returned at ‘satisfactory overall’ level (minimum of 39/65 overall)	90%	Quarterly
6. Chief Audit Executive’s Annual Assurance Opinion and Report – presented at the first Audit Committee meeting of the financial year	Yes	Annually

APPENDIX A – PROPOSED THREE RIVERS DISTRICT COUNCIL PLAN 2025/26

Coverage of Corporate Themes (32 days)

<u>Audit Title</u>	<u>Purpose of the Audit</u>	<u>Days</u>	<u>Delivery Quarter</u>	<u>Audit Sponsor</u>
Geographic Information Systems	An audit to provide assurance over the Geographic Information Systems data integrity and accuracy, user access and training, data management and governance, system configuration and change management:	14	3	Head of Regulatory Service
Risk Management	An audit to provide assurance over risk management policy and procedures, risk registration, ownership, risk ranking and mitigation measures.	10	2	Emergency Planning and Risk Manager
Assurance Mapping	To undertake Assurance Mapping of two corporate risks to identify and present the sources of assurance over how these risks are being managed. The tool provides the evidence to support management confidence in their assertions and provides assurances to the Audit Committee on the effectiveness of internal controls.	6	2	Director of Finance
On Demand Grant Audits	Provision for auditing external funding arrangements where the funding body attaches associated conditions e.g. Homes England.	2	1-4	Director of Finance

APPENDIX A – PROPOSED THREE RIVERS DISTRICT COUNCIL PLAN 2025/26

Coverage of Operational Areas (50 days)

<u>Audit Title</u>	<u>Purpose of the Audit</u>	<u>Days</u>	<u>Delivery Quarter</u>	<u>Audit Sponsor</u>
Financial Billing (inc Property Services and Temporary Accommodation)	An audit to provide assurance over the internal processes for financial billing and debt recovery at TRDC, with learning for the Shared Service.	10	1	Director of Finance and Head of Property Services and Major Projects
Property Management Processes Resilience	An audit to provide assurance over service resilience and to identify gaps in knowledge or processes that may hinder adequate succession management.	10	3	Head of Property Services and Major Projects
Rent Deposit Guarantee Scheme	An audit to provide assurance over compliance with housing legislation and to ensure that there are accurate and timely financial transactions, including the recovery of deposits paid to landlords.	10	2	Associate Director for Corporate, Customer and Community
Watersmeet Theatre	An audit to review the box office and ticketing income and processes.	10	4	Associate Director for Corporate, Customer and Community
Leisure – Hire of Grounds	An audit to provide assurance over the processes and procedure for the hire of grounds. To also review the potential synergies of combining two processes in different services to make efficiencies.	10	4	Associate Director for Environment

APPENDIX A – PROPOSED THREE RIVERS DISTRICT COUNCIL PLAN 2025/26

Strategic Support (26 days)

<u>Title</u>	<u>Purpose</u>	<u>Days</u>
Chief Audit Executive Opinion 2024/25	To prepare and agree the Chief Audit Executive Internal Audit Opinion and Annual Report for 2024/25.	3
Audit Committee	Audit Plan monitoring against agreed KPIs.	8
Client Liaison & Plan Monitoring	To provide services linked to the preparation and presentation of Audit Committee reports, meeting with the Audit Committee Chair prior to each Audit Committee (as required) and presentation of reports / participation at Audit Committee.	7
SIAS Development and Global Internal Audit Standards implementation	Included to reflect the Council's contribution to developing and maintaining the shared service / partnership through its service planning activity	3
2025/26 Audit Planning	To provide services in relation to preparation and agreement of the 2025/26 Audit Plan.	5

Follow Up of Audit Recommendations (8 days)

Follow up of all outstanding internal audit recommendations with outcomes reported to Audit Committee.

2024/25 Carry Forward (5 days)

Available time for completion of 2024/25 audits which did not commence or complete as scheduled.

APPENDIX A – PROPOSED THREE RIVERS DISTRICT COUNCIL PLAN 2025/26

Reserve List

<u>Title</u>	<u>Purpose</u>
Devolution and Local Government Reorganisation	<p>The English Devolution White Paper published in December 2024 set out Government's intention for all areas of the country to be covered by an elected Mayor and all two-tier areas like Hertfordshire, to be reorganised into single tier unitary authorities. The Local Government Minister wrote to all County and District councils in February 2025, including those from Hertfordshire, formally inviting the submission of initial proposals for local government reorganisation by 21 March, followed by full proposals by 28 November 2025.</p> <p>The Leaders and senior officers of all councils in Hertfordshire are seeking to build a shared evidence base to inform decision making, proposals and structures. The ultimate decision on any proposals will be for the Secretary of State for Housing Communities and Local Government.</p> <p>While time may not be required in the 2025/26 Internal Audit Plan for assurance activities related to devolution and local government reorganisation, this entry on the reserve list provides the opportunity to elevate the topic into the plan should it be needed and permits consideration as part of future audit plans.</p>
Fly Tipping	An audit to provide assurance over the policies, procedures and processes related to the Council's duty to manage fly tipping and correlating enforcement activities.
Website Accessibility	An audit to provide assurance over the accessibility requirements on the TRDC website and whether these are compliant with legislation and best practice.
Business Continuity Planning	An audit to provide assurance over the adequacy and effectiveness of current controls over Business Continuity, and provide guidance on how to improve the current controls going forward.

APPENDIX B – PROPOSED WATFORD & THREE RIVERS SHARED SERVICE AUDIT PLANS 2025/26

Coverage of Key Financial Systems (60 days)

<u>Audit Title</u>	<u>Purpose of the Audit</u>	<u>Days</u>	<u>Delivery Quarter</u>	<u>Audit Sponsor</u>
Creditors and General Ledger Exception Reporting	An audit to provide assurance over the invoicing of customers for works, goods, or services and the collection and recovery of outstanding sums. GL reporting process will also be included.	12	4	Chief Finance Officer (WBC)
Payroll - Systems Audit.	An audit to provide assurance over the SLA with the current payroll provider, quality of reports, signing off for key payroll processes, the payroll and GL manual interface and benchmarking best practice with other authorities.	12	1	Executive Head of HR and OD
Council Tax (Collection rates and debt management)	An audit to provide assurance over council tax administration with specific emphasis on the collection of payments, recovering outstanding debt and approving refunds.	7	2	Director of Finance (TRDC)
Non-Domestic Rates (collection rates and debt management)	An audit to provide assurance over business rates administration with specific emphasis on the collection of payments, recovering outstanding debt and approving refunds.	7	2	Director of Finance (TRDC)
Treasury Management	An audit to provide assurance over the implementation of the new Treasury Management system, including governance and reporting, cash flow and risk management,	8	1	Chief Finance Officer (WBC)

APPENDIX B – PROPOSED WATFORD & THREE RIVERS SHARED SERVICE AUDIT PLANS 2025/26

	record keeping and completion of reconciliations.			
Agency Staffing	An audit to provide assurance that appropriate governance structures are in place to support the use of agency staff and that agreed policies and procedures are being followed.	6	3	Director of Finance (TRDC) and Chief Finance Officer (WBC)
External Audit Financial Recommendations (not VFM)	An audit to provide assurance over the process to monitor and implement External Audit financial recommendations.	8	1	Chief Finance Officer (WBC)

Coverage of Information Technology (15 days)

<u>Audit Title</u>	<u>Purpose of the Audit</u>	<u>Days</u>	<u>Quarter</u>	<u>Audit Sponsor</u>
Cyber Security	An audit to provide assurance over the design and operation of the controls in place to protect the Council's IT systems, services, and information against a cyber-attack.	15	4	Associate Director of ICT and Shared Services

2024/25 Carry Forward (5 days)

Available time for completion of 2024/25 audits which did not commence or complete as scheduled.

Contingency (3 days)

Available time for ad hoc work as required.

APPENDIX C – AUDIT START DATES AGREED WITH MANAGEMENT

Type	Quarter 1	Quarter 2	Quarter 3	Quarter 4
General Audit	Financial Billing (inc Property Services and Temporary Accommodation)	Risk Management	GIS	Leisure – Hire of Grounds
	Payroll – Systems Audit	Assurance Mapping	Property Management Resilience	Creditors and GL Exception Reporting
	Treasury Management	Rent Deposit Guarantee Scheme	Agency Staffing	Watersmeet Theatre
	External Audit Financial Recommendations (not VFM)	Council Tax (Collection rates and debt management)		
		Non-Domestic Rates (collection rates and debt management)		
IT Audit				Cyber Security

APPENDIX D – RISK REGISTER / COUNCIL DELIVERY PLAN MAPPING TO INTERNAL AUDIT PLAN

Ref	Council Delivery Plan and Corporate Risks - Risk Register	Internal Audit Coverage 2020/21 – 2024/25	Internal Audit Coverage 2025/26	Assurance Mapping and Other Assurance
ST01	Failure to achieve the target of net additional homes (Current Risk Score Green 4)	Development Management (22/23) CIL Spend (22/23)		
ST07	The medium term financial position worsens. (Current Risk Score Yellow 6)	Main Accounting (21/22) Treasury Management (22/23) Financial Controls Testing (23/24) Garage Income (20/21) Contract Waivers (21/22) Property Asset Management (24/25)	Financial Billing Treasury Management EA Financial Recommendations	Assurance Mapping - Risk ST07 (24/25) External Audit
ST08	Failure to retain or recruit well trained and experienced staff resulting in reduction of high quality services (Current Risk Score Amber 9)	Agency Staffing (23/24)	Agency Staffing Risk Management Property Management Resilience	
ST09	Loss of ict service to internal departments and therefore external customers and / or potential for financial or data fraud. (Current Risk Score Amber 8)	Cyber Security (all years) Business Continuity Planning (22/23) Data Protection (21/22) IT Operations (23/24) IT Project Management (24/25) Service Desk Contract Management (24/25)	Cyber Security Risk Management	Assurance Mapping - Risk - ST09 (24/25) PSN audit Azets – Finance Systems Audit . Cyber Assessment Framework
ST10	Failure to deliver net-zero carbon commitments (Current Risk Score Amber 9)	Climate Change and Sustainability (20/21) Garden Waste (20/21)		Climate and Sustainability Impact Assessments

APPENDIX D – RISK REGISTER / COUNCIL DELIVERY PLAN MAPPING TO INTERNAL AUDIT PLAN

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The Corporate Risk Register and Council Delivery Plan are closely connected. The version used above was the most recent in place (July 2024) at the time of internal audit planning and is subject to regular review and update.

Assurance mapping from 2024/25 will assist in showing both the strength and gaps in alternative assurance within the Four Lines (of Defence) Model.

We note not all risks have internal audit coverage against them. Our audit plan is constrained by the limited number of audit days available to deliver assurance. We will monitor these risks and flexibly adapt our audit plan as appropriate and if required to cover these risks. We also note management’s own actions seek to mitigate these risks.

APPENDIX E – GLOSSARY OF TERMS

Assurance mapping

An assurance map is a structured way of identifying and presenting the sources of assurance over how risks are being managed. It is an essential element of mature risk management practices. An assurance map identifies the many sources of assurance that the Leadership team and Audit Committee rely on in their oversight role and can also include information on the frequency and quality of the assurance provided.

The key benefit for the organisation is the effective and efficient use of resources to provide assurance. An assurance map is also a practical tool for chief audit executives (CAEs) to use on two levels; demonstrating the depth/gaps in assurance and to plan audit activity.

The new Global Internal Audit Standards (Standard 9.5 Co-ordination and Reliance) requires the CAE to co-ordinate with internal and external assurance providers and consider relying on their work. Co-ordination minimises duplication of work, highlights gaps in coverage of key risks and enhances the overall value of all assurance providers. The way to achieve this requirement is with an assurance map.

Control Risk (Self) Assessment (CRSA / CRA)

Control risk (self)-assessment is a process or method by which management and staff work with internal audit to identify and evaluate operational risks and the effectiveness of controls. The objective is to provide reasonable assurance that all business objectives will be met. CRA is an empowering and iterative process that integrates risk management practices and culture into the way staff undertake their jobs.

Data analytics / Data analysis

Data analytics is a multidisciplinary field that employs a wide range of analysis techniques, including maths, statistics, and computer science, to draw insights from data sets. Data analytics is a broad term that includes everything from simply analysing data to theorising ways of collecting data and creating the frameworks needed to store it. Data analysis is a subcategory of data analytics that deals specifically with extracting meaning from data.

The top benefits of using data analytics and data-led audits include greater levels of assurance, greater audit coverage and enhanced efficiency. The top barriers to fully embracing data analytics include lack of skills, lack of resources and lack of time to implement.

Health Check

APPENDIX E – GLOSSARY OF TERMS

It is a focused review that addresses specific areas of interest or concern and provides actionable insights and recommendations. The health check helps to identify and address critical gaps in processes and controls. They can also be 'light touch' reviews to establish and confirm the operation of controls and processes, providing a 'high-level' assurance without the depth of a full, evidence-based internal audit.

Maturity assessment

Used to develop a 'snapshot' view of how an organisation is progressing against a measurable scale in the embedding of a change or transformation.

Project (Embedded) Assurance

Project and programme assurance is a systematic process designed to provide confidence to stakeholders that a project or programme will achieve its objectives and deliver the intended benefits on time and within budget. It involves independent reviews and assessments at various stages to ensure that risks are managed, and the project or programme is on track. Key components of assurance include governance, roles and responsibilities, risk management, quality assurance, financial management and stakeholder engagement.

A typical approach to project management reviews is for the internal audit to join a project board/steering group or team with the inclusion of time in the audit plan for meetings. This often involves a considerable time commitment. There are advantages and disadvantages with this approach:

Advantages

1. It enables internal audit to be at the heart of what is happening and have the opportunity to communicate issues as soon as they are identified. In a fast-moving project this may be the only opportunity.
2. If done well it raises the standing of internal audit within the business as a trusted advisor.
3. You can help ensure appropriate controls are installed and risks are being adequately mitigated, based on a timely appreciation of changing variables as highlighted by the management of the project.

Disadvantages

1. Internal audit involvement can compromise independence. This could apply when internal audit assesses programme/project management or audit the process or activity that was the basis of the project.

APPENDIX E – GLOSSARY OF TERMS

2. Internal audit attendance can also be interpreted as 'audit approval' or audit sign-off'. The implication being that everything is satisfactory and on course.
3. Project board/steering group meetings often include detailed discussion about the adequacy of risk responses and the nature of specific controls to justify the presence of internal audit, but this can slow down, even delay progress. Internal audit may not need to be part of project board meetings to provide advice through their consultancy role.

Internal audit involvement should have a specific assurance or advisory purpose that is discussed, documented and agreed with senior management (as part of the terms of reference). Internal audit should not be part of the management sign-off process or be part of the decision making.

An alternative approach would be for the internal auditor to schedule attendance at one or two selected meetings during the audit of a project to consider specific issues such as the management of risk, validation of progress and to observe that appropriate information is being received, scrutinised and challenged.

SIAS - Internal Audit Strategy 2025/26

Introduction

1. The Shared Internal Audit Service (SIAS) is a shared service created by eight Hertfordshire Councils with the purpose of providing internal audit services to each of the partner Councils, as well as a small number of external customers.
2. This document sets out our Internal Audit Strategy (IAS) for the next 12 months. The strategy includes how the service will support and promote good governance, this underpinned by our Internal Audit Charter (IAC) which describes the purpose, authority, responsibility, and position of the Internal Audit Service within our partner organisations.
3. Internal Audit is a statutory service in the context of the Accounts and Audit (England) Regulations 2015, which state:

‘A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance’.

4. SIAS operate in accordance with the International Professional Practices Framework (IPPF), which includes the Global Internal Audit Standards (UK public sector) (GIAS (UK public sector)), Topical Guidance and Global Guidance. The GIAS (UK public sector) is comprised of five domains, covering:
 - The purpose of internal auditing,
 - Ethics and professionalism,
 - Governing the internal audit function,
 - Managing the internal audit function, and
 - Performing internal audit services.
5. The GIAS (UK public sector) contains a Purpose Statement as follows:

‘Internal auditing strengthens an organisation’s ability to create, protect and sustain value by providing the board and management with independent, risk-based and objective assurance, advice, insight and foresight.’

6. Our partners response to internal audit activity should have the following benefits as outlined in the Purpose Statement:

‘Internal auditing enhances the organisations:

- *Successful achievement of its objectives.*
- *Governance, risk management and internal control processes.*
- *Decision-making and oversight.*
- *Reputation and credibility with its stakeholders.*
- *Ability to serve the public interest.’*

APPENDIX F – SIAS Internal Audit Strategy

Our Mission

7. As a shared service, SIAS aims to:

‘Be a high-quality shared service that seeks to embrace best professional practice, shared learning, develops our workforce, and delivers services in a financially sustainable way.’

8. In delivering this mission statement SIAS will:

- Produce and deliver an Annual Risk Based Internal Audit Plan which complies with the GIAS (UK public sector) and CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government.
 - Provide the statutory Chief Audit Executive’s Annual Opinion on each partner’s internal control, risk management framework and corporate governance arrangements.
 - Provide progress reports to the Audit Committees / Boards which highlight any significant risk and control deficiencies or potential areas for improvement in the organisation’s governance, risk, and control arrangements; and
 - Support and suitably challenge key assumptions and judgments taken by management, through IA’s assurance and advisory services, to ensure they are appropriate and in accordance with relevant legislation, policies and procedures, guidance, and professional standards.
 - Continue to progress our grow your own strategy to support the development of high-quality internal audit staff.
 - Progress our external business strategy in order build a sustainable and resilient service for the future.
9. To fulfil our aspirations and demonstrate our professionalism, SIAS must conform with the requirements of the GIAS (UK public sector).

Our core values

10. Our core values which underpin the delivery of our mission

Quality: Our overarching value is to successfully blend the elements of quality as fitness for purpose (satisfying needs flexibly and responsively), excellence (achieving the highest standards), transformation (learning, innovation, and continuous improvement), professionalism (conformance with professional standards) and value for money (cost effectiveness). Quality is also about leadership, responsibility and accountability throughout the team and the ability to establish a culture of continuous learning that will challenge us to be our best and inspire and motivate all.

Customer Focus: We put service excellence and customer care at the heart of our internal audit and consultancy work, seeking to provide a service that inspires

APPENDIX F – SIAS Internal Audit Strategy

confidence and trust and meets customer expectations. We are always professional and courteous, take ownership for getting things right and support the service, our colleagues, and our partners / clients to meet their objectives.

Learning and Development: Our staff are our biggest asset; therefore, we support our staff to become professionally qualified, and build knowledge and skills to support their career development, maintain compliance with professional standards and delivery a high-quality service to our partners.

Responsible: We promote a culture of diversity and inclusion in relation to our approaches to recruitment, progression, and reward, within our ways of working, service development and internal audit delivery approach, and in our mutual respect for the people comprising our team.

Accountability: We take ownership of and are accountable for our work, are open to challenging ourselves and will raise concerns and provide solutions to improve the service.

Agile Working: We work with our clients to build trust; develop common understanding and take collective action to improve organisational priorities and outcomes; and be a trusted advisor to strategic management and the Audit Committees / Boards.

Growth: We maximise income generation through the continuous exploration of opportunities.

Our priorities

11. SIAS must continue to deliver a good quality, efficient, resilient and cost-effective service that achieves its annual key performance indicators. Its focus must include the nuts and bolts of sound internal control, risk management and governance frameworks.
12. It is vital though that SIAS continues to remain agile, relevant and timely, while evolving in response to changing stakeholder needs and business objectives. Key areas of focus for SIAS include:
 - Enhancing the business impact of internal auditing and ensuring sufficient focus on business-critical risks,
 - Recruitment, retention, and progression of our grow your own strategy,
 - Building meaningful relationships with key stakeholders,
 - Co-ordination with other assurance providers and the outcomes of their work,
 - Building agility into audit approaches, and
 - Expanding the use of data analytics and assurance mapping amongst other assurance techniques.

Our role and delivery objectives

APPENDIX F – SIAS Internal Audit Strategy

13. The full regulatory context and scope of internal audit and the Shared Internal Audit Service is set out within our partners Internal Audit Charter, approved annually by their respective Audit Committees.
14. Our core internal audit objective is to deliver sufficient, relevant internal audit and consultancy work to support the statutory annual assurance opinion on each of our partners internal control, risk management and corporate governance frameworks. The annual assurance opinion forms a significant part of our partners statutory Annual Governance Statements.
15. Delivery of the internal audit objectives outlined below support the core objective and ensure conformance with professional standards:
 - To develop and deliver dynamic and risk-based Internal Audit Plans that evidence the links to our partners objectives, risks and priorities.
 - To document our internal audit planning process alongside our Internal Audit Plans for Audit Committee approval. The planning process comprises our Planning Principles, Approach to Planning and Planning Context (internal audit environment and local government context and challenges).
 - To ensure that outcomes of assurance activities are reported in a clear and concise manner for all stakeholders, as well as seeking to identify root causes of the issues identified.
 - To support our partners in monitoring the implementation of high and medium priority internal audit recommendations, and other key findings from external inspectors or other assurance providers (e.g., Shared Anti-Fraud Service).
 - To support key transformation and change projects within our partner Council's through assurance and advisory services that provide real time insight into improvement opportunities and good governance.
 - To promote a culture of shared learning on good governance, risk management and internal control, through the sharing of good practice / emerging risks, completion of joint reviews and shared workshops.
 - To work with our partners to ensure that audit methodologies and approaches can adapt to the challenges of new ways of working and still maintain robust independent assurance.
 - To embrace and embed emerging internal audit techniques to ensure that our work can provide appropriate insight and support management in meeting statutory or best practice requirements.
 - To implement and maintain a Quality Assurance and Improvement Program (QAIP) covering planned quality activities to assess the efficiency and effectiveness of the internal audit activity followed by the completion of actions to address opportunities for improvement.

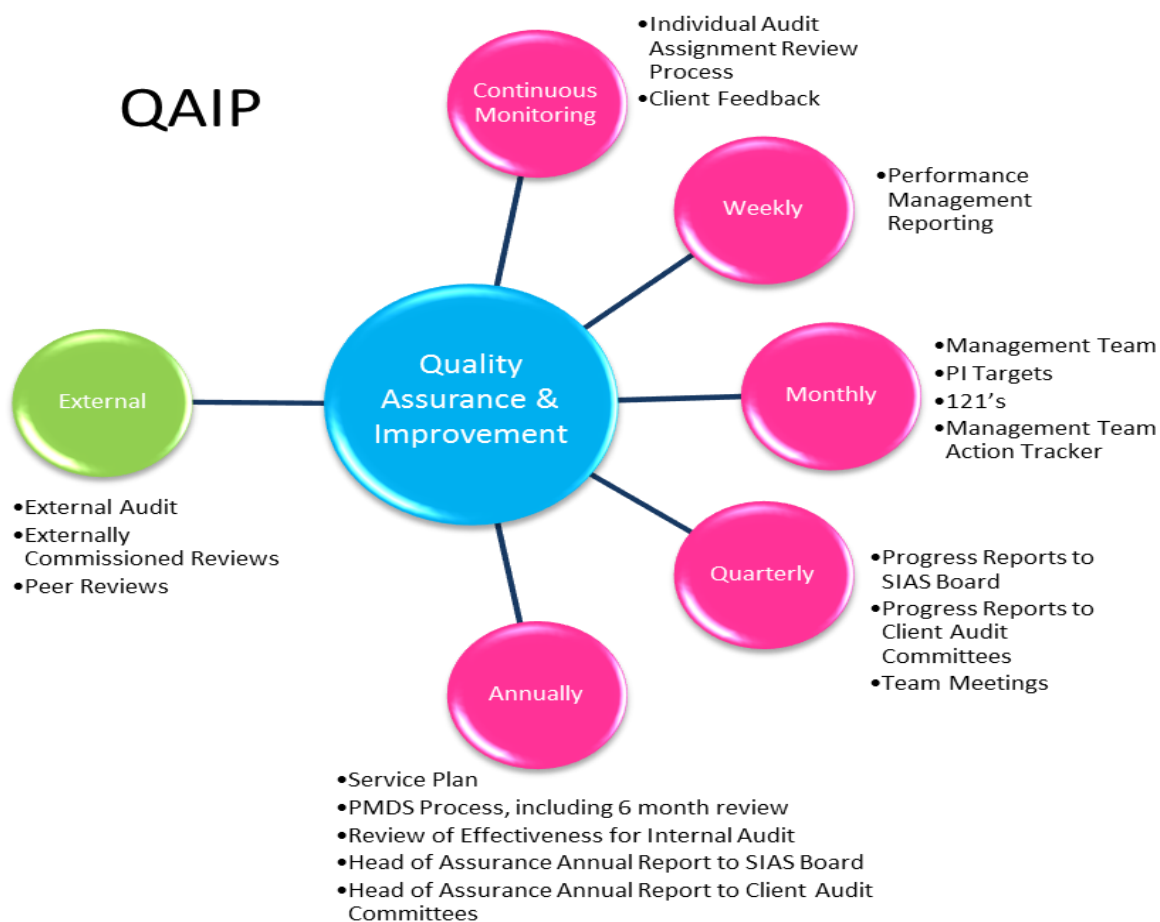
Resources

16. Achievement of our role and objectives is predicated on the matching of audit needs to available human resources through our work allocation processes. This is accomplished through the delivery of internal audit activities by a range of suitably qualified and experienced team members working flexibly in a matrix structure to maximise the value to all our partners and clients.
17. SIAS will utilise our internal audit delivery partner to provide service resilience and access to specialist skills not currently available within the service, or which are not economically viable to recruit and retain on a permanent basis.
18. The service will be adequately resourced to deliver the number of planned internal audit days commissioned through our partners internal audit plans and the requirements of our external clients.
19. Our structure is comprised of 17.2 FTE's; these being aligned to the 3,066 internal audit days that SIAS is commissioned to deliver.
20. Our internal resources are as follows:
 - 0.4 FTE Head of Assurance
 - 1 FTE Head of Shared Service / Client Audit Manager
 - 3.2 FTE Client Audit Managers
 - 1 FTE Assistant Client Audit Manager
 - 2.6 FTE Senior Auditors
 - 5 FTE Auditors
 - 3 FTE Trainee Auditors
 - 1 FTE Business Support & Development Officer
21. Our equivalent available resource from our delivery partner is as follows:
 - BDO (equivalent of 1.75 FTE)
22. The financial resource management of SIAS is described in the Budget and Medium-Term Financial Plan presented annually to the SIAS Board, and includes funding for training, professional development, conferences and other learning opportunities. This is integral to our 'grow your own' strategy. The SIAS Budget also contains funding for audit software and software licenses (technology) and the SIAS Reserve Strategy includes the potential for investment in further internal audit software, based on business need and subject to approval by the Board. These documents should be consulted for further detail.

Measuring quality and performance

23. The GIAS (UK public sector) require SIAS to implement and maintain an ongoing QAIP (see diagram below) based on an annual self-assessment against the standards, supplemented at least every five years by a full independent external assessment.

APPENDIX F – SIAS Internal Audit Strategy



24. The QAIP includes the continuous reporting of key performance indicators (KPIs) and other measures focusing on delivery of internal audit plans for our partners and clients, service quality, productivity, efficiency, conformance with professional standards, value and good governance. These are summarised in the table below:

Performance Indicator	Performance Target / Reporting
Annual Internal Audit Plan Delivery – the percentage of the Annual Internal Audit Plan delivered (excludes contingency)	95%
Project Delivery – the number of projects delivered to draft report stage against projects in the approved Annual Internal Audit Plan	90%
Project Completion – delivery of all planned projects to final report stage prior to the publication of the CAE annual assurance statement and opinion.	100%

APPENDIX F – SIAS Internal Audit Strategy

Client Satisfaction - percentage of client satisfaction questionnaires returned at 'satisfactory' level.	90%
Internal Audit Annual Plan Report	Approved by the March Audit Committee or the first meeting of the financial year should a March committee not meet.
Chief Audit Executive's Annual Report (incl. Annual Assurance Opinion)	Presented to the first meeting of each Audit Committee in the new financial year.
Implementation of critical, high, and medium priority (where relevant to partner) recommendations	Presented as part of regular internal audit progress updates to Audit Committee
Conformance with GIAS (UK public sector) – annual self-assessment or five-yearly external assessment; including areas of non-conformance.	Reported annually as part of the Chief Audit Executive's Annual Report.

25. The SIAS teams' individual performance is assessed through regular supervision and performance development and management meetings, as well as the outcomes of quality reviews and customer feedback for each internal audit assignment. Client satisfaction survey responses are reviewed, and improvement actions implemented as necessary.
26. Our co-sourced delivery partners performance is monitored through contractual KPIs and contract management meetings. We will also continue to explore performance measures used both within local government and other sectors.
27. Membership of the Chartered Institute of Internal Auditors Local Authority Heads of Internal Audit Forum, the Home Counties Chief Internal Auditors' Group, Audit Together (strategic alliance of similar shared services) and the Local Authority Chief Auditors' Network are crucial for sharing experiences, keeping up to date with technical and professional developments, benchmarking good practices and ensuring consistency of approach with our peers in the sector.

Audit Committee report

25/03/2025

**AUDIT COMMITTEE
25th MARCH 2025**

PART I

**STATEMENT OF ACCOUNTS 2024-25 UPDATE
(DoF)**

1 Summary

- 1.1 This report provides an update on timelines for the completion of Draft Statement of Accounts 2024/25. It also sets out changes in Accounting Policies for 2024/25, and provides an outline of the changes to local audit system leadership and the establishment of a Local Audit Office

2 Details

2.1 Draft Statement of Accounts and External Audit 2024/25

- 2.1.1 Preparation work is underway for the 2024/25 draft accounts, with year-end guidance and training provided to budget managers, and the commencement of information gathering processes.
- 2.1.2 For 2024/25 the statutory deadline for the publication of draft accounts will be 30 June 2025. A period of public inspection will commence on 1 July 2025 for a period of 30 working days.
- 2.1.3 The Annual Governance Statement must be approved by the Audit Committee ahead of the public inspection period. This will be presented to Audit Committee in June.
- 2.1.4 As previously reported to Audit Committee, under the Accounts and Audit Regulations as amended in 2024, the 2024/25 accounts need to be published with a corresponding audit opinion by the backstop date of 27 February 2026. The timing of the main audit is subject to agreement, however, at this stage, officers are working on the assumption that it will take place over the autumn with the aim of achieving the statutory deadline

2.2 Accounting Policies 2024/25

- 2.2.1 The Council's Statement of Accounts is prepared in accordance the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Council is required to adopt accounting policies which describe how the Council has interpreted and applied the Code.
- 2.2.2 The Code defines Accounting Policies as 'the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements.'
- 2.2.3 The significant accounting policies adopted by the Council are disclosed within note 1 to the Core Financial Statements in the Statement of Accounts, 'Accounting Policies – Single Entity and Group Accounts'.

- 2.2.4 The Code prescribes that ‘authorities shall apply the objective, underlying assumption and qualitative characteristics of useful financial information, in the selection and application of accounting policies and estimation techniques.’
- 2.2.5 The Code provides a detailed framework within which accounting policies must be set:
- When the Code specifically applies to a transaction, other event or condition, the accounting policy or policies applied to that item shall be determined by applying the Code. Those policies need not be applied when the effect of applying them is immaterial.
 - Where the Code does not specifically apply to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy that results in information that is:
 - a) relevant to the decision-making needs of users, and
 - b) reliable, in that the financial statements:
 - i) represent faithfully the financial position, financial performance and cash flows of the authority
 - ii) reflect the economic substance of transactions, other events and conditions and not merely the legal form
 - iii) are neutral, i.e. free from bias
 - iv) are prudent, and
 - v) are complete in all material respects.
 - In making the judgement management shall refer to, and consider the applicability of, the Code requirements dealing with similar and related issues. Management may also consider the most recent pronouncements of standard-setting bodies and accepted public or private sector practices to the extent, but only to the extent, that these do not conflict with the requirements of the Code.
 - An authority shall select and apply its accounting policies consistently for similar transactions, other events and conditions, unless the Code specifically requires or permits different treatment.
 - An authority shall change an accounting policy only if the change is required by the Code or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events and conditions on the authority’s financial position, financial performance or cash flows.
 - Where an authority changes an accounting policy, it shall apply the changes retrospectively unless the Code specifies transitional provisions that shall be followed. A change in accounting policy shall be applied retrospectively by adjusting the opening balance of each affected component of net worth for the earliest period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied, except to the extent that it is impracticable to so do.
- 2.2.6 The code states that the Chief Finance Officer is responsible for selecting ‘suitable’ accounting policies and ensuring that they are applied consistently in the preparation of the statement of accounts. The Chief Finance Officer has approved Note 1. Accounting Policies for 2024/25 as set out in Appendix 1. All significant accounting policies have been selected with reference to the Code.
- 2.2.7 There is one significant amendment to the Accounting Policies for 2024/25 which is due to the Code reflecting the implementation of IFRS 16 Right of Use Assets.

This accounting standard has been deferred for a number of years. The Accounting Policies have been updated to remove the classification of operating leases for the Council as a lessee and to recognise all leases on the balance sheet where there is a right-of-use to the asset and corresponding liability. The policies will be kept under review as the accounts are drafted.

- 2.2.8 The Council's auditors will review the adopted accounting policies as part of the audit of the statement of accounts. There is also an expectation that the auditors will be able to evidence that the accounting policies have been approved by the Audit Committee in its capacity as 'Those Charged with Governance'. The Audit Committee is therefore asked to ratify the accounting policies as set out in Appendix 1.

2.3 Changes to the Financial Reporting Council local audit system leadership and the Establishment of a Local Audit Office

- 2.3.1 On Wednesday 12 February 2025, the Financial Reporting Council (FRC) announced that local audit system leadership responsibilities had transferred from the FRC back to the Ministry of Housing, Communities and Local Government (MHCLG) ahead of the establishment of the Local Audit Office.

- 2.3.2 The FRC has worked closely with MHCLG to address the challenges facing the local audit system in England and operated as system leader for local audit from March 2023 to February 2025. The FRC will continue to support MHCLG on reforming the local audit system in its regulatory role. Further details can be found here:

[FRC news article - Local Audit Leadership transferred to MHCLG](#)
[FRC news article - Local Audit](#)

- 2.3.3 Furthermore, on 18 December 2024, MHCLG published a consultation 'Local audit reform: a strategy for overhauling the local audit system in England' which was open for views until 29 January 2025. The consultation stated that it "commits to a series of measures to fix the broken local audit system, including: a local audit vision with 8 core principles, the establishment of a statutory and independent Local Audit Office (LAO), with 5 strategic responsibilities - coordinating the system, contract management, ownership of the Code of Audit Practice, quality oversight and reporting, and mandating audit committees".
- 2.3.4 As part of the consultation the Government also consulted on a number of specific proposals as part of this strategy, including:
- potential additional functions of the new LAO
 - simplifying financial reporting requirements to ensure they are proportionate
 - improvements to enhance capacity and capability in the local audit sector, such as the introduction of public provision
 - strengthening the relationship between local bodies and their auditor
 - reforming the audit regime.

- 2.3.5 The outcome of the consultation is yet to be published, however further details on the consultation can be found here: [Local audit reform: a strategy for overhauling the local audit system in England](#)

3 Options and Reasons for Recommendations

- 3.1 To note the update in relation to the 2024/25 Statement of Accounts timeframes.
- 3.2 To ratify the draft Accounting Policies for 2024/25 as approved by the Director of Finance as set out in Appendix 1.
- 3.3 To note the changes with the Financial Reporting Council local audit system leadership and the establishment of a Local Audit Office.

4 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

None specific.

5 Financial Implications

- 5.1 The Director of Finance comments that there are no financial implications arising directly from this report.

Report prepared by: Robert Thurlow, Chief Accountant

Data Quality

Data sources:

None used in the preparation of this report.

Background Papers

APPENDICES / ATTACHMENTS

Appendix 1: Accounting Policies 2024-25

TRDC Climate and Sustainability Impact Assessment

This toolkit is a self-assessment to help officers think about how their policies, projects, procurements, commissioning and services can align with Three Rivers' Climate Emergency and Sustainability Strategy. It also supports report authors to draft the environmental implications section on decision reports, and procurement strategy reports.

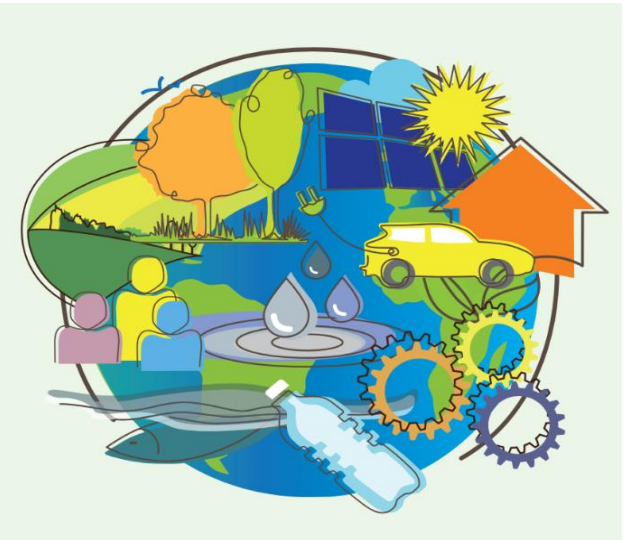
How to use the tool

The self-assessment is intended to help officers reflect critically on their project or service's environmental impact. . It is a reflective tool, not a framework for approving or rejecting a decision, so it will work best if each question is considered honestly and carefully.

We envision this tool will be used early in the design of a project/policy/procurement to identify areas where environmental harms can be mitigated, and environmental benefits enhanced. If you would like advice, please discuss with your Head of Service, and contact the Climate and Sustainability Team if necessary.

Once you are happy that your proposal is optimised, then complete this form, and copy the results in each section in to your decision report (committee/synopsis report) where applicable.

The next tab presents a set of questions about the proposal on a range of sustainability criteria. Each answer is colour-coded to indicate its environmental impact as below:



Colour code	Recommendation
Dark green (4)	Strong positive impacts for sustainability. Recommendation to proceed as is with this aspect.
Light green (3)	Some positive impact for sustainability. Recommendation to further enhance this aspect where possible and proceed.
Yellow (2)	Some negative impacts sustainability. Recommendation to review these aspects and find mitigations where possible.
Red (1)	Considerable inconsistency with the council's sustainability objectives. Strong recommendation to review these aspects and find mitigations.
Grey (0)	Neutral or not applicable. Recommendation to consider how benefits could be achieved in this area, but otherwise proceed.

Once you've selected your answer in the "Impact" column (C), then give the relevant score in the "Score" column (E). Higher scores indicate more sustainable proposals.

These questions should be considered for services, goods and projects we procure as well as those we deliver directly. Delivery models, specifications and tender evaluation should be shaped to ensure our contractors are aligned with our sustainability and net-zero commitments.

Against each area, the assessment presents prompts to highlight best practice suggestions and enable consideration of how negative impacts could be lessened on a project.

This assessment was inspired by Jim Cunningham at Hammersmith and Fulham Council and developed by officers of Three Rivers Distrcit Council.

Version Date

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1. Accounting Policies

2.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by The Accounts and Audit (England) Regulations 2015, which require these to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code). The Code prescribes guidance on the preparation of the Statement of Accounts, supported by International Financial Reporting Standards (IFRS) (and statutory guidance issued under section 12 of the 2003 Act). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis.

2.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- supplies are recorded as expenditure when they are consumed — where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract
- Where revenue and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

2.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management. The Council has no overdraft facility.

2.4 Prior Period Adjustments, Changes in Accounting Policies, and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period, as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

2.5 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:-

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. These entries are adjusted through the Movement in Reserves Statement (MIRS).

2.6 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave,

bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the MIRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement **(CIES)** when the Council is demonstrably committed to the termination of the employment of an officer, or group of officers, or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Hertfordshire County Council. The scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Council. The schemes arrangements are summarised as follows:-

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits pension scheme:

- the liabilities of Hertfordshire County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees;
- liabilities are discounted to their value at current prices, using a discount rate of 3.6%-3.8% (based on the indicative rate of return on high quality corporate bonds); and

- the assets of Hertfordshire County Council (HCC) Pension Fund attributable to the Council are included in the Balance Sheet at their bid value as required by International Accounting Standard (IAS) 19. Full details of the assets held by the Fund are disclosed as part of the Pension scheme disclosure.

The change in the net pension liability is analysed into seven components:

- current service cost — the increase in liabilities as a result of years of service earned this year — allocated in the CIES to the services for which the employees worked;
- past service cost — the increase in liabilities arising from current year decisions which relate to years of service earned in earlier years — debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs;
- interest cost — the expected increase in the present value of liabilities during the year as they move one year closer to being paid — debited to the Financing and Investment Income and Expenditure line in the CIES;
- expected return on assets — the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return credited to the Financing and Investment Income and Expenditure line in the CIES;
- gains or losses on settlements and curtailments — the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees — debited or credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs
- actuarial gains and losses — changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions — credited to the Comprehensive income and expenditure - Other Comprehensive Income and Expenditure line and reversed through the Movement in Reserves to the Pensions Reserve; and
- contributions paid to the HCC pension fund — cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense in the CIES.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows, rather than as benefits earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

2.7 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Financial Assets - Loans and Receivables

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for Statements the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its material financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to material lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Expected Credit Loss Model is not applied to debts related to Council Tax and Non Domestic Rates.

Financial Assets Measured at Fair Value through Profit of Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices –the market price; and
- other instruments with fixed and determinable payments –discounted cash flow analysis.

2.8 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions of the payment; and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

2.9 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CIES.

An asset is tested for impairment whenever there is an indication that the asset might be impaired — any losses recognised are posted to the relevant service line(s) in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MIRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Where there is intangible asset expenditure of an immaterial nature, the Council's policy is that these be capitalised and then written off in-year.

2.10 Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

2.11 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services, for the provision of community benefit, for the purpose of economic development and regeneration, production of goods, or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment

Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MIRS and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

2.12 Leases

The Council adopted IFRS16 Leases with effect from 1 April 2024. At the inception of a contract, the Council assesses whether a contract contains a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. The Council considers:

- whether the asset is explicitly or implicitly identified in a contract,
- whether the asset identified in the contract is physically distinct,
- the rights to obtain substantially all of the economic benefits and service potential from the asset,
- the right to direct use.

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Leases at peppercorn or nominal lease payments are those leases for which consideration is paid but the lease payments are substantially below market lease payments.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee – A Right-of-Use Asset

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments, and removes the previous classifications of operating and finance leases for lessees.

Initial Measurement

Leases are recognised as right-of-use assets in the Balance Sheet/disclosure note with a corresponding liability at the date from the commencement date.

The right-of-use asset is initially measured at cost, comprising:

- **the amount of the initial measurement of the lease liability,**
- **any lease payments made at or before the commencement date less any incentives received,**
- **any initial direct costs incurred, and**
- **any dilapidation or restoration costs.**

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value at the commencement date.

The asset recognised is matched by a liability for the obligation to pay the lessor. The lease liability is measured at the present value of lease payments that are not paid at that date, discounted by the interest rate implicit in the lease, or if that cannot be determined the lessee's incremental borrowing rate specific to the term and start date of the lease.

Subsequent measurement

The right-of-use asset is subsequently measured at fair value.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption, and is tested for impairment if there are indicators of impairment.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The lease liability, and corresponding adjustment to the right-of-use asset, is remeasured when:

- there is a change in future lease payments arising from a change in index or rate such as inflation
- there is a change in the estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a change in the lease term.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Property, Plant and Equipment recognised under leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council has elected to apply recognition exemptions to low value assets (those below £10,000 when new) and to short term leases (leases that expire on or before 31 March 2026, and new leases with a duration of less than 12 months) in accordance with the Code.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property — applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the

element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Sale and Leaseback transactions – Where the Council (the seller–lessee) transfers an asset to another entity (the buyer–lessor) and leases that asset back from the buyer–lessor, both the seller–lessee and the buyer–lessor shall account for the transfer contract and lease.

2.13 Overheads and Support Services

The costs of overheads and support services are not charged to those service segments that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2016/17 (SERCOP).

However, the costs of overheads and support services are accounted for as separate headings in the CIES.

2.14 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the CIES, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the MIRS.

It should be noted that at present the Council has no donated assets.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction — depreciated historical
- All other assets — fair value, determined as the amount that would be paid for the asset in its existing use (Existing Use Value — EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. In addition, should current valuations of a similar class of asset suggest material differences in valuations, the entire class to which the asset belongs would be revalued. The current valuers have undertaken a market review of individual asset types within the Council's portfolio at year end to identify any material changes to the fair value of assets. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

When decreases in value are identified:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

When impairment losses are identified:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains), or
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:-

- Buildings — straight-line allocation over the useful life of the asset as estimated by the valuer - up to 70 years;
- Vehicles — straight-line over the estimated life of the asset - up to 20 years;
- Plant, furniture and equipment — straight-line over the estimated life of the asset - up to 20 years;
- Infrastructure — straight-line over the estimated life of the asset - up to 25 years; and
- Finance leases — over the life on the underlying asset or over the life of the lease where there is no option to acquire the asset at the end of the lease.

Please note, to ensure consistency across the Councils policies, the previous accounting policy of depreciating some plant, furniture and equipment has been changed from reducing balance to straight-line. This now means all Councils assets if depreciated are depreciated based on a straight-line basis. The impact was immaterial.

Depreciation commences in the year following acquisition.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated **separately**, in order to ensure the depreciation charge is realistic.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals of Non-current Assets

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Construction Contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable.

Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2.15 Heritage Assets

Heritage Assets are held with the objective of increasing knowledge, understanding and the appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules have been simplified in relation to heritage assets as detailed below.

The Heritage Assets are relatively static and acquisitions, donations and disposals are rare. Where acquisitions do occur, they are initially recognised at cost and donations are recognised at valuation ascertained by insurance officers, museum curators or external valuers. Proceeds from the disposal of Heritage Assets are accounted for in accordance with the Council's general policies relating to the disposals of property, plant and equipment. The Council has a rolling programme of major repair and restoration of its heritage assets and therefore the assets are deemed to have indefinite lives and the Council does not consider it necessary to charge depreciation.

The Council's collection of Heritage Assets, which includes works of art, musical equipment, sculptures, statues, war memorials and civic regalia, are reported at insurance valuations, which are based on market values, internal or external valuations. These insurance valuations are reviewed and updated on an annual basis. The carrying amounts of heritage assets are reviewed where there is evidence of impairment or where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Council's general policy on impairment.

2.16 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year — where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

The level of provisions is reviewed annually by the Council.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

2.17 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the MIRS so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council — these reserves are explained in the relevant policies.

2.18 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the MIRS from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

2.19 Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

2.20 Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other organisations, that involve the use of assets and resources of the Council and organisations without the establishment of a separate legal entity.

The Council recognises the assets and liabilities it controls on the Council's balance sheet. Expenditure incurred by the Council and income it earns from the operation is included in the Council's CIES.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other organisations. The assets being used to obtain benefit to the Council and organisations. The arrangement does not involve the formation of a legal entity.

The Council accounts for only its share of jointly controlled assets, liabilities and expenses incurred in respect of its interest in the arrangement.

An agreement exists between Dacorum Borough Council, Hertsmere Borough Council, St Albans City & District Council, Three Rivers District Council and Watford Borough Council to constitute a West Herts Crematorium Joint Committee under the Local Government Act 2000.

The Joint Committee has one member from each of the constituent Councils. One Watford Councillor represents the Council on the Joint Committee. The Council's Managing Director is the Clerk to the Joint Committee. Three Rivers District Council provide the Treasurer.

2.21 Single Entity Financial Statements

The financial statements presented by a parent, an investor in an associate or a venturer in a joint venture (jointly controlled entity) in which the investments are accounted for on the basis of the direct equity interest (i.e. at cost) rather than on the basis of the reported results and net assets of the investees. In the context of the Code, an Authority's single entity financial statements are deemed to be separate financial statements.

2.22 Group Accounts are the financial statements of an entity together with:-

- its subsidiary undertakings,
- its investments in associates, and
- its interests in joint ventures (jointly controlled entities); presented as a single economic entity.

Subsidiary undertakings are accounted for in accordance with the implementation of IAS27 (International Accounting Standard 27) in the 2019/20 Code. The 2019/20 Code requires consolidation of subsidiaries. Consolidation is a method of accounting whereby an entity

combines the financial statements of the parent and its subsidiaries line by line by adding together like items of assets, liabilities, reserves, income and expenses. In order that the consolidated financial statements present financial information about the group as that of a single economic entity, the following steps are then taken:-

- the carrying amount of the parent's investment in each subsidiary and the parent's portion of reserves of each subsidiary are eliminated;
- any non-controlling interest is identified and separately disclosed;
- intragroup balances and transactions, including income, expenses and dividends, are eliminated in full.

Investments in associates are accounted for in accordance with the implementation of IAS28 in the Code. The Code requires the consolidation of an entity's interest in associates. Joint ventures are accounted for in accordance with the implementation of IFRS 11 in the Code. The Code requires use of the "equity method" of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post acquisition change in the investor's share of the net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

Turnover (for Group Accounts)

Turnover in respect of property development is recognised on unconditional exchange of contracts on disposals of finished developments.

Where construction of pre-sold developments is under-taken, the revenue and profits are recognised in accordance with IFRIC 15. Revenue is determined by independently certified milestones.

Taxation (for Group Accounts)

Taxation on all profits is solely the personal liability of individual members. Consequently, neither taxation nor related deferred taxation arising in respect of Three Rivers Homes LLP or Three Rivers Homes Ltd are accounted for in these financial statements.

Subscription and Repayment of Members' Capital (for Group Accounts)

The capital requirements of the LLP are reviewed from time to time by the Board and further capital contributions may be made at the discretion of the members. No interest is charged on capital except pursuant to a dissolution, no capital can be withdrawn by a member unless agreed by all members.

Allocation of Profits and Drawings (for Group Accounts)

The allocation of profits to those who were members during the financial period occurs following the finalisation of the annual financial statements.

The allocation of profits between members is determined by entitlements outlined in the Members' Agreement and is dependent on certain profit criteria being achieved. In accordance with the SORP as a consequence of the LLPs profits being automatically divided in line with the

entitlements outlined in the Members' Agreement these profits are treated as an expense in the profit and loss account.

Work in progress (for Group Accounts)

Development land and work in progress is included at cost less any losses foreseen in completing and disposing of the development less any amounts received or receivable as progress payments or part disposals. Where a property is being developed, cost includes cost of acquisition and development to date, including directly attributable fees, expenses and finance charges net of rental or other income attributable to the development. Where development property is not being actively developed, net rental income and finance costs are taken to the profit and loss account.

2.23 Fair Value

The Council measures some of its non-financial assets, such as surplus assets and investment properties, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 – quoted prices,
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3 – unobservable inputs for the asset or liability.

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Audit Committee report

25/03/2025

AUDIT COMMITTEE

PART I

Amendment to the Risk Management Strategy 2024 (ADCCC)

1 Summary

- 1.1 Following Full Council on 10 December 2024, Officers have been asked to consider the following amendment to the Risk Management Strategy.
- 1.2 “To add a separate column to the right of the second table at Appendix A, concerning impact of the Green Belt. The precise risk thresholds to be agreed by the Audit Committee.”

2 Details

- 2.1 Officers have carefully reviewed this proposed amendment to the Risk Management Strategy 2024 and identified several challenges that suggest it may not be the most effective approach.
- 2.2 No other authority whose risk management strategies or policies were reviewed includes a single stated environmental factor, such as the impact on the Green Belt, as a distinct risk category within their framework.
- 2.3 Risk management strategies are designed to assess risks in a balanced and comprehensive manner, ensuring no single issue is given disproportionate emphasis without clear, overarching justification.
- 2.4 The impact on the Green Belt is inherently difficult to quantify in a consistent and tangible way, as it involves evolving factors such as planning policies, environmental considerations, and socio-economic implications. Establishing precise risk thresholds for this factor would be complex and may not align with the structured, measurable approach required for effective risk management across the Council’s various responsibilities and endeavours.
- 2.5 In a future iteration of the strategy, the Council could consider introducing a broader environmental risk category to capture a wider range of relevant issues in a more structured and comprehensive manner.

3 Options and Reasons for Recommendations

- 3.1 To adopt the Risk Management Strategy, with the current risk categories of;
- Service disruption
 - Financial loss
 - Reputation
 - Failure to meet legal obligation
 - People

4 Policy/Budget Reference and Implications

4.1 None

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

None specific.

6 Recommendation

That:

6.1 The Councils Risk Management Strategy is adopted.

6.2 The Committee agrees to give delegated Authority to Associate Director of Corporate, Customer and Community to authorise minor changes to the policy, such as terminology, clarification, or administrative corrections with no significant impact.

Report prepared by: Phil King, Data Protection and Resilience Manager

Three Rivers District Council

Risk Management Strategy

July 2024

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1. Purpose Of The Strategy

- 1.1 Three Rivers District Council is a complex organisation, delivering a range of priorities against a backdrop of financial constraint and the need to demonstrate continuous improvement, efficiency, and customer focus. The management of risk, including the risk bought about by opportunity, is essential to ensure the achievement of our objectives.
- 1.2 The effective management of risk is a key component to demonstrating good corporate governance.
- 1.3 Employing a systematic approach to identifying, analysing, and mitigating risks enables the Council to strike a balance between embracing innovation and maintaining prudent risk management.
- 1.4 This strategy aims to establish a structured framework for the Council's risk management practices. By improving the management of risk, we will be better able to achieve our objectives and ensure best value in the services we provide.

2. Our Vision And Objectives

- 2.1 The Council's vision is "Three Rivers: A great place to live, work and visit".
- 2.2 The four objectives in the Framework are outlined below, and we shall work with public, private, and voluntary services to achieve these.
 - 1) Provide responsive and responsible local leadership.
 - 2) A great place to do business.
 - 3) Sustainable Communities.
 - 4) Net Carbon Zero and Climate Resilient.
- 2.3 The full Framework can be found [here](#).

3. Background

- 3.1 Effective risk management is fundamental to sound management practices and informed decision-making.
- 3.2 Risk management is embedded within both the Council's project management and decision-making frameworks.
- 3.3 This strategy outlines the Council's ongoing commitment to enhancing its risk management protocols, aligning with its overarching objectives of demonstrating robust corporate governance and prudent corporate management.
- 3.4 Definitions.
 - **Risk** is the effect of uncertainty on objectives. Effect can be positive as well as negative and is the combination of the likelihood of an event occurring and its consequences.
 - The process that is used to manage risk is known as **Risk Management**.
 - **Risk Appetite** is the amount and type of risk that an organisation is prepared to pursue, retain, or take. This is not just concentrating on the negatives, but also the benefits that taking calculated risks can bring to achieving our priorities.
 - The level of risk the Council is prepared to expose itself to is known as the **Risk Tolerance**.

- **Control Measures** are the actions taken to mitigate the likelihood and impact of a risk.

4. Risk Management Strategy Objectives

- 4.1 The objectives of the Council's risk management strategy are:
 - 4.1.1 To identify and assess potential risks that could impact the organisation's objectives, projects, or operations.
 - 4.1.2 To evaluate the likelihood and potential impact of identified risks on the organisation, allowing for informed decision-making and prioritisation of resources.
 - 4.1.3 To develop and implement strategies to mitigate, minimise, or eliminate identified risks to an acceptable level, thereby reducing the likelihood of negative consequences.
 - 4.1.4 To recognise and capitalise on opportunities that may arise from effectively managing risks, such as innovation, strategic partnerships, or competitive advantages.
 - 4.1.5 To ensure compliance with legal, regulatory, and industry standards, thereby reducing the organisation's exposure to legal liabilities and reputational risks.
 - 4.1.6 To build organisational resilience by proactively addressing potential threats and vulnerabilities, enabling the organisation to adapt and thrive in a dynamic environment.
 - 4.1.7 To provide decision-makers with accurate and timely information regarding risks, enabling them to make well-informed decisions that align with organisational vision, objectives, and values.
 - 4.1.8 To foster a culture of accountability and transparency within the organisation, where individuals and teams take responsibility for managing risks within their areas of responsibility.
- 4.2 Good risk management is the key to the Council achieving all its objectives.
 - 4.2.1 Additionally, it is a legal obligation - the Accounts and Audit Regulations 2006 state that the Council must publish an Annual Governance Statement alongside the Annual Statement of Accounts, detailing its risk management arrangements.
 - 4.2.2 The objectives of a Risk Management Strategy are typically achieved through several key actions and processes.
 - 4.2.3 Use various techniques such as risk assessments, brainstorming sessions, historical data analysis, and expert input to identify potential risks across all areas of the organisation's operations, projects, and objectives.
 - 4.2.4 Using Risk Assessments to evaluate the likelihood and potential impact of identified risks, using qualitative or quantitative methods to prioritise risks based on their severity and significance to the organisation.
 - 4.2.5 Develop and implement strategies and controls to reduce, mitigate, or eliminate identified risks to an acceptable level. This may involve implementing internal controls, contingency plans, risk transfer mechanisms (such as insurance), or process improvements.
 - 4.2.6 Continuously monitor and review the effectiveness of risk management activities, ensuring that risks are managed appropriately and in accordance with the organisation's risk tolerance and objectives. Regular reviews allow for adjustments to risk management strategies as the organisation's risk landscape evolves.
 - 4.2.7 Establish clear communication channels to ensure that risk information is

effectively communicated across the organisation. This includes reporting on risk exposures, mitigation efforts, and risk management performance to relevant stakeholders: Joint Leadership Team, Senior Leadership Team, Corporate Management Team, Members, employees, and external partners.

- 4.2.8 Integrate risk management considerations into decision-making processes at all levels of the organisation. This ensures that risks and opportunities are considered when making strategic, operational, and project-related decisions, helping to maximise value and minimise potential negative impacts.
- 4.2.9 Provide training and awareness programs to employees at all levels of the organisation to build a risk-aware culture and ensure that individuals understand their roles and responsibilities in managing risks effectively.
- 4.2.10 Adopt a culture of continuous improvement within the organisation by regularly reviewing and refining risk management practices and processes based on lessons learned, best practices, and changing internal and external factors.

5. Key Features Of The Risk Management Framework

- 5.1 The risk management process entails identifying, evaluating, and continuously managing risks to reduce them to an acceptable level, whenever feasible. However, not all risks can be mitigated adequately. In such cases, the focus shifts to ensuring robust controls and conducting regular monitoring. It is essential to ensure that control measures are proportionate to the risks they aim to mitigate.
- 5.2 Heads of Service and Project Leads have the responsibility to continually identify risks, maintain, review Operational Service, and Project Risk Registers.
- 5.3 Risk consideration is also integral to reports submitted to Committees. Officers with delegated decision-making authority must ensure thorough risk assessment when exercising this authority.
- 5.4 The Council maintains a Strategic Risk Register, which captures high-level strategic risks. A strategic risk is defined as one that could significantly hinder the achievement of one or more objectives outlined in the Corporate Framework.
- 5.5 The risk management cycle involves several key stages, as outlined below. Detailed procedures for scoring and recording risks are provided in Appendix A and Appendix B.
 - 5.5.1 **Stage 1: Identify the Risks**
 - 5.5.1.1 Outlining risks faced by the organisation in pursuit of its objectives and priorities.
 - 5.5.1.2 Maintaining a Strategic Risk Register, cataloguing major strategic risks to the Council.
 - 5.5.1.3 Maintaining a Financial and Budgetary Risk Register, noting significant financial risks to the Council.
 - 5.5.1.4 Managing departmental Operational Risk Registers, listing service-specific risks for each department.
 - 5.5.1.5 Recording project risks in Project Risk Registers.
 - 5.5.1.6 Incorporating risks impacting goal attainment in the risk management segment of all committee reports.
 - 5.5.2 **Stage 2: Assess and Score the Risks**

- 5.5.2.1 After identifying potential risk areas, the impact and likelihood are assessed to generate an **inherent** risk score, reflecting the risk without any mitigating measures. See Appendix A for the impact and likelihood scoring matrix.
- 5.5.2.2 Having evaluated the risk without controls in place, list the key controls / actions that will reduce the risk of non-achievement. Re-evaluate using the risk matrix to arrive at the **residual** risk score.
- 5.5.2.3 This whole risk process records the controls that are required to be put in place to reduce the likelihood of the risk occurring and the impact upon Council objectives and will include such actions as:

Tolerate	<p>The Council may tolerate a risk where:</p> <ul style="list-style-type: none"> • The risk is effectively mitigated by internal controls, even if it is high. • The risk cannot be mitigated cost effectively. • The risk allows for greater benefits. <p>These risks must be monitored, and contingency plans should be put in place in case the risks occur.</p>
Treat	<p>The aim of addressing a risk is to proceed with the associated activity while reducing the risk to an acceptable level. This is achieved by implementing control measures, either through containment actions (which decrease the likelihood or severity of a risk and are applied proactively) or contingency actions (implemented after the risk occurs to minimize its impact, requiring prior planning).</p>
Terminate	<p>Doing things differently and therefore removing the risk. This is particularly important in terms of project risk. This may be difficult to achieve with the Council's strategic risks.</p>
Transfer	<p>Transferring some aspects of the risk to a third party, for example by insurance or paying a third party to take the risk.</p>

- 5.5.2.4 Positive risks are called **opportunities** and have the following possible actions.

Enhance	Take actions to increase the likelihood and / or impact of the opportunity
Exploit	Take actions to ensure the opportunity will happen and the impact will be realised
Share	With a partner, supplier, etc and in so doing, share the use of resources, technology, etc.
Reject	Take no action

5.5.3 Stage 3: **Recording the Risks**

Each risk needs to be allocated an accountable risk owner to take responsibility for managing the risk, ensuring controls remain effective and

actions are taken. The Risk Register Template is at Appendix B.

5.5.4 Stage 4: **Monitoring and reporting**

5.5.4.1 Based on the risk score, risks are categorised as red, amber, or green. Risks scoring nine or above after mitigation must be actively monitored in the relevant risk register. Risks scoring between 12 and 16 should be brought to the Corporate Management Team for quarterly monitoring.

5.5.4.2 Heads of Service must review their operational risk registers quarterly, while project managers should review project risk registers at every project board meeting.

5.5.4.3 The Strategic Risk Register will be annually reported to the Policy and Resources Committee, and the Financial and Budgetary Risk Register will be reported to the Audit Committee on a quarterly basis.

5.5.4.4 Operational Risk Registers, included in each department's Service Plans, are reported to the relevant Service Committee annually.

6. **Risk Appetite And Tolerance**

6.1 Risk management goes beyond avoiding risks entirely. The Council acknowledges that embracing calculated, responsible, and informed risks is essential for fostering innovation and maximising value for money. Therefore, the risk management process is centred around managing risks to maintain an acceptable level.

6.2 Every decision made by the Council carries inherent risks, and it is crucial to acknowledge that articulating a level of risk tolerance is necessary to leverage positive benefits while mitigating negative consequences for the Council.

6.3 Risk appetites range from being risk-averse to risk-hungry. While a risk-averse approach actively avoids risks, it may also hinder innovation. On the other hand, a risk-hungry stance embraces innovative approaches, potentially leading to greater long-term benefits despite higher inherent risks.

6.4 Risk appetite varies depending on the nature of risks and services involved. It is not a uniform concept that can be applied equally to all situations.

6.5 The matrix provided serves as a tool for managers during project evaluation and decision-making processes, aiding in clarifying the levels of risk the Council is willing to take, accept, or tolerate.

6.6 Establishing a clear risk appetite offers several benefits:

6.6.1 It highlights instances where risks might be overly managed, or opportunities underutilised.

6.6.2 Discrepancies between risk appetite and existing control levels can be addressed by refocusing controls on priority areas.

6.6.3 The Council communicates its risk tolerance levels transparently after implementing control and risk mitigation measures.

6.6.4 Decision-making becomes more focused and aligned with organisational objectives.

The table below sets out the Council's current risk appetite with residual risk scores

IMPACT	LIKELIHOOD			
	1 Remote (≤ 5%)	2 Unlikely (6 – 20%)	3 Likely (21 – 79%)	4 Very Likely (≥ 80%)
4 (Catastrophic)	4 Low	8 High	12 Very High	16 Very High
3 (Critical)	3 Low	6 Medium	9 High	12 Very High
2 (Significant)	2 Low	4 Low	6 Medium	8 High
1 (Marginal)	1 Low	2 Low	3 Low	4 Low

- 6.6.5 The objective of risk management is to minimise risks to a level just below the risk appetite line (depicted as a thick black line above). This entails implementing sufficient controls to reduce the risk to an acceptable level, finding a balance between excessive or insufficient control measures.
- 6.6.6 In some circumstances a risk that has a residual score above the thick black line may still be acceptable if sufficient and appropriate mitigation is in place.

Risk Appetite Matrix

	1 Averse	2 Cautious	3 Open	4 Hungry
	Avoidance of risk and uncertainty is a key driver in decision making	There is a general preference for safe options that have a low degree of inherent risk and may only have limited potential for reward	All potential options are considered, and the decision will be the course of action that is likely to result in successful delivery and an acceptable level of reward – which will include value for money	Eager to innovate and explore novel options that offer a potentially higher level of reward, but with a higher level of inherent risk
Risk category	Examples of behaviours when taking decisions			
Reputation	Minimal tolerance of any activity that could lead to press scrutiny of the Council	Tolerance is limited to decisions where there is little chance of significant reputational repercussions for the Council should there be a failure	Appetite to take decisions where there is a potential to expose the Council to scrutiny but only if appropriate measures have been taken to minimise exposure	Appetite to take decisions that are likely to bring scrutiny of the Council, but the potential benefits outweigh the risks
Operational & Policy Delivery	Defensive approach which aims to defend or protect rather than create or innovate. Tight management controls and oversight with limited devolved decision. General avoidance of system or technological developments	Tendency to stick to the status quo with innovation avoided unless necessary. Decision making with senior management. Systems / technology developments are limited to protection of current operations.	Innovation is supported, with demonstrable improvements in management control. Systems and technological developments are considered to enable operational delivery. Responsibility for non-critical decisions may be devolved.	Innovation is pursued – there is a desire to challenge current working practices. Innovative technologies are viewed as a means of improving operational delivery. Management is by trust rather than tight control and authority is devolved.

7. Types Of Risk

7.1 Categories of risk identified by the Council are as follows:

Impact Classification	Service disruption	Financial loss	Reputation	Failure to meet legal obligation	People
4 Catastrophic Impact	Total loss of service	> £500k	Adverse national media coverage / many complaints	Litigation, claim or fine > £500k	Fatality of one or more clients or staff
3 Critical Impact	Major service disruption	£100k - £500k	Adverse local media coverage / several complaints	Litigation, claim or fine £100k - £500k	Severe injury, permanent disablement of one or more clients or staff
2 Significant Impact	Service disruption	£25k - £100k	Local public interest / some complaints	Litigation, claim or fine £25k - £100k	Major injury to an individual
1 Marginal Impact	Minor service disruption	< £25k	Isolated complaints	Litigation, claim or fine < £25k	Minor injury to less than 5 people

8. Identification Of Risks Within Committee Reports

8.1 Decisions should be recorded by the author of the report in the section "Potential Risks" as follows:

Nature of Risk	Consequence	Suggested Control Measures	Response (<i>treat, tolerate, terminate, transfer</i>)	Risk Rating (<i>combination of severity and likelihood</i>)

- 8.2 If any risk, even after implementing control measures, scores eight or higher, provide a detailed explanation in the report regarding why you recommend that the risk should be accepted, or detail plans to transfer the risk.
- 8.3 Outline the procedure for continuous monitoring of all listed risks and specify the circumstances under which termination may be considered.
- 8.4 For risks scoring eight or more after implementing controls, ensure they are documented in the relevant risk register and flag them for review by the Corporate Management Team for potential inclusion in the strategic risk register.

9. Roles And Responsibilities

The roles and responsibilities of all those involved in the risk management process can be summarised as follows:	Role
Chief Executive and Directors / Associate Directors	<ul style="list-style-type: none"> • Leads on the wider corporate governance agenda, of which risk management is a part. • Signs off the annual Governance and Assurance Statements. • Ensures that risks are fully considered in all strategic decision making and that the Risk Management Strategy helps the Council to achieve its objectives and protection of its assets.
Data Protection & Resilience Manager	<ul style="list-style-type: none"> • Lead officer for risk management. • Owner of risk management strategy. • Chairs Officer Risk Management Group.
Joint Leadership Team (JLT)	<ul style="list-style-type: none"> • Ensures the Council manages risk effectively through the development of a comprehensive Risk Management Strategy. • Monitors progress against strategic and cross-cutting risk action plans. • Attends risk management training as appropriate. • Lead Member for Resources acts as Risk Champion.
Corporate Management Team (CMT)	<ul style="list-style-type: none"> • Ensure the Council manages risk effectively in each service within the agreed corporate strategy. • Participate in relevant risk management training sessions. • Promote the principles of sound risk management throughout their Service. • Report potential strategic risks to the Corporate Management Team, and oversee all risks associated with their Service. • Ensure comprehensive consideration of risks in the decision-making process. • Conduct regular reviews of risks, with a minimum frequency of quarterly assessments. • Appropriately manage risks in any projects and partnerships they oversee or participate in. • Ensure that reports, policies, or procedures within their oversight incorporate relevant connections to risk management.
Officer Risk Management Group (RMG)	<p>The purpose of the group is to ensure the Risk Management Strategy is seen as a key element of the Councils strategic and service planning process, with particular focus on</p> <ul style="list-style-type: none"> • Strategic, operational and project risk registers • Resilience plans • Monitoring and reporting procedures. • Review and updating procedures. • Specification of standards • Provision of appropriate training • Protection of core information systems and infrastructure • Risk management within partnerships.

Audit Committee	<ul style="list-style-type: none"> • Considers and reviews the Council's risk management strategy. • Conducts quarterly assessments of the Council's budgetary and financial risks. • Conducts annual assessments of the Council's operational risk registers. • Participates in relevant risk management training sessions. • Oversees the efficiency of the authority's risk management protocols. • Seeks confirmation that steps are being taken regarding risk-related matters highlighted by auditors and inspectors.
All members	<ul style="list-style-type: none"> • Responsibility to understand the strategic risks the authority faces, to oversee the effective management of these risks by officers. • Ensure that all identified risks have been considered in decision-making. • Seek clarification from report authors and/or lead Members if risks are not specifically shown in report.
Insurance Officer	<ul style="list-style-type: none"> • Oversee the day-to-day administration of the insurance function, including claims management. • Track and analyse claims data, providing relevant insights to Heads of Service and Managers to proactively manage risk and reduce the frequency of claims.
Project managers and managers of Partnerships	<ul style="list-style-type: none"> • Use the project risk register template to identify and manage their risks. • Report their risks to the appropriate partnership/project board on a regular basis. • Ensure that their risks are included in the appropriate risk register.
Employees	<ul style="list-style-type: none"> • Manage risk effectively in their job. • Attend risk management training as appropriate.

Appendix A

SCORING RISK

The impact and likelihood of any risk is evaluated on a scale of 1 – 4, with the product of the two representing the risk score.

Very Likely -----> Remove LIKELIHOOD	Low 4	High 8	Very High 12	Very High 16
	Low 3	Medium 6	High 9	Very High 12
	Low 2	Low 4	Medium 6	High 8
	Low 1	Low 2	Low 3	Low 4
	IMPACT Low -----> Unacceptable			

The interpretation of the scores is as follows:

Likelihood	Classification
4	Very Likely (≥80%)
3	Likely (21-79%)
2	Unlikely (6-20%)
1	Remote (≤5%)

Impact Classification	Service disruption	Financial loss	Reputation	Failure to meet legal obligation	People
4 Catastrophic Impact	Total loss of service	> £500k	Adverse national media coverage / many complaints	Litigation, claim or fine > £500k	Fatality of one or more clients or staff
3 Critical Impact	Major service disruption	£100k - £500k	Adverse local media coverage / several complaints	Litigation, claim or fine £100k - £500k	Severe injury, permanent disablement of one or more clients or staff
2 Significant Impact	Service disruption	£25k - £100k	Local public interest / some complaints	Litigation, claim or fine £25k - £100k	Major injury to an individual
1 Marginal Impact	Minor service disruption	< £25k	Isolated complaints	Litigation, claim or fine < £25k	Minor injury to less than 5 people

Overall Risk Score

The overall risk score can be interpreted as follows:

Risk Score	Description
12 – 16	Very High – risk must be reduced through planned actions
8 – 9	High risk – take further action to manage the risk and reduce its impact and/or likelihood
6	Medium risk – consider further action
1 – 4	Low risk – monitor to ensure it remains low

RISK REGISTER

Appendix B

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	Comments on last risk review
dd/mm/yy	Unique reference number	Who is responsible for the risk?	Strategic, Operational or Financial	What is the risk?	Any other information about the risk, e.g. cause/trigger, consequences, etc	What is the likelihood score with no controls in place? 1=≤5% 2=6-20% 3=21-79% 4=≥80%	What is the impact score with no controls in place? 1=marginal 2=significant 3=critical 4=catastrophic	Likelihood X Impact	List existing controls	Who is responsible for the current controls	What is the likelihood score with the controls in place? 1=≤5% 2=6-20% 3=21-79% 4=≥80%	What is the impact score with no controls in place? 1=marginal 2=significant 3=critical 4=catastrophic	Likelihood X Impact		What further controls can be used to reduce the risk further or maintain the current residual score?	Who is responsible for implementing and monitoring the action plan?	When will items on the action plan be completed?	What has changed since the risk was last reviewed?

Appendix C

DOCUMENT INFORMATION

Approval of Document

	Name	Job Title	Date
Prepared by:	Jamie Russell	Resilience and Risk Officer	June 2024
Checked & reviewed by:	Phil King	Data Protection and Resilience Manager	July 2024
Approved by:	Pending - Audit Committee		
	Pending - Policy & Resources Committee		
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Amendment and Revision Record

Version	Purpose of Issue	Date
1.0		

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Audit Committee report

25/03/2025

AUDIT COMMITTEE
25 March 2025

PART I

FINANCIAL AND BUDGETARY RISKS
(DoF)

1 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.

2 Details

- 2.1 Since the last Audit Committee the budget has been agreed for 2025/26 and beyond. The 2025/26 budget is balanced with a total £1.7M gap shown in years 2 and 3. This is a result of the Government's 'Fair Funding' reforms and the business rate reset which is expected to move resources to more deprived areas with lower council tax resources. Exemplifications are expected in the Spring and the budget position will be reviewed. At present the MTFP assumes a prudent position and, even without further action, reserves remain at a prudent level at the end of the MTFP period.
- 2.2 Since the last committee the Government has announced its intention to create unitary authorities in two-tier areas by April 2028. Three Rivers is working with other Districts/Boroughs and the County to understand the implications for Hertfordshire. This risk has been added to the risk register but work is at an early stage and there will be more clarity on the potential financial impact as work progresses.

3 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 Sub bullet point if required.

4 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

None specific.

5 Recommendation

- 5.1 That:

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

1	Poor	
2	Sufficient	
3	High	x

Background Papers

None

APPENDICES / ATTACHMENTS

Appendix 1 – Risk Register

TRDC Climate and Sustainability Impact Assessment

This toolkit is a self-assessment to help officers think about how their policies, projects, procurements, commissioning and services can align with Three Rivers' Climate Emergency and Sustainability Strategy. It also supports report authors to draft the environmental implications section on decision reports, and procurement strategy reports.

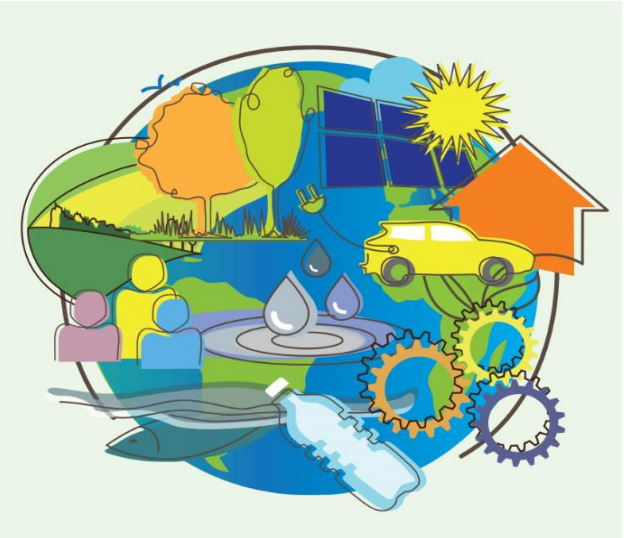
How to use the tool

The self-assessment is intended to help officers reflect critically on their project or service's environmental impact. . It is a reflective tool, not a framework for approving or rejecting a decision, so it will work best if each question is considered honestly and carefully.

We envision this tool will be used early in the design of a project/policy/procurement to identify areas where environmental harms can be mitigated, and environmental benefits enhanced. If you would like advice, please discuss with your Head of Service, and contact the Climate and Sustainability Team if necessary.

Once you are happy that your proposal is optimised, then complete this form, and copy the results in each section in to your decision report (committee/synopsis report) where applicable.

The next tab presents a set of questions about the proposal on a range of sustainability criteria. Each answer is colour-coded to indicate its environmental impact as below:



Colour code	Recommendation
Dark green (4)	Strong positive impacts for sustainability. Recommendation to proceed as is with this aspect.
Light green (3)	Some positive impact for sustainability. Recommendation to further enhance this aspect where possible and proceed.
Yellow (2)	Some negative impacts sustainability. Recommendation to review these aspects and find mitigations where possible.
Red (1)	Considerable inconsistency with the council's sustainability objectives. Strong recommendation to review these aspects and find mitigations.
Grey (0)	Neutral or not applicable. Recommendation to consider how benefits could be achieved in this area, but otherwise proceed.

Once you've selected your answer in the "Impact" column (C), then give the relevant score in the "Score" column (E). Higher scores indicate more sustainable proposals.

These questions should be considered for services, goods and projects we procure as well as those we deliver directly. Delivery models, specifications and tender evaluation should be shaped to ensure our contractors are aligned with our sustainability and net-zero commitments.

Against each area, the assessment presents prompts to highlight best practice suggestions and enable consideration of how negative impacts could be lessened on a project.

This assessment was inspired by Jim Cunningham at Hammersmith and Fulham Council and developed by officers of Three Rivers Distrcit Council.

Version Date

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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 Council has set its budget for 2025/26 and beyond. The budget is balanced for 2025/26 but the Medium Term Financial Plan is showing a total gap of £1.7M for years 2&3. This is due to taking a view of the impact of the Government's 'Fair Funding' reform and the business rate reset. Forecasts will be produced by Government	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. A review of the position will be taken when exemplifications of 'Fair Funding' are known in	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. A review of the position will be taken when	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. 2% has been allowed for 2025/26 as part of the budget.	3	3	9	The pay award is covered by the contingency within the budget. Maintain reserves to guard against risk. Early identification of new pressures through Budget Monitoring.	Head of Finance	3	2	6	⬆	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	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	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 monioered through the Budget Monitoring Report.	PIB	Continuous
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

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	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. A stay of litigation has been issued by the court whilst separate activity takes place to resolve.	2	3	6	Council procedures are adhered to. These will be reviewed in respect of member organisation and advice issued.	Solicitor to the Council	2	2	4	⬇	Adherence to council procedures to be monitored and procedures maintained.	Solicitor to the Council	ongoing
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	3	4	12	Maintain reserves against risk.	Head of Finance	2	2	4	⬇	Hertfordshire CFOs continue to work with LG Futures to maximise revenue from the 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 increases 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	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

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-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 and an interim Head of Finance has been appointed to cover the period either side of the departure of the current Head of Finance. All staff have an annual Personal Development Review	Chief Executive/ Director of Finance	Continuous
Mar-25	FIN 25	Director of Finance	Budgetary	Local Government Reorganisation	The Government has announced its intention that remaining two-tier areas will have unitary government by April 2028. This may impact on budget decisions and loss	4	3	12	Maintain current budget discipline. Ensure reserves remain at sustainable levels. Work across the County to understand the potential implications.	Head of Finance	4	2	8	New risk	Three Rivers is actively working with the other Borough/Districts and the County to understand the potential implications of local government reorganisation.	Chief Executive/ Director of Finance	Continuous

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AUDIT COMMITTEE – 25 March 2025

PART I – DELEGATED

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
25 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

27 November 2025	TRAINING: Treasury Management	Director of Finance
	• Treasury Management Mid-Year Report 2025/26	Director of Finance
	• Draft Capital Strategy and Treasury Management Strategy Statement 2026/27	Director of Finance
	• External Auditor Plan 2025/26	External Auditors
	• Standing Items	

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

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