

THREE RIVERS DISTRICT COUNCIL

At a meeting of the Audit Committee held in the Penn Chamber, Three Rivers House, Rickmansworth, on Thursday, 30 May 2024 from 7.30 - 7.57 pm

Present: Councillors Tony Humphreys (Chair), Lisa Hudson, Khalid Hussain, Raj Khiroya, Jonathan Solomons, Tom Smith, Ciaran Reed, Rue Grewal and Keith Martin.

Officers in Attendance:

Alison Scott, Katharine Simpson, Sharon Keenlyside.

External in Attendance: Leigha Britnell (Client Audit Manager), Paul Grady (Azets Audit Services), Simon Luk (Ernst and Young)

AC1/24 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Ian Morris.

AC2/24 DECLARATIONS OF INTEREST

There were none.

AC3/24 MINUTES OF PREVIOUS MEETING

The minutes of the Audit Committee meeting held on 21 March 2024 were approved and signed by the Chair as a correct record.

AC4/24 EXTERNAL AUDIT UPDATE

The Committee had received an interim progress report from Azets, the Councils External Auditors.

Paul Grady, Key Partner Azets, presented the report which set out the progress made to date and any issues which would impact the final accounts audit. The report also contained the Audit Plan which set out the risks and an over-arching risk that could become relevant once Ernst and Young (EY) had completed their work in relation to the prior year audit.

Paul Grady commented that everything planned had been achieved and engagement with management and the Finance team had been strong. Responses to a range of planning and interim requests had been received. Azets were in a good position for the commencement of the 2023/24 Final Accounts Audit in September.

Members discussed with Paul Grady the various implications for the external audit if the Government proposal for the “backstop” date was delayed or scrapped.

The Committee received a verbal update from Simon Luk, Ernst and Young, the Councils External auditors and were informed that the Value for Money work had been conducted and the report was waiting to be finalized. EY was waiting for clarity over the ‘backstop’ issue and as soon as this had been confirmed, EY would update the Committee.

Members asked EY about the extra fees discussed at the last meeting and asked when EY would formally put in the request. EY stated that they had submitted it centrally to Public Sector Audit Appointments (PSAA).

Members thanked the external auditors for their updates.

RESOLVED: to note the External Auditor Update.

AC5/24 STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT 2023/24

The Committee received a report from Alison Scott, Director of Finance, which set out the draft Statement of Accounts 2023/24 and sought approval for the Annual Governance Statement.

The Director of Finance confirmed that the Statement of Accounts would be published by the deadline of close of business on 31 May 2024. At the same time, updated versions of 2020/21, 2021/22 and 2022/23 would also be published. This would ensure that there would be a full set of accounts to give to the auditors when they started their audit. Once published, the public inspection period would start in June.

The deadline for the audit of the 2023/24 accounts would move in line with the Governments proposal for a 'backstop date', expected to be 30 September 2024, but was yet to be confirmed.

The Annual Governance Statement was required to be published every year and was approved by the Chief Executive and Leader of the Council. The role of the Audit Committee was to review and approve the Annual Governance Statement.

At the same time, a self-assessment had been completed against the Chartered Institute of Public Finance and Accounting (CIPFA) Code of Practice. There had been one issue rated Amber, which was the audit of accounts. These had not taken place because of the national problem.

RESOLVED: that the Committee

- (1) Approved the Annual Governance Statement 2023/24.**
- (2) Noted that the Director of Finance would authorise for issue a Draft Statement of Accounts 2022/23 for public inspection by 31 May 2024.**

AC6/24 SHARED INTERNAL AUDIT SERVICE'S ANNUAL ASSURANCE STATEMENT AND INTERNAL AUDIT ANNUAL REPORT

The Committee received a report prepared by Hannah Doney, Head of Finance. The report set out the Shared Internal Audit Service's (SIAS) overall opinion on the adequacy and effectiveness of Three Rivers District Council's (the Council) framework of governance, risk management and control. Reference was made to significant matters and key themes. It gave the outcomes of the self-assessment against the Public Sector Internal Audit Standards (PSIAS) which incorporated the requirements of the Quality Assurance and Improvement Programme (QAIP), summarised the audit work that had informed this opinion, showed SIAS performance in respect of delivering the Council's audit plan and presented the 2024/25 Audit Charter for approval.

Leigha Britnell, Client Audit Manager, presented the report and highlighted the following sections of the report:

Paragraph 2.10 – the Council provided two assurances on the Council's adequacy and effectiveness of the Council's control environment, one for financial systems and one for non-financial systems. For both systems, the Council provided Reasonable Assurance. Some issues, non-compliance or scope for improvement, were identified which may put at risk the objectives in the area audited. However, none of the recommendations of the audited areas were classed as priority.

Paragraph 3.2 – A total of 19 projects were undertaken, 16 were classed as having substantial or reasonable assurance.

Paragraph 4.1 – The Council had achieved its' performance indicators for delivery. One audit remained in draft form due to the manager being on sick leave.

Indicator 4 Client Satisfaction showed 50% satisfaction but there were only two returns to base the analysis on. If clients were dissatisfied regarding the 19 projects, they would have submitted a return, so it was assumed that 18 of the 19 projects were satisfactory. The project identified as being below the satisfactory threshold of 39 was only one point below. The points raised were always taken seriously and had been shared appropriately for improvement.

For performance indicator 6, it was confirmed that the Annual Plan was produced for the March Audit Committee.

The Client Audit Manager and Director of Finance confirmed that there had been no barriers to the Council's independence, to assure the Committee that the scope and resources for the internal audit were not subject to inappropriate limitation in 2023/24.

RESOLVED: that the Committee

- (1) noted the Annual Statement and Internal Audit annual Report,**
- (2) noted the results of the self-assessment required by the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP),**
- (3) approved the SIAS Audit Charter 2024/25,**
- (4) had sought management assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2023/24.**

AC7/24 AUDIT COMMITTEE WORK PROGRAMME

Alison Scott, Director of Finance informed the Committee that the meeting to be held on 4 July 2024 had been cancelled due to the General Election. The two July meetings would be combined and held on 25 July.

RESOLVED: that the Committee noted the report.

CHAIR