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## **Audit Committee MINUTES**

**Of a meeting held in the Penn Chamber, Three Rivers House, Rickmansworth, on Thursday, 27 November 2025 from 7.30 pm - 8.45 pm.**

**Present:** Councillors

Tony Humphreys (Chair) Harry Davies, Lisa Hudson, Stephen King, David Major, Ciaran Reed, Mike Sims and Raj Khiroya (In place of Keith Martin)

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**Officers in Attendance:**

Michelle Howell, Interim Head of Finance  
Roberto Thurlow, Chief Accountant  
Anita Hibbs, Committee Officer

**External in Attendance:**

Leigha Britnell, Hertfordshire County Council (HCC)  
Reshma Ravikumar, Azets  
Paul Grady, Azets

**AC22/25      APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Keith Martin, substitute being Councillor Raj Khiroya.

**AC23/25      MINUTES OF PREVIOUS MEETING**

The minutes of the Audit Committee held on 25 September 2025 were confirmed as a correct record and signed by the Chair of the meeting.

**AC24/25      NOTICE OF ANY OTHER BUSINESS**

There was no other business.

**AC25/25      DECLARATIONS OF INTEREST**

There were no declarations of interest.

**AC26/25      DRAFT CAPITAL STRATEGY & TREASURY MANAGEMENT POLICY 2026-27**

The Interim Head of Finance introduced the report.

Members emphasised that the primary purpose of holding heritage assets should be their preservation, with knowledge and appreciation as secondary objective. There was also a review of business cases related to capital projects, with attention to Minimum Revenue

Provision (MRP) rates and external auditor feedback indicating a conservative approach to MRP levels. The officer explained the process of reviewing capital projects and their impact on revenue budgets, confirming ongoing monitoring and adherence to auditor recommendations. Members requested clearer annotations in future reports to better understand the breakdown of large capital figures, highlighting the need for transparency in major project expenditures. The conversation also touched on the complexity of financial graphs related to loan requirements and liabilities, underscoring challenges in interpreting financial data presented.

Councillor Tony Humphreys moved the recommendation as set out in the report.

The Committee noted the report.

**RESOLVED:**

That the report is noted and any recommendations are made to be considered by the Director of Finance and Policy and Resources Committee to allow the final strategy to be approved by Budget Council in February 2026.

#### **AC27/25      TREASURY MANAGEMENT - MID- YEAR REPORT 2025-26**

The Chief Accountant introduced the report.

The Committee discussed the financial status and management of the Council's borrowing and cash assets. Key points include concerns about the increase in borrowing by approximately £16 million, with specific attention to an £8 million external loan and the interest costs associated with it. Members questioned the rationale behind paying interest when the Council holds significant assets, suggesting that it may represent inefficient financial management. The officer explained that the loan was taken for specific projects, such as local authority housing fund schemes and the South Oxhey Leisure Centre, and that the interest rate of 2.41% is offset by higher returns on cash holdings, resulting in a net positive financial position. The discussion also covered the Council's policy on cash holdings, highlighting a £10 million limit within banks to mitigate risk, with an emphasis on daily monitoring by the treasury team to avoid exceeding this limit. Questions about financial reporting transparency and the need for better documentation and annotations in reports were raised to aid scrutiny. Additionally, there was clarification on a finance lease liability of £46,365 million, which remains consistent across two fiscal years due to inflation adjustments.

Councillor Tony Humphreys moved the recommendation as set out in the report.

The Committee noted the report.

**RESOLVED:**

The committee is invited to note the Treasury Management Mid-Year Report 2025-26.

#### **AC28/25      INTERNAL AUDIT PROGRESS REPORT**

Leigha Britnell, from HCC introduced the report.

The Committee discussed the status of outstanding audit recommendations from the 2019-2025 period, focusing on housing benefit overpayments and other service areas such as cyber security and asset management. Concerns were raised about the timeliness and accountability of implementing the recommendations, with recurring delayed actions and lack of clear milestones. Members expressed frustration over the ongoing nature of these issues and debated mechanisms to improve oversight, including the possibility of inviting heads of service to meetings when deadlines are missed and requesting written updates on progress. Officers acknowledged the challenges posed by service restructuring and local government reorganisation (LGR) but emphasised ongoing efforts to monitor delivery closely. Councillor

Ciaran Reed proposed a scheduling of an additional Audit Committee meeting in February to provide a timely update before the March meeting, aiming to avoid possible delays caused by upcoming elections. Officers agreed to seek more detailed information from heads of service about outstanding recommendations and to circulate this information to Audit Committee members for review, with the option to call service heads to future meetings if responses are unsatisfactory.

Councillor Tony Humphreys moved the recommendation as set out in the report with the proposed amendment to include *scheduling an additional Audit Committee meeting in February, and a more detailed update on outstanding recommendations from heads of service to be circulated to the Committee by the Interim Head of Finance.*

The Committee noted the report and recommendations and agreed the proposed amendment.

RESOLVED:

For Members to:

- Note the Internal Audit Progress Report for the period to 14 November 2025
- Approve amendments to the Audit Plan as at 14 November 2025
- Agree changes to the implementation date for 8 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)
- *A more detailed update from Heads of Service to be circulated to the Committee by the Interim Head of Finance.*

#### **AC29/25 TRDC EXTERNAL AUDITORS ANNUAL REPORT - 2024-2025**

Paul Grady and Reshma Ravikumar from Azets introduced the report.

The Committee and external auditors discussed the Council's financial health and risk management. Key points include concerns about the depletion of general fund reserves amid unfavourable macroeconomic conditions, though the Council's reserves are currently at a reasonable level, and risk mitigation arrangements are deemed adequate. Members discussed the minimum revenue provision (MRP), with the current MRP close to but above minimum benchmarks, suggesting moderate financial prudence without excessive caution that could hinder delivery. A significant focus was placed on the Wimbledon asset, a long-term income strip investment with mitigations in place due to stable tenancy by Travelodge and structured lease arrangements. The issue of consistent slippage in the capital programme was raised, with approximately £9.3 million underspending highlighted, primarily linked to delays in the local authority housing fund projects. While slippage is considered typical in capital projects, the Council is encouraged to investigate whether this is due to overambitious budgeting or implementation issues, and to improve monitoring and mitigation strategies. Additionally, questions were raised about the Council's contractual commitments extending beyond the anticipated LGR in 2027, with confirmation that a contracts register exists to track these obligations, which will inform future decision making and risk assessment.

The Committee noted the report.

#### **AC30/25 FINANCIAL AND BUDGETARY RISKS**

The Interim Head of Finance introduced the report.

Members raised concerns regarding the retention of key officers within teams, especially in light of the upcoming LGR. The main risk identified is the potential loss of experienced staff, which could undermine the transition to the new authority due to the loss of critical knowledge. They emphasised the need for a more detailed retention strategy, and mentioned possible incentives to encourage staff to stay. Despite these concerns, the current situation at Three

Rivers is positive, with low turnover and good team morale maintained through effective communication and management. The officer highlighted the importance of ongoing engagement and monitoring to address any emerging issues promptly. Additionally, the conversation touched on the financial aspect, noting that the recent pay award of 3.2% exceeded the initially budgeted 2%, but contingency funds are sufficient to cover this variance. Future budget reviews will continue to consider pay awards to ensure accurate financial planning.

Councillor Tony Humphreys moved the recommendation as set out in the report.

The Committee reviewed the risk register and commented on the report.

**RESOLVED:**

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

**AC31/25 WORK PROGRAMME**

The Committee discussed the scheduling of the next meeting, currently scheduled for 24 March. There was consensus to bring the meeting forward to February to better align with the statement of accounts timeline, with the preferred day being Thursday, and avoid any clash with other meetings. Additionally, training for Members was addressed, with a change from in-person to online training sessions planned, scheduled on different evenings by the Interim Head of Finance.

The Committee noted the work programme.

**RESOLVED:**

That the Committee consider and makes necessary changes to its work programme.

**AC32/25 OTHER BUSINESS - IF APPROVED UNDER ITEM 3 ABOVE**

None

**AC33/25 EXCLUSION OF THE PRESS AND PUBLIC**

**CHAIR**