Three Rivers House
Northway
Rickmansworth
Herts WD3 1RL

Audit Committee
MINUTES

Of a meeting held in the Penn Chamber, Three Rivers House, Rickmansworth, on Thursday, 25 June 2026 from 7.30 pm - 9.06 pm.

Present: Councillors

Tony Humphreys (Chair), Keith Martin, Lisa Hudson, Matthew Hunt, Chris Mitchell, Ciaran Reed, Mike Sims and Chris Whately-Smith (Substitute) (In place of Shelley Gormley)

Officers in Attendance:

Comie Campbell, Interim Head of Finance
Anita Hibbs, Committee Officer
Robert Thurlow, Chief Accountant

External in Attendance:

Reshma Ravikumar, Azets
Leigha Britnell, Hertfordshire County Council
Ayesha Ahmede, Hertfordshire County Council

AC10/26 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Shelley Gormley and David Major.

Councillor Chris Whately-Smith attended as substitute for Councillor Gormley.

AC11/26 MINUTES OF PREVIOUS MEETING

The minutes of the Audit Committee held on 28 May 2026 were confirmed as a correct record and signed by the Chair of the meeting.

AC12/26 NOTICE OF ANY OTHER BUSINESS

There were no items of other business.

AC13/26 DECLARATIONS OF INTEREST

There were no declarations of interest.

Councillor Mike Sims noted that a large annual report pack had been circulated to Committee members the previous day. Due to a late meeting the evening before and daytime work commitments, he had not been able to review the documents until 5.00 pm on the day of the meeting. He asked whether there was a deadline for circulating relevant documents to the Committee before meetings. The Committee Officer asked the Client Audit Manager whether the annual report pack could be circulated earlier in future and suggested aligning this with the agenda publication deadline of five clear working days before the meeting. The Client Audit Manager confirmed that this deadline would be followed for future internal annual report packs. The Client Audit Manager clarified that the annual report pack was provided for Members' internal information, review and challenge, rather than for Committee discussion. In response to a further question, the Client Audit Manager and Assistant Client Audit Manager explained that the report's recommendations, including implementation dates and management responses, would be included in the progress report to the next Committee meeting. Audit Committee members would be able to query any recommendations that were not expected to meet their implementation deadlines.

The Chair advised that a request had been made for Item 8, External Audit Plan, to be considered first, before returning to the published agenda order. The Committee agreed to consider Item 8 first.

AC14/26 STATEMENT OF ACCOUNTS 2025/26 UPDATE

The Chief Accountant highlighted key updates from the report and advised that the Council is on track to meet the deadline for the draft accounts to be published.

Members raised concerns about delays in producing the underlying data from the Revenues and Benefits system. The officer explained that several year-end processes must be run on 1 April to generate the data position as at 31 March, retain it in the system for audit, and produce the reports used for the collection funds. When the reports were reviewed, officers identified imbalances and subsequently established that a system patch was required, which took some time to complete. The Revenues and Benefits team also received incorrect guidance on rerunning the year-end processes, which had to be repeated after the patch had been applied and the revised reports reviewed. The officer confirmed that Finance officers should have identified the reporting issues sooner, and the Chief Accountant would take forward a different approach for the following year. Members asked who oversaw the system supplier. Officers could not confirm this at the meeting but indicated that it was likely to fall within the Director of Finance's area of responsibility. Members requested that Audit Committee members be notified by email if the 30 June deadline for publishing the draft Statement of Accounts 2025/26 was not expected to be met. Members also discussed whether an online meeting should be arranged in September with the Director of Finance to review the points raised, given that the next Audit Committee meeting was five months away, and agreed that a September meeting would be useful.

Members asked for clarification on the figures in the Comprehensive Income and Expenditure Statement. In response, the officer referred to the recent online training on the Statement of Accounts, which had been recorded and was available in MS Teams, and which covered the topic with examples. The officer explained that the Comprehensive Income and Expenditure Statement presented the accounting view of the year's activity, complied with accounting standards, and was required to be produced by the Council in a prescribed statutory format. The officer also explained the Expenditure and Funding Analysis, which showed income and expenditure according to the Comprehensive Income and Expenditure Statement, adjustments between the funding and accounting bases, and the amount chargeable to the General Fund. The officer further explained that the significant differences between the 2024, 2025 and 2026 current assets figures in the appendix balance sheet were due to incomplete collection fund entries, and confirmed that these would not appear in the final Statement of Accounts.

Members noted the low attendance at the recent online training and asked whether future training dates should be confirmed with all Committee members in advance to maximise attendance. Members agreed that it would be helpful to discuss future training dates and confirm availability at Committee meetings, as they had not been aware of the dates. The Committee Officer noted that training dates were listed in the Audit Committee work programme and published with the agenda. She confirmed that she could circulate the link to the recorded training session and consider alternative dates if the current dates were unsuitable. The Interim Head of Finance and Chief Accountant confirmed that training would be accommodated as required.

Members asked about the next review of the arrears shown on page 67 of the appendix, who was responsible for sense-checking Members' expenses claims, and the reason for the significant increase in the figure. The officer advised that the narrative on arrears had not been updated and explained that officers reviewed the bad debt provision annually. Officers also explained that expenses claims were reviewed and verified by the Finance Business Partner and held in the finance system, but they were unable to provide details on the types of expenses or the reason for the increase. Members raised concerns about the audit fee figures. Officers advised that they would review the detail and provide a response. They explained that prior-year costs included finalising the payment to the previous external auditor, EY, the completion of value for money reports, and fee variations submitted to and determined by Public Sector Audit Appointments. The figures also included fee variations for work completed by Azets in relation to additional work arising from the income strip and build-back, which was not covered by the scale fee. **Action – The Chief Accountant** to confirm the detail to Committee members. Members noted that the exit package figures were identical to the previous year's figures and asked whether this was correct. The officer advised that, due to the pressure to complete the draft Statement of Accounts before the deadline, there had not been sufficient time to update the document fully, and the duplicated figures were likely to have resulted from copying and pasting. Members requested to be notified when the figures were updated, and the published draft Statement of Accounts would be circulated to Committee members. **Action – Finance officers.**

Members asked about the Financing and Investment Income and Expenditure figures in the appendix. The officer explained that this figure reflected a large downward revaluation of investment properties in 2024/25, most of which was reversed from the General Fund, meaning that the net charge remained a net income to the General Fund. There were not yet any entries for valuation movements in the 2025/26 figures. Officers would notify Members when the figures were available. **Action – Finance officers.** The Chief Accountant advised that officers were considering bringing a proposed change to the ongoing work plan to a future Committee meeting. Under the proposed change, the draft Statement of Accounts would be approved by the Director of Finance and then brought to the first Committee meeting after approval, enabling Members to review the approved statement. The officer clarified that there was no requirement for the Audit Committee to approve the draft accounts before approval by the Section 151 Officer, and that it made more sense for the Committee to have oversight of the final Statement of Accounts and provide input as part of the audit process. Members agreed that a Committee meeting in September would not be required provided officers responded to the points and questions raised. The proposed September meeting would therefore focus on training only.

The Committee noted the draft statement of accounts.

RESOLVED:

That:

- The committee notes the update on the Draft Statement of Accounts 2025/26.
- The committee notes that the Draft Statement of Accounts 2025/26 will be approved by the Director of Finance and will be published in line with the statutory requirement.

AC15/26 ANNUAL FRAUD REPORT 2025/26

The Interim Head of Finance presented the report and noted a typo in the summary at 1.1, which should be 2025-2026.

Members asked about single person council tax discount and the number of fraud cases being pursued in Three Rivers. The officer advised that this would need to be checked, noting that officers sought legal advice on whether to pursue some cases and referred cases to the National Fraud Initiative (NFI), which could also make recommendations on whether cases should proceed. The officer added that such cases could be difficult to prove. **Action – Interim Head of Finance** to confirm whether the information is available. The Client Audit Manager advised that the data was available and that she had previously seen it. Members also asked about referral numbers, ongoing investigations, and how the figures compared with previous years. The officer advised that, in future, comparison data will be provided on referrals and ongoing investigations. **Action – Interim Head of Finance.**

The Committee noted the report.

RESOLVED:

To note the contents of this report.

AC16/26 AUDIT PLAN UPDATE

The Client Audit Manager presented the report.

There were no questions or comments on the report.

The Committee noted the report.

RESOLVED:

Members are recommended to:

- Note the position of the 2026/27 Audit Plan delivery

AC17/26 EXTERNAL AUDIT PLAN

The Associate Director from Azets summarised the report and key findings.

Members raised concerns about the audit rebuild process and requested a detailed explanation. The Associate Director provided background on the previous external auditor, EY, which carried out the external audit up to 2022/23 and issued disclaimers in December 2024. As a result, Azets was unable to undertake rebuild work in its first year. Azets began work in the 2024/25 financial year and had made good progress, although the approach was not finalised until July 2025. It was noted that, by the time of Local Government Reorganisation (LGR), there was expected to be a clean opinion, and a report focused on the rebuild, including a timeline, would be brought to the next Committee meeting. The Associate Director highlighted that the main risks related to capacity within both Azets and the TRDC Finance team, but confirmed that there was good engagement on both sides through regular meetings and frequent communication. The Associate Director also referred to the Local Audit Reset and Recovery Implementation Guidance (LARRIG), which is risk-based, and explained that the most challenging part of rebuilding assurance was the review of reserve movements from the current position through to a clean opinion. This process involved understanding the Council's control environment and any complex arrangements in place. Based on the work completed to date, the Council had been assessed as high risk due to the income strip scheme, which was almost unique to the Council. Members raised further concerns about the income strip risk and asked whether any options were available to mitigate it. The Chief Accountant advised that the income strip was inherently risky, but that significant reserves had been set aside to mitigate the risk. Further details could be provided by the Director of Finance, if required. The Associate Director added that this was the most prudent income strip arrangement Azets had seen across councils. Although detailed testing had been carried out, it was not yet complete. Councillor Keith Martin asked Committee members whether the Director of Finance should be invited to a future Committee meeting to explain the income strip in detail. The Interim Head of Finance responded that he will have a conversation with the Director of Finance.

The Committee noted the report.

AC18/26 WORK PROGRAMME

The Chief Accountant advised that the Treasury Management training date of 16 November had not yet been confirmed with the training provider, Arlingclose, and that it would be helpful to agree potential dates with Committee members in advance. The Committee Officer would circulate possible dates and add the September training date to the work programme once confirmed. Councillor Keith Martin proposed adding the Risk Register to the work programme, and the Chief Accountant confirmed that this could be included. **Action – Committee Officer** to add this to the work programme. Members asked when the new policy referred to in the Annual Fraud Report was expected. The Interim Head of Finance advised that it was not yet scheduled, as the policy was still under review and would need approval by the Corporate Management Team before being presented to the Audit Committee. He confirmed that the report could be added to the work programme once its title was confirmed. The officer would also check the reporting route, including whether the report would need to be considered by the Policy and Resources Committee before returning to the Audit Committee, and would update Committee members. **Action – Interim Head of Finance and Committee Officer.** Members raised concerns about the impact of Local Government Reorganisation (LGR) on the Audit Committee, noting that this had been discussed at a previous meeting. It was suggested that a briefing be added to the work programme, setting out how other local authorities, Buckinghamshire and Surrey in particular, had approached Audit Committee arrangements during LGR. The officer advised that he would review this and update Committee members when further information was available. **Action – Interim Head of Finance.** The Client Audit Manager offered to assist, noting that SIAS was also considering this issue. **Action – Client Audit Manager (HCC).**

The Committee noted the work programme.

AC19/26 OTHER BUSINESS - IF APPROVED UNDER ITEM 3 ABOVE

None

CHAIR