
Audit Committee MINUTES

**Of a meeting held in the Penn Chamber, Three Rivers House, Rickmansworth, on
Thursday, 19 February 2026 from 7.30 pm - 8.44 pm.**

Present: Councillors

Tony Humphreys (Chair), Keith Martin (Vice Chair), David Major, Ciaran Reed, Mike Sims,
Cheryl Stungo and Ian Campbell (Substitute) (In place of Lisa Hudson)

Officers in Attendance:

Robert Thurlow, Chief Accountant
Alison Betts, Director of Finance
Michelle Howell, Interim Head of Finance
Anita Hibbs, Committee Officer

External in Attendance:

Reshma Ravikumar – Azets
Paul Grady - Azets

AC34/26 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Harry Davies, Stephen King and Lisa Hudson. Councillor Ian Campbell attended as substitute for Councillor Lisa Hudson.

AC35/26 MINUTES OF PREVIOUS MEETING

Members raised concerns that although many Councillors asked questions during recent meetings of the committee, their contributions were not specifically recorded in the minutes. It was clarified that it is standard practice not to name individual Councillors in the minutes unless they propose or second a motion or amendment. It was also noted that when minutes are published online, an automated email notification is sent to all Councillors. Furthermore, early notification of any amendments to minutes would be helpful for committee officers to enable them to amend minutes before the next meeting.

The minutes of the Audit Committee held on 27 November 2025 were confirmed as a correct record and signed by the Chair of the meeting.

AC36/26 NOTICE OF ANY OTHER BUSINESS

There was no other business.

AC37/26 DECLARATIONS OF INTEREST

There were no declarations of interest.

AC38/26 STATEMENT OF ACCOUNTS UPDATE 2024/25

The Chief Accountant introduced the report.

Members suggested deferring questions until after the next agenda item, aiming for a more practical flow of the meeting, and proposed to adjust the agenda order accordingly.

The Chair agreed to adjust the agenda order and moved onto the next item – External Auditors Update.

Following the discussion on item 6. - External Auditors Update, the committee moved to item 5. – Statement of Accounts Update 2024-2025.

Members raised questions about the statement that Three Rivers experienced the highest increase in business rates, seeking clarification whether this was within Hertfordshire or nationwide. The Director of Finance explained that the valuations and rates are set nationally, and that the increase in Three Rivers, largely due to Warner Brothers' property valuation, was the largest in the country. Despite this, the Council did not gain additional resources because the business rate system resets the base value nationally, resulting in no local financial benefit. The conversation also covered some context about a previously planned business rate pooling initiative with other Hertfordshire councils, which was intended to allow retention of a portion of growth but was ultimately cancelled by the government. The conversation also highlighted the lack of local control over business rates and the challenges faced by the Council in supporting struggling businesses despite increases in rateable values.

Members addressed the identification and classification of surplus assets, noting a new amount of £37,000 that has been reclassified as surplus, due to ongoing reviews and plans for disposal. The conversation then shifted to Councillor expenses, highlighting a notable doubling in the amount claimed from the 2023-2024 to the 2024-2025 financial years, which raises concerns. Members suggested the need for further investigation, and documentation in meeting minutes. Additionally, the discussion covered exit packages paid by the Council, specifically mentioning an £18,000 package. The mechanism for scrutiny was explained, indicating that significant exit packages require formal approval by Full Council, while smaller packages fall under the authority of the head of paid service. This ensures oversight and accountability in managing council expenses and personal matters.

Members pointed out the extensive length of the report, suggesting the inclusion of an executive summary to present key figures and findings for easier comprehension. The Director of Finance responded by explaining that the format of local authority accounts is nationally mandated by the standard setting body CIPFA, but acknowledged ongoing debates about simplifying these accounts. Additionally, the officer referenced Sir Tony Redmond's review recommending the creation of a nationally standardised summary statement of accounts, tailored for elected Members and the public.

Members discussed the changes in the balance of Section 106 commuted sums between 31 March 2023 and the present, noting a decrease from approximately £1 million to £600,000. The Director of Finance explained that Section 106 commuted sums refer to payments made by developers who are unable to provide affordable housing on-site, allowing the local authority to use these funds to support affordable housing projects elsewhere within the district. The officer further explained that these sums are typically charged to developers rather than householders, and highlighted the use of such funds in schemes that go through the joint ventures, which aim to deliver 100% affordable housing.

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

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

RESOLVED:

The Committee is recommended to:

- i. Note that the Director of Finance will authorise for issue the final Statement of Accounts 2024/25 by 27 February 2026.
- ii. Approve the Letter of Representation

AC39/26 EXTERNAL AUDITOR'S UPDATE

Members raised questions regarding PPE reconciliation and review of value outputs. They highlighted concerns about the lack of significant progress over two years on medium risk audit findings and questioned the finance team's current status and plans for resolution. Auditors responded by explaining the challenges stemming from a prolonged period without proper audits, noting that improvements are ongoing but complex, and that a clean audit opinion is required before issues can be considered fully resolved. The Director of Finance added that a new asset management system has been implemented to enhance record-keeping and valuation processes, which is expected to improve future audit outcomes and support upcoming local government reforms.

Members also inquired about the variable quality of accounts and evidence due to historic issues and delays in audit completion, dating back to the 2019-2020 period. Mathematical errors and inconsistencies had been repeatedly identified, linked to delays in implementing a new asset management system and the extended audit timeline. The Director of Finance advised that the Council is working through these legacy problems, with auditors noting that while errors persist, many are corrections of past issues rather than new ones.

There was a specific focus on MRP, where retrospective changes have been made to correct balances despite breaching legal and regulatory norms, and this situation is not unique to this Council but relatively significant in impact. The quality of working papers remains a concern, largely as a knock-on effect of delayed audits and historic deficiencies, but improvements are underway. The disposal of a major asset project in South Oxhey was also discussed, and the officer clarified that the asset had been disposed of under a development agreement, and valuation issues are tied to changes in accounting treatment, requested by auditors.

Materiality thresholds for audit errors were explained, emphasising the errors below 2% of annual spend are considered not to materially mislead users of the accounts.

Members sought clarification on asset life assumptions. The officer and the auditors explained the technical and professional judgment aspects behind valuation methods and MRP calculations, emphasising the non-material impact on financial statements and the legal prudence requirements. The discussion also touched on procedural accountability and the appropriateness of raising questions during the committee's meeting.

Concerns about IT backup testing and data loss risks were also addressed, with reassurance provided by the officer regarding ongoing external assessments and internal IT infrastructure testing to ensure data security and backup.

Members expressed concerns about the lack of clear scale and precise timing for reviews, finding the current amber rating somewhat vague and sought clarity on whether conditions would improve in the next audit cycle. Auditors clarified that the RAG ratings serve as a high-level summary snapshot rather than a detailed risk assessment or audit outcome, emphasising that the Council's financial reporting arrangements are improving over time and that no significant issues warrant a red rating. Members responded by highlighting the need for explanatory text to help the public and Members understand the RAG status better. The conversation also touched on the difference between risk register approaches and the current RAG summary, with suggestions for additional briefings to provide context.

RESOLVED:

The committee noted the recommendations in Appendix I.

AC40/26 WORK PROGRAMME

Members raised concerns about certain items such as sundry debtors, which appear to be ongoing without resolution or questions, whether they should remain on the work programme. The Director of Finance clarified that that was a report circulated to Members outside the committee, and it wasn't on the committee's agenda. The Chair also clarified those items were raised at the previous meeting, and noted that some items had extended deadlines.

Additionally, the items on the work programme for May were discussed, more specifically that the approval of the draft Statement of Accounts and Annual Governance Statement items needed to be amended to show the period 2025-2026.

RESOLVED:

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

AC41/26 OTHER BUSINESS - IF APPROVED UNDER ITEM 3 ABOVE

None

AC42/26 EXCLUSION OF THE PRESS AND PUBLIC

CHAIR