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## **Audit Committee MINUTES**

**Of a meeting held in the Penn Chamber, Three Rivers House, Rickmansworth, on Thursday, 28 November 2024 from 7.30 pm - 8.52 pm.**

**Present:** Councillors

Tony Humphreys, Chair  
Keith Martin, Vice Chair  
Lisa Hudson  
Sara Bedford  
Ciaran Reed  
Mike Sims

**Officers in Attendance:**

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

**External in Attendance:**

Darren Williams, SIAS  
Janet Dawson, EY  
Reshma Ravikumar, Azets

### **AC23/24      APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Ian Morris.

### **AC24/24      MINUTES**

The minutes of the Audit Committee held on 26 September 2024 were confirmed as a correct record and signed by the Chair of the meeting.

### **AC25/24      NOTICE OF OTHER BUSINESS**

The Chair announced that there was a notice of urgent business regarding the Statement of Accounts Update, and the reason for the urgency was to adhere to the statutory backstop date for accounts. The Chair advised that the urgent item will be addressed under item 10, at the end of the meeting.

Members raised concerns regarding the late release of the Statement of Accounts Update and emphasised the challenges posed by receiving additional papers with less than three days' notice.

The Director of Finance responded by explaining that such delays are common during the audit process, particularly when finalising accounts with external auditors. This situation arises to ensure that auditors can conduct thorough work up to the latest date possible.

#### **AC26/24      DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **AC27/24      DRAFT CAPITAL STRATEGY AND TREASURY MANAGEMENT POLICY**

The Director of Finance introduced the report.

Members raised questions regarding the absence of proposed major projects in the current capital programme. The officer responded by clarifying that the current figures do not include upcoming projects and the report to Policy and Resources and Council will include additional funding and projects as these will reflect the new Capital Programme.

Members also enquired about the investment made in a small market money fund with Royal London Asset Management during 2021. The initial investment amount was noted to be £2.35 million. The officer explained the framework set in the treasury management policy, that allows the council to invest in external money market funds, and mentioned that a treasury management statement will provide performance details against the established parameters.

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 2025.

#### **AC28/24      TRDC SIAS PROGRESS REPORT AGAINST THE 2024-25 AUDIT PLAN FOR 28 NOVEMBER 2024**

Darren Williams, Head of SIAS introduced the report.

Members expressed disappointment regarding a number of unresolved recommendations in the action plan, with one dating back to 2019. They highlighted issues such as resource shortages, staff vacancies, and a lack of accountability among team members as potential reasons for delay. They questioned the senior leadership's actions to ensure progress is made on these recommendations.

The Head of SIAS acknowledged the internal audit's focus on addressing control weaknesses, and reported that out of 19 recommendations, 8 had been implemented. He noted ongoing resource challenges, and emphasised the importance of managing risks associated with the unimplemented recommendations, while ensuring timely updates from officers.

In relation to the outstanding 2019/20 recommendation on Property and Lease Administration, the Director of Finance advised that a permanent Property and Asset Manager had been appointed in the Asset and Property Management team. The person has been in position for a few weeks.

Members emphasised the importance of accountability by suggesting that the owner of the longstanding recommendations be invited to the next Audit Committee meeting to explain delays in implementation. Members also expressed concern over the level of explanation in some of the officer updates and suggested that the committee request more detailed updates for unresolved recommendations, reinforcing the need for transparency and diligence in addressing audit findings. The Director of Finance stated that the relevant officer will be invited to attend the next Audit Committee meeting if the recommendation is still not implemented.

Members also pointed out the importance of receiving regular updates on outstanding recommendations during committee meetings. They expressed concern about the instance where an update had not been received. The Head of SIAS responded by indicating that the previous update suggested that the recommendation would be implemented and in reality, this could only be confirmed through future audits of this area. Councillor Keith Martin proposed that he will draft a note summarising the discussed points and requesting updates on unresolved issues by March.

Members addressed issues regarding the functioning of the Audit Committee within the Council, emphasising the need for adequate resources to ensure effective governance.

In discussion about internal governance, Members also highlighted the need for a greater focus on internal processes due to reduced external audit checks. The Director of Finance reassured the Committee that despite the lack of financial account audits, the focus on value for money and governance remains intact, with the new external auditors providing assurance on governance arrangements within their work.

Members pointed out the importance of understanding the status of internal audit recommendations, particularly those classified as medium and high risk. They highlighted the need for clarity and resolution on outstanding issues, referencing past instances where legitimate delays occurred due to staffing shortages.

In response to a request by Members, Councillor Keith Martin summarised what had been agreed in terms of reviewing the audit recommendations that have passed their due dates, and to communicate with the Chair about the necessary actions. Furthermore, it was agreed that follow ups will be made with staff if updates are not provided before the next Audit Committee meeting.

The Chair moved the recommendation, subject to the committee reviewing the changes to the implementation date for the audit recommendations.

**RESOLVED:**

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 15 November 2024
- Approve amendments to the Audit Plan as at 15 November 2024
- Agree changes to the implementation date for 5 audit recommendations (paragraph 2.5) for the reason set out in Appendices 3 to 6
- Agree removal of implemented audit recommendations (Appendices 3 to 6)

#### **AC29/24      TREASURY MANAGEMENT MID YEAR REVIEW**

The Chief Accountant introduced the report and informed the committee about the appointment of Arlingclose Limited as the new Treasury Management Advisors for the Council, effective from 1 November 2024. A training session for committee members is expected to be organised by the advisory firm in the near future.

Members enquired about the capital expenditure figures, specifically comparing the latest budget with forecasts for 2024-25. The Director of Finance responded by explaining that the figures reflect a half year budget monitoring position, indicating that the current spend is for the period from April to September.

**RESOLVED:**

That the Committee notes the contents of the 2024/25 mid-year review of the Treasury Management function and recommends the report to Council.

## **AC30/24 FINANCIAL AND BUDGETARY RISKS**

The Director of Finance introduced the report, highlighting the upcoming fair funding change and the risks associated with the Thurrock Council case, which involves litigation against members of the Association for Public Sector Excellence (APSE). The officer advised that while Three Rivers District Council is not currently implicated in the litigation, there is a potential risk of future involvement.

In response to comments raised by Members, the Director of Finance explained that APSE, being an unincorporated body, lacks direct assets to sue, which complicates the legal proceedings. The officer emphasised the importance of including this issue in the risk register, noting the need to establish liability and check for negligence. As the situation is still in the early stages, the outcome remains uncertain.

It was clarified however, that by looking at the risk direction column in the document, which indicates whether the level of risk has increased or decreased since the last meeting, it is reassuring to see that the risk register appears healthy, indicating effective risk management practices.

**RESOLVED:**

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

## **AC31/24 AUDIT COMMITTEE - WORK PROGRAMME**

Members emphasised the importance of timely training for committee members, particularly for those who join during the year. Members argued that while training is available it should be mandatory for Members before key meetings, such as the approval of the statement of accounts and the Audit Committee's role. This ensures all Members, including substitutes, are adequately prepared. The Chair also encouraged Members to express any specific training needs to facilitate better preparation and understanding of their roles.

**RESOLVED:**

The Audit Committee Work Programme was noted.

## **AC32/24 OTHER BUSINESS - IF APPROVED UNDER ITEM 3 ABOVE**

Reshma Ravikumar introduced her report, which highlighted insights into the current status of the audit process, specifically focusing on the interim audit findings report. The speaker mentioned that two reports have been prepared for the committee, including a briefing paper on Rebuilding Assurance. However, the speaker emphasised that the audit work cannot commence until the updated 2023-24 draft accounts are received, which are expected soon. Additionally, the speaker noted that the previous accounts are still pending completion, and any changes to the audit plan will be communicated to the committee once EY finish their accounts.

Members raised concerns about the amber RAG status due to delays in audits and the potential consequences of not meeting the audit timetable by April 2024. Reshma Ravikumar explained the statutory backstop, and outlined plans to recover from previous disclaimers in future audits. The Directory of Finance reassured Members of ongoing efforts to expedite recovery through revaluations and emphasised the importance of changing the system to prevent future backlogs.

In response to a question raised regarding the opening balance for the fiscal year 2023-24 and the implications of disclaimers on accounts; the officer explained that achieving an

assured opening balance will take several years, and emphasised the importance of a complete revaluation of fixed assets to eliminate disclaimers for future audits.

Janet Dawson introduced her report which highlighted the introduction of new legislation that sets a deadline for audit completion and the updated audit practices from the National Audit Office (NAO). The speaker reassured the committee that the review of arrangements for value for money has not revealed significant weaknesses, emphasising the importance of the committee's approval of the accounts before the impending deadline.

Members expressed concerns about the late distribution of the supplementary papers on the Statement of Accounts Update, reflecting the previous discussion when the committee agreed to take the late item.

Councillor Tony Humphreys moved the recommendation that the Audit Committee:

- i. Approve the Statement of Accounts 2020/21
- ii. Approve the Statement of Accounts 2021/22
- iii. Approve the Statement of Accounts 2022/23
- iv. Approve the Letter of Representation 2020/21
- v. Approve the Letter of Representation 2021/22
- vi. Approve the Letter of Representation 2022/23

On being put to the Committee the motion was declared CARRIED by the Chair, the voting being 5 For, 0 Against, 1 Abstention.

RESOLVED:

That the Audit Committee:

- i. Approve the Statement of Accounts 2020/21
- ii. Approve the Statement of Accounts 2021/22
- iii. Approve the Statement of Accounts 2022/23
- iv. Approve the Letter of Representation 2020/21
- v. Approve the Letter of Representation 2021/22
- vi. Approve the Letter of Representation 2022/23

**CHAIR**