
Audit Committee MINUTES

**Of a meeting held in the Penn Chamber, Three Rivers House, Rickmansworth, on
Thursday, 25 September 2025 from 7.30 pm to 8.17 pm.**

Present: Councillors

Tony Humphreys (Chair), David Major, Ciaran Reed, Philip Hearn (Substitute) (In place of Mike Sims), Chris Mitchell (Substitute) (In place of Cheryl Stungo), Paul Rainbow (Substitute) (In place of Harry Davies) and Anne Winter (Substitute) (In place of Keith Martin)

Officers in Attendance:

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

External in Attendance:

Darren Williams – SIAS Hertfordshire County Council

AC11/25 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Mike Sims, Keith Martin, Harry Davies, Cheryl Stungo and Lisa Hudson. Substitute members are Councillors Philip Hearn, Anne Winter, Paul Rainbow and Chris Mitchell.

AC12/25 MINUTES OF PREVIOUS MEETING

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

AC13/25 NOTICE OF ANY OTHER BUSINESS

There was no other business.

AC14/25 DECLARATIONS OF INTEREST

None

AC15/25 TREASURY MANAGEMENT - END OF YEAR REPORT 2024/25

Councillor Ciaran Reed arrived at 7.34pm.

The Chief Accountant introduced the report.

Members queried discrepancies between the original budget and actual spending, with the officer explaining that unspent funds have been rolled over into the current financial year, as reflected in monitoring statements. The conversation then shifted to clarifying investment terminology, distinguishing between internally managed funds, which involve third party fund managers. Additionally, the discussion addressed risk management, with liquidity risk identified as the primary concern. The officer emphasised the importance of maintaining sufficient liquid cash to meet supplier payments promptly, highlighting day-to-day efforts to balance cash availability without excess.

Members also queried the high cost of the Crematorium (West Herts Crematorium), £5.4 million, and asked about the difference between consolidated fund figures. Officers explained the process of budget carryovers, funded schemes such as the UK Prosperity Housing Fund, and the process of internal borrowing, amounting to £22.7 million. They clarified that this internal borrowing is not a cash flow risk but a strategy to avoid interest costs by using available cash rather than external borrowing. The conversation also touched on the relationship between reserves, Section 106 money and cash flow, emphasising that the authority remains cash positive. Members expressed initial concern about the large sums but acknowledged the explanations provided alleviated those concerns.

Members raised concerns about the potential risks if interest rates remain high for an extended period. The officer responded positively, explaining that the Council is currently cash positive and benefits from higher interest rates, which improve the budget position rather than hinder it. Members also expressed concerns about the broader financial market, particularly UK government debt and its potential negative effects on local government funding and borrowing costs. The officer reassured Members that the Council forecasts to remain net cash positive throughout the medium-term financial strategy, mitigating risks from increased borrowing costs. Additionally, the discussion also touched on the significant increase in investment figures, attributed mainly to the receipt of local authority housing fund money (LAHF), which has been received upfront but not yet spent, which affects the cash position but will eventually be reflected on the balance sheet once the funds are utilised for housing investment. The officer also explained that the initial funding, LAHF1 has been spent on purchasing properties and LAHF2 is allocated for the garage site development currently underway. Additionally, there is a substitute property arrangement with Watford Community Housing, which has been approved by MHCLG. For LAHF3, officers are exploring open market purchases. A comprehensive report covering all LAHF schemes will be presented to Full Council in December.

The Committee noted the Treasury Management End of Year report.

RESOLVED:

That:

The Committee notes the Treasury Management End-of-Year Report.

AC16/25 STATEMENT OF ACCOUNTS 2024/25 UPDATE

The Chief Accountant introduced the report.

The Committee discussed the Council's financial status. Key points included the ongoing annual deficit against the robust reserve of around £5 million, which provides financial stability in the short term. The budget monitoring reports indicate that the current deficit is within expected ranges and manageable. Concerns were raised about the risks associated with fair funding reforms by the government, but these are not expected to cause significant financial difficulty due to sufficient reserves. A significant issue discussed is the delay in external auditors signing off accounts from 2020 to 2023, attributed to both national audit challenges and a specific local accounting treatment related to the South Oxhey project. Despite these

delays, the Council has a recovery plan in place. The discussion also touched on the medium to long-term financial outlook, highlighting a projected increase in deficits by 2027-2028, though these forecasts do not yet account for potential increases in fees, charges or tax base growth. The external auditor cautioned that sustaining ongoing deficits is not viable indefinitely, implying the need for future cuts or revenue adjustments. However, historical trends show the Council has successfully managed to reverse projected deficits at year end.

The conversation moved onto the current status of pension liabilities and the officer confirmed that the liabilities are less than the fair value of assets as of 31 March, indicating a positive position. However, it was clarified that it is a snapshot and can fluctuate. Overall, there is no immediate risk to the pension fund's stability according to the current assessments.

The Committee noted that the Director of Finance, or the Head of Finance under delegation from the Director of Finance, will authorise for reissue a draft Statement of Accounts 2024/25 for public inspection by 26 September 2025, and a period of public inspection will commence on 29 September 2025.

RESOLVED:

To note that the Director of Finance, or the Head of Finance under delegation from the Director of Finance, will authorise for reissue a draft Statement of Accounts 2024/25 for public inspection by 26 September 2025, and a period of public inspection will commence on 29 September 2025.

AC17/25 SIAS ANNUAL REPORT 2024-2025

Due to a temporary technical issue, the Director of Finance provided an overview of the report on behalf of the Head of SIAS and Client Audit Manager, highlighting the benefits of the shared service model, including increased resilience and access to a broader range of skills compared to individual internal audit services.

The officer confirmed that the 2024-2025 internal audit work has been completed and presented to the last meeting, with internal sign-off achieved.

The Committee noted the SIAS Annual Report 2024-2025.

AC18/25 TRDC SIAS PROGRESS REPORT AGAINST THE 2025-2026 AUDIT PLAN

The Director of Finance introduced the report on behalf of the Head of SIAS and Client Audit Manager.

Members expressed concern about the lack of updates on six recommendations with past target dates. The officer committed to requesting the head of service to provide an update at the next meeting and noted organisational changes aimed at improving monitoring of sundry debts by moving them from revenues and benefits into finance for better budget oversight. The Head of SIAS and Client Audit Manager suggested streamlining future progress reports by excluding low priority recommendations from the appendix to enhance focus on high and medium priority issues. The officer noted that there was a previous approach focusing only on high and medium priority recommendations, and reassured that Members would still have access to all internal audit reports, including low priority items. Members agreed that prioritising high and medium priority recommendations would make documentation easier to read. In addition, simplifying reports would also help substitute members in future, who may not regularly attend meetings.

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:

- Noted the Internal Audit Progress Report for the period to 15 September 2025
- Approved amendments to the Audit Plan as at 15 September 2025
- Agreed changes to the implementation date for 6 audit recommendations (paragraph 2.5) for the reason set out in Appendices 3 to 5
- Agreed removal of implemented audit recommendations (Appendices 3 to 5)

AC19/25 WORK PROGRAMME

The Director of Finance advised that the Head of Finance is planning to organise a more intensive, separate training session for committee members, as the current half hour sessions before meetings are not effective for everyone.

Members raised concerns about the timing of the March 2026 Audit Committee meeting, noting that it coincides with council elections nominations period, and suggested considering rescheduling the meeting to avoid any clash. The officer acknowledged that the current schedule was set by Full Council but agreed to review and potentially adjust future meeting dates based on Member feedback.

The Committee noted the work programme.

RESOLVED:

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

AC20/25 OTHER BUSINESS - IF APPROVED UNDER ITEM 3 ABOVE

None

AC21/25 EXCLUSION OF THE PRESS AND PUBLIC

CHAIR