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THREE RIVERS DISTRICT COUNCIL

At a meeting of the Audit Committee held in the Penn Chamber, Three Rivers House, Rickmansworth, on Tuesday, 30 May 2023 from 7.30 - 7.55 pm

Present:

Councillors:

Tony Humphreys (Chair)

Ruth Clark (Vice-Chair)

Raj Khiroya

Khalid Hussain

Lisa Hudson

Jonathan Solomons

Also in Attendance:

Councillor Narinder Sian

Officers in Attendance:

Hannah Doney

Sarah Haythorpe

External in Attendance:

Alan Cooper, SIAS

AC1/23 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Rue Grewal, Andrea Fraser and Ciaran Reed.

AC2/23 DECLARATIONS OF INTEREST

None received.

AC3/23 NOTICE OF ANY OTHER BUSINESS

The Chair had ruled that the following item of business, which had not been available 5 clear working days before the meeting but was of sufficient urgency to be considered by the Committee for the following reason:

Item 5 – Statement of Accounts and Annual Governance Statement 2022/23

To be able to approve the Annual Governance Statement 2022/23 by 31 May and authorise the issue of the Draft Statement of Accounts 2022/23 for public inspection by 31 May 2023

AC4/23 INTERNAL AUDIT ANNUAL REPORT AND ANNUAL ASSURANCE STATEMENT 2022/23

The Client Audit Manager (SIAS) reported that this report provided:

a) Details the Shared Internal Audit Service's (SIAS) overall opinion on the adequacy and effectiveness of Three Rivers District Council's (the Council) framework of governance, risk management and control. Reference is made to significant matters and key themes

- b) Shows the outcomes of the self-assessment against the Public Sector Internal Audit Standards (PSIAS) incorporating the requirements of the Quality Assurance and Improvement Programme (QAIP).
- c) Summarises the audit work that informs this opinion.
- d) Shows SIAS performance in respect of delivering the Council's audit plan.
- e) Presents the 2023/24 Audit Charter for approval.

The report provided details on work which had been completed over the last year.

Looking at the summary position for the Council, of the 21 audits, 5 received a substantial level of assurance, 11 received a reasonable level of assurance, 1 received a limited level of assurance and 4 received an unqualified opinion. The unqualified opinion related to grant determination claims which SIAS were asked to review. To clarify to the Committee, reasonable is a good level of assurance and did not indicate that there were any major or significant control issues within the Council based on the work SIAS had undertaken. Details were provided in the report on SIAS opinions and recommendations with a total of 49 recommendations being made from the 21 audits but only two of the recommendations being high priority. Throughout the year progress reports were brought to the Committee for oversight on what management were doing to respond to the audit recommendations.

With regard to SIAS performance indicators, on the indicator on project delivery, we were under the target of 95% (reaching 76%) although the Committee were aware that throughout 2022/23 we experienced a number of issues in terms of being able to deliver the audits which we had originally anticipated due to resources in the team due and recruitment which is being experienced across the sector. We do have the use of external audit consultants, BDO, but they have also experienced recruitment issues. There were 5 audits which did not get to draft report stage by the end of the financial year, but they are at draft now and the outcomes of those audits have formed part of the opinion for the year.

In terms of the public sector audit standards, we undertake a self-assessment every year and we have an external assessment every 5 years, with the last one being in 2021. Our accountability is through the SIAS Board. The Audit Charter set out our purpose and how we do our work and is reviewed each year. There were no limitations in the scope placed upon SIAS and we were given full access to the records we sought to enable us to deliver and fulfil our independent internal audit function.

The Head of Finance confirmed that there were no limitations during 2022/23.

The Chair asked how do you select the areas you wish to audit. The Client Audit Manager advised that each year we go through an annual planning cycle. The first area we look at is the Council's high level strategic risks and then align our plan to those and have discussions with Heads of Service within the Council and shared services. Through those discussions we discuss any changes which are taking place, projects, programmes, reviews or changes to processes and the management of risks in those areas. This identifies some topics which go through a moderation process of a Governance Group and the Corporate Management Team and then finally come to the Audit Committee in March to approve. We would then deliver the programme from 1 April to 31 March. Any changes to the plan are agreed with management and brought to the attention of the Committee.

On being put to the Committee the recommendations in report were declared CARRIED by the Chair the voting being by general assent.

RESOLVED:

1. Noted the Annual Assurance Statement and Internal Audit Annual Report

2. Noted the results of the self-assessment required by the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP)
3. Approved the SIAS Audit Charter 2023/24
4. Received management assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2022/23.

AC5/23

STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT 2022/23

The Head of Finance advised that the report set out the timetable for the publication of the draft accounts for 2022/23 with the deadline being midnight tomorrow (31/5/23). Once the accounts are published, a link will be sent to Committee members so that you have sight of the draft accounts. There will be some omissions from the draft Statement of Accounts because we are delayed in signing our 2019/20, 2020/21 and 2021/22 accounts which means that we don't have asset valuations which we can include for 2022/23. The information relating to the expenditure fund analysis and the general fund transactions are complete and are consistent with the yearend report which will be published for the P&R Committee on Friday. Also not included will be the actuary information relating to the Pension Fund. We did receive some of the information on Thursday, but we don't have the final report from the actuary. The delay had arisen because of the impact of the tri-annualisation which required the actuary to revisit calculations for 2021/22 in addition to completing the report 2022/23. As there are a number of authorities with their 2021/22 accounts open the triannual valuation was completed as at 31 March 2022 and had a different value to the actuary reports produced for the 2021/22 accounts. In order to make the accounts as complete as possible the 2021/22 actuary reports need to be redone so that they are consistent with the triannual valuation. The triannual valuation is completed every 3 years and is not an issue which had arisen before as we have not been behind on our accounts. This is impacting on a number of authorities.

In order to publish the draft accounts tomorrow we also need to have available an approved Annual Governance Statement. Within the report there is one significant governance issue which had been raised which was within appendix 1 to the Annual Governance Statement. The issue was around our use of the Revenue and Benefits system to pay out grants in relation to business grants and payments to council taxpayers under the government energy rebate schemes. Whilst we have arrangements in place to manage that process it felt right to reflect that we are using a system for a purpose it is not designed for which means we do not have the normal controls within the system that would expect when managing payments. We do have management arrangements in place to manage the issue. This was the first time in a number of years where we had reported a significant governance issue but will bring an update to each Committee meeting.

The Annual Governance Statement concludes that management's opinion is that our governance arrangements were sound and provide a robust platform for achieving the Council's priorities and challenges in 2023/24. In reaching that conclusion we have also relied on the work of internal audit. At appendix 2 to the Annual Governance Statement, we have our self-assessment against the financial management Code of Practise. This is a gold standard set out by CIFRA on financial management arrangements. We are required as part of the guidance to complete the self-assessment and have rated ourselves green across all areas with the exception of the publication of the Statement of Accounts which we have rated amber to reflect that the audit of the accounts is delayed with the external audit although we do have a plan in place with EY to bring it back within the statutory timeframe ahead of our transition to our new auditors for 2023/24.

On being put to the Committee the recommendations were declared CARRIED by the Chair the voting being by general assent.

RESOLVED:

1. Approved the Annual Governance Statement 2022/23
2. Noted that the Director of Finance will authorise for issue a Draft Statement of Accounts 2022/23 for public inspection by 31 May 2023.

CHAIR