



THREE RIVERS DISTRICT COUNCIL AUDIT COMMITTEE

At a meeting of the Audit Committee held in the Penn Chamber, Three Rivers House, Rickmansworth, on Thursday, 28 September from 7.30 – 8:15 pm.

Present:

Councillor Tony Humphreys (Chair)
Councillor Ruth Clark (Vice Chair)
Councillor Lisa Hudson
Councillor Khalid Hussain
Councillor Raj Khirova
Councillor Ciaran Reed
Councillor Rue Grewal

Officers

Hannah Doney, Head of Finance

Also Present

Darren Williams: Shared Internal Audit Service (SIAS)
Leigha Britnell: Shared Internal Audit Service (SIAS)
Simon Luk: Ernst and Young (EY)
Paul Grady: Azets Audit Services
Reshma Ravikumar: Azets Audit Services
Anita Hibbs: Legal & Democratic Services

Minutes Produced by Cameron MacLean, Interim Committee Services Manager

AC30/23 APOLOGIES FOR ABSENCE

Apologies were received from Councillor Andrea Fraser, Khalid Hussain, Raj Khiroya and Lisa Hudson.

AC31/23 MINUTES

The minutes of the Audit Committee meeting held on Thursday, 28 September 2023 were approved, and the Chair was authorised to sign them as a correct record.

AC32/23 NOTICE OF OTHER BUSINESS

There were no items of other business.

AC33/23 DECLARATIONS OF INTEREST

There were no declarations of interest.

AC34/23 INTERNAL AUDIT PROGRESS REPORT 2023/24

The Committee considered a report by the Shared Internal Audit Service (SIAS) regarding the delivery of the Council's Annual Audit Plan for 2023/2024 as of 17 November 2023.

The report detailed progress made by the SIAS in delivering the Council's Annual Audit Plan for 2023/24 ("the Plan"), along with proposed amendments to the Plan and the implementation status of all previously agreed audit recommendations from 2019/20 onwards. The report also provided an update on Performance Management information as of 17 November 2023.

Mr Darren Williams, Head of Audit, and Ms Leigha Britnell, Client Audit Manager, presented the report.

In the subsequent discussion, the following points arose.

- a) In response to a question about how the Council's Internal Audit, given the financial crisis facing many councils, planned its audits, Ms Britnell stated that Financial Audits were undertaken each year to provide assurance regarding the governance of the Council's financial systems.

The SIAS also undertook "horizon scanning" for new, emerging threats, for example, in relation to central government's proposals to introduce new procurement regulations in 2024/25. The SIAS also liaised with Heads of Service during the planning process in Quarter 4 of the financial year and would identify any further risks that may require an audit to provide further assurance.

- b) Regarding stories about fraud that had appeared in the press, Ms Britnell stated that the Shared Anti-Fraud Service ("the Service") had identified the frauds referred to in the press before the press releases were published. In addition, officers from the Service had been in discussion with the Council's Section 151 Officer regarding how best to mitigate the risks around any potential fraud that could affect the Council.
- c) In response to a question regarding changes to the implementation date of three audit recommendations, Ms Britnell confirmed that it was proposed to extend the deadlines because of procedural issues and there being insufficient time following the external audits to implement the procedural requirements.

RESOLVED: That the Committee –

1. Note the Internal Audit Progress Report for the period to 17 November 2023;
2. Approve amendments to the Audit Plan as of 17 November 2023;
3. Agree –
 - a) Changes to the implementation date for three audit recommendations (Paragraph 2.5 [of the report]) for the reasons set out in Appendices 3 to 7 [of the report]; and
 - b) Removal of implemented audit recommendations (Appendices 3 to 7 [of the report]).

AC35/23 TREASURY MANAGEMENT MID TERM REVIEW 2023/24

The Committee considered the Treasury Management mid-year report by the Director of Finance, which had been prepared in compliance with the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Treasury Management, covering performance against the Council's Capital Strategy and Treasury Management Policy.

The report was presented to the Audit Committee as the body delegated by Council to undertake the role of scrutiny of Treasury Management strategy and policies.

Alison Scott, Director of Finance, presented the report.

In the subsequent discussion, Ms Scott responded to questions and matters raised by Members of the Committee.

RESOLVED: That the Committee –

1. Note the contents of the 2023/24 mid-year review of the Treasury Management Function; and
2. Recommend the report to Council.

AC36/23 DRAFT CAPITAL INVESTMENT STRATEGY AND TREASURY MANAGEMENT STRATEGY STATEMENT 2024/25

The Committee considered a report of the Director of Finance inviting comments on the Draft Capital Investment Strategy and Treasury Management Strategy Statement over the medium-term (2024/25 to 2026/27).

The report noted that the framework used by central government to control how much Councils could afford to spend on capital investment was the Prudential Framework, the objectives of which were to ensure that local authorities' capital investment plans were:

- Affordable, prudent, and sustainable;
- That treasury management decisions were taken in accordance with reliable professional practice; and
- That local strategic planning, asset management planning and proper option appraisal were supported.

The Capital Strategy set out how the Council would achieve those objectives.

Alison Scott, Director of Finance, presented the report.

In the subsequent discussion, Ms Scott responded to questions and matters raised by Members of the Committee.

RESOLVED: That the Committee note the report.

AC37/23 STATEMENT OF ACCOUNTS UPDATE

The Committee considered a report of the Head of Finance recommending that the Audit Committee note the progress and latest timetable for completion of the External Audit of the Statement of Accounts for 2019/20 onwards.

It was noted that, regarding the Statement of Accounts 2019/20, officers were working with the External Auditors to finalise the audit as soon as possible. Consequently, work on the Statement of Accounts 2020/21 had been delayed because of the priority given to completing the 2019/20 accounts.

Alison Scott, Director of Finance, presented the report.

In the subsequent discussion, Ms Scott responded to questions and matters raised by Members of the Committee.

RESOLVED: That the Committee note the progress and latest timetable for completion of the External Audit of the Statement of Accounts for 2019/20 onwards.

AC38/23 EXTERNAL AUDITOR UPDATE

The Committee received a verbal update from Mr Simon Luk of EY, the Council's External Auditors

In the subsequent discussion, Mr Luk responded to questions raised by Members of the Committee.

RESOLVED: To receive the verbal update.

AC39/23 DRAFT EXTERNAL AUDIT PLAN 2023/24

The Committee considered the Draft External Audit Plan 2023/24 prepared by the Council's External Auditors, Azets.

Mr Paul Grady and Ms Reshma Ravikumar of Azets presented the Draft Audit Plan for 2023/24 ("the Plan").

Mr Grady noted that there was a significant risk in relation to the audit due to the fact the prior year audits had not yet been completed. He stated that this risk was reflected in the Plan.

Ms Ravikumar then discussed the significant risks arising in the Plan which would be considered in the 2023/24 audit and discussed the materiality levels; planned value-for-money arrangements work; and proposed fees. It was noted that, at the planning stage, no significant risks had been identified for the value-for-money arrangements work.

In the subsequent discussion, Members noted the risks identified and confirmed the Plan was in line with Committee's expectations.

RESOLVED: To note the Draft External Audit Plan 2023/24

AC40/23 FINANCE AND BUDGETARY RISKS

The Committee considered a report of the Head of Finance recommending that the Committee review the Risk Register and make any comments it wished to make against individual risks.

The report advised the Committee on the latest position in respect of the evaluation of financial risks facing the Council.

It was reported that, since the last Audit Committee, the pay award for 2023/24 had been agreed at the level included in the latest budget forecast and that inflation had started to reduce with the result that the pay award risk has been lowered. However, the pay award risk remained a significant risk for future years.

It was also reported that the interest rate risk had been updated to reflect the fact the Council was forecast to remain cash positive and would benefit from higher interest rates whilst this remained the position.

Accordingly, updates to the Action Plan had been provided where action had been taken or was planned, or where further information had become available.

It was noted that the recommendations allowed the Committee to review the financial risks faced by the Council and record any comments it wished to make in respect of individual risks.

Alison Scott, Director of Finance, presented the report.

In the subsequent discussion, Ms Scott responded to questions and matters raised by Members of the Committee.

RESOLVED: That the Committee note the report.

AC41/23 AUDIT COMMITTEE WORK PROGRAMME

The Committee considered a report by the Head of Finance recommending that the Committee consider and make any changes necessary to its Work Programme.

It was noted that the Audit Committee met five times during the financial year between the 1 April and 31 March, the Work Programme being presented at each meeting of the Committee.

Alison Scott, Director of Finance, presented the report.

In the subsequent discussion, Ms Scott responded to questions and matters raised by Members of the Committee.

RESOLVED: That the Committee note the report.

CHAIR

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