

## THREE RIVERS DISTRICT COUNCIL

At a meeting of the **Audit Committee** held in the Penn Chamber, Three Rivers House, Rickmansworth, on Tuesday 29 September 2015 from 7.30pm to 8.25pm.

Present: Councillor Steve Drury (Vice Chairman in the Chair), Martin Brooks (Sub for Sarah Nelmes), Alex Hayward, Joy Mann, Angela Roberts and Len Tippen.

Officers in attendance:

Steven Halls	Chief Executive
Joanne Wagstaffe	Director of Finance
Nigel Pollard	Acting Head of Finance
Phil King	Emergency Planning & Risk Management Manager
Helen Maneuf	Head of Assurance–Shared Internal Audit Service (SIAS)
Paul Dossett	Grant Thornton UK LLP
Richard Lawson	Grant Thornton UK LLP
Ellen Millington	Grant Thornton UK LLP
Andrew Britain	Ernst and Young
Hannah Ormston	Ernst and Young
Sarah Haythorpe	Principal Committee Manager
Mike Simpson	Committee & Web Officer

An apology for absence was received from Councillor Sarah Nelmes

### **AC16/15 MINUTES**

The Minutes of the meeting of the Audit Committee held on 25 June 2015 were confirmed as a correct record and signed by the Chairman.

### **AC17/15 NOTICE OF OTHER BUSINESS**

The Chairman ruled that the following items had not been available for five clear days before the meeting but were of sufficient urgency to be considered by the Committee for the reasons indicated:

#### **Agenda Item 8**

Appendix 1 – Report to those charged with Governance (ISA260) – Grant Thornton – September 2015

Appendix 3 – Statement of accounts 2014/15

To enable the statement of accounts 2014/15 to be approved.

### **AC18/15 DECLARATIONS OF INTEREST**

None received.

### **AC19/15 AUDIT AND INTERNAL CONTROL - ANNUAL REVIEW OF RISK MANAGEMENT ARRANGEMENTS AND OPERATIONAL RISKS**

This report, presented by the Emergency Planning & Risk Management Manager, summarised the Council's risk management arrangements, and was updated annually as part of the service planning process.

RESOLVED:-

that the Council's risk management arrangements and the Risk Registers for operational risks be noted.

**AC20/15 FINANCIAL AND BUDGETARY RISKS**

The Director of Finance advised that this report was presented at each meeting, and there had been no changes since the previous meeting.

RESOLVED:-

that the financial and budgetary risks facing the Council be noted and the latest position and comments on the officer's assessment of the likelihood of a risk occurring and the impact should it do so be noted.

**AC21/15 ANNUAL GOVERNANCE STATEMENT (AGS) – ACTION PLAN UPDATE**

The Acting Head of Finance reported that four actions had been identified in the 2014/15 AGS. Only one action remained outstanding from the 2013/14 AGS. Most of the actions in the 2014/15 AGS related to ICT with dates for completion in August 2015 but this had been overtaken by the termination of the Capita contract.

It was noted that the asset list related to desk top computers and laptops.

A Member asked what the results were of the Disaster Recovery Plan (DRP) testing? The Director of Finance said testing had not taken place as scheduled due to the recent decision to terminate the ICT contract. No DRP would be undertaken until a new provider was identified. Details on the timeframe to appoint a new provider would be provided to the Committee although the contract with Capita was not due to terminate until June 2016. The risk to the Council would be higher if the Council were moving buildings. Currently, the Council owned the assets and the contracts with the application providers.

The Director of Finance said that both Watford and Three Rivers were working with another IT consultant to continue progressing some ICT projects around PSN and the modernise IT programme with the costs being shared by both Councils.

RESOLVED:-

that the progress made against the action plan be noted.

**AC22/15 EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE – ISA 260 (SEPTEMBER 2015) AND APPROVAL OF THE STATEMENT OF ACCOUNTS 2014/15**

In presenting the report, the External Auditor said that it had been a very challenging year with the changes in the Finance team, but that all the outstanding points had been cleared and Grant Thornton were ready to prepare an unqualified opinion on the Council's accounts. On the fixed assets there had been adjustment made to the value of £826,000, but this had not impacted on the bottom line in the balance sheet.

He stated that the Council's risk rating had been reassessed from Amber to Green, due largely to the efforts of the Director of Finance and a stronger

performance at management level with regard to Revenue and Benefits. The recommendations on the IT review were low risk deficiencies and the bank reconciliation had closed on time this year and had balanced. The payment of Housing Benefit was now under control.

A Member asked for the meaning of the error terminology. The External Auditor clarified that a material error was one that must be addressed by the Council a non-trivial error was one that had been identified and reported but action was not essential, and a trivial error was an anomaly that was deemed too small to warrant any further action.

The External Auditor stated that assets should be undertaken in 20% blocks over a 5 year period with CIPFA requiring the value of the different classes of assets together.

A Member asked whether there were concerns about missing the Audit sign-off deadline when it moved to 31 July from 2017. The Director of Finance said that the challenge was to get through the audit process with a new team, and no timeline would be established for the revised deadline until 2017.

The Vice-Chairman in the Chair moved the recommendations in the report. The Committee noted that Members had received the draft statement of accounts for 2014/15 at the June meeting and there had no significant changes since then. Members could email any comments they may have to the Director of Finance.

On being put to the Committee the recommendations at 11.1 to 11.3 of the report were declared CARRIED the voting being unanimous.

On being put to the Committee the recommendation at 11.4 of the report (approval of the statement of accounts for 2014/15) was declared CARRIED the voting being 5 For, 0 Against and 1 Abstention (the abstention was from the substitute member who did not feel qualified to vote "for".)

RESOLVED:-

- (1) noted the contents of the external auditor's report to those charged with Governance;
- (2) Received clarification concerning the Statement of Accounts for 2014/15;
- (3) Confirmed that it was satisfied that the accounting policies adopted were the most appropriate, and
- (4) That the Statement of Accounts for 2014/15 be approved.

## **AC23/15 INTERNAL AUDIT – SIAS BOARD ANNUAL REPORT 2014/15**

The report was presented by the Head of Assurance of the Shared Internal Audit Service (SIAS), who provided the Committee with an overview of the performance of the service. The internal audit service was a statutory service required to provide internal controls of the Council's policies and procedures to ensure their effective delivery.

A Member asked whether SIAS took best practices from other Local Authorities and applied them to other Councils. The Head of Assurance said SIAS did try to implement shared learning from other Authorities, examples being Annual Governance Statement review and Risk Management arrangements.

RESOLVED:-

The Shared Internal Audit Service Annual Report 2014/15 be noted.

**AC24/15 INTERNAL AUDIT PROGRESS REPORT 2015/16**

The Head of Assurance of the Shared Internal Audit Service referred to the report. In summarising the progress in implementing the outstanding recommendations, the figure shown for 2014/15 was not of concern to SIAS at this current time

The concerns about IT provision were well-documented and were being addressed.

RESOLVED:-

- (1) That progress in completion of the audit plans was noted.
- (2) That amendments to the Audit Plan were approved.
- (3) That progress in implementing the internal auditor's recommendation was noted.

**AC25/15 COMMITTEE'S WORK PROGRAMME**

It was advised that the External Auditors would provide a report to the November meeting.

It was requested that an update on ICT be provided to the Committee at the next meeting.

RESOLVED:-

that the work programme be amended as detailed in Minute AC25/15.

CHAIRMAN