

THREE RIVERS DISTRICT COUNCIL

At a meeting of the **Audit Committee** held in the Colne Room, Watersmeet, Rickmansworth, on Tuesday 4 July 2017 from 7.30pm to 9.25pm.

Present: Councillor Sarah Nelmes (Chairman), Steve Drury (Vice-Chairman), Eric Bishop, Kemal Butt, Joy Mann and Alex Michaels.

Also in attendance:

Chris Wood	Shared Internal Audit Service (SIAS)
Andrew Brittain	Ernst & Young (EY)
Emma Tiernan	ICT Client Section Head
Bob Watson	Head of Finance
Garry Turner	Fraud Manager
Sherrie Ralton	Committee Manager

AC 01/17 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Joan King.

AC 02/17 MINUTES

The Minutes of the meeting of the Audit Committee held on 28 March 2017 were confirmed as correct records and were signed by the Chairman subject to the following amendments:

Minute AC 51/16 – The requirement for a report on the number of roles being filled by temporary and interim staff to be presented at the September Audit Committee Meeting.

AC55/16 first paragraph should read Ernst. 2nd paragraph should read CIPFA.

AC 03/17 NOTICE OF OTHER BUSINESS

The Chairman of the Committee ruled that as all the agenda items on the Agenda had been received late but they were all of sufficient urgency to be taken as urgent to ensure the good Governance of the Council.

AC 04/17 DECLARATIONS OF INTEREST

There were no declarations of interest.

AC 05/17 FINANCIAL AND BUDGETARY RISKS

The Head of Finance introduced the report which enabled the Committee to monitor the Council's financial and budgetary risks. He said there were no changes to the level of risk, and invited any questions from Members of the Committee.

A Member asked whether Risk No.8 'The medium term planning period takes into account a 1% pay increase for the period 2017/18 to 2019/2020' would be considered a higher risk. The Head of Finance said that the government had declared its intention not to lift the public sector pay cap, so the risk assessment was correct but would be kept under review. For the Committee's information, every 1% increase in the pay award would cost the Council about £120,000.

RESOLVED:-

That the report on Financial and Budgetary risks be noted together with the comments on the officer's assessment of the likelihood and impact of a risk occurring.

AC 06/17 ANNUAL GOVERNANCE STATEMENT (AGS) – ACTION PLAN UPDATE

The ICT Client Section Head reported that the Disaster Recovery Plan was in place and a Disaster Recovery Contract (shared with Watford Borough Council) had been procured.

The following points were noted:

- It was unlikely that the annual Disaster Recovery test would take place until December 2017, due to high workload.
- The related Internal Audit recommendations would be reviewed by September 2017, and an audit based on these has commenced planning in July 2017.
- Individual Disaster Recovery tests would be arranged for those systems that were hosted
- There was greater resilience as everything was no longer held on one site.

The Chairman congratulated the ICT Client Section Head on the progress which had been made.

RESOLVED:-

That the progress made against the Annual Governance Statement Action Plan be noted and Issue 1 on Appendix 1 would be removed as it was confirmed completed by the ICT Client Section Head.

AC 07/17 ANNUAL FRAUD REPORT 2016/17

The Fraud Manager provided an overview of the report. He recommended that the Members should follow the links on the report for more detailed information on individual cases. The link to item 2.15 could, if reported on, be circulated once the case was completed.

A Member asked whether the number of malicious nuisance reports had increased. The Fraud Manager replied that there had, in fact, been a reduction in these reports.

RESOLVED:-

That the Annual Fraud Report for 2016/17 be noted.

AC 08/17 INTERNAL AUDIT PROGRESS REPORT

The Internal Audit Manager introduced the report and provided an update. He said it was positive to start to see a reduction in the number older of recommendations from previous financial years.

With regard to Appendix 3 of the report the following points were made:

- IT: Recommendations had been noted under Agenda item AC 06/17.

- Tree Surveying 2014/15: Members requested a representative from the Department to attend the September Audit Committee Meeting with a progress report.
- NNDR 2014/15: To establish if this was still relevant. Members would not agree to an extension until December. A progress report was requested for the September meeting.
- Asset Management 2014/15:- The Committee would not agree to the extension to 31 January 2018. They requested the Head of Property and Major Projects report to the Committee in December if not completed by then.
- Enforcement 2014/15:- Revised deadline agreed.
- Benefits 2014/15:- Complete – agreed
- Disaster Recovery 2014/15:- Agreed
- Contract Management: Agreed
- Section 106 Agreements 2016/17:- Agreed
- Corporate Credit Cards 2016/17:- This was overdue - no revised deadline agreed.
- Office Services 2016/17:- The Committee expected this to be completed by the September Audit Committee Meeting. If not signed off by then, they would require a progress report.
- Green Waste Charging 2016/17:- Complete. Members agreed this could now be removed from the list.
- Contract Management 2016/17:- Point 02, the Committee required confirmation that this was now complete.
- Main Accounting 2016/17:- The Head of Finance confirmed that as the Finance Department had now completed the final accounts closedown the appropriate reconciliation processes would be implemented.
- Treasury Management 2016/17:- Agreed
- Starters & Leavers 2016/17:- The Committee noted that the high priority recommendations from this report had been implemented

RESOLVED:-

- 1) Agreed the revisions to the Internal Audit Recommendations Log be noted along with additional revisions;
- 2) Agreed the changes to the implementation dates for the recommendations as revised by the committee above;
- 3) Agree removal of implemented audit recommendations;
- 4) Note the Internal Audit Progress Report for the period to 16 June 2017; and
- 5) Approve amendments to the Audit Plan as at 16 June 2017.

AC09/17 INTERNAL AUDIT ANNUAL REPORT 2016/17

The Internal Audit Manager provided an overview of the Internal Annual Assurance Statement and Internal Audit Annual Report.

RESOLVED:-

- 1) That the contents of the annual internal audit report and the annual assurance statement be noted;
- 2) That the assurance from management that the scope and resources for internal audit were subject to no inappropriate limitations in 2016/17 be acknowledged;

- 3) That the results of the self-assessment as required by both the Public Sector Internal Audit Standards and the Quality Assurance and Improvement Programme be noted; and
- 4) That the SIAS Audit Charter be accepted.

AC 10/17 EXTERNAL AUDIT PROGRESS REPORT

Andrew Brittain gave an overview of the External Audit Progress Report. A discussion took place on how to meet the new deadlines when the dates were brought forward next year. The Head of Finance said that a solution was for the accounts to be closed and audited at month 9. Estimates would be used more. Another issue was to establish how much work could be completed earlier in the year.

Note: Councillor Kemal Butt left the meeting at 8.50pm

It was confirmed that EY were successful in their tender as Public Sector Appointed Auditors for 2018/19.

RESOLVED:-

That the contents of the External Audit Progress report be noted.

AC 11/17 TREASURY MANAGEMENT OUTTURN

The Head of Finance gave an overview of the Treasury Management Annual Report 2016/17 and pointed out the following:

- The budget been achieved. It was a challenging target as interest rates had dropped rather than risen.
- The Council cannot hold equities or bond unless they expanded their strategies
- The range of investments would be more diverse following the decision to expand the level of property investments.

RESOLVED:-

That the Treasury Management Annual Report 2016/17 be noted.

AC 12/17 ANNUAL GOVERNANCE STATEMENT (AGS) 2016/17

The Shared Internal Auditor gave an overview of the report. The following amendments were made:

- AGS Statement 2016/17 report: Page 113, point 3.1 should read Accounts and Audit (England) Regulations 2015.
- Local Code of Governance: Page 132, point 24: The Council does not have a Cabinet. Point 25 The Council does not have an 'Elected Mayor'.

RESOLVED:-

- 1) That the Annual Governance Statement (AGS) attached as Appendix 1, the 2016/17 AGS Action Plan attached as Appendix 2 and the Local Code of Governance attached as Appendix 3 be approved with the minor changes; and
- 2) That subject to any changes required prior to their signing, the AGS be included in the Statement of Accounts for 2016/17.

AC 13/17 DRAFT STATEMENT OF ACCOUNTS FOR 2016/17

The Head of Finance advised the Committee that in future the Draft Statement of Accounts would be signed off by the Director of Finance. He asked Members to read the accounts before the September Audit Committee meeting so that any questions submitted before the meeting could have answers provided at the meeting. Any questions to be sent to the Head of Finance before the end of July.

RESOLVED:-

- 1) That the Committee seeks any clarification it needed concerning the draft Statement of Accounts for 2016/17, concerning the content and processes followed in the compilation of the statement be noted.
- 2) Confirmed they were satisfied that the accounting policies adopted were the most appropriate; and
- 3) that any questions on the report be sent to the Head of Finance before the end of July.

AC 14/17 COMMITTEE'S WORK PROGRAMME

The Committee's Work Programme was presented and the Chairman asked that the additional items be added as discussed:

September:

- HR Report on the turnover and number of roles being filled by temporary, interim and part time staff at the Council. The Committee were concerned that this was a frequent reason given for extensions to deadlines and there were concerns it would impact on the delivery of our services.
- NDR Progress Report
- Office Services Progress Report if not signed off

December

- Asset Management to report if still not completed (Head of Property Services)

RESOLVED:-

That the additional items listed above be added to the Work Programme.

CHAIRMAN