

THREE RIVERS DISTRICT COUNCIL

At a meeting of the Audit Committee held in the Penn Chamber, Three Rivers House, Northway, Rickmansworth, on Tuesday 26 September 2017 from 7.30pm to 8.10pm.

Present: Councillor Sarah Nelmes (Chairman), Steve Drury (Vice-Chairman), Marilyn Butler (substitute for Eric Bishop), Kemal Butt, Joan King, Joy Mann and Alex Michaels.

Also in attendance:

Chris Wood	Shared Internal Audit Service (SIAS)
Eli Johns	Ernst & Young (EY)
Jude Green	Head of Revenue and Benefits
Julie Hughes	Principal Landscape Officer
Emma Tiernan	ICT Section Head
Joanne Wagstaffe	Director of Finance
Bob Watson	Head of Finance
Charlotte Taffel	Committee Manager

AC 15/17 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Eric Bishop. Councillor Marilyn Butler was the appointed substitute Member.

AC 16/17 MINUTES

The minutes of the meeting held on 4 July 2017 were confirmed as correct records and were signed by the Chairman.

AC 17/17 NOTICE OF OTHER BUSINESS

The Chairman ruled that the appendices to Item 7 had not been available five clear days before the meeting, but were of sufficient urgency to be taken as urgent to ensure the good Governance of the Council and to enable the Statement of Accounts 2016/17 to be approved. The appendices would be taken as a late item under Item 7.

AC 18/17 DECLARATIONS OF INTEREST

There were no declarations of interest.

AC 19/17 FINANCIAL AND BUDGETARY RISKS

The Committee received a report on the monitoring of financial and budgetary risks. The Head of Finance said that there were no new risks or changes since the last report.

RESOVLED:

That the Committee:-

- a) Considered the financial and budgetary risks facing the Council;
- b) Noted the latest position; and
- c) Commented on the Officer's assessment of the likelihood and impact of a risk occurring.

AC 20/17 ANNUAL GOVERNANCE STATEMENT (AGS) – ACTION PLAN UPDATE

The Committee received a report providing details of the progress resulting from the Annual Governance Statement (AGS) and the Action Plan Update for 2015/16. The Head of Finance said that the AGS for 2016/17 had been signed by the Leader of the Council and the Chief Executive. There were no recommendations resulting from the 2016/17 AGS.

There were two outstanding governance issues relating to ICT. The ICT Section Head said that the Disaster Recovery Plan had now been updated and the action was complete. The testing strategy for Disaster Recovery was due to be closed after the test took place in December 2017.

RESOLVED:

Noted the progress made against the action plan.

AC 21/17 EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (SEPTEMBER 2017) AND APPROVAL OF THE STATEMENT OF ACCOUNTS 2016/17

The Committee received a report to those charged with governance and the Statement of Accounts (including the Annual Governance Statement) for 2016/17.

The Head of Finance said that the responsibility of the Committee was to ensure the accounts were compiled in the correct format. The external auditors were responsible for the figures.

Eli Johns (EY) noted apologies from Andrew Brittain who was unable to attend due to another Audit Committee meeting and apologised for the lateness of the report. She introduced the report and noted that there were no issues on the three main areas of risk from the audit focus: revenue recognition, management override and business rates provision for appeals. There had only been one adjusted difference to the audit which was an overstatement of collection fund bad debt provision which had been corrected. This increased the surplus on the provision of services and worked in the Council's favour. There were no other matters to report.

The Chairman said that it was good for the Council to have a clean bill of health which was echoed by the Director of Finance.

Eli Johns thanked the finance team for their work and the Committee thanked Eli for her work.

RESOLVED:

That the Committee:-

- a) Noted the external auditor's 'Report to those charged with Governance';
- b) Sought clarification concerning the processes involved in production of the annual Statement of Accounts for 2016/17;
- c) Confirmed that the Committee is satisfied that the accounting policies adopted are the most appropriate; and
- d) Approved the Statement of Accounts for 2016/17.

AC 22/17 INTERNAL AUDIT PROGRESS REPORT 2016/17

The Committee received a report on the progress made in implementing the recommendations of the internal auditor.

Chris Wood (SIAS) said that follow up of the ICT audit meant that all of the recommendations could be closed apart from the two new 2017/18 audit reports. It was also confirmed that all outstanding internal audit recommendations from years 2010/11 to 2013/14 were now complete.

The Director of Finance thanked the ICT Section Head and the ICT team for all of the work that had gone into completing these recommendations.

The Chairman echoed this thanks stating that ICT was in a much better place now and that it was great news to delete the outstanding items on the audit recommendations.

Chris Wood thanked the Chair and the team for the work put into completing the audit recommendations and that performance indicators had moved on well with plans progressing. There were no draft reports in the pipeline and he was comfortable with the current state of ICT.

RESOLVED:

That the Committee:-

- a) Noted the report; and
- b) Agreed the changes to the implementation date for six recommendations for the reasons set out in the Progress Report.

AC 23/17 INTERNAL AUDIT - SIAS BOARD ANNUAL REPORT 2016/17

The Committee received a report regarding the SIAS Board Annual Report 2016/17 which had been approved by the SIAS Board in June 2017.

The Head of Finance reported that SIAS had gone through a large restructure over the past 12 years and congratulated Chris Wood in his new role.

Chris Wood said that Alan Cooper would continue to be TRDC's Audit Manager and this would ensure a degree of continuity. Chris Wood would continue to attend Audit Committee meetings on a cycle.

The Chairman thanked Chris Wood for his work and congratulated him on his new role on behalf of the Committee.

RESOLVED:

Noted the report.

AC 24/17 STAFF TURNOVER, PART-TIME AND TEMPORARY STAFF

The Committee received a report on the level of staff turnover within the council and the number of roles being filled by temporary and interim staff at the Council.

The Chairman said that concern had been expressed at previous meetings regarding audit recommendations not being carried out due to staffing issues, such as vacancies and interim staff.

A Member asked how many vacancies there were at present.

The Head of Finance replied that as part of next year's budget, a base review of the establishment would be conducted to get an accurate view of all roles within the Council and what vacancies exist.

Members requested that this review be brought to the Audit Committee to review.

The Chairman said that there was particular concern with regard to senior roles and a perceived lack of management at certain times.

The Director of Finance said that this had been the case in the past however after restructures; all senior roles had been filled on a permanent basis and such vacancies were no longer an issue. Alan Head was now managing this part of the organisation.

The Director of Finance said that the number of Council vacancies could be circulated to Members prior to the next meeting.

RESOLVED:

That the Committee:-

- a) Noted the report;
- b) Requested details of Council vacancies be circulated to the Members; and
- c) Requested the establishment report be brought to the Audit Committee regarding staffing levels when reviewed under next year's budget.

AC 25/17 PROGRESS REPORT – NDR 2014/15 REGARDING IMPLEMENTATION OF A BUILDING INSPECTORS MODULE

The Head of Revenue and Benefits introduced the report regarding the Building Inspectors Module for the Business Rate function of the Revenues Team. The current version held was now obsolete and it would cost £10,800 to install the product again. Since the original audit recommendation, the service now undertook periodic management reviews of voids and reliefs granted and business rates were audited every year internally.

The Chairman was comfortable that the audit recommendation had moved on and that the alternative measures of periodic management reviews were acceptable. Chris Wood agreed that the audit recommendation be closed.

RESOLVED:

That the Committee close the audit recommendation.

AC 26/17 OFFICE SERVICES 2016/17 - UPDATE

The Committee had requested a progress report regarding the audit of Office Services 2016/17.

The Director of Finance reported that two recommendations had been completed and there was one outstanding action that would be completed by the deadline of January 2018. There had been some issues relating to the option of automatic uploading of Inspection Reports by Contractors but this had now been tested and was working well.

RESOLVED:

Noted the progress in completing the internal audit recommendation.

AC 27/17 UPDATE ON SURVEY OF TRDC TREE STOCK

The Committee received a report providing an update on the internal audit recommendations from the Council's Tree Officer.

The Principal Landscape Officer said that tree surveying was being undertaken since the audit from 2014/15 recommendation that all Council owned trees be surveyed in three years. This was on track to be completed by the deadline of March 2018.

The Chairman said that updates received so far had stated the deadline had not yet been met, which did not provide the Committee enough information or assurance about the status of the activity that had been undertaken. The Committee requested that end of year updates be provided to ensure that the tree surveys were on track.

The Principal Landscape Officer said that a baseline survey had been completed on all key sites apart from low risk woodland

sites. The team were now in the process of reviewing all of the smaller sites.

The Chairman asked if there had been any issues with the IT software used for surveying.

The Principal Landscape Officer said that there had been initial software compatibility issues, but all IT issues had now been resolved and training had been undertaken on the system used for surveying.

A Member queried whether trees on the edges of woodland, for example near houses, were deemed as low risk and whether these would be surveyed.

The Principal Landscape Officer said that all Council owned trees near houses would be checked annually. Low risk trees within woodlands were those situated in the centre of woodlands and away from buildings.

A Member asked if any of the tree surveys were linked to site allocation plans and whether they could be undertaken alongside these plans in an attempt to stop trees getting cut down, particularly on greenbelt land, and to mitigate this risk in the future.

The Principal Landscape Officer said that the surveys only looked at trees owned and managed by the Council. It was advised that Tree Preservation Orders (TPOs) were separate to audit risks. This issue would be fed into the Director of Community and Environment for consideration when looking at site allocation plans.

RESOLVED:

That the Committee:-

- a) Noted the contents of the report;
- b) Requested that end of year updates be provided to ensure that the tree surveys were on track; and
- c) Raise Members' concerns over the protection of trees be looked into alongside site allocation plans with the Director of Community and Environment.

Post Meeting Note:

Item b) end of year updates have been added to the Committee's work programme for July 2018

Item c) The Director of Community and Environment has been advised and notes the Committee's concerns.

AC 28/17 APPOINTMENT OF AUDITORS – UPDATE

The Director of Finance updated the Committee on the appointment of auditors for 2018/19. The Public Sector Audit Appointments Ltd (PSAA) had proposed that the external auditors will be Ernst and Young LLP (EY).

Councils had the opportunity to reply to the PSAA with any issues about their proposed external auditors, and both the Director of Finance and the Chief Executive had responded positively to the recommendation.

The Chairman said that this was beneficial as the relationship with EY had been built up over the past year and the process was working well.

A Member asked when the decision would be confirmed.

The Director of Finance said that the Appointments Committee would meet on 14 December 2017. This date would be dependent on the number of objections the PSAA received and whether there needed to be any adjustments. It was expected that the final decision would be confirmed before Christmas.

RESOLVED:

Noted the provisional appointment of EY prior to being asked to formally approve this appointment at a future committee.

AC 29/17 COMMITTEE'S WORK PROGRAMME

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

- Update on Staff Vacancies (to be circulated prior to the next Audit Committee)

The Head of Finance noted that the July Audit Committee was set for the 24 July 2018 due to time pressures on signing off the accounts and avoiding school holidays for committee meetings. The Director of Finance said that under the new timetable, only final accounts would be brought to the committee. Draft accounts would be available for Members online only.

RESOLVED:-

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

AC 30/17 OTHER BUSINESS

There was no other business.

CHAIRMAN