

THREE RIVERS DISTRICT COUNCIL

At a Reconvened meeting of the Audit Committee held in the Penn Chamber, Three Rivers House, Northway, Rickmansworth, on Tuesday 31 July 2018 from 7pm to 8.02pm.

Present: Councillors Keith Martin (Chairman), Sarah Nemes (Vice-Chairman), Marilyn Butler, Joanna Clemens, Steve Drury, Margaret Hofman and Joy Mann.

Also in attendance:

Joanne Wagstaffe	Director of Finance
Alison Scott	Head of Finance
Martin Henwood	Interim Head of Finance
Andrew Brittain	External Auditor (EY)
Sarah Haythorpe	Principal Committee Manager

AC 13/18 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors David Coltman and Joan King.

AC 14/18 NOTICE OF OTHER BUSINESS

The Chairman advised that the Statement of Accounts for 2017/18 which included the Annual Governance Statement and the External Auditors Letter of Representation and the External Auditors Report had not been available 5 clear working days before the meeting. They were of sufficient urgency to be taken as late items for the following reason: to allow the Committee to approve the Statement of Accounts, Annual Governance Statement and External Auditors Letter of Representation by 31 July 2018.

AC 15/18 DECLARATIONS OF INTEREST

There were no declarations of interest.

AC 16/18 EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (JULY 2018) AND APPROVAL OF THE STATEMENT OF ACCOUNTS 2017/18

These reports allowed the Committee to ask questions of the External Auditor concerning his 'Report to those charged with Governance' and to approve the Statement of Accounts (including the Annual Governance Statement) for 2017/18.

The Interim Head of Finance provided details with regard to the major changes to the Statement of Accounts for 2017/18:

On the Pensions Accounts the value of the funds had been calculated in January but since then the equities market had picked up and by the end of March the value of the funds had increased by £1.4m. The External Auditors had asked that the actuaries provide an updated set of figures and that this information be passed onto all the Hertfordshire Councils.

The second set of changes related to the South Oxhey Developments and to the accounting treatment.

In response to a Member question on the changes to the income and expenditure the Interim Head of Finance agreed to provide a copy of the spreadsheet with the technical background to the changes. It was noted that the key changes were around the receipts.

The External Auditor provided an overview to the Committee and made the following points:

- This was the first year the Local Authorities were required to approve their Statement of Accounts by 31 July instead of the end of September;
- He thanked Joanne, the Finance Team and the EY team for all their work in getting the accounts ready for the Committee.
- On the materiality measure of gross expenditure on the provision of services, they had updated the overall materiality assessment to £1.1m.
- The audit differences identified during the course of the audit had been adjusted by management and were included in the report.
- There were three unadjusted differences recorded in the report.

It was deemed the valuation methodologies and the assumptions used to calculate the asset values to be reasonable and no significant issues had been noted.

He reiterated the explanation made by the Interim Head of Finance on the major changes around the Pension Fund and the South Oxhey Development.

In response to a Member question on the level of bad debt provision and why this was so high (£2.6m) compared to the level of debtors at £5.6m. The Director of Finance advised that the bad debt provision included Council Tax, Business Rates, Housing Benefit overpayments and General Debtors. On the Council tax debt provision the same process had been used in previous years. The Council had a 99% collection rate of Council Tax. It was noted that as the debt got older it was harder to collect.

TRDC collected the Council Tax on behalf of the Police, County Council, Parish Councils and then pay their proportion to them.

The External Auditor reiterated that the bad debt policy had not changed and the £0.1m was an over prudent provision for Council Tax bad debt. The Committee noted that it could be considered that a housing benefit overpayment not collected for 10 years could never be recovered. The Director of Finance advised that the Council were good at collecting bad debt and the Government did provide funding for the recovery of housing benefit overpayments.

He had no points to raise on the Annual Governance Statement.

He agreed to amend the date on Page 31 of the report to 31 July 2018.

In response to a Member question on value for money and having procedures in place for the tender process to cover risk and to ensure the governance arrangements were complied with the External Auditor advised that he would need specific details on the contract in question. The Member advised that it was with regard to the Leisure Contract which included the William Penn Sports Centre. 3 bids were received which had reduced to 2 bids with one bidder pulling out and no alternative bid. The External Auditor advised that no matters had been brought to his attention identifying a risk.

He reported an unqualified audit opinion on the financial statements and an unqualified audit opinion on the value for money.

The External Auditor also brought Members attention to the letter of representation, code of practice, risk of fraud, assets and liabilities, material impact on the accounts, values of land and property, business rate provision and Council reserves.

RESOLVED:

Approved the Statement of the Accounts
Approved the Annual Governance Statement
Approved the External Auditor Letter of Representation
Noted the Major Changes to the to the Statement of Accounts 2017/18
Noted the External Auditor Audit Results Report and the Changes within it.

POST MEETING NOTE:

Immediately following the finishing of the Audit Committee meeting on 31 July 2018 the External Auditors (EY) identified that a change to the Cash Flow Statement was required. Officers then confirmed by telephone with the Members of the Audit Committee present at the meeting (Cllr Mann confirmed the following day) that they were happy to delegate authority to amend the statement of accounts.

This change did not impact on the CIES or the balance sheet and merely related to a reclassification within the cash flow statement, full details would be circulated to all Members of the Committee.

EY then signed the audit and certificate.

CHAIRMAN