

THREE RIVERS DISTRICT COUNCIL

MINUTES

At a meeting of the Audit Committee held in the Penn Chamber, Three Rivers House, Northway, Rickmansworth, on Thursday 11 July 2019 from 7.30pm to 8.20pm.

Present: Councillors Keith Martin (Chairman), Dominic Sokalski (Vice-Chairman), Joanna Clemens, Tony Humphreys, Sarah Nelmes,

Also in attendance:

Alan Cooper	Client Audit Manager (SIAS)
Alison Scott	Head of Finance
Sherrie Ralton	Committee Manager

AC 01/19 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Michael Revan.

AC 02/19 NOTICE OF OTHER BUSINESS

There was none.

AC 03/19 DECLARATIONS OF INTEREST

There were no declarations of interest.

AC 04/19 PRELIMINARY LOOK AT THE ACCOUNTS

The Head of Finance gave a presentation on the Local Authority Statement of Accounts.

The following points were raised:

- It was confirmed that the draft Audit Letter would be available for the Audit Committee Meeting on 23 July.
- A Member queried the increase in Debtors of £12m. The Head of Finance explained that Policy and Resources Committee had agreed to make two loans, one to Thrive Homes and another to Watford Community Homes.
- Some Councillors were unable to view the graphs on pages 7 and 8. The Head of Finance would forward these in another format.

RESOLVED:

That the external auditors' report be noted.

AC 05/19 FINANCIAL AND BUDGETARY RISKS

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

The Head of Finance highlighted the key points in the risk register

There was a query on Paragraph 2.1 of the reports FN12 VAT partial exemption. The Head of Finance explained that Local Authorities were able to recover VAT, but there is a limit known as the partial exemption limit. If the authority breaches this limit it is unable to reclaim any VAT in that tax year. The key risk to breaching the limit is around commercial activity which is why the Council 'opts to tax' its property transactions.

On being asked whether there were any foreseeable risks, the Head of Finance said there was a possibility the focus may change with the appointment of a new Chief Executive. A further risk would be any slow-down in the property and housing market. She also advised that the systems risk was likely to disappear from the risk register later in the financial year.

RESOLVED:

The Committee reviewed the risk register there were no comments against individual risks.

AC 06/19 2019/19 ANNUAL ASSURANCE STATEMENT AND INTERNAL AUDIT ANNUAL REPORT

This report:

- Detailed the Shared Internal Audit Service's (SIAS) overall opinion on the adequacy and effectiveness of Three Rivers District Council's (the Council) control environment. Reference was made to significant matters and key themes
- Showed the outcomes of the self-assessment against the Public Sector Internal Audit Standards (PSIAS) incorporating the requirements of the Quality Assurance and Improvement Programme (QAIP)
- Summarised the audit work that informs this opinion
- Showed SIAS's performance in respect of delivering the Council's audit plan
- Presented the 2019/20 Audit Charter

The Client Audit Manager pointed out a positive direction of travel on paragraph 2.11 where the Assurance Opinion: Non-Financial Systems had been given a Satisfactory Assurance after last year's rating of moderate. Under paragraph 4.1 number 2 SIAS Planned Projects which had an achievement of 100%. Two of these were still in draft, IT Contract Management and Agency Staff. They were both satisfactory so this should not have an impact.

There were no changes to the Audit Charter which was reviewed every year.

On Appendix C on page14, the Client Audit Manager explained how the two areas of non-conformance were able to be covered off.

There is an independent Peer Review every five years so the auditors are audited. The next one would be due in 2020.

Under item 2.10 the Client Audit Manager said they always had good responses from offices and free access to any documents.

The Head of Finance is currently acting as the Section 151 Officer.

Members raised the following:

- Does the Council carry out comparisons with other Local Authorities? The Client Audit Manager replied that as a shared service within several different boroughs and districts within Hertfordshire they had close relationships with other external and internal auditors so discussions did take place at various forums and meetings.
- Reports were now being produced on shared learning with other authorities.
- The Committee were reassured that this was a very positive report.
- The link to the web page housing the full reports would be re circulated to the Audit Committee.
- The IT Operations Audit had been cancelled because, although scheduled for February, BDO, were only available to carry it out in March, and this was when the Head of ICT and Head of Service Transformation were under intense

pressure so would have been very difficult. It had been agreed that this should be included later this year if there were any cancellations in the Audit Programme.

- It was confirmed that there were no critical or high recommendations that may exceed their completion dates, however there were a number of updates outstanding. If there were any critical or high recommendations the relevant Officers to be invited to attend the Audit Committee Meeting on 23 July.

RESOLVED:

That Members:-

- Noted the Annual Assurance Statement and Internal Audit Annual Report
- Noted the results of the self-assessment required by the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP)
- Accepted the SIAS Audit Charter
- Sought management assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2018/19

AC 07/19 COMMITTEE'S WORK PROGRAMME

The Committee's Work Programme was presented for the Committee to review and make any necessary changes.

The Client Audit Manager asked for the SIAS Board Annual Report 2017/18 scheduled for the September Audit Committee Meeting to be moved to the meeting on 23 July 2019. This was agreed by the Committee.

The item 'SIAS Audit Charter and Terms of Reference Review amendments to be agreed' to be removed from the work programme as this had already taken place.

RESOLVED:

That the Work Programme be noted to include any changes agreed.

AC 08/19 ANY OTHER BUSINESS

The Chairman asked to be advised when the next Risk Management Committee Meeting would be taking place to enable him to attend. The Emergency Planning and Risk Manager would be asked to action this.

The Client Audit Manager would soon start auditing parts of Risk Management and the Chairman asked that Officers remove any controls on the Risk Register that are not being used.

The Emergency Planning and Risk Manager to be invited to attend the Audit Committee Meeting on 26 September to give an update on how the updated Risk Management Strategy is being implemented.

CHAIRMAN