

THREE RIVERS DISTRICT COUNCIL

MINUTES

At a meeting of the Audit Committee held in the Penn Chamber, Three Rivers House, Northway, Rickmansworth, on Thursday 26 September 2019 from 7.30pm to 9.00pm

Present: Councillors Keith Martin (Chairman), Joanna Clemens, Margaret Hofman, Tony Humphreys, David Raw and Michael Revan, Alison Scarth

Also in attendance:

Alan Cooper	Client Audit Manager (SIAS)
Alison Scott	Head of Finance
Phil King	Emergency Planning and Risk Manager
Jo Taylor	External Auditor, EY
Sarah Haythorpe	Principal Committee Manager

AC 20/19 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Sarah Nelmes and Dominic Sokalski with Councillors Alison Scarth and Margaret Hofman as substitutes.

AC 21/19 MINUTES

The Head of Finance reconfirmed that under paragraph AC 14/19 The Auditors were required to be rotated every 5 years.

The Minutes of the Audit Committee meeting held on 23 July 2019 were confirmed as a correct record and were signed by the Chairman.

AC 22/19 NOTICE OF OTHER BUSINESS

There were no items of other business.

AC 23/19 DECLARATIONS OF INTEREST

None received.

AC 24/19 RISK MANAGEMENT STRATEGY UPDATE

The Emergency Planning and Risk Manager gave a Risk Management Strategy update presentation showing how risks were identified, scored and monitored and highlighted the difference types of risk covered.

The following issues were raised by Members:

- *How was the decision made for a risk to be included on the risk register?* The Emergency Planning and Risk Manager advised that for an Operational Risks Register, every service had the four corporate risks which were: insufficient staff, loss of accommodation, loss of IT and fraud. The head of each service looked at their individual areas for what would impact the service. Each service had a Service Continuity Plan which linked into the Corporate Business Continuity Plan. These identified each services' priority areas. In addition to the four corporate risks, services identify service-specific risks and manage them through their operational risk registers.
- *Why was there no category for financial risk?* The Head of Finance said that there may be financial implications within all the risks, however financial risk came within all the work carried out by Finance Department. It had its own contract procedure and

finance procedure rules. Part of the annual audit checked that processes were in place to ensure the Council were getting value for money. The main financial risks were looked at separately on the main audit agenda. The Chairman pointed out that risks had to be broken down into manageable, clearly defined parts.

- *Who decided what level of risk was acceptable?* That was decided during the risk register review and any new risks should have been scrutinised by the individual committees.
- *How do you ensure the Heads of Services include all the risks?* The risks in the operational risk register are the service risks. There was an Officer Risk Management Group that reviewed the risk register, particularly the four corporate risks, to ensure consistency. SIAS also provide an independent risk management audit every two years.
- Inherent risks rated as high would not be of concern if the residual risk was low.

RESOLVED:

Risk Management Strategy update presentation noted

AC 25/19 ANNUAL REVIEW OF RISK MANAGEMENT ARRANGEMENTS

The Committee received a report summarising the Council's risk management arrangements that included revised Risk Registers for each service. The new version had been in use for almost a year and was much easier to complete. Following an Officer Risk Management Group review no changes to the document were proposed.

The Emergency Planning and Risk Manager highlighted the following points:

Leisure were showing insufficient staff as a high risk. This was because they included casual staff due to cover of holiday play schemes.

The higher Revenues and Benefits risk would be loss of IT.

Loss of accommodation scores had come down due to the introduction of agile working.

The following issues were raised by Members:

- There was a concern why the only reference to monetary risks was within Fraudulent Activity. A Member asked why there did not appear to be an audit and monitoring of services being delivered to the Council. The Head of Finance advised that this was covered within everything Finance Department did, including the internal control process, all the work carried out by SIAS and the external auditor was all about managing the financial risk. This was all detailed in the audit recommendations. Also all risks were included in each Committee Report. The Emergency Planning and Risk Manager pointed out that Fraudulent Activity would not necessarily relate to money.
- *Within the stages of Risk Management, how often were the risks monitored?* The Emergency Planning and Risk Manager advised this was varied. The higher risk to front line services would be reviewed regularly, however, other departments may only be reviewed once a year during service planning. The Chairman asked whether risk management and the recording and reviewing of risks were within the committee's terms of reference.
- *Does the Council carry out any benchmarking comparisons with other authorities about strategic risks?* The Emergency Planning and Risk Manager advised that strategic risks were linked to the strategic plan so it would be difficult to benchmark against other authorities. The Head of Finance advised that SIAS do some shared learning when potential risks could be identified.

- *In Paragraph 2.5 South Oxhey was rated 9, how is this dealt with?* The Emergency Planning and Risk Manager advised that this score had now reduced to 4 as it had been partially delivered.
- *Under Section 2.2 do the risks match the aims and priorities?* All Heads of Service and Management Board had a meeting to look at the draft strategic plan and objectives. Once agreed they would then look at the risks.
- *Was the embedding of Risk Management being taken seriously?* The Emergency Planning and Risk Manager advised that having all the Heads of Service round the table helped to get everyone on board. A dip check was suggested. It was agreed for a question to be put to Officers before the Risk Management Audit in January. The Chairman and Emergency Planning and Risk Manager would form this question outside of the meeting. The Emergency Planning and Risk Manager to report back to the December meeting.
- *Appendix 2, ST02, Emergency Planning and Risk Manager. Failure to tell residents about improvements. Was there a requirement to tell residents about negatives?* That was not seen as a strategic risk.
- *How was the Local Government Transparency Code 2015 (LGTC) implemented by the Council?* The Emergency Planning and Risk Manager advised that most of it was implemented, published and available on the website. Asset Management was improving and the Council were in the process of procuring a new Asset Management System.
- *The LGTC stated that all contracts over £500 should be published, under what circumstances would they not be published?* The Emergency Planning and Risk Manager advised that the Contract Register was published. There was not always a contract, there could be a purchase order instead. As this was a Code there was not a legal requirement. Part B reports were withheld for confidentiality reasons due to commercial sensitivity. The Monitoring Officer would provide a written response.

Post Meeting Note: *All council tenders, regardless of value, are published via the Delta E sourcing portal. Publication includes specification, correspondence with bidders and any award notice. This is open to anyone who chooses to register on the portal. A contract might not be published, or published with redactions, if it contains commercially sensitive information. There are established tests to determine whether an objection to publication can be accepted by the Council and these are applied on a case by case basis.*

RESOLVED:

That: the Audit Committee noted the Council's risk management arrangements and the Risk Registers for operational risks.

AC 26/19 INTERNAL AUDIT PROGRESS REPORT

The Committee received a report which detailed:

- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's annual audit plan for 2019/20 as at 13 September 2019.
- b) Proposed amendments to the approved 2019/20 Annual Audit Plan.
- c) Implementation status of all previously agreed audit recommendations from 2016/17 onwards.
- d) An update on performance management information as at 13 September 2019.

Members were advised, items 1 and 2 in the table at 2.9 were now where they should be.

There had been three requests for extended dates. One from the Cyber Security Audit and two from the Benefits Audit.

The Client Audit Manager had met with the Head of Revenues and Benefits and was satisfied the Declarations of Interest would be completed soon after the 30 September

deadline. The Retention and Destruction module had been escalated with the software provider.

On the outstanding medium risk recommendations from 2016/17 at 01 and 02, the Committee agreed that a written update within two weeks would be requested for the Client Audit Manager (SIAS).

RESOLVED:

That Members

- Noted the Internal Audit Progress Report for the period to 13 September 2019
- Agreed changes to the implementation dates for 3 audit recommendations (paragraph 2.5) for the reasons set out in Appendices 3 and 4
- Agreed removal of implemented audit recommendations (Appendices 3 and 4)

AC 27/19 EXTERNAL AUDITORS ANNUAL AUDIT LETTER 2018/19

EY reported that the deadline for signing off the Annual Audit letter had been met and gave a detailed explanation of the Journals. It was confirmed that the back-ups were checked. Also that Journals were only accessed by authorised people and there were tiers of approval in place.

The auditors were aware that using software to pin point risk was very risk based.

The Head of Finance mentioned that there was a debate taking place as to whether auditor fees had been driven too low.

The Head of Finance extended a big thank you to Jo Copley and the EY team for all the work they put in. 40% of other authorities Audits had not been completed on time.

RESOLVED

That the External Auditors Annual Audit Letter 2018/19 be noted

AC 28/19 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 changes in the risk register.

There had been no changes to investment risks.

RESOLVED:

That: the Committee reviewed the risk register and there were no comments against individual risks.

AC19/19 COMMITTEE'S WORK PROGRAMME

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

The Risk Management Strategy to be removed from 4 December.

The Chairman asked the Committee to email himself and the Head of Finance with any additions to the Work Programme.

RESOLVED:

That the Work Programme be noted.

AC20/19 ANY OTHER BUSINESS

The Chairman reported that he had attended a risk management committee meeting in his capacity as Chair of the Audit Committee.

A Member asked whether there were any written, formal procedures for tasks within Finance and the other services. The Client Audit Manager confirmed that there were procedures which were monitored as part of the audit as well as whether they were being adhered to.

CHAIRMAN