

THREE RIVERS DISTRICT COUNCIL

MINUTES

of a Virtual teleconference meeting of the Audit Committee held on Tuesday 24 March 2020 from 7.30pm to 8.42pm.

Taking part in the Teleconference:

Councillors Keith Martin (Chairman), Dominic Sokalski (Vice-Chairman), Joanna Clemens, Sarah Nelmes, David Raw and Michael Revan.

Also taking part in the Teleconference: Councillor Stephen Cox

Officers taking part in the Teleconference:

Alison Scott	Director of Finance
Nigel Pollard	Interim Head of Finance
Sarah Haythorpe	Principal Committee Manager

AC 32/19 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Tony Humphreys.

AC 33/19 MINUTES

The Minutes of the Audit Committee meeting held on 3 December 2019 could only be noted as the legislation under COVID-19 for holding virtual meetings had not come into force. The minutes will be presented to the next meeting on 7 July 2020 at either a meeting at Three Rivers House or a virtual meeting under COVID-19 legislation.

AC 34/19 NOTICE OF OTHER BUSINESS

There were no items of other business.

The Chairman advised that the Coronavirus Bill, which would include details on the ability for Councils to hold virtual meetings, should be coming into force soon. This meeting was being held as a virtual meeting, although no decisions can be made, as we do not have the power to take decisions when Members are not physically present.

The Committee noted that we were the 4th Council in the Country to hold a virtual meeting.

AC 35/19 DECLARATIONS OF INTEREST

None received.

AC 36/19 EXTERNAL AUDITORS REPORT

This was a verbal report provided by the Director of Finance on behalf of the External Auditors, EY. The Director summarised the results of the External Auditor's work on Three Rivers District Council's 2017-18 housing benefits claims advising that the audit had been completed and signed off and the Council had passed. There would be no report back as it was just admin process to advise the Committee that the Council had passed.

No Members had any comments to make.

RESOLVED:

That the verbal report be noted.

AC 37/19 EXTERNAL AUDITOR AUDIT PLAN 2019/20

This report allowed the Committee to note and ask questions on the Plan. The report had been provided before the impact of COVID-19 and was looking at the Audit Plan pre the accounts being completed at the end of June. The final accounts would be presented to the Audit Committee in September for approval.

The Director of Finance was be happy to answer any questions Members may have as the External Auditors were not taking part in the meeting tonight.

The Director of Finance highlighted the following points:

- Key risks/issues
- The focus of the audit plan
- New Risks and Focus
- Changes in Auditing Standards
- Major issues
- New Areas of High Value Activity – a new procedure
- Leases – new accounting standard comes in from 1 April 2020

The Plan was similar to last year with very little change in the Audit procedures.

The Chairman referred to the forthcoming meetings in September and July and asked the Committee if the later meeting on 28 July was required if the Council would not need to sign of the accounts until the end of September. He asked for Members views on possibly cancelling the 28 July meeting. The 7 July meeting would still take place with the items of business being as follows and also the business from tonight's meeting where decisions needed to be made:

▪ SIAS Annual Assurance Statement & Internal Audit Annual Report 2019/20	Client Audit Manager
▪ SIAS Board Annual Report	Client Audit Manager
▪ Treasury Management Annual Report 2019/20	Head of Finance
▪ <i>Internal Audit Progress Report</i>	Client Audit Manager
▪ Preliminary Look at the Accounts	Client Audit Manager
▪ Annual Governance Statement Progress	Head of Finance
▪ <i>Financial and Budgetary Risks</i>	Client Audit Manager
▪ <i>Committee's Work Programme</i>	Head of Finance
	Committee Team

The 28 July meeting business would be considered at the September meeting.

The Committee were all happy to not hold the 28 July meeting.

RESOLVED:

That the External Auditor Audit Plan 2019/20 be noted.

That Officers look to cancel the 28 July meeting under Rule 30(1) of the Council Constitution.

POST MEETING NOTE:

See revised work programme at (Item 11 on the agenda for meeting on 7 July) which takes account of the Committees' recommendation and also reflects the changes to the publication of the statement of accounts due to the Covid 19 crisis. This means that although the 28 July is cancelled, we need to bring forward the December meeting to the last week in November in order to sign off the accounts.

AC 38/19 FRAUD ANNUAL REPORT

This report informed Members of the work of the Fraud Section for the financial year 2019/20 and provided updates on progress and developments. The Director of Finance was happy to take any questions.

Members asked the following points:

Clarification on Paragraph 2.1.12 which related to "Overpayments in 2019/20 attributable to investigations relating to council tax reduction and consequential housing benefit adjustments amounted to £45,691." The Director of Finance said this was the cost of fraud investigations on claimed Council Tax discount, Single Person discount and Housing Benefit Fraud. If Members had any further questions they could email the Director of Finance.

Clarification on IT fraud – the Director of Finance said because of the procedures the Council has in place we are well protected from scans on our systems and applications. We have strict controls of payments from the Council with thorough checks and balances in place.

Would people be incentivised to apply for Council Tax discount if they become unemployed due to COVID-19 and how would this impact on the Council? The Director of Finance said the Council are aware of this and the need for residents to be able to get documentation to us for checking so we can process their claims and also for residents self-isolating. There may be more fraud activity but that will be a national issue not just for this Council.

Commented on the 10% blue badge fraud – this was very high. The Director of Finance said it was where people used the blue badges who were not entitled to use them.

Business rates not collected for another year. The Director of Finance said that the business rate reduction was only for leisure, hospitality, retail and nurseries – small business could impact next year.

RESOLVED:

That the report be noted.

AC 39/19 ACCOUNTING POLICIES 2019/20

This report provided details on the Accounting Policies to be used in preparing the Council's 2019/20 Statement of Accounts as set out in the appendix. The Director of Finance advised this was identical to last year. The Committee would be asked to formally confirm the policies when approving the final accounts. They were coming to this meeting to receive any comments. The policies were fully compliant with the Accounting Code of Practice.

No questions were raised by Members.

RESOLVED:

Noted the accounting policies for 2019/20 and that they would be formally approved when the Committee approve the final accounts.

AC 40/19 SIAS INTERNAL AUDIT PLANS 2020/21

This report provided Members with the proposed Three Rivers District Council and Shared Services 2020/21 Internal Audit Plans.

The Director of Finance was happy to take questions and feedback to the Client Audit Manager who had sent apologies. The Director of Finance had been involved in agreeing the Audit Plan as the Section 151 Officer. The plan was completed pre COVID-19 but would need to be readjusted on what could go ahead in the first quarter. The readjusted plan would be brought back to the 7 July meeting. The Council would be looking to try and deliver the plan as best we can. Members noted that to deliver the plan it required the Client Audit Manager to be on site to do testing which was unlikely in the first quarter but work could be done remotely.

The Director of Finance would email the Client Audit Manager to provide a revised plan to the Group Leaders and Committee every month until the next meeting on 7 July. The plan would depend on what was happening in responding to Government changes around COVID-19.

POST MEETING NOTE: Internal Audit has worked on this and will be presented to the 7 July meeting.

A Member said the timetable for the audit plan was now not going to be achieved with all Councils likely to ask for an extension to audit recommendations. Members were happy to leave the recommendations as they were and review at a later date but using COVID-19 could not always be the excuse.

RESOLVED:

The audit plan be noted.

AC 41/19 INTERNAL AUDIT PROGRESS REPORT

This report detailed the progress with the Internal Audit. Members noted that they would not be able to make a decision on the following items and these would be brought back to the 7 July meeting:

- Agree changes to the implementation dates for 3 audit recommendations (Paragraph 2.5) for the reasons set out in Appendices 3 to 5
- Agree removal of implemented audit recommendations (Appendices 3 to 5)

A Member asked about the status of the GDPR audit – it was agreed that the Director of Finance would provide a written reply to Councillor Joanna Clemens and the Members of the Committee.

POST MEETING NOTE: The Emergency Planning & Risk Manager states that Heads of Service have been reminded to review and remove historic data from systems in line with their data retention schedules and privacy notices. The automated redaction tool for the Uniform system has not yet been implemented. An ongoing monitoring and audit of personal data held by each department are being set up.

A Member asked why the audits on CIL and IT policies and procedures had been cancelled. The Director of Finance advised that the CIL/Section 106 audit to review spend arrangements in Q2 had been cancelled as no CIL expenditure had been undertaken. The audit had been deferred to next year. The audit on IT policies and procedures had been cancelled as a lot of work had been undertaken with the migration of the services and IT security recently therefore the audit had been moved to the first half of 2020/21.

A Member asked about COVID-19 and what would be happening to services and whether the Council would be providing refunds for services not provided. The Director of Finance advised that the Council would be spending the same amount of money just in different ways as a result of COVID-19.

A Member said it was nice to see the lowest level of assurance was satisfactory/good and there were no high priorities which was very good and a real change to the situation 3 years ago and congratulated the officers on all their hard work.

A Member asked what the difference was between satisfactory and good. The Director of Finance said to receive satisfactory/good meant that everything was working as it should be. There was no higher assurance level available to be given. Satisfactory meant there were a few minor faults to rectify but good meant there were no minor faults and we were doing well. You cannot get any better than good.

RESOLVED:

Noted the Internal Audit Progress Report for the period to 13 March 2020

AC 42/19

FINANCIAL AND BUDGETARY RISKS

This report advised on the latest position in respect of the evaluation of financial risks facing the Council for discussion and any recommendations/ comments they wish to make.

The Director of Finance advised that the grid was work in progress and went up to March 2020. COVID-19 would impact on the Council's medium term financial strategy. Issues would arise and would be brought up with the Management Team. Officers would be monitoring expenditure, receipt of Government grants, implications on the budget set by Council and setting up a COVID-19 budget.

A Member was concerned that the grid did not show any risk for COVID-19. The Chairman advised that COVID-19 was not a risk driver of the other risks it amplified the risks.

A Member said the risks should change as a consequence of COVID-19. The Director of Finance said the likelihood the medium term financial plan would be affected. Where the Government had announced grants/supports for residents and local business the Council would be given the funding by the Government to make the payments. But there would be additional financial expenditure for the Council relating to COVID-19. Staff were now able to work remotely which had reduced our risks. The R&B service was being run by staff working at home. The evaluation of the risks was about measuring the risk to the Council and achieving its objections not the risk to residents of COVID-19 that was a public health function.

A Member asked what the level of risk was to key personnel and how the change in work culture had impacted on staff. A Member said there would be changes to the risks and they would become higher risks by the time the Committee next reviewed them. The IT team and staff needed to be praised for the getting the new computer system in place and for being able to provide such a high level of service working from home. The Chair asked that the risks be updated for the next meeting

but in the interim each week he would like an update to be sent to the Committee on how COVID-19 would impact on the financial and budgetary risks.

POST MEETING NOTE: This risks will not really change on a weekly basis, but if there are changes the risks would be updated. An updated report is being presented to the 7 July meeting.

RESOLVED:

That the report be noted.

AC 43/19 COMMITTEE'S WORK PROGRAMME

The Committee reviewed the Audit Committee's Work Programme and made the following points:

That the September meeting be split into two meetings

An earlier meeting would consider:

- Risk Management Strategy
- Annual Review of Risk Management Arrangements
- *Internal Audit Progress Report*
- *Financial and Budgetary Risks*
- Committee's Work Programme

The 24 September would be to sign off the Accounts and review the External Annual Audit letter. The Committee supported this view.

The July items of business were a guess at this time due to COVID-19.

The Committee view was that Client Audit Manager be asked to attend the 7 July meeting or the early September meeting with the SIAS reports. The meeting may be a virtual meeting if the COVID-19 bill was in place.

POST MEETING NOTE:

SIAS will make arrangements to attend the 7 July meeting.

A report on the impact of COVID-19 on the Council would go to P&R Committee as part of budget monitoring

Members asked that the work programme be redrafted and sent to Committee Members to check the items were scheduled to the right meetings.

POST MEETING NOTE: Work programme has been updated for the 7 July meeting and can be viewed at item 11 on the agenda.

A Member asked if the free months for Council Tax could be moved to earlier in the year. The Director of Finance said this could be reviewed on a case by case basis. The Council could re-profile payments but this would be on a case by case basis. There was Government support for people struggling with their Council Tax payments

The Chairman thanked Members and Officers for participating in the first virtual meeting. Officers had worked very hard to set up the virtual meeting.

RESOLVED:

That the work programme be noted.

CHAIR