

THREE RIVERS DISTRICT COUNCIL

DRAFT MINUTES

Of a virtual/remote meeting of the Audit Committee held on Tuesday 07 July 2020 from 7.30pm to 8.50pm.

Members of the Audit Committee:-

Councillors Margaret Hofman, (Chair), Keith Martin (Vice Chair), Marilyn Butler (sub for Cllr Clemens), Shanti Maru, Sarah Nelmes, Tony Humphreys and Michael Revan.

Officers:

Alison Scott	Interim Director of Finance
Nigel Pollard	Interim Head of Finance
Alan Cooper	Client Audit Manager (SIAS)
Sarah Haythorpe	Principal Committee Manager
Jo Welton	Committee Manager

AC 01/20 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Joanna Clemens with the appointed substitute Councillor Marilyn Butler.

AC 02/20 MINUTES

Minutes of the Audit Committee meeting held on 3 December 2019 were confirmed as a correct record and were signed by the Chair.

The minutes of the meeting held on 24 March 2020 were agreed as a correct record of the meeting but the meeting had been held remotely before the Covid-19 Regulations had been published therefore no decisions could be made at the meeting.

AC 03/20 NOTICE OF OTHER BUSINESS

The Chair ruled that the following items of business had not been available 5 clear working days before the meeting but were of sufficient urgency for the following reason:

Revised Audit Plan (Appendix to the main report)

Annual Governance Statement (Appendix to the main report)

To ensure that work on the revised audit plan could be taken forward

To ensure the Annual Governance Statement could be included in the statement of accounts

AC 04/20 DECLARATIONS OF INTEREST

None received.

AC 05/20 THREE RIVERS DISTRICT COUNCIL 2019/20 ANNUAL ASSURANCE STATEMENT AND INTERNAL AUDIT ANNUAL REPORT

The Committee received the Three Rivers District Council 2019/20 Annual Assurance Statement and Internal Audit Annual Report.

The Client Audit Manager (SIAS) summarised the internal audit work that SIAS undertook on behalf of the Council during 2019/20. This report was presented at the first meeting in each Local Government year and had an important role in not only

bringing to the attention of the Committee the outcomes of the audits SIAS completed but also fed assurance opinions into the Council's Annual Governance Statement.

The Client Audit Manager wished to point out the following areas:

Section 2.12 on Page 4 of the report showed the breakdown of the opinions for each individual audit completed during the year. SIAS gave an assurance opinion ranging from good down to no assurance. This section provided a summary view of all of the audits together split between financial systems and non-financial systems. This approach was taken each year. These opinions were satisfactory for both areas and formed part of the overall opinion in the Annual Governance Statement to be presented later in the meeting. The detail behind this was also contained in the report on the number of audits completed at section 3.1.2. This was compared with the 2018/19 audits. The performance indicators at section 4 were agreed by the SIAS Board for all the SIAS clients. The Council had met or exceeded two of the indicators in Three Rivers achieving 98% on planned audit days against a target of 95% and on projects 95% (the actual target). SIAS had good support from Council Officers in delivering the programme of audits.

On the Audit Charter at section 5, SIAS reviewed this each year. The Charter set out their authority, responsibility and how the service maintained its professionalism and independence. There had been no regulatory changes relating to internal audit in the public sector in the last 12 months. Finally, SIAS had undertaken a self-assessment against the public sector internal audit standards each year for 4 years but in the 5th year SIAS engaged with an external firm to do a review which was due later this year.

A Member commented that the report was very good and was pleased that Three Rivers had satisfactory in all areas, but wanted to know why there was no score for Taxi Licensing. The Client Audit Manager said the recommendations arising from the Licensing audit would be covered later in the meeting under the SIAS Progress Report.

RESOLVED:

1. Noted the Annual Assurance Statement and Internal Audit Annual Report;
2. Noted the results of the self-assessment required by the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP);
3. Accepted the SIAS Audit Charter; and
4. Management assurance was sought and received confirming that the scope and resources for internal audit were not subject to inappropriate limitations in 2019/20.

AC 06/20 SIAS BOARD ANNUAL REPORT 2019/20

The Committee received the SIAS Board Annual Report for 2019/20

This report summarised the outcomes of the work done across all seven Districts/Boroughs and Hertfordshire County Council.

RESOLVED:

That the SIAS Board Annual Report 2019/20 be noted.

This report informed Members of the progress in the current financial year 2020/21. The Client Audit Manager (SIAS) pointed out that the planning process took place in January/February on the internal audit plan to commence from the 1 April. It was brought to the Committee in March for approval but the Country went into lockdown due to the Covid-19 Pandemic. The first set of audits to be done at the beginning of the new financial year had not been possible to complete. Watersmeet Theatre was closed and the majority of the work required Watersmeet being open. This audit would be undertaken later in the year. On the Business Continuity Plan, as officers were completely diverted to more critical matters related to Covid-19 this audit had also been re-scheduled. There were a couple of audits which were underway on the garage income and garden waste charging.

Key points for Members to consider were the changes to the Three Rivers audit plan and the shared services audit plan which covered HR, IT, Finance and Revenues and Benefits. The shared services audit plans was reported to both Council's Audit Committees as the audit cost was shared.

The audit plans would be reviewed throughout the year and there would be updates from management on the status of all outstanding audit recommendations that had been made which formed part of the appendices at 3 to 5. The outstanding recommendations would remain until the matters were resolved. There were 12 recommendations where management had asked for the dates to be extended for the reasons set out in Paragraph 2.7 of the report. In appendix 5, Members would see the detail on the taxi licensing audit, which had been finalised in April. Some of the actions had be implemented and some were still outstanding.

RESOLVED:

1. Noted the Internal Audit Progress Report for the period to 19 June 2020;
2. Approved amendments to the Audit Plan as at 19 June 2020;
3. Agreed changes to the implementation dates for 12 audit recommendations (paragraph 2.7) for the reasons set out in Appendices 3 to 5; and
4. Agreed removal of implemented audit recommendations (Appendices 3 to 5)

AC 08/20 TREASURY MANAGEMENT ANNUAL REPORT 2019/20

This report gave details of the 2019/20 year-end review of the Treasury Management function.

The Interim Director of Finance reported that Members would be aware that the Council sets the indicators as part of the Council's annual budget and reports back to the Committee mid-year and at the end of the year on how the Council has performed against the performance indicators.

The Council had planned to borrow £15 million at the beginning of the year but had only borrowed £6.7 million which was largely due to slippage on the capital programme and capital schemes. The loan the Council had taken out had been for works at the South Oxhey Sports Centre and to Everyone Active.

The Council remained within all the indicators. Members would be aware that the Council had received grant money from the Government due to Covid-19 to pay out to small businesses as part of the grants scheme. The Council implemented a temporary change to our limits to allow us to keep that within our own bank.

No questions were raised by Members.

RESOLVED:

Noted the annual 2019/20 Treasury Management report.

AC 09/20 ANNUAL GOVERNANCE STATEMENT 2019/20

This report enabled the Committee to agree the Annual Governance Statement, for inclusion in the Draft Statement of Accounts which would be presented at the September meeting. The Client Audit Manager (SIAS) reported one key point to note in that there had been consideration about the impact of Covid19 for the period ending 31 March when the lockdown had been introduced. This was reflected in item 63 of the Annual Governance Statement.

RESOLVED:

1. Approved the Annual Governance Statement (AGS) attached at Appendix 1 of the report, the 2019/20 AGS Action Plan attached at Appendix 2 and the Local Code of Governance attached at Appendix 3; and
2. That, subject to any changes required prior to their signing, the AGS be included in the Statement of Accounts for 2019/20.

AC 10/20 FINANCIAL AND BUDGETARY RISKS

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

Key changes to note were on Budgetary Risk FIN07. As a result of Covid-19 pressure had been put on the Council budgets. A report was presented to Policy and Resources Committee in June which outlined the initial impact. Officers were monitoring this regularly. The Corporate Management Team (CMT) were receiving regular reports and further budget monitoring reports would be presented to Policy and Resources Committee at each meeting.

On FIN18 Business Rates it showed a shortfall at the start of the financial year but was now being resolved.

Loss of key personnel continued to remain a risk.

A Member asked a question on the Risk register with regard to the Council's 3 year Medium term Financial Strategy which included a forecast on pay awards for the next three years. The current offer was 2.75% whilst the budget allowed for 3% but the unions had submitted a significantly higher offer. The Interim Director of Finance advised that the advice received from HR was that it was unlikely to be more than 3%, and that there had been talk of another Public Sector pay freeze which would have the opposite effect on the budget. If and when a pay award was agreed it would be back dated to 1 April 2020.

The Chair said although the risk register mentioned the effect of Covid-19 could officers give more information on loss of income and expenditure. The Interim Director of Finance said the loss of income and expenditure would be reported regularly to the Policy and Resources Committee as part of the Budget Monitoring report. There had been some additional expenditure in some areas such as Refuse and IT. Officers had identified some expenditure that was not being used as a result of Covid-19. The Policy and Resources Committee would decide if any further action needed to be taken in terms of balancing the budget and was in part dependent on any further Government funding.

The Chair said in the light of new legislation now coming into force concerning Property Investment by Councils, would there be any changes to the Council's

Property Investment Strategy. The Interim Director of Finance said that the Council were currently working on a revised property strategy and this would be presented to the Policy and Resources for discussion in September. There is no timeframe on if and when this legislation may come into effect.

The Chair asked what was being done to mitigate the loss of personnel. The Interim Director of Finance pointed out that this related to the Finance team. A number of staff were going through professional qualifications, there was a secondment from Grant Thornton to increase depth of commercial skills and in due course appointments would be made to the Director of Finance role and the Head of Finance role.

RESOLVED:

Reviewed the risk register and made comments on the individual risks as detailed in the minute.

AC 11/20 COMMITTEE'S WORK PROGRAMME

To review and make necessary changes to the Audit Committee's Work Programme

The Interim Director of Finance advised that for local authorities the publication date for audited accounts had moved from 28 July 2020 to 30 November 2020.

The Committee agreed to the cancellation of the 28 July meeting but requested an additional meeting in November.

RESOLVED:

That the work programme be noted.

That the meeting on 28 July be cancelled.

That two meetings be held in November with the later meeting in November to consider the Statement of Accounts.

CHAIR