

THREE RIVERS DISTRICT COUNCIL

MINUTES

Of a virtual/remote meeting of the Audit Committee held on Thursday 24 September from 7.30pm to 9.25pm.

Members of the Audit Committee:-

Councillors Margaret Hofman, (Chair), Keith Martin (Vice Chair), Tony Humphreys
Michael Revan, Dominic Sokalski, Shanti Maru

Officers:

Tina Stankley	Interim Head of Finance
Alan Cooper	Client Audit Manager (SIAS)
Phil King	Emergency Planning and Risk Manager
Jo Taylor	Audit Manager, EY
Jo Welton	Committee Manager
Sarah Haythorpe	Principal Committee Manager

AC 12/20 APOLOGIES FOR ABSENCE

None received.

AC 13/20 MINUTES

Minutes of the Audit Committee meeting held on 7 July 2020 were confirmed as a correct record and would be signed by the Chair of the meeting.

AC 14/20 NOTICE OF OTHER BUSINESS

No late items of business.

AC 15/20 DECLARATIONS OF INTEREST

None received.

AC 16/20 ANNUAL REVIEW OF RISK MANAGEMENT ARRANGEMENTS

This report summarised the Council's risk management arrangements and included revised Risk Registers for each service.

Members asked for an explanation on how the Risk Management Strategy Objectives were being met and the Risk Management Committee's role in overseeing them (Sections 4.1 and 4.4 in the Strategy).

The Emergency Planning and Risk Manager said there had been improvements, particularly over the last 6 months. A lot of risk assessments had been carried out on the operational work that had both stopped and started again or was being undertaken in a different way for example assessing the risk of, and providing, remote meetings. The Council was continuously improving the capability of staff to manage risk. There had not been many opportunities to encourage responsible risk taking as it had all been on the threat side for the last 6 months, but was happy that the objectives were still relevant, current and being met.

Members asked if item 6 - Risk Appetite and Tolerance could be explained.

The Emergency Planning and Risk Manager said Risk Appetite would be determined by the Policy and Resources Committee. There was always a risk around Property investments but the Council tended not to be too risk adverse in most cases and the Tolerance levels were set correctly when you look at the scoring system. On the impact and likelihood the Council very rarely get into residual risk scores or get anywhere above medium. There were a few occasions when we get into high on the residual risk but these have to be managed as part of the overall project or job.

Members asked if an Internal Audit was undertaken and whether they were satisfied that all the paperwork showed that appetites were being communicated to staff who needed to know the risks were being managed.

The Emergency Planning and Risk Manager was satisfied that with the new Management Team structure in place a standing item on Risk Appetite and Tolerance could be included on the agenda for the meetings every 6 weeks which would mean details would be documented.

On Appendix 2 the Chair of the Committee asked why both the residual risk and inherent risk scores were the same on EP08 and EP09 (Waste and Environment Manager).

The Emergency Planning and Risk Manager said in some cases no matter what mitigation was put in, it could not be lowered particularly around fly tipping which was a national problem. All the risk registers would be reviewed as part of the Service Planning Process which was now starting again. The dates of the reviews and comments would be added.

Members asked for the notes on the Risk Register to be clarified in more detail if there was an external risk and that all measures were being taken.

The Emergency Planning and Risk Manager agreed to clarify and expand on this.

A further query was raised on CS05, the Emergency Planning and Risk Manager said this would now change as the telephone system was now linked via the 8x8 communication system.

The Interim Head of Finance advised regarding ST08 that was a starting position for our Medium Term Financial Plan and needed to show a reasonable level of balances.

RESOLVED:

Noted the Council's Risk Management arrangements and the Risk Registers for operational risks.

AC 17/20 SIAS INTERNAL AUDIT PROGRESS REPORT

The Client Audit Manager (SIAS) summarised the internal audit work that SIAS undertook on behalf of the Council. Details provided in the report included the progress that had been made to deliver the current Internal Audit plan for Three Rivers and the Shared Plan. The report also asked for approval for any changes to the implementation dates on the outstanding Audit recommendations and to remove any that management had confirmed had been implemented.

As reported in July it was advised that the effect of Covid19 had put a pause on the delivery of the internal Audit plan at the beginning of the new financial year. Most of the team had been re-deployed to other areas in the County Council or to other Districts. In July SIAS were able to start on the Internal Audit plan. Appendix 1 of the report showed the current status of the Audit plan and Appendix 2 showed a calendar view of the plan. There was still a lot of work to be done through to March 2021.

The second item to note was the outstanding audit recommendations detailed in appendices 3 to 5. Officers had asked for the implementation date for two recommendations to be pushed back, one from the GDPR audit and one from the Development Management audit.

Members asked if there were any audits arising from the impact of COVID which were not on the Three Rivers Audit Plan.

The Client Audit Manager said at District and Borough level there had not been any requests from the seven authorities on this however, one area could be business rates. SIAS would be talking to the Head of Revenues and Benefits to see whether there was any work that could be done in terms of the allocation of funds which they had been working on since April. The County had put in some new audits but this was due to them being the lead on Operation Shield.

Members asked if the Chief Executive should be notified of any issues that needed to be moved up or added to the Audit Plan. The Client Audit Manager said there was a Corporate Governance Group meeting next week which the Chief Executive chaired and SIAS would be attending and the Audit plans would be considered by the Group.

It had been agreed by the Committee two years ago that on a high risk audit where an implementation date was not met the lead Officer would come to Committee and ask for an extension giving an explanation on why an extension was needed. It was suggested that an alternative could be for the Officer to write to the Chair to request an extension to the date providing an explanation. On medium level audits where officers were asking for an extension but with no explanation then an update could be issued to the Chair, copying in the other Members and the Client Audit Manager so the Committee were all aware.

A Member would provide a list of written updates required from Officers and asked other Members to email SIAS with any further requirements. The list would be sent to the Committee Members, Interim Finance Manager and Principal Committee Manager.

RESOLVED:

That where a high risk audit implementation date would not be met the Lead Officer to write to the Chair of the Committee to request an extension and provide an explanation;

Where a medium level audit implementation date would not be met the Lead Officer issue an update to the Chair of the Committee and copy to all Members of the Committee;

Noted the Internal Audit Progress Report for the period to 11 September 2020

Agreed changes to the implementation dates for 2 audit recommendations (paragraph 2.7 of the report) for the reasons set out in Appendices 3 to 5

Agreed removal of implemented audit recommendations (Appendices 3 to 5)

AC 18/12 DRAFT STATEMENT OF ACCOUNTS

A Draft Statement of Accounts presentation was shown to the Committee.

Members noted that the accounts could not be changed before the meeting in November but if the Committee would like a pre-meeting, questions could be answered before the Committee meeting.

The Chair agreed that this would be helpful, and asked if the accounts could be more accessible to residents and Members.

The Interim Head of Finance said the Council follows the CIPFAs code and the Statement of Accounts had been simplified as much as possible, while still complying with the various codes and regulations.

The Audit Manager at EY said that the accounts were well presented and the Audit of the Statement of Accounts was going well but would not be completed until the second week of October. Covid 19 and the lockdown had begun 7 days before the end of the financial year and the ramifications for Audit were massive. It was not a cause for concern as it was the same across every Council. The audit was being undertaken remotely.

RESOLVED:

Members noted the presentation.

That a pre meeting be organised before the November meeting where the Statement of Accounts would be considered.

AC 19/20 FINANCIAL AND BUDGETARY RISKS

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

The Interim Head of Finance said the appendix listed all the financial and budgetary risks that may impact on the Council. The Council regularly monitored budgets looking at the levels of income received and working with Service Managers to make sure they have the correct information, and if necessary take any corrective actions. The Council are working closely with other District Councils and the County Council in terms of monitoring levels of business rates.

Members asked if FIN18 on the action plan had been implemented, as the date said July 2020. The Interim Head of Finance said she would provide an update for Members.

Members commented that more information should be given regarding individual items like specific actions taken, dates and other details.

POST MEETING NOTE:

Members noted that on a few occasions the Committee had selected a couple of specific risk and asked for a deep dive audit so that the risk owner could explain more about the risk and the controls that were in place. Undertaking a deep dive would be very useful and informative. Members of the Committee were asked to email the Chair with the risks specific risks they would like to be covered.

RESOLVED:

the Committee reviewed the risk register and made the comments above on the individual risks.

AC 20/20 COMMITTEE'S WORK PROGRAMME

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

It was agreed that a pre meeting on the Statement of Accounts be added to the work programme and that an item on a deep dive audit to go through specific risks with Officers be added.

RESOLVED:

That subject to the comments above the work programme be agreed.

CHAIR