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## **AUDIT COMMITTEE MINUTES**

Of a meeting held in the Penn Chamber, Three Rivers House, Rickmansworth on Thursday 8 July 2021 from 7.30pm to 9.21pm

Councillors present:

Cllr Margaret Hofman (Chair)  
Cllr Tony Humphreys  
Cllr Raj Khuroya

Cllr Keith Martin (Vice-Chair)  
Cllr David Coltman  
Cllr Alison Wall

Officers: Alison Scott, Shared Director of Finance, Jamie Russell, Committee Manager

Also present: Alan Cooper - Client Audit Manager (SIAS)

### **AC 01/21 APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor Ruth Clark with Councillor Raj Khuroya attending as a substitute Member. An apology was also received from Councillor Joan King.

### **AC 02/21 MINUTES**

The Minutes of the Audit Committee meeting held on 23 March 2021 were confirmed as a correct record by the Committee and were signed by the Chair of the meeting.

Councillor Alison Walls asked for clarification on the abbreviations used within the minutes of EY and CIPFA, which were confirmed as Ernest Young and Chartered Institute of Public Finance and Accountancy.

The Chair noted there were no updates provided by the Head of Department within a week as per the minutes of the 23 March meeting. The Shared Director of Finance confirmed that updates should be received at the next meeting (27 July) if implementation dates were to change again.

### **AC 03/21 NOTICE OF OTHER BUSINESS**

The Chair advised that there was no other business.

### **AC 04/21 DECLARATIONS OF INTEREST**

There were no declarations in interest.

### **AC 05/21 INTERNAL AUDIT PROGRESS REPORT**

A Member said that the pandemic was naturally disruptive, and thanked Officers for their hard work. They asked how long would it take for the Finance function to be caught up with their workload.

The Shared Director of Finance was hopeful that this would have happened by the end of the financial year.

The Chair asked why there were eight recommendations contained within the report compared to the March meeting where there were only three, and asked for the detail behind the published audit reports.

The Shared Director of Finance said this was down to additional work bought on by the pandemic.

The Chair asked why the pandemic had any effect on workload.

The Shared Director of Finance said this was due to the volume of work having to be undertaken as a direct response to the pandemic, including supporting local foodbanks, supporting vulnerable residents and administering business relief grants.

The Client Audit Manager said that the number was slightly inflated. If a response was not received it would go into a different category and Three Rivers District Council had seen improvements in management responses.

The Shared Director of Finance said a number of recommendations relate to a property system, which was currently being upgraded and implemented.

A Member said progress was clear to be seen when compared with a few years previously. Circumstance had meant new ways of working had to be factored in. The Vice-Chair suggested that if a recommendation was deemed to be a medium or high risk and an extension was requested Officers should be invited in to explore their reasons, and these need to be addressed even if the responsible role is vacant.

The Shared Director of Finance said that updates would continue to be provided in writing, and it was for the Chair to invite Officers.

The Chair asked why the Audit Committee were not responsible for the Strategic Risk Plan.

The Shared Director of Finance confirmed this made up part of the Councils Risk Management Strategy that went to the Policy and Resources Committee and Audit Committees once a year.

The Chair asked who assigned an action as complete, and was this checked?

The Client Audit Manager said it was the Head of Service / Action Owner, and although these were not formally checked at the time, responses are on occasion challenged and evidence is sought when the next audit of that area is undertaken.

A Member asked about an overpayment to a member of staff, and whether there were other overpayments, and the associated policy.

The Shared Director of Finances said this was highlighted as part of the budget monitoring process and was an isolated incident. The amended policy

strengthened the process for recovering overpayments and the recent implementation of a new payroll system means these instances would be easier to check going forward.

The Chair asked if the overpayment was due to a lack of controls, or due to not following pre-existing controls.

The Shared Director of Finance said it was due to an employee leaving, and the new payroll system provided control for this by way of automatically sending leaver forms.

Councillor Margaret Hoffman moved, seconded by Councillor Keith Martin, that the Audit Committee have sight of the Three Rivers District Council Risk Management Strategy on two occasions per year.

On being put to the Committee the motion was declared CARRIED by the Chair of the meeting the voting being unanimous.

RESOLVED:

1. That the Internal Audit Progress report for the period to 25 June 2021 be noted;
2. That the Three Rivers District Council Risk Management Strategy be an agenda item for the Audit Committee to consider on two occasions in a Local Government year;
3. Approved amendments to the Audit Plan as at 25 June 2021;
4. Agreed changes to the implementation dates for 8 audit recommendations (paragraph 2.5) for the reasons set out in Appendices 3 to 5; and
5. Agreed removal of implemented audit recommendations (Appendices 3 to 5)

## **AC 06/21      ANNUAL GOVERNANCE STATEMENT**

A Member asked if the wording in paragraph eighteen could be amended.

The Shared Director of Finance said that the Audit Committee was not able to change the Council Vison as that had been passed at Full Council.

The Chair asked if the Councils Monitoring Officer should be in attendance.

The Shared Director of Finance said the Monitoring Officer would be invited to attend when the Annual Governance Statement (AGS) was next on the agenda.

The Chair asked for assurance of the transactions and relationships of 'related parties.'

The Shared Director of Finance said these were all detailed within the accounts.

A Member said that the AGS was signed by the Chief Executive Officer and Leader of the Council not the Audit Committee. Normally the AGS and accounts would be published simultaneously, but this was an abnormal year.

The Shared Director of Finance offered to draw attention to Related Parties when the accounts are published, extracting the detail and providing some narrative.

RESOLVED:

That the Annual Governance Statement be noted.

**AC 07/21**

## **FINANCE RISKS**

The Shared Director of Finance updated that a new Head of Finance had been appointed and would be in post at the beginning of August, and there were two vacancies expected at section head level.

A Member extended an offer to explain in detail what a risk register was to any Members of the Audit Committee.

The Chair said there was very little to be gained from reading the report. They asked if the Officers were comfortable with the Councils position on Value for Money, and whether the auditor's reports were sufficient.

A Member asked what the potential recourse was if there were any concerns with Value for Money.

The Shared Director of Finance confirmed that any concerns should be raised through Full Council, and the report had comments from both Internal and External Auditors.

A Member said that as an organisation Three Rivers District Council was subject to a significant amount of audit. The Committee was one of three levels of control, with others being Internal and External Audit.

The Client Audit Manager said that Value for Money wasn't something looked at in detail during every audit, but it was very much in the background like risk.

A Member said they could not recall a negative comment with regard to Value for Money in their time on the Audit Committee.

A Member asked when would the Committee expect to see the final accounts for 2019-20.

The Shared Director of Finance stated this would happen in August. A third of Local Authorities were in a similar position and a briefing paper would be recirculated to Members.

A Member asked if any contingency had been factored in to the 2021/22 pay settlement that had yet to be agreed.

The Shared Director of Finance stated that an allowance of 2% had been made.

The Deep Dive of the issues in the register was to be presented at the next meeting. This would allow Members to understand and monitor the progress in addressing the issues.

RESOLVED:

Reviewed and noted the risk register and made comments as detailed above.

**AC 08/21      TERMS OF REFERENCE**

The Chair was happy with the Committees Terms of Reference, and felt they should stay as they were.

A Member said it was good practise to compare the Committees Terms of Reference against agenda items and minutes for the previous year, and was willing to undertake this task and present the outcome at the September meeting.

The Chair asked if it was possible to ask for additional audits.

Officers confirmed this was possible, as the audit plan is brought to the Committee on a yearly basis, but the Committee would have to ensure there was no duplication with the work undertaken by the External Auditors.

RESOLVED:

That the Terms of Reference be noted.

**AC 09/21      WORK PROGRAMME**

The Shared Director of Finance gave an overview of the current work programme. A number amendments had been made as a direct result of discussions earlier in the meeting, all of which would be captured, and the work programme amended to reflect these.

The Chair said that Value for money arrangements included in the Terms of Reference are presently not included in the Work Programme. The Client Audit Manager confirmed that no audits are carried out for Value for Money arrangements. The Shared Finance Director stated that the assurance regarding value for money arrangements was normally provided by the External Auditors in Annual Statement of Accounts. The Chair requested that Value for Money arrangements audits could be performed by the Internal Audit team and findings discussed by the Committee.

The Shared Director of Finance offered to facilitate a series of training session in the half an hour prior to future meetings of the Audit Committee. The topics of these were to be confirmed. These would be opened up to all Members, not just those sitting on the Audit Committee.

The Chair and other Members requested that the Solicitor of the Council attends an Audit committee meeting once a year to provide assurance that all relevant laws and regulations have been complied with. This would give Members the opportunity to discuss Ombudsman complaints, FOI requests and other details.

RESOLVED:

That the work programme be noted and that a series of training sessions be organised half an hour prior to future meetings of the Audit Committee

That Value for Money arrangements audits be undertaken by the Internal Audit Team and the findings discussed by the Committee.

That the Solicitor to the Council attends one Audit Committee meeting each year.

**AC 10/21 ANY OTHER BUSINESS**

Councillor Margret Hoffman asked if access to EYs client portal could be provided for Members.

The Shared Director of Finance stated that this would be raised with EY who were due to attend the next meeting, but it not something that could be authorised by Officers.

CHAIR