
AUDIT COMMITTEE MINUTES

Of a meeting held in the Penn Chamber, Three Rivers House, Rickmansworth on Tuesday 06 December 2021 from 7.30pm to 9.12pm

Councillors present:

Cllrs:

Margaret Hofman (Chair)
Tony Humphreys
Ruth Clark

Keith Martin
David Coltman
Shanti Maru

Officers: Hannah Doney (Head of Finance)
Jane Walker (Head of Revenues and Benefits)
Justin Wingfield (Head of Property and Major Projects)
Jamie Russell (Committee Manager).

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

Also present via teleconference for item AC 27/21:

Alison Kennet and Simon Luk (Ernst & Young)

AC 31/21 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Alison Wall, with Councillor Shanti Maru acting as a substitute. Apologies were also received from Councillor Joan King.

AC 32/21 MINUTES

The Minutes of the Audit Committee meeting held on 30 September 2021 were confirmed as a correct record by the Committee and were signed by the Chair of the meeting.

AC 33/21 NOTICE OF OTHER BUSINESS

The Chair advised that they had agreed had agreed to take the item at 11A as urgent as the report had not been available 5 clear working days before the meeting. The reason for urgency being so that SIAS can continue with the internal audit work and the recommendations to the Committee can be considered.

The Chair had also agreed a change to the order of the agenda and would take item 11A on the SIAS Internal Audit Progress Report after item 4 (Declarations of Interest)

This was all agreed by the Committee.

The Chair advised that there was no other business.

AC 34/21 DECLARATIONS OF INTEREST

There were no declarations in interest.

AC 34/21 SIAS INTERNAL AUDIT PROGRESS REPORT

The Chair asked the Head of Revenues and Benefits to explain the issues highlighted by the audit, and indicate when the issues would be resolved.

The Head of Revenues and Benefits advised that the most concerning issue related to a software module that is used to destroy outdated personal data, which had destroyed some documents that were still required. This discovery resulted in the module being switched off. The delay and difficulties in getting it switched back on had come from staff turnover, and meant that a software developer was being engaged. It is envisaged that the module can be used to automate the destruction of documents relating to council tax and business rates, but not benefit documents. These would require a manual process, which would be documented by the Head of Revenues and Benefits, in consultation with the Client Audit Manager. It is estimated this will happen in early January 2022, with a further timescale to come back at the next meeting of the Audit Committee.

A Member asked if it is correct that the risk comes from destroying live documents, not from continuing to store outdated documents.

The Head of Revenues and Benefits confirmed this was correct, although best practise suggests keeping to agreed timescales for information retention.

A Member asked if there was any financial loss as a result of this module.

The Head of Revenues and Benefits confirmed that there was not.

A Member asked what safeguards are in place to prevent this from happening in future.

The Head of Revenues and Benefits said that housing benefits documents will be checked as part of the manual process before they are destroyed. For all other documents, an officer will be tasked with having oversight of the automated process to ensure the software is acting as expected.

A Member asked how would the department know that documents hadn't been destroyed that should have been retained.

The Head of Revenues and Benefits believes that output reports would show this but wasn't involved in the implement of the system, and Internal Audit would need to be satisfied in the process before the system is phased back in.

A Member asked what is being done to ensure staff turnover doesn't affect efficiency in the future.

The process will be saved on a shared drive, and a larger pool of Officers will be involved, spreading the knowledge.

The Head of Revenues and Benefits said that in relation to the discounts review, the empty homes and single person discounts were the biggest area of financial impact, and current workload pressures were slowing this down. In relation to

debtors and write-offs, sundry debt write offs were currently being signed off by the Director Of Finance and the Head of Revenues and Benefits, then Council Tax write offs will follow.

A Member asked what the issue with Single Person Discounts was.

The Head of Revenues and Benefits said it was due to volume and the resource that was required to process these. Work volumes and demand in the service are currently very high, but additional resource was currently being sought to assist with the Empty Home review.

The Head of Property and Major Projects was invited to speak on areas relevant to their service and said that the timetable for completion had been affected by the pandemic and staff churn. March 2022 was the target date that a Property Management System would be procured, followed by a period of twelve to eighteen months after this to collate the data needed to populate the system, which would need to be aided by some skilled temporary staffing resource.

A Member asked if the Committee could receive a monthly update leading up to the target date for the systems procurement.

The Head of Property and Major Projects was happy to commit to this.

A Member asked what stage was system procurement was at.

The Head of Property and Major Projects said there are three strands, each with a lead Officer responsible; Property Management System, Garage system and Finance (Direct Debit). A specification had been developed to ensure it is fit for purpose.

A Member asked what the benefits of the proposed new system were.

The Head of Property and Major Projects said it would remove a lot of manual searching for information and the Garage system could be used shortly after the system goes live as it does not need data populated into it to become effective, mitigating the risk relating to Garages.

The Client Audit Manager presented the contents of the report, and expected to be on track with the presented program by the end of the year. A new audit focusing on Procurement cards was the only additional audit that would be taking place.

A correction to the submitted report, in that that five changes to the implementation dates needed to be approved, not the six stated.

Councillor Margret Hofman, duly seconded, moved all the recommendations set out in the Audit Annual report.

On being put to the Committee the recommendation was declared CARRIED by the Chair of the meeting having been agreed by general assent.

RESOLVED:

- Note the Internal Audit Progress Report for the period to 26 November 2021
- Approve amendments to the Audit Plan as at 26 November 2021

- Agree changes to the implementation dates for 5 audit recommendations (paragraph 2.5) for the reasons set out in Appendices 3 to 6
- Agree removal of implemented audit recommendations (Appendices 3 to 6)

AC 35/21 TREASURY MANAGEMENT MID-YEAR REPORT 2021/22

The Head of Finance presented the report supplied to Committee in advance of the meeting.

A Member of asked why the Capital Strategy wasn't included.

The Head of Finance said that CIPFA were expected to publish an updated Prudential Code for Capital Finance in the middle of December and the Capital Strategy will need to be updated to reflect this and to ensure that we are fully compliant. It was therefore not possible for the strategy to come to this committee. The Strategy will go to Council via Policy and Recourses Committee for approval and in year changes can also be made if required.

RESOLVED:

That the report be noted

AC 36/21 DRAFT TREASURY MANAGEMENT POLICY 2022/23

The Head of Finance presented the report supplied to Committee in advance of the meeting.

A Member asked at what point Councils could have their own Capital Investment Strategy.

The Head of Finance confirmed that this has been since Local Government Act in 2003.

A Member asked what would the Committee be expected to scrutinise within the Treasury Management Policy.

The Head of Finance suggested interest rate assumptions, credit rating criteria, lending limits and lending duration are areas that the Committee might wish to ensure they are happy with.

A Member asked if, in the Head of Finance's opinion, the Council was adhering to its own policy.

The Head of Finance said she was of the belief it was, and the investments were very risk adverse.

A Member asked if any benchmarking had been done against other local authorities.

The Head of Finance said that this was something that would look to be include in the Year End reports, and would circulate any data currently held. The Head of Finance would also look to make use of the skills and knowledge Treasury Management Advisors to inform the Committee at future training sessions.

RESOLVED:

That the report be noted

AC 37/21 EXTERNAL AUDIT UPDATE

The External Auditors advised that the 2019/20 audit still ongoing, with a number of queries still outstanding from Officers. The auditors said that had resource available to close this off once responses are received.

A Member asked when the External Auditors could expect responses to their queries.

The Head of Finance said that some of these queries related to disparate information causing Officers difficulty in responding as speedily as they would like to. The Head of Finance also advised the committee that base data had already been provided for the 2020/2021 audit in readiness for this to commence and that the 2021/22 audit is likely to take place in the autumn of next year, which likely to be common place for Councils at a District level, with a plan in place to catch up with the audit schedule to catch up cover over the next eighteen months.

A Member asked who is responsible.

The Head of Finance said it would fall under the remit of the Head of Finance, and Section Heads were working on this as soon as possible.

A Member asked if the Council had any oversight over Parish Council spending.

The Head of Finance said that Parish Council's set their own rate as part of the Council Tax setting process, and formulas are in place to ensure residents aren't double charged for services not realised in the Parish they live in.

A Member asked if it was likely Council and Business rates would not be spent within the District.

The Head of Finance said it was possible and that Central Government had proposed a new formula to raise income through Council tax, based on need within the area, but this was not confirmed.

RESOLVED:

That the update be noted

AC 38/21 APPOINTMENT OF EXTERNAL AUDITORS

A Member asked could there be a scenario where two External Auditors were working on audits from different years.

The Head of Finance said this was a possibility and that extending the contract with the current provider wasn't an option due to procuring the current contract via the PSSA.

A Member asked if there was any ability to reduce the fees paid to the auditors.

The Head of Finance said that an independent review had been carried out by Sir Tony Redmond at the request of the Secretary of State. The Redmond Review recommended an increase in fees, so any reduction was unlikely. Fees for additional work were sent via the PSAA so the Council has the chance to challenge these if required.

Councillor Margret Hofman, duly seconded, moved the Officer recommendation.

On being put to the Committee the recommendation was declared CARRIED by the Chair of the meeting having been agreed by general assent.

RECOMMEND:

That the Committee recommend the recommendation to Council in February 2022 to opt into the national scheme for auditor appointments from April 2023.

AC 39/21 FINANCIAL AND BUDGETARY RISKS

The Head of Finance provided the Committee with further information regarding the risk 'The Medium term financial position worsens', stating the factors that influence the risk, reasons that could cause movement and the mitigations in place to manage the risk.

RESOLVED:

That the report be noted.

AC 40/21 COMMITTEE WORK PROGRAMME

A Member asked if an evening's training could be provided for all Members of next year's Audit Committee between Annual Council and the first meeting of the Audit Committee to ensure its effectiveness in the next year.

A number of Members were in agreement with this suggestion.

The Head of Finance said that this would be suggested as part of the wider Member Training program and suggested that, technology allowing, these could be livestreamed/recorded for the benefit of other Members.

RESOLVED:

That the work programme be noted.

CHAIR