THREE RIVERS DISTRICT COUNCIL

MINUTES

At a meeting of the Audit Committee held in the Penn Chamber, Three Rivers House, Northway, Rickmansworth, on Tuesday 23 July 2019 from 7.30pm to 8.32m.

Present: Councillors Keith Martin (Chairman), Dominic Sokalski (Vice-Chairman), Tony Humphreys, Sarah Nelmes, David Raw and Michael Revan

Also in attendance:

Alan Cooper	Client Audit Manager (SIAS)
Alison Scott	Head of Finance
Garry Turner	Fraud Manager
Jo Taylor	External Auditor, EY
Sarah Haythorpe	Principal Committee Manager

AC 09/19 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Joanna Clemens.

AC 10/19 MINUTES

The Minutes of the Audit Committee meeting held on 26 March 2019 and the additional meeting held on 11 July 2019 were confirmed as a correct record and were signed by the Chairman.

AC 11/19 NOTICE OF OTHER BUSINESS

The Chairman ruled that the following item of business had not been available 5 clear working days before the meeting but was of sufficient urgency for the following reason:

EXTERNAL AUDITORS REPORT

To enable the Council to approve the statement of Accounts by 31 July 2019.

AC 12/19 DECLARATIONS OF INTEREST

None received.

AC 13/19 ANNUAL GOVERNANCE STATEMENT 2018/19

The Committee formally received the Annual Governance Statement (AGS) contained within the 2018/19 Statement of Accounts.

The Head of Finance advised that the draft Statement of Accounts had been discussed in some detail at the additional meeting on 11 July 2019. The AGS fulfilled the statutory requirement to conduct a review at least once in each financial year of the effectiveness of the system of internal control and to include a statement reporting on the review with the Statement of Accounts.

The AGS showed a strong level of governance across the Council with the action plan providing a positive reflection of this. The Committee would have concerns if there were any critical or high risks from the internal audits but of the 24 audits completed there were none which was excellent work.

One minor point which needed corrected was the appointment of the new Interim Chief Executive.

RESOLVED:

Approved the Annual Governance Statement as part of the 2018/19 Statement of Accounts with the final approval and signing of the Accounts to be delegated to the Director of Finance in consultation with the Chairman of the Audit Committee by 31 July 2019.

AC 14/19   EXTERNAL AUDITORS REPORT AND APPROVAL OF THE 2018/19 STATEMENT OF ACCOUNTS

The Committee were asked to formally approve the 2018/19 Statement of Accounts and received the report of the External Auditor.

EY advised that the external audit had not quite been completed.

The Chairman moved, duly seconded, that the 2018/19 Statement of Accounts be agreed with the final approval and signing of the Accounts to be delegated to the Director of Finance in consultation with the Chairman of the Audit Committee to be completed by 31 July 2019. This was agreed unanimously by the Committee.

EY advised that there were 5 outstanding actions to be completed around Property valuations and estimated indexation movements although this was not expected to be a problem with the signing date expected to be 30 July 2019. No significant risk had been identified from the all the audits of the Accounts.

On the Pension Liability a report had been received from the actuary on 28 June 2019 which had resulted in subsequent amendments being made to the financial accounting following the McCloud Sergeant case and required subsequent changes to benefit levels to be made. This would increase the costs to the actuary valuation although this was not expected to be substantial as a result but did increase the liability in respect of annual actuaries and would affect people currently in service.

Members noted that the opinion on the TRDC statement of accounts from EY was unqualified.

In response to a question on the appointment of the external auditors, the Head of Finance advised that following the Government abolishing the Audit Commission they had set up the Public Sector Audit Appointments where they appointed auditors for the public sector. The auditors were required to be rotated every 5 years. It was noted that EY had appointed a different external audit partner for TRDC this year.

"   Councillor Margaret Hofman, who was present at the meeting, asked a number of questions on the Statement of Accounts which could not be answered at the meeting. It was agreed that a full written response would be sent to her and all Members of the Committee.

With regard to the General Fund Balance the Section 151 officer felt the level was deemed appropriate.

RESOLVED:

that the 2018/19 Statement of Accounts be agreed with the final approval and signing of the Accounts to be delegated to the Director of Finance in consultation with the Chairman of the Audit Committee by 31 July 2019.

AC 15/19   FRAUD ANNUAL REPORT

This report informed members of the work of the Fraud Section for the financial year 2018/2019 and provides updates on progress and developments for the current financial year. Particular areas highlighted to the Committee were on collaborative working, best practice, the use of intelligence, and the number of investigations, cautions, penalties and prosecutions undertaken.

RESOLVED:

That the content of the report be noted.

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AC 16/19   TREASURY MANAGEMENT ANNUAL REPORT 20181/9

This report gave details of the 2018/19 year-end review of the Treasury Management function.

The Head of Finance advised that the Council had £5.186m in the bank and if the Council wished to borrow money it was though the Public Works Loan Board and could be organised very quickly.

RESOLVED:

Noted the Treasury Management Annual Report.

AC 17/19   INTERNAL AUDIT PROGRESS REPORT

This report provided details on:
   i. Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's annual audit plan for 2019/20 as at 5 July 2019.
   ii. Proposed amendments to the approved 2019/20 Annual Audit Plan.
   iii. Implementation status of all previously agreed audit recommendations from 2016/17 onwards.
   iv. An update on performance management information as at 5 July 2019.

The Internal Audit Manager reported a further recommendation for the Committee with regard to the 2016/17 Contract Management Audit to be extended to 31 January 2020.

Members raised concern with regard to some medium priority risks not being completed within the deadline for Benefits and Cyber Security with no explanation provided on why they were not completed. It was requested that the Head of Revenue and Benefits be asked to attend the next meeting to provide an explanation and update as the target implementation dates for the two outstanding recommendations had expired.

RESOLVED:

Noted the Internal Audit Progress report for the period to 5 July 2019;

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

That the Head of Revenue and Benefits be asked to attend the September meeting to provide an update on progress on the medium priority risks not being completed within the deadline;

Agreed an extension to the 2016/17 Contract Management recommendations to 31 January 2020.

Post Meeting Note: *Cyber Security Update below in red:*

Ref No.	Recommendation	Priority	Action to Date
01	Management should put a defined plan in place to address all existing critical and high priority vulnerabilities in a timely manner. There should be a defined procedure in place to resolve vulnerabilities as and when they are encountered.	Medium	Update existing procedures to review and remediate vulnerabilities (other than MS patches). If required, implement additional system e.g. SCCM to manage deployment of "other" vulnerabilities. Position (March 2019) Review of products such as SCCM to manage 3rd party patching across the estate. **Position (July 2019)** In progress. Currently managed on a ¼ basis, using Qualys vulnerability software to assess and scan with manual remediation via patching. System will be put in place to automate where possible.
02	There should be a mechanism to restrict any non-complying devices to connect to the Council's IT network. Additionally, there should be continuous monitoring in place for all devices connected on the network to be fully antivirus protected.	Medium	Review current AV and VPN solution and viability to restrict devices with no up to date protection from connecting to the network fully. Ensure that daily reports for AV protection are monitored against asset register and this is reported to the ICT Section Head. Position (March 2019) Reporting mechanism from Infrastructure monitoring through to desktop services is in place. Mechanism to ensure that desktop services remediate the gaps sufficiently is currently underway. Replacement VPN, for all homeworking, is within scope for replacement Wide Area Network. New VPN solution will review ability to ensure that all connected devices have up to date AV. **Position (July 2019)** Continuous AV monitoring in place. Daily reports reviewed to ensure all connected devices have the most recent signatures. Where the signature has not been applied this is flagged and remediated by an engineer. New remote working solution has AV checker within Enterprise Management module. Request to extend the new remote working solution roll out to December 2019. The rollout will have commenced in August 2019, but needs to be deployed to all users across all sites, in line with the deployment of new personal IT kit and Unified Communications.
03	A training needs assessment should be performed for all members of staff that have responsibility for	Medium	Review current skills against role to assess gap, recommending appropriate training as an outcome. Note funding will have to be approved. HR Manager

Ref No.	Recommendation	Priority	Action to Date
	Cyber security so as to determine their training needs. Compliance should be monitored and action taken when members of staff are found to have not completed the IT Security and Data Protection training.		Monitor and report against all staff who have not completed the annual requirement to refresh knowledge via the Security awareness programme. Position (March 2019) New Learning Management system will be ready approximately April 2019. This is led by the HR service. Once in place more accurate reporting mechanisms can be used to ensure staff are completing the required mandatory training. **Position (July 2019)** Monitoring regarding mandatory training completed now in place via new Learning Management system. Skills gap assessment ongoing.

AC 18/19   **SIAS BOARD ANNUAL REPORT 2018/19**

The Committee received the SIAS Board Annual Report for 2018/19.

RESOLVED:

That the annual report be noted.

AC19/19   **COMMITTEE'S WORK PROGRAMME**

The Committee's Work Programme was presented for the Committee to review and make any necessary changes.

RESOLVED:

That the Work Programme be noted.

CHAIRMAN