

Minutes of a Meeting of the Audit and Standards Committee held at Council Chamber, Surrey Heath House on 25 July 2016

- Rebecca Jennings-Evans (Chairman)
+ Cllr Conrad Sturt (Vice Chairman in the Chair)

+ Cllr Dan Adams	+ Cllr David Lewis
+ Cllr Rodney Bates	- Cllr Jonathan Lytle
- Cllr Edward Hawkins	+ Cllr Bruce Mansell
+ Cllr Paul Ilnicki	

+ Present
- Apologies for absence presented

Substitutes: Cllr Dan Adams for Cllr Edward Hawkins
Cllr David Lewis for Cllr Rebecca Jennings-Evans

In Attendance: Sheena Adrian, Service Accountant (Capital & Assets & Treasury)
Karen Limmer, Head of Legal
Alex Middleton, Senior Auditor

1AS Minutes of Previous Meeting

RESOLVED that the minutes of the Audit and Standards Committee meeting held on 31 March 2016 be approved as a correct record and signed by the Chairman.

2AS Declarations of Interest

There were no declarations of interest.

3AS External Audit- Financial Statements Audit Plan 2015/16

The Committee received a report setting out how the Council's External Auditor's, KPMG, planned to discharge its duties in relation to their audit of Surrey Heath Borough Council's financial statements for 2015/16.

The two key objectives of the audit were to:

- i. Provide an opinion on the Council's financial statements
- ii. Draw conclusions about the arrangements the Council had in place for securing economy, efficiency and effectiveness in their use of resources.

The audit had been completed and a satisfactory verdict had been returned. A full update would be given to the Audit and Standards Committee at their meeting on 19 September 2016. The audit had identified two key risks, the first related to the valuation of land and buildings and the second related to new borrowing which occurred during the 2015/16 financial year.

It was clarified that the valuation of council owned land and buildings was carried out by external surveyors and valuations were developed using CIPFA guidelines and industry standard formulae.

It was acknowledged that the requirement to report any uncorrected omissions or misstatements that were above £45,000 did appear to be punitively low however this level had been set following the difficulties that the Council had experienced with the implementation of the new financial management system during the previous financial year.

The Committee noted the report.

4AS Annual Governance Statement

The Committee considered a report setting out the draft Annual Corporate Governance Statement 2015/16.

There was a statutory requirement for the Council to produce an Annual Corporate Governance statement which reviewed the effectiveness of the Council's control systems and formed part of the final accounts for each financial year. The Statement set out the governance arrangements in place at the Council, addressed any key issues identified during the year and summarised progress made towards addressing any previously identified issues.

It was reported that the Council's Monitoring Officer and Section 151 Officer considered the Council's governance arrangements to be adequate and effective. Whilst no significant governance issues had been identified in 2015/16 a number of minor issues had been identified including the number of complex projects that the Council was involved with that were dependent on partnership working and these were being monitored through the planned work of the Council.

It was noted that the number of members on the Audit and Standards Committee was seven and not the fifteen stated in the Statement and this would be amended.

It was acknowledged that although there was a high level of awareness about data protection the implementation of an online training package had not gone as smoothly as had been anticipated and a number of Council staff still needed to complete mandatory data protection training. It was agreed that a detailed report on data protection training would be brought to the Committee's next meeting.

RESOLVED that subject to the amendments noted the draft Annual Governance Statement be approved for sign off by the Council's Leader and Chief Executive.

5AS Internal Audit Annual Report 2015-16

The Committee received a report summarising the work carried out by the Council's Internal Audit function during the 2015/16 financial year.

It was reported that during the 2015/16 financial year, the internal audit function carried out 20 audits; eighteen of which were completed in line with requirements set out in the Annual Plan and two which were unscheduled audits. The audits covered a wide range of services including ICT security arrangements, the Council's Recruitment and selection processes, information governance, grounds maintenance, the financial controls in place at the Windle Valley Day Centre and the Council's use of consultants and professional advisors. The audit work had found that although the Council's control systems were generally sound however areas of weakness that needed to be addressed had been identified and a total of 51 recommendations were made as a result. 15 of these recommendations were classified as being essential (or high) and required immediate attention to address perceived substantial weaknesses.

The Committee noted the ad-hoc work done by the Council's Internal Audit Function for external organisations. The Committee stressed that it was imperative that any further requests for help with audits from external organisations were carefully considered in order to ensure that the Council's limited resources were not spread too thinly and the Council was not put at risk.

The Committee noted the report.

6AS Annual Review of the Effectiveness of the System of Internal Audit

The Committee received a report setting out the outcomes of the Council's statutory annual review of the effectiveness of its system of internal audit for 2015/16.

The review had been based on:

- The work programme of the Audit and Standards Committee and any decisions made by the Committee
- Compliance with Public Sector Internal Audit Standards
- An external audit of the work carried out by Internal Audit
- Performance against agreed work plans

It was reported that the review had found that the Council's internal audit systems were sound and internal control systems were working effectively and that recommendations identified in the 2014/15 review had been implemented. The review had recognised that the continued pressure on resources across the Council could impact on the Council's ability to deliver services and this was something that the Internal Audit function would need to be aware of and adapt to in the coming year.

The Committee noted the report.

7AS Annual Standards Report 2016

The Committee received the Monitoring Officer's Annual Report. The report included a summary of any key issues arising in relation to the Members' Code of

Conduct, an update on the appointment of Independent Persons to the Standards Committee and a forward look.

It was noted that the majority of issues raised with the Monitoring Officer during 2015/16 related to planning matters and in particular when interests need to be declared. Training sessions focused on decision making and standards issues have been held for all Borough council members. Training sessions on a range of subjects including planning matters have also been held for Parish Councillors.

The Council has entered into a partnership arrangement with other Surrey Councils to appoint a pool of Independent Persons who can be called on in the event of a Standards Inquiry becoming necessary. A meeting would take place in September to develop detailed plans for how the scheme would work.

Following their review of the Council's Scheme of Delegation, the Governance Working Group would continue its review of the Council's Constitution and a new Civic and Ceremonial Protocol was under development.

The Committee noted the report.

Chairman