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Thursday, 14 April 2022

To: The Members of the **Audit and Standards Committee**  
(Councillors: Cliff Betton (Chairman), Darryl Ratiram (Vice Chairman), Rodney Bates, Edward Hawkins, Charlotte Morley, Sashi Mylvaganam and Valerie White)

**In accordance with the Substitute Protocol at Part 4 of the Constitution, Members who are unable to attend this meeting should give their apologies and arrange for one of the appointed substitutes, as listed below, to attend. Members should also inform their group leader of the arrangements made.**

Substitutes: Councillors Richard Brooks, Paul Deach, Josephine Hawkins, Morgan Rise, Victoria Wheeler and Kristian Wrenn

Dear Councillor,

A meeting of the **Audit and Standards Committee** will be held at Council Chamber, Surrey Heath House, Knoll Road, Camberley, GU15 3HD on **Monday, 25 April 2022 at 7.00 pm**. The agenda will be set out as below.

Please note that this meeting will be recorded.

Yours sincerely

Damian Roberts

Chief Executive

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## AGENDA

	<b>Pages</b>
<b>1 Apologies for Absence</b>	
<b>2 Minutes of Previous Meeting</b>	<b>3 - 6</b>
To confirm as a correct record the minutes of the meeting of the Audit and Standards Committee held on 22 <sup>nd</sup> November 2022.	
<b>3 Declarations of Interest</b>	
Members are invited to declare any disclosable pecuniary interests and non pecuniary interests they may have with respect to matters which are	

to be considered at this meeting. Members who consider they may have an interest are invited to consult the Monitoring Officer or the Democratic Services Manager prior to the meeting.

**4 Audit of 2019/20 Accounts**

To receive a verbal update on the progress of the audit of the Council's 2019/2020 accounts.

**5 Internal Audit Annual Plan for 2022/23**

**7 - 14**

To consider the proposed work programme for the Council's Internal Audit function for the 2022/23 financial year.

**6 Date of Next Meeting**

The next scheduled meeting of the Audit and Standards Committee will take place on Monday 25<sup>th</sup> July 2022 at 7pm.

**Minutes of a Meeting of the Audit and Standards Committee held at Council Chamber, Surrey Heath House, Knoll Road, Camberley, GU15 3HD on 22 November 2021**

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+ Cllr Cliff Betton (Chairman)  
+ Cllr Darryl Ratiram (Vice Chairman)

+ Cllr Rodney Bates  
+ Cllr Edward Hawkins  
- Cllr Charlotte Morley

+ Cllr Sashi Mylvaganam  
+ Cllr Valerie White

+ Present  
- Apologies for absence presented

Members in Attendance: Cllr David Mansfield

Officers Present: Steve Bladon, BDO  
Amanda Fahey, Interim Strategic Director of Finance & Customer Services  
Alex Middleton, Senior Auditor  
Gavin Ramtohal, Head of Legal & Democratic Services & Monitoring Officer

## **7/AS Minutes of the Previous Meeting**

**RESOLVED** that the minutes of the meeting of the Audit and Standards Committee held on 4<sup>th</sup> August 2021 be approved as a correct record and signed by the Chairman.

### Matters Arising

The Committee was informed that work to complete the audit of the 2019/20 accounts was still ongoing. The Council had employed an additional member of staff to focus solely on working with BDO to finalise the audit and weekly focus meetings would take place going forward.

The Committee expressed concern about the length of time that it had taken the Council to put additional resources into place to respond to the BDO's queries and clarification was sought on the reasons for this delay.

It was clarified that any variations to the fee scales had to be submitted with supporting evidence to the PSAA for approval and the Council had no influence or input into this process.

## **8/AS Procurement of External Audit Function**

The Committee considered a report setting out proposals for appointing an external audit function to the Council for the five year period from 2023/24.

Under the Local Government Audit and Accountability Act 2014, the Council was required to appoint an independent auditor to audit its accounts for each financial year, within this requirement there were three options available to the Council:

- To appoint its own auditor
- To act jointly with other authorities to procure an auditor

- To opt into the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person' (currently PSAA)

The Committee was informed that the Council had previously opted into the Public Sector Audit Appointments (PSAA) national auditor appointing process for the period covering the accounts for 2018/19 through to 2022/23. The PSAA was in the process of undertaking a procurement exercise for the periods covering the financial years between 2023/24 and 2027/28 and all relevant bodies were being invited to opt into the scheme. If the Council was to opt into the national procurement scheme then the Council had to return completed opt-in documents to the PSAA by 11<sup>th</sup> March 2022.

It was reported that there had been a number of significant changes in the audit market since audit contracts were last awarded in 2017 including an expectation of imminent significant changes to the audit regime and the complexity of local government financial statements meant that there would be increasing pressure on the limited pool of audit firms able to undertake the audit work required.

It was confirmed that the PSAA were aware of resourcing issues within audit firms and the impacts that this was having on the timely completion of audit work. It was expected that amendments to the National Fee scales would be brought in at the same time as new codes were introduced.

**RESOLVED** that the Audit and Standards Committee recommends to Council that it accepts the invitation from Public Sector Audit Appointments to opt in to the sector led process for the appointment of external auditors to principal local government and police bodies for the five financial years from 1<sup>st</sup> April 2023.

## **9/AS Monitoring Officer's Annual Report**

The Committee received a report summarising the work of the Council's Monitoring Officer over the past twelve months.

It was reported that the Monitoring Officer was in the process of conducting a holistic review of the Council's Constitution to ensure that it reflected best practice and to correct and clarify inconsistencies due to incremental changes made over the years. The review was being supported by the Governance Working Group and it was expected to be completed in its entirety before April 2022.

Over the past twelve months, the Monitoring Officer and Deputy Monitoring Officer had dealt with 25 complaints about the conduct of members. Of these, 7 complaints were made about Councillors for Surrey Heath Borough Council and 18 complaints were made about members of Parish Councils. The majority of these complaints had been brought following misunderstandings or personality differences between councillors and it had been possible to resolve many of these informally.

It was suggested that councillors at both Borough and Parish level would benefit from training on the Code of Conduct which focused on practical scenarios and it was agreed that this would be followed up.

The Committee noted the report.

**10/AS Date of Next Meeting**

It was noted that the next scheduled meeting of the Audit and Standards Committee would take place on Monday 25<sup>th</sup> April 2022 at 7pm.

**Chairman**

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**Surrey Heath Borough Council**  
**Audit and Standards Committee**  
**25 April 2022**

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**Internal Audit Report**

<b>Strategic Director/Head of Service</b>	Gavin Ramtohal
<b>Report Author:</b>	Alex Middleton – Senior Auditor
<b>Wards Affected:</b>	All

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**Summary and purpose**

**To consider and approve the 2022-23 Annual Plan for the Internal Audit service**

**Recommendation**

The Committee is advised to RESOLVE that

- (i) The Internal Audit Annual Plan for 2022-23 is noted and agreed.

**1. Background and Supporting Information**

1.1 The Accounts and Audit Regulations require local authorities to maintain an adequate and effective system of internal audit of accounting records and of the system of internal control, in accordance with internal audit Standards. The adoption of an internal audit annual plan helps to demonstrate how Surrey Heath Council can satisfy this requirement in accordance with the Public Sector Internal Audit Standards.

The Annual Plan

- 1.2 The proposed Annual Plan for 2022-23 is attached at Annex A. The Plan shows the audits that are due to be carried out between the period April 2022 and March 2023. Included in the Plan is an estimated number of days budgeted for each piece of work, as well as a calculation of the total number of work days available for the whole year in order to complete the Plan.
- 1.3 The annual Plan has been prepared based on the 3-year medium term audit plan which was agreed by CMT and Audit & Standards committee in April 2020.
- 1.4 The objective of the Plan is to review as many Council activities as possible over a period of time, in order to obtain as wide a coverage as possible, given the limited resources and staffing available within the Council's audit team.
- 1.5 It is not possible to audit every area of the Council each year, so the Plan is based on a 3-year rotation system, which allows for certain business areas to be audited more frequently than others, and this will be achieved wherever possible, but external factors such as the Covid pandemic have affected the delivery of the Plan.

- 1.6 A number of criteria have been used to formulate the Plan and the frequency of audits, the main driver being a risk-based approach. Those business activities that carry the greatest risk to the Council are audited annually, and the functions that carry the least risk are audited less frequently. Activities that tend to be audited annually include the key finance audits such as debtors, creditors and cash and bank. Other Council activities that rely on income generation to support the revenue budget and service delivery are also audited more frequently - such as parking, property investment and the theatre.
- 1.7 Two new audits have been included in the Plan for 2022-23 – climate change and cyber security – both of which are trending with higher profiles.
- 1.8 It should be noted that Surrey Heath has carried out the Joint Waste audit for the last few years, on behalf of the other waste partners. It was agreed at committee in 2022 that the audit will be carried out by one of the other partners going forward, to share the responsibility.
- 1.9 A total of approximately 520 working days will be required to fully deliver the Plan. This takes into account working days that are needed to cover annual leave, training, and other absences. In order to maintain our continued professional membership of the IIA, there will be a number of days required for CPD.
- 1.10 Approximately 10-20% of the Senior Auditor's time is required to provide professional consultancy and advice on matters such as financial regulations, authorised signatories and delegated powers, IR35 regulation compliance, as well as risks and governance matters for the authority. The Senior Auditor also leads the audit team and represents audit at CMT meetings and Cllr committee meetings on a regular basis.

#### Requirements of External Audit

- 1.11 The Annual Plan includes a range of audits that have been required by the Council's external auditors in the past who have placed reliance on the work undertaken by Internal Audit as part of their audit of the Council's set of accounts. We understand that the external auditors reserve the right to re-perform or undertake additional testing in the areas that internal audit have reviewed such as debtors and creditors. Potentially this could lead to an additional cost to the Council.

#### Monitoring and reporting

- 1.12 Progress against the Plan is regularly monitored and reported to CMT and Members. Material changes to the Plan should be discussed and agreed in advance with the corresponding service head as well as the Audit Chair and the Section 151 officer.
- 1.13 Significant risks and findings identified by Internal Audit during the course of the year will be brought to the attention of the Chief Executive, the Section 151 Officer and senior management, and reported to Audit & Standards committee where required. Significant risks are also brought to the attention of the Council's Corporate Risk Management Group and considered for inclusion in the Corporate Risk Register, as well as the Annual Governance Statement.

## **2. Reasons for Recommendation**

- 2.1 Members of Audits and Standards committee are required to approve the Council's Internal Audit Plan of audit activity each year.



### **3. Proposal and Alternative Options**

3.1 Members could note the Plan and ask for it to be amended.

### **4. Contribution to the Council's Five Year Strategy**

4.1 Delivery of the Annual Internal Audit Plan will help the Council deliver efficient and effective services to the Borough's residents.

### **5. Resource Implications**

5.1 Outlined in the Annex.

### **6. Section 151 Officer Comments:**

6.1 Nothing to add to the report.

### **7. Legal and Governance Issues**

7.1 Nothing to add to the report.

### **8. Monitoring Officer Comments:**

8.1 Nothing to add to the report.

### **Annexes**

Annex: Internal Audit Annual Plan

### **Background Papers**

Internal Audit 3 Year Plan

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ANNEX A  
PROPOSED AUDIT PLAN FOR 2022-23

BUSINESS ACTIVITY	APPROXIMATE CYCLE	NOTES	ESTIMATED BUDGET DAYS	2018/19	2019/20	2020/21	2021-22	PROPOSED 2022-23
<b>FINANCE &amp; CUSTOMER SERVICE</b>								
Debtors and Income	annual	to support the Council's Financial Statements	8	√	√	√	√	√
Creditors and Expenditure	annual	to support the Council's Financial Statements	8	√	√	√	√	√
Main Accounting system	annual	to support the Council's Financial Statements	8	√	√	√	√	√
Housing Benefits	annual	to support the Council's Financial Statements	10	√	√	√	√	√
Revenues	annual	to support the Council's Financial Statements	8	√	√	√	√	√
Treasury Management	annual	to support the Council's Financial Statements	8	√	√	√	√	√
Cash and Bank	annual	to support the Council's Financial Statements	8	√	√	√	√	√
Capital Accounting	annual	to support the Council's Financial Statements	8	√	√	√	√	√
Procurement	periodic	inc contracts	15		√			√
Contact Centre	periodic		10					√
Insurance	periodic			√				
Grants	periodic	grants paid and received		√			√	
<b>PLANNING</b>								
Development Control	periodic	inc planning applications	15					√
Housing & Homelessness	periodic		15	√				√
Land Charges	periodic		10					√
Planning Policy & Conservation	periodic							
Family Support	periodic		10					√
Private Sector Housing	periodic	including Disabled Facilities Grants			√		√	
Building Control	periodic					√		

<b>ENVIRONMENT &amp; COMMUNITY</b>								
Joint Waste	annual	agreed to be carried out by one of the other partners in 2022-23		√	√	√	√	
Grounds Maintenance	periodic				√			
Emergency Planning, Business Continuity	bi annual					√	√	
Community Services Partnership	periodic						√	
Health & Safety	periodic		10	√				√
Licensing	periodic		15	√				√
Environmental Health	periodic		15	√				√
Parking	annual		15	√		√	√	√
Theatre	annual		10	√	√	√	√	√
Leisure Centres	periodic		15	√				√
Parks & Greenspace	periodic	inc events		√	√	√		
Museum	periodic				√	√	√	
Corporate Enforcement	periodic	inc travellers				√		
Climate Change	periodic	new audit added for 22/23	10					√
<b>HR, PERFORMANCE &amp; COMMUNICATIONS</b>								
ICT	annual		15	√	√	√		√
HR	annual	inc Safeguarding	10	√	√	√		√
Marketing & Communications	periodic				√			
Payroll	annual		8	√	√	√	√	√
Cyber Security	periodic	new audit added for 22/23	10					√
<b>INVESTMENT &amp; DEVELOPMENT</b>								
Property/Estate Management	annual		10			√		√
Investment & Development	annual		10			√		√
Economic Development	periodic					√		
Facilities	periodic				√			

<b>LEGAL &amp; DEMOCRATIC SERVICES</b>							
Legal & Democratic Services	periodic	inc committee administration, Elections	10	√		√	√
Information Governance	bi annual				√		√
Fraud	bi annual					√	√

**TOTAL** 304

Training & Development (9 days x 2 staff)	<b>18</b>
Housekeeping (4 days x 2 staff)	<b>8</b>
Leave (35 days x 2 staff, inc. carried forward 10 days)	<b>70</b>
Contingency (25 days x 2 staff)	<b>50</b>
Consultancy, Advice, reports & attending CMT/Committees, attending corporate working groups	<b>50</b>
Bank Holidays, Company Holidays (11 days x 2 staff)	<b>22</b>

218

522

<b>RESOURCES AVAILABLE (days) - 2 STAFF MAX</b>	
1 X FTE (grade 7)	<b>261</b>
1 x FTE (grade 6)	<b>261</b>
<b>TOTAL RESOURCES AVAILABLE</b>	<b>522</b>

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