

Minutes of a Meeting of the Audit and Standards Committee held at Council Chamber, Surrey Heath House, Knoll Road, Camberley, GU15 3HD on 17 April 2023

+ Cllr Cliff Betton (Chairman)
- 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 Robin Perry

Officers Present: Alex Middleton, Gavin Ramtohal, Damian Roberts and Bob Watson

14/AS Apologies for Absence

Apologies for absence were received from Councillor Ratiram.

15/AS Minutes

The minutes of the previous meeting held on 21 November 2022 were approved as a correct record.

16/AS Declarations of Interest

There were no declarations of interest.

17/AS Internal audit Annual Plan for 2023/24

The Internal Audit Plan for 2023/24 was presented to Members. The Internal Audit Plan was operated on a risk based approach and within the report a number of criteria that helped prepare the Internal Audit Plan for 2023/24 were identified. These included:

- Identifying staff turnover.
- The income and expenditure as it relates to that particular action.
- Inherent risk.
- Risks identified in previous audits.
- Frequency of audit carried out.

Members were informed that Internal Audit covers all service areas but has in the past focused on financial services in particular as these presented a higher risk to income and expenditure. It was noted that 522 working days were resourced for

the Internal Audit Plan. In the plan, the option to request additional resources from CMT was available by exception.

Internal Audit formed one element of assurance for Council services and there were a number of external and internal assurance bodies that services also had access to.

The Internal Audit plan was broken down into several different directorates and were as follows:

- Finance; annual and had been shared with External Auditors in the past.
- Planning.
- Environment and Community.
- Performance and Communications.
- Investment and Development.
- Legal and Democratic Services.

Members discussed the resourcing available for the Audit Department. Internal Audit retained 50 additional working days for contingency.

Members noted the report and thanked Internal Audit team for their work.

18/AS Appointment of Independent Person Report

The appointment of a pool of Impendent Persons for a 4 year period commencing May 2023. The Recommendation was to recommend to full Council that the short listed individuals were appointed. Monitoring Officers representing Epsom and Ewell, Guildford, Mole Valley, Spelthorne, Reigate and Banstead, Waverley in addition to Surrey Heath Borough Council formed an interview panel. The Panel provided a shortlist of appropriate candidates to support the Monitoring Officers.

Every Council was required to have an Independent Person to support the Monitoring Officer and Councillors undergoing investigation.

The Report was noted by the Committee.

19/AS Update Report on Accounts

The Committee received an update regarding the outstanding accounts dating back to 19/20. Members were informed that accounts were still being worked on and that all Councils were requested to bring an update to their respective audit committees due to the national backlog of accounts by the Director General of the Department for Levelling Up, Housing and Communities.

It was not expected that the 19/20 accounts would present any material errors, and the Council Officers believed that there were only 4 outstanding errors in the accounts to be addressed. The Council was working closely with BDO to resolve outstanding issues on the 19/20 accounts.

The Council was undergoing a financial stabilisation review to bring in additional technical accounting resources to ensure that the 20/21 and 21/22 accounts were

completed. These additional resources were to ensure that the 20/21 and 21/22 accounts were prepared for BDO to complete their audit in a timely manner. It was noted that the pandemic and remote working hindered the completion of the audit.

Members were informed that the Council only had a small window to work with BDO, and if the window passed, even if the work was not completed, BDO would have to move on according to their annual plans. The Council was working towards the reconciliation of the 19/20 accounts with BDO. Changes between the first and final set of accounts were planned to be published once the reconciliation was completed.

The Redmond Report (Ministry of Housing, Communities and Local Government 2020) stated that existing audit partners were required to complete all outstanding audits before handing off to incoming audit partners, but it was likely that incoming audit partners would also be impacted by the backlog.

The Committee were informed that an audits in a District Authority took between 5-6 weeks to complete before being submitted to the Audit Committee for approval. There were outstanding issues with Surrey Heath's accounts that required adjustment before the 19/20 audit could be completed.

It was noted that BDO had the resources to complete the 19/20 audit, but staff turnover and a shortage nationally of qualified staff presented an issue.

The report was noted by the Committee.

20/AS Update from BDO, appointed auditor

The Committee received an update from the appointed external auditor, BDO. The report presented by BDO set out a number of reasons that have contributed to the backlog of accounts. These included the COVID pandemic and lockdown, the enhanced quality requirements, new auditing standards and recruitment issues. The national state of auditing reflected these circumstances.

In October 2022, a number points were submitted to the Council by BDO that needed to be worked through. All but one of these points had been resolved, however there were further issues to be resolved. The financial statements provided to BDO at the beginning of their audit and the most up to date statements were significantly different, and further reconciliation was required. Issues in the 19/20 accounts were centred around the collection fund and bad debt fund.

Before BDO was able to sign off on the 19/20 accounts, reconciled accounts needed to be provided with a view to publish by September 2023.

Following discussion between Members, the following key points were raised regarding outstanding financial accounts:

- Members raised concern over the delay in completing the accounts.
- A lack of communication between the Council and BDO contributed significantly to the lack of progress on accounts.

- Members accepted that the pandemic was responsible for a reasonable delay.
- It was noted that the Council had made mistakes historically and technical mistakes had made signing of the accounts impossible. However, it was also noted that BDO had not provided an acceptable level of customer service.
- BDO were required to complete all audits up to 22/23, but would not start the 20/21 audit until 19/20 was completed.
- BDO worked through a program to reschedule audits that followed 19/20.
- Members expressed concern over the failure of BDO and the Council to meet and resolve issues on a regular basis.
- It was agreed that the Council and BDO, during the next audit window, worked together during the audit window with BDO teams being on site to complete the audit.
- The next audit window was expected to take place in September 2023.
- Members agreed to provide a timeline of the accounts for incoming Audit and Standards Committee Members.
- It was noted that BDO required a finalised set of accounts in order to complete the 19/20 audit.

Members noted the update.

Chairman