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Thursday, 14 July 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 Dan Adams, Richard Brooks, Paul Deach, Liz Noble, Morgan Rise and Victoria Wheeler

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 July 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

AGENDA

	Pages
1 Apologies for Absence	
2 Minutes of Previous Meeting	3 - 6

- To receive, and confirm, as being a correct record, the minutes of the meeting of the Audit and Standards Committee held on 25 April 2022.
- 3 Declarations of Interest**

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 Annual Governance Statement 7 - 32**
- To consider the draft Annual Governance Statement for the 2021/22 financial year.
- 5 Effectiveness of Internal Audit 33 - 38**
- To consider a report setting out a review of the effectiveness of the internal audit system for the 2021-22 financial year.
- 6 Internal Audit Annual Report 39 - 48**
- To receive a report summarising the work of the Council's Internal Audit function during the 2021-22 financial year.
- 7 External Audit Update**
- To receive a verbal update on the progress of the external audit of the 2019/20 accounts.
- 8 Date of Next Meeting**
- The next scheduled meeting of the Audit and Standards Committee will take place on Monday 19th September 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 25 April 2022

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

+ Cllr Rodney Bates	+ Cllr Sashi Mylvaganam
+ Cllr Edward Hawkins	+ Cllr Valerie White
+ Cllr Charlotte Morley	

+ Present
 - Apologies for absence presented

Officers Present: Steve Bladon, BDO
 Alex Middleton, Senior Auditor
 Bob Watson, Strategic Director: Finance & Customer Services

11/AS Minutes of Previous Meeting

RESOLVED that the minutes of the meeting of the Audit and Standards Committee held on 22nd November 2022 be approved as a correct record and signed by the Chairman.

Note: Minute 7/AS Clarification of External Auditor Fee Variation Process

A request for a variation to the external auditor's fees would be submitted to Public Sector Audit Appointments (PSAA) for consideration and the views of the local authority concerned would be sought before the PSAA took a decision on whether to approve the variation.

12/AS Declarations of Interest

There were no declarations of interest.

13/AS Audit of 2019/20 Accounts

The Committee received an update in respect of the progress of work to audit the Council's financial statements for the 2019/20 financial year.

It was reported that although that Council's annual accounts for the financial year ending 31st March 2020 remained unaudited it was not a situation unique to Surrey Heath and there were a significant number of local authorities in England in the same position. These delays, which had initially originated from a shortage in resources and recruitment difficulties for the external audit firms who serviced local government audits, had been recognised in a recent review by Sir Tony Redmond, for the Department for Levelling Up, Housing and Communities (DLUHC). The situation had been further exacerbated by the Covid-19 pandemic and the associated Government restrictions which had impacted on the ability of council finance teams to prioritise the annual statements over new burdens for making support payments to residents and businesses, monitoring grant funding, acting as a payment agency for central government and completing a significant number of new government returns whilst still ensuring the probity of public monies. Similarly the

need to work remotely had made the audit processes more time-consuming and impeded effective communication between finance officers and the external audit team.

The publication of the first draft of the Council's accounts for 2019/20 had generated a number of audit questions from our external auditors which is not uncommon in the process of moving from draft to final accounts. With a number of concerns being raised about the accounting treatment for the Jersey-based Property Unit Trust and how it had been presented within the Council's formal statement of accounts. Over the past six months, Council finance officers had been in close dialogue with the audit team at BDO and have now agreed the accounting treatment approach with them. The latest draft Statement of Accounts had now been passed to the external auditor for their review and a copy had been published on the Council's website. Officers would be working with BDO to ascertain when the Auditor would have the resources available to complete the audit process so that Council resources could be made available to respond to any questions and queries in a timely manner.

Concerns about the mis-posting of £40million between the publication of the draft accounts and the publication of the latest revised draft accounts were noted. It was clarified that this mis-posting had originally occurred when, during the production of the original draft accounts, money had been incorrectly categorised as being available in the useable reserves budget. This mis-posting had been rectified and the money was now correctly assigned to the unusable reserves budget in the latest draft accounts. It was stressed that the true position of the Council's reserves balance had always been between £35 and £40million, a sum that was considered sufficient to support the Council's current budget.

It was clarified that although regular meetings had taken place with the Auditors and a range of officers including the Section 151 Officer, the Chief Accountant and members of the Finance Team. It was noted that meetings had only been held when there had been matters to discuss or resolve and consequently meetings whilst regular they had not been the weekly ones specified by the Audit and Standards Committee.

The statutory requirement for local authorities to publish an audited set of accounts was acknowledged however it was stressed that at the current time there were no sanctions that could be applied to a local authority if this was not done.

The amount of time that was required to audit a local authority's account varied according to the size and complexity of the local authority in question. However for an organisation of Surrey Heath Borough council's size six weeks would normally be considered to be sufficient.

The Committee was informed that it would not be possible to run the audit of the 2020/21 accounts concurrently with the 2019/20 accounts audit because the opening position of the 2020/21 balance sheets would not be available until after the completion of the audit of the 2019/20 accounts.

The Committee agreed that it would welcome the opportunity to discuss what input of the relevant Executive Portfolio Holder had had into the situation. It was agreed that the Chairman would invite the Portfolio Holder to meetings of the Audit and Standards Committee.

It was agreed that:

- i. A log of the outstanding queries submitted by BDO would be circulated to the Committee.
- ii. Monthly progress updates would be provided to the Committee

- iii. The Finance Portfolio Holder would be invited to the Committee's meetings

14/AS Internal Audit Annual Plan for 2022/23

The Committee considered a report setting out the draft Annual Plan for the Council's Internal Audit Team for the 2022/23 financial year.

The Committee was informed that the proposed work plan had been based on the draft Internal Audit Three Year Strategic Plan, agreed by the Committee at its meeting on 20th April 2020. The proposals consisted of a combination of audit activities carried out on an annual basis, activities conducted on a triannual basis and one off audit projects. It was expected that the activities proposed in the Annual Plan would require approximately 520 working days to be delivered by the Council's two internal auditors.

It was noted that two new areas, cyber security and climate change, had been included in the audit plans for 2022/23 and following a suggestion by the Committee responsibility for the annual audit of Joint Waste Services, had now been assumed by one of the other local authorities involved in the waste partnership.

In response to concerns that the relatively low number of days assigned to auditing contracts would be insufficient for the scale of the task it was clarified that auditing of contracts would also happen as part of other scheduled audits, for example the proposed leisure centre and payroll audits, in addition a number of contingency days had been built into the plan in the event that work over ran.

The Internal Audit function of councils was subject to a peer review every five years and the Council had partnered with Elmbridge and Spelthorne Councils' Internal Audit Teams to peer review each other's services and identify areas of best practice and areas for improvement.

The Committee was informed that recharge of the cost of the audit of community services was incorporated was absorbed into the overheads line of the Community Services budget.

The Committee commended the work of the Audit Team.

RESOLVED that the Annual Audit Plan for 2022/23 be approved.

15/AS Date of Next Meeting

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

Chairman

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Surrey Heath Borough Council
Audit and Standards Committee
25 July 2022

Annual Governance Statement

Head of Service: Head of Legal and Democratic Services
Report Author: Gavin Ramtohal, Head of Legal and Democratic Services
Wards Affected: N/A

Summary and purpose

Each year the Council is required to publish its Annual Governance Statement as part of the preparation of the financial statements and accompanying policy papers. The Statement must be signed by the Leader of the Council and the Chief Executive.

Recommendation

The Audit & Standards Committee is advised to RESOLVE to

- (i) review and comment on the draft Annual Governance Statement for 2021/22; and
- (ii) recommend that the Annual Governance Statement be submitted to the Leader and Chief Executive for their signatures.

1. Background and Supporting Information

- 1.1 Surrey Heath Borough Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. (A copy of the code is available on the Council's website and is contained in part C of the documents that support the Constitution)
- 1.2 This statement explains how the Council has complied with the code and also meets the requirements of Part 2, 6(1) of the Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an Annual Governance Statement.
- 1.3 The Annual Governance Statement is reviewed by the Council's auditors, who will comment if in their view they feel that the Statement does not properly reflect the standard of governance demonstrated in the previous financial year.

Supporting information

- 1.4 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled; and its activities through which it is accountable to, engages with and leads its communities.

- 1.5 It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide a reasonable assurance of effectiveness.
- 1.6 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives; to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically. The governance framework has been in place at the Council for the year ended 31 March 2022 and up to the date of approval of the Annual Reports on financial outturn and performance as well as the quarterly reports on budget monitoring.
- 1.7 This year, management assurance statements have been provided by senior officers from service departments which inform the high level risks and issues across the Council. These management assurance statements support the governance statement in terms of identifying key issues for services departments.

2. Reasons for Recommendation

- 2.1 Surrey Heath Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must ensure that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.
- 2.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions. This includes arrangements for the management of risk.

3. Alternative Options

- 3.1 None applicable

4. Contribution to the Council's Five Year Strategy

- 4.1 Not applicable

5. Resource Implications

- 5.1 Officer time is required to prepare the Annual Governance Statement. Predominantly the Council's Statutory officers and Senior Internal Auditor are engaged in the preparation. Seniors officers from service departments are required to prepare management assurance statements which contribute to the statement.

6. Section 151 Officer Comments:

- 6.1 The Annual Governance Statement is a document that forms part of the annual statement of accounts and is reviewed by the external auditor when they form their opinion on the level of governance at the Council.

7. Legal and Governance Issues

- 7.1 The Annual Governance Statement is required to be prepared in accordance with Regulation 6 of the Accounts and Audit Regulations 2015 and is required to be published in accordance with Regulation 10.

8. Monitoring Officer Comments:

- 8.1 The Annual Governance Statement is an essential document to provide high level assurance on governance matters and issues at the Council. The document provides high level direction on the corporate issues and risks that require focus from senior management across service departments.

9. Other Considerations and Impacts

Environment and Climate Change

- 9.1 Not applicable

Equalities and Human Rights

- 9.2 Not applicable

Risk Management

- 9.3 The Annual Governance Statement identifies corporate risks by service areas. The statement sets out in detail the identified risks and how such risks have been resolved or mitigated. The statement also details the principles that the Council adopts to assist with the better management of corporate risks.

Community Engagement

- 9.4 Not applicable

Annexes

Draft Annual Governance Statement for 2021/22

Background Papers

None

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ANNUAL GOVERNANCE STATEMENT 2021-22

INTRODUCTION

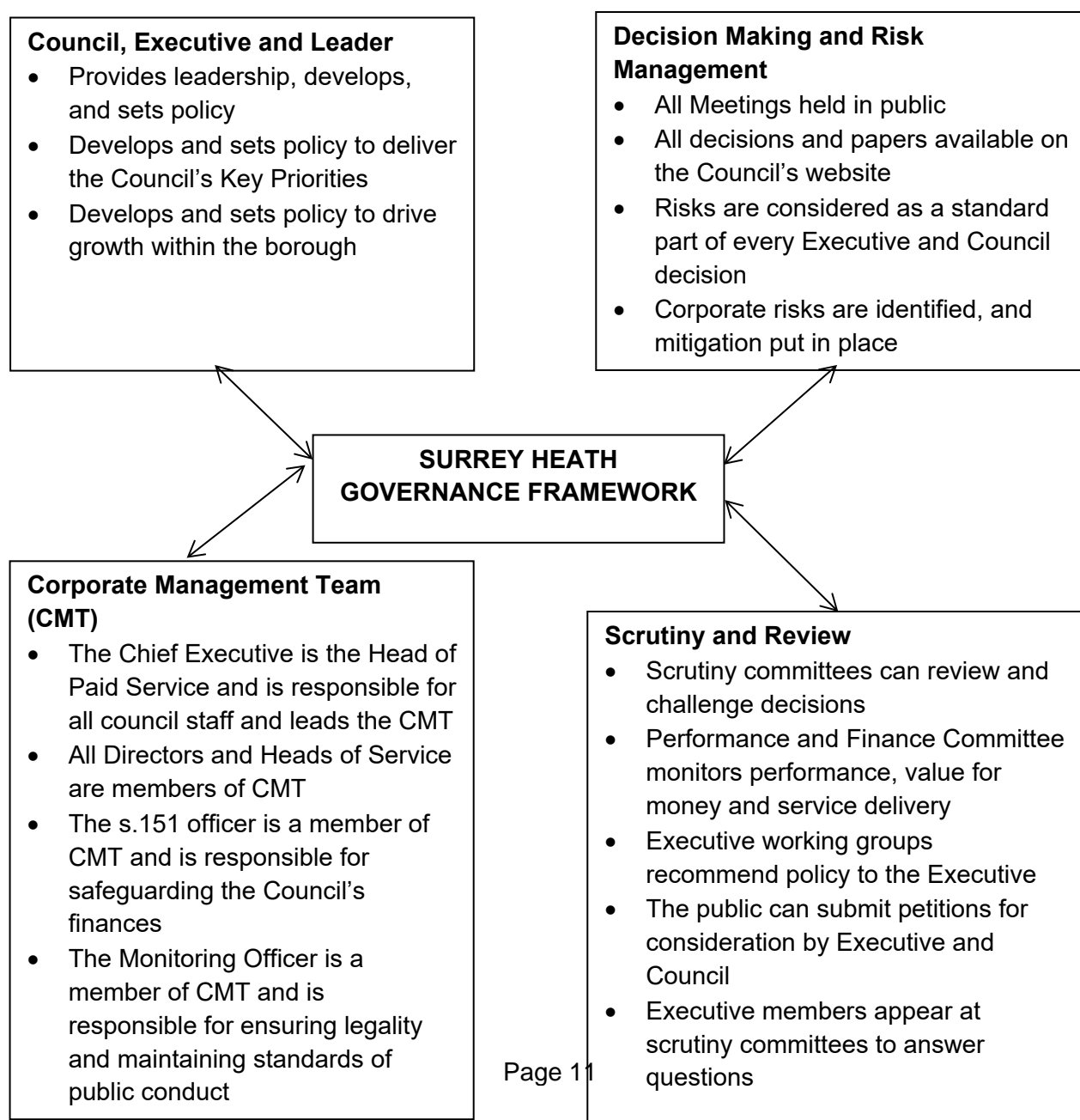
Local authorities are statutorily required to review their governance arrangements at least once a year. Preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (the Framework) fulfils this requirement.

The Framework requires local authorities to be responsible for ensuring that:

- their business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for;
- and resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

The Framework also expects that local authorities will put in place proper arrangements for the governance of their affairs which facilitate the effective exercise of functions and ensure that the responsibilities set out above are being met.

KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK



HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

The Council has approved and adopted a Code of Corporate Governance together with a number of other strategies and processes, such as financial regulations and codes of conduct which strengthen corporate governance. The Council's Constitution contains rules, requirements, processes, procedures and authorisations to ensure effective governance across the Council.

The Coronavirus pandemic has had a significant impact on both the Council's finances as well as on how it delivers its services. The Council introduced Covid safe support services to assist with the national response at government level and be able to continue to deliver existing services to residents. This has required the Council to change the way services are delivered and at the same time develop and maintain new services to support those residents affected by the pandemic.

Set out below is how the Council has complied with the seven principles set out in the CIPFA/SoLACE Framework during 2021-22

PRINCIPLE A

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Council has a Code of Conduct for elected Members, and a Code of Corporate Governance which provides guidance for officers and Members on expected standards of behaviours to ensure integrity. Members and officers receive training in Code of Conduct and behaviour issues. The Council has adopted a new framework for values and behaviours which comprises five values which are Customer Focus, Teamwork, Innovation, Delivering Results and Proud to serve. The Audit and Standards Committee and Monitoring Officer ensure that the Members' Code of Conduct is up to date and investigate any suspected breaches. The process for dealing with investigations is contained in the Constitution regularly reviewed by the Monitoring Officer.

All officers and Members must also sign up to the Council's Anti-Fraud and Corruption Policy and declare any interests they may have or gifts they have received which are recorded in the Gifts and Hospitality Register. These are reviewed periodically by Internal Audit. The Speak Up Policy (formally known as the Whistleblowing Policy) provides protection for individuals to raise concerns in confidence about unusual behaviour and ensures that any concerns raised are properly investigated. The policy is available on the Council's website and forms part of the Council's induction process. A Bribery Policy has also been established and adopted. The Council has an internal corporate enforcement team which has the power to investigate any suspected fraud or corruption both internal and external with the support of the police and is able to report directly to HR/Monitoring Officer for action to be taken if required. Several Council officers are trained to undertake interviews under caution in accordance with the Police and Criminal Evidence Act 1984.

All Council decisions have to consider legal and governance implications which are included as a standard paragraph in all Committee reports. Senior officers and other key post holders receive support from Legal Services in this regard and if specialist legal advice is required then the Council will engage external advisers. The Section 151 Officer and Monitoring Officer have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to Members. Both these officers are required to review all Committee reports.

The Council has an internal audit team that undertakes audit reviews of the Council's main activities on a regular basis. Findings are reported to the Corporate Management Team and to the Audit and Standards Committee periodically. Audit has a direct reporting line to the Chief Executive as well as the Audit & Standards Chair on matters that may require immediate action.

The Council's Governance Working Group meets regularly to discuss matters of governance and to make recommendations on improving governance. The group comprises of Members and senior officers.

An officer Equality Action Group champions equalities throughout the organisation, monitors compliance with the Equalities Policy, and reviews service level Impact Assessments. There is also a Member Equality Working Group looking at ways to engage the community. All decision reports are required to complete a section on equalities implications.

PRINCIPLE B

Ensuring openness and comprehensive stakeholder engagement

All meetings are open to the public and all agenda papers, reports and decisions made by the Council are published on the Council's website together with details of forthcoming consultation exercises, surveys, and public meetings, except those determined as exempt from publication. The Council's Constitution also provides for public engagement at Council meetings whereby the public can attend and put questions to Members. Committee reports contain a standard paragraph to comment on consultation with third parties and stakeholders.

Temporary regulations regarding Covid 19 have enabled Councils to hold remote Committee meetings until May 2021, however the Council needs to keep under review the laws on holding hybrid and fully remote Committee meetings because changes are anticipated.

The Council's Constitution sets out how it engages with stakeholders and has representation on the governing bodies of external organisations including the local housing association, CCG, and other joint bodies.

The Council has reviewed the requirements of The Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018 and has undertaken a review of its website to ensure the Council is compliant and maximises engagement from the community in terms of accessing Council information.

The Council traditionally holds two business breakfasts each year to present the work of the Council and to discuss matters of common interest to local businesses. The Council sends every household a copy of its residents' magazine, Heathscene, three times per year, which includes articles of interest affecting local residents. The Council also posts on social media channels including Twitter, Instagram, Facebook, LinkedIn, and YouTube. More specific e-bulletins and publications are created for various communities of interest, such as businesses, theatre users etc as well as for changes in services. The Council has set up a specific website called Camberley Be Inspired that provides latest news on the town centre regeneration.

PRINCIPLES C AND D

Defining, optimising, and achieving outcomes

The Council has in place a five-year strategy covering 2022 to 2027 based around 4 themes. These are Environment, Economy, Health and Quality of Life and Effective and Responsive Council. For each of these themes there are high level objectives and underneath are the priorities. A new Annual Plan is approved by Members each year which sets out the key targets which will be delivered for the year to further the priorities. These targets feed through into project plans and individual staff and team objectives to help ensure that specific outcomes in relation to the five-year strategy can be delivered and monitored.

Each service also plans out how it will deliver the outcomes relevant to its area of work in the context of the agreed budget for the year ahead. Services challenge each other through the Corporate Management Team to ensure their budgets deliver value for money.

To ensure that the Council continues to deliver sustainable social and environmental benefits, there is an Economic Development Plan, as well as a series of more specific strategies. These include the Health and Well Being Strategy, Housing Strategy, and the Air Quality Strategy. The Council has created a new role to help tackle climate change at a local level.

All decisions, unless delegated, are made by Executive which include reviews of options and risks by officers and Members. Key performance indicators are in place for all services, and these are reported bi-annually, together with performance against the Annual Plan, to Members for discussion and potential intervention where expected performance is not being achieved.

The Council has been through a programme of rapid technology change and significant transformation and continues to review ways of working in order to increase efficiency, reduce costs, adapt to changing legislative requirements, and simplify its IT estate. It has invested in some of the latest technology and innovation enabling services to move to cloud-based computing to support agile and mobile working. The Council has invested in a new cloud-based telephony solution now implemented for all staff. The old hardware was decommissioned in November 2019. The new system allows staff to access work calls on their personal or work mobiles. Spider (or teleconferencing) technology has also been introduced at several sites across Surrey Heath House, which enables teleconferencing meetings to be held.

The Council's ageing network switch infrastructure has been re designed improving resilience and connection speeds for staff and equipment. A number of computer applications have moved to Box and are no longer stored on the Council's server network. Acolaid has been replaced with Idox Uniform, the CRM system ~~is being~~ has been replaced with a new cloud base system, a cloud-based GIS system has been implemented and the Council's finance system Civica successfully migrated to a cloud-based system to allow users to be able to access it remotely. The HR and ICT Team have jointly implementing a cloud-based HR system to further support agile working. Elsewhere, IoT technology has been implemented at Surrey Heath House which allows legionella compliance to be tested automatically. The roll out of Intune laptops has been progressing and now over 100 Intune laptops have been deployed to staff.

Due to the overspend on the public realm works in Camberley Town Centre, the Council agreed to scrutinise the overspend with a view to improving governance on capital projects.

PRINCIPLE E

Developing capacity and capability

A key element of the Council's service planning is to maximise the investment in staff through training to enhance the qualifications and skills to enable them to fulfil their roles and potentially progress within the organisation. Several staff have obtained qualifications through this route and have progressed as a result. The Council has maintained its training budget despite reductions in other areas to ensure that it can develop staff for the future and deal with shortages in key areas such as planning. Training requirements are reviewed for all staff as part of their annual appraisal which highlights areas of development required to enable them to fulfil their objectives for that year. The Council provides mandatory training for all staff where appropriate, examples include information governance training, safeguarding and emergency centre training. The Council is also a member of the Surrey Learn Partnership which offers cost effective personal skills training in areas such as management skills, communication skills and personal effectiveness on a Surrey wide basis. The Council has a full induction programme for staff and Members.

A new Councillor welcome pack was provided to all Members, as well as a quick start guide for IT guidance. An external firm of solicitors were commissioned to train Members on the Licensing Act 2003, South-East Employers provided two training sessions on Chairing Skills as well as on Effective Ward Work. Several Members also attended a South-East Employers new Councillor event with other new Councillors from other authorities in Newbury. A comprehensive training timetable was also rolled out covering sessions on equalities, cyber security, data protection and planning.

During the year, a number of staff were supported through training and experience to gain professional qualifications. This is seen as a major incentive to attract staff to the Council and enable it to address skill shortages and competencies in the future. The organisation has rolled out a new agile working policy for its staff to enable them to achieve a more positive work life balance and provides a basis for working remotely away from the office environment.

The Council works across a broad set of partnerships and collaborative arrangements and uses commissioning and procurement processes to maximise capacity by delivering services in the most effective and efficient way. Under the Joint Waste Partnership Surrey Heath is the lead authority of four authorities to deliver a waste and recycling operation under a single contract. The Council has also extended its joint arrangements with other Councils in areas such as Environmental Health and Community Services.

The Covid-19 pandemic resulted in collaborative working arrangements needing to be established with some of our partners to help support the welfare work, including new arrangements with the voluntary sector such as Surrey Heath Prepared, and Age UK, as well as with the National Shielding Service and Surrey County Council to deliver a welfare response. New governance arrangements as well as data sharing protocols were established.

The Council is developing an agile working policy to increase capacity through more flexible working. One aim of the policy is to achieve an appropriate balance between office and home working to boost capacity.

PRINCIPLE F

Managing risks and performance

The Risk Management Strategy sets out the Council's approach to identifying and controlling risk. A Corporate Risk Register is maintained which identifies the key risks the Council is facing

and measured against impact and likelihood. The risk register is reviewed periodically by the Council's risk management group and is reported to CMT and to the Performance and Finance Committee at least annually.

The Corporate Risk Management group have continued to review existing as well as risks that have emerged following the end of restrictions associated with the Covid-19 pandemic, especially in terms of the effects on current and medium to long term Council finances and financial planning. The main risks associated with the pandemic were identified at the onset of Covid-19 and the risk associated with the new normal continue to be monitored by CMT.

During 2021/22 the Council has continued to prioritise the health and safety of its workforce and the communities it serves.

The Council regularly reviews and assesses hazards within the workplace and implements control measures to mitigate risk. Updates on Health and Safety matters is now a standing item on the CMT agenda. This is defined in law under the Management of Health and Safety at Work Regulations 1999. The measures are communicated to relevant staff.

The Council also has a written Health and Safety policy (which includes steps on how to deliver the policy) which is kept under constant review to ensure that it remains up-to-date.

As regards the management of the workplace to ensure that services were maintained and staff protected post Covid lockdown, the following additional health and safety strategies were implemented:

- Ensuring adequate ventilation to help reduce risk of spreading coronavirus in Council workplaces;
- Supporting and advising staff working from home and those required to work alone on lone without supervision. Regard was also paid to issues such as providing suitable equipment (e.g., laptops) and the management of stress arising from lone working;
- Covid security for workers was added to the Council's Risk Register;
- Guidance was issued to staff to on personal protection, visitor access to buildings, social distancing and the use of on-line technology (e.g., 'Teams' meetings);
- Increased cleaning and other hygiene measures were introduced to the workplace.

Progress against the Annual Plan objectives and KPI's are reported bi-annually to Members. The Council has adopted a suite of Financial Regulations together with Contract Standing Orders, which set out expected financial and spending processes and internal controls, which are monitored on a periodic basis.

The internal audit team provide regular reports on the effective operation of these controls together with an annual assessment of the overall control environment. The Council's Information Governance Manager is responsible for overseeing the Council's compliance with UK GDPR and DPA, ensuring effective information governance, information security, information rights and records management processes are in place. The annually reviewed Data Protection Policy and Information Security Policy governs how information should be securely handled, transmitted, stored, and maintained. The Council's Data Security Breaches Policy governs the effective reporting, investigation, and management of breaches of information security. The roll out of the GDPR regulations and associated DPA has resulted in the corporate Privacy Notices being regularly updated on the Council website and new ones for different departments are being added. All staff have completed information security and GDPR training. One of the main risks to information management comes from cyber-attack.

The Council has taken out insurance policies to help manage its risk exposure and has commissioned the services of services providers at the London borough of Sutton, and commercial insurers Zurich and Allianz.

The Council recognises that it does not have the expertise internally in all matters and engages external advisors when required for example in relation to the town centre regeneration, the public realm works, and Council development projects including Ashwood House, the London Road Block and the new leisure centre.

The Council submits reports on its performance in complaints, planning, environmental protection, and a number of other areas to Members each year for discussion and comment.

The Council has purchased the town centre site in order to regenerate the Square and the London Road development site. The Council recognises that this carries a significant level of commercial and financial risk, and it has appointed professional agents and legal advisers to manage and advise on these areas so as to minimise these risks.

A corporate strategy has been developed to help manage the Council's climate change agenda and to reduce emissions. A task group has been established which is charged with a number of actions including how the Council plans to deliver the carbon reduction target; to declare a Climate Emergency and develop actions to support businesses and all relevant bodies in their work to tackle climate change; and develop a policy for the use of renewable materials and energy across the Council's estate; agree to make Surrey Heath Borough Council and its contractors carbon neutral by 2030.

The Council's corporate enforcement team continues to manage the risks associated with unauthorised encampment sites.

Covid 19 has necessarily resulted in complex and unprecedented negotiations between the Council and tenants regarding rent deferrals and concessions. Due to the urgency, these negotiations have been accelerated and therefore potentially there may be some risk in terms of the overall benefit of the negotiated outcomes.

Covid-19 has had a significant effect on both the Council's short term cash flow and financial situation, but equally on the long-term effect on the level of resources available, together with the uncertainty over its medium-term financial planning. Council income has fallen dramatically during the lockdown periods particularly with the temporary closures to both the Council's car parks and the theatre, both of which form a significant source of income for the Council. The Council's property portfolio has also been affected, in terms of offering rent deferrals and tenants not being able to meet their rents due combined with the Government moratorium on recovery action and evictions. Council investments will also be affected in terms of interest and dividends expected from money market investments.

Although relatively low value, the Council will not be able to rely upon future funding from the New Homes Bonus which is in the process of being phased out. The amount of business rates the Council can retain is likely to reduce as the impact of the recession is felt by more businesses and the Government intends to reset the baseline. This will be limited to the point at which the Council will hit the safety net of 92.5% of the retained amount.

With the ongoing reduction of in-year funding the Council has made the decision to use some of its financial reserves in the short term to help balance its budget. Reserves can only be drawn on once and when spent are unlikely to be replenished; continual use of reserves to

balance the budget represents a significant risk in the long term unless future budgets are balanced between expenditure and funding.

The government announced a new comprehensive package of support to help address spending pressures and to cover lost income during the pandemic. The major new support package to help councils respond to the pandemic will assist as part of a comprehensive plan to ensure the Council's financial sustainability for the future. The scheme reimbursed the Council for lost income and also allows council tax and business rates deficits to be repaid over 3 years instead of one. Where losses were more than 5% of planned income from sales, fees and charges, the government provided cover at a rate of 75p in every £1 lost.

The government also announced financial support for small businesses, retail, hospitality, and leisure sectors. The Council acted as a payment agent for three grant funding schemes- the Small Businesses Grant Fund, Retail, Hospitality and Leisure Grant Fund and Discretionary Fund Grant. All grant applications underwent a verification process to ensure they are genuine and valid.

Post Covid-19 there will be a significant impact on the Council's capital programme. The increase in costs for labour and materials in the construction sector has meant that the Council has prudently placed a number of build projects on hold and new viability studies and timeframes have been developed.

The Covid-19 pandemic has also resulted in a rise of unforeseen and unbudgeted Council expenditure on items such as health and safety equipment, e.g., PPE, office screens and signage, in addition to extra spend on office cleaning, cleaning products and hand sanitizers, to protect both the workforce and visitors to the Council.

The Joint Waste Service has also introduced a variety of service adjustments in response to the pandemic and these have been communicated to staff and to service users.

The budget challenges have been recognised by the Council by undertaking more detailed analysis of the financial position of the Council. A revised Medium Term Financial Strategy was developed and approved by February's budget Council; as part of this the Council is planning to pursue a budget review process to examine further efficiencies for individual departments to be completed in the first quarter of 2022/23..

PRINCIPLE G

Implementing good practices in transparency, reporting, and accountability

All Council agendas and supporting information, unless exempt, set out the reasons for the decisions made. The Council works to provide clear and accurate information and has developed both its website and the format of Council reports to improve transparency and accessibility. The Council reports performance against targets, its Annual Plan objectives, and financial budgets on a regular basis.

Outstanding internal audit recommendations that are essential are periodically reported to CMT and the Audit and Standards Committee as required, to ensure that officers undertake any follow up actions as appropriate.

The Local Government Transparency Code 2015 requires local authorities in England to publish information related to spend including expenditure over £500, government procurement card information and senior salaries. Surrey Heath is committed to providing residents with information that explains how we spend their money. The Government has set

down guidelines as to the format of this information to enable residents to compare the performance of one authority against another.

Surrey Heath, as a public body, is also covered by the Freedom of Information Act. This Act gives a general right of access to all types of recorded information held.

The Chief Executive, Monitoring Officer and Democratic Services Manager meet every 6 months to review which exempt minutes can be released.

REVIEW OF EFFECTIVENESS

Management Assurance Statements – summary of key points from service areas

Finance & Customer Service (including Planning Services)

Development Control

Areas for improvement - better officer training program required for CPD and a commitment by the team to engage with this; timeliness of statutory decision making and efficiency of internal working practices to reduce the number of expired planning applications, the reliance on extensions of time and further improve statutory returns (particularly minors); consistency of officer approach with decision making and internal procedures; improved use of Planning Performance Agreements to supplement finances, aid resources and deliver effective sustainable outcomes.

Governance weaknesses that have been addressed in-year - engagement with planning agents and developers by the introduction of developer forums with the first one held in January and with future events to be held bi-annually; performance of the service including customer care by an independent review of the service by the Planning Advisory service with recommendations being implemented; insufficient capacity with the team to undertake statutory duties with over reliance on temporary contractors and the establishment structure being too flat by changing to a structure to introduce a second team leader and establishment vacancies filled; better performance management tools by the introduction of Enterprise performance monitoring software system and greater emphasis on 1-2-1s.

Planning Policy & Conservation

Areas for improvement - improving project management skills and financial training within the Council to increase performance and capacity; providing procurement training to teams, e.g. procurement training for the Policy and Conservation Team has been arranged.

Governance weaknesses that have been addressed in-year - monthly service accountant meetings to be re-instated to deal with consistent financial support by service accountant due to in year changes in service accountant; budget information has been requested to tackle a lack of information on salaries budgets.

Building Control

Areas for improvement - ensuring the retention and recruitment of qualified staff to ensure the Council's capacity to fulfil its statutory duty in regard to Building Control; ensuring capacity in the Building Control team to enable staff to complete essential training and obtain statutory qualifications to perform their roles.

Governance weaknesses that have been addressed in-year - lack of official procedural compliance has been addressed by undertaking and achieving ISO 9001 compliance for Surrey Heath Building Control; resilience and capacity in the team has been addressed by successfully recruiting one permanent surveyor and advertising for the vacant surveyor post.

Finance

Areas for improvement - the timely preparation of statutory accounts; improvements made to the budget monitoring reports and the monitoring of the budget in general.

Governance weaknesses that have been addressed in-year - greater active involvement of budget holders in budget monitoring and forecasting.

Procurement

Areas for improvement - the Council requires a new Procurement Strategy; the Council requires a review of its procurement processes to include ED&I, anti-poverty, social value, and fairtrade considerations; the Council needs a pipeline of procurements that are coming due particularly with regard to the major contracts; the Council requires a review by internal audit as to the suitability and capacity of the corporate procurement function. Improvements are also needed for compliance with contract standing orders and procedural rules, along with better use of Procurement tools already provided such as the Procurement and Contracts Register and the Delta e-sourcing tool.

Governance weaknesses that have been addressed in-year - the Council has recruited a full-time procurement officer to address the lack of procurement resource; CMT receives regular reports and a procurement pipeline is being developed so that the lack of procurement awareness in the Council of upcoming procurements is being met; 'Airtable' cloud based system has been introduced, and now needs to be used by all services which is helping to address the contract register being out of date. There is a lack of use of the Council's Procurement and Contract Register which is being tackled by the introduction of an online accessible version for all Officers to record procurements and contracts placed in-line with internal requirements and with The Transparency Code 2015. A lack of Officers' compliance of the CSOs is being addressed by supporting Internal Audit during Procurement Audits to identify areas needing further awareness and improvement, and a lack of Procurement resource to support and implement best practise strategies is being addressed by an SHBC wide Procurement Officer role engaged under Finance to implement improvements.

Customer relations/contact centre

Areas for improvement - coordinate/cross reference planned consultations to ensure resident requirements for all services are fully understood, better councillor engagement and understanding of services provided, and provision of mental health awareness and training for contact centre staff.

Governance weaknesses that have been addressed in-year – Councillor engagement was improved by meeting with new Portfolio holder, provision of better management information, and further meetings planned. There has been an opportunity to expand on service achievements and challenges during the Star Chamber process.

Management capacity has been tackled by cross training of managers across two teams, Post Room and Contact Centre and also releasing savings and build further resilience into the service.

Revenues and Benefits

Areas for improvement - Training to staff to support them in identifying the business risks that will affect the Revenues & benefits team; Ensure adequate controls are in place to ensure the accuracy of the work undertaken by the service and ensure procedure notes are updated timeously

Governance weaknesses that have been addressed in-year - Covid grant payment reconciliation process has been addressed by all payments made using Civica Financials; Covid grant payments identification of eligible recipients has been tackled by only using NEC or approved supplier solutions; and Covid grant application fraud has been addressed as all applications have been checked using Spotlight.

Legal & Democratic Service

Democratic Service & Elections

Areas for improvement - earlier identification of decisions required to ensure sufficient notice is given for decisions, in particular key decisions, and avoid the use of Urgent Action.

Governance weaknesses that have been addressed in-year - areas of the Constitution where anomalies and inconsistencies exist and where it is lacking in precision have been addressed by carrying out a full review of the Constitution with the Governance Working Group; resources within the Democratic Services Team have been tackled by the addition of a temporary resource within budget to cover the election period; weaknesses and gaps in the Constitution have been considered; and the election software contract has been addressed by carrying out a procurement exercise.

Legal (property)

Areas for improvement - scanning paper records so that electronic copies are held, thus aiding the disaster recovery process, helping provide faster and more effective property management and freeing-up space within Surrey Heath House by destroying

documents that are no longer needed; putting the management of all properties under one single property team, with records being held separately by Corporate Property, Leisure and Investment & Development as management has been disjointed. This exposes the Council to greater risks, increases costs and reduces the ability of the Council to maximise income from its property portfolio; additional resources for property management is needed, particularly in terms of the management of Leisure properties where there is a gap in expertise. This would also give Corporate Property greater capacity to manage the investment property portfolio and better exploit opportunities to increase revenue.

Governance weaknesses that have been addressed in-year - with the ownership of The Square in Camberley being transferred to the Council in April 2021, a new governance process had to be put in place for proposed lettings. A governance process was established with Montagu Evans and officers to ensure proposed lettings were considered and recommended for approval in accordance with the constitution. With the recruitment of a retail asset manager, this process should become quicker and assist in maximising revenue. There has been a lack of resources in Legal Services to assist with Property and Planning work, so a benchmarking exercise was undertaken with other districts to help assess salary levels. Efforts have also been made to improve adverts, job descriptions and person specifications to improve recruitment efforts. A Senior Solicitor and a part time (24 hours a week) Solicitor were recruited in September 2021.

The IKEN case management system has prevented effective agile working so the case management system has been replaced with a cloud-based case management system which is more compatible with agile working.

Legal (litigation)

Areas for improvement – better utilisation of bundle documents to enable court bundles to be produced electronically, saving printing and paper resource and officer time, and the submission of electronic claims to the Courts wherever possible.

Governance weaknesses that have been addressed in-year – a lack of resilience in the team to pick up litigation matters in the event of my senior staff absence has been addressed, to some extent, by introducing a template bank in Box so that team members can access prosecution templates for enforcement and planning matters.

Internal Audit

Areas for improvement - increasing in year assurance by undertaking new audits to maximise audit coverage including Climate Change and Cyber Security; improving the monitoring of audit recommendations and reporting progress made by making better use of the cloud based Air Table software; benchmarking the performance of Internal Audit with other authorities by carrying out a Peer Review in 2022 with Spelthorne and Elmbridge councils and increasing the assistance given to CMT by carrying out ad hoc corporate consultancy activities e.g. corporate reviews and investigations.

Governance weaknesses that have been addressed in-year – addressing capacity and resilience issues by managing work loads and customer/client expectations; reviewing and updating the Council's Financial Regulations and Contract Standing Orders; providing corporate audit assistance to the following areas - IR35 compliance, credit card usage, NFI as well as introducing a new asset disposal policy.

HR, Performance & Communications

HR

Areas for improvement – using LinkedIn to advertise posts as much as possible therefore reducing advert costs

Governance weaknesses that have been addressed in-year - regular checking of recruitment advertisements throughout the year, approving recruitment advertisement after one attempt made using JGP and LinkedIn; the health and wellbeing budget was overspent due to support to a particular service area so this has been tackled.

Organisation Development

Areas for Improvement - better project management across the organisation, e.g. through the Capital Programme Board which is being supported by HR, and escalation of issues; continuing the focus on learning & development to increase performance and capacity including growing talent; further improving the Council's training records (including those on the eLearning system); continuing to review mandatory training e.g. Safeguarding training; creation of a Corporate Policies list for transparency and to monitor when/how these need to be updated; continuing to improve and strengthen the performance management approach and trying to improve the Council's use of the apprenticeship levy

Governance weaknesses that have been addressed in-year - mandatory training has been reviewed and any outstanding induction training chased; implementation of a new function within the eLearning system of 'certification' for Data Protection annual refresher; the need for a new Five Year Strategy based on an extensive public consultation exercise and significant engagement with Member from all political groups and partners. Introducing clear targets under the key themes which then translate to the Annual Plan for 2022/23. The ability to maximise capacity within the Council with a strong focus on learning & development and talent management; increased capacity in this area with the introduction of a FT OD Officer post using existing unused funds; capacity for improvement activity by the introduction of the NGDP and Kickstart schemes.

ICT

Areas for improvement - cyber readiness by reviewing suitability of logging platform to support log storage as well as plans to raise further end-user awareness of risks and threats; review of replacement options to replace legacy door access system

Governance weaknesses that have been addressed in-year – the appointment of a new team member to address the ICT Service Desk staffing issue; adoption of Azure

Virtual Desktop to replace remote access tied to firewall located at Surrey Heath House as well as the migration of key Council systems to cloud (e.g. HR system to iTrent, Revs and Bens to NEC cloud) is addressing agile working and reducing reliance on Server room and Surrey Heath House; moving away from Proact IaaS to Microsoft Azure to help IaaS platform managed by single supplier; adoption of PDNS to further improve laptop endpoint security; agile working and laptop lead time (due to global chip shortages) issues have been addressed by using alternative options including remanufactured equipment.

Community Development & Safety

Governance weaknesses that have been addressed in-year – the CCTV service and provision has been addressed via the Executive Agenda and a policy adopted on 16/03/2022.

Communications and Engagement

Areas for improvement - a clear communications strategy is needed that is agreed for the Council; continue to work to ensure that the accessibility rules are adhered to, and whilst a large amount of work has been undertaken to ensure the Council is compliant, further training and awareness to be provided for staff; there is a lack of knowledge and resilience around leisure leases but through organisational redesign this issue will be resolved; the software used for the Council's website will soon become de-supported, this needs to be updated; there is no agreed framework for dealing with consultations with teams able to decide rather than any consistency of approach. Promoting consultations is much improved but the content/direction for consultations are owned by the teams delivering them; there still needs to be a clear process needed for the sign off communications.

Governance weaknesses that have been addressed in-year -accessibility - an assessment of all pages on the website was completed with all pages updated to adhere to the legislation. Clear guidance given to staff to ensure we continue to adhere to the legislation; website - working with ICT capital funding has been secured to upgrade the website from drupal 7 which will become unsupported to drupal 9; improve internal communications – the comms team was part of the project team that introduced a new intranet to improve internal communication channel which was identified in the staff survey as an area that needed to be improved.

Investment & Development

I&D

Areas for improvement – Strategic framework required for the investment portfolio to set direction and policies for management implementation. Development of high level KPIs as strategic monitors of performance. Consolidation of information to provide internal reporting of health, safety and compliance activities delivered by the Council's investment managing agents. Development of sustainability and environmental obligations in new leases.

Weaknesses that have been addressed in-year - On -shoring of the Council's ownership of retail assets as a means to provide direct control and supported by strengthened interface and governance with the Council's managing agents. Improved internal reporting on investment performance. Policy for recovery of rental arrears established and implemented. Improvements in letting of vacant properties. Governance Investment income not shown in Council general ledger is now included and performance monitored monthly. Project management processes have been defined and are being adhered to, providing greater rigour and control of projects. The absence of a risk register has been addressed and is being updated quarterly; and the absence of an approvals process for lettings is now in place.

Environment & Community

JWS

Areas for improvement - on behalf of SEP, JWS utilise the waste hierarchy to focus priorities on waste prevention and recycling and are currently in the process of developing an interim strategy to bridge the gap until further clarity is received from government on key emerging policy; JWS is currently building on the strength of the work programme procedure to further develop its approach to performance management, ensuring tangible outputs and/or outcomes; and is developing a resource planning tool to actively monitor and manage the placement of its resources effectively and efficiently to ensure successful delivery of both the SEP and Joint Contract work programmes; regular project management meetings take place through the life of projects and appropriate interventions are discussed and deployed as agreed and appropriate by the project board and/or key stakeholders; JWS has identified the staff who would benefit from the Safeguarding Training and is working to ensure this requirement is fulfilled; JWS is accountable to all 12 local authority partners of the SEP and the 4 local authorities in the joint contract. Governance arrangements with 4 officer and 4 member meetings annually for both SEP and the joint contract enables approval of the work programme and associated expenditure and transparency of delivery throughout the year. There is currently a project in the work programme to review and further strengthen the governance arrangements of SEP; JWS actively engages with local authority practices and procedures to identify and where relevant implement savings and efficiencies and increase income generation.

Weaknesses that have been addressed in-year - JWS are currently leading on a project to develop an interim Joint Municipal Waste Management strategy by SEP 2025 – a partnership approach to waste prevention and recycling. SEP 2025 will bridge the gap between now and receiving further from government on key emerging policy and provide a clear strategic direction with a vision and objectives for the next 3 years. SEP 2025 performance will be monitored quarterly and reviewed and updated annually; Performance management - JWS is currently building on the strength of the work programme procedure to further develop our approach to performance management, ensuring tangible outputs and/or outcomes. This will enable us to better understand the impact of our activities and the cost / benefit of our projects and initiatives. It will also allow us to manage our performance against SEP 2025 and implement interventions where necessary to improve performance. Governance - JWS are reviewing and updating the SEP Governance arrangements. At present, some governance activities have not been formalised and they need to be, and some

areas could be streamlined to enable the partnership to act more effectively and efficiently.

JWS are currently considering the funding mechanisms and arrangements that are in place, with a view to developing a new approach that incentivises the district and borough councils to improve their performance in line with the vision and objectives to be set out in SEP 2025. JWS intends to develop a skills matrix and training plan, with consideration to succession planning. Due to current operational challenges, if this is not completed in 2022-23, it will be delivered in 2023-24. JWS has identified the staff who would benefit from the Safeguarding Training and is working to ensure this requirement is fulfilled.

JWS needs to consider how it could make best use of the Apprenticeship Levy to develop and/or improve skills and capabilities within the team.

Environmental Health & Licensing

Areas for improvement – to improve the financial information, training and support provided to budget managers; finance/budget managers to work together in relation to potential income generation opportunities such as chargeable services and full cost recovery on discretionary services; increase IT/organisational development support to service managers in the review of performance management arrangements/ service KPIs to ensure they are meaningful/ challenging & consider how best conveyed to the public/partners; IT & service managers to work together to identify areas of development and improvement in the IT infrastructure to ensure that case management systems are fit for purpose; continue the integration/embedding of Council's Values & Behaviours through appraisal /one-to-one process/team meetings/staff briefings; review potential areas of joint working/overlap between service areas to improve efficiency/customer service.

Governance weaknesses that have been addressed in year - the main management focus in 21/22 was deploying resources to meet the EH & Licensing Service's Covid-19 enforcement and contain/outbreak management duties, however some improvements in the use of Uniform, performance and financial monitoring/ reporting were made and work undertaken to ensure officer competency/development across the service disciplines was maintained.

Enforcement

Areas for improvement – the Uniform project continued to cause problems for the team in terms of service delivery so better working with ICT to address issues and laptop priority is needed; resourcing issues to be tackled by less reliance on contractors; confusion over management reporting lines following restructure so working with CMT to address key issues.

Governance weaknesses that have been addressed in-year - managing the out of hours unauthorised encampments service by ensuring learning points are taken on board and are reflected in the out of hours protocol; managing the effective transition across to agile working by using new laptops, Enterprise etc; more effective work force

planning by reporting issues to CMT / Executive for additional permanent resource following a restructure of the Corporate Enforcement team.

Housing

Areas for improvement - improved relationships between service managers and accountants to ensure that managers understand the financial data available and accountants understand the nature of the business to be able to provide relevant financial support and commentary. Better understanding of the cost of delivering externally funded contracts and projects to ensure full cost recovery on all work.

Governance weakness that have been addressed this year – dialogue with Accent to provide improved temporary accommodation for homeless households and reduce voids in current temporary accommodation that are the financial responsibility of the Council.

Family Support

Areas for improvement - stakeholders to be aware of the expectations on them on engagement with FSP TAF process and involvement; and to ensure the re-referral to FSP is appropriate and still meeting level 3 intervention.

Governance weaknesses that have been addressed in-year - lack of professional courtesy and respect from external partners which makes it difficult to respect the rule of law (not following own policies and procedures has been addressed with SCC as commissioners during performance reviews; regardless of the work that FSC put in, if parents are not willing to take accountability, change won't be made, so FS have made it clear on expectations of family; providing challenge to individuals when required by using diary of visits in welcome pack to hold individuals accountable.

Recreation & Leisure

Areas for improvement – on going training to maintain and improve in-house standards e.g. H&S, First Aid, Tree Inspection, play inspection and water management; optimise cost reductions by combining and reviewing services and pricing; regularise the costings and charges for events.

Governance weaknesses that have been addressed in-year – improvements have been made to staff training and is up to date; challenged the renewal pricing to determine best value specifically in relation to energy prices; historic inconsistency in event pricing has been addressed by being regularised per event as they are booked

Camberley Theatre

Areas for improvement – the theatre to recover from COVID enforced lockdowns; encourage staff and audiences to feel safe post lockdown; engage with room hirers and get them to return post-COVID; train staff in new processes and refresh mandatory training; continue to look at ways of making the Theatre relevant and prominent to the Council and visible in the town centre; improve attendance at Squish venue.

Governance weaknesses that have been addressed in-year - meeting increased demand due to the huge surge in activity (booking and sales) in a short space of time as the Council recovered from lockdown; staffing and resource with a small team dealing with a busy and busier than usual schedule while trying to reduce costs; and uncertainty due to COVID, cost of living rises by monitoring ticket prices, offers, keeping in touch with visiting companies, getting audience feedback to gauge change in tastes and views.

Community

Areas for improvement - Whilst outcomes are monitored through Key Performance Indicators for Community Services that deliver social benefits, there is further development of our monitoring and success measures that could be undertaken, should the resources be available to do so, in the future. Whilst those working in services are employed on behalf the Council by Runnymede Borough Council, there is an ongoing commitment within the partnership arrangement to develop the leadership amongst its managers and service leads.

Parking

Areas for improvement – addressing the findings of the audit of Parking Income; better management of contracts for Parking Services.

Governance weaknesses that have been addressed in-year – line manager support and intervention in respect of the internal audit review and recommendations for parking income and reconciliations.

The Council uses a number of ways to review and assess the effectiveness of its governance arrangements. These are set out below:

Assurance from Internal and External Audit

The Council receives assurance each year in the form of the annual report from Internal Audit and the opinion of the Section 151 Officer. This is presented to CMT and taken to A&S committee annually.

Internal Audit successfully delivered a number of internal audits from the annual plan in 2021/22. Sixteen individual audits were completed, and action plans were agreed with managers to mitigate risks and improve overall controls. Completed audits included the key finance audits conducted annually such as debtors, creditors, and treasury management. Internal audit also carried out reviews on payroll, information governance, the Community Services Partnership, the theatre and parking. A number of ad hoc pieces of work were also carried out to support senior management, where financial advice, governance health checks, and compliance against policy and procedures were provided to assist the organisation.

An annual report was presented to Members at the A&S committee in July 2021 where it was reported that the internal auditors' opinion for 2021/22 was that the Council's

internal control environment and systems of internal control in the areas audited were adequate and effective.

Selected audit recommendations reported in 2021/22	Agreed action
<p>Parking audit - Parking Services should ensure that daily income variances in respect of takings from car parks are fully investigated, recorded and resolved as a matter of priority, and all material variances are prioritized</p>	<p>A number of mitigating actions have been agreed. These include running system reports as and when required, to help investigate variances, including event reports, sales reports, and other Newpark system reports. The Parking Manager will also ensure that better use is made of the anomaly report each month, so that actions taken can be recorded and to provide a full audit trail. The parking team have also been reminded to retain any audit tickets from payment machines when they are not actioning as expected, and recorded in the diary. The parking team have also been encouraged to report any main issues with payment machines</p>
<p>Creditors audit - Finance should remind all services to carry out their own checks on incoming invoices to ensure they haven't previously been paid</p>	<p>Invoices are requested to be sent directly to Finance. If services receive an invoice, they should carry out their own checks to ensure the invoice has not previously been paid before forwarding it to Finance. Services have/will be reminded to close off POs once completed or when they are no longer required to minimise the risk of duplicates being made</p>
<p>Creditors audit - Finance should critically examine existing controls for identifying potential duplicate payments, as they may not be working effectively</p>	<p>Services have been reminded to check for duplicate POs raised. Arrangements have also been made to improve the invoicing system including invoices to be transferred directly into Civica by the finance team instead of services themselves. Reliance will also continue to be placed on the civica duplicates report.</p>
<p>Emergency Planning - All heads of service in consultation with Applied</p>	<p>Applied Resilience to work with services to update their BC plans and BIAs. AR</p>

Resilience should ensure that individual Business Continuity plans are developed and maintained	are also working with services to align plans with the new corporate structure
Creditors - The Council should decide whether it should pursue the duplicate payments made with suppliers with the aim of recovering overpayments	Action continues to be taken by the finance team to chase the duplicate payments with individual suppliers, and audit has been kept up to date of progress made. The majority of overpayments have been recovered, and action is in hand to recover the remaining duplicate payments from the suppliers

The Council's External Auditor BDO provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of securing and improving value for money.

Self-assessment and review of key outcome indicators

Internal Audit has undertaken a review to confirm that the arrangements described above have been in place throughout the year.

The key outcome indicators below have been used to assess the quality of governance arrangements in 2021/22

Issues Identified	Performance for 2021/22
Formal reports by sec 151 or Monitoring officer	There were no formal reports issued by either the S151 or the Monitoring officer
Outcomes from Standards Committee of Monitoring Officer investigations	There were no outcomes to report.
Proven Frauds carried out by members or officers	There were no frauds to report.
Objections received from local electors	None Received
Local Government Ombudsman referrals upheld exceed national average	There were no such referrals during the year
Unsatisfactory/limited internal audit reports	One - parking audit

Follow up of issues identified in the previous financial year 2020-21

The 2020/21 Annual Governance Statement highlighted 5 areas for improvement. The table below sets out the action has been taken to address these issues in the current year:

Issues identified for 2020/21	Action Taken in 2021/22 to address issues
Organisational restructure	Senior management restructure was completed.
London Road Development	The options have been considered and legal advice taken on progressing new proposals post abandoning the initial tender. Options have been narrowed and work has been undertaken to assess the most viable option to take forward
Property Portfolio and Valuations	Commercial rent arrears are being managed in a reasonable and compliant manner. Work has been undertaken to recover arrears where appropriate balancing ability to pay and cost of recovery. Valuations have been impacted by covid 19 and market trends and new proposals for letting are scrutinised by the Section 151 Officer and Monitoring Officer.
Joint Waste Contract	Joint waste solutions are actively engaged with resolving contractual issues and performance of the joint waste contract. A pathway to restore garden waste collection has been agreed with the contractor and, in agreement with the contractor, measures have been taken to mitigate the driver shortages.
Response to the Covid-19 pandemic	Post lifting of lockdown restrictions proportionate measures regarding health and safety of staff remained in place. Clarity on hybrid working was also provided to further protect staff in order to maintain services.
Issues with the delivery of the Capital Programme	The capital programme has been actively managed due to the Council's financial standing and the impact of significant inflationary pressures and supply chain disruption in the construction industry. Some projects have been put on hold and subject to further review in due course.

Any issues identified for 2022/23

Apart from the audit issues above the Council has identified the following issues are to be addressed during the coming year and any action planned accordingly.

Issues identified for 2022/23	Action to be Taken
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Delivery of the star chamber process	Senior management to oversee delivery of identified savings
Joint Waste Solutions	To progress achieving resolution to the disruption of the garden waste service
Commercial rent arrears	Ongoing work to continue to reduce arrears as far as possible taking into account ability to pay, legislation relating to the moratorium and cost of recovery
London Road Development	Re-procurement of development partner via framework agreement
Asset management contract	Re-procurement of asset management contract to progress and complete
Building control partnership	Explore entering into a full partnership with Runnymede Borough Council for a shared service for building control services

CONCLUSION

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements. The significant impact as a result of the Covid-19 pandemic, in particular to the Council's funding and income receipts and use of reserves, will need to continue to be monitored especially if there are any further restrictions.

Damian Roberts
Chief Executive

Cllr Alan McClafferty
Leader

Surrey Heath Borough Council
Audit & Standards Committee
25 July 2022

Annual Review of the Effectiveness of Internal Audit

Head of Service: Gavin Ramtohal, Head of Democratic & Legal Services
Report Author: Alex Middleton, Head of Internal Audit
Key Decision: No
Wards Affected: N/A

Summary and purpose

To provide an annual review of the effectiveness of the internal audit system for the year 2021-22 as required by the Accounts and Audit Regulations 2006 (amended 2011)

Recommendation

The Audit and Standards Committee is advised to RESOLVE that to note and approve the report on the Review of the Effectiveness of Internal Audit

1. Background and Supporting Information

- 1.1 An effective and productive Internal Audit function enables local authorities to fulfil their duties to be accountable and transparent to the public, while achieving their objectives effectively, efficiently, economically, ethically as well as environmentally.
- 1.2 Similar to previous years, the governing body for Internal Audit within the UK, the Chartered Institute of Internal Auditors (CIIA), has identified nine key elements to establish an effective public sector audit function namely: organisational independence, a formal mandate, unrestricted access, sufficient funding, competent leadership, objective staff, competent staff, stakeholder support, professional audit standards.
- 1.3 This report examines the extent to which these nine elements have been met by Internal Audit at Surrey Heath Borough Council for the period April 2021 to March 2022.

Organisational Independence

Internal Audit should have sufficient independence from those it is required to audit so that it can both conduct and be perceived to conduct its work without interference. Being independent contributes to the accuracy of audit work and the ability to rely on reports results.

- 1.4 For the period 2021-22 Internal Audit has continued to operate independently and at arm's length from management. Audit does not have direct operational responsibility

for day to day business matters, but instead advises managers of their operational as well as strategic responsibilities.

- 1.5 Internal Audit now sits under the Head of Legal and Democratic Services as a result of the Corporate re structure in 2021. However where necessary Audit can also report directly to the Audit & Standards chair, as well as the Council's Section 151 officer. In addition Internal Audit has a direct reporting line to the Chief Executive and CMT when matters need to be escalated. The lead Auditor also has direct access to discuss matters arising with the external auditors as and when necessary.

Adoption of a Formal Mandate

Internal Audit's powers and duties should be established by a formal mandate or other legal document.

- 1.6 An effective internal audit function is required by statute as it is set down in the Local Government Act. Audit has adopted an Audit Charter, which is available to staff and is published on the Council's intranet. The Audit Charter covers aspects such as scope of the audit function, rights of access, reporting arrangements, and work prioritisation. The audit charter and mandate are reviewed periodically.

Unrestricted Access

Audits should be conducted with complete and unrestricted access to staff, property, and records as appropriate for the performance of the audit activities.

- 1.7 The Audit Charter sets out the rights of the audit function and how it is able to operate as well as its boundaries of jurisdiction. In addition rights of access are provided for within larger contracts with external service providers. Examples include the current joint waste contract and Community Shared Services partnership with Runnymede council.

Sufficient Funding

Internal Audit should have sufficient funding relative to the size of its audit responsibilities.

- 1.8 The Council's annual budget setting process reviews and agrees the funding for Internal audit each year. In addition the audit activity was subject to CMT and Member scrutiny as part of the Star Chamber process in 2022.
- 1.9 Council funding is flexible so there may be scope to provide additional funding to the audit service if necessary and agreed by management. For example should audit be involved in any special investigation, or where it is found that a service is non-compliant with legislation and requires additional review.

Competent Leadership

Internal Audit management should be able to effectively demonstrate a good working knowledge of audit standards, be professionally qualified, and be competent to oversee and manage an audit activity.

- 1.10 The Council benefits from audit officers with many years local government experience. The Senior Auditor as lead auditor for the service has been a member of the Chartered Institute of Internal Audit for a number of years and the junior officer is part qualified.

- 1.11 The Senior Auditor represents Audit at CMT level as well as at Audit & Standards committee.

Objectivity

Audit staff must have impartial attitudes and avoid any conflict of interest. Such a conflict can create an appearance of impropriety that can undermine confidence in the internal auditor, the audit activity, and the profession.

- 1.12 The objectivity of Internal Audit's officers is an integral element of delivering an effective audit service on behalf of the Council. Internal Audit works towards meeting the IIA's Code of Ethics at all times. Internal Audit is viewed as being free of any conflicts of interest within the Council, and has signed up to the CIAs declaration of interests. Audit staff have also signed a confidentiality agreement with HR to ensure staff records accessed are held secure.
- 1.13 Auditors aim to report their findings objectively, impartially whilst taking a balanced view wherever possible but being sensitive to the needs of the business and its stakeholders CMT, Councillors as well as the local residents. Audit reviews in 2021-22 continued to consider how the Council is performing not just efficiently and economically but also ethically and environmentally.

Competent Staff

Internal Audit needs professional staff that collectively has the necessary qualifications and competence to conduct the full range of audits required by its mandate. Auditors should comply with minimum continuing educational requirements established by the IIA/CIPFA and standards.

- 1.14 The Internal Audit team continues to demonstrate that it is meeting the most important characteristics when considering the competence level within the team. The Senior Auditor holds an audit professional certification, being a Certified Internal Auditor. In terms of IIA membership, all auditors at the Council are members of the CIA. All auditors have worked in the public sector for many years. The Internal Audit team can also demonstrate holding the top 5 behavioural skills as identified by the IIA, namely confidentiality, objectivity, communication skills, judgement, and working independently.

Stakeholder Support

The work of Internal Audit should be endorsed and supported fully by senior officers and Members within the Council. Internal Audit should also be supported by external contractors whom deliver services on behalf of the Council.

- 1.15 The work of audit continues to be supported by the Chief Executive, the Section 151 Officer, as well as other members of CMT. Audit and Standards Committee members have also commented upon the hard work and professionalism of the audit team in light of continued budgetary constraints and the Covid pandemic.
- 1.16 The Council is committed to continuing to support the work that Internal Audit delivers. External audit where required placed reliance on the work of Surrey Heath's internal audit in 2021/22 as part of their annual audit of the Council's financial statements.

Professional Audit Standards

- 1.17 There are a number of Quality Management System elements that the Internal Audit team have adopted and follow. The Internal Audit team works towards the international set of Standards known as the Public Sector Internal Audit Standards. Internal Audit also delivers its audits in accordance with the International Professional Practices Framework (IPPF). The Standards provide a framework to promote quality audit work that is systematic, objective and based on evidence. The Public Sector Standards include elements such as objectivity, independence, reporting, and quality assurance. The work of Internal Audit can be measured against these Standards.

IMPROVEMENTS FOR INTERNAL AUDIT IN 2021/22

- 1.18 The 2020/21 effectiveness report set out a number of recommendations that required addressing in year. The table below sets out how these recommendations have been addressed.

Table 1

Improvements to system of internal audit implemented in 2021/22:

Areas for Improvement identified in the 2020/21 effectiveness report	Improvements implemented in financial year 2021/22
<u>Auditing with an Agile or Hybrid Workforce</u>	Increased use of on line collaborating platforms such as Zoom and Teams. Changing working patterns to work more flexibly, and responding at short notice. Progressing the migration of the authorised signatory process which is maintained by Audit to a digital on line system rather than paper based which relies on officers present
<u>Staff Capacity</u>	Changing working practices to being more dynamic and responsive to service needs and requirements. Moving audits around to different times of the year
<u>Covid-19 pandemic issues</u>	Adapting at short notice to when officers are off with Covid. Consideration to Covid issues when planning and carrying out fieldwork in scheduled audits. Having to place more reliance on digital evidence instead of physical and paper based. Changing risk assessments. Reviewing how Council has responded to absence of staff when undertaking an emergency planning & business continuity audit.

CHALLENGES FOR 2022-23

- 1.19 The following challenges for Internal Audit have been identified for the forthcoming financial year:

- 1.20 Two new audits have been included in the Audit Plan for 2022-23. These are Climate Change and Cyber Security. The challenge will be to ensure that they are both delivered effectively and all key risks and controls have been taken on board, given they have not been audited previously.
- 1.21 A number of technical audits have been included in the Plan including planning, and information technology, as well as Cyber security. The challenge will be making sure that auditors have a sufficient knowledge base and a good understanding of these systems so that audit can provide added value to the organisation.
- 1.22 Continuing to provide important corporate advice and consultancy work to CMT, as well as engaging with corporate activities such as assisting with investigations where audit can provide a number of valuable skills and expertise. Reliance is placed by CMT upon this level of support to ensure key processes and policies are in place and are being adhered to.
- 1.23 Undertaking a successful peer review and self-assessment process of the audit function, working with Spelthorne and Elmbridge councils, the aim being to identify opportunities for better service delivery and customer service.

CONCLUSION

- 1.24 This review demonstrates that the Council has continued to operate an effective system of internal audit throughout 2021/22, with an internal audit function that is compliant with the requirements of the Public Sector Internal Audit Standards.

2. Reasons for Recommendation

- 2.1 The Accounts and Audit Regulations require local authorities to carry out an annual review of the effectiveness of the internal audit function. Insert text

3. Proposal and Alternative Options

- 3.1 No alternative options.

4. Contribution to the Council's Five Year Strategy

- 4.1 Failure to operate an effective internal audit service could reduce the level of assurance given to senior management and Members over the level of risk, controls, accounting records and governance arrangements operating at the Council.

5. Resource Implications

- 5.1 There are no resource implications arising from this report.

6. Section 151 Officer Comments:

- 6.1 Nothing further to add.

7. Legal and Governance Issues

- 7.1 Nothing further to add.

8. Monitoring Officer Comments:

8.1 Nothing further to add.

9. Other Considerations and Impacts

9.1 None.

Annexes

None

Background Papers

None

**Surrey Heath Borough Council
Audit & Standards Committee
25 July 2022**

Internal Audit Annual Report

Head of Service: Gavin Ramtohal, Head of Legal and Democratic Services
Report Author: Alex Middleton, Head of Internal Audit
Key Decision: No
Wards Affected: N/A

Summary and purpose

To provide an annual review of Internal Audit for the financial year 2021-22 and an opinion from the Section 151 officer on the adequacy of the Council's systems of internal control

Recommendation

The Audit and Standards Committee is asked to note the 2021-22 Annual Audit Report.

1. Background and Supporting Information

- 1.1 The Public Sector Internal Audit Standards require local authorities to report on the work of internal audit on an annual basis. The Section 151 officer should also provide a written report to those charged with governance. The aims of the report are to:
- provide an opinion on the overall adequacy and effectiveness of the Council's control environment and risk landscape;
 - disclose any qualifications to that opinion, with reasons; and
 - present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies; and highlight any significant matters arising.
- 1.2 This audit report compliments some of the findings reported in the Annual Governance Statement for 2021/22.

Annual Review of Internal Audit Work for 2021-22

- 1.3 The Internal Audit work programme is directed by the 3-year Audit Strategy as well as the annual Audit Plan. The annual Plan is agreed at Member level annually.
- 1.4 In the last financial year a total of 16 scheduled audits were completed from the Audit Plan. These included all the key financial audits that are conducted annually and which are relied upon by the external auditors (e.g. creditors, debtors, treasury, revenues and benefits). Other non-financial audits were also completed including parking, fraud, information governance, emergency planning and business continuity, and a review of the Community Services Partnership with Runnymede borough council.
- 1.5 The internal audit team also undertook a number of ad hoc pieces of work including a corporate review of the Council's Financial Regulations and Standing Orders, a

review of purchasing and credit card purchases, and assisted with some corporate investigations.

- 1.6 Opportunities for improvement and increased service efficiencies along with quality control were identified in the audit process and reported to management through internal audit reports. Areas for improvement have been highlighted through audit recommendations ranging from best practice (lowest category) to essential (highest category).
- 1.7 Audit has also supported senior management in helping to meet the needs of the business and assisting the delivery of the 5 year Plan by participating in various corporate officer working groups including the equalities officer group, and the risk management group. Audit has also been active in helping to develop the team's business continuity and emergency plans as well as co ordinating and supervising the authorised signatories process, and reviewing compliance over contract standing orders, and the Council's financial regulations.
- 1.8 The internal audit team offers four different levels of assurance for the activities it reviews namely:

Level of assurance	Definition
FULL(green)	Controls are strong and being fully complied with, service is continually developing and offering added value, business objectives are being met and exceeded
SUBSTANTIAL(green)	There is basically a sound system of control, but some minor areas of weakness have been identified, which may put some of the systems objectives at risk
LIMITED (amber)	The weaknesses in the system of control are such as to put some of the system objectives at risk, and may affect council income or expenditure
NIL (red)	There are limited or no controls in place. The service poses a significant risk to the Council and there is a risk that business objectives are not met

- 1.9 In practice the majority of audits score either substantial or limited assurance, as full assurance would only be offered where the entire population is tested rather than just a sample, and audits scoring nil assurance would need to demonstrate little or no checks and balances in place or nil compliance and typically this would normally be flagged up by management in advance of any audit.
- 1.10 Audit recommendations are classified into three categories - essential, desirable or best practice.

Essential – normally require immediate attention to address substantial weaknesses and ensure council business objectives are met; could result in financial loss; non-compliance with statutory guidance/legislation; possible fraud or maladministration

Desirable - maintaining an effective control environment and ensure policies and procedures are met; ensures council priorities and milestones are met; shorter term implementation

Best Practice – industry best practice suggestions; helps to improve overall control and efficiency; assist management deliver services; medium to long term implementation

1.11 In total 79 audit recommendations were raised in 2021-22:

- 17 essential
- 61 desirable
- 1 best practice

Resources and Staffing

1.12 The audit team operates with two full time members of staff. In total there were approximately 430 days in the budget available to the audit team for 2021-22.

Overall Opinion of the Council's Section 151 Officer

1.13 The overall opinion of the Section 151 Officer is that the Council's internal control framework is adequate and effective and is being managed with due care and attention. The audit coverage is proportionate to the risk environment of the Council and the audit resources available.

Compliance with the Public Sector Internal Audit Standards

1.14 CIPFA's Code of Practice has been replaced by the Public Sector Internal Audit Standards and these Standards should be adopted by all local authorities. The work of the Council's internal audit team continues to demonstrate compliance with these Standards.

2. Reasons for Recommendation

2.1 The Public Sector Internal Audit Standards require local authorities to report on the work of internal audit on an annual basis.

3. Proposal and Alternative Options

3.1 No alternative options.

4. Contribution to the Council's Five Year Strategy

4.1 Insert text

4.2

5. Resource Implications

5.1 There are no resource implications arising from this report

6. Section 151 Officer Comments:

6.1 Nothing further 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.

9. Other Considerations and Impacts

9.1 None

Annexes

Detail of Internal Audit Work for the Year 2021-22

Background Papers

None

DETAIL OF INTERNAL AUDIT WORK FOR THE YEAR 2021-22

Details of the catalogue of work undertaken by Internal Audit for the financial year are set out below:

- Scheduled finance audits from the annual plan
- Other Council audits from the annual plan
- Ad hoc and/or consultancy work and advice

SCHEDULED FINANCE AUDITS

A number of finance audits are carried out annually which the Council's external auditors may wish to place reliance on when audit the Council's end of year accounts. In completing the work programme for the year both the external auditors and Internal Audit will be mindful of both the effectiveness of the Council's financial systems and the adequacy of the arrangements for preventing and detecting fraud and corruption. A number of recommendations were raised in respect of the finance audits and the majority of these have since been actioned by managers. Certain recommendations are not yet due.

Cash & Bank

The audit reviewed post room procedures and processes, the operation of the Kiosk, cash receipting, income collection and the cash collection contractor, bank reconciliations and controls over card data security. 3 recommendations were raised mainly relating to tightening up on the Kiosk operation, and these have since been implemented.

Debtors and Income

The annual debtors audit examined the process of raising sundry debts but also to check that debts have been raised accurately and on a timely basis. The Council's sundry debt recovery process was also examined in detail ensuring debts are chased promptly. Audit also reviewed credit notes and whether debts have been written off correctly and validly. No material weaknesses were found and no recommendations were made.

Creditors and Expenditure

The creditors audit examined the following areas: payments to creditors and suppliers including to new suppliers, the payment run process, including checks on prepayment, post payment, and BACS file reports, and appropriate sign offs, The audit also examined controls operating over duplicate payments. In total 14 recommendations were raised, many of these relating to duplicate payment controls. An action plan was agreed with finance managers and the majority of these have since been implemented.

Revenues

The annual revenues audit reviewed business rates and council tax refunds, the reconciliation processes between revenues data and Valuation Office records/cash feeder systems. The review also tested exemptions and discounts awarded to certain accounts. The audit came up with one recommendation relating to controls operating over refunds which has now been actioned.

Housing Benefits

Housing benefit assessments and reconciliation processes were reviewed as part of the annual benefits audit. The audit also considered recovery of benefit overpayments. There were no material issues and no recommendations raised.

Treasury Management

This audit aimed to provide assurance over Council money market investments and to check that the Council is getting a reasonable level of return on its treasury investments, taking into account yield, security, and risk. The audit team tested the treasury strategy, Council investment performance monitoring, access to Bankline and other financial records, Prudential borrowing to meet investments and new acquisitions, as well as Treasury information provided by the Council's treasury advisers. In total 3 audit recommendations were raised mainly relating to re tendering the treasury advisors and these have been actioned.

Capital

The following areas were reviewed as part of the annual capital accounting audit: whether Council assets are being valued periodically and correctly, whether Council assets are being adjusted to reflect changes in market conditions and whether Council assets are recorded/logged and are verified on a periodic basis. The audit also focused on capital projects and whether proper capital budgets are being monitored. A total of four recommendations were made one relating to effective capital budget monitoring and three relating to improving service asset inventories. The actions have only recently been agreed so are not yet due.

Main Accounting

The annual main accounting audit aimed to provide assurance to management that the Council's financial system and associated feeder systems are working correctly, and are being adequately controlled. The audit examined access to Civica, journal entries are created accurately and postings are correct, and prepayments and accruals are processed accurately. The review also tested the corporate budget monitoring process. Four recommendations was raised and these are being addressed.

OTHER COUNCIL AUDITS FROM THE ANNUAL PLAN

Payroll

An annual review of the main payroll processes was undertaken. The audit focused on on-boarding and off-boarding of new starters and leavers, as well as amendments to pay. Overtime claims and staff paid by timesheet were also examined in detail. The processes for determining the number of staff employed, rates of pay, and staff grades were checked by looking at the establishment lists produced. In all 6 recommendations and an action plan has been agreed with the payroll team, the actions are not due at the time of this report.

Information Governance and DPA

Information governance arrangements and the Data Protection Act were the focus of this audit. The audit team examined the records management policy and how it is being applied, the Information Security policy and how it is being applied, Data subject access arrangements and rights of access to personal data, the contractual arrangements in place for the secure disposal of electronic media/ICT equipment, Freedom of Information requests, compliance with the requirements of GDPR legislations, the transfer of Council data between sites, and maintenance of a Publication Scheme under the FOI 2000. The audit also reviewed

arrangements in place dealing with document retention. A total of 10 recommendations were agreed and an action plan has been made to implement these by the end of the year.

Emergency Planning & Business Continuity

This area is reviewed every 3 years. The 2021/22 review consisted of: a review of the Council's emergency planning and business continuity plans, a review of business impact assessments and SITs, a review as to whether risk assessments have been carried out to identify potential threats to the Council, whether there are arrangements in place to support the recovery of critical resources and roles are identified, a review as to whether responsible officers have been identified and trained and plans are tested and updated on a regular basis. The audit also focused on the authority's disaster recovery IT arrangements, hot siting, and related activities. 10 recommendations were made and these are being addressed through reports to CMT as well as periodic meetings between Applied Resilience and service areas.

Parking

The scope of the parking audit focused on the activities under the responsibility of SHBC i.e. off street including permits and car parks. It did not cover activities now managed by Woking on behalf of SCC - on street. The audit tested off street parking income collection and accounting from town centre car parks and rural car parks, contract management arrangements with the cash collection company, as well as season ticket and permit arrangements. There were a number of issues relating to income reconciliation and income records and an action plan has been set up with the parking service manager to address these. A spot check has also been arranged for Quarter 2 2022 to see whether these actions have been implemented.

Fraud

The fraud audit considered a number of corporate issues including whether staff are complying with the requirements of declaration of interests, whether fraud awareness and training sessions are delivered, to what extent there is a strong ethical anti-fraud culture promoted across the Council, whether fraud risks are identified and managed, an evaluation of the Council's financial and management controls and if they are sufficient in the detection and prevention of fraud, and whether gifts and hospitality are being declared and reported. The audit also tested a variety of transactions and services to see if there was any indication of fraud. In total 8 recommendations were raised to improve controls and tighten up on existing procedures and processes.

Camberley Theatre

The theatre audit consisted of a review of the main theatre activities throughout the year including: financial monitoring, income received, and banking, cash handling and end of day cashing up, venue hire, booking process and hire income, bar and catering, stock controls, stock takes, as well as sales and purchases. The audit also considered show contracts and show settlements. 5 recommendations have been raised and at the time of the report are in the process of being agreed with management.

Community Services Partnership

This was the first audit of the CSP between SHBC and RBC since the Partnership commenced in 2021. The audit aimed to provide assurance to management that the transfer of Community Services from Surrey Heath to Runnymede Council was arranged and managed effectively and smoothly. In addition the audit checked that the partnership was progressing as expected

and in line with the partnership agreement. Any learning points were also identified to help inform future service planning and delivery. There were no material issues.

Housing & Disabled Facility Grants (DFGs)

Private housing and Disabled Facilities Grants are audited every 3 years. The scope of this year's audit included a review of grant policies and procedures, testing a sample of grants awarded for disabled facility adaptations to confirm they were awarded correctly and in line with policy/criteria, whether grant applications were processed and awarded in accordance with procedures and evidenced by clearly supported documentation. The audit also tested a sample of grant payments paid to individuals or suppliers, and contract monitoring arrangements were examined. 6 recommendations were made in respect of improving selecting supplies, obtaining quotes and payment to suppliers following works.

AD HOC AND/OR CONSULTANCY WORK AND ADVICE

- **Financial Regulations and SCOs** - the Council's Financial Regulations and Contract Standing Orders underwent a large review in 2021 and were brought up to date by Audit. They were agreed at CMT
- **IR35** - Audit continued to review and assess new workers for IR35 (self-employment) legislation. A paper was prepared by Audit outlining the key issues for IR35 and the main risks for the Council and this was presented to CMT for discussion. Non-compliance of IR35 could set the Council back thousands of pounds in fines.
- **Asset Disposals** - A new policy and associated procedures were prepared by Audit relating to Council asset disposals (non property) to improve controls when obsolete or unwanted assets are disposed of. This was agreed by CMT.
- **Card Use** - Audit carried out an extensive review of purchasing card and credit card use across the Council. A number of recommendations were made including consolidating the overall number of cards in use, switching some officers from credit cards to purchasing cards (which didn't incur any fees), and tightening up on procedures.
- **Investigations** - Audit has assisted with 2 internal investigations. The first was the participation in an Investigation Panel looking into concerns with a local parish council. The second investigation related to a planning matter and whether the Council's fraud policy had been complied with.
- **National Fraud Initiative (NFI)** – a national exercise and database set up by the Cabinet Office that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Audit was appointed Key Contact for this activity, and tasks include coordinating the exercise for the Council, working with the NFI to deliver data matches, and setting up and deleting users.
- **Corporate risk management group** – IA has continued to participate, and has contributed to reviewing the corporate risks and the risk register, and providing risk updates that relate to the audit function.
- **Equalities and diversity action group** – again IA has participated in this group in 2021/22, by reviewing and critiquing equality impact assessments that journey through the group

- **Monitoring Financial Regulations** – part of the audit role is to monitor and report on Financial Regulations compliance, and reporting breaches of non-compliance where necessary to the S151
- **Scheme of Delegation and authorised signatory processes** – the powers of certain officers to sign for financial transactions are managed and monitored by IA. New users are set up by audit, and leavers are deleted. Audit also reviews current levels and makes amendments if required. Audit also monitors compliance throughout the year and reports breaches if necessary.

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