

**Minutes of a Meeting of the Audit,
Standards and Risk Committee held at
Surrey Heath House on 26 March 2024**

- + Cllr Cliff Betton (Chairman)
+ Cllr Bob Raikes (Vice Chairman)
- | | |
|-------------------------|-----------------------|
| + Cllr Jonny Cope | + Cllr Pat Tedder |
| - Cllr Rob Lee | + Cllr Richard Wilson |
| + Cllr Leanne MacIntyre | |
- + Present
- Apologies for absence presented

Substitutes: Cllr David Whitcroft (In place of Cllr Rob Lee)

Members in Attendance: Cllr Shaun Garrett, Cllr Shaun Macdonald, Cllr Sashi Mylvaganam

Officers in Attendance: Alex Middleton, Jenny Murton, Gavin Ramtohal, Eddie Scott, Sally Turnbull, Vicky Worsfold and Bob Watson

7/ASR Minutes of the Previous Meeting

The minutes of the meeting held on 14 December 2024 were confirmed and signed by the Chair.

8/ASR Declarations of Interest

There were no declarations of interest made by Members.

9/ASR Public Question Time

There were no questions by Members of the Public in line with Part 4, Section E of the Constitution.

10/ASR External Audit Updates

The Committee received a verbal update from Steven Bladen, Audit Director / Public Sector Assurance, BDO, which related to the external audit of the Council's financial statements for the 19/20, 20/21, 21/22 and 22/23 financial years.

It was now anticipated that the external audit of the 19/20 financial accounts would be completed by the Government backstop date of 30 September 2024. However, it was anticipated that BDO would put forward a disclaimed audit opinion for the 20/21, 21/22, and 22/23 accounts. It was clarified for Committee Members that a disclaimed audit gave no assurance or opinion and meant there would be no assurance available from the external auditor on those financial statements.

BDO confirmed that the last version of the Council's financial statements for 19/20 had been received in December 2023 and the Council had submitted responses to a number of queries raised in February and March, which BDO were in the process of responding to. Moreover, Members received further assurance during their questioning, to state that BDO did not envisage missing the backstop for the 19-20 accounts.

The Committee were advised that there was ongoing discussion between Councils' Section 151 Officers in respect of how to gain assurance in respect of opening balances moving forwards. Moreover, the Council were currently in favour of the seeking of an external reviewer to give further assurance in respect of the accounts for the 20/21, 21/22 and 22/23 financial years. It was noted that some assurance would be provided by BDO, in respect of the envisaged disclaimed accounts, relating to already conducted work on the use of resources, financial sustainability and the governmental and financial processes of the Council.

The Committee noted the update.

11/ASR Monitoring Officer's Annual Report

Members received the Annual Standards Report from the Monitoring Officer, updated the Committee on standards issues that the Monitoring Officer had presided over from November 2022 to November 2023.

The report detailed the number of complaints had been received at both Borough and Parish level between November 2022 to November 2023 had significantly reduced when compared to November 2021 to November 2022. For the period November 2022 to November 2023 there were 11 complaints against Cllrs. 3 Complaints related to Parish Councillors and 8 complaints related to Borough Councillors.

The report also updated the Committee on the value of waivers that had been approved since November 2022, which totalled £572,526.58. It was noted that whilst The Legal Services expenditure was significant at £324,000 however this included the Council's anticipated full legal costs in the matter of SHBC & Others v AMEY LG Limited. These costs would eventually be split between the four partner Authorities under the arrangements for the shared waste collection contract but only to the extent that they are not recovered via the Court.

The Committee enquired as to the potential causes for the significant decrease in the number of complaints made against Councillors. Whilst it was too early to extrapolate any meaningful trends, it was felt that further Member training on the Members' Code of Conduct and the trend that more Councillors were likely to raise grievances informally were contributing factors. It was also acknowledged that some of the borough's Parish Councils were more stable than previously.

The Committee noted the update.

12/ASR Publication of Councillors' Home addresses on Register of Interests

The Committee considered a report from the Council's Monitoring Officer which outlined a proposal for the Council to introduce a right for Councillors to opt in or out of publishing residential address(es) on Council's the Register of interest, following consultation with political group leaders.

Under the proposal every Councillor's residential address would remain a pecuniary interest for the purposes of Council decision-making. The current law and Code of Conduct would continue to apply such that any Councillor would not be permitted to attend a Committee item where the address was connected to that item.

For every Councillor, who chose to opt out, the address(es) would not be available for public inspection. The application of governance would remain unchanged.

It was felt that the approach achieved the appropriate balance between safeguarding the health and safety of Councillors and maintaining high levels of Governance, transparency and standards at the Council.

RESOLVED that:

- i. the onus for Councillors to evidence a specific risk of violence or intimidation in respect of applications, made on a case-by-case basis, for a determination to remove their residential address(es) from the public register be removed;**
- ii. the Monitoring Officer may grant a blanket determination to any Councillor, who chooses to opt out, that a residential address is a sensitive interest for the purposes of section 32 of the Localism Act 2011 be agreed; and**
- iii. that the Monitoring Officer may inform all Councillors in writing of the implications of resolutions (a) and (b), provided the same are agreed by the Committee, but after the Monitoring Officer has confirmed the blanket determination to Democratic Services be agreed.**

13/ASR Corporate Risk Register

The Committee considered the Corporate Risk Register, as of January 2024, which summarised the main risks faced by the Council in relation to achievement of the objectives and priorities as defined in the Council's Council Strategy. The Risk Register provided an overview of the largest risks in the borough and were supplemented by each service area's individual risk registers.

It was noted that the Risk Management Group was chaired by the Council's Senior Information Risk Officer (SIRO) who was the Strategic Director, Finance and Customer Services. The group was made up of the key heads of service and met quarterly to review the register. The risk register was reported to the Corporate Management Team every 3 months or additionally when a new risk was identified or a risk rating has fundamentally changed.

The Committee noted that the risk of the failure of a major contractor or supplier had a risk rating of 12, given the ongoing contractual dispute, which the Council was in. In addition, some Members felt that the Council's Exposure to Property Risk was higher than what was reflected in the risk register, given the lack of recent survey work conducted on some of the Council-owned community buildings and tenants who may not have kept up with ongoing maintenance work. This in turn translated into health and safety risks.

The Committee discussed Cyber Security risks, and the potential impact of a data leak as a result of a successful cyber-attack and a resulting Information Commissioner Office's (ICO's) fine. It was suggested as the Council was not able to reduce the financial impact of an ICO fine, the mitigated risk could be considered to be higher. Moreover, it was noted that the risk of a successful cyber-security attack was somewhat lower than other organisations, given the majority of the Council's systems were cloud-based and off-premises.

The Council's risk appetite was discussed by the Committee and it was acknowledged the Council's appetite for risk was not laid out in its Risk Management Strategy or other documentation. Thereby it was requested that in the future the Committee consider a document which outlined the Council's risk appetite, the current level of risk and the resulting mitigation measures which needed to be implemented to reach the desired level of risk.

RESOLVED that the Corporate Risk Register and covering report be noted.

14/ASR Overdue Audit Recommendations

Following the Committee's endorsement of an approach at its meeting on 14 December 2024 to receive updates on the internal audit recommendations every quarter, the Committee considered a report which tracked progress against internal audit recommendations, as well as a separate matrix which detailed overdue audit recommendations.

It was noted that following a request that Officers responsible for uncompleted and outstanding audit recommendations be summoned to Committee meetings to provide updates on overdue outstanding recommendations, that there were no longer overdue audit recommendations to be reported.

It was noted that there were a number of recommendations that were due by 31 March 2024, which had not yet been completed. The Internal Audit team were monitoring as to the status and progress of these recommendations, with the expectation that they would not become overdue.

Moving forward the Committee noted that the tracker would entail a rolling 18-month report which would be considered at every meeting.

15/ASR Annual Audit Plan

The Internal Audit Plan for 2024/25 was presented to Members. The Internal Audit Plan was operated on a risk-based approach and within the report a number of criteria that helped prepare the Internal Audit Plan for 2024/25 were identified. These included:

- Identifying staff turnover.
- The income and expenditure as it relates to a particular action
- Inherent risk.
- Risks identified in previous audits.
- Frequency of audit carried out.
- Whether it had recently been established or had a new system

Members were informed that Internal Audit covers all service areas but had in the past focused on financial services in particular as these presented a higher risk to income and expenditure. It was noted that 522 working days were resourced for the Internal Audit Plan. In the plan, the option to request additional resources was available on a case-by-case basis.

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

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

- Finance & Customer Service
- Planning.
- Environment and Community.
- HR, Performance and Communications.
- Investment and Development.
- Legal and Democratic Services.

Members discussed the potential for some proposed departmental audits to be deferred in relation to departments which were expected to have significantly high workloads in the coming year, such as in Planning Policy and the Theatre, or where there was a potential significant service change. Moreover, following questions, it was advised that the audit function reviewed policy documents, at the start of an audit in order to scope the audit which would aim to ensure the right governance and controls were in place for the policy's implementation.

Members, also asked whether the audit function was adequately resourced, given its makeup of only 2 members of Full-time staff.

RESOLVED that the Internal Audit Plan for 2024/25 be agreed.

16/ASR Internal Audit External Quality Assessment

The Committee considered a report which detailed an overview and the results of an independent assessment of its Internal Audit service undertaken by Elmbridge Borough Council.

Independent assessments took place every 5 years, in accordance with the requirements of the Public Sector Internal Audit Standards, and provided an independent assessment as to the extent which the Council's audit service complied with the industry standard Public Sector Internal Audit Standards, which came into effect in April 2013.

The external quality assessment was undertaken during November and December 2023 by the Head of Audit and Counter Fraud at Elmbridge Borough Council. Overall, it was deemed that the Council's audit function was generally compliant, and the external report highlighted areas of good practice which included the delivery of a varied and risk-based audit work programme. However, the review highlighted a few areas which were open to improvement including stakeholder feedback on audits, regular review and approval of the audit charter and audit evaluation of organisation ethics.

Following questions from Members in respect of the accompanying action plan to the assessment, an assurance mapping exercise entailed the illustration of how the assurance gained from the internal audit function fitted in with other sources of assurance which the Council benefitted from. Typically other sources of assurance included the Council's external audit of its financial statements, assessments from the Health and Safety Executive and reports from governing bodies relating to Human Resources Matters.

RESOLVED that the

- I. the External Quality Assessment report and corresponding Action Plan produced by Elmbridge Borough Council be noted and approved; and**
- II. the Chair of the Committee write to the Chief Executive and Leader of the Council at Elmbridge Borough Council thanking them for their work on the assessment.**

17/ASR Treasury Management Monitoring Report

The Executive considered a report which set out the performance of the treasury management service for the second quarter of 2023/24 as of 31 December 2023 and confirmed compliance with the Treasury Management Indicators for 2023/24. This was in line with the Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code), which required that local authorities reported on the performance of the treasury management function at least quarterly.

It was drawn out from the report that as of 31 December 2023, the service had not breached any of the Treasury Management Indicators, as set out for 23/24 in the Council's Treasury Management Strategy.

The Council's total borrowing now stood at £165.1 million and as at the end of September 2023, the weighted average rate for the Council's long term debt was 2.73% and the Council's short term debt had a weighted average 4.62%.

Following Members' questions, it was advised that it was common for Councils to pay a premium in February and March for intra-authority borrowing. This was particularly the case at the moment, where local authorities were particularly short of capital across the country. Moreover, it was suggested by members of the Committee that the Council would benefit from a better balanced portfolio of debt and in turn the absence of 5 year loans was flagged. It was advised that in the future the Council would be doing further evaluation as to its capital programme and borrowing profile.

RESOLVED that the Treasury Management Report for the period 31 September to 31 December 2023 be noted.

18/ASR Committee Work Programme

The Committee noted its Work Programme for the forthcoming municipal year, which was subject to a few minor changes to reflect the anticipated timing for receipt of the audited accounts for 23/24 and the biennial consideration of the Council's Corporate Risk Register.

Moreover, the Committee supported a potential extraordinary meeting of the Committee in December 2023 or January 2024, to receive the audited accounts for 23/24.

Chair