

**Minutes of a Meeting of the Audit and Standards Committee held at Council Chamber, Surrey Heath House, Knoll Road, Camberley, GU15 3HD on 4 August 2021**

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- + Cllr Cliff Betton (Chairman)
- + Cllr Darryl Ratiram (Vice Chairman)
  
- + Cllr Rodney Bates
- Cllr Edward Hawkins
- Cllr Charlotte Morley
  
- + Cllr Sashi Mylvaganam
- + Cllr Valerie White
  
- + Present
- Apologies for absence presented

Non Committee Members in Attendance: Cllr Robin Perry and Cllr Victoria Wheeler

Officers Present: Michael Asare Bediako, BDO  
Adrian Flynn, Chief Accountant & Interim Section 151 Officer  
Alex Middleton, Senior Auditor  
Gavin Ramtohal, Head of Legal  
Damian Roberts, Chief Executive

#### **1/AS Minutes of Previous Meeting**

**RESOLVED** that the minutes of the meeting of the Audit and Standards Committee held on 26<sup>th</sup> April 2021 be approved as a correct record and signed by the Chairman.

#### **2/AS Annual Governance Statement 2020/21**

The Committee considered a report setting out the draft Annual Corporate Governance Statement for the 2020/21 financial year.

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

It was reported that the Council's Monitoring Officer and Section 151 Officer considered the Council's governance arrangements to be adequate and effective. Whilst no significant governance issues had been identified a number of minor issues that might impact on the Council's ability to operate effectively had been including the restructure of the Council's senior management team, the redevelopment of the London Road Block, the settlement of variable invoices arising from the joint waste contract and issues with the delivery of the Capital Programme, and these would be monitored through the planned work of the Council.

The Committee noted concerns about the over running of the recent public realm works and it was questioned whether monitoring the cost and scheduling of projects is something that should be added to the Statement as an issue to keep under review.

It was noted that changes to the requirements for borrowing from the Public Works Loan Board could impact on the Council's ability to borrow money and it was suggested that this should be added as an identified issue.

**RESOLVED** that, subject to the inclusion of the additional issues identified, the Annual Governance Statement be submitted to the Leader and Head of Paid Services for their signatures.

### **3/AS Effectiveness of the Internal Audit Function**

The Committee considered a report setting out the findings of a review of the effectiveness of the Council's Internal Audit function. The Accounts and Audit Regulations 2006 required all local authorities to annually carry out a review of the effectiveness of its systems of internal control. The review measured the audit function against nine elements: organisational independence, a formal mandate, unrestricted access, sufficient funding, competent leadership, objective staff, competent staff, stakeholder support, and professional audit standards.

The Committee was informed that the size of the Internal Audit Team was considered proportionate to the size of the Council and the work programme had been designed to enable as many areas of the Council to be audited on a rotational basis as possible. It was confirmed that the Team was able to deliver the requirements placed on it at the current time. Team resourcing would continue to be monitored and if it became necessary to bring in additional resources to meet demand then this request would be considered by the Council's Corporate Management Team.

It was noted that there were areas of the Council which had their own assurance regimes in place on top of Internal Audit, including ISO and health and safety, and these should provide the 'combined level of assurance' that the Council needed.

The Committee noted the report.

### **4/AS Internal Audit Annual Report**

The Committee received a report summarising the work of the Council's Internal Audit Function during the 2020/21 financial year.

The Covid-19 pandemic and its associated restrictions had impacted on the work of the Council's internal audit function during the course of 2020/21. Seventeen internal audits (compared to 23 in 2019/20) and a number of ad-hoc pieces of work including working with the Office for National Statistics to provide support for the 2021 Census, assisting with preparation for elections and co-ordinating the Council's response to the National Fraud Initiative had been completed. The Internal Audit Team had also been redeployed to provide support to the Council's Welfare Cell as well as providing welfare calls to shielding and vulnerable residents over a period of time.

Arising from the 17 internal audits, 86 recommendations had been made of which 16 had been classified as being essential and 70 as being desirable. An exercise was undertaken to follow up all overdue audit recommendations.

It was noted that the properties within the Jersey Property Unit Trust had now been transferred to the Council and these would be incorporated into the audit cycle going forward.

It was clarified that Council Officers could, where there was a business need, be issued with a corporate purchasing card, either a Natwest credit card or a Barclaycard. Barclaycard spend could be controlled using a categorisation system and managers were able to specify the categories that an officer could spend money against. There was also a monthly limit in place for each cardholder. Approximately forty-one officers had been issued with a corporate credit card, of which the majority had been issued with a Barclaycard. Between six and eight officers, predominantly Executive Heads of Service, had been provided with a Natwest credit card.

Before being given a corporate credit card all officers had to sign an agreement which set out the parameters within which the card could be used. The summary statement of an officer's spend had to be approved each month by their manager; the Chief Executive approved the summary statements of all Executive Heads and Heads of Service. The Internal Audit Team received copies of monthly statements and these were cross checked and spot checks carried out to ensure that all expenditure was valid and in line with corporate guidelines.

It was noted that the current Chief Executive had elected not to receive a corporate credit card, however it was suggested that the Section 151 Officer should be responsible for approving any future corporate credit card spend made by the Chief Executive, to ensure that no officer was approving his or her own credit card usage.

The Committee noted the report.

## **5/AS External Audit Update**

The Committee received an update in respect of the work taking place to bring the external audit of the Council's accounts for the 2019/20 financial year to a conclusion.

The Committee was informed that a recent Public Service Auditing Authority webinar focusing on the auditing of public sector accounts had drawn attention to the fact that there were insufficient auditing firms qualified to audit public sector accounts which was causing delays. In addition, the public sector audit system was set up in such a way that auditors were given a set period in which they had to complete an audit. If the audit was not completed within this timeframe then, instead of completing the audit before moving to the next piece of work, the auditor automatically moved on to the next piece of work leaving the previous audit unfinished. It was stressed that this situation affected all public sector audits including police authorities, the NHS as well as local authorities.

It was confirmed that the audit of the Council's accounts for the 2019/20 financial year was progressing. All the papers requested by BDO, the external auditors, had been passed on and answers to the questions arising from these documents would be provided to BDO by the end of this week. Following the Committee's last meeting in April 2021, it had been necessary for a number of amendments to be made to the financial statement, work which was currently underway. Once the amended financial statements had been received by BDO these would be reviewed before they were signed off.

BDO confirmed that they had the resources available to review the financial statements as soon as they were received. If no further issues were identified then it was expected that the audit would be swiftly concluded and it was expected that the final audit report would be available for the Committee's consideration in September.

The Committee noted the update and expressed their frustration and disappointment at the fact that the audit still had not been completed two years after it had started.

**6/AS Date of Next Meeting**

It was noted that the next scheduled meeting of the Audit and Standards Committee would take place on Monday 20<sup>th</sup> September 2021 at 7pm.

Chairman