

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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