

Minutes of a Meeting of the Audit and Standards Committee held at Council Chamber, Surrey Heath House, Knoll Road, Camberley, GU15 3HD on 25 July 2022

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

+ Cllr Rodney Bates
+ Cllr Edward Hawkins
Cllr Charlotte Morley

- Cllr Sashi Mylvaganam
+ Cllr Liz Noble
+ Cllr Valerie White

+ Present
- Apologies for absence presented

Substitutes: Cllr Liz Noble for Cllr Sashi Mylvaganam

Officers Present: Alex Middleton, Senior Auditor
Gavin Ramtohal, Head of Democratic & Legal Services
Bob Watson, Strategic Director: Finance & Customer Services

1/AS Minutes of Previous Meeting

RESOLVED that the minutes of the meeting of the Audit and Standards Committee held on the 25th April 2022 be approved as a correct record and signed by the Chairman.

2/AS Declarations of Interest

There were no declarations of interest.

3/AS Annual Governance Statement

The Committee considered a report setting out the draft Annual Corporate Governance Statement for the 2021/22 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 and provided high level assurance on governance matters and issues within the Council. 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; senior officers had also been asked to provide management assurance statements where key issues had been identified.

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 identified including a lack of knowledge and resilience around leisure leases, actions identified at committee meetings not always being followed through and difficulties being experienced by the Family Support Team when trying to engage with partners. Assurance was sought on what was being done to address these areas of concern and it was agreed that this would be followed up outside the meeting.

Concerns about the duplicate payments being made were acknowledged. It was clarified that the total amount that had been double paid was approximately £5,000 spread across a number of transactions and the majority of the double payments had been recovered from suppliers. A new software system had been implemented to ensure that invoices were only paid once and this was receiving positive feedback from staff.

It was agreed that concerns would be raised with individual teams and

RESOLVED that, subject to the inclusion of assurances in relation to the matters identified above, the Annual Governance Statement be submitted to the Leader and Chief Executive for their signatures.

4/AS Effectiveness of Internal Audit

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 whilst the scope of planned audits of climate change and cyber security had not yet been planned in any detail it was expected that officers would have the requisite knowledge to complete the initial audit of high level policies and known risks. Where a need for more specialised knowledge was identified then this would be progressed with the Section 151 Officer and the appropriate Head of Service.

It was confirmed that officers were supportive of the internal audit process however it was acknowledged that the timing of audit work was crucial to ensure that services were able to fully focus on the information being requested.

The Committee noted the report.

5/AS Internal Audit Annual Report

The Committee received a report summarising the work of the Council's Internal Audit Team during the 2021/22 financial year.

Over the course of 2021/22, 16 scheduled audits had been completed including financial audits of creditors, debtors, treasury, revenues and benefits as well as audits of parking, fraud, information governance, emergency planning and a review of the Community Services partnership. A number of ad-hoc audits had also been completed including reviews of the Council's Financial Regulations and Standing Order and purchasing and credit card purchases. A total of 79 audit recommendations had been made during the course of the year; of which 17 had been deemed essential, 61 desirable and 1 was a best practice recommendation. The majority of recommendations made during 2021/22 had now been implemented.

Exit meetings were held with service heads to discuss the outcomes of audits and target dates for the implementation of any recommendations were agreed. These target dates were monitored, outstanding or overdue recommendations were followed up with service managers and any issues were raised with the appropriate Head of Service and the

Corporate Management Team. It was noted that where recommendations were not being completed within the agreed timeframes subsequent enquiries had found that in most cases whilst the actions had been completed the Audit Team had not been informed of their completion. It was also acknowledged that some recommendations could be particularly resource intensive to implement and this could impact on the timeframes.

The Committee requested that they be kept informed of any outstanding recommendations arising and the reasons for their delay.

The Committee noted the report.

6/AS External Audit Update

The Committee received an update on the progress being made by BDO, the Council's External Auditors, to complete their audit of the Council's accounts for the 2019/20 financial year.

The Committee was informed that the auditors had spent the majority of May, June and July working on NHS audits to ensure that nationally set Government deadlines were met. Consequently there had been limited opportunities for BDO to review the Council's revised accounts since their submission to BDO at the end of April. Notwithstanding this, officers had been in regular contact with BDO to seek assurances that the accounts would be reviewed as soon as possible after the completion of the NHS audits. At the current time, it was expected that the audit report would be ready in time for the Committee's meeting in September.

It was acknowledged that these delays would have implications for the audits of the 2020/21 and 2021/22 accounts and consequently to minimise disruption and expedite subsequent audit work, officers were preparing both sets of accounts for audit using the balances from the unaudited 2019/20 accounts as a baseline.

The Committee reiterated the frustrations that it had previously expressed in relation to this situation. The Committee was reminded that the Council was not in a unique position and nationally there were currently 57 local authorities waiting for the outcomes of the audits of their 2019/20 accounts and 212 local authorities were awaiting the outcomes of the audits of their 2020/21 accounts and to date only 4% of 2021/22 accounts had been submitted by the deadline.

The suggestion that the Council seek new auditors was acknowledged however it was stressed that the number of firms with the knowledge and experience of completing public sector audits was limited and there was a shortage of auditors nationally. Furthermore, the situation had recently been exacerbated by Government changes which had made auditors personally liable if there were errors in an audit, a situation which had resulted in a significant number of experienced auditors leaving the profession.

Local authorities had been intensively lobbying both representative bodies and the Government directly, through the Treasury and the Department of Levelling Up, Housing and Communities, with their concerns not only with the capacity of the audit industry but also the impact that recent changes to the way that local government audits were to be carried out were having on the process. These concerns were now being examined by a Government Select Committee however the situation was not expected to change imminently.

The Committee expressed concern that they had not been provided with progress updates following an agreement to provide these on a monthly basis at the Committee's

last meeting. Whilst it was acknowledged that no progress had been made in the interim, it was stressed that regular monthly updates of officer's communications with BDO and the status of the Audit should be provided to the committee, even if it was to report that no progress had been made.

The Committee requested that a full breakdown setting out when and where delays had occurred during the audit process be provided alongside the completed audit report. It was agreed that a briefing would be provided for members of the Committee to take them through the audited accounts and the audit report in detail before it was brought to the Committee proper.

The Committee was reminded that the Council would not be subject to any form of penalty, beyond reputational damage, as a consequence of the lateness of the audit and there would be no impact on the Council's ability to raise funds either.

The Committee noted the update.

7/AS Date of Next Meeting

It was noted that the next scheduled meeting of the Audit and Standards Committee would take place on Monday 19th September 2022 at 7pm.

Chairman