

**MINUTES** of the meeting of the **AUDIT & GOVERNANCE COMMITTEE** held at 10.00 am on 27 March 2017 at Members Conference Room, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its next meeting.

**Elected Members:**

(\*absent)

Mr Stuart Selleck (Chairman)  
Mr Denis Fuller (Vice-Chairman)  
Mr W D Barker OBE  
\*Mr Will Forster  
Mr Tim Hall  
Mr Saj Hussain

**Members in Attendance**

Mrs Denise Le Gal  
Mrs Linda Kemeny

**16/17 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]**

There were none.

**17/17 MINUTES OF THE PREVIOUS MEETING - 20 FEBRUARY 2017 [Item 2]**

The Minutes were approved as an accurate record of the previous meeting.

**18/17 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**19/17 QUESTIONS AND PETITIONS [Item 4]**

There were none.

**20/17 RECOMMENDATIONS TRACKER [Item 5]**

**Declarations of interest:**

None

**Witnesses:**

Denise Le Gal, Cabinet Member for Business Services and Resident Experience  
Linda Kemeny, Cabinet Member for Schools, Skills and Educational Achievement  
David John, Audit Performance Manager

**Key points raised during the discussion:**

1. A11/16 – Babcock 4s – Cabinet Members were invited to the meeting to explain where the Council stood with Babcock 4s in terms of the

future, bearing in mind that the Council were using their services less and less.

2. The Cabinet Member for Schools, Skills and Educational Achievement explained that this was still in transition. There was some concern with schools that did not wish to become academies. Babcock 4s contract was due to end in 2019 but the content of that contract was negotiated every year. It was confirmed that the use of Babcock was reducing and was to stop altogether from August 2017. The School Improvement Programme had been reconstructed to the autumn of 2017 and budget was going into vulnerable schools or those with most need of improvement. Discussion had been had with Babcock to identify those schools that needed improvement. She also explained that in future most grant funding from the Department for Education (DfE) would be on a bidding system whereby funds would need to be bid for. The DfE wanted all schools to be self led where councils did not organise school improvement. (A11/16)
3. When asked if the Audit & Governance Committee should continue to engage with Babcock in the way that it did the Cabinet Member for Schools, Skills and Educational Achievement explained that Babcock would be offering wider services, in competition with others. The schools service was being renewed and streamlined which would have an impact on schools going forward. There was no clear pathway how statutory services would be funded in future.
4. There was general discussion with the Cabinet Members around the increased roles and responsibilities of school governors and that there may be problems with recruitment in the future and there may also be a problem with having the correct skills mix in a set of governors. (A11/16)
5. The Cabinet Members advised the Committee that there should be a clearer picture in six months time if they wished to revisit the question on their engagement with Babcock 4s. (A11/16)
6. Tracker A4/17 – It was noted that a response had not yet been received, from the Cabinet Member for Highways, Transport and Flooding, in regards to the Chairman's letter concerning the Lot 5 contract. One Member did point out that problems were not only due to the contractor but the Council were also at fault for having an incomplete drainage system online.
7. Tracker A3/17 – Health & Safety - The Audit Performance Manager reported that systems had been revised and tested and all agency staff can access. Therefore, everyone who works for the Council would be trained as appropriate.
8. Tracker A2/17 – cyber security – The Audit Performance Manager reported that the Council's system was of a higher specification than the new one but that the Council would still buy into it to widen functionality.

**Action/Further information to note:**

Committee Manager to expedite a response from the Cabinet Member for Highways, Transport and Flooding – Tracker A4/17.

Delete tracker items as they were completed: A3/17, A2/17 and A14/16.

**Resolved:**

That the committee notes the report.

## **21/17 LEADERSHIP RISK REGISTER [Item 6]**

### **Declarations of interest:**

None

### **Witnesses:**

Nicola O'Connor, Finance Manager

### **Key points raised during the discussion:**

1. The Finance Manager outlined the changes in the report since the last meeting which were contained in paragraph 5 of the report.

### **Actions/ further information to be provided:**

None

### **Resolved:**

That the Committee notes the report.

## **22/17 PENSION FUND ACCOUNTS EXTERNAL AUDIT 2016/17 [Item 7]**

### **Declarations of interest:**

None

### **Witnesses:**

Phil Triggs, Strategic Manager Pensions and Treasury  
Ciaran McLaughlin, Engagement Lead, Grant Thornton

### **Key points raised during the discussion:**

1. The Strategic Manager, Pensions and Treasury, introduced the report and highlighted the risks identified by Grant Thornton but explained that they were not specific to Surrey County Council but for all local authority pension fund financial statements.
2. The Grant Thornton representative highlighted changes in the plan around developments, challenges and financial reporting. In response to a Member query he explained that external audit looked at investments coming in and how the Council had valued those investments. They did not give opinion on contributions.
3. In response to another Member query it was confirmed that Grant Thornton receive a copy of all completed internal audit reports.

### **Actions/ further information to be provided:**

None

### **Resolved:**

That the external audit plan as attached to the submitted report was approved.

## **23/17 BREACHES POLICY FOR THE FIREFIGHTERS PENSION SCHEME [Item 8]**

### **Declarations of interest:**

None

**Witnesses:**

Neil Mason, Senior Advisor Pension Fund

**Key points raised during the discussion:**

1. The Senior Advisor introduced the report and explained that the Governance Framework was created by the Pension Act. In response to a Member query it was said that the Scheme would be published on the Fire Service website and shared with unions and the administration team.

**Actions/ further information to be provided:**

None

**Resolved:**

That the Breaches of Law Policy and Guidance, included as Annexes 1 to 5 of the submitted report, be approved.

**24/17 INTERNAL AUDIT PLAN [Item 9]****Declarations of interest:**

None

**Witnesses:**

David John, Audit Performance Manager

**Key points raised during the discussion:**

1. The Audit Performance Manager introduced the Annual Internal Audit Plan for 2017/18 explaining that under-pinning the work of the Internal Audit team in delivering the Annual Internal Audit Plan were the key principles and objectives as set out in the Internal Audit Charter and Strategy. These were presented alongside the Annual Internal Audit Plan for 2017/18 as good practice dictated that these should be updated and reviewed on an annual basis. Also included in the report were the updated Internal Audit Reporting and Escalation Policy and Quality Assurance and Improvement Programme as required by the Public sector Internal Audit Standards (PSIAS).
2. It was reported that the Escalation Policy would be reviewed through the year as the team joined Orbis and that key officers and Members would review reports in the same way.
3. The Audit Performance Manager also pointed out that the reduced number of audit days was due to staff changes and that management time had been reduced rather than actual audit time. He also said that the Audit Plan would come back to Committee in the autumn once the staffing had settled.
4. In response to one Member's concern regarding the potential loss in the level of detail when the Council joined with other authorities the Audit Performance Manager stated that audit team would continue working to each sovereign authority.

**Actions/ further information to be provided:**

None

**Resolved:**

That the following annexes to the submitted report be approved:

- a) Internal Audit Charter (Annex A)
- b) The Internal Audit Strategy (Annex B)
- c) The Internal Audit Reporting and Escalation Policy (Annex C)
- d) The Internal Audit Quality Assurance and Improvement Programme (Annex D)
- e) 2017/18 Internal Audit Plan (Annex E)

**25/17 COMPLETED INTERNAL AUDIT REPORTS [Item 10]**

**Declarations of interest:**

None

**Witnesses:**

David John, Audit Performance Manager

Nicola O'Connor, Finance Manager

**Key points raised during the discussion:**

1. The Audit Performance Manager introduced the report and stated that there had been much improvement in the foster care. He also confirmed that academies were included in the audit sample for safeguarding in education.
2. In response to a Member query about how the sample were chosen for safeguarding in education audit the Audit Performance Manager explained that there were many factors taken into consideration including: what the audit was to look at, geography, need, who was available and not choosing the same schools each time.
3. In response to a Member query about whether schools were on the risk register the Finance Manager confirmed that this would be on the service risk register.

**Actions/ further information to be provided:**

None

**Resolved:**

That the Committee notes the report.

**26/17 DATE OF NEXT MEETING [Item 11]**

The date of the meeting was noted.

The Chairman thanked officers and Member of the Committee for their work and support to the Committee.

Meeting ended at: 11.25 am

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**Chairman**